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HA Research

CURRENCY FUNDAMENTAL QUANTIFIED.



CURRENCY REPORT.

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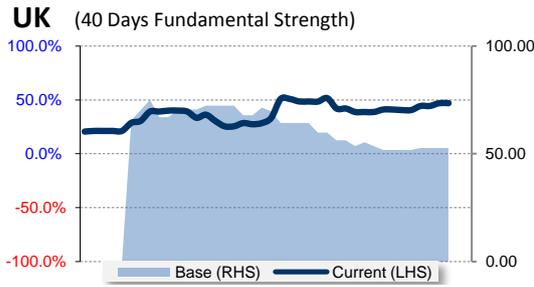
UK ECONOMY In a glance.

02-Dec-2013 (Monday)

Last Updated: 09:31AM (GMT +0800)



Figure 1: Fundamental Strength Index for last 40 days.



BASE SUMMARY:

INFLATION INDICATORS :	3.6	/ 17.9
GROWTH INDICATORS :	20.5	/ 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	52.68 / 100
SHORT-TERM STRENGTH :	BULLISH	46.90%

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

UK (£) FUNDAMENTAL STABLE; RECENT MOMENTUM BULLISH.

U.K. Fundamentals Strong (52.68/100); Recent momentum STILL BULLISH at 46.90%.

(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 sustained strong growth.(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.

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

UPCOMING FUNDAMENTAL EVENTS						
DATE	TIME	DETAILS	FORECAST	PREVIOUS	IMPACT	
02-Dec Monday	5:30pm	Manufacturing PMI	56.50	56.00	!!!	
03-Dec Tuesday	8:01am	BRC Retail Sales Monitor y/y	-	0.80%	!!	
03-Dec Tuesday	5:30pm	Construction PMI	59.30	59.40	!!!	
04-Dec Wednesday	5:30pm	Services PMI	62.10	62.50	!!!	
05-Dec Thursday	8:00pm	Official Bank Rate	0.50%	0.50%	!!!	
PAST ECONOMIC EVENTS:						
DATE	TIME	DETAILS	ACTUAL	FORECAST	PREVIOUS	
29-Nov Friday	12:06am	GfK Consumer Confidence	-12.00	-8.00	-11.00	→
29-Nov Friday	2:00pm	Nationwide HPI m/m	0.60%	0.60%	1.00%	↑
29-Nov Friday	4:30pm	Net Lending to Individuals m/m	1.70	2.10	2.20	→
29-Nov Friday	4:30pm	M4 Money Supply m/m	0.10%	1.10%	0.50%	→
29-Nov Friday	4:30pm	Mortgage Approvals	68.00	68.00	67.00	→
27-Nov Wednesday	4:30pm	Second Estimate GDP q/q	0.80%	0.80%	0.80%	↑
27-Nov Wednesday	4:30pm	Prelim Business Investment q/q	1.40%	2.30%	-2.70%	→
27-Nov Wednesday	4:30pm	Index of Services 3m/3m	0.70%	0.40%	0.60%	→
27-Nov Wednesday	6:00pm	CBI Realized Sales	1.00	12.00	2.00	→
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	↑

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.

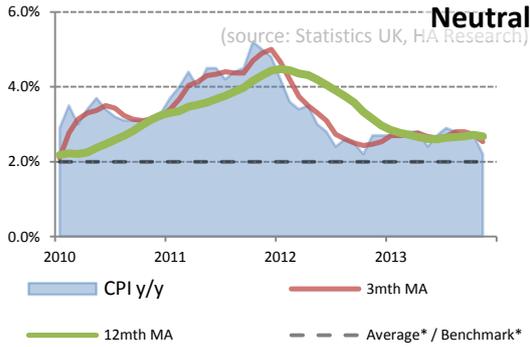
For disclaimer & more information on the calculation methodology, please refer to the back cover of this document.



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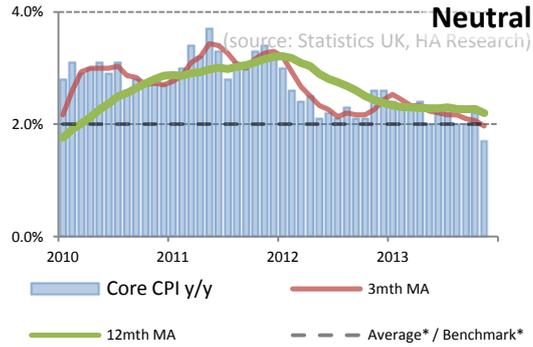
INFLATION INDICATORS

