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CURRENCY REPORT.

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NEW ZEALAND ECONOMY In a glance.

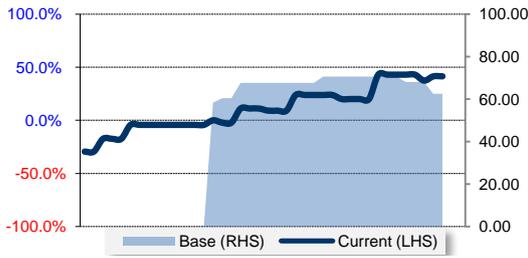
15-Nov-2013 (Friday)

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



Figure 1: Fundamental Strength Index for last 40 days.

N. ZEALAND (40 Days Fundamental Strength)



BASE SUMMARY:

INFLATION INDICATORS :	8.3	/ 22.2
GROWTH INDICATORS :	12.5	/ 27.8
EMPLOYMENT INDICATORS :	11.1	/ 11.1
HOUSING INDICATORS :	8.3	/ 11.1
BUSINESS SURVEY :	16.7	/ 22.2
CONSUMER SURVEY :	5.6	/ 5.6
BASE STRENGTH :	BULLISH	62.50 / 100
SHORT-TERM STRENGTH :	BULLISH	41.33%

NEW ZEALAND DOLLAR\$ STRONG (RATE HIKE IMMINENT)

New Zealand Fundamentals Very Strong (62.50/100); Recent momentum STILL BULLISH at 41.33%.

(Fig2.1) NZ inflation in recovery, but within the low of RBNZ 1%-3% target.(Fig2.2) Producer costs increase, in recovery.(Fig2.3) Purchasing power of NZ Exports increases.(Fig2.4) Labour cost remains flattish, weak. No inflationary risk.(Fig2.5) NZ GDP keeps robust growth trend.(Fig2.6) Domestic retail sales on strong spending trend.(Fig3.1) International trade in cyclical weakness.(Fig3.2) Balance of Payment posting recovery.(Fig3.3) Jobless rate low at 6.20%(Fig3.4) NZ Job gains strong in 2013.(Fig3.5) Real estate price in NZ grows(Fig3.6) New building approvals stable.(Fig4.1) Manufacturing PMI continued in expansion.(Fig4.3) Relative 1 year outlook of NZ is buoyant.(Fig4.5) NZ consumers optimistic about economy.

Conclusion: New Zealand economy is stronger and rate hike is imminent, all aspects continued to improve, except inflation still subdued.

Table 1: Pending Fundamental Events for New Zealand & Past 15 economic data release.

UPCOMING FUNDAMENTAL EVENTS						
DATE	TIME	DETAILS	FORECAST	PREVIOUS	IMPACT	
PAST ECONOMIC EVENTS:						
DATE	TIME	DETAILS	ACTUAL	FORECAST	PREVIOUS	
14-Nov Thursday	6:30am	Business NZ Manufacturing Index	55.70	-	54.20	↑
14-Nov Thursday	6:45am	Retail Sales q/q	0.30%	0.90%	1.50%	→
14-Nov Thursday	6:45am	Core Retail Sales q/q	-0.10%	1.40%	2.10%	→
13-Nov Wednesday	6:45am	FPI m/m	-1.00%	-	0.00%	→
12-Nov Tuesday	5:45am	REINZ HPI m/m	1.60%	-	0.80%	→
06-Nov Wednesday	6:45am	Employment Change q/q	1.20%	0.50%	0.40%	↑
06-Nov Wednesday	6:45am	Unemployment Rate	6.20%	6.20%	6.40%	↑
06-Nov Wednesday	6:45am	Labor Cost Index q/q	0.40%	0.50%	0.40%	→
04-Nov Monday	9:00am	ANZ Commodity Prices m/m	1.30%	-	1.00%	→
31-Oct Thursday	6:45am	Building Consents m/m	1.40%	-	1.50%	→
31-Oct Thursday	9:00am	ANZ Business Confidence	53.20	-	54.10	↑
24-Oct Thursday	6:45am	Trade Balance	-199.00	-730.00	-1234.00	↑
21-Oct Monday	6:45am	Visitor Arrivals m/m	-1.00%	-	0.00%	→
21-Oct Monday	11:00am	Credit Card Spending y/y	5.20%	-	6.60%	→
16-Oct Wednesday	6:45am	CPI q/q	0.90%	0.80%	0.20%	↑

