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CURRENCY REPORT.

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CHINA ECONOMY

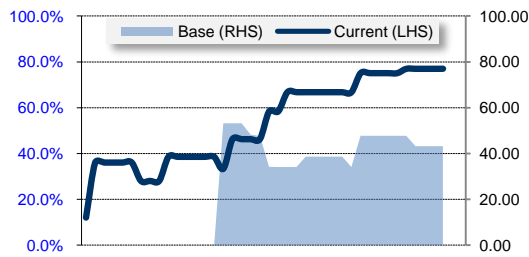
In a glance.

14-Nov-2013 (Thursday)

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



Figure 1: Fundamental Strength Index for last 40 days.

CHINA (40 Days Fundamental Strength)**BASE SUMMARY:**

INFLATION INDICATORS :	4.5	/ 18.2
GROWTH INDICATORS :	15.9	/ 45.5
EMPLOYMENT INDICATORS :	-	-
HOUSING INDICATORS :	-	-
BUSINESS SURVEY :	22.7	/ 36.4
CONSUMER SURVEY :	-	-
<hr/>		
BASE STRENGTH :	STALE	43.18 / 100
SHORT-TERM STRENGTH :	BULLISH	76.92%

CHINA ECONOMY POSTING RECOVERY, NEED FURTHER VALIDATION.

China Fundamentals Moderate (43.18/100); Recent momentum VERY BULLISH at 76.92%.

(Fig2.1) Inflation nearing 3.50% benchmark at 3.20%. (Fig2.2) PPI in recovery from 2012-2013 low, still weak. (Fig2.3) GDP remains inline with PBOC 7.50% target at 7.80%. (Fig2.4) International trade remains in general surplus trend. Recent decline. (Fig2.5) New loans remained on trend, but recently fell to 506b. (Fig2.6) Industrial Production seemed to bottomed at 10% range. (Fig3.1) Government spending seemed to have bottomed at 20% range. (Fig3.2) PMI indicating Manufacturing sector bottomed, at 51.4. (Fig3.3) China Services PMI also suggest expansion at 56.3. (Fig3.4) HSBC PMI surveys result also indicated expansion.

Conclusion: Chinese economy painting recovery picture, surveys indicating expansion as well as recovery started. However, good to noted that growth, inflation and domestic activities remains well below 3-5 years high.

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

UPCOMING FUNDAMENTAL EVENTS						
DATE	TIME	DETAILS	FORECAST	PREVIOUS	IMPACT	
PAST ECONOMIC EVENTS:						
DATE	TIME	DETAILS	ACTUAL	FORECAST	PREVIOUS	
11-Nov Monday	4.00am	New Loans	506.00	581.00	787.00	→
11-Nov Monday	4.00am	M2 Money Supply y/y	14.30%	14.20%	14.20%	→
09-Nov Saturday	9:30am	CPI y/y	3.20%	3.30%	3.10%	↑
09-Nov Saturday	9:30am	PPI y/y	-1.50%	-1.30%	-1.30%	↓
09-Nov Saturday	10:00am	Industrial Production y/y	10.30%	10.20%	10.20%	↑
09-Nov Saturday	1:30pm	Fixed Asset Investment ytd/y	20.10%	20.20%	20.20%	→
09-Nov Saturday	1:30pm	Retail Sales y/y	13.30%	13.40%	13.30%	→
08-Nov Friday	11:05am	Trade Balance	31.10	23.50	15.20	↑
03-Nov Sunday	9:00am	Non-Manufacturing PMI	56.30	-	55.40	↑
01-Nov Friday	9:00am	Manufacturing PMI	51.40	51.20	51.10	↑
01-Nov Friday	9:45am	HSBC Final Manufacturing PMI	50.90	50.70	50.9	→
24-Oct Thursday	9:45am	HSBC Flash Manufacturing PMI	50.90	50.50	50.20	↑
22-Oct Tuesday	10.00am	CB Leading Index m/m	0.90%	-	0.80%	→
18-Oct Friday	10:00am	GDP q/y	7.80%	7.80%	7.50%	↑
17-Oct Thursday	10.00am	Foreign Direct Investment ytd/y	6.20%	-	6.40%	→

Reports are distributed on Bi-Daily basis (Tuesdays, Thursdays and Saturdays.)

