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# HA Research

CURRENCY FUNDAMENTAL QUANTIFIED.



## CURRENCY REPORT.

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# NEW ZEALAND ECONOMY

In a glance.

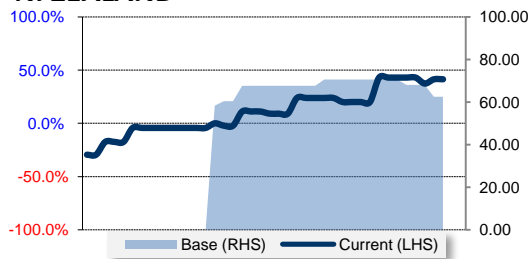
15-Nov-2013 (Friday)

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 &amp; 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.

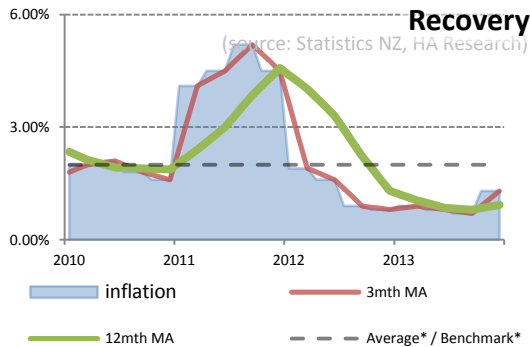


## New Zealand Currency Report

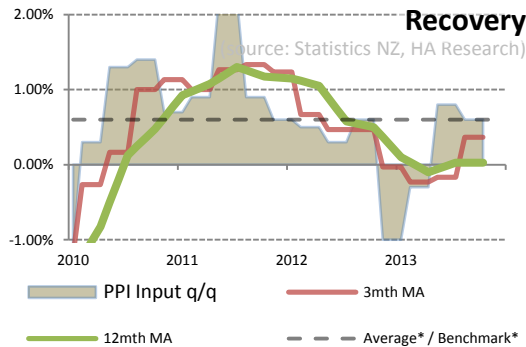
# INFLATION INDICATORS



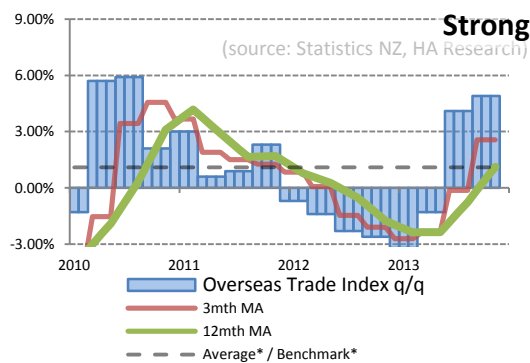
(Fig2.1) NZ inflation in recovery, but within the low of RBNZ 1%-3% target.



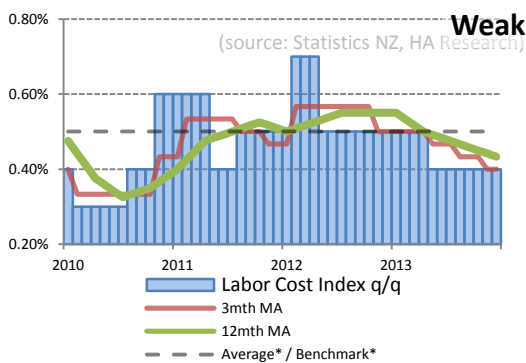
(Fig2.2) Producer costs increase, in recovery.



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

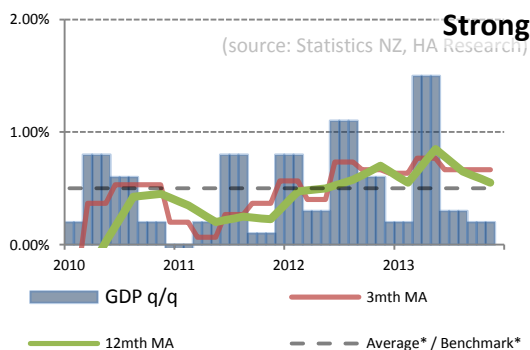


(Fig2.4) Labour cost remains flattish, weak. No inflationary risk.

