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HA Research

CURRENCY FUNDAMENTAL QUANTIFIED.



CURRENCY REPORT.

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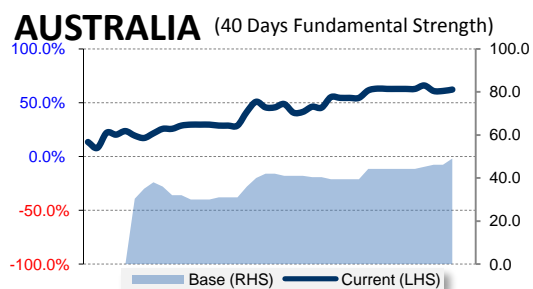
AUSTRALIAN ECONOMY

In a glance.

02-Dec-2013 (Monday)

Last Updated: 09:29AM (GMT+0800)

Figure 1: Fundamental Strength Index for last 40 days.



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

BASE SUMMARY:

INFLATION INDICATORS :	8.7	/ 19.2
GROWTH INDICATORS :	18.3	/ 34.6
EMPLOYMENT INDICATORS :	1.0	/ 11.5
HOUSING INDICATORS :	12.5	/ 19.2
BUSINESS SURVEY :	4.8	/ 7.7
CONSUMER SURVEY :	3.8	/ 7.7
BASE STRENGTH :	NEUTRAL	49.04 / 100
SHORT-TERM STRENGTH :	BULLISH	62.08%

AUSTRALIAN (A\$) FUNDAMENTAL IMPROVING; CURRENT DATA HEALTHY

Australia Fundamentals Moderate (49.04/100); Recent momentum VERY BULLISH at 62.08%.

(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) Labour Cost remains lower, weak.(Fig3.1) Australian GDP continues to weaken.(Fig3.2) domestic Retail Sales picks up, though.(Fig3.3) International trade remains lower from 2010-2011 boom.(Fig3.5) Private credit take-up rate strong.(Fig4.1) Company's profit stabilizes, stronger.(Fig4.2) Auto sales weak, low confidence in durable spending.(Fig4.3) Business capital expenditures in recovery?(Fig4.4) Jobless rate stubbornly high.(Fig4.5) Job creation remains stale, weak.(Fig5.1) New job posting advertisement slightly better.(Fig5.2) Housing remains strong component of Australia.(Fig5.3) New homes sales on healthy trend.(Fig5.4) New home loans takeup stable.(Fig5.5) Building approvals issuance strong.(Fig6.2) Business confident about economy recovering.(Fig6.4) Consumers also confident about economic recovery.(Fig6.5) Expectation of inflation weak, though.

Conclusion: Inflation, growth, labour market still weak and possibly still require loose interest rates. Housing remains strong, business and consumer sentiments optimistic. New homes sales, though dropped -3.8%, but remains the growth trend; Private business capital expenditure expanded 3.6%, chart painting a recovery picture. Company profit stabilizes, strong. Building approval remains strong. On route to recovery.

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

UPCOMING FUNDAMENTAL EVENTS						
DATE	TIME	DETAILS	FORECAST	PREVIOUS	IMPACT	
03-Dec Tuesday	8:30am	Retail Sales m/m	0.40%	0.80%	!!!	
03-Dec Tuesday	8:30am	Current Account	-11.1B	-9.4B	!!	
03-Dec Tuesday	11:30am	RBA Rate Statement			!!!	
04-Dec Wednesday	8:30am	GDP q/q	0.70%	0.60%	!!!	
05-Dec Thursday	8:30am	Trade Balance	-0.33B	-0.28B	!!!	
PAST ECONOMIC EVENTS:						
DATE	TIME	DETAILS	ACTUAL	FORECAST	PREVIOUS	
02-Dec Monday	7:30am	AIG Manufacturing Index	47.70	-	53.20	↓
02-Dec Monday	8:30am	MI Inflation Gauge m/m	0.20%	-	0.10%	→
02-Dec Monday	9:30am	Building Approvals m/m	-1.80%	-4.30%	16.90%	→
02-Dec Monday	9:30am	Company Operating Profits q/q	3.90%	1.10%	0.40%	↑
29-Nov Friday	9:30am	Private Sector Credit m/m	0.30%	0.40%	0.30%	→
28-Nov Thursday	9:00am	HIA New Home Sales m/m	-3.80%	-	6.40%	↓
28-Nov Thursday	9:30am	Private Capital Expenditure q/q	3.60%	-1.10%	1.60%	↑
26-Nov Tuesday	9:30am	Construction Work Done q/q	2.70%	0.60%	0.10%	↑
20-Nov Wednesday	8:30am	MI Leading Index m/m	0.10%	-	-0.10%	→
19-Nov Tuesday	8:00am	CB Leading Index m/m	0.30%	-	-0.20%	→
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	→
12-Nov Tuesday	9:30am	New Motor Vehicle Sales m/m	-0.70%	-	-0.30%	↓

