

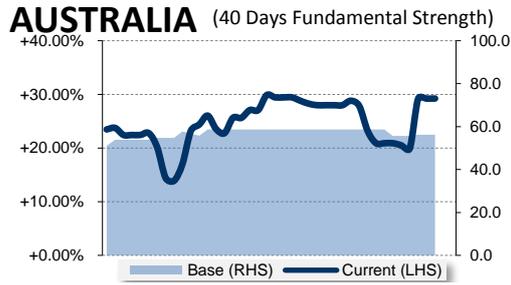
AUSTRALIA FUNDAMENTAL REPORT

# AUSTRALIAN ECONOMY In a glance.

14-Apr-2014 (Monday)

Last Updated: 10:47PM (GMT +0800)

Figure 1: Fundamental Strength Index for last 40 days.



### BASE SUMMARY:

<b>INFLATION INDICATORS :</b>	16.2	/ 20.6
<b>GROWTH INDICATORS :</b>	16.2	/ 33.8
<b>EMPLOYMENT INDICATORS :</b>	0.7	/ 11.8
<b>HOUSING INDICATORS :</b>	14.0	/ 16.2
<b>BUSINESS SURVEY :</b>	8.5	/ 11.8
<b>CONSUMER SURVEY :</b>	0.7	/ 5.9
<i>(automated comments)</i>		
<b>3 Months Outlook (Base)</b>	Moderate	<b>56.25 / 100</b>
<b>Current Momentum</b>	Slightly Bullish	<b>29.22%</b>

**RELATED NEWS (previous 3 days):**

*Refer to risk sentiments for more information.*

- 14/04/2014 -
- 11/04/2014 (Bloomberg): China's hunger for commodities including iron ore and milk is helping make AUD & NZD this year's best-performing developed-nation currencies. AUD rose as jobless rate fell to 4.8%, lowest since November and first decline in 6 months.
- 10/04/2014 (Bloomberg): AUDUSD reached a more than 4-month high after reported Jobless \$ unexpectedly fell for the first time since September, however it pared gains after data showed China's exports and imports unexpectedly fell.

	Base Fundamental (Data of last 3 months)		Current Fundamental (Current data set)	
1. NZD	83.82	+0.00 *	CAD	+43.88% -0.02% *
2. JPY	78.26	+0.00 *	NZD	+42.04% +0.04% *
3. GBP	69.94	-0.00 *	USD	+31.65% +2.65% *
4. USD	58.99	+0.00 *	<b>AUD</b>	<b>+29.22% +0.02% *</b>
5. <b>AUD</b>	<b>56.25</b>	<b>+0.00 *</b>	JPY	+26.06% -0.04% *
6. EUR	50.90	+0.00 *	GBP	+24.13% +0.93% *
7. CAD	45.74	+0.00 *	EUR	+22.41% +0.71% *

\* Day/day change - % range from +/- 10% (dependent on data availability)

### HA Research:

**MARKET:** Bears have weak Chinese Trade Data, Overbought Technicals; Bulls in control over Strong Jobs, Dovish FOMC.

**TECHNICAL:** Overbought: AUDUSD (H4,D1); AUDJPY (D1)

**CONCLUSION:** Pending short, if Current Index drop below USD, JPY. Fundamentally Neutral. Technically overbought though.

**Bearish Factors:** (1) Still weak Base Index [3rd weakest], (2) Weak Chinese Data, (3) Risk aversion in stocks.

**Bullish Factors:** (1) Carry interest , (2) Shock recovery in Jobs, (3) China's mini stimulus plan.

#### AUDUSD

NOTE: Chart frame varies from H4 - W1, dependent on price action conformity relative to fundamental reports on trading period.



#### AUDJPY

NOTE: Confirmity of price action against fundamental often changes quickly on volatility of market. Chart validity expires daily.



