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HA Research

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CURRENCY REPORT.

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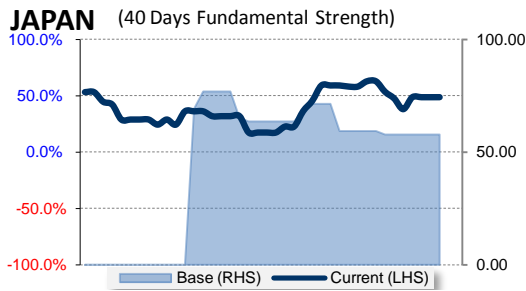
JAPAN ECONOMY

In a glance.

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19-Nov-2013 (Tuesday)

Last Updated: 10:58AM (GMT +0800)

**Figure 1: Fundamental Strength Index for last 40 days.**

* HOW TO USE THESE? - see footnote on Fundamental Strengths.

BASE SUMMARY:

INFLATION INDICATORS :	4.7	/ 18.8
GROWTH INDICATORS :	34.4	/ 62.5
EMPLOYMENT INDICATORS :	-	-
HOUSING INDICATORS :	-	-
BUSINESS SURVEY :	18.8	/ 18.8
CONSUMER SURVEY :	-	-

BASE STRENGTH :	BULLISH	57.81	/ 100
SHORT-TERM STRENGTH :	BULLISH	48.72%	

JAPANESE YEN (¥) STABLE, DOMESTIC RECOVERY EVIDENT.

Japan Fundamentals Strong (57.81/100); Recent momentum STILL BULLISH at 48.72%.

(Fig2.1) Though still low (0.90%), JP inflation posted notable recovery.(Fig2.1) Tokyo Core Inflation still in deflation, but recovery is significant.(Fig2.3) Average Cash Earnings still weak, though in recovery.(Fig2.4) GDP strong at 0.90%.(Fig2.5) Trade balance weakened considerably, due to a strong yen.(Fig3.1) National accounts hurt from strong yen. Expected.(Fig3.2) Core Machinery Orders sees stabilization, though recently declined.(Fig3.3) Industrial Production strong.(Fig3.4) Tertiary Industry Activity declined -0.2%, but still neutral.(Fig3.5) Domestic Retail Sales better, recent spike of 3.1% notable.(Fig3.6) Household Spending improving significantly.(Fig4.1) Capital expenditures weakens.(Fig4.2) Japanese manufacturing sector optimistic on economy.(Fig4.3) Businesses optimistic on economy outlook.

Conclusion: Economic recovery from Abenomic is evident, Japanese consumer activities and domestic production expands, alongside better earnings and spendings by Japanese households. Manufacturers and businesses optimistic on general outlook for Japanese economy. Though inflationary pressure is still low (long road to recover from deflation). Recent momentum dropped.

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

UPCOMING FUNDAMENTAL EVENTS						
DATE	TIME	DETAILS	FORECAST	PREVIOUS	IMPACT	
20-Nov Wednesday	7:50am	Trade Balance	-0.88T	-1.09T	!!	
20-Nov Wednesday	12:30pm	All Industries Activity m/m	0.50%	0.30%	!	
21-Nov Thursday	Tentative	Monetary Policy Statement			!	
21-Nov Thursday	Tentative	BOJ Press Conference			!!!	
22-Nov Friday	1:00pm	BOJ Monthly Report	-	-	!	
PAST ECONOMIC EVENTS:						
DATE	TIME	DETAILS	ACTUAL	FORECAST	PREVIOUS	
14-Nov Thursday	7:50am	Prelim GDP q/q	0.50%	0.40%	0.90%	→
14-Nov Thursday	7:50am	Prelim GDP Price Index y/y	-0.30%	-0.50%	-0.50%	→
14-Nov Thursday	12:30pm	Revised Industrial Production m/m	1.30%	1.50%	1.50%	→
13-Nov Wednesday	7:50am	Core Machinery Orders m/m	-2.10%	-1.80%	5.40%	↓
13-Nov Wednesday	7:50am	CGPI y/y	2.50%	2.50%	2.20%	→
12-Nov Tuesday	7:50am	Tertiary Industry Activity m/m	-0.20%	0.20%	0.60%	↓
12-Nov Tuesday	7:50am	M2 Money Stock y/y	4.10%	3.90%	3.90%	→
12-Nov Tuesday	1:00pm	Consumer Confidence	41.20	46.30	45.40	→
12-Nov Tuesday	2:00pm	Prelim Machine Tool Orders y/y	8.40%	-	-6.30%	→
11-Nov Monday	7:50am	Current Account	-13.00%	-10.00%	35.00%	↓
11-Nov Monday	7:50am	Bank Lending y/y	2.00%	-	2.00%	→
11-Nov Monday	1:00pm	Economy Watchers Sentiment	51.80	54.20	52.80	→
06-Nov Wednesday	1:00pm	Leading Indicators	1.10	1.09	1.07	→
05-Nov Tuesday	7:50am	Monetary Base y/y	45.80%	48.30%	46.10%	→
31-Oct Thursdav	7:15am	Manufacturing PMI	54.20	-	52.50	→

