MGMC 萬兆豐

NEWSLETTER

13062017
June 13, 2017

PROFESSIONAL DILIGENCE INC.

	OPEN	HIGH	LOW	CLOSE	HIGH-LOW CHANGE		CLOSING CHANGE	PREVIOUS CLOSE
MAJOR CURRENCIES								
EUR / USD	1.1207	1.1240	1.1198	1.1213	0.0042	↑	0.0017	1.1196
USD / JPY	110.50	110.50	109.63	110.01	0.87	↓	-0.19	110.20
GBP / USD	1.2749	1.2788	1.2649	1.2692	0.0139	↓	-0.0028	1.2720
USD / CHF	0.9688	0.9693	0.9668	0.9680	0.0025	↓	-0.0010	0.9690
AUD / USD	0.7522	0.7540	0.7510	0.7535	0.0030	↑	0.0006	0.7529
USD / PHP	49.52	49.56	49.41	49.50	0.15	↑	0.02	49.48
PRECIOUS METALS / ENERGY								
GOLD	1266.66	1270.30	1263.56	1265.76	6.74	↓	-4.32	1270.08
SILVER	17.18	17.22	16.90	16.95	0.32	↓	-0.25	17.20
OIL	45.80	46.71	45.66	46.00	1.05	↑	0.17	45.83
WORLD INDICES								
DJIA	21,259.95	21,277.08	21,186.15	21,235.67	90.93	↓	-36.30	21,271.97
NASDAQ	6,153.55	6,183.81	6,110.67	6,175.46	73.14	↓	-32.46	6,207.92
S & P 500	2,425.88	2,430.38	2,419.97	2,429.39	10.41	↓	-2.38	2,431.77
FTSE	7,527.33	7,540.53	7,483.61	7,511.87	56.92	↓	-15.46	7,527.33
NIKKEI 225	19,920.77	19,949.07	19,837.64	19,908.58	111.43	↓	-104.68	20,013.26
HANGSENG	25,925.45	25,957.78	25,689.23	25,708.04	268.55	↓	-322.25	26,030.29
AORD	5,714.80	5,728.40	5,688.50	5,715.50	39.90	↑	70.00	5,645.50
PSEi	7,961.46	8,026.33	7,956.71	7,990.24	69.62	↑	31.61	7,958.63

PHYSICAL GOLD
P.M. Fixing Closing Prices (June 12, 2017)

Product Name	SELL/BUY (HKD/Bar)	SELL/BUY (USD/Bar)	SELL/BUY (RMB/Bar)
MIBD 99 / 5 Taels Gold	HKD 59800/60600	USD 7654/7757	RMB 50830/51510
MIBD 999.9 / 1 Kilo Gold	HKD 319252/330176	USD 41642/43066	RMB 277610/287110

WORLD INTEREST RATES

US	EUR	GBP	JPY	CHF	CAD	AUD	NZD
0.5 %	0.00 %	0.5 %	-0.1 %	- 0.75 %	0.5 %	1.5 %	2.25 %

Gold Weaker On More Profit Taking; Big U.S. Data Week Ahead

Gold prices ended a quieter U.S. day session slightly lower Monday.

A lack of new, bullish fundamental developments on the geopolitical front has somewhat limited buying interest in the safe-haven metal, and has allowed some profit taking from the shorter-term futures traders to set in.

Gold was last down $3.00 an ounce at $1,268.40. Silver was last down $0.283 at $16.94 an ounce.

Focus is on this week's FOMC meeting that begins on Tuesday morning and ends Wednesday afternoon with a statement.

The Federal Reserve is expected by many to slightly raise U.S. interest rates.

Traders and investors are also keen to see if the Fed acts to further reduce its big balance sheet of government securities.

The U.S. economic report pace also picks up speed significantly Tuesday and for the rest of the week.

The “outside markets” on Monday saw Nymex crude oil futures prices higher on some short covering.