**DISCLAIMER:**

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## AUSTRALIA FUNDAMENTAL REPORT

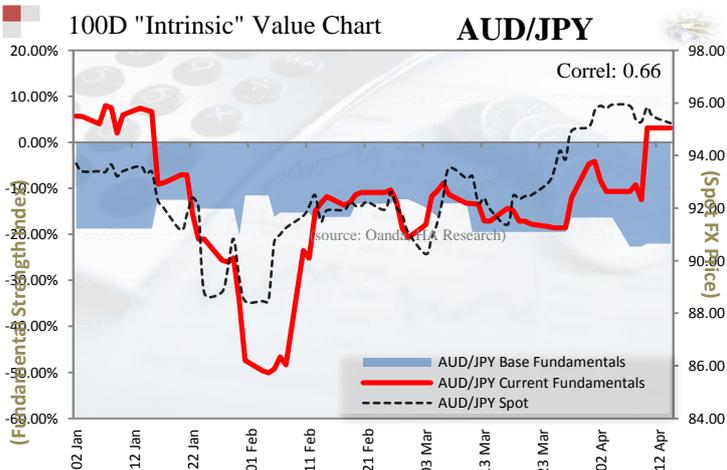
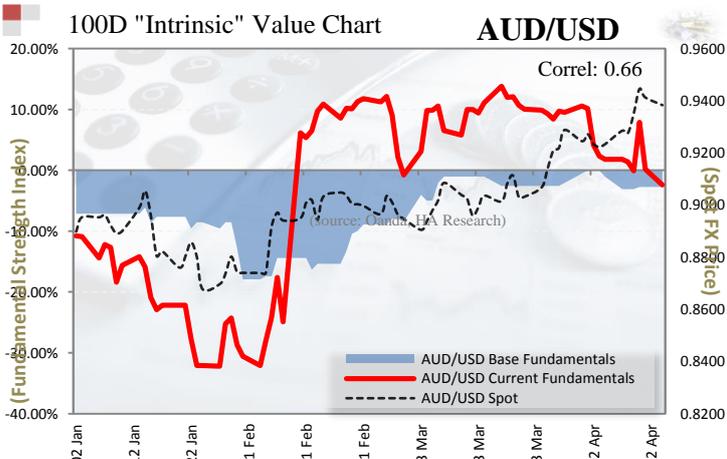
**Table 1: Fundamental Calendar.**

UPCOMING FUNDAMENTAL EVENTS						
DATE	TIME	DETAILS	FORECAST	PREVIOUS	IMPACT	
15-Apr (Tue)	9:30am	Monetary Policy Meeting Minutes			!!!	
16-Apr (Wed)	8:30am	MI Leading Index m/m		-0.10%	!	
17-Apr (Thu)	9:30am	NAB Quarterly Business Confidence		8.00	!!	
17-Apr (Thu)	9:30am	New Motor Vehicle Sales m/m		0.10%	!!	

PAST (20) ECONOMIC EVENTS:						
DATE	TIME	DETAILS	ACTUAL	FORECAST	PREV.	SCORE
10-Apr (Thu)	9:00am	MI Inflation Expectations	2.40%	-	2.10%	↑ +2.57%
10-Apr (Thu)	9:30am	Employment Change	18.10	7.30	48.20	↑ +3.04%
10-Apr (Thu)	9:30am	Unemployment Rate	5.80%	6.10%	6.00%	↓ -2.21%
09-Apr (Wed)	8:30am	Westpac Consumer Sentiment	0.30%	0.30%	-0.70%	→ +0.18%
09-Apr (Wed)	9:30am	Home Loans m/m	2.30%	1.70%	0.00%	↑ +2.94%
08-Apr (Tue)	9:30am	NAB Business Confidence	4.00	-	7.00	→ +1.10%
07-Apr (Mon)	6:26am	AIG Construction Index	46.20	-	44.20	→ +1.00%
07-Apr (Mon)	9:30am	ANZ Job Advertisements m/m	1.40%	-	4.70%	→ -0.18%
03-Apr (Thu)	7:30am	AIG Services Index	48.90	-	55.20	→ +0.55%
03-Apr (Thu)	9:30am	Trade Balance	1.20	82.00%	1.39	↑ +3.03%
02-Apr (Wed)	9:30am	Building Approvals m/m	-5.00%	-1.70%	6.90%	↑ +3.68%
01-Apr (Tue)	7:30am	AIG Manufacturing Index	47.90	-	48.60	→ -0.74%
01-Apr (Tue)	2:30pm	Commodity Prices y/y	-12.80%	-	-11.40%	→ -1.47%
31-Mar (Mon)	8:30am	MI Inflation Gauge m/m	0.20%	-	0.20%	→ +0.92%
31-Mar (Mon)	9:00am	HIA New Home Sales m/m	4.60%	-	0.50%	↑ +2.94%

