



	OPEN	HIGH	LOW	CLOSE	HIGH-LOW CHANGE	CLOSING CHANGE	PREVIOUS CLOSE
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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 13, 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 0.5 %	EUR 0.00 %	GBP 0.5 %	JPY -0.1 %	CHF -0.75 %	CAD 0.5 %	AUD 1.5 %	NZD 2.25 %
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## Gold Down On More Profit Taking; Silver In Serious Slump



Gold prices were ending the U.S. day session modestly lower Tuesday.

There have been no major, fresh developments recently to give the safe-haven metal additional support.

This has allowed the shorter-term futures traders to put downside pressure on the market via profit taking and the liquidation of weak long positions.

The silver market hit a three-week low today and is in the midst of a steep price downdraft.

Gold was last down \$3.30 an ounce at \$1,265.60. Silver was last down \$0.154 at \$16.79 an ounce.

Focus is on this week's FOMC meeting that began 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.

Trading in markets could be volatile following the 2:00 p.m. Eastern time FOMC statement Wednesday.

The Bank of Japan and the Bank of England also hold monetary policy meetings this week.

The "outside markets" on Tuesday saw Nymex crude oil futures prices slightly higher on short covering after recent losses.

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, August gold futures prices closed near mid-range again today.

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

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

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 this week's high of \$1,272.40 and then at \$1,280.00.

First support is seen at today's low of \$1,260.50 and then at 1,250.00.

Silver prices closed nearer the session low and hit a three-week low today.

The silver market bears have gained the overall near-term technical advantage amid the recent steep sell-off.

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 this week's high of \$17.215.

Next support is seen at today's low of \$16.705 and then at \$16.50.

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## **Dow And S&P 500 Climb To New Record Closing Highs**

Stocks moved to the upside early in the session and remained firmly positive throughout the trading day on Tuesday.

With the upward move, the Dow and the S&P 500 both climbed to new record closing highs.

The Dow climbed 92.80 points or 0.4 percent to 21,328.47, the Nasdaq advanced 44.90 points or 0.7 percent to 6,220.37 and the S&P 500 rose 10.96 points or 0.5 percent to 2,440.35.

The strength on Wall Street was partly due to bargain hunting, with traders picking up stocks at relatively reduced levels.

Nonetheless, trading activity was subdued ahead of tomorrow's Federal Reserve announcement on monetary policy.

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.

On the U.S. economic front, the Labor Department released a report showing that producer prices were flat in the month of May.

The Labor Department said its producer price index for final demand was unchanged in May after climbing by 0.5 percent in April.

Economists had expected the index to inch up by 0.1 percent.

Excluding food and energy prices, core producer prices rose by 0.3 percent in May following a 0.4 percent increase in April.

Core prices were expected to rise by 0.2 percent.

Computer hardware stocks showed a strong move to the upside, driving the NYSE Arca Computer Hardware Index up by 1.8 percent.

Notable strength is also visible among energy and housing stocks, while most of the other major sectors showed more modest moves.

In overseas trading, stock markets across the Asia-Pacific region turned in a mixed performance during trading on Tuesday.

Japan's Nikkei 225 Index edged down by 0.1 percent, while Hong Kong's Hang Seng Index rose by 0.6 percent.

The major European markets also ended the day mixed.

While the U.K.'s FTSE 100 Index edged down by 0.2 percent, the French CAC 40 Index rose by 0.4 percent and the German DAX Index climbed by 0.6 percent.

In the bond market, treasuries showed a lack of direction as traders look ahead to the Fed announcement.

Subsequently, the yield on the benchmark ten-year note, which moves opposite of its price, edged down by less than a basis point to 2.207 percent.

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## **Crude Oil Finds Footing Above \$46**

Crude oil futures edged higher for a second day Tuesday, amid signs that Saudi Arabia will further cut production in order to preserve OPEC's supply quota deal with Russia.

Saudi officials are prepared to offset rising production from Iraq, Nigeria and Libya.

OPEC's output rose 1% to over 32.14 million barrels in May. Libya and Nigeria are exempt from the supply quota plan, but Iraq's defiance of the deal came as a surprise to the energy sector.

July WTI oil climbs 38 cents, or 0.8%, to settle at \$46.46/bbl.

Prices touched a yearly low last week, as the Energy Information Administration said U.S. production will continue to rise.

U.S. inventories data is out over the next few days. Analysts expect a drawdown following last week's surprise build in stockpiles.

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## **Dollar Little Changed Ahead Of Fed Announcement**

The dollar is turning in a mixed performance against its major rivals Tuesday afternoon, but is little changed overall.

Investors are in a cautious mood ahead of tomorrow's policy decision from the Federal Reserve.

The Fed began its 2-day policy meeting this morning and is widely expected to hike interest rates by a quarter point when it concludes Wednesday afternoon.