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.

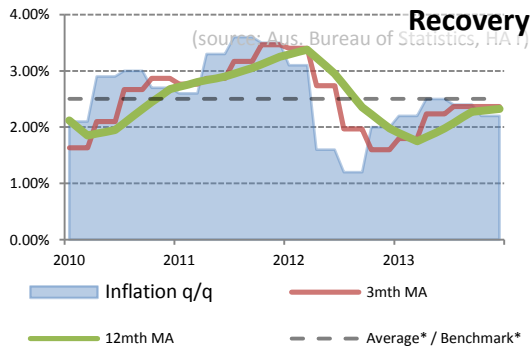
For disclaimer & more information on the calculation methodology, please refer to the back cover of this document.

Australian Currency Report

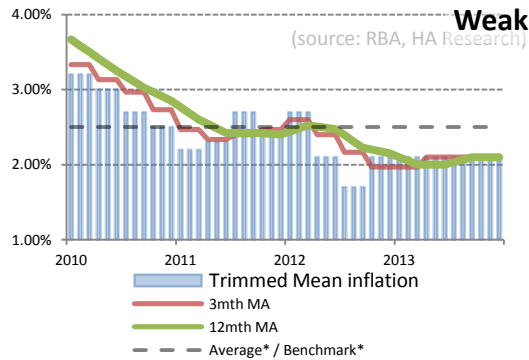
INFLATION INDICATORS



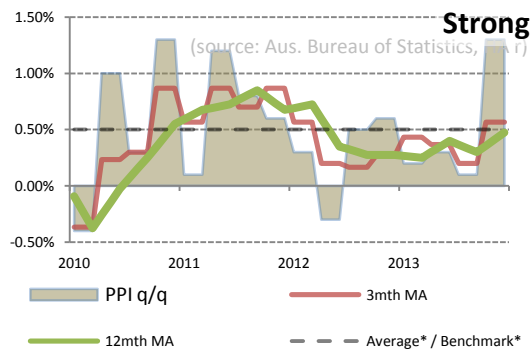
(Fig2.1) Australian Inflation recovers, below RBA's 2%-3% band.



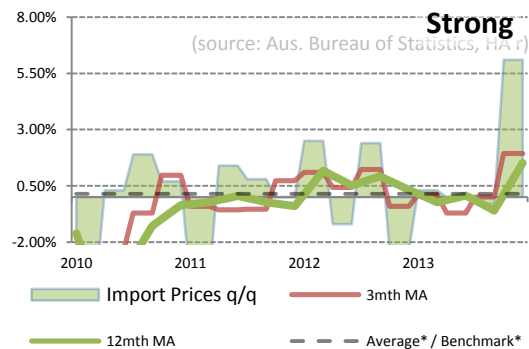
(Fig2.2) Core inflation subdued, too.