Quantified Fundamental Strengths are consolidated and Paired (i.e: CCY/CCY) to generate Auto-Suggested Trades in **Summary Report**.

Auto-suggested trades are automatically paired on the basis of Strongest Currency Fundamental against Weakest Currency Fundamentals.

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

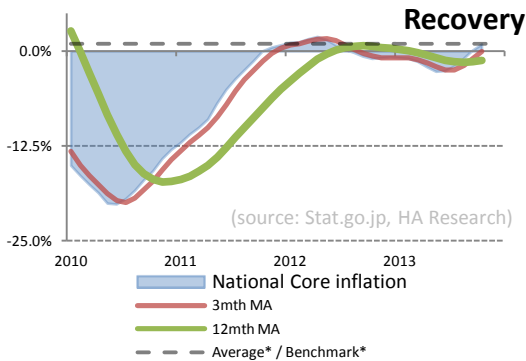


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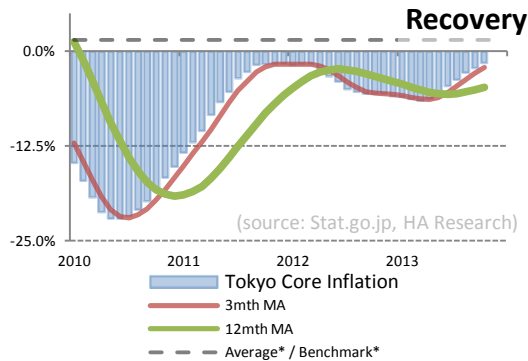
INFLATION INDICATORS



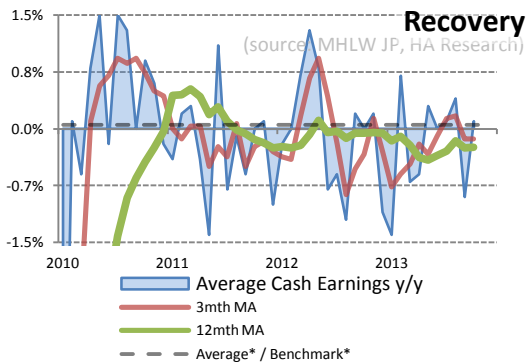
(Fig2.1) Though still low (0.90%), JP inflation posted notable recovery.



(Fig2.1) Tokyo Core Inflation still in deflation, but recovery is significant.

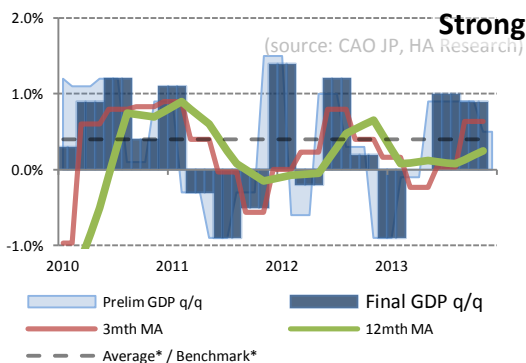


(Fig2.3) Average Cash Earnings still weak, though in recovery.

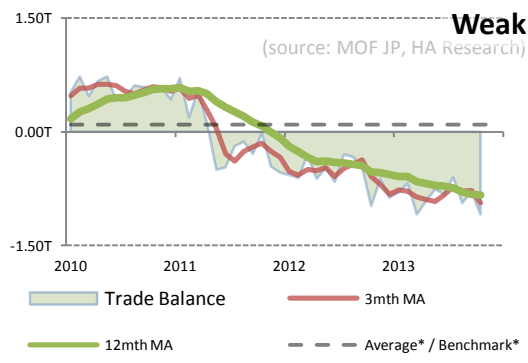


GROWTH INDICATORS

(Fig2.4) GDP strong at 0.90%.