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

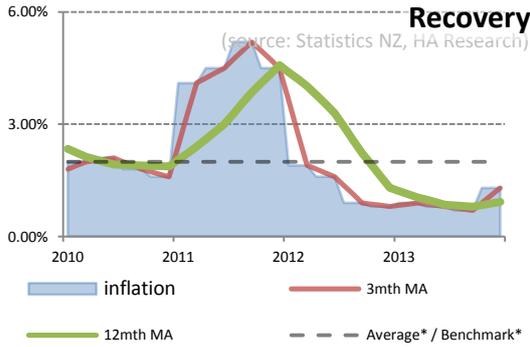
For disclaimer & more information on the calculation methodology, please refer to the back cover of this document.



New Zealand Currency Report

INFLATION INDICATORS

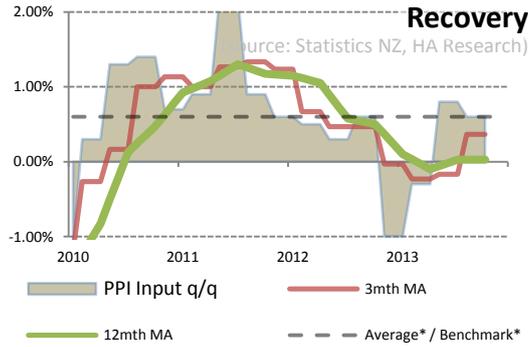
(Fig2.1) NZ inflation in recovery, but within the low of RBNZ 1%-3% target.



November: **1.30%** Previous **1.30%**

Consumer Price Index Change in the price of goods and services purchased by consumers.

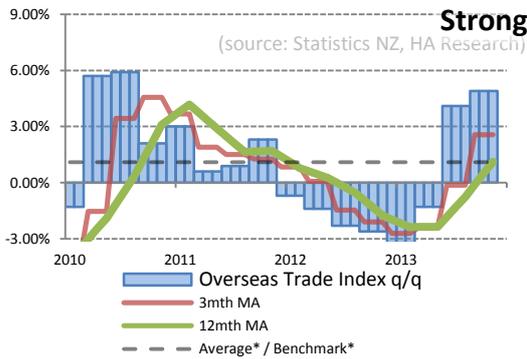
(Fig2.2) Producer costs increase, in recovery.



November: **Pending** Previous **0.60%**

PPI Input q/q Change in the price of goods and raw materials purchased by manufacturers; Producer Price Index (PPI);

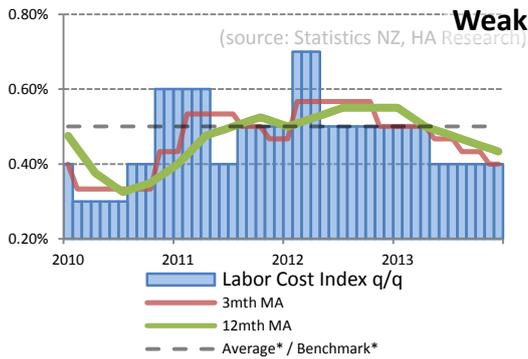
(Fig2.3) Purchasing power of NZ Exports increases.



November: **4.90%** Previous **4.90%**

Overseas Trade Index Change in the price of internationally traded goods and services;

(Fig2.4) Labour cost remains flattish, weak. No inflationary risk.

