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# HA Research

CURRENCY FUNDAMENTAL QUANTIFIED.



## CURRENCY REPORT.

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# UK ECONOMY

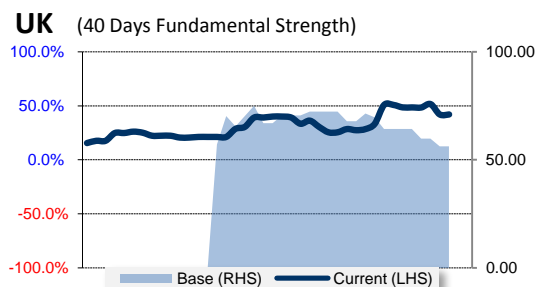
In a glance.

16-Nov-2013 (Saturday)

Last Updated: 02:45PM (GMT +0800)



Figure 1: Fundamental Strength Index for last 40 days.

**BASE SUMMARY:**

INFLATION INDICATORS :	3.6	/ 17.9
GROWTH INDICATORS :	21.4	/ 42.9
EMPLOYMENT INDICATORS :	7.1	/ 7.1
HOUSING INDICATORS :	8.9	/ 10.7
BUSINESS SURVEY :	15.2	/ 17.9
CONSUMER SURVEY :	0.0	/ 3.6
<hr/>		
BASE STRENGTH :	<b>BULLISH</b>	56.25 / 100
SHORT-TERM STRENGTH :	<b>BULLISH</b>	41.94%

## BRITISH POUND(£) BROADLY BULLISH, RECENT MOMENTUM BEARISH.

U.K. Fundamentals Strong (56.25/100); Recent momentum STILL BULLISH at 41.94%.

(Fig2.1) UK inflation moderate at 2.20%, lower of BOE 1%-3% target.(Fig2.3) Prices of retails goods & services weak.(Fig2.4) Producer's cost remains low, no inflationary pressure.(Fig3.1) GDP Stable.(Fig3.2) Estimated productions for previous 3 months strong.(Fig3.5) Manufacturing production weak, but seemed to have bottomed.(Fig3.6) Domestic retail sales stabilizes.(Fig4.4) Business investment stabilizes.(Fig4.5) UK Job market posting evident recovery.(Fig4.6) Jobless claims dropped continued strong trend at -41.7k.(Fig5.1) UK Housing Price growth strong.(Fig5.3) Mortgage takeup rate increases.(Fig5.4) UK managers optimistic on Manufacturing industry outlook.(Fig5.5) UK managers optimistic on Services industry outlook.(Fig6.2) Industrial orders outlook stabilizes.(Fig6.3) UK domestic Sales outlook strong.

**Conclusion:** Inflation remained subdued, with latest inflation coming in at 2.20%, job market however, continues to improve and is currently strong. Inflationary pressure is still low. Domestic growth growing stale, but housing market is strong, with UK consumer and business optimistic on the economy. Generally bullish with rate hike potential if inflation strengthens.

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

		UPCOMING FUNDAMENTAL EVENTS			
DATE	TIME	DETAILS	FORECAST	PREVIOUS	IMPACT
20-Nov Wednesday	5:30pm	MPC Asset Purchase Facility Votes			!!!
20-Nov Wednesday	5:30pm	MPC Official Bank Rate Votes			!!!
21-Nov Thursday	5:30pm	Public Sector Net Borrowing	10.1B	9.4B	!!
21-Nov Thursday	7:00pm	CBI Industrial Order Expectations	0.00	-4.00	!!
			-	-	
PAST ECONOMIC EVENTS:					
DATE	TIME	DETAILS	ACTUAL	FORECAST	PREVIOUS
14-Nov Thursday	4:30pm	Retail Sales m/m	-0.70%	0.00%	0.60%
13-Nov Wednesday	4:30pm	Claimant Count Change	-41.70	-33.20	-44.70
13-Nov Wednesday	4:30pm	Unemployment Rate	7.60%	7.60%	7.70%
13-Nov Wednesday	4:30pm	Average Earnings Index 3m/y	0.70%	0.70%	0.80%
12-Nov Tuesday	7:01am	RICS House Price Balance	57.00%	59.00%	53.00%
12-Nov Tuesday	4:30pm	CPI y/y	2.20%	2.50%	2.70%
12-Nov Tuesday	4:30pm	PPI Input m/m	-0.60%	-0.80%	-1.00%
12-Nov Tuesday	4:30pm	RPI y/y	2.60%	3.00%	3.20%
12-Nov Tuesday	4:30pm	Core CPI y/y	1.70%	2.00%	2.20%
12-Nov Tuesday	4:30pm	HPI y/y	3.80%	4.10%	3.70%
12-Nov Tuesday	4:30pm	PPI Output m/m	-0.30%	0.00%	0.00%
12-Nov Tuesday	5:00pm	CB Leading Index m/m	1.50%	-	1.20%
08-Nov Friday	4:30pm	Trade Balance	-9.80	-9.10	-9.60
06-Nov Wednesday	7:01am	BRC Shop Price Index y/y	-0.50%	-	-0.20%
06-Nov Wednesday	3:00pm	Halifax HPI m/m	0.70%	0.40%	0.40%