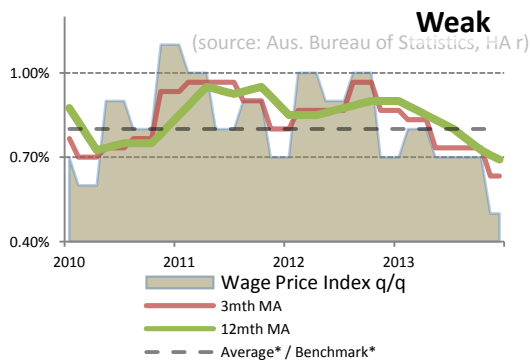
(Fig2.3) but PPI showing strong inflationary pressure.



(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.

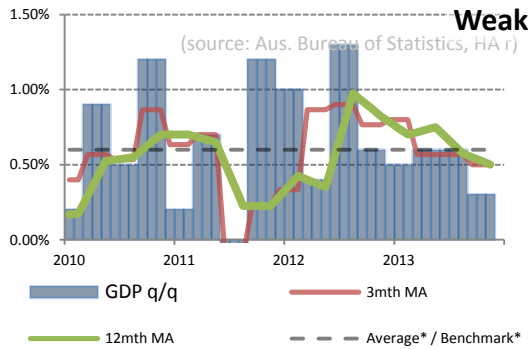
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Australian Currency Report

GROWTH INDICATORS



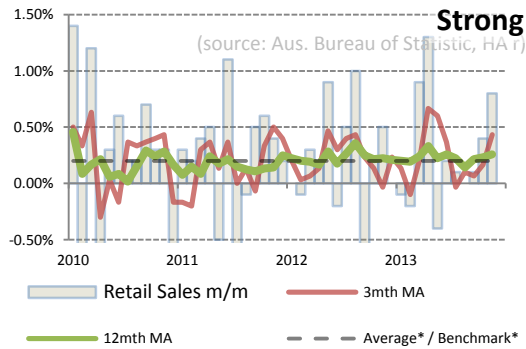
(Fig3.1) Australian GDP continues to weaken.



December: **Pending** **Previous** 0.30%

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

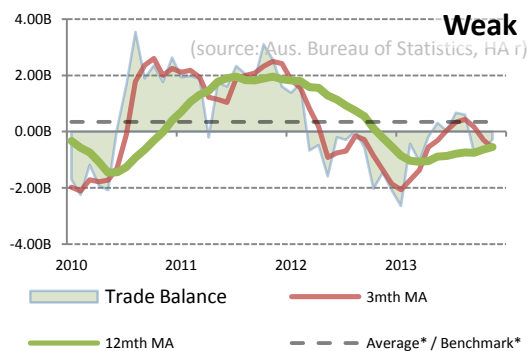
(Fig3.2) domestic Retail Sales picks up, though.



December: **Pending** **Previous** 0.80%

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

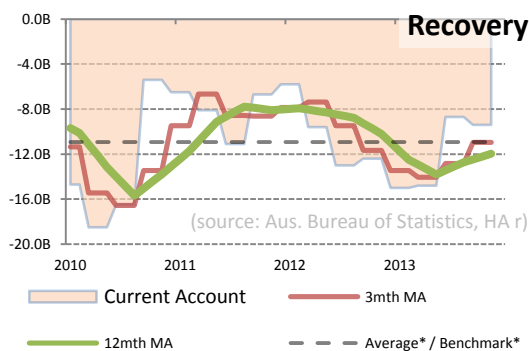
(Fig3.3) International trade remains lower from 2010-2011 boom.



December: **Pending** **Previous** -0.28B

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

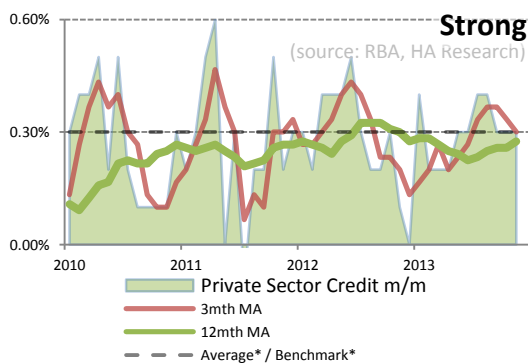
(Fig3.4) National accounts recovering.



