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HA Research

CURRENCY FUNDAMENTAL QUANTIFIED.



CURRENCY REPORT.

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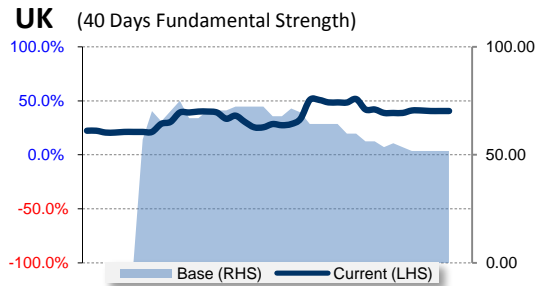


UK ECONOMY

In a glance.

27-Nov-2013 (Wednesday)

Last Updated: 09:24AM (GMT +0800)

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

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

BASE SUMMARY:

INFLATION INDICATORS :	3.6	/ 17.9
GROWTH INDICATORS :	19.6	/ 42.9
EMPLOYMENT INDICATORS :	4.5	/ 7.1
HOUSING INDICATORS :	8.9	/ 10.7
BUSINESS SURVEY :	15.2	/ 17.9
CONSUMER SURVEY :	0.0	/ 3.6

BASE STRENGTH :	NEUTRAL	51.79	/ 100
SHORT-TERM STRENGTH :	BULLISH	40.50%	

UK (£) FUNDAMENTAL STABLE; RECENT MOMENTUM BEARISH, STALE.

U.K. Fundamentals Strong (51.79/100); Recent momentum STILL BULLISH at 40.50%.

(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 weakens considerably.(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.(Fig6.1) Construction outlook in UK remains optimistic.(Fig6.2) Industrial orders outlook stabilizes.(Fig6.3) UK domestic Sales outlook strong.(Fig6.4) Inflation outlook remained subdued.

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 & Past 15 economic data release.

UPCOMING FUNDAMENTAL EVENTS						
DATE	TIME	DETAILS	FORECAST	PREVIOUS	IMPACT	
27-Nov Wednesday	5:30pm	Second Estimate GDP q/q	0.80%	0.80%	!!!	
27-Nov Wednesday	5:30pm	Prelim Business Investment q/q	2.30%	-2.70%	!!	
27-Nov Wednesday	7:00pm	CBI Realized Sales	12.00	2.00	!!	
29-Nov Friday	3:00pm	Nationwide HPI m/m	0.01	1.00%	!!	
29-Nov Friday	5:30pm	Net Lending to Individuals m/m	2.1B	1.9B	!!	
PAST ECONOMIC EVENTS:						
DATE	TIME	DETAILS	ACTUAL	FORECAST	PREVIOUS	
25-Nov Monday	4:30pm	BBA Mortgage Approvals	42.80	45.20	43.20	→
21-Nov Thursday	4:30pm	Public Sector Net Borrowing	6.50	4.80	8.60	→
21-Nov Thursday	6:00pm	CBI Industrial Order Expectations	11.00	0.00%	-4.00	↑
18-Nov Monday	7:01am	Rightmove HPI m/m	-2.40%	-	2.80%	→
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%	→

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.

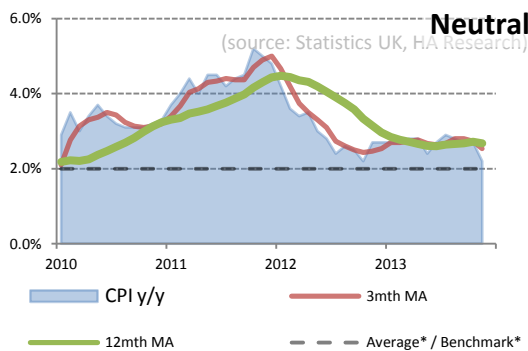
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INFLATION INDICATORS

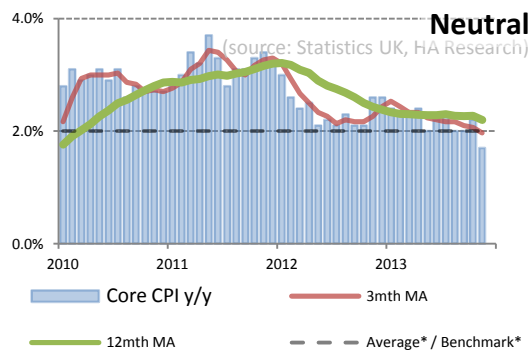


(Fig2.1) UK inflation moderate at 2.20%, lower of BOE 1%-3% target.