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

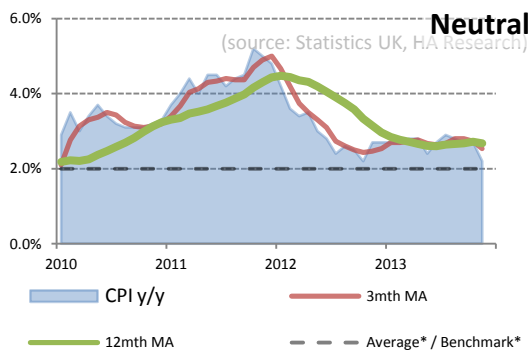
For disclaimer & more information on the calculation methodology, please refer to the back cover of this document.



## INFLATION INDICATORS

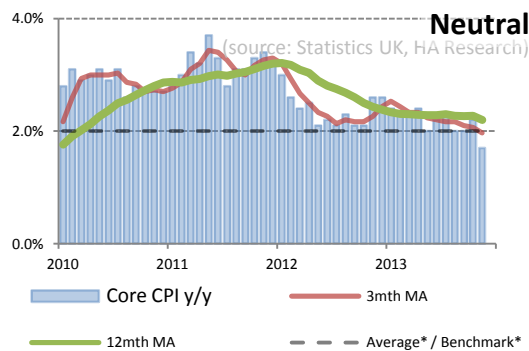


(Fig2.1) UK inflation moderate at 2.20%, lower of BOE 1%-3% target.

November: **2.20%** Previous 2.70%

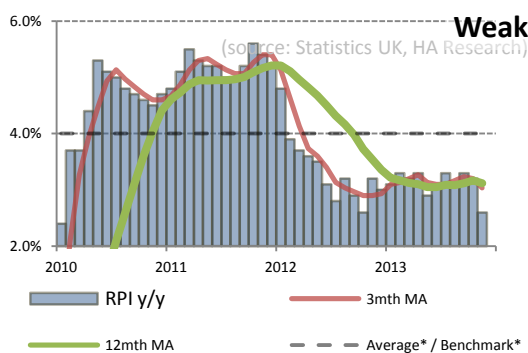
**Consumer Price Index** Change in the price of goods and services purchased by consumers; BOE mandated inflation target

(Fig2.2) Core inflation neutral at 1.70%, non event.

November: **1.70%** Previous 2.20%

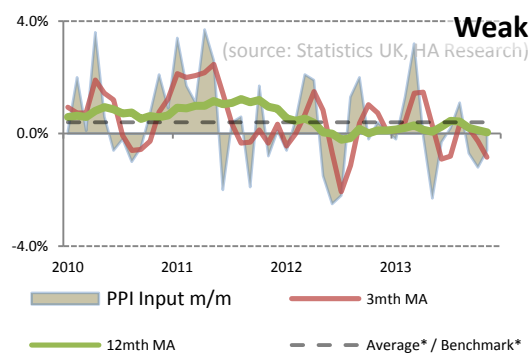
**Core CPI** Change in the price of goods and services purchased, excluding food, energy, alcohol, and tobacco items

(Fig2.3) Prices of retails goods &amp; services weak.

November: **2.60%** Previous 3.20%

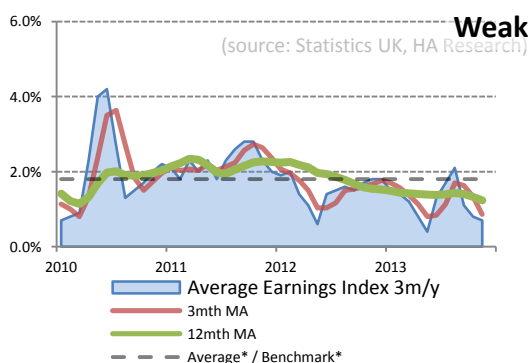
**Retail Price Index** Change in the price of goods and services purchased by consumers for the purpose of consumption;

(Fig2.4) Producer's cost remains low, no inflationary pressure.