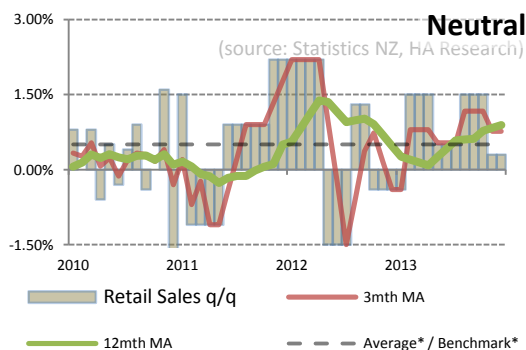


# GROWTH INDICATORS

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



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



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.

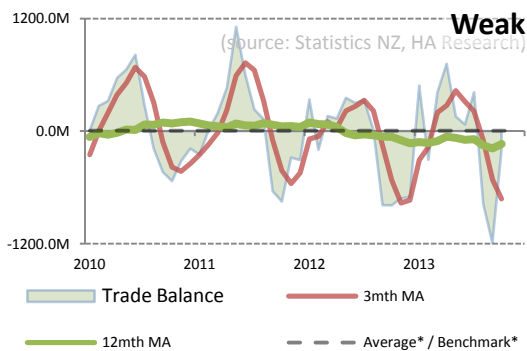
Figure/Chart annotations All figures/charts provided in this report are annotated in Figure(Page).(Chart #) format. Example Figure2.1 represents: Figure in (Page 2).(Chart 1 in page 2).



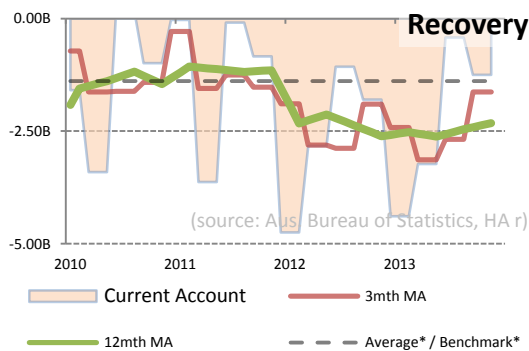
# GROWTH INDICATORS (continued)



(Fig3.1) International trade in cyclical weakness.

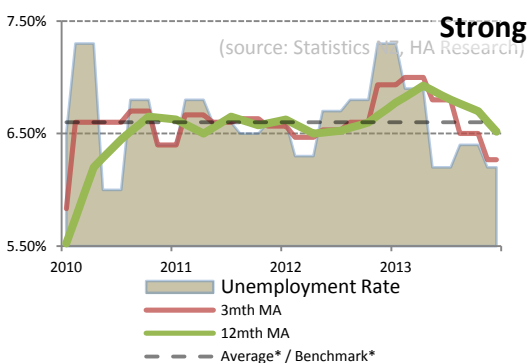
November: **Pending** Previous -199M**Trade Balance** Difference in value between imported and exported goods and services during the reported month;

(Fig3.2) Balance of Payment posting recovery.

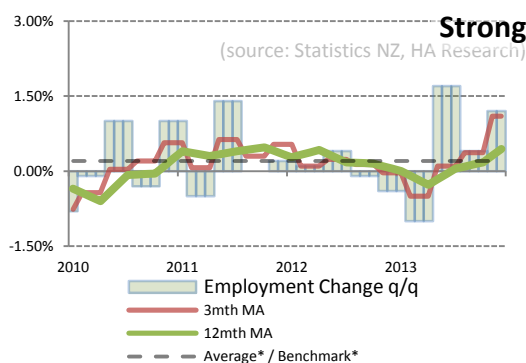
November: **-1.25B** Previous -1.25B**Current Account** Difference in trade balance, income flows, and unilateral transfers during the previous quarter;

## EMPLOYMENT INDICATORS

(Fig3.3) Jobless rate low at 6.20%

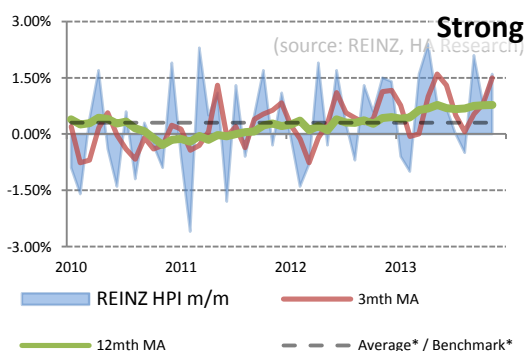
November: **6.20%** Previous 6.40%**Jobless Rate** % of total work force that is unemployed and actively seeking employment during the previous quarter;