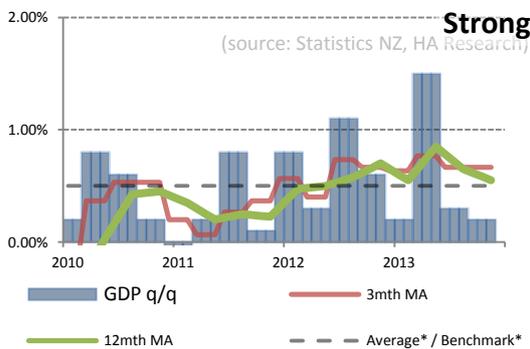


November: **0.40%** Previous **0.40%**

Labor Cost Index q/q Change in the price businesses pay for labor, excluding overtime;

GROWTH INDICATORS

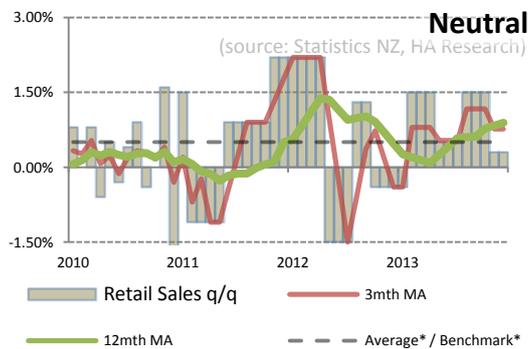
(Fig2.5) NZ GDP keeps robust growth trend.



November: **0.20%** Previous **0.20%**

GDP q/q Change in the inflation-adjusted value of all goods and services produced by the economy;

(Fig2.6) Domestic retail sales weakens, but still neutral.



November: **0.30%** Previous **1.50%**

Retail Sales q/q Change in the total value of inflation-adjusted sales at the retail level;

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.

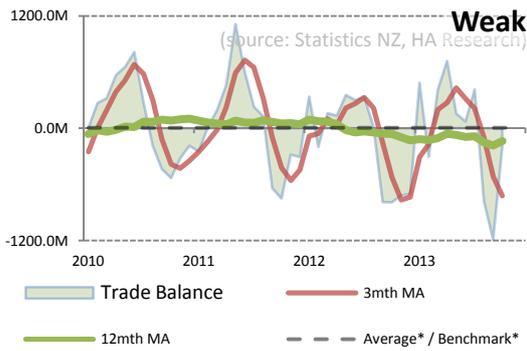
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New Zealand Currency Report

GROWTH INDICATORS (continued)

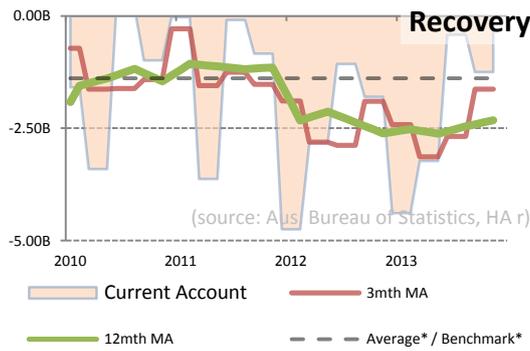
(Fig3.1) International trade in cyclical weakness.



November: **Pending** Previous -199M

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

(Fig3.2) Balance of Payment posting recovery.