November: **-0.60%** Previous -1.20%

**Producer Price Index** Change in the price of goods and raw materials purchased by manufacturers;

(Fig2.5) Average earnings of labor stale, weak.

November: **0.70%** Previous 0.80%

**Avg Earnings Index** Change in the price businesses and the government pay for labor, including bonuses;

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.

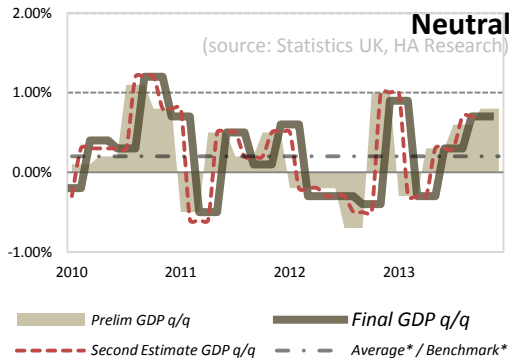
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## United Kingdom Currency Report

# GROWTH INDICATORS



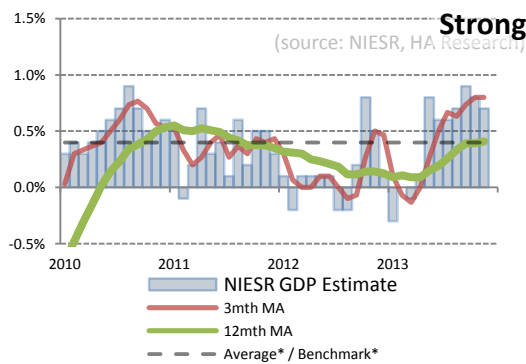
(Fig3.1) GDP Stable.



November: **0.70%** Previous **0.70%**

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

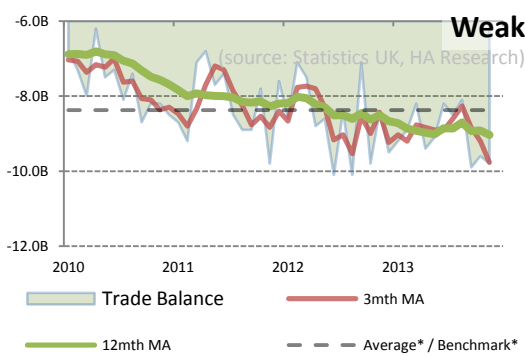
(Fig3.2) Estimated productions for previous 3 months strong.



November: **0.70%** Previous **0.80%**

**NIESR GDP Estimate** Change in the estimated value of all goods and services produced by the economy during the previous 3 months;

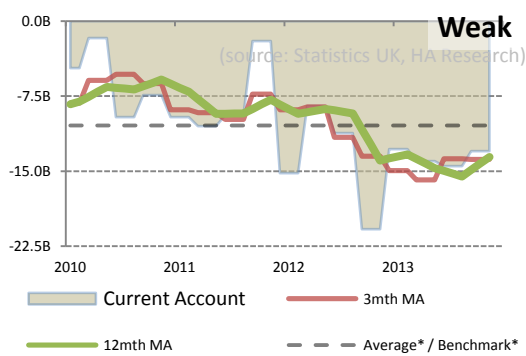
(Fig3.3) UK Trade Balance weak.



November: **-9.8B** Previous **-9.6B**

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

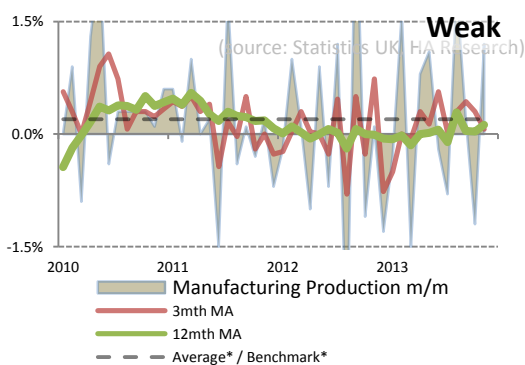
(Fig3.4) UK Current Account weak.



