MGMC 萬兆豐

PROFESSIONAL DILIGENCE INC.

NEWSLETTER

15062017
June 15, 2017

	OPEN	HIGH	LOW	CLOSE	HIGH-LOW CHANGE		CLOSING CHANGE	PREVIOUS CLOSE
MAJOR CURRENCIES								
EUR / USD	1.1208	1.1296	1.1193	1.1221	0.0103	↑	0.0011	1.1210
USD / JPY	110.07	110.34	108.83	109.54	1.52	↓	0.53	110.08
GBP / USD	1.2749	1.2818	1.2724	1.2758	0.0094	↑	0.0007	1.2752
USD / CHF	0.9689	0.9736	0.9641	0.9709	0.0095	↑	0.0022	0.9687
AUD / USD	0.7536	0.7636	0.7533	0.7592	0.0103	↑	0.0054	0.7538
USD / PHP	49.53	49.53	49.40	49.40	0.13	↓	0.13	49.53
PRECIOUS METALS / ENERGY								
GOLD	1266.37	1280.58	1257.19	1261.86	23.39	↓	4.45	1266.31
SILVER	16.83	17.37	16.81	16.90	0.57	↑	0.08	16.82
OIL	45.94	46.49	44.54	44.70	1.95	↓	1.76	46.46
WORLD INDICES								
DJIA	21,342.71	21,391.97	21,294.09	21,374.56	97.88	↑	46.09	21,328.47
NASDAQ	6,237.46	6,237.53	6,153.55	6,194.89	83.98	↓	25.48	6,220.37
S & P 500	2,443.75	2,443.75	2,428.34	2,437.92	15.41	↓	2.43	2,440.35
FTSE	7,500.44	7,545.07	7,474.40	7,474.40	70.67	↓	26.04	7,500.44
NIKKEI 225	19,974.56	20,009.93	19,879.60	19,883.52	130.33	↓	15.23	19,898.75
HANGSENG	25,915.46	25,915.46	25,713.02	25,875.90	202.44	↑	23.80	25,852.10
AORD	5,801.80	5,863.80	5,801.80	5,862.20	62.00	↑	60.40	5,801.80
PSEi	7,933.75	7,966.01	7,901.84	7,966.01	64.17	↑	48.12	7,917.89

PHYSICAL GOLD
P.M. Fixing Closing Prices (June 14, 2017)

Product Name	SELL/BUY (HKD/Bar)	SELL/BUY (USD/Bar)	SELL/BUY (RMB/Bar)
MIBD 99 / 5 Taels Gold	HKD 59810/60610	USD 7656/7758	RMB 50838/51518
MIBD 999.9 / 1 Kilo Gold	HKD 318711/329636	USD 41571/42996	RMB 277140/286640

WORLD INTEREST RATES

US	EUR	GBP	JPY	CHF	CAD	AUD	NZD
1.25 %	0.00 %	0.25 %	-0.1 %	- 0.75 %	0.5 %	1.5 %	1.75 %

Gold Prices See Little Reaction As Fed Raises Rates and Sees Moderate Growth

Gold prices are holding earlier gains, after the Federal Reserve raised interest rates, as expected, by 25 basis points but strikes a less dovish tone as it remains optimistic that inflation and economic growth would continue to pick up.

In its statement, the U.S. central bank said that the nation's economic activity has been "rising moderately so far this year."

Ahead of the report, gold prices were trading in positive territory and are relatively unchanged. It last traded at $1.278 an ounce, up 0.73% on the day.

In its much-anticipated statement, the Fed said that it is raising interest rates within a new range between 1.00% and 1.25%, up from the previous range between 0.75% and 1.00%.

However, analysts have noted that markets are looking past this meeting, focusing on the trajectory for the rest of the year.

In the latest interest rate projections, also known as the dot plots, the central bank's median forecast is for interest rates to end the year around 1.4%, unchanged from March's forecast.

The Fed sees interest rates around 2.1% in 2018, also unchanged.

In the long-term, the central bank sees interest rates at 3.00%.

The Fed not only reaffirmed its commitment to continue to raise interest rates this year but also said that they want to start