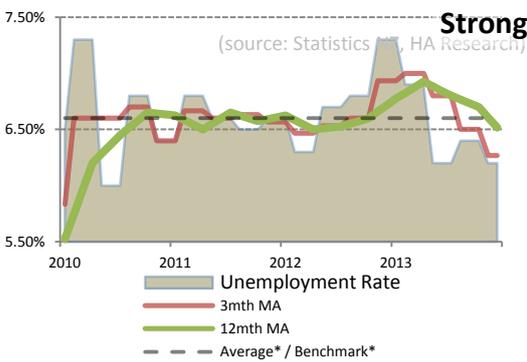


November: **-1.25B** Previous -1.25B

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

EMPLOYMENT INDICATORS

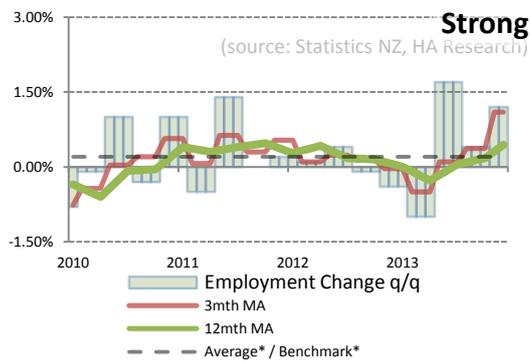
(Fig3.3) Jobless rate low at 6.20%



November: **6.20%** Previous 6.40%

Jobless Rate % of total work force that is unemployed and actively seeking employment during the previous quarter;

(Fig3.4) NZ Job gains strong in 2013.

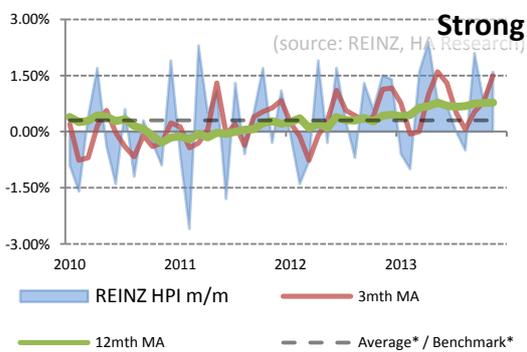


November: **1.20%** Previous 0.40%

Employment Change q/q Change in the number of employed people;

HOUSING INDICATORS

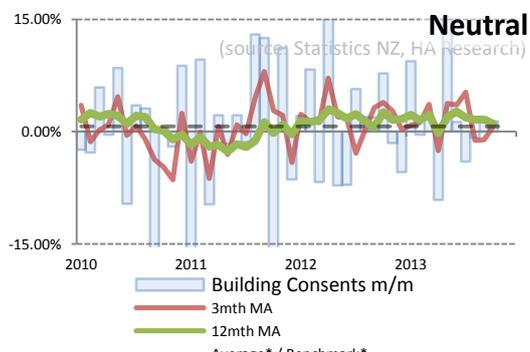
(Fig3.5) Real estate price in NZ grows



November: **1.60%** Previous 0.80%

REINZ HPI m/m Change in the selling price of all homes; Real Estate Institute of New Zealand (REINZ), House Price Index (HPI);

(Fig3.6) New building approvals stable.



November: **Pending** Previous 1.40%

Building Consents Change in the number of new building approvals issued;

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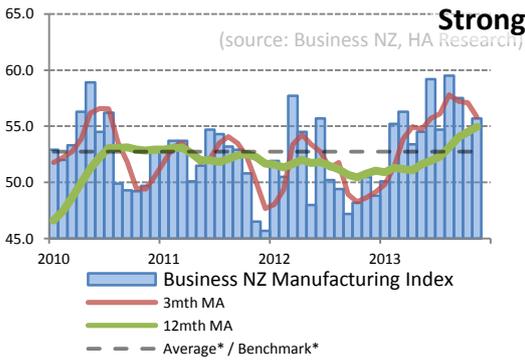
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BUSINESS SURVEY



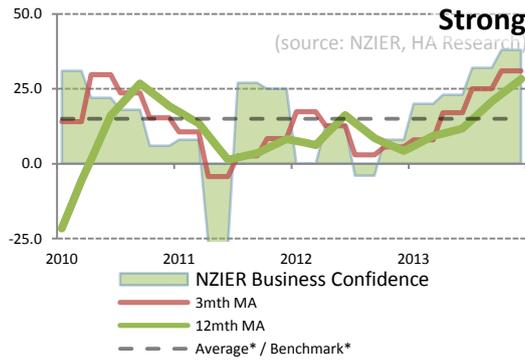
(Fig4.1) Manufacturing PMI continued in expansion.