The HA Research 100 days "Intrinsic" Value Charts depicts the calculated index differential between 2 currencies. Base on the movements of the differentials, they are plotted against actual market spot movement to "track" the "intrinsic" value of the currency pair.



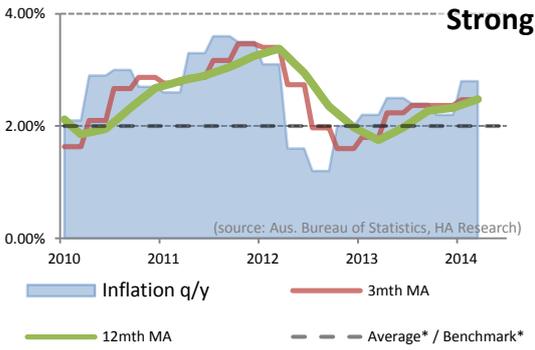
**Table 2: Fundamental Score List.**

BASE FUNDAMENTAL DATA RESULTS				
Type	AUD Fundamental Data	Strength	Score	Total
<b>Business Survey</b>	NAB Business Confidence	Strong	4.412	
	AIG Manufacturing Index	Recovery	0.368	
	AIG Services Index	Strong	1.471	
	AIG Construction Index	Strong	1.471	(Strong)
	NAB Quarterly Business Confidence	Recovery	0.735	<b>8.5 / 11.8</b>
<b>Consumer Survey</b>	MI Inflation Expectations	Recovery	0.735	(Very Weak)
	Westpac Consumer Sentiment	Weak	0	<b>0.7 / 5.9</b>
<b>Employment</b>	Employment Change	Weak	0	
	Unemployment Rate	Weak	0	(Very Weak)
	ANZ Job Advertisements m/m	Recovery	0.735	<b>0.7 / 11.8</b>
<b>Growth</b>	GDP q/q	Recovery	1.103	
	Retail Sales m/m	Strong	4.412	
	Trade Balance	Recovery	1.103	
	Current Account	Recovery	0.735	
	Private Capital Expenditure q/q	Weak	0	
	CB Leading Index m/m	Strong	2.941	
	Company Operating Profits q/q	Strong	2.941	
	MI Leading Index m/m	Weak	0	
	New Motor Vehicle Sales m/m	Weak	0	(Weak)
	Private Sector Credit m/m	Strong	2.941	<b>16.2 / 33.8</b>
	<b>Housing</b>	HPI q/q	Strong	2.941
Building Approvals m/m		Strong	4.412	
Construction Work Done q/q		Recovery	0.735	
HIA New Home Sales m/m		Strong	2.941	(Strong)
Home Loans m/m		Strong	2.941	<b>14.0 / 16.2</b>
<b>Inflation</b>	CPI q/q	Strong	4.412	
	PPI q/q	Strong	4.412	
	MI Inflation Gauge m/m	Strong	1.471	
	Commodity Prices y/y	Weak	0	
	Wage Price Index q/q	Weak	0	
	Import Prices q/q	Strong	2.941	(Strong)
	Trimmed Mean CPI q/q	Strong	2.941	<b>16.2 / 20.6</b>
				<b>56.25 100.00</b>

