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# HA Research

CURRENCY FUNDAMENTAL QUANTIFIED.



## CURRENCY REPORT.

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### CONTACTS:

Henry KH ANG  
[Henry.KH.Ang@live.com](mailto:Henry.KH.Ang@live.com)

Singapore

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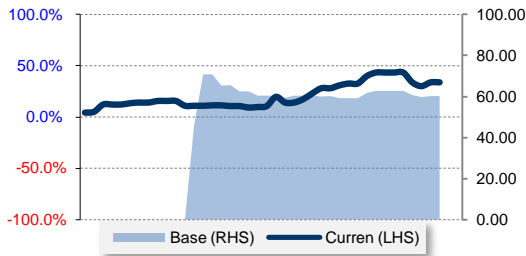


# UNITED STATES ECONOMY

In a glance.

19-Nov-2013 (Tuesday)

Last Updated: 10:57AM (GMT +0800)

**Figure 1: Fundamental Strength Index for last 40 days.****U.S.A** (40 Days Fundamental Strength)

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

**BASE SUMMARY:**

INFLATION INDICATORS :	10.2	/ 26.5
GROWTH INDICATORS :	15.3	/ 28.6
EMPLOYMENT INDICATORS :	7.1	/ 8.2
HOUSING INDICATORS :	13.3	/ 16.3
BUSINESS SURVEY :	9.2	/ 12.2
CONSUMER SURVEY :	4.1	/ 6.1

BASE STRENGTH :	BULLISH	60.20	/ 100
SHORT-TERM STRENGTH :	BULLISH	33.64%	

## US DOLLAR (\$) : FUNDAMENTAL IN STRONG RECOVERY, BUT RECENT DATA STALE.

U.S. Fundamentals Very Strong (60.20/100); Recent momentum MODERATELY BULLISH at 33.64%.

(Fig2.2) Core inflation approaching Fed's target of 2%, at 1.80% currently.(Fig2.3) Preferred Fed's PCE inflation seeing bottom, currently at 1.20%.(Fig2.4) PPI inflationary pressure low, if not weak.(Fig3.6) Import price grew weaker, reducing costs for US importers.(Fig4.1) GDP seemed to bottomed, at 2.50% now.(Fig4.5) Core Durable goods remained in strong growth(Fig4.6) Factory orders however, weakening.(Fig5.1) Domestic retail sales weakening.(Fig5.3) Industrial production still in strong recovery.(Fig6.1) Job market strong, notable decline in jobless rate since 2010.(Fig6.2) Jobs gains remains healthy averaging >100K for 2013.(Fig6.5) S&P House Price posting robust recovery from 2007 crisis.(Fig7.2) Existing home sales maintains strong trend.(Fig7.6) Mortgage delinquencies held the healthy decline to 6.41%.(Fig8.1) Manufacturing PMI optimistic about expansion, at 56.5.(Fig8.2) Services industry in expansion sentiments too, at 55.4.(Fig8.4) New York manufacturers sentiments weakened.(Fig9.2) US households optimistic on economy.

**Conclusion:** Generally, US is in a strong recovery, though Inflationary pressure remains low. Growth remains strong, housing market have recovered and in a strong trend, business and consumers are optimistic on the US economy. **New York manufacture sentiments weakened on month of November.**

**Table 1: Pending Fundamental Events for United States & Past 15 economic data release.**

UPCOMING FUNDAMENTAL EVENTS						
DATE	TIME	DETAILS	FORECAST	PREVIOUS	IMPACT	
19-Nov Tuesday	9:30pm	Employment Cost Index q/q	0.50%	0.50%	!!	
20-Nov Wednesday	9:30pm	Core CPI m/m	0.10%	0.10%	!!!	
20-Nov Wednesday	9:30pm	Core Retail Sales m/m	0.20%	0.40%	!!!	
20-Nov Wednesday	11:00pm	Existing Home Sales	5.21M	5.29M	!!	
20-Nov Wednesday	11:00pm	Business Inventories m/m	0.40%	0.30%	!!	
PAST ECONOMIC EVENTS:						
DATE	TIME	DETAILS	ACTUAL	FORECAST	PREVIOUS	
18-Nov Monday	9:00pm	TIC Long-Term Purchases	25.50	21.30	-9.80	📈
18-Nov Monday	10:00pm	NAHB Housing Market Index	54.00	56.00	54.00	📊
15-Nov Friday	8:30pm	Empire State Manufacturing Index	-2.20	5.20	1.50	📉
15-Nov Friday	8:30pm	Import Prices m/m	-0.70%	-0.40%	0.10%	📊
15-Nov Friday	9:15pm	Capacity Utilization Rate	78.10%	78.30%	78.30%	📊
15-Nov Friday	9:15pm	Industrial Production m/m	-0.10%	0.10%	0.70%	📊
15-Nov Friday	10:00pm	Wholesale Inventories m/m	0.40%	0.50%	0.80%	📊
14-Nov Thursday	2:00am	Federal Budget Balance	-91.60	-104.30	75.10	📊
14-Nov Thursday	8:30pm	Trade Balance	-41.80	-38.70	-38.70	📉
14-Nov Thursday	8:30pm	Prelim Nonfarm Productivity q/q	1.90%	1.30%	2.30%	📊
14-Nov Thursday	8:30pm	Prelim Unit Labor Costs q/q	-0.60%	1.10%	0.00%	📉
12-Nov Tuesday	7:30pm	NFIB Small Business Index	91.60	93.50	93.90	📊
08-Nov Friday	3:00am	Consumer Credit m/m	13.70	13.00	14.20	📊
08-Nov Friday	8:30pm	Non-Farm Employment Change	204.00	121.00	163.00	📈
08-Nov Friday	8:30pm	Unemployment Rate	7.30%	7.30%	7.20%	📊

