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# HA Research

CURRENCY FUNDAMENTAL QUANTIFIED.



## CURRENCY REPORT.

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# AUSTRALIAN ECONOMY

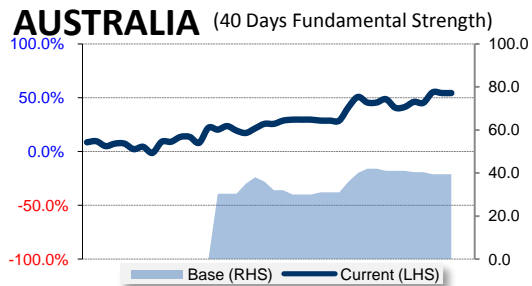
In a glance.

15-Nov-2013 (Friday)

Last Updated: 08:20AM (GMT +0800)



Figure 1: Fundamental Strength Index for last 40 days.

**BASE SUMMARY:**

INFLATION INDICATORS :	8.7	/ 19.2
GROWTH INDICATORS :	9.6	/ 34.6
EMPLOYMENT INDICATORS :	1.0	/ 11.5
HOUSING INDICATORS :	11.5	/ 19.2
BUSINESS SURVEY :	4.8	/ 7.7
CONSUMER SURVEY :	3.8	/ 7.7
<hr/>		
BASE STRENGTH :	BEARISH	39.42 / 100
SHORT-TERM STRENGTH :	BULLISH	54.42%

## AUSTRALIAN DOLLAR\$ NEUTRAL (UPSIDE TO BE CAPPED)

Australia Fundamentals Weak (39.42/100); Recent momentum BULLISH at 54.42%.

(Fig2.1) Australian Inflation recovers, below RBA's 2%-3% band.(Fig2.3) but PPI showing strong inflationary pressure.(Fig2.4) Business also paid more to import, could pass on cost to consumers.(Fig3.1) Australian GDP continues to weaken.(Fig3.2) domestic Retail Sales picks up, though.(Fig4.1) Company's profit stabilizes.(Fig4.2) Auto sales weak, low confidence in durable spending.(Fig4.4) Jobless rate stubbornly high.(Fig4.5) Job creation remains stale, weak.(Fig5.2) Housing remains strong component of Australia.(Fig5.3) New homes sales on healthy trend.(Fig5.4) New home loans take up stable.(Fig6.2) Business confident about economy recovering.(Fig6.4) Consumers also confident about economic recovery.

**Conclusion:** Inflation, growth, labour market still weak and possibly still require loose interest rates. Housing remains strong, business and consumer sentiments optimistic.

Table 1: Pending Fundamental Events for Australia &amp; Past 15 economic data release.

**UPCOMING FUNDAMENTAL EVENTS**

DATE	TIME	DETAILS	FORECAST	PREVIOUS	IMPACT
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**PAST ECONOMIC EVENTS:**

DATE	TIME	DETAILS	ACTUAL	FORECAST	PREVIOUS	
14-Nov Thursday	9:00am	MI Inflation Expectations	1.90%	-	2.00%	→
13-Nov Wednesday	8:30am	Westpac Consumer Sentiment	1.90%	-	-2.10%	↑
13-Nov Wednesday	9:30am	Wage Price Index q/q	0.50%	0.80%	0.70%	→
12-Nov Tuesday	9:30am	NAB Business Confidence	5.00	-	12	→
11-Nov Monday	9:30am	Home Loans m/m	4.40%	3.60%	-4.00%	↑
07-Nov Thursday	6:26am	AIG Construction Index	54.40	-	47.60	→
07-Nov Thursday	9:30am	Employment Change	1.10	10.30	3.30	→
07-Nov Thursday	9:30am	Unemployment Rate	5.70%	5.70%	5.70%	↓
06-Nov Wednesday	9:30am	Trade Balance	-28.00%	-51.00%	-69.00%	→
05-Nov Tuesday	7:30am	AIG Services Index	47.90	-	47.10	→
04-Nov Monday	8:30am	MI Inflation Gauge m/m	0.10%	-	0.20%	→
04-Nov Monday	9:30am	Retail Sales m/m	0.80%	0.30%	0.50%	→
04-Nov Monday	9:30am	ANZ Job Advertisements m/m	-0.10%	-	0.20%	→
04-Nov Monday	9:30am	HPI q/q	1.90%	2.30%	2.70%	→
01-Nov Friday	7:30am	AIG Manufacturing Index	53.20	-	51.70	→

Reports are distributed on Bi-Daily basis (Tuesdays, Thursdays and Saturdays.)