December: **Pending** **Previous** -9.40B

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

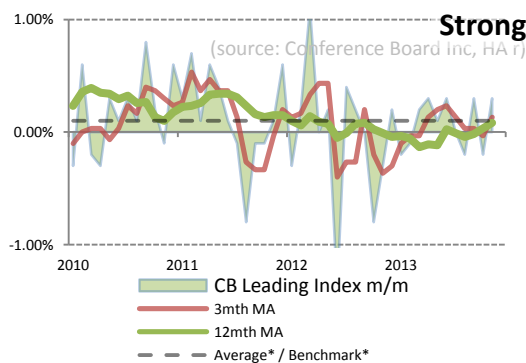
(Fig3.5) Private credit take-up rate strong.



December: **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

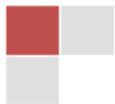


December: **Pending** **Previous** 0.30%

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

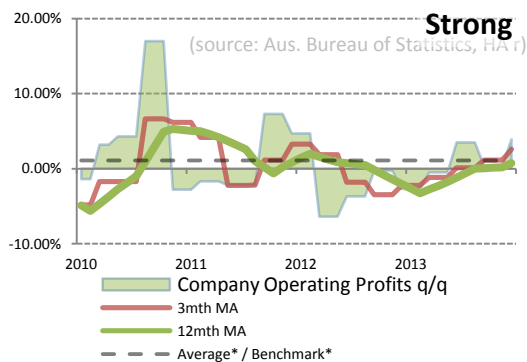
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GROWTH INDICATORS (continued)

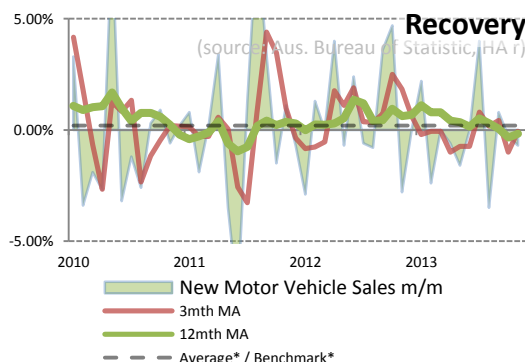
(Fig4.1) Company's profit stabilizes, stronger.



Company Op. Profits

Change in the total value of profits earned by corporations;

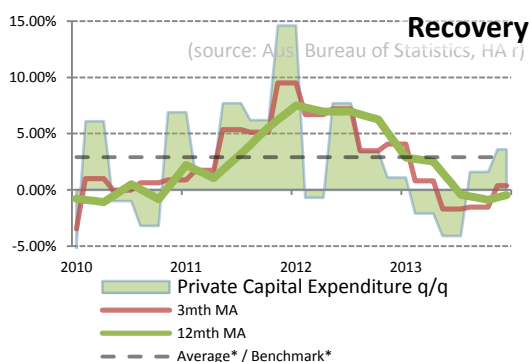
(Fig4.2) Auto sales weak, low confidence in durable spending.



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 in recovery?



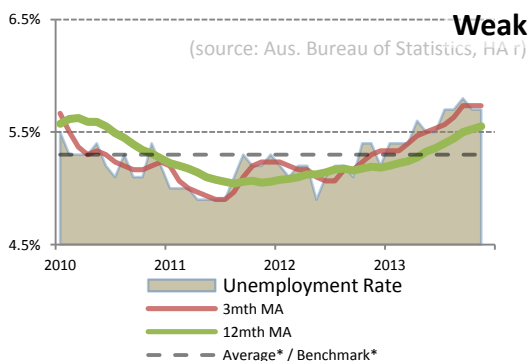
Private

Capital Expd

Change in the total inflation-adjusted value of new capital expenditures made by private businesses;

EMPLOYMENT INDICATORS

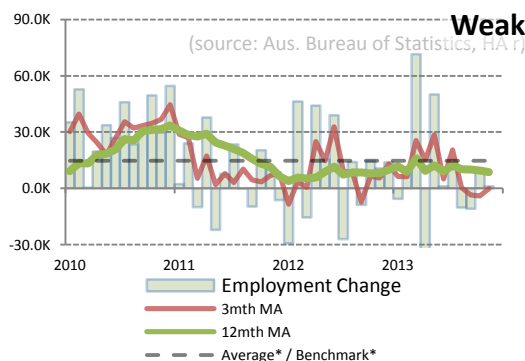
(Fig4.4) Jobless rate stubbornly high.