November: **2.20%** Previous 2.70%

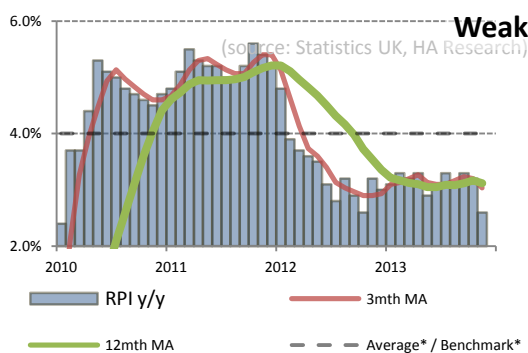
Consumer Price Index Change in the price of goods and services purchased by consumers; BOE mandated inflation target

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

November: **1.70%** Previous 2.20%

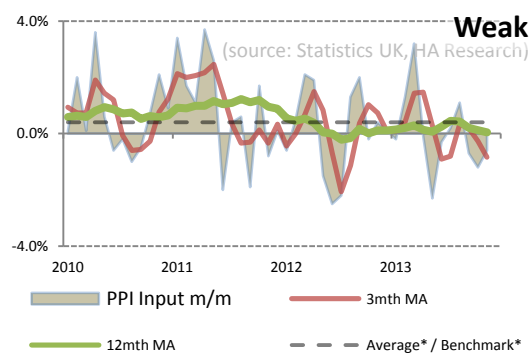
Core CPI Change in the price of goods and services purchased, excluding food, energy, alcohol, and tobacco items

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

November: **2.60%** Previous 3.20%

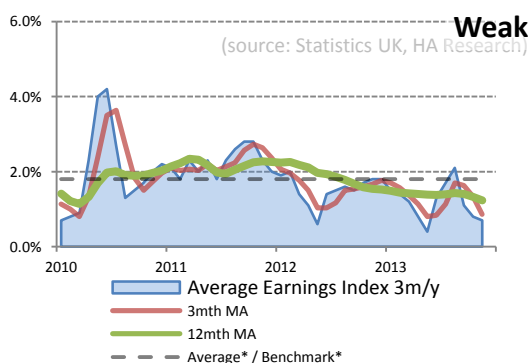
Retail Price Index Change in the price of goods and services purchased by consumers for the purpose of consumption;

(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.

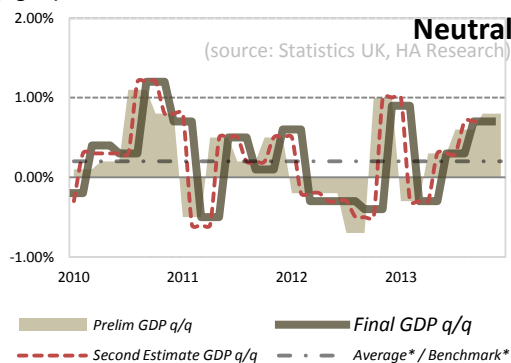
Figure/Chart annotations All figures/charts provided in this report are annotated in Figure(Page).(Chart #) format. Example Figure2.1 represents: Figure in (Page 2).(Chart 1 in page 2).

United Kingdom Currency Report

GROWTH INDICATORS

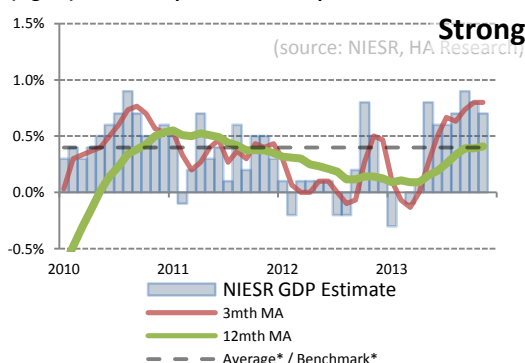


(Fig3.1) GDP Stable.