**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.

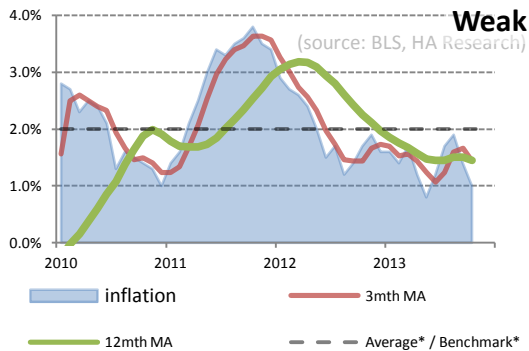
For disclaimer & more information on the calculation methodology, please refer to the back cover of this document.



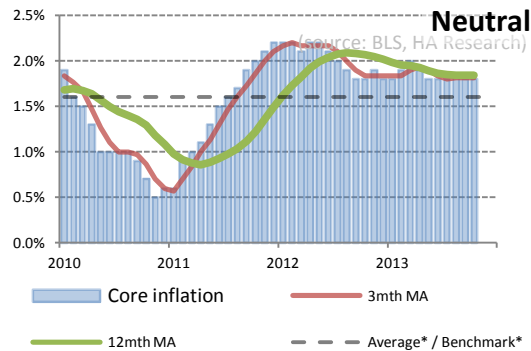
## United States Currency Report

# INFLATION INDICATORS

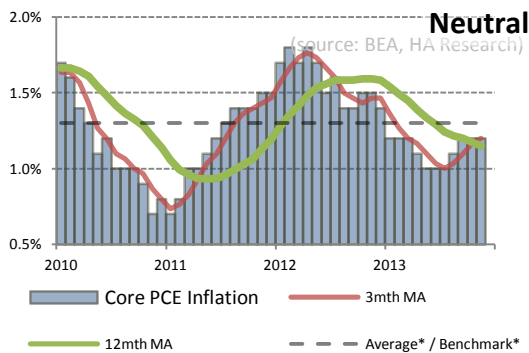
(Fig2.1) US Inflationary pressure low.



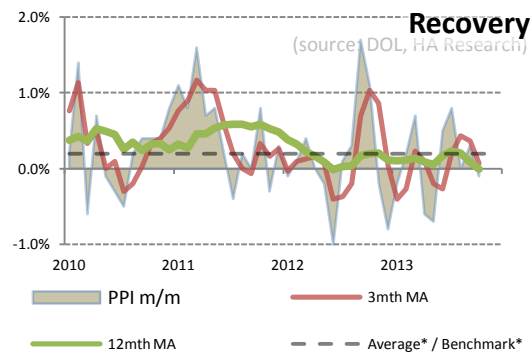
(Fig2.2) Core inflation approaching Fed's target of 2%, at 1.80% currently.



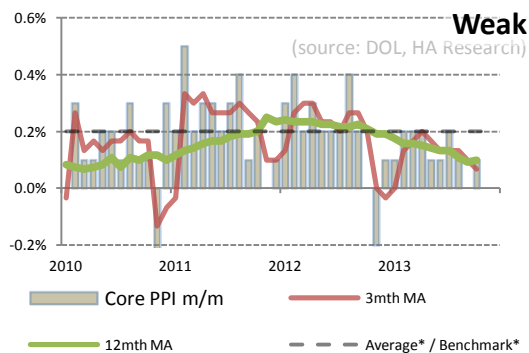
(Fig2.3) Preferred Fed's PCE inflation seeing bottom, currently at 1.20%.



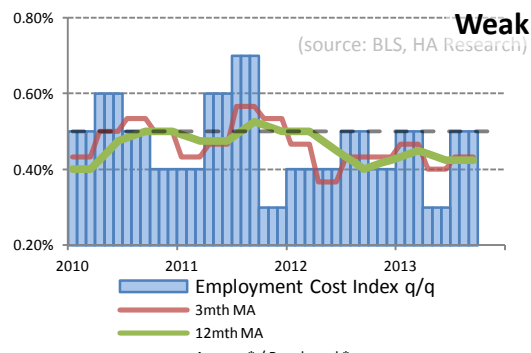
(Fig2.4) PPI inflationary pressure low, if not weak.



(Fig2.5) Core PPI weakened.



(Fig2.6) Labour cost remains low and non-event.



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.