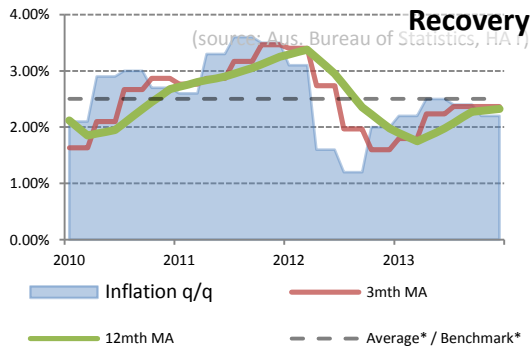
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## Australian Currency Report

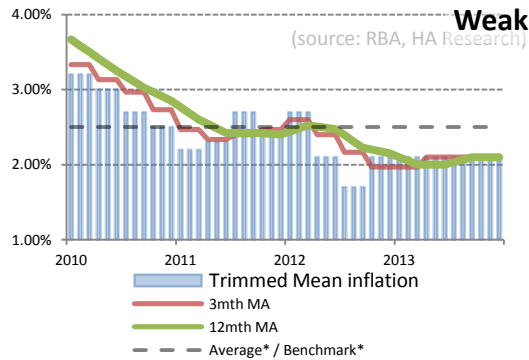
# INFLATION INDICATORS



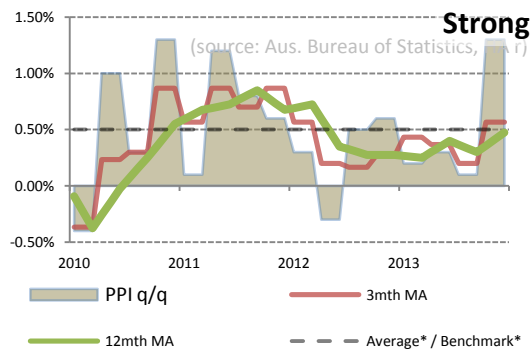
(Fig2.1) Australian Inflation recovers, below RBA's 2%-3% band.



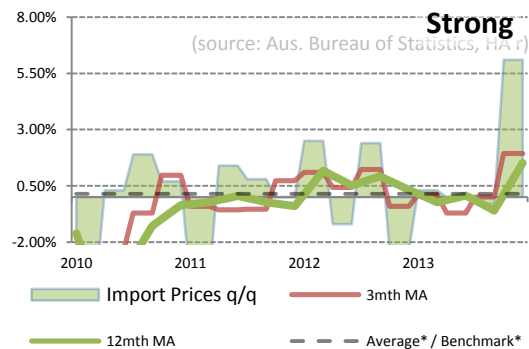
(Fig2.2) Core inflation subdued, too.



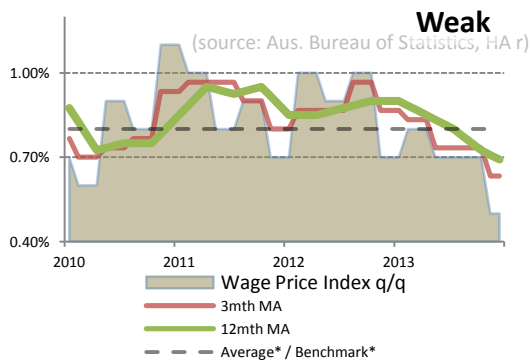
(Fig2.3) but PPI showing strong inflationary pressure.



(Fig2.4) Business also paid more to import, could pass on cost to consumers.



(Fig2.5) Laour Cost remains lower, weak.



Average\* / Benchmark\* is a derivation of the following considerations: (1) moving averages across data used in the chart period; (2) Mandated target of Central Bank; (3) Market consensus benchmark; (4) Combination of either.