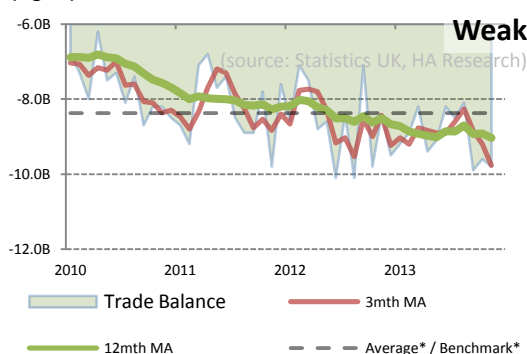
GDP q/q Change in the inflation-adjusted value of all goods and services produced by the economy;

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



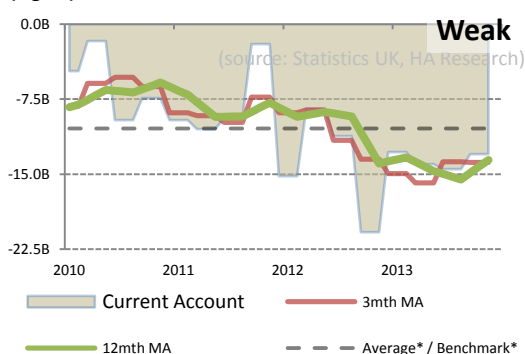
NIESR GDP Estimate Change in the estimated value of all goods and services produced by the economy during the previous 3 months;

(Fig3.3) UK Trade Balance weak.



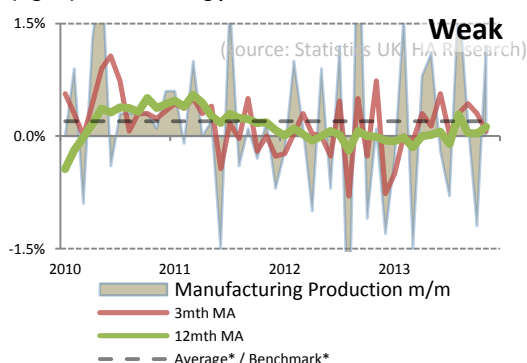
Trade Balance Difference in value between imported and exported goods during the reported month;

(Fig3.4) UK Current Account weak.



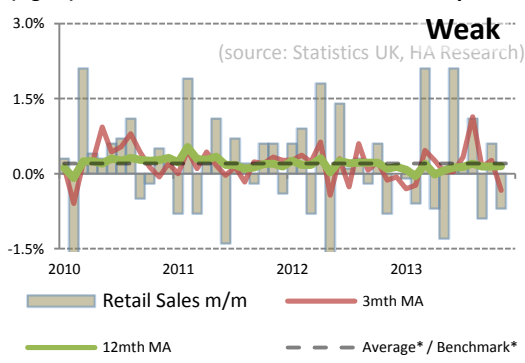
Current Account Difference in trade balance, income flows, and unilateral transfers during the previous quarter;

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



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

(Fig3.6) Domestic retail sales weakens considerably.



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

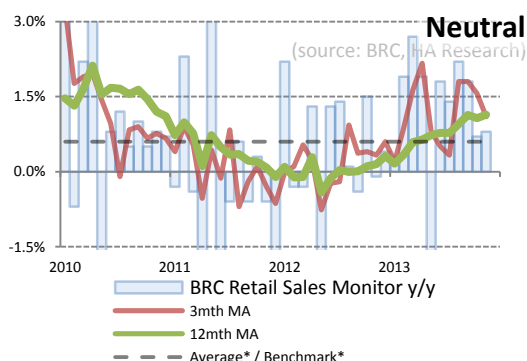
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United Kingdom Currency Report

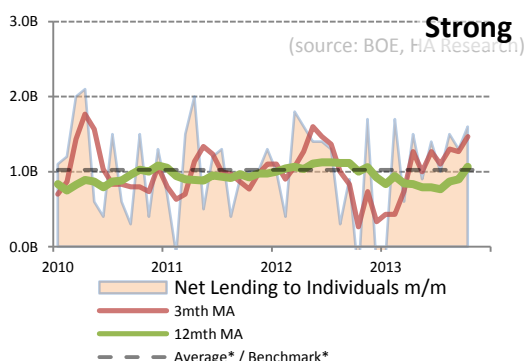
GROWTH INDICATORS (continued)

(Fig4.1) BRC posting increased sales level.