AUSTRALIA FUNDAMENTAL REPORT

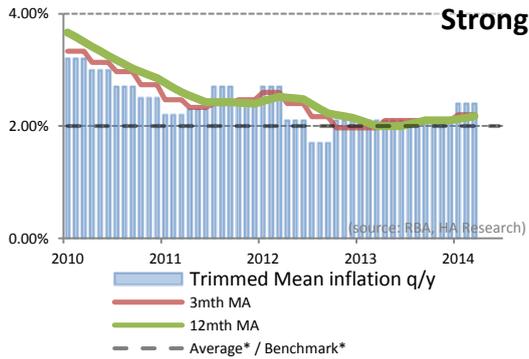
# INFLATION INDICATORS

(Fig2.1)



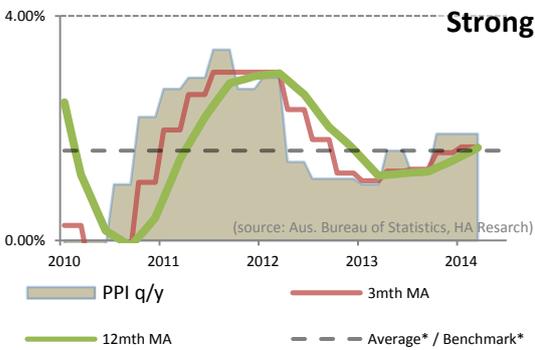
April:	<b>Pending</b>	<b>Previous</b>	2.80%
<b>Consumer Price Index</b>	Change in the price of goods and services purchased by consumers.		

(Fig2.2)



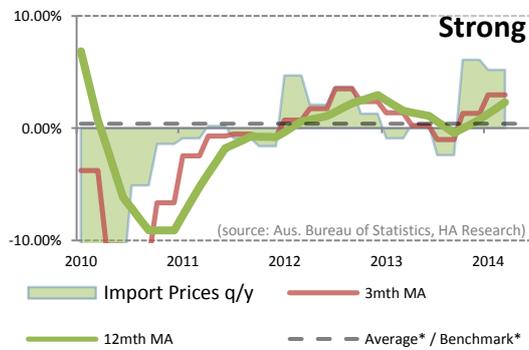
April:	<b>Pending</b>	<b>Previous</b>	2.40%
<b>Trimmed Mean CPI</b>	Change in the price of goods and services purchased by consumers, excluding the most volatile 30% of items;		

(Fig2.3)



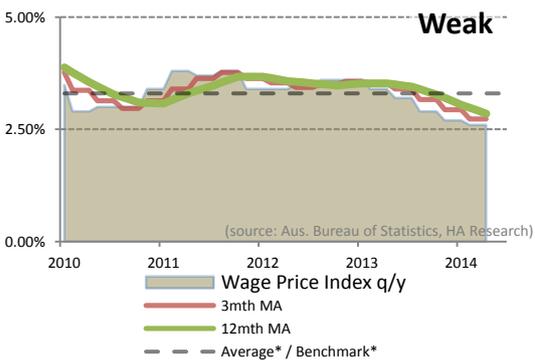
April:	<b>Pending</b>	<b>Previous</b>	1.90%
<b>Producer Price Index</b>	Change in the price of finished goods and services sold by producers;		

(Fig2.4)



April:	<b>Pending</b>	<b>Previous</b>	5.20%
<b>Import Price</b>	Change in the price of goods purchased by importers; contributes to inflation as costs passed on to consumer.		

(Fig2.5)



April:	<b>2.60%</b>	<b>Previous</b>	2.60%
<b>Wage Price Index</b>	Change in the price businesses and the government pay for labor, excluding bonuses;		

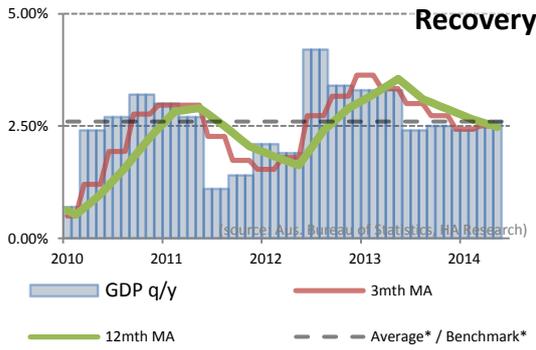
Average\* / Benchmark\* is a derivation of the following considerations: (1) moving averages across data used in the chart period; (2) Mandated target of Central Bank; (3) Market consensus benchmark; (4) Combination of either.