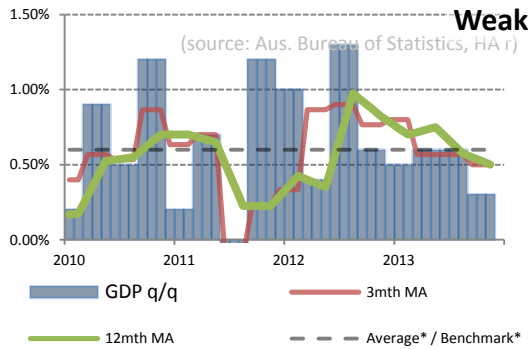
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## Australian Currency Report

# GROWTH INDICATORS



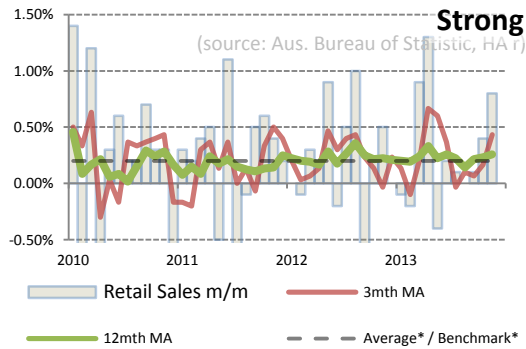
(Fig3.1) Australian GDP continues to weaken.



November: **0.30%** Previous **0.30%**

**Gross Dom. Product** Change in the inflation-adjusted value of all goods and services produced by the economy;

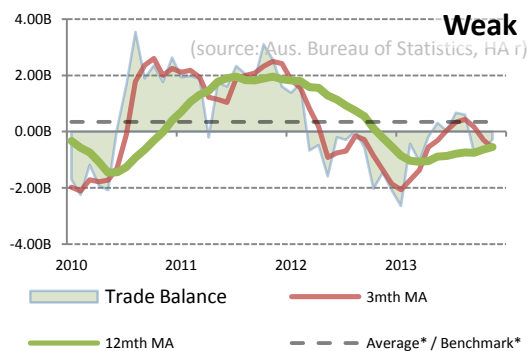
(Fig3.2) domestic Retail Sales picks up, though.



November: **0.80%** Previous **0.40%**

**Retail Sales** Change in the total value of sales at the retail level;

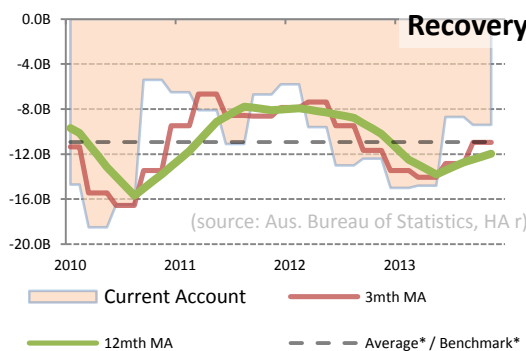
(Fig3.3) International trade remains lower from 2010-2011 boom.



November: **-0.28B** Previous **-0.69B**

**Trade Balance** Difference in value between imported and exported goods and services during the reported month;

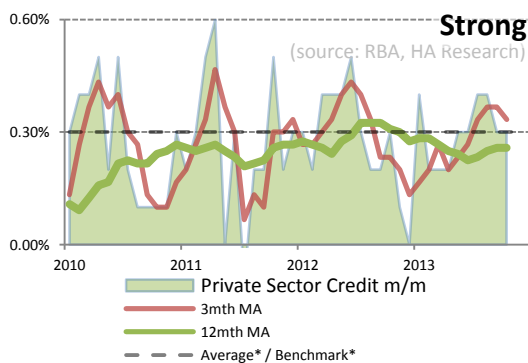
(Fig3.4) National accounts recovering.



November: **-9.40B** Previous **-9.40B**

**Current Account** Difference in trade balance, income flows, and unilateral transfers during the previous quarter;

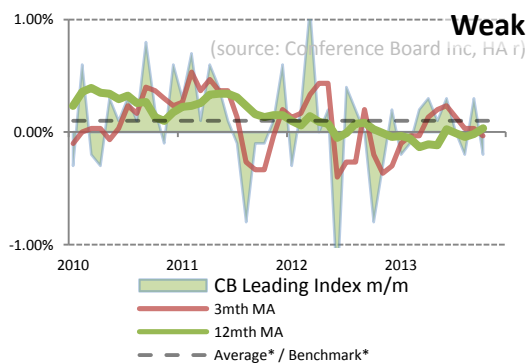
(Fig3.5) Private credit take-up rate strong.