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



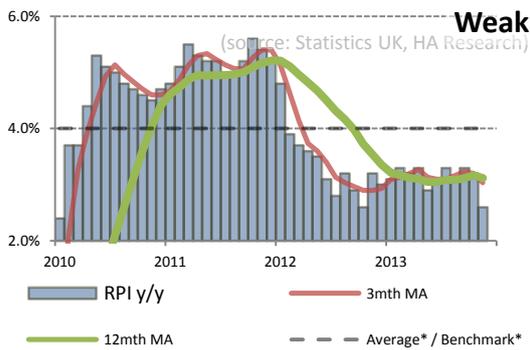
Consumer Price Index Change in the price of goods and services purchased by consumers; BOE mandated inflation target

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



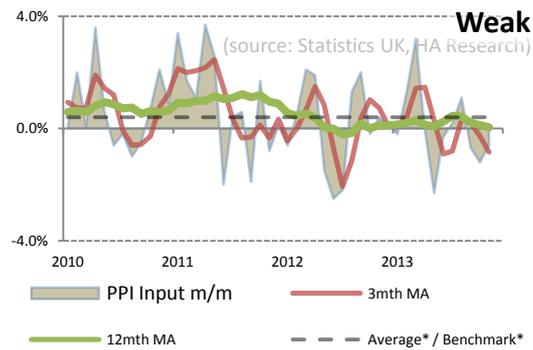
Core CPI Change in the price of goods and services purchased, excluding food, energy, alcohol, and tobacco items

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



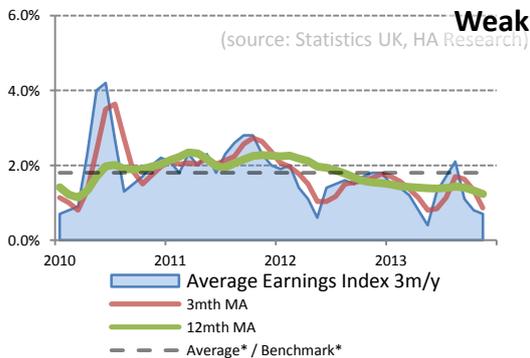
Retail Price Index Change in the price of goods and services purchased by consumers for the purpose of consumption;

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



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

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



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.

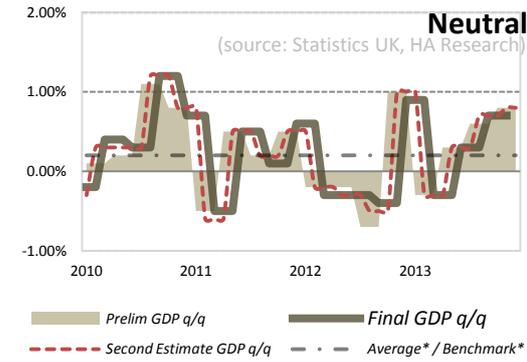
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GROWTH INDICATORS

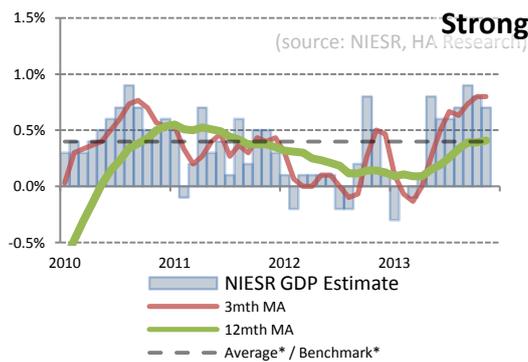
(Fig3.1) GDP Stable.



December:	Pending	Previous	0.70%
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GDP q/q Change in the inflation-adjusted value of all goods and services produced by the economy;

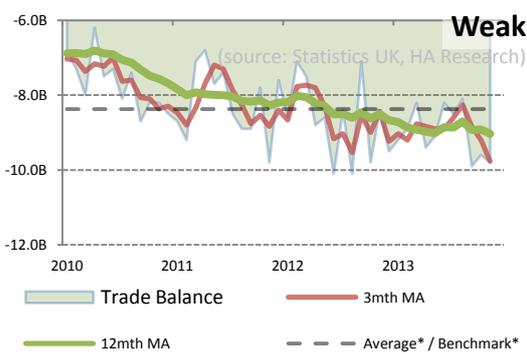
(Fig3.2) Estimated productions for previous 3 months strong.