(Fig2.5) Trade balance weakened considerably, due to a strong yen.



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.

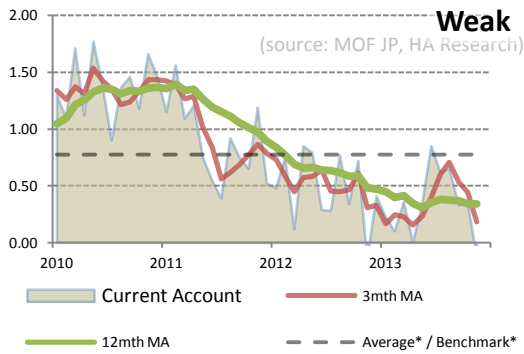
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Japanese Currency Report

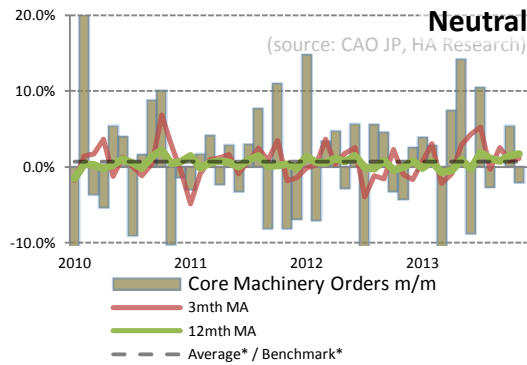
GROWTH INDICATORS (continued)



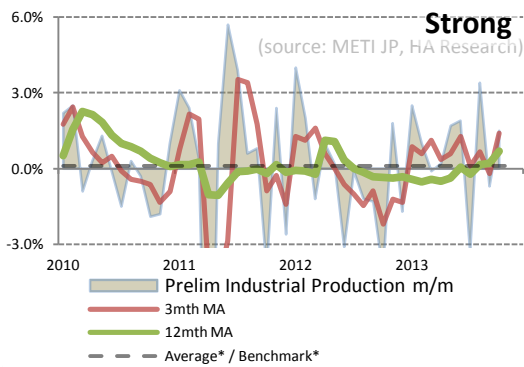
(Fig3.1) National accounts hurt from strong yen. Expected.



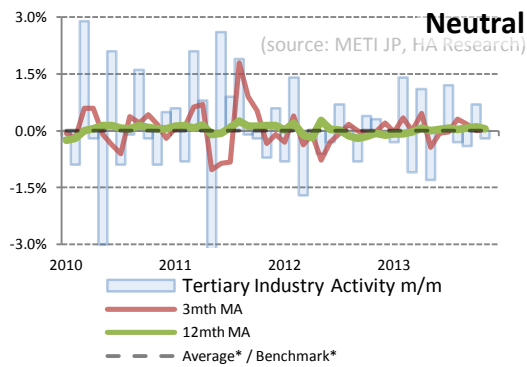
(Fig3.2) Core Machinery Orders sees stabilization, though recently declined.



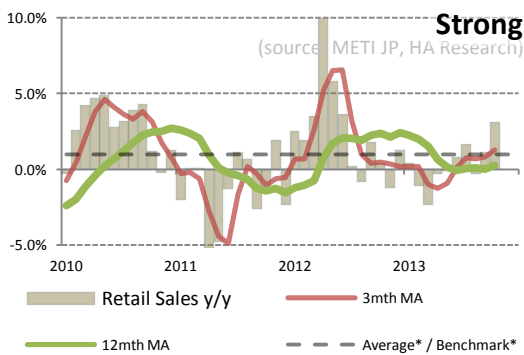
(Fig3.3) Industrial Production strong.



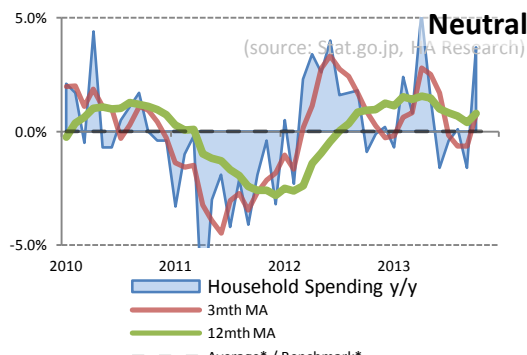
(Fig3.4) Tertiary Industry Activity declined -0.2%, but still neutral.