November: **Pending** Previous **0.30%**

**Pte Sector Credit** Change in the total value of new credit issued to consumers and businesses;

(Fig3.6) CB Leading Index



November: **Pending** Previous **-0.20%**

**CB Leading Index** Combination of 7 indicators: \$ supply, building approvals, profits, exports, inventories, interest rate spreads;

Average\* / Benchmark\* is a derivation of the following considerations: (1) moving averages across data used in the chart period; (2) Mandated target of Central Bank; (3) Market consensus benchmark; (4) Combination of either.

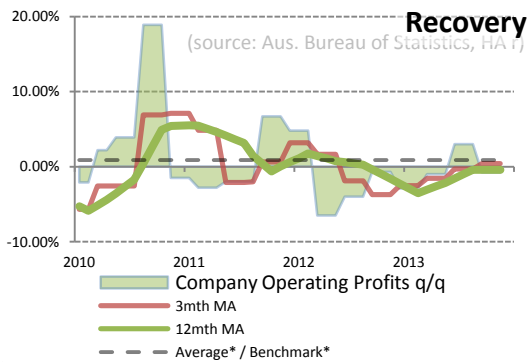
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# GROWTH INDICATORS (continued)

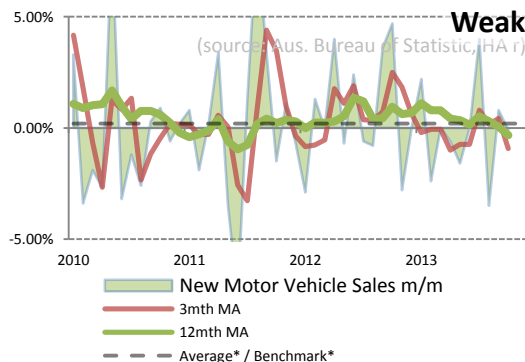
(Fig4.1) Company's profit stabilizes.



November:	<b>-0.80%</b>	Previous	-0.80%
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**Company Op. Profits** Change in the total value of profits earned by corporations;

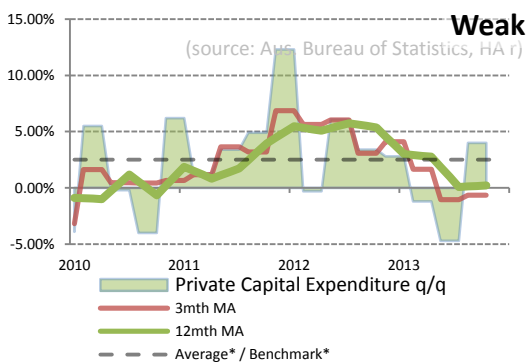
(Fig4.2) Auto sales weak, low confidence in durable spending.



November:	<b>Pending</b>	Previous	-0.10%
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**N. Motor Veh. Sales** Change in the number of new cars and trucks sold domestically; leading sign of consumer confidence;

(Fig4.3) Business capital expenditures remains weak.

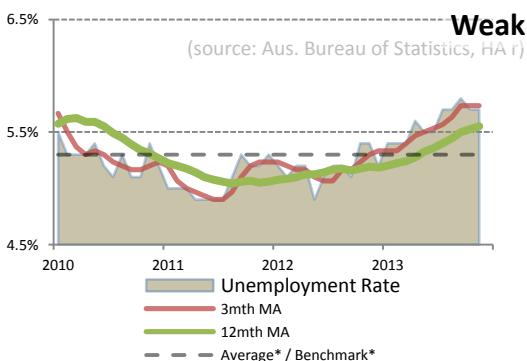


November:	<b>Pending</b>	Previous	4.00%
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**Private Capital Expd** Change in the total inflation-adjusted value of new capital expenditures made by private businesses;

# EMPLOYMENT INDICATORS

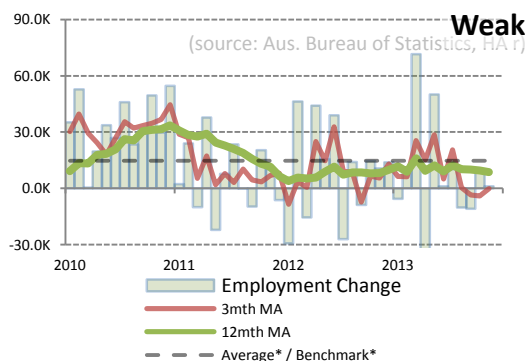
(Fig4.4) Jobless rate stubbornly high.



November:	<b>5.70%</b>	Previous	5.70%
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**Jobless Rate** % of the total work force that is unemployed and actively seeking employment during the previous month;

(Fig4.5) Job creation remains stale, weak.



