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# HA Research

CURRENCY FUNDAMENTAL QUANTIFIED.



## CURRENCY REPORT.

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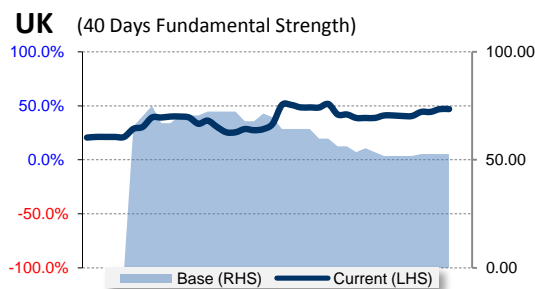


# UK ECONOMY

In a glance.

02-Dec-2013 (Monday)

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

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

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

**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
<hr/>		
BASE STRENGTH :	NEUTRAL	52.68 / 100
SHORT-TERM STRENGTH :	BULLISH	46.90%

## 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.

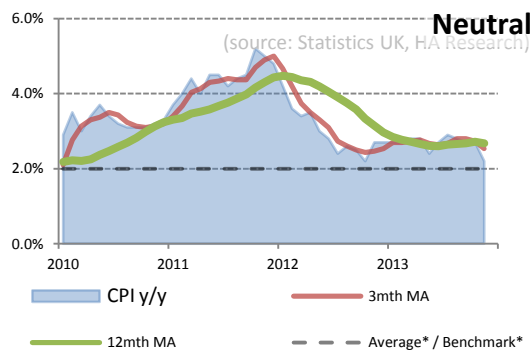
For disclaimer & more information on the calculation methodology, please refer to the back cover of this document.



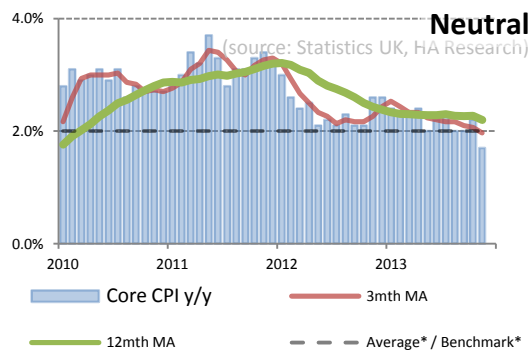
## INFLATION INDICATORS



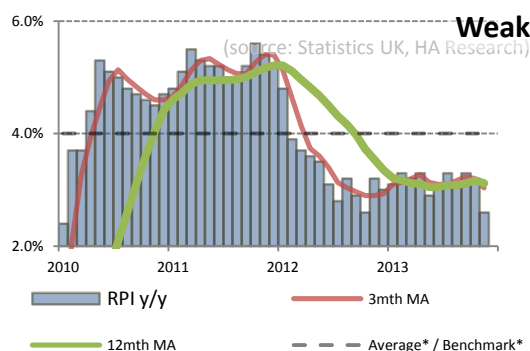
(Fig2.1) UK inflation moderate at 2.20%, lower of BOE 1%-3% target.



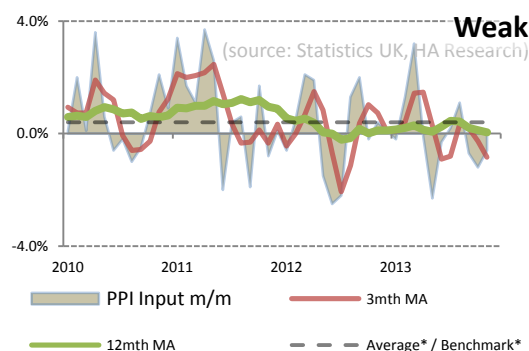
(Fig2.2) Core inflation neutral at 1.70%, non event.