The oil market bears still have the firm overall near-term technical advantage as prices are well below $50.00 a barrel.

Meantime, the U.S. dollar index was slightly weaker.

The greenback bears also hold the firm near-term technical advantage.

Technically, gold prices closed near mid-range today.

The gold bulls still have the overall near-term technical advantage.

However, they are fading and need to show some fresh power soon.

Prices are still in a four-week-old uptrend on the daily bar chart, but just barely.

Gold bulls' next upside near-term price breakout objective is to produce a close above solid technical resistance at $1,300.00.

Bears' next near-term downside price breakout objective is pushing prices below solid technical support at $1,240.00.

First resistance is seen at $1,275.00 and then at $1,280.00. First support is seen at today’s low of $1,265.60 and then at 1,260.00.

Silver prices closed nearer the session low today.

The silver market bulls have lost their overall near-term technical advantage amid the recent sell-off.

A four-week-old uptrend on the daily bar chart has been negated.

Silver bulls' next upside price breakout objective is closing prices above solid technical resistance at the June high of $17.745 an ounce.

The next downside price breakout objective for the bears is closing prices below solid support at the May low of $16.06.

First resistance is seen at $17.00 and then at today’s high of $17.215.

Next support is seen at today’s low of $16.89 and then at $16.75.

Stocks Close Mostly Lower But Off Worst Levels

After moving to the downside early in the session, stocks remained mostly negative throughout the trading day on Monday.

The tech-heavy Nasdaq underperformed its counterparts, pulling back further off the record closing high set last Thursday.

The Dow edged down 36.30 points or 0.2 percent to 21,235.67, the Nasdaq fell 32.45 points or 0.5 percent to 6,1765.46 and the S&P 500 dipped 2.38 points or 0.1 percent to 2,429.39.

The weakness on Wall Street was partly due to profit taking, with traders cashing in on some of the recent strength in the markets.

Technology stocks showed a substantial move to the downside, dragging the Nasdaq down further off its record highs.

Meanwhile, traders looked ahead to the Federal Reserve's monetary policy announcement scheduled to Wednesday.

While the Fed is widely expected to raise interest rates by a quarter point, traders will be paying close attention to the accompanying statement for clues about the outlook for rates.

Computer hardware stocks saw considerable weakness, extending the pullback seen last Friday.

Reflecting the weakness in the sector, the NYSE Arca Computer Hardware Index slumped by 1.1 percent.

Tobacco, internet and software stocks also saw considerable weakness, while significant strength was visible among trucking stocks.

In overseas trading, stock markets across the Asia-Pacific region moved mostly lower during trading on Monday.

Japan's Nikkei 225 Index fell by 0.5 percent, while Hong Kong's Hang Seng Index tumbled by 1.2 percent.

The major European markets also moved to the downside on the day.

While the U.K.'s FTSE 100 Index has edged down by 0.3 percent, the German DAX Index slumped by 1 percent and the French CAC 40 Index plunged by 1.1 percent.

In the bond market, treasuries moved modestly lower, extending the downward trend seen over the past few sessions.

As a result, the yield on the benchmark ten-year note, which moves opposite of its price, inched up by 1.4 basis points to 2.213 percent.

Crude Oil Finds Level Near $46

Crude oil futures remained steady Monday morning, trimming some of last weeks losses despite further signs of robust U.S. production.

Oil production from the biggest U.S. shale fields will rise by 127,000 barrels a day to 5.475 million barrels a day in July from June, according to a monthly report from the Energy Information Administration released Monday.

An industry report from Baker Hughes on Friday showed U.S. energy companies added oil rigs for a record 21st week in a row.

Surging U.S. production has offset production quotas from OPEC and Russia this year.

U.S. companies, meanwhile, told the EIA their Canada oilsands reserves dropped by a total of about 7.7 billion barrels amid a significant drop in prices last year.