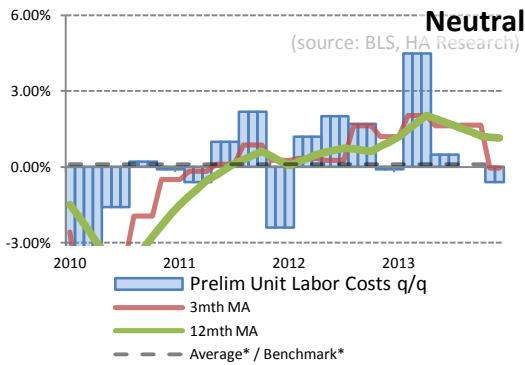
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## United States Currency Report

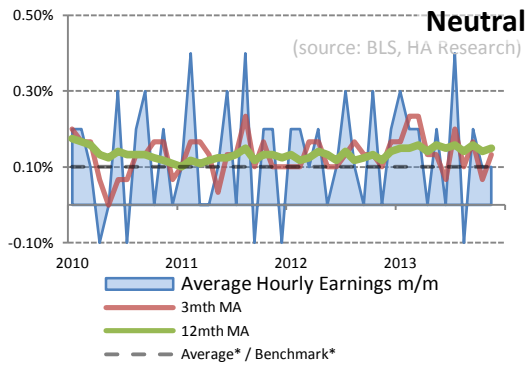
# INFLATION INDICATORS (continued)

(Fig3.1) Unit Labour Cost decreased, going stale.



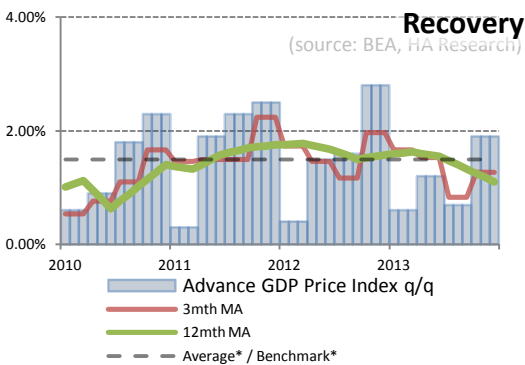
**Prelim Unit Labour Cost** Annualized change in the price businesses pay for labor, excluding the farming industry;

(Fig3.2) Average hourly earning stable growth. Non-event.



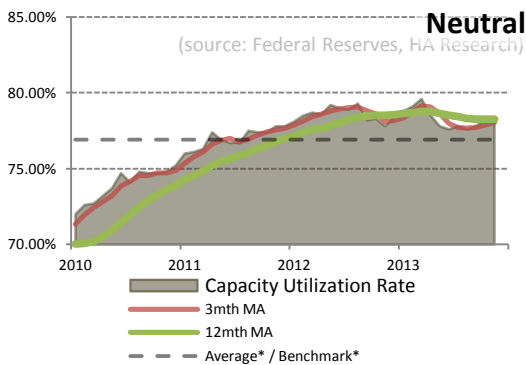
**Avg Hourly Earnings** Change in the price businesses pay for labor, excluding the farming industry;

(Fig3.3) GDP Deflator spelling inflation could be improving.



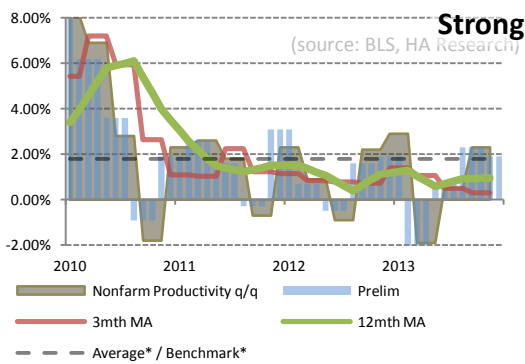
**GDP Deflator** Broad measure of inflation; all activities included in GDP, FEDs use this to assess inflation;

(Fig3.4) Capacity Utilization rate still relatively neutral.



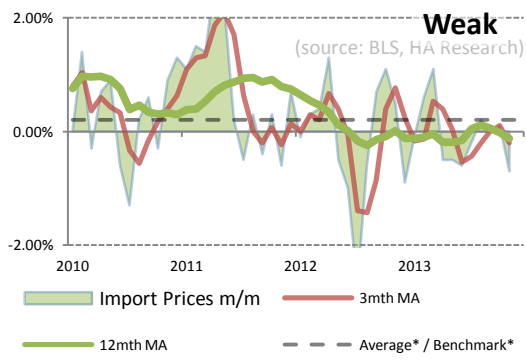
**Capacity Utilization** When producers are nearing full capacity they respond by raising prices; % resources being utilized by manufacturers.

(Fig3.5) US worker's productivity stable, non-event.



**NonFarm Productivity** Productivity and inflation are directly linked - drop in worker's productivity is equal to rise in their wage.

(Fig3.6) Import price grew weaker, reducing costs for US importers.