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

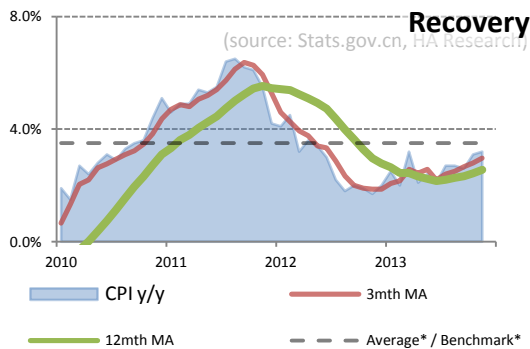


China Currency Report

INFLATION INDICATORS



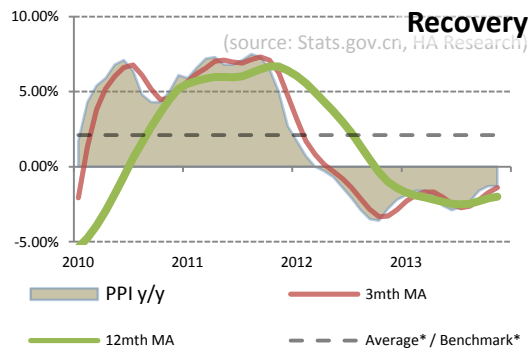
(Fig2.1) Inflation nearing 3.50% benchmark at 3.20%.



November: **3.20%** Previous **3.10%**

Consumer Price Index Change in the price of goods and services purchased by consumers.

(Fig2.2) PPI in recovery from 2012-2013 low, still weak.

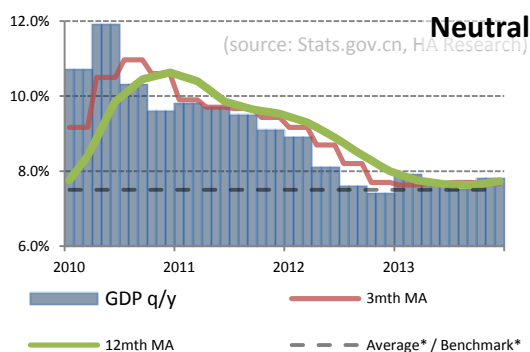


November: **-1.30%** Previous **-1.30%**

Producer Price Index Change in the price of goods purchased and sold by producers;

GROWTH INDICATORS

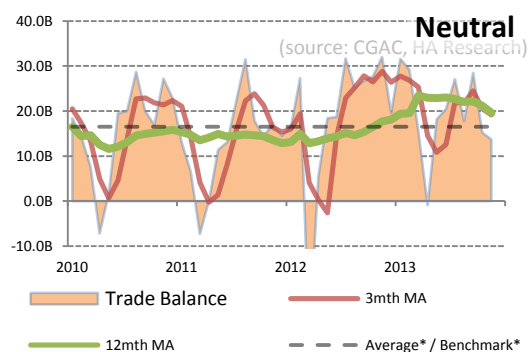
(Fig2.3) GDP remains inline with PBOC 7.50% target at 7.80%



November: **7.80%** Previous **7.80%**

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

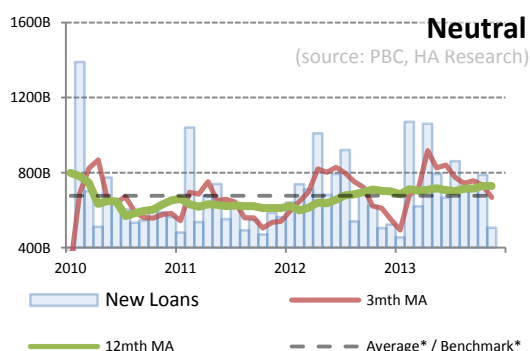
(Fig2.4) International trade remains in general surplus trend. Recent decline.