July WTI oil gained 25 cents, or 0.6%, to settle at $46.08/bbl.

Bearish Sentiment Continues As Traders Await Start Of The FOMC Meeting

With the FOMC meeting scheduled to begin tomorrow, market participants have continued the bearish market sentiment so prevalent last week.

Since reaching a high just below $1300 on June 6th, gold prices have traded lower.

Gold prices have continued to decline for the last four consecutive trading days.

According to the CME’s FedWatch, there is an extremely high (mid 98.96%) probability that this

month's FOMC meeting will result in an interest rate hike.
In most likelihood, an interest rate hike has already been factored into the markets.

Although most analysts believe that current pricing has fully accounted for any interest rate hike, questions remain as to what the Fed will do with the 4 ½ trillion-dollar assets on their balance sheets.

While it is clear that the Fed plans to begin liquidation of many of these assets, the timing and quantity of asset sales are a huge unknown.

In an interview with MarketWatch, Brian Lundin, editor of Gold Newsletter, said he believes the Fed meeting will be positive for gold, regardless of what happens.

"If the Fed raises rates as expected, it will alleviate some short-selling pressure on the metal as traders exit those positions on the news," he said.

"And if for some reason the Fed decides not to raise, it would be a significant dovish signal that would send gold even higher."

Gold futures (August 2017 contract) are trading four dollars (-0.31%) lower at $1267.40 per ounce. Silver is trading under dramatic pressure, breaking below $17 per ounce today.

Currently, silver futures (July 2017 contract) is at $16.93 off almost 0$.29 on the day, a net loss of 1.64%.

Gold At $1,300 'Very Much' On The Table

Although gold prices have cooled off after hitting recent highs, trading flat on Fed week, some experts remain "modestly bullish" on the metal.

Speaking from the International Precious Metals Institute's annual conference, RBC's George Gero and Kitco's Peter Hug said $1,300 gold is plausible under the current economic and political environment.

"$1,300 gold is very much on the table, especially after options expiration later this month," Gero said.

However, Hug said he would expect a more gradual move higher for the yellow metal.

"I want to see a lot more technical momentum, you're going to see a staged rally not a shoot up in gold, depending on the news bites we get."

As for the Federal Open Market Committee meeting this week – during which markets are pricing in a 99.6% chance that the Fed will raise rates – Hug was skeptical on the central bank's expected move.

"It appears evident the Fed will go a quarter point this week but they have some reason maybe to be hesitant here," he said.

"There's now more questions in the market relative to U.S. economic growth moving forward, so I think the Fed may still go on Wednesday but I think they'll be cautious in their hawkish tone."

And despite the Fed tightening headwind for gold, sentiment remains positive, at least according to an informal survey Gero does with IPMI attendees every year – an annual tradition he started five years ago.

This year's results showed that over 20% of participants expect prices to move higher than $1,300 by year end, he said.

"Ten people expect $1,375-$1,400 by year end, while others said $1,405 and one was at $1,950," Gero said.

"The worriers are concerned with North Korea, Brazil, Venezuela, the Middle East and the political environment around the globe. They are worried about stocks as well," he added.

With regards to the other metals like silver and palladium, both Gero & Hug shared a bullish tone.

"I'm constructive silver but I think it needs gold to lead the way. We need a close constructively above $17.55 before we see the market trade in the $18s."

Attendees of the annual IPMI conference include refiners, producers, jewelers as well as representatives from the mining, banking, biomedical and automotive sectors, to name a few.

This year, the conference is being held in Orlando, Florida and has attracted over 500 delegates from over 20 countries.

The International Precious Metals Institute (IPMI) was founded in 1976 in an effort to collect, archive and share information regarding all aspects of precious metals.
With members from around the globe, the institute organizes events throughout the year to share information regarding the precious metals including gold, silver, platinum, palladium, rhodium, ruthenium, iridium and osmium.