December:	Pending	Previous	0.70%
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NIESR GDP Estimate Change in the estimated value of all goods and services produced by the economy during the previous 3 months;

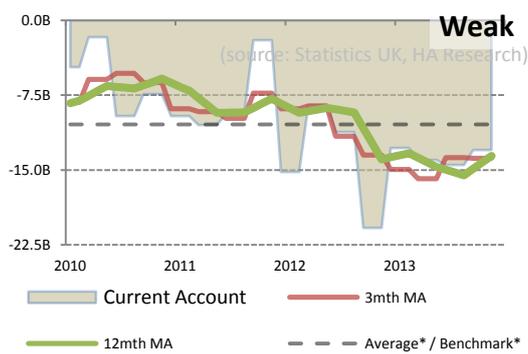
(Fig3.3) UK Trade Balance weak.



December:	Pending	Previous	-9.8B
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Trade Balance Difference in value between imported and exported goods during the reported month;

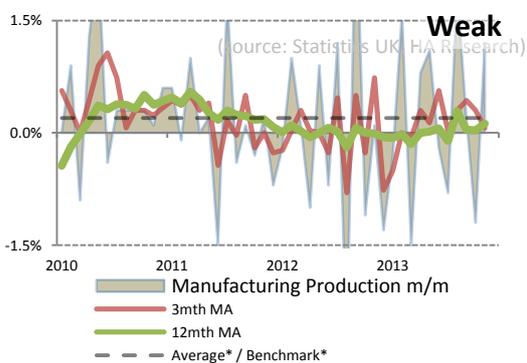
(Fig3.4) UK Current Account weak.



December:	Pending	Previous	-13.0B
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Current Account Difference in trade balance, income flows, and unilateral transfers during the previous quarter;

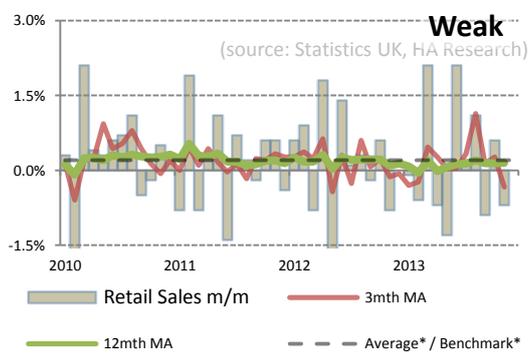
(Fig3.5) Manufacturing production weak, but seemed to have bottomed.



December:	Pending	Previous	1.20%
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Manu. Production Change in the total inflation-adjusted value of output produced by manufacturers; Factory production

(Fig3.6) Domestic retail sales weakens considerably.



December:	Pending	Previous	-0.7%
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Retail Sales Change in the total value of inflation-adjusted sales at the retail level;

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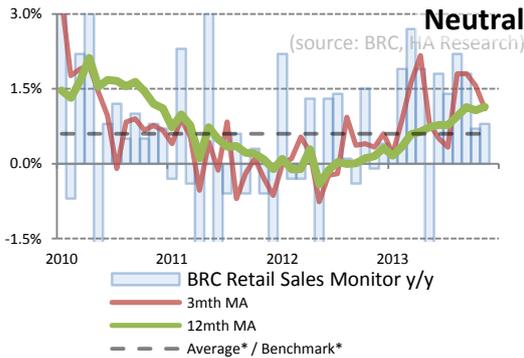
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GROWTH INDICATORS (continued)

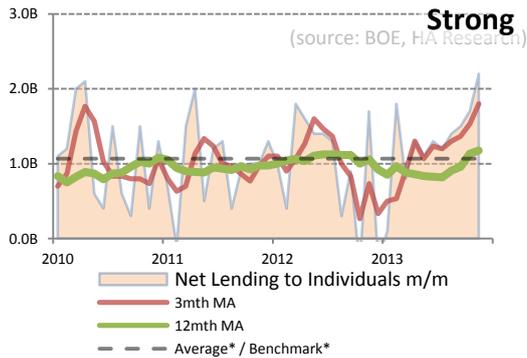
(Fig4.1) BRC posting increased sales level.



December: **Pending** Previous 0.80%

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

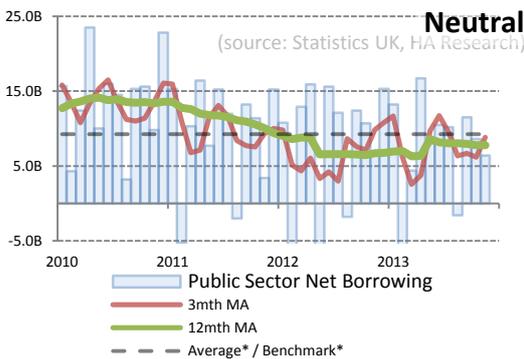
(Fig4.2) New credit take-up rate increased, on stable growth.