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.



Employment Change

Change in the number of employed people during the previous month;

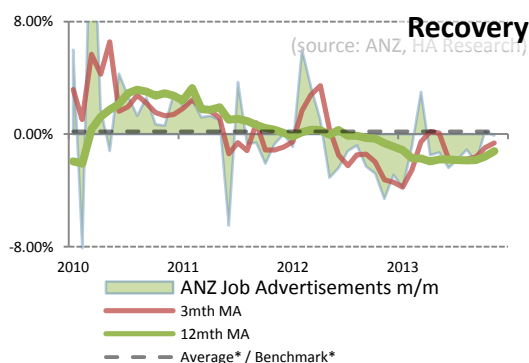
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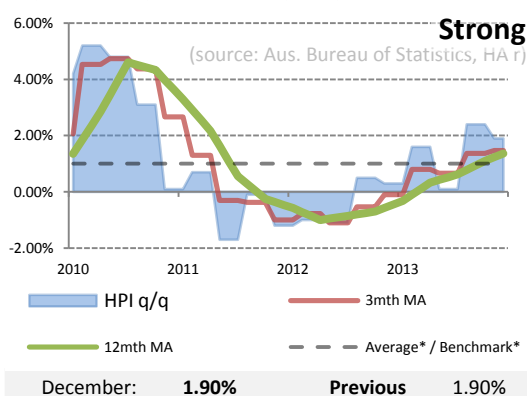
EMPLOYMENT INDICATORS (continued)

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

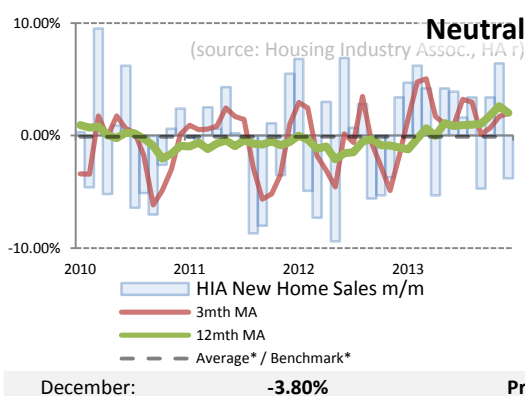


HOUSING INDICATORS

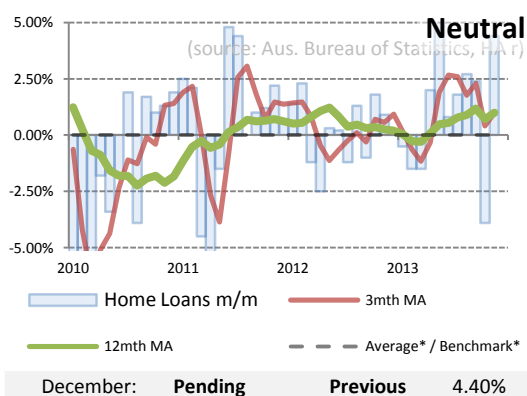
(Fig5.2) Housing remains strong component of Australia.



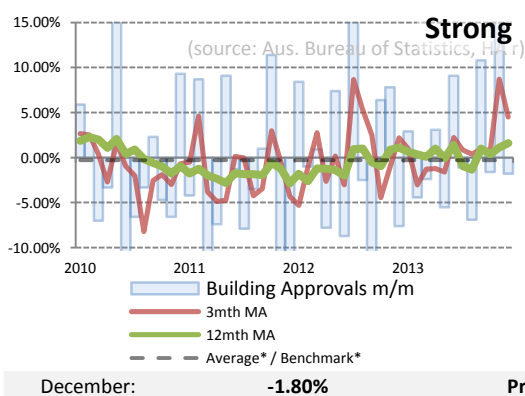
(Fig5.3) New homes sales on healthy trend.