**Import Prices** Change in the price of imported goods and services purchased domestically;

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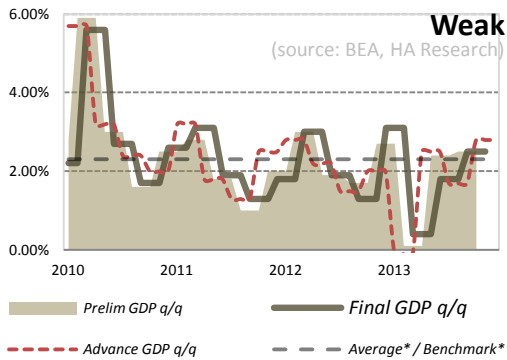




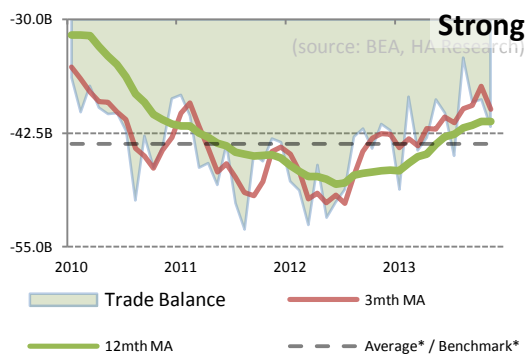
## United States Currency Report

# GROWTH INDICATORS

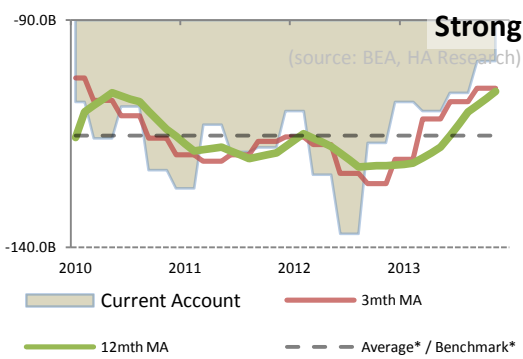
(Fig4.1) GDP seemed to bottomed, at 2.50% now.



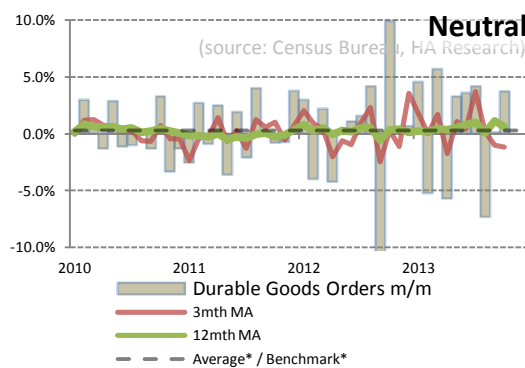
(Fig4.2) International demand on strong trend.



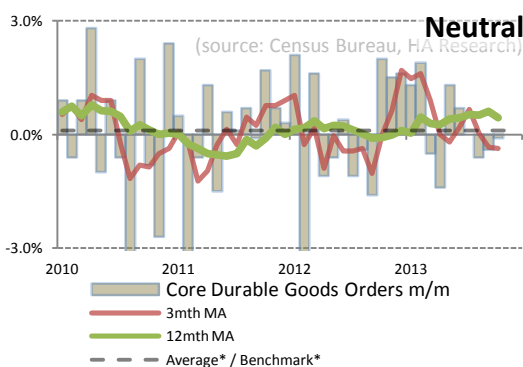
(Fig4.3) National account also in strong recovery.



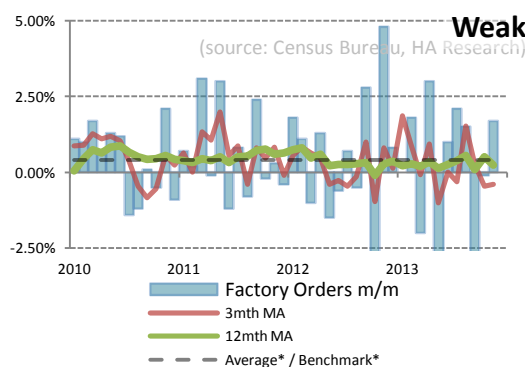
(Fig4.4) Durable goods order remained stable.



(Fig4.5) Core Durable goods remained in strong growth



(Fig4.6) Factory orders however, weakening.



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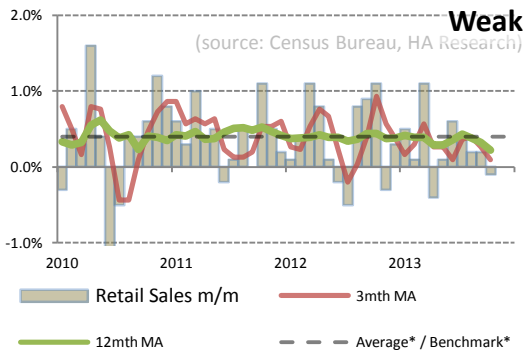
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## United States Currency Report

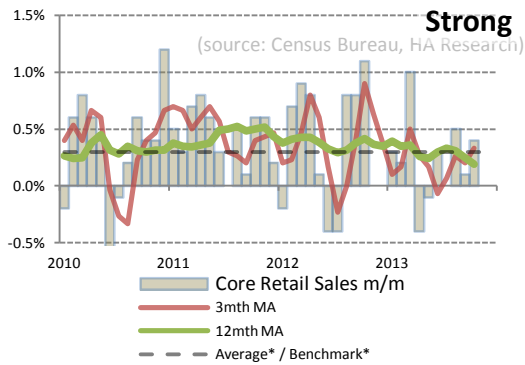
# GROWTH INDICATORS (continued)

(Fig5.1) Domestic retail sales weakening.