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

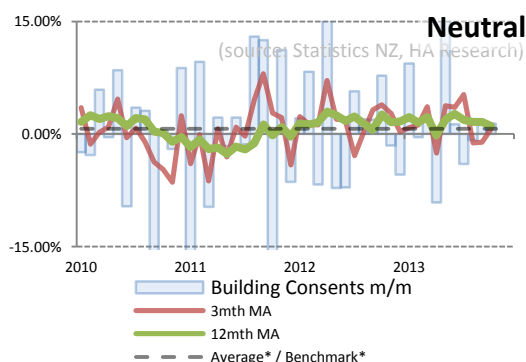
November: **1.20%** Previous 0.40%**Employment Change q/q** Change in the number of employed people;

## 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.

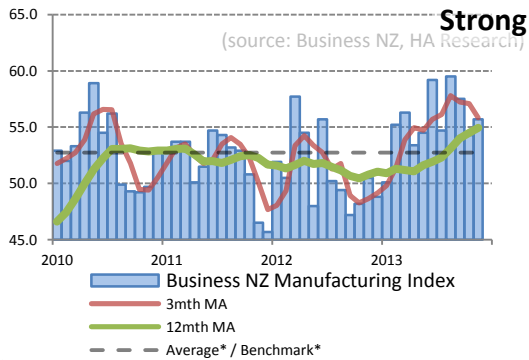
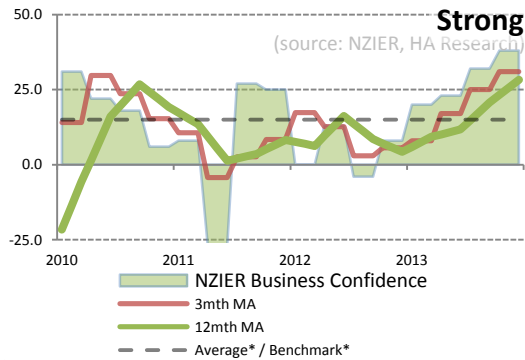
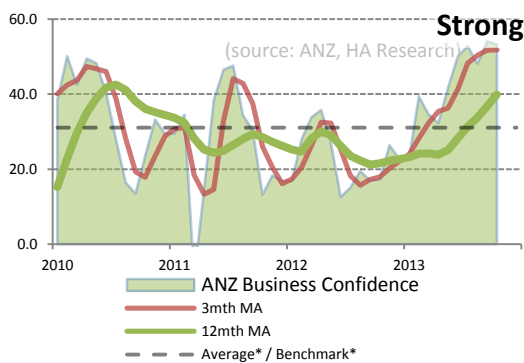
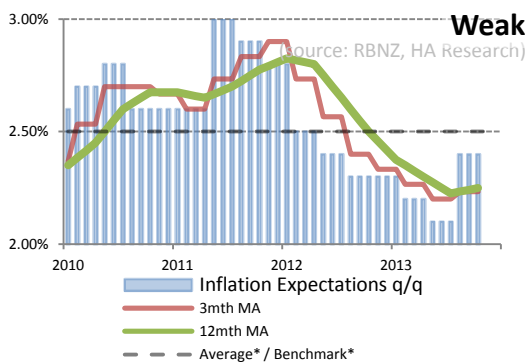
November: **Pending** Previous 1.40%**Building Consents** Change in the number of new building approvals issued;

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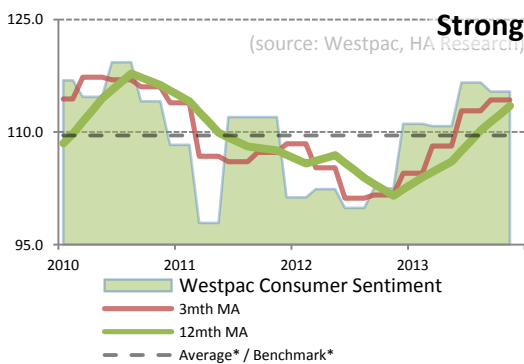
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# BUSINESS SURVEY

**(Fig4.1) Manufacturing PMI continued in expansion.****(Fig4.2) Relative outlook of economy strong.****(Fig4.3) Relative 1 year outlook of NZ is buoyant.****(Fig4.4) Inflation expectation low, but could rise.**

# CONSUMER SURVEY

**(Fig4.5) NZ consumers optimistic about economy.**

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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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