December: **Pending** Previous 2.2B

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

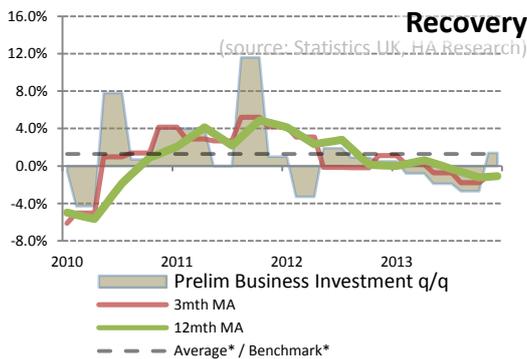
(Fig4.3) UK Government budget better.



December: **Pending** Previous 6.4B

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

(Fig4.4) Business investment stabilizes.

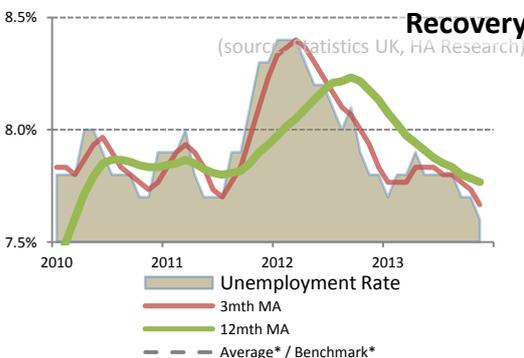


December: **1.4%** Previous 1.4%

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

EMPLOYMENT INDICATORS

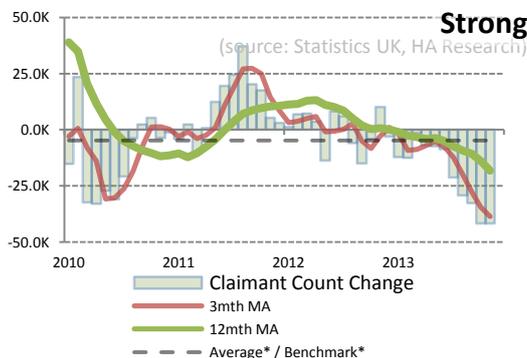
(Fig4.5) UK Job market posting evident recovery.



December: **Pending** Previous 7.6%

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.



December: **Pending** Previous -41.7K

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

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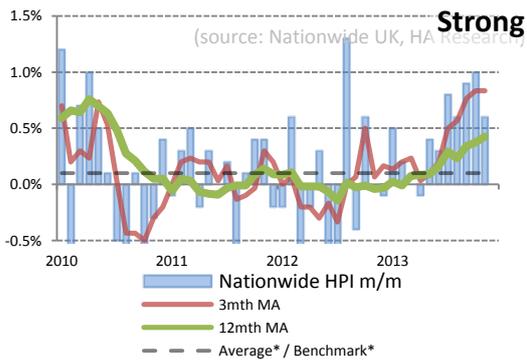
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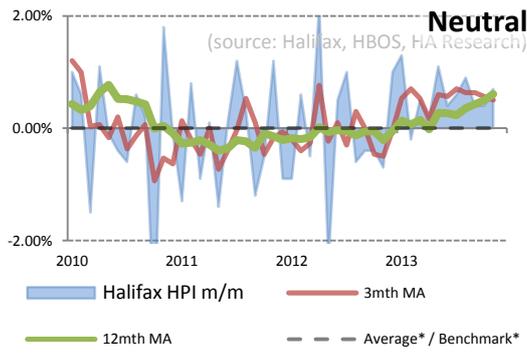
HOUSING INDICATORS

(Fig5.1) UK Housing Price growth sustained strong growth.



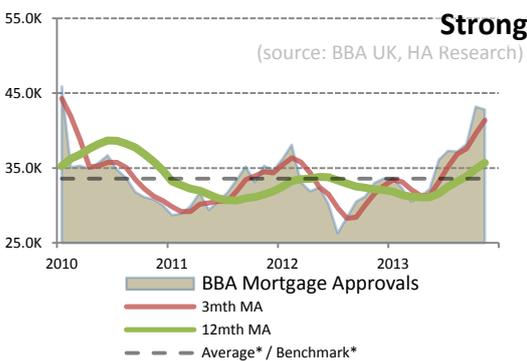
Nationwide HPI Change in the selling price of homes with mortgages backed by Nationwide; House Price Index (HPI);