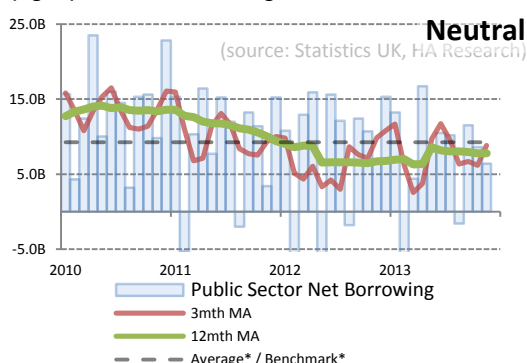
BRC Retail Sales Change in the value of same-store sales at the retail level; British Retail Consortium (BRC);

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



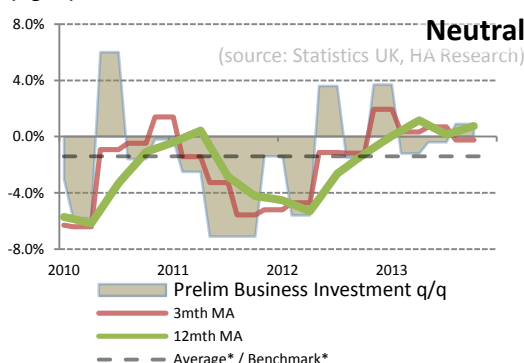
Net Lending to Individual Change in the total value of new credit issued to consumers;

(Fig4.3) UK Government budget betters.



Gov. Budget Balance Difference in spending and income for public corporations, governments during the previous month;

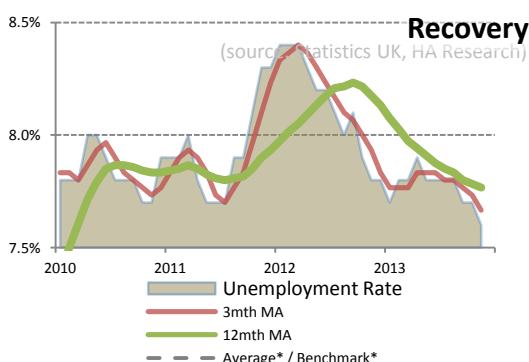
(Fig4.4) Business investment stabilizes.



Total Biz. Investments Change in the total inflation-adjusted value of capital investments made by businesses and the government;

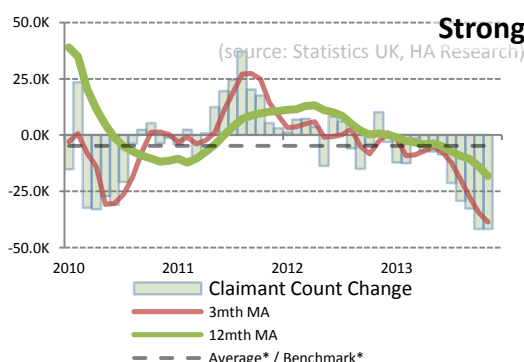
EMPLOYMENT INDICATORS

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



Jobless Rate % of total work force that is unemployed and actively seeking employment during the past 3 months;

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



Jobless Claims Change in the number of people claiming unemployment-related benefits during the previous month;

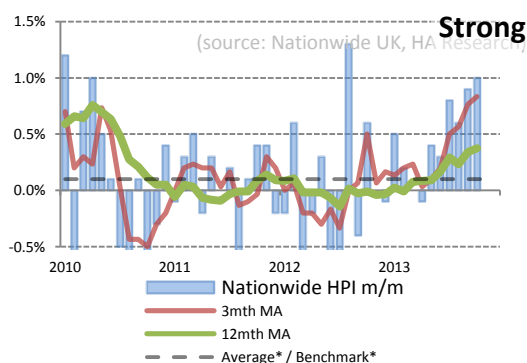
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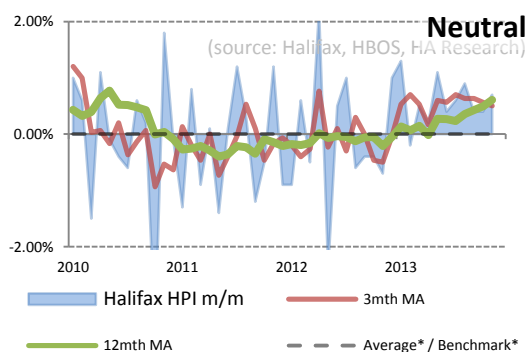
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HOUSING INDICATORS

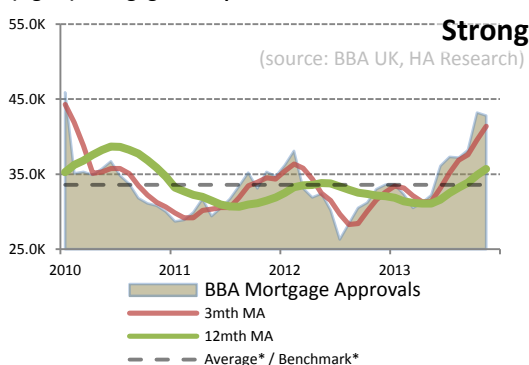
(Fig5.1) UK Housing Price growth strong.