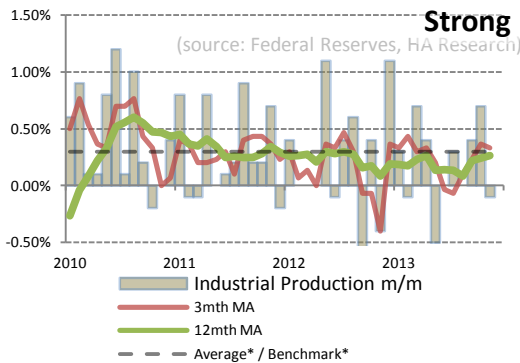
**Retail Sales** Change in the total value of sales at the retail level;

(Fig5.2) Core Retail sales pickup recently, but still in weak trend.



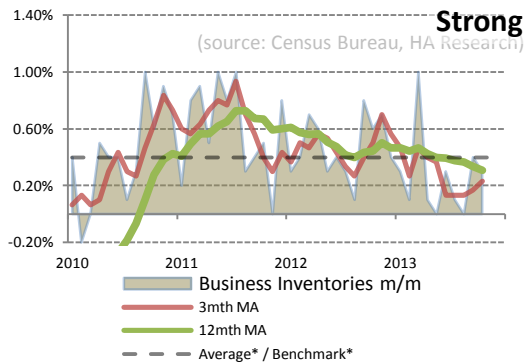
**Core Retail Sales** Change in the total value of sales at the retail level, excluding automobiles (20% of Retail Sales);

(Fig5.3) Industrial production still in strong recovery.



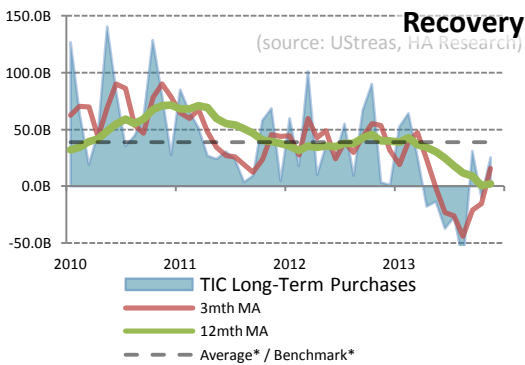
**Industrial Production** Change in the total inflation-adjusted value of output produced by manufacturers, mines, and utilities;

(Fig5.4) Business inventories low.



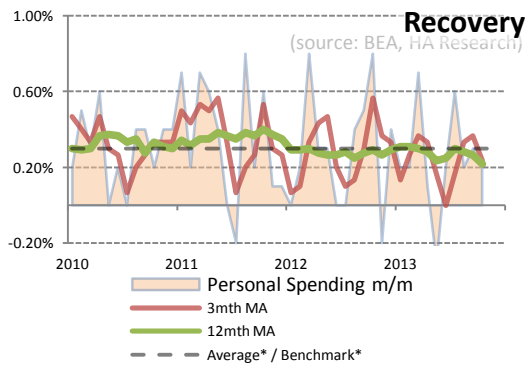
**Business Inventories** Change in the total value of goods held in inventory by manufacturers, wholesalers, and retailers;

(Fig5.5) Demand for US financial Long term assets weakened.



**TIC LT. Purchases** Difference in foreign long-term securities purchased by US citizens and foreigners during the reported period;

(Fig5.6) US Personal spending weakening.



**Personal Spending** Change in the inflation-adjusted value of all expenditures by consumers;

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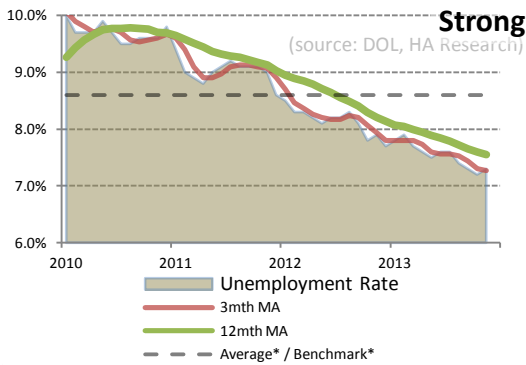
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## United States Currency Report

# EMPLOYMENT INDICATORS



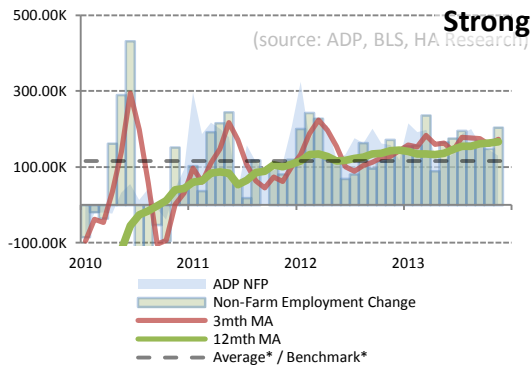
(Fig6.1) Job market strong, notable decline in jobless rate since 2010.



November: **7.30%** Previous 7.20%

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

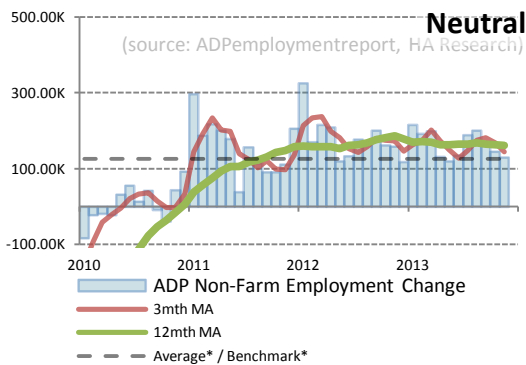
(Fig6.2) Jobs gains remains healthy averaging >100K for 2013.