Gold Is An Inflation Hedge, Not Geopolitical Risk Hedge

Forget the safe-haven demand says one analyst, gold remains an important inflation hedge.

According to BCA Research's Marko Papic, global geopolitical instability has reached near historic levels, but gold really needs to wait for inflation to pick up before it shines.

Despite significant rise in geopolitical risk, including ongoing turmoil in Washington D.C., gold has been unable to hold last week's gains as it rallied to a seven-month high.

August gold settled Monday's session at $1,268.90 an ounce, down 0.19% on the day.

Speaking on the sidelines of the International Economic Forum of the Americas in Montreal Monday, the senior vice president of Geopolitical Strategy at the research firm said that in a low or deflationary environment, it makes more sense to invest in other traditional safe-have assets like U.S. bonds or the Japanese yen rather than gold.

"Our research showed that in a deflationary environment, gold is not a very good hedge against geopolitical risks," Papic.

However, he added that while gold is not expected to catch a strong safe-haven bid in the near-term, the fact that the global economy is entering a new inflationary environment bodes well for the yellow metal.

"Gold is more of an inflationary hedge.

The world needs to see more inflation for gold to do well and we are slowly heading in that direction," he said.

"Long-term, we see more tailwinds for gold."

Papic noted that some investors are betting on gold as the ultimate safe haven to preserve wealth during another major global financial-market meltdown that would result in major U.S. dollar debasement.

But, he added that this scenario is so extreme that gold wouldn't hold up.

"It is unlikely we are going to see the U.S. dollar lose its reserve currency status in the world.

For that to happen, you would need to see a complete paradigm shift and collapse.

If that happened, you wouldn't want to be in gold, you would want to be in guns."

Papic's comments came after his presentation on the rise of global geopolitical risks during the Montreal conference.

He explained that there is growing multi-polarity in the world as the U.S. loses and reduces its influence on the global stage, which is creating major instability.

He noted that we are seeing the highest number of conflicts than in any other time in recent history.

While a lot of attention is focused on the Middle East, he said that BCA sees the biggest threat in the next 10 to 20 years will be in East Asia.

"The risk of a conflict with China is growing," he said.

"We worry that East Asia will be the next major powder keg."

Papic also expects that the U.S. dollar to strengthen in the near-term as President Donald Trump pushes stimulus policies and deregulation through Congress.

However, the long-term will be U.S. dollar negative as the nation's deficit grows from the new stimulus spending.

"An increase in the deficit will be inflationary and good for gold."

GLOBAL ECONOMIC CALENDAR

GMT	COUNTRY	INDICATOR	VOL.	FCAST	PREV
12:30	US	PPI (MoM) (May)	!	0.0%	0.5%
12:30	US	PPI ex Food & Energy (MoM) (May)	!	0.2%	0.4%
12:30	US	PPI ex Food & Energy (YoY) (May)	!	2.0%	1.9%
12:30	US	PPI (YoY) (May)	!	2.4%	2.5%
12:55	US	Redbook Index (MoM) (Jun 9)	!		0.7%
12:55	US	Redbook Index (YoY) (Jun 9)	!		2.5%

! Low Volatility Expected **!! Moderate Volatility Expected** **!!! High Volatility Expected**

TECHNICALS

	R3	R2	R1	PIVOT	S1	S2	S3
GOLD	1276.26	1273.28	1269.52	1266.54	1262.78	1259.80	1256.04
SILVER	17.47	17.34	17.15	17.02	16.83	16.70	16.51
EURO	1.1278	1.1259	1.1236	1.1217	1.1194	1.1175	1.1152
YEN	111.33	110.92	110.46	110.05	109.59	109.18	108.72
GBP	1.2909	1.2849	1.2770	1.2710	1.2631	1.2571	1.2492
CHF	0.9718	0.9705	0.9693	0.9680	0.9668	0.9655	0.9643
AUD	0.7577	0.7558	0.7547	0.7528	0.7517	0.7498	0.7487