Traders will be paying particular attention to the accompanying statement, looking for clues to the central bank's outlook on future rate increases.

With an increase in prices for services offsetting a drop in fuel prices, the Labor Department released a report on Tuesday showing that U.S. producer prices were flat in the month of May.

The Labor Department said its producer price index for final demand was unchanged in May after climbing by 0.5 percent in April.

Economists had expected the index to inch up by 0.1 percent.

The dollar slipped to an early low of \$1.1224 against the Euro Tuesday, but has since rebounded to around \$1.12.

German economic confidence weakened unexpectedly to a 3-month low in June, but financial market experts' assessment about the current situation improved notably, a closely watched survey showed Tuesday.

The buck has dropped to around \$1.2750 against the pound sterling Tuesday afternoon, from an early high of \$1.2641.

UK inflation accelerated unexpectedly to the highest level in four years as the weakness in the sterling since the 'Brexit' vote made imports expensive.

Inflation rose to 2.9 percent in May from 2.7 percent in April, data from

the Office for National Statistics showed Tuesday.

This was the highest since June 2013 and notably above the central bank's target of 2 percent.

Economists had forecast the annual rate to remain unchanged at 2.7 percent.

The greenback rose to an early high of Y110.271 against the Japanese Yen Tuesday, but has since eased back to around Y109.950.

Japanese large industries' business sentiment deteriorated in the second quarter, the quarterly survey by the Ministry of Finance and the Cabinet Office showed Tuesday.

The Business Survey Index, or BSI, fell to -2 in the second quarter from 1.3 in the previous period.

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## **Producer Price Inflation Pauses in May**

Matching expectations and coming off a sizeable, broad based gain in April, the PPI for final demand was unchanged in May.

Core PPI was soft on the month as well, but the trend over the past year has been up.

Goods prices fully retraced April's gain, dropping 0.5 percent on the month as energy prices fell 3.0 percent and wholesale food prices declined 0.2 percent.

Accounting for about two-thirds of the overall index, services prices rose 0.3 percent on the month and 2.1 percent over the past year—the fastest annual gain since December 2014.

Core Wholesale Inflation Remains Gradual

The preferred measure of core PPI (excluding energy, food and trade services) dipped 0.1 percent on the month, but remains at its fastest annual pace on record.

Pipeline price pressures also showed some signs of moderation last month as processed goods edged up just 0.1 percent and unprocessed goods fell 3.0 percent.

The PPI for personal consumption remained flat, supporting expectations for a modest May consumer inflation performance.

## **Gold Prices Hold Steady, Waiting On The Fed**

With great anticipation, traders and investors await the conclusion of tomorrow's FOMC meeting.

It is anticipated that the Fed will announce an interest rate hike at this time.

Immediately following the conclusion of tomorrow's meeting, Janet Yellen will hold a news conference.

It is at this press conference that Chairwoman Yellen could shed some light into the current disposition of the Fed in regards to asset liquidation and the pace in which future hikes will occur.

It is this information about the Fed's timetable for asset liquidation, as well as the future pace of rate hikes, which is of most interest to traders and investors.

As such, we could see the greatest market gyrations during her news conference.

As of 4 o'clock Eastern Standard Time, gold futures (August 2017 contract) are trading virtually unchanged at \$1268.70, which is a drawdown of \$0.20 on the day.

Physical or spot gold is currently trading at \$1266.70, up approximately one dollar on the day.

In most likelihood, gold prices will remain flat up until tomorrow's conclusion of the month's FOMC meeting.

Market participants have witnessed gold prices in a steady decline after failing to take out \$1300 per ounce last week.

In an interview with MarketWatch, Mark O'Byrne, the research director at GoldCore Dublin said "The metal is "vulnerable in the short term after failing to break the \$1,300 level, and a retest of \$1,220 low seen on May 10th is quite possible."

Fed and other central bank jaw boning and hawkish sounds frequently lead to gold weakness.

There is a risk of gold weakening with the Fed, Bank of Japan and Bank of England policy meetings this week, he said.

"However, this is a short-term risk and we believe that once this week

is over, gold should begin to move higher again.”

However, there are significant signs that gold prices could, in fact, find price support in this area.

The first factor to look at is the Fibonacci retracement of this most recent rally, as gold traded from \$1213 per ounce up to \$1298.

The 38% retracement of that rally falls at 1266, which is below current pricing.

The second factor to look at on a technical basis is the fact that gold prices are well above their 50 and 200-day moving average.

Currently, the 50-day moving average is at \$1261.20 which corresponds to today’s intraday low of \$1260.50.

is based on expectations that U.S. real rates will surprise to the downside, U.S. dollar strength will wane, a dovish central-bank approach to future monetary policy, continued robust Chinese investment demand, and an elevated probability of a disruptive geopolitical event.

They also cite current positioning in gold, commenting that this is 6% below the 2016 peak for exchange-traded funds and 38% below on Comex.