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**AUSTRALIA FUNDAMENTAL REPORT**

**GROWTH INDICATORS**

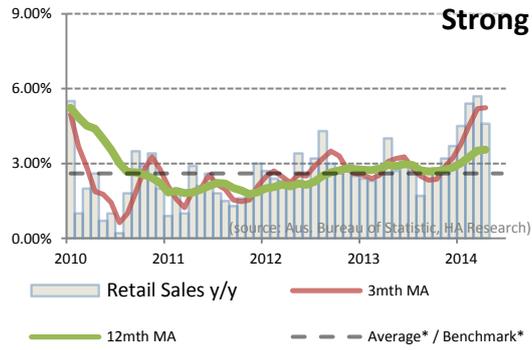
(Fig3.1)



April: **2.60%** Previous **2.60%**

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

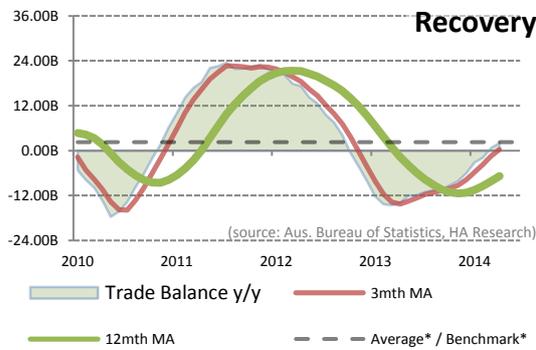
(Fig3.2)



April: **4.60%** Previous **5.70%**

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

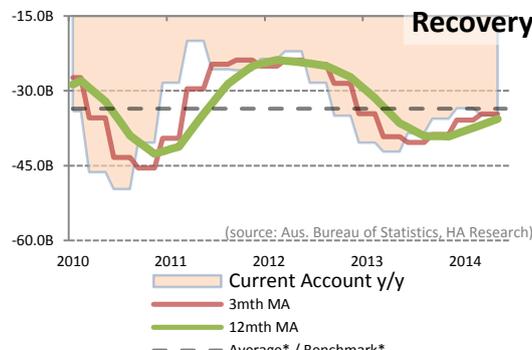
(Fig3.3)



April: **1.20B** Previous **1.39B**

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

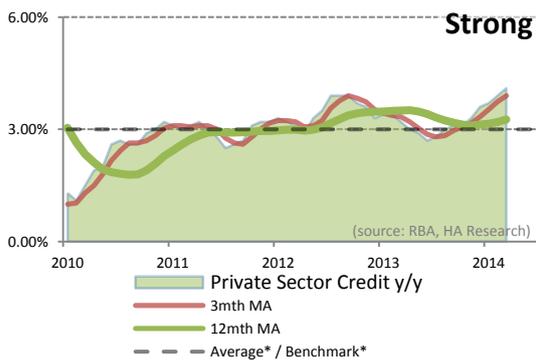
(Fig3.4)



April: **-10.10B** Previous **-10.10B**

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

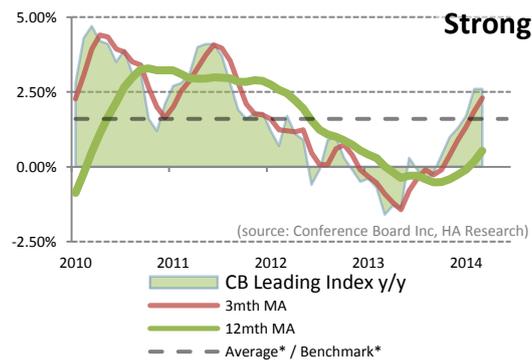
(Fig3.5)