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



(Fig5.5) Building approvals issuance strong.



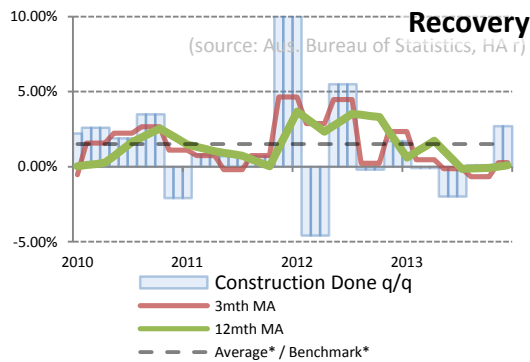
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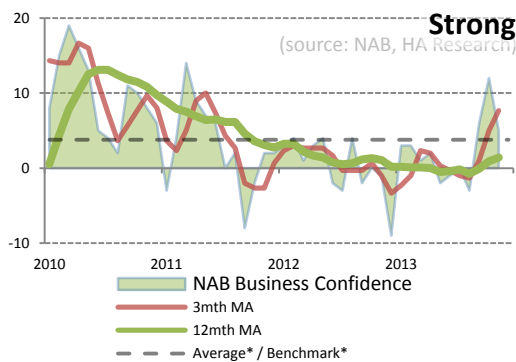
HOUSING INDICATORS (continued)

(Fig6.1) Construction projects stabilizing.

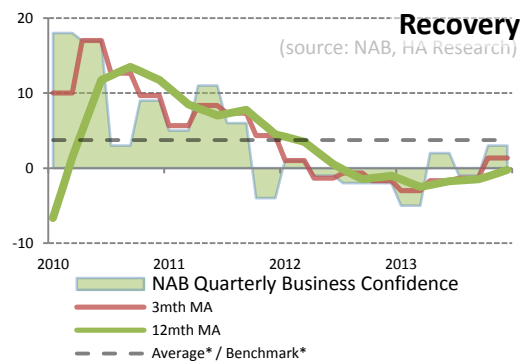


BUSINESS SURVEY

(Fig6.2) Business confident about economy recovering.

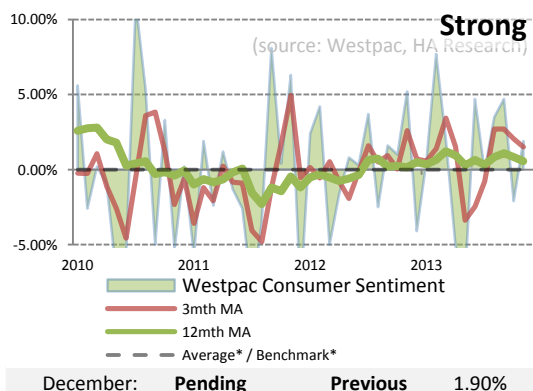


(Fig6.3) NAB Quarterly Business Confidence

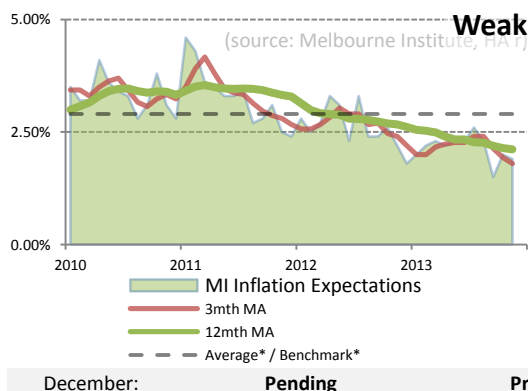


CONSUMER SURVEY

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



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



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About the Reports.

Fundamental Analysis, though not the only direct determinant of Forex Spot Trading, is still significant and cannot be ignored undeniably. The author believes quantifying fundamentals strength of currency into 1 single index score helps in maintaining the overview of the currency, and 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 the Summary Report. Further 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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