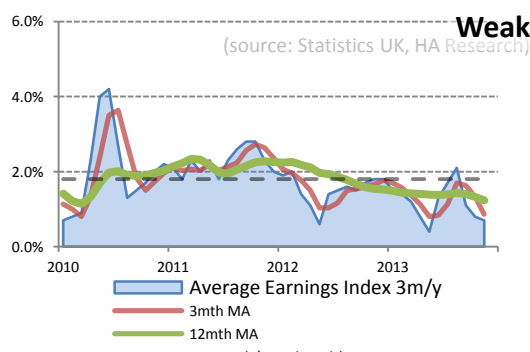
(Fig2.3) Prices of retails goods &amp; services weak.



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



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

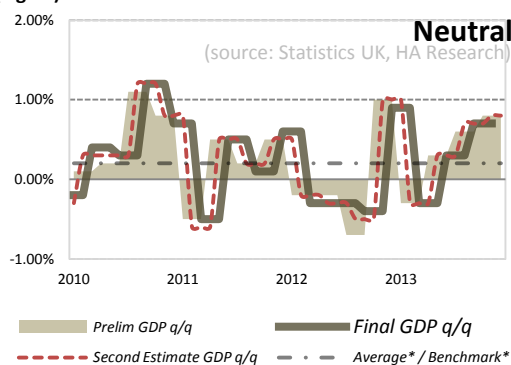
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## United Kingdom Currency Report

# GROWTH INDICATORS



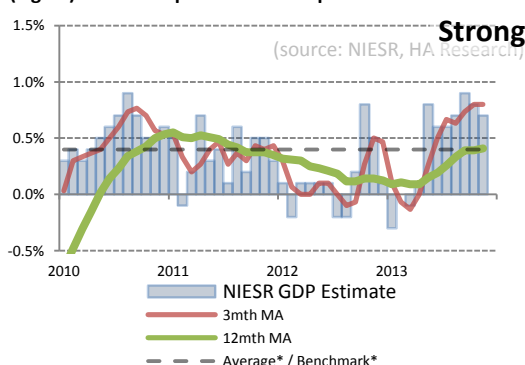
(Fig3.1) GDP Stable.



December: **Pending** **Previous** 0.70%

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

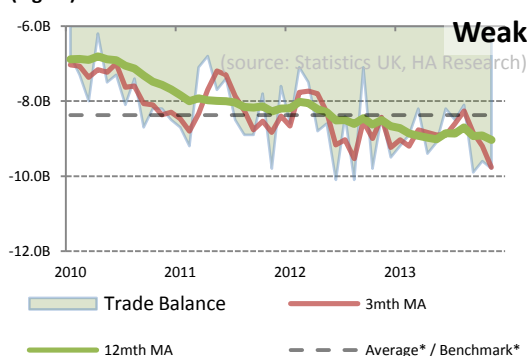
(Fig3.2) Estimated productions for previous 3 months strong.



December: **Pending** **Previous** 0.70%

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

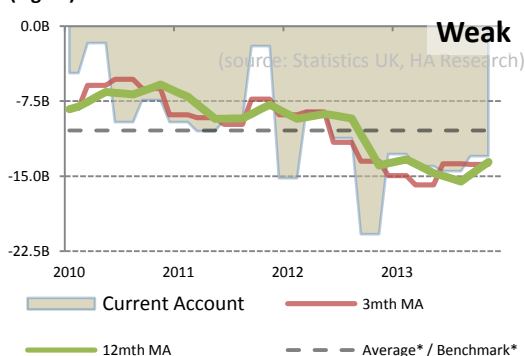
(Fig3.3) UK Trade Balance weak.