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



Halifax HPI Change in the price of homes financed by HBOS; Halifax Bank of Scotland (HBOS);

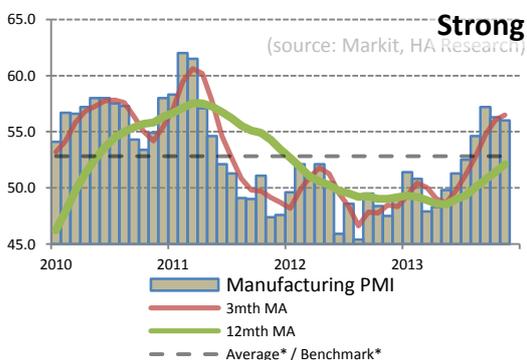
(Fig5.3) Mortgage takeup rate increases.



BBA Mortgage Number of new mortgages approved for home purchase by BBA-represented banks during the previous month;

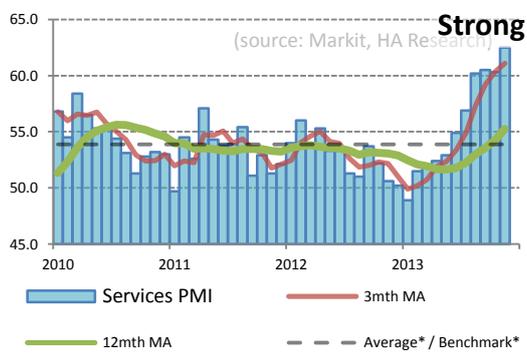
BUSINESS SURVEY

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



Manufacturing PMI Survey of 600 purchasing managers to rate business conditions; jobs, production, orders, price & stock;

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



Services PMI Survey of purchasing managers to rate business conditions including job, production, orders, prices, & inventories;

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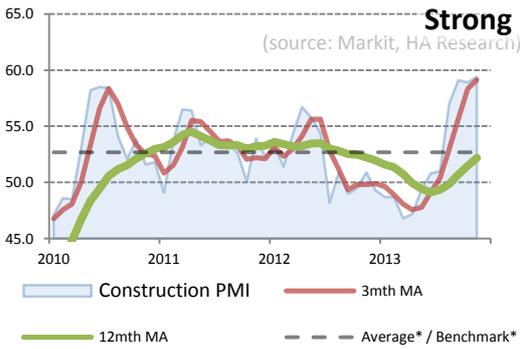
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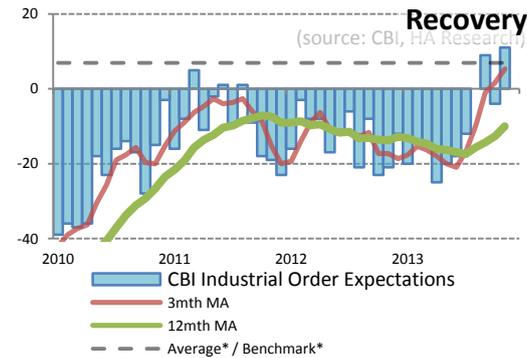
BUSINESS SURVEY (continued)

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



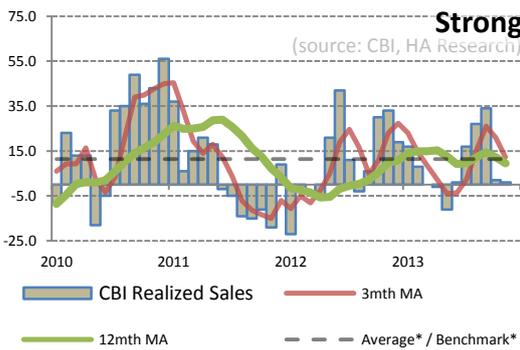
Construction PMI Level of a diffusion index based on surveyed purchasing managers in the construction industry;

(Fig6.2) Industrial orders outlook stabilizes.



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

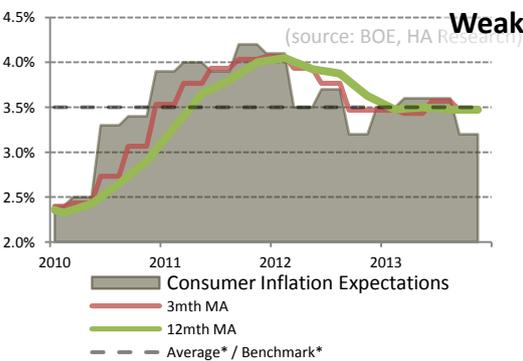
(Fig6.3) UK domestic Sales outlook strong.



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.



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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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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