### Further U.S. Dollar Anticipates Depreciation Likely

CIBC Capital Markets sees more weakness in the U.S. dollar in the months ahead.

“With the U.S. dollar index back to the levels that prevailed prior to the U.S. election, it seems like its best days might be behind it,” analysts say.

“The ongoing realization that any fiscal stimulus will be of modest proportions, that inflation remains sluggish and that the country’s trade position has deteriorated mean that there’s likely more depreciation in store in upcoming quarters.”

Analysts say a U.S. Federal Open Market Committee rate hike on Wednesday is a “given,” with markets focused on any commentary that offers clues on the future pace of tightening and changes to the FOMC’s economic projections.

“U.S. monetary tightening no longer stands in stark contrast to stimulus in other economies,” CIBC says.

“The views of central banks in the euro zone, Canada and Japan have all evolved, with a future reduction in stimulus now looking more likely than additional easing.

Furthermore, recent trends in capital flows are providing an additional headwind for dollar bulls.

While already large, the U.S. trade deficit with the rest of the world has only widened over the past few months.”

### Dovish Fed Would Mean ‘Renewed Push Toward \$1,300’ Gold

A dovishly construed outcome of a Federal Open Market Committee meeting Wednesday could mean a renewed push for \$1,300-an-ounce gold, says MKS (Switzerland) S.A. Sam Laughlin, senior precious-metals trader, says initial support comes in around the 50-day moving average near \$1,260 an ounce for spot metal.

“Looking ahead to the FOMC on Wednesday the key support for the metal will be \$1,250, while should the statement and proceeding press conference take on a dovish skew, we will look for a break above \$1,275 for a renewed push toward \$1,300.”

Markets anticipate another 25-basis-point rate hike but will be watching to see if there are any signs of the Fed letting up on the throttle for monetary tightening.

Spot gold was \$2.05 lower to \$1,263.60 an ounce.

### Credit Suisse Sees \$1,400 Gold In Fourth Quarter

Credit Suisse still looks for \$1,400-an-ounce gold by the fourth quarter.

For now, markets will be watching for the outcome of a two-day meeting of the U.S. Federal Open Market Committee that ends Wednesday, with the consensus view that policymakers will up the Federal funds rate to 1%-1.25%.

“However, recent U.S. economic data has been weaker than expectations and the [Fed’s] ‘dot plot’ could show a dovish move,” Credit Suisse says.

Analysts say their bullish gold view for \$1,400 gold by the fourth quarter

## GLOBAL ECONOMIC CALENDAR

GMT	COUNTRY	INDICATOR	VOL.	FCAST	PREV
11:00	US	MBA Mortgage Applications (Jun 9)	!		7.1%
12:30	US	Retail Sales ex Autos (MoM) (May)	!!	0.2%	0.3%
12:30	US	Retail Sales control group (May)	!!	0.3%	0.2%
12:30	US	Retail Sales (MoM) (May)	!!!	0.1%	0.4%
12:30	US	CPI Ex Food & Energy (MoM) (May)	!!	0.2%	0.1%
12:30	US	CPI (YoY) (May)	!!!	2.0%	2.2%
12:30	US	CPI Ex Food & Energy (YoY) (May)	!!!	1.9%	1.9%

12:30	US	CPI Core s.a (May)	!		251.17
12:30	US	CPI n.s.a (MoM) (May)	!	244.91	244.52
12:30	US	CPI (MoM) (May)	!!	0.0%	0.2%
14:00	US	Business Inventories (Apr)	!	-0.2%	0.2%
18:00	US	Fed's Monetary Policy Statement REPORT	!!!		
18:00	US	Fed Interest Rate Decision	!!!	1.25%	1.00%
18:30	US	FOMC Press conference SPEECH	!!!		

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

## TECHNICALS

### GOLD

R3	R2	R1	PIVOT	S1	S2	S3
1279.92	1274.39	1270.35	1264.82	1260.78	1255.25	1251.21

### SILVER

R3	R2	R1	PIVOT	S1	S2	S3
17.19	17.07	16.95	16.83	16.71	16.60	16.47

### EURO

R3	R2	R1	PIVOT	S1	S2	S3
1.1268	1.1246	1.1228	1.1207	1.1189	1.1167	1.1149

### YEN

R3	R2	R1	PIVOT	S1	S2	S3
110.72	110.50	110.29	110.06	109.85	109.63	109.42

### GBP

R3	R2	R1	PIVOT	S1	S2	S3
1.2906	1.2832	1.2792	1.2717	1.2677	1.2603	1.2563

### CHF

R3	R2	R1	PIVOT	S1	S2	S3
0.9743	0.9722	0.9704	0.9683	0.9666	0.9645	0.9628

### AUD

R3	R2	R1	PIVOT	S1	S2	S3
0.7601	0.7583	0.7560	0.7542	0.7520	0.7502	0.7479

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