December: **Pending** **Previous** -9.8B

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

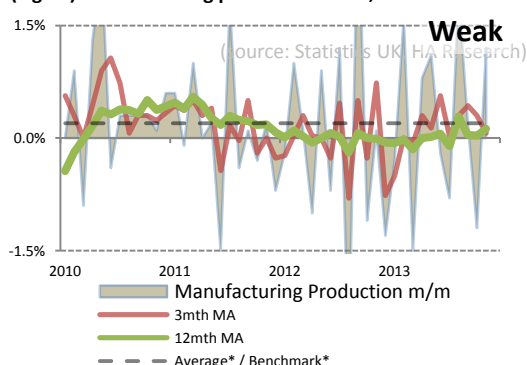
(Fig3.4) UK Current Account weak.



December: **Pending** **Previous** -13.0B

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

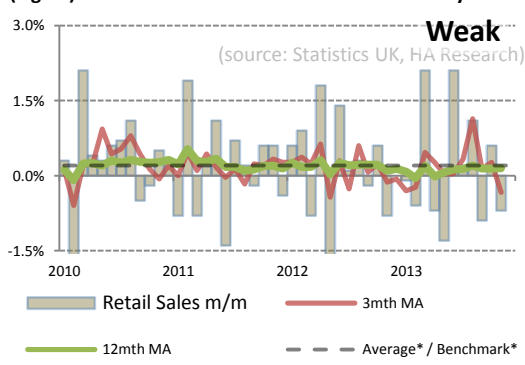
(Fig3.5) Manufacturing production weak, but seemed to have bottomed.



December: **Pending** **Previous** 1.20%

**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%

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

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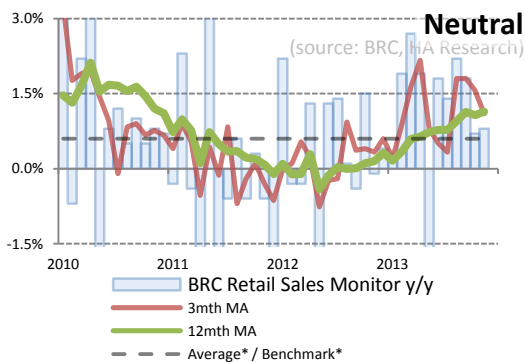




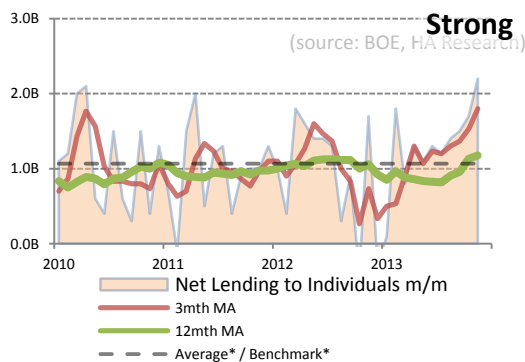
# GROWTH INDICATORS (continued)



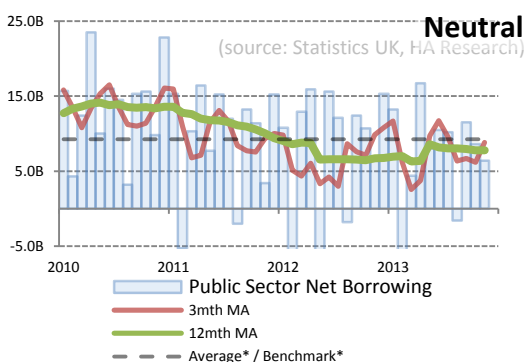
(Fig4.1) BRC posting increased sales level.



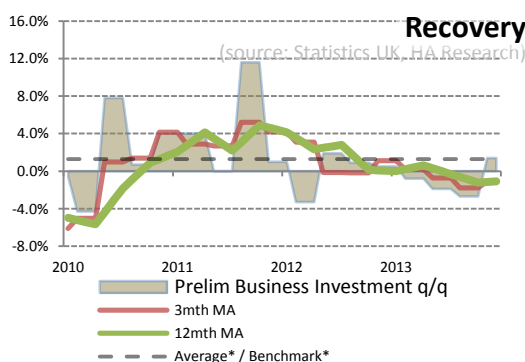
(Fig4.2) New credit take-up rate increased, on stable growth.