November: **-13.0B** Previous **-13.0B**

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

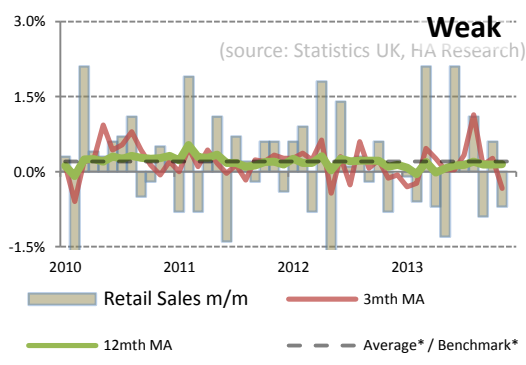
(Fig3.5) Manufacturing production weak, but seemed to have bottomed.



November: **1.20%** Previous **-1.20%**

**Manu. Production** Change in the total inflation-adjusted value of output produced by manufacturers; Factory production

(Fig3.6) Domestic retail sales weakens considerably.



November: **-0.7%** Previous **0.6%**

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

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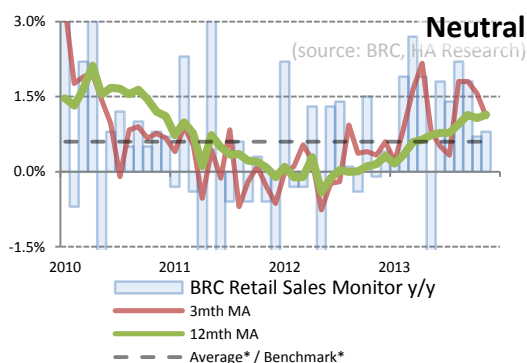
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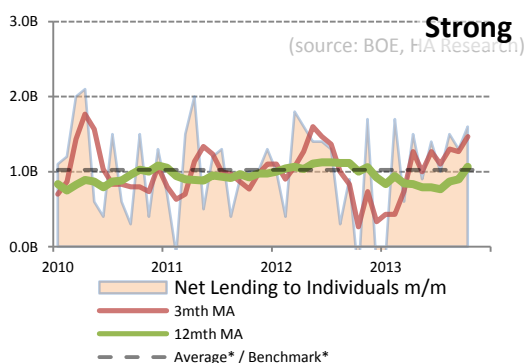
## United Kingdom Currency Report

**GROWTH INDICATORS** (continued)

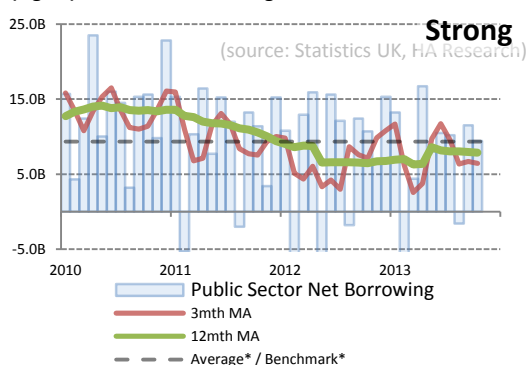
(Fig4.1) BRC posting increased sales level.



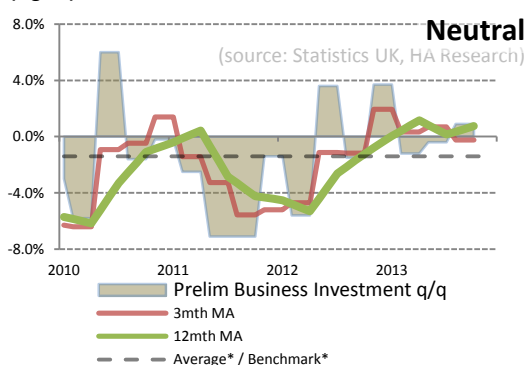
(Fig4.2) New credit take-up rate increased, on stable growth.



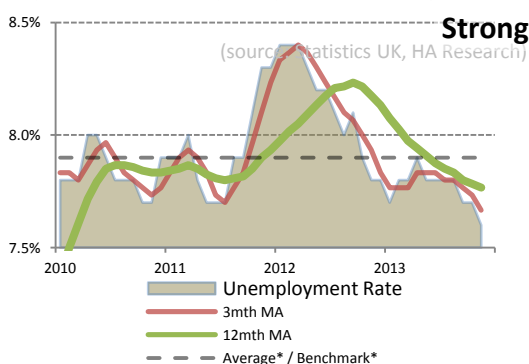
(Fig4.3) UK Government budget betters.