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

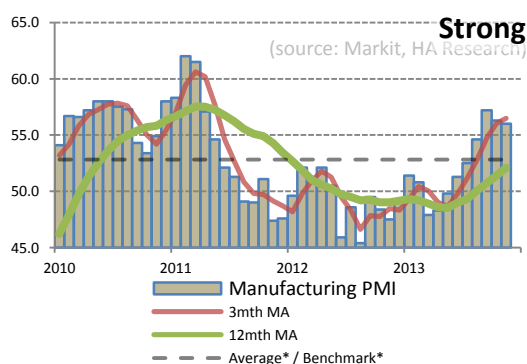


(Fig5.3) Mortgage takeup rate increases.

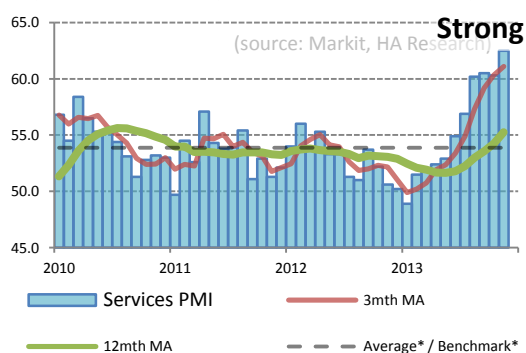


BUSINESS SURVEY

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



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

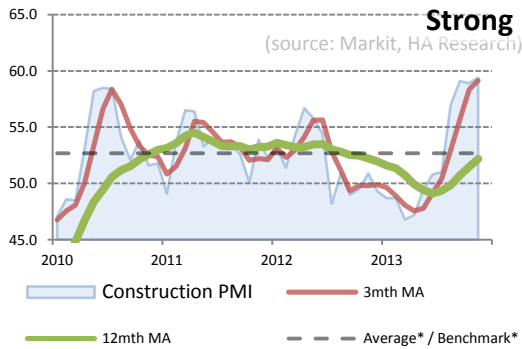


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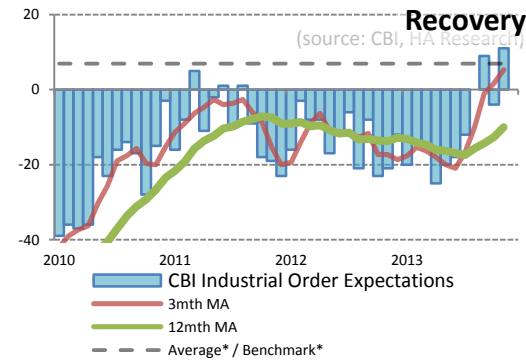


BUSINESS SURVEY (continued)

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

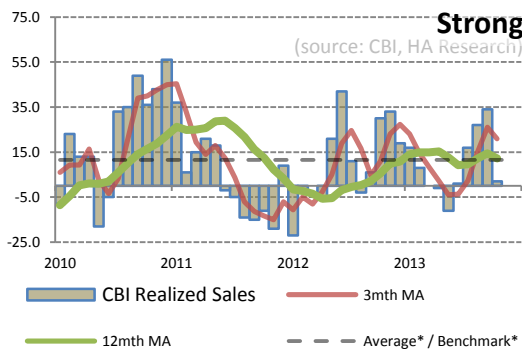
Month	Construction PMI	3mth MA	12mth MA	Average* / Benchmark*
November	59.4	59.4	52.0	52.0
Previous	58.9	58.9	51.0	52.0

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	11.0	11.0	-4.0	-4.0
Previous	-4.0	-4.0	-4.0	-4.0

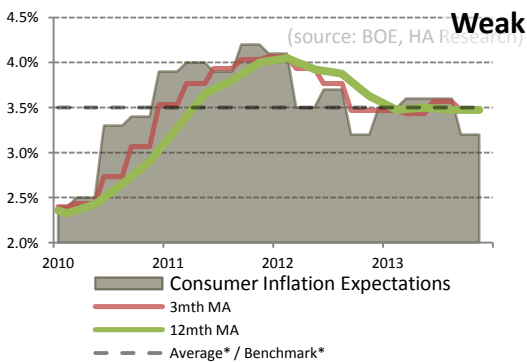
CBI Industrial Order Exp. Survey of 550 manufacturers to rate order volume expected during next 3 months; Confederation of British Industry (CBI);

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

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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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