(Fig4.3) UK Government budget better.

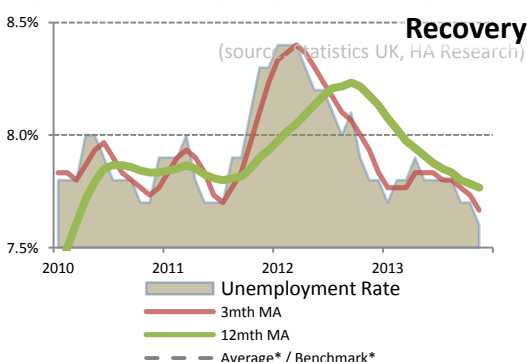


(Fig4.4) Business investment stabilizes.

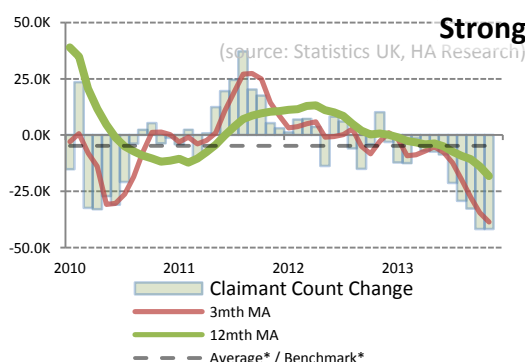


# EMPLOYMENT INDICATORS

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



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



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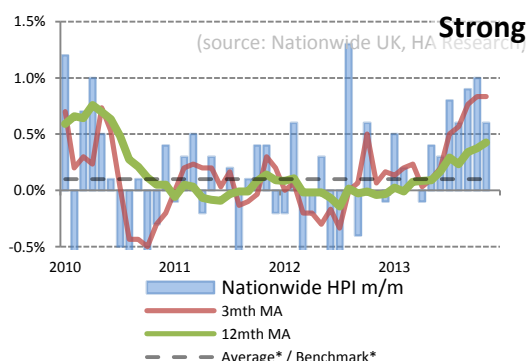
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## United Kingdom Currency Report

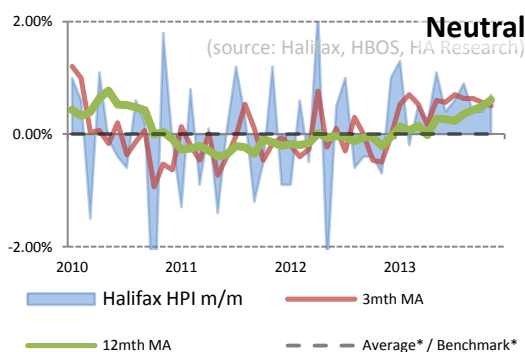
# HOUSING INDICATORS



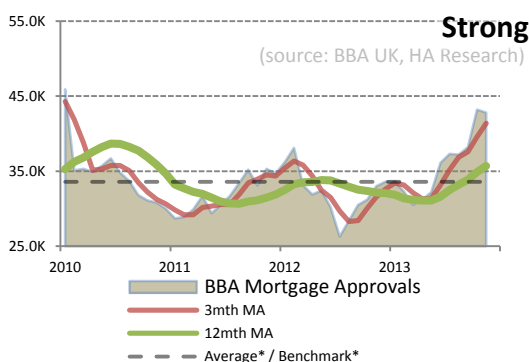
(Fig5.1) UK Housing Price growth sustained strong growth.



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

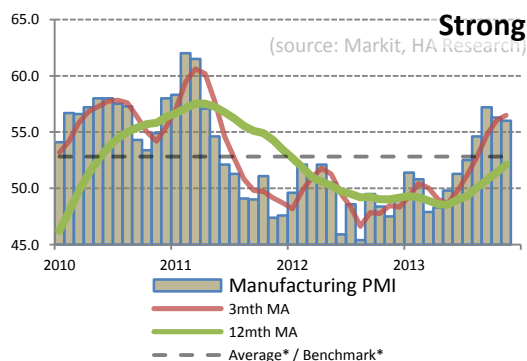


(Fig5.3) Mortgage takeup rate increases.