November: **204.00B** Previous 148.00B

**Non-farm Payroll (NFP)** Change in the number of employed people during the previous month, excluding the farming industry;

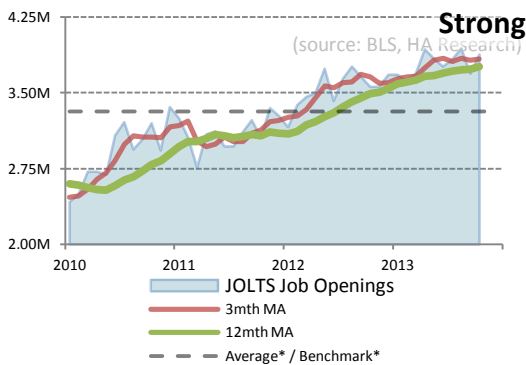
(Fig6.3) ADP Inc Job gains estimates neutral. Non-event.



November: **130.0K** Previous 145.0K

**ADP NFP** ADP provides payroll services to US corporations, and they analyze data from around 400K customers to derive

(Fig6.4) US Jobs opening remained strong.

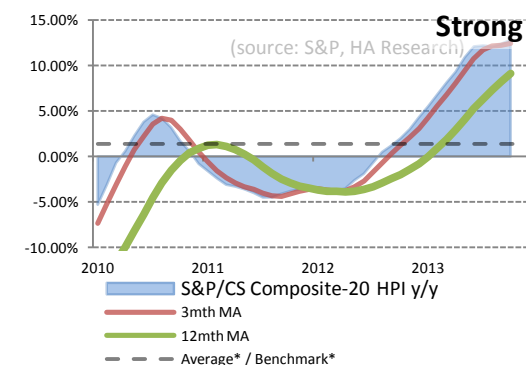


November: **Pending** Previous 3.9M

**JOLTS Job Openings** # of job openings during reported month, excluding farming industry; Job Openings and Labor Turnover Summary

# HOUSING INDICATORS

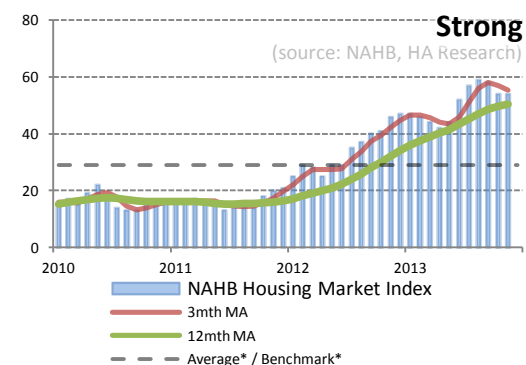
(Fig6.5) S&P House Price posting robust recovery from 2007 crisis.



November: **Pending** Previous 12.80%

**S&P House Price Index** Change in the selling price of single-family homes in 20 metropolitan areas; Case-Shiller (CS)

(Fig6.6) Current expectation of future home sales strong.



November: **54.0** Previous 54.0

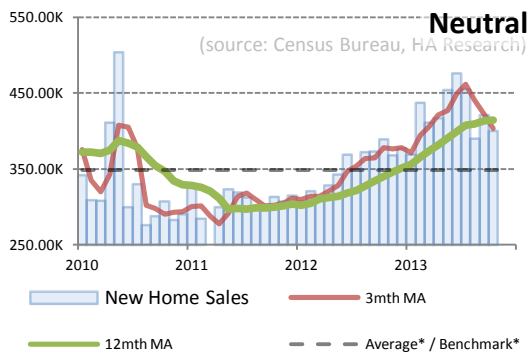
**NAHB Housing Market Index** Survey of 900 builders to rate level of current and future single-family home sales; Natl' Assoc of Home Builders

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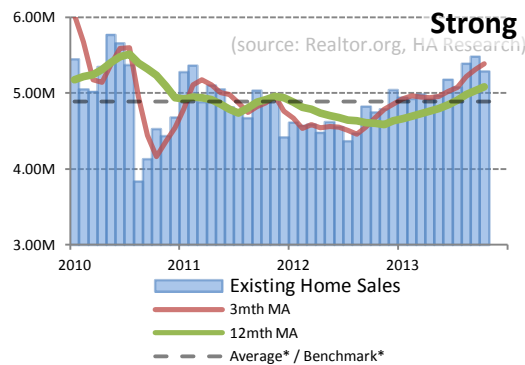
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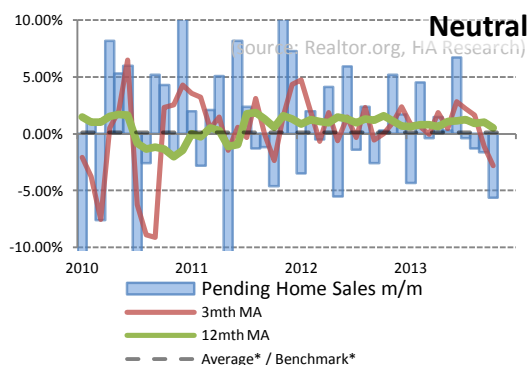
# HOUSING INDICATORS (continued)