November: **13.7B** Previous **15.2B**

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

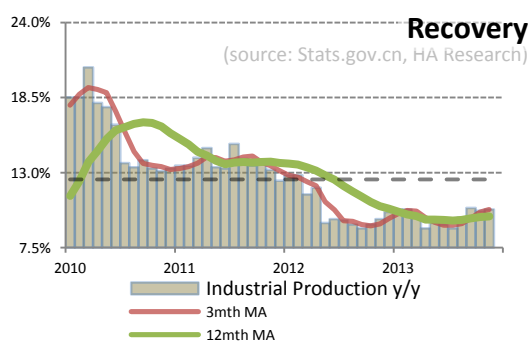
(Fig2.5) New loans remained on trend, but recently fell to 506b.



November: **506B** Previous **787B**

New Loans Value of new yuan-denominated loans issued to consumers and businesses during the previous month;

(Fig2.6) Industrial Production seemed to bottomed at 10% range.



November: **10.30%** Previous **10.20%**

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

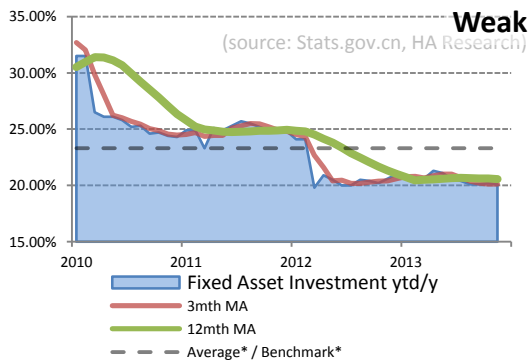
Average* / Benchmark* is a derivation of the following considerations: (1) moving averages across data used in the chart period; (2) Mandated target of Central Bank; (3) Market consensus benchmark; (4) Combination of either.

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).



GROWTH INDICATORS (continued)

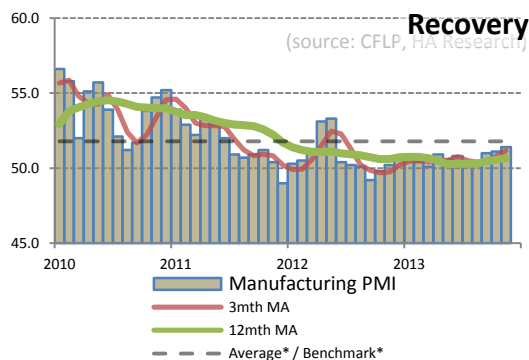
(Fig3.1) Government spending seemed to have bottomed at 20% range.



FA Investments Change in spending on non-rural capital investments such as factories, roads, power grids, and property;

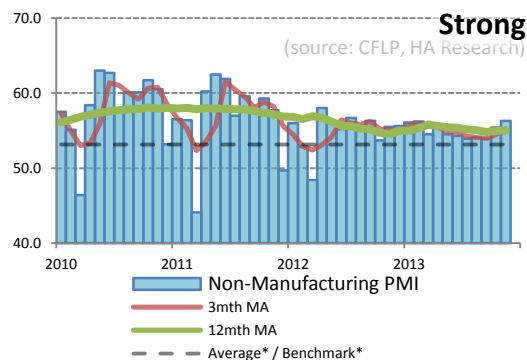
BUSINESS SURVEY

(Fig3.2) PMI indicating Manufacturing sector bottomed, at 51.4.



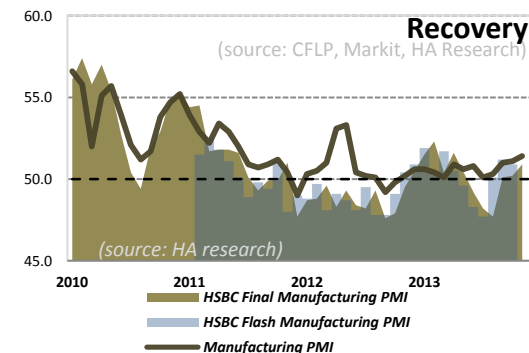
Manufacturing PMI Level of a diffusion index based on surveyed purchasing managers in the manufacturing industry;

(Fig3.3) China Services PMI also suggest expansion at 56.3.



Non-Manu. PMI Level of a diffusion index based on surveyed purchasing managers in the services industry;

(Fig3.4) HSBC PMI surveys result also indicated expansion.



HSBC Manu. PMI Survey of 430 purchasing manager to rate business condition, jobs, production, orders, inventories..etc.

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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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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