November:	<b>1.10K</b>	Previous	9.10K
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**Employment Change** Change in the number of employed people during the previous month;

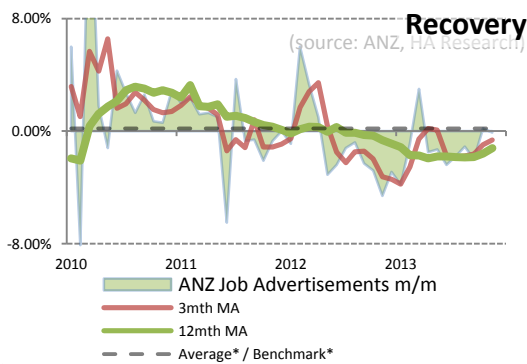
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# EMPLOYMENT INDICATORS (continued)

(Fig5.1) New job posting advertisement slightly better.

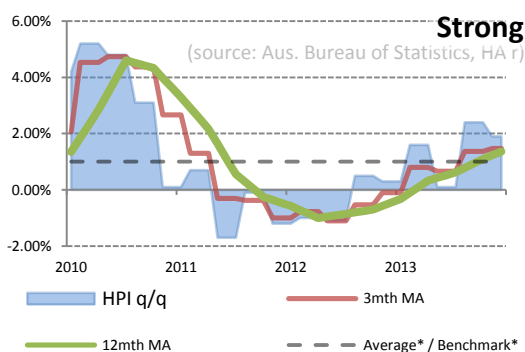


November: **-0.10%** Previous: 0.20%

**ANZ Job Ads.** Change in the no. of jobs advertised in the major daily newspapers and websites covering the capital cities;

## HOUSING INDICATORS

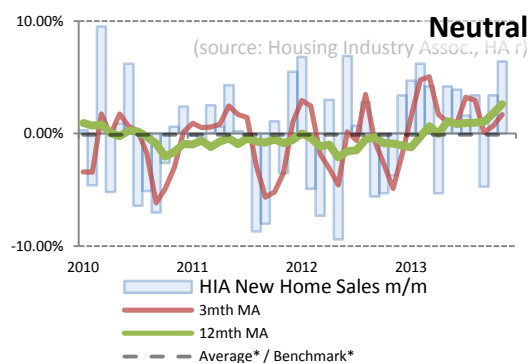
(Fig5.2) Housing remains strong component of Australia.



November: **1.90%** Previous: 2.40%

**House Price Index** Change in the selling price of homes in the nation's 8 state capitals;

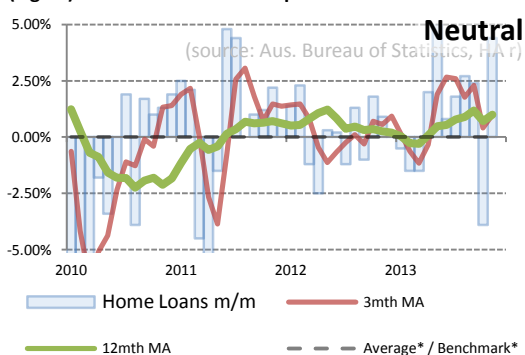
(Fig5.3) New homes sales on healthy trend.



November: **6.40%** Previous: 3.40%

**HIA New Home Sales** Change in the number of newly constructed homes sold; Housing Industry Association (HIA)

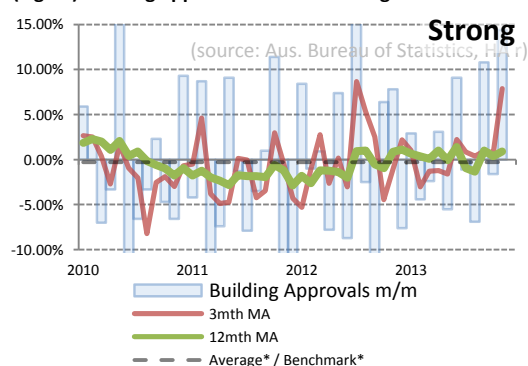
(Fig5.4) New home loans take up stable.



November: **4.40%** Previous: -3.90%

**Home Loans** Change in the number of new loans granted for owner-occupied homes;

(Fig5.5) Building approvals issuance strong.