April: **Pending** Previous **4.10%**

**Pte Sector Credit** Change in the total value of new credit issued to consumers and businesses;

(Fig3.6)



April: **Pending** Previous **2.60%**

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

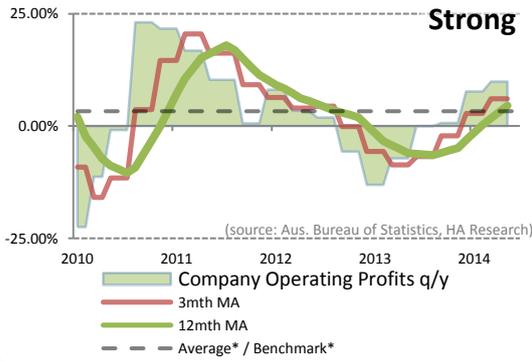
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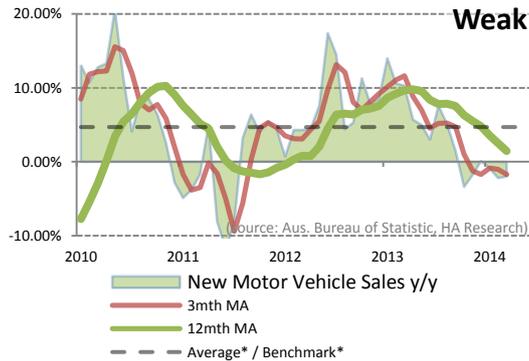
**GROWTH INDICATORS** (continued)

(Fig4.1)



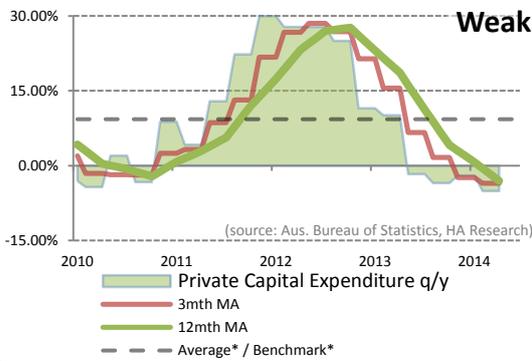
**Company Op. Profits** Change in the total value of profits earned by corporations;

(Fig4.2)



**N. Motor Veh. Sales** Change in the number of new cars and trucks sold domestically; leading sign of consumer confidence;

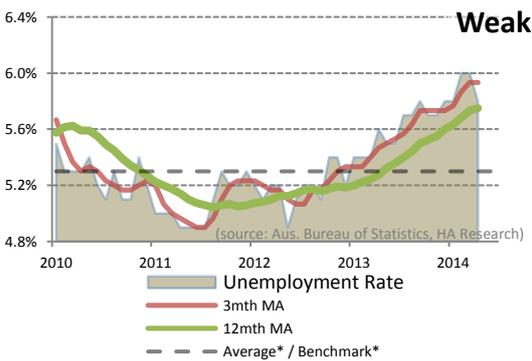
(Fig4.3)



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

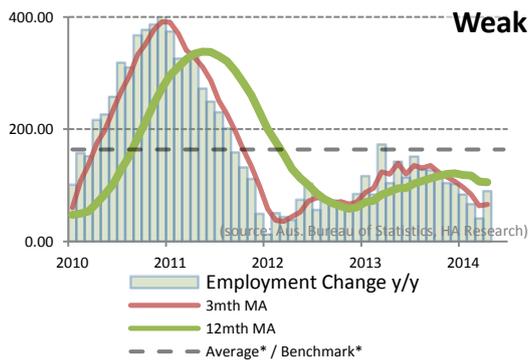
**EMPLOYMENT INDICATORS**

(Fig4.4)



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

(Fig4.5)