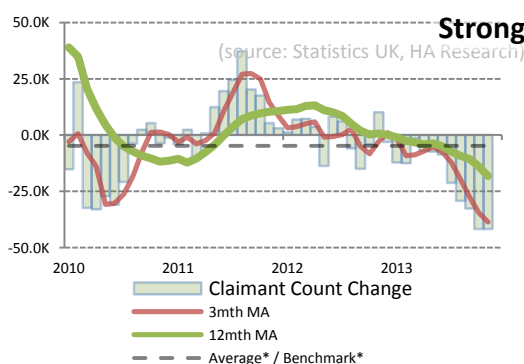
(Fig4.4) Business investment stabilizes.

**EMPLOYMENT INDICATORS**

(Fig4.5) UK Job market posting evident recovery.



(Fig4.6) Jobless claims dropped continued strong trend at -41.7k.



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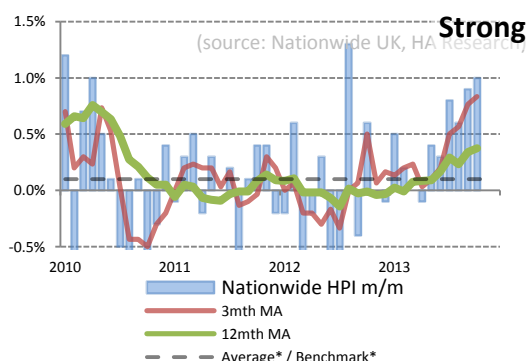
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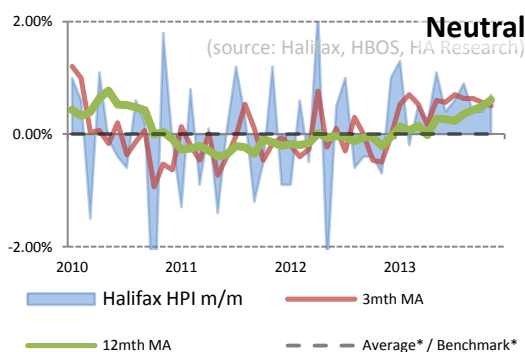
# HOUSING INDICATORS



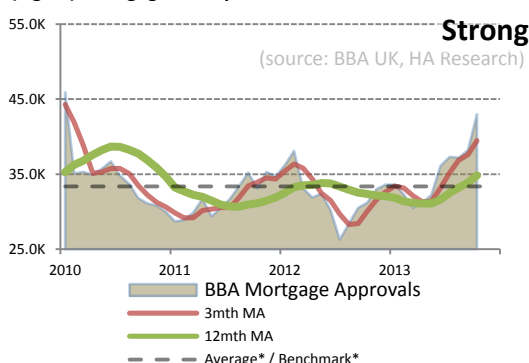
(Fig5.1) UK Housing Price growth strong.



(Fig5.2) UK Housing Price posting strong growth, momentum.

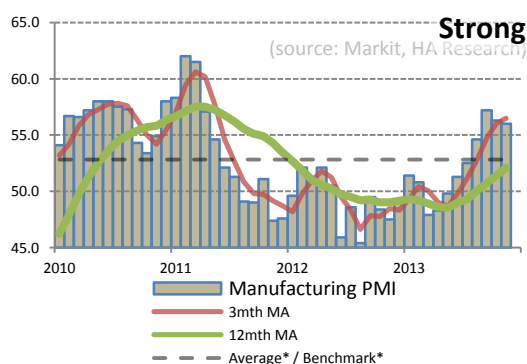


(Fig5.3) Mortgage takeup rate increases.

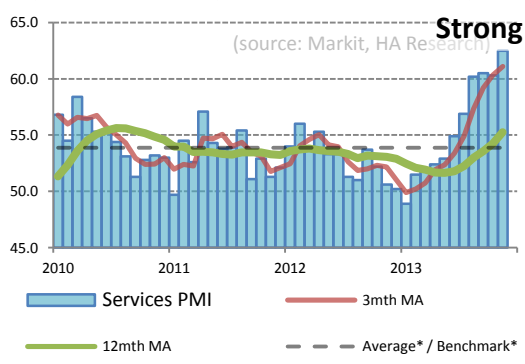


# BUSINESS SURVEY

(Fig5.4) UK managers optimistic on Manufacturing industry outlook.