(Fig3.5) Domestic Retail Sales better, recent spike of 3.1% notable.



(Fig3.6) Household Spending improving significantly.



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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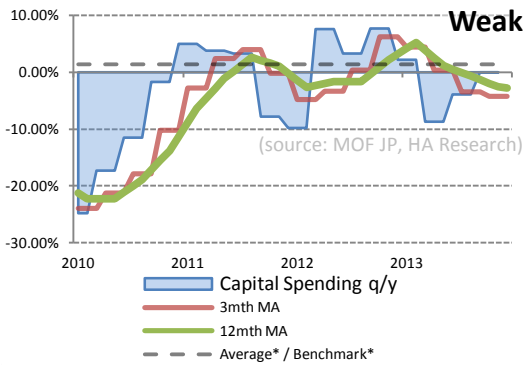


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GROWTH INDICATORS (continued)



(Fig4.1) Capital expenditures weakens.

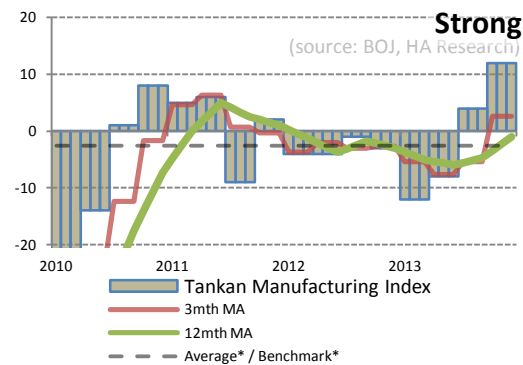


November: **0.00%** Previous 0.00%

Capital Spending Change in the total value of new capital expenditures made by businesses;

BUSINESS SURVEY

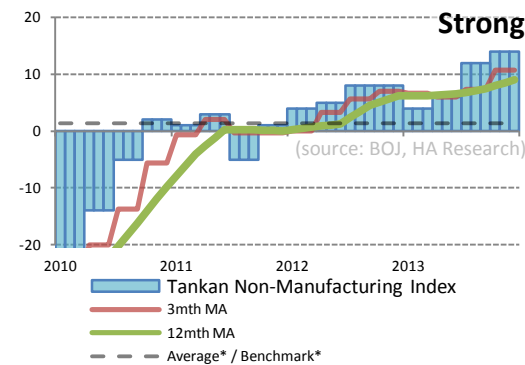
(Fig4.2) Japanese manufacturing sector optimistic on economy.



November: **12.0** Previous 12.0

Tankan Manu. Survey of 1,200 large manufacturers to rate the relative level of general business conditions;

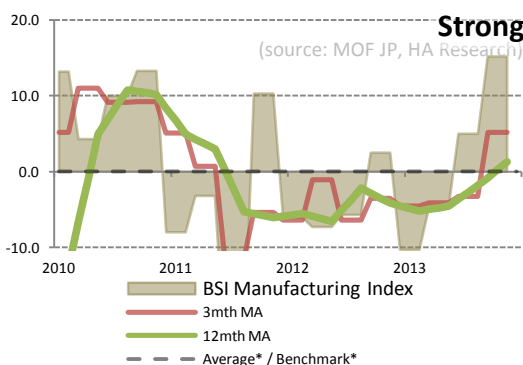
(Fig4.3) Businesses optimistic on economy outlook.



November: **14.0** Previous 14.0

T. Non Manu. Survey of 1,200 large businesses to rate the relative level of general business conditions;

(Fig4.4) Japanese Manufacturers optimistic on general business outlook.



November: **15.2** Previous 15.2

Business Survey Index Survey of large manufacturers to rate the relative level of general business conditions;

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About the Reports.

Fundamental Analysis, though not the direct determinant of Forex Spot Trading, is still significant and cannot be ignored in the world of FX spot trading. The author believes quantifying and simplifying fundamentals strength into 1 single index score helps in maintaining the overview of the currency, therefore enhancing traders' overall trading system consisting of other tools such as Technical Analysis, Price action or events driven risk movements...etc.

The reports are updated and published on a daily basis on 8 currencies; namely AUD, NZD, CAD, CNY, EUR, GBP & USD. From which, each individual Quantified Currency Strengths are consolidated into Summary Report on the basis of pairing Strongest Fundamentals of Currency against Weakest Fundamentals of Currency. Auto-suggested trades are then generated based on these allocated fundamental strengths of currency.

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CALCULATION METHODOLOGY

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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