November: **55.70** Previous 54.30

Business NZ Level of a diffusion index based on surveyed manufacturers;
Manu. Index Performance of Manufacturing Index;

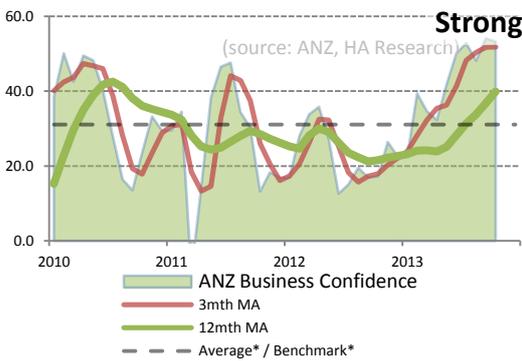
(Fig4.2) Relative outlook of economy strong.



November: **38.00** Previous 38.00

NZIER Biz. Confidence Survey of about 2500 businesses which asks respondents to rate the relative 6-month economic outlook;

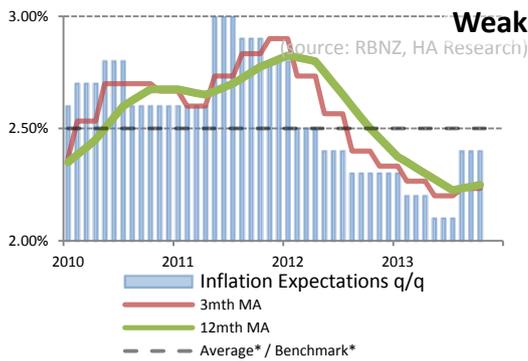
(Fig4.3) Relative 1 year outlook of NZ is buoyant.



November: **Pending** Previous 53.20

ANZ Business Confidence Survey of 1,500 businesses which asks respondents to rate the relative 12-month economic outlook;

(Fig4.4) Inflation expectation low, but could rise.

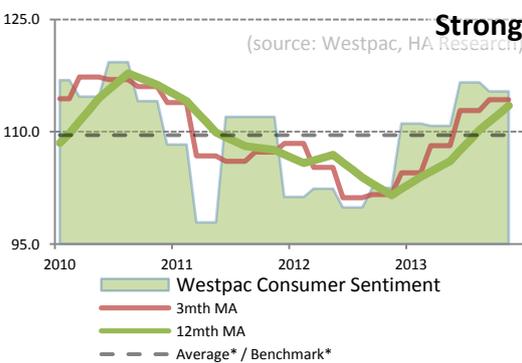


November: **Pending** Previous 2.40%

Inflation Expectations Survey of about 100 consumers which asks respondents where they expect prices to be 24 months in the future;

CONSUMER SURVEY

(Fig4.5) NZ consumers optimistic about economy.



November: **115.40** Previous 115.40

WP Con. Sentiment Survey of 1,500 consumers asked to rate economic conditions; overall economic situation;

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BASE FUNDAMENTAL STRENGTH, BENCHMARK, SHORT-TERM STRENGTH INDEX (40 DAYS FUNDAMENTAL STRENGTH), CURRENCY DIFFERENTIALS (BASE, CURRENT) AND DERIVATION OF ITS SCORING IS FROM A COMPUTER-GENERATED CALCULATION MODEL. IT TAKES ALLOCATED FUNDAMENTAL DATA AND ITS RELATIVE STRENGTH, AVERAGES AS BASIS. STRENGTH OF FUNDAMENTAL DATA (PAST AND CURRENT) ARE STATISTICALLY ALLOCATED (PRE-DETERMINED BASIS) TO ARRIVE IN THE FORMULATED SCORING.

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