(Fig5.5) UK managers optimistic on Services industry outlook.

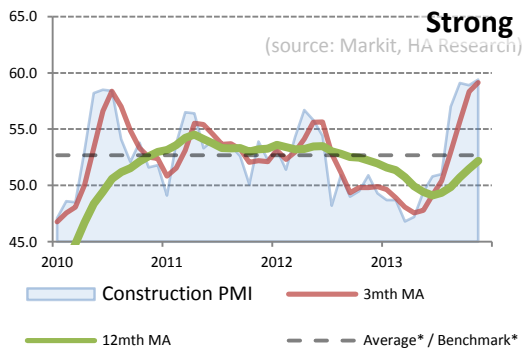


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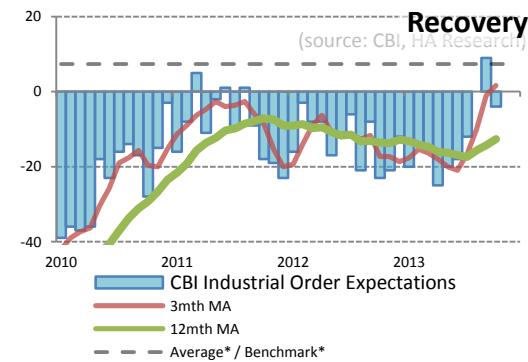


# BUSINESS SURVEY (continued)

**(Fig6.1) Construction outlook in UK remains optimistic.**

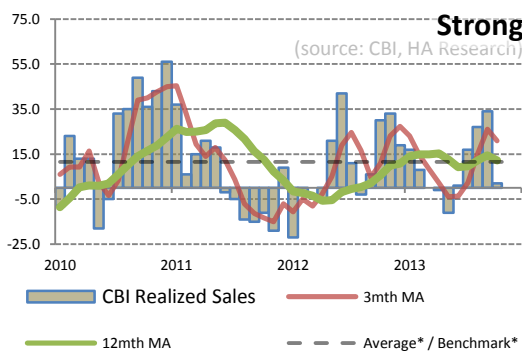
Month	Construction PMI	3mth MA	12mth MA	Average* / Benchmark*
November	59.4	59.4	52.0	52.0
Previous	58.9	58.9	51.0	52.0

**Construction PMI** Level of a diffusion index based on surveyed purchasing managers in the construction industry;

**(Fig6.2) Industrial orders outlook stabilizes.**

Month	CBI Industrial Order Expectations	3mth MA	12mth MA	Average* / Benchmark*
November	Pending	Pending	-4.0	-4.0
Previous	-4.0	-4.0	-4.0	-4.0

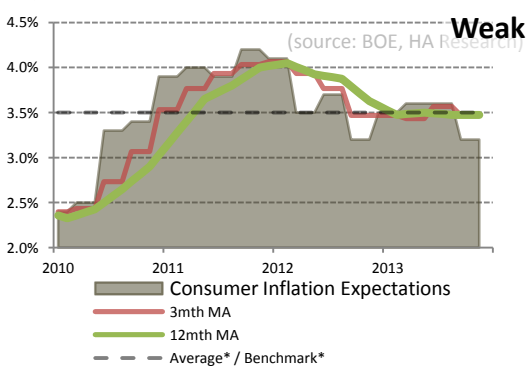
**CBI Industrial Order Exp.** Survey of 550 manufacturers to rate order volume expected during next 3 months; Confederation of British Industry (CBI);

**(Fig6.3) UK domestic Sales outlook strong.**

Month	CBI Realized Sales	3mth MA	12mth MA	Average* / Benchmark*
November	Pending	Pending	2.0	2.0
Previous	2.0	2.0	2.0	2.0

**CBI Realized Sales** Survey of 150 retail and wholesale companies to rate the relative level of current sales volume;

# CONSUMER SURVEY

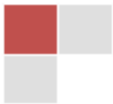
**(Fig6.4) Inflation outlook remained subdued.**

Month	Consumer Inflation Expectations	3mth MA	12mth MA	Average* / Benchmark*
November	3.2%	3.2%	3.2%	3.2%
Previous	3.2%	3.2%	3.2%	3.2%

**Con. Inflatn Expectn** Survey of 2,000 consumers, conducted by GfK, where they expect prices to be 12 months in the future;

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