**Employment Change** Change in the number of employed people during the previous month; annualized basis (y/y);

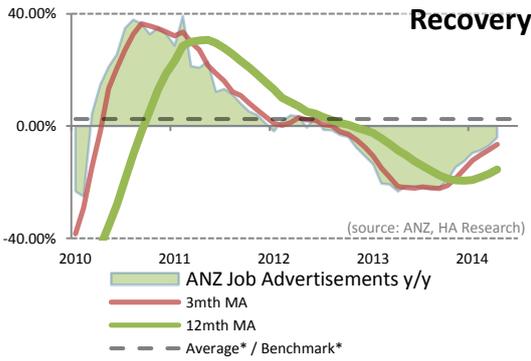
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**EMPLOYMENT INDICATORS** (continued)

(Fig5.1)

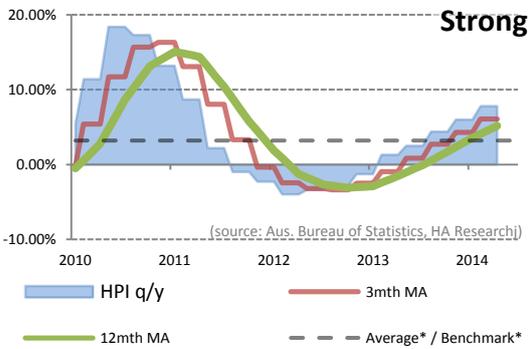


April: **-4.10%** Previous: **-7.00%**

**ANZ Job Ads.** Change in the no. of jobs advertised in the major daily newspapers and websites covering the capital cities;

**HOUSING INDICATORS**

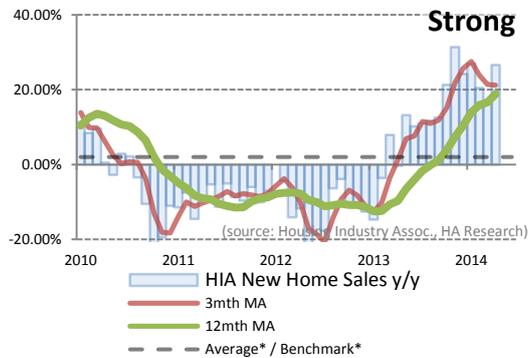
(Fig5.2)



April: **7.80%** Previous: **7.80%**

**House Price Index** Change in the selling price of homes in the nation's 8 state capitals;

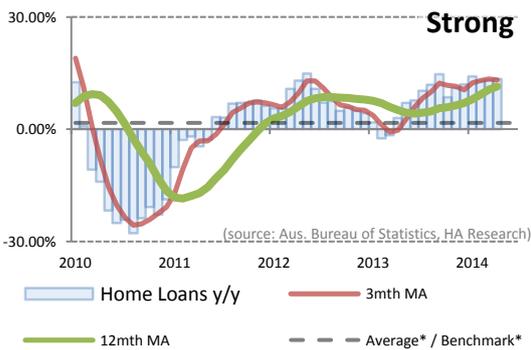
(Fig5.3)



April: **26.60%** Previous: **16.70%**

**HIA New Home Sales** Change in the number of newly constructed homes sold; Housing Industry Association (HIA)

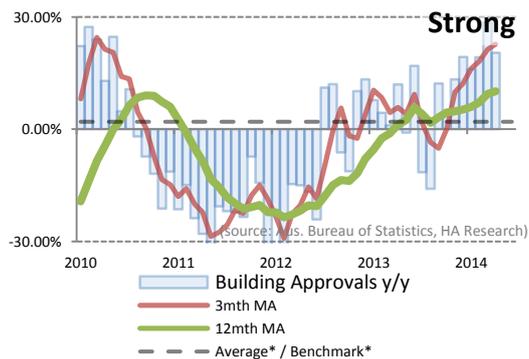
(Fig5.4)



April: **13.40%** Previous: **13.20%**

**Home Loans** Change in the number of new loans granted for owner-occupied homes;

(Fig5.5)