November: **14.40%** Previous: -1.60%

**Building Approvals** Change in the number of new building approvals issued;

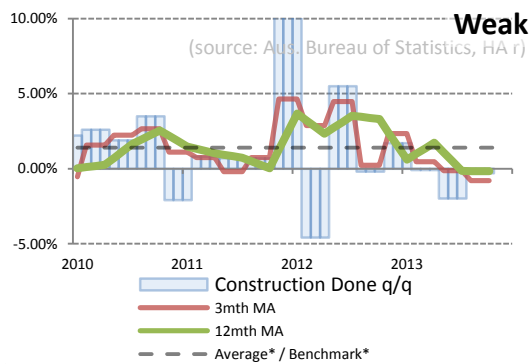
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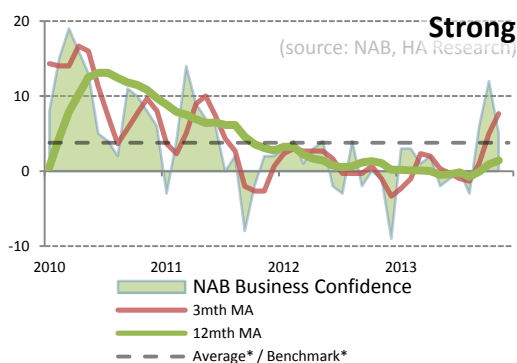
(Fig6.1) Construction projects weak.

November: **Pending** Previous -0.30%

**Construct'n Work Done** Change in the total inflation-adjusted value of construction projects completed;

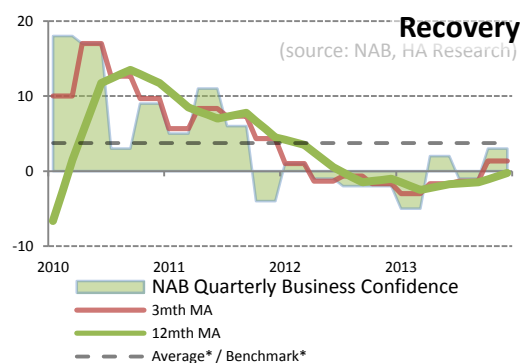
## BUSINESS SURVEY

(Fig6.2) Business confident about economy recovering.

November: **5.0** Previous 12.0

**NAB Biz** Survey of about 350 businesses which asks respondents to **Confidence** rate the relative level of current business conditions;

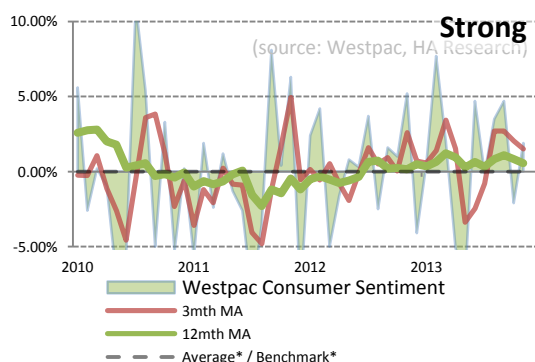
(Fig6.3) NAB Quarterly Business Confidence

November: **3.0** Previous 3.0

**NAB Qtr Biz** Survey of 1,000 businesses, asked to rate current business **Confidence** conditions and expectations for near-mid term future;

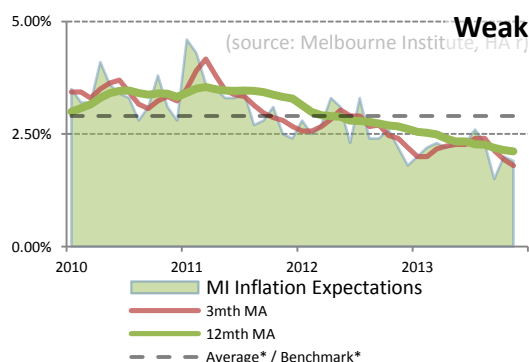
## CONSUMER SURVEY

(Fig6.4) Consumers also confident about economic recovery.

November: **1.90%** Previous -2.10%

**WP Con.** Index based on 1,200 surveyed consumers; economic **Sentiment** conditions, employment, climate for major purchases;

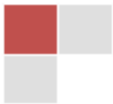
(Fig6.5) Expectation of inflation weak, though.

November: **1.90%** Previous 2.00%

**MI Inflation** % that consumers expect the price of goods and services to **Expectations** change during the next 12mths; Melbourne Institute (MI);

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