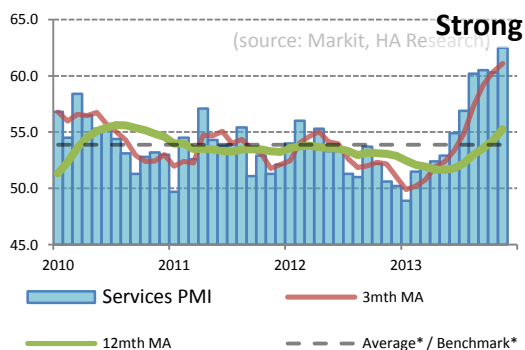


# BUSINESS SURVEY

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



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

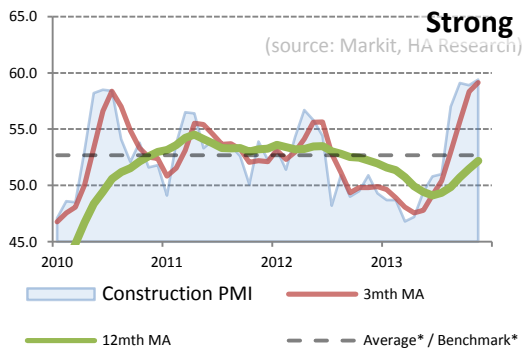
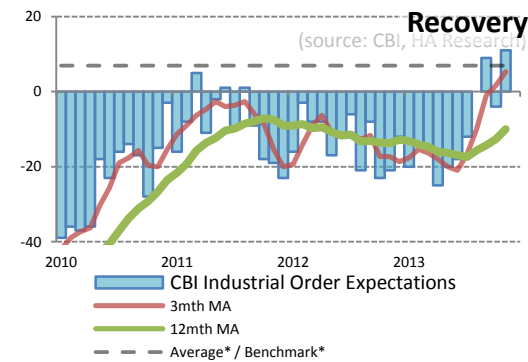
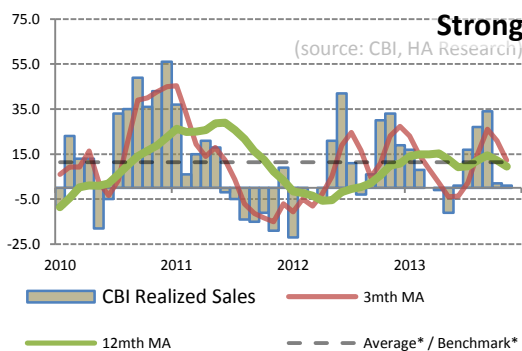


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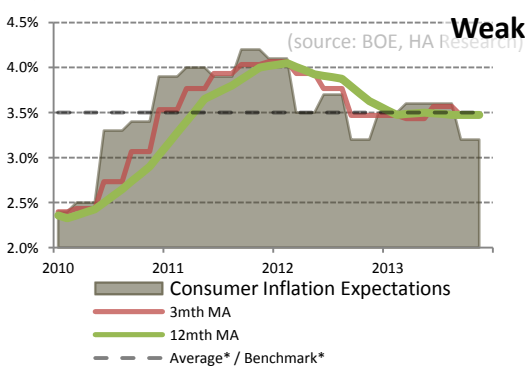
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# BUSINESS SURVEY (continued)

**(Fig6.1) Construction outlook in UK remains optimistic.****(Fig6.2) Industrial orders outlook stabilizes.****(Fig6.3) UK domestic Sales outlook strong.**

# CONSUMER SURVEY

**(Fig6.4) Inflation outlook remained subdued.**

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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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