April: **20.40%** Previous: **28.50%**

**Building Approvals** Change in the number of new building approvals issued;

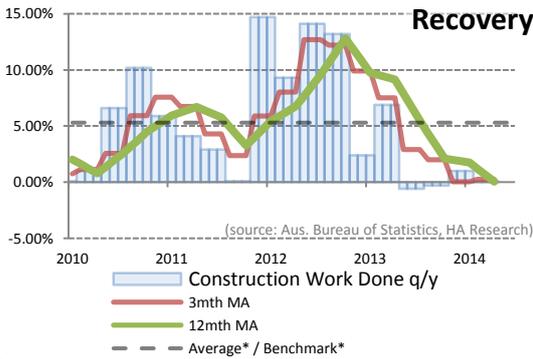
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**HOUSING INDICATORS** (continued)

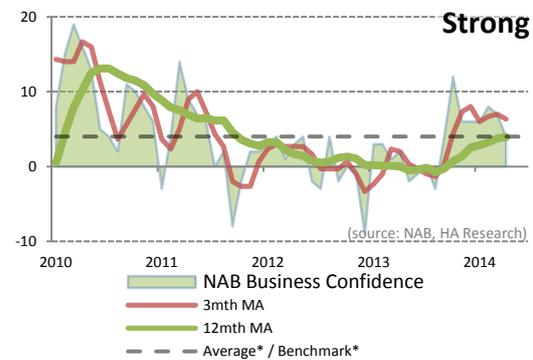
(Fig6.1)



**Construct'n Work Done** Change in the total inflation-adjusted value of construction projects completed;

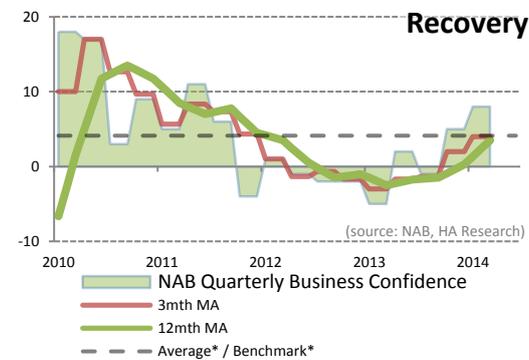
**BUSINESS SURVEY**

(Fig6.2)



**NAB Biz Confidence** Survey of about 350 businesses which asks respondents to rate the relative level of current business conditions;

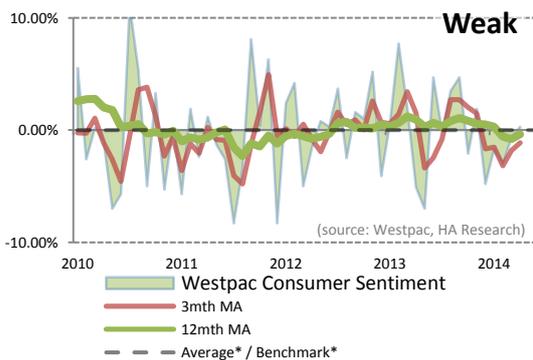
(Fig6.3)



**NAB Qtr Biz Confidence** Survey of 1,000 businesses, asked to rate current business conditions and expectations for near-mid term future;

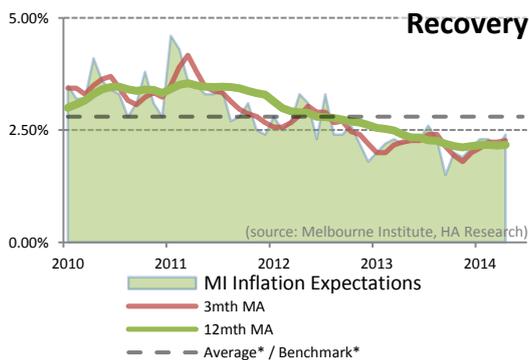
**CONSUMER SURVEY**

(Fig6.4)



**WP Con. Sentiment** Index based on 1,200 surveyed consumers; economic conditions, employment, climate for major purchases;

(Fig6.5)



**MI Inflation Expectations** % that consumers expect the price of goods and services to change during the next 12mths; Melbourne Institute (MI);

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