**(Fig7.1) New homes sales recent drop, recovery trend intact.**

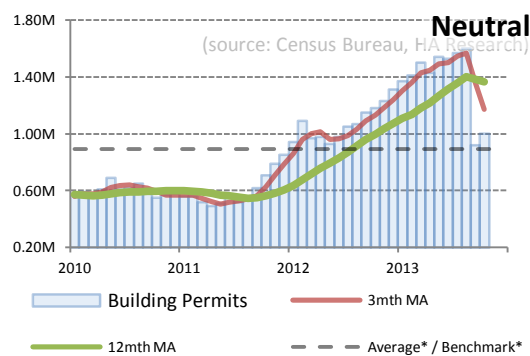
November:	<b>Pending</b>	<b>Previous</b>	400.0K
<b>New Homes Sales</b>	Annualized number of new single-family homes that were sold during the previous month;		

**(Fig7.2) Existing home sales maintains strong trend.**

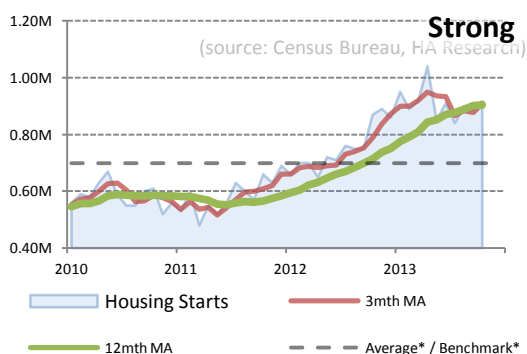
November:	<b>Pending</b>	<b>Previous</b>	5.3M
<b>Existing Home Sales</b>	Annualized number of residential buildings that were sold during the previous month, excluding new construction;		

**(Fig7.3) Pending homes sales fallout rate increased.**

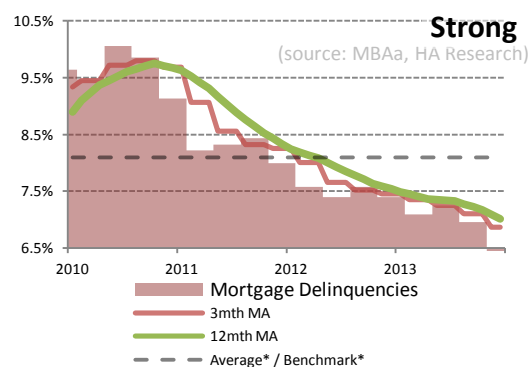
November:	<b>Pending</b>	<b>Previous</b>	-5.60%
<b>Pending Home Sales</b>	Change in no. of homes under contract to be sold but awaiting closing, excluding new construction;		

**(Fig7.4) US Building permits for new residential building.**

November:	<b>Pending</b>	<b>Previous</b>	1.0M
<b>Building Permits</b>	Annualized number of new residential building permits issued during the previous month;		

**(Fig7.5) New residential buildings remains in strong trend.**

November:	<b>Pending</b>	<b>Previous</b>	0.9M
<b>Housing Starts</b>	Annualized number of new residential buildings that began construction during the previous month;		

**(Fig7.6) Mortgage delinquencies held the healthy decline to 6.41%.**

November:	<b>6.41%</b>	<b>Previous</b>	6.96%
<b>Mortgage Delinquency</b>	Percentage of MBA-represented mortgages which were at least one payment late during the previous quarter;		

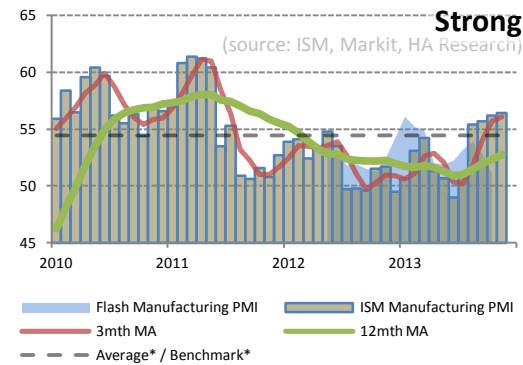
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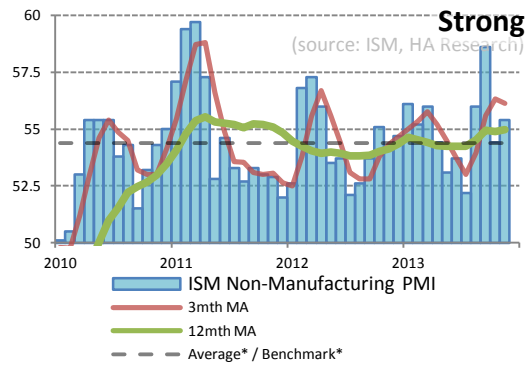




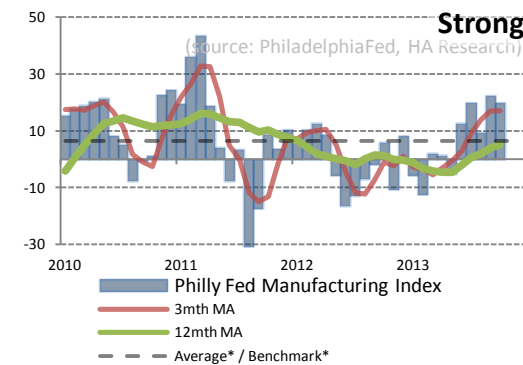
# BUSINESS SURVEY

**(Fig8.1) Manufacturing PMI optimistic about expansion, at 56.5.**

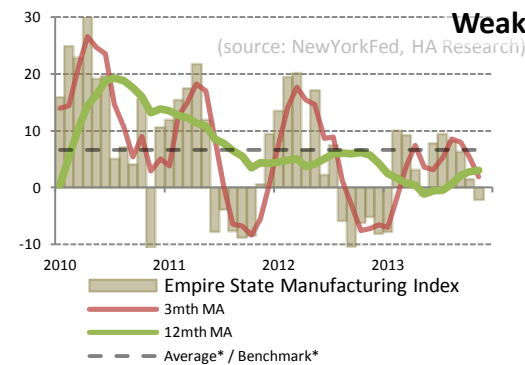
**ISM Manu. PMI** Survey of 400 purchasing managers on biz conditions - jobs, production, orders, prices, and inventories;

**(Fig8.2) Services industry in expansion sentiments too, at 55.4.**

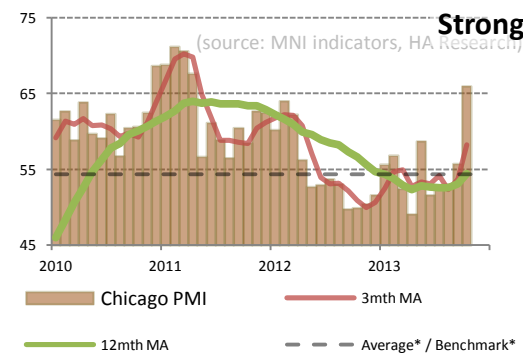
**ISM Service PMI** Level of a diffusion index based on surveyed purchasing managers, excluding the manufacturing industry;

**(Fig8.3) Philly Fed Manufacturing Index remains in strong trend.**

**Philly Fed Manu Index** Survey of 250 manufacturers in Philadelphia Federal Reserve district to rate general business conditions;

**(Fig8.4) New York manufacturers sentiments weakened.**

**Empire State Manu Index** Survey of 200 manufacturers in NY state to rate the relative level of general business conditions; NY Manu Index

**(Fig8.5) Chicago managers optimistic on economy.**

**Chicago PMI** Survey of 200 purchasing managers in Chicago to rate biz conditions - jobs, production, new orders, prices, and

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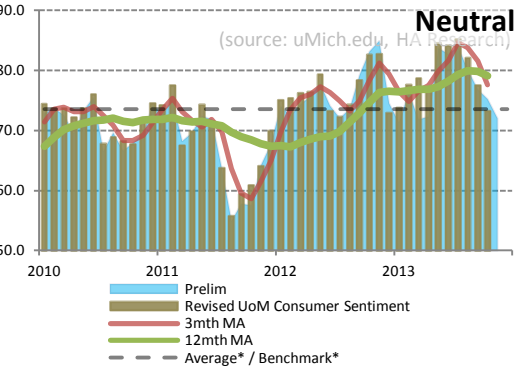
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# CONSUMER SURVEY

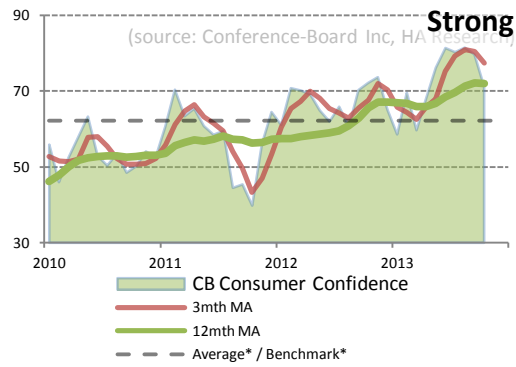


(Fig9.1) Consumers optimism remains intact.



November:	Pending	Previous	73.2
UoM Con. Sentiments	Survey of 500 consumers to rate the relative level of current and future economic conditions;		

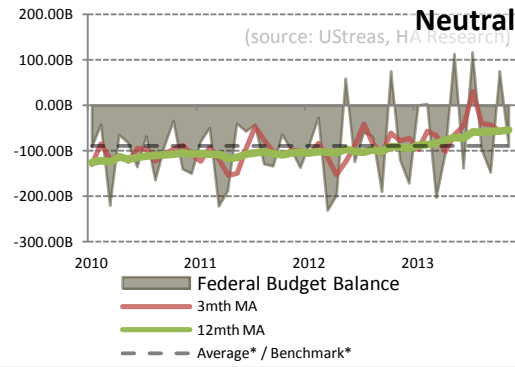
(Fig9.2) US households optimistic on economy.



November:	Pending	Previous	71.2
CB Con. Confidence	Survey of 5,000 households to rate current and future economic conditions - job availability, business conditions, and overall		

# CENTRAL BANK

(Fig9.3) Federal governments budget better.



November:	-91.6B	Previous	75.1B
UoM Con. Sentiments	Difference in value between the federal government's income and spending during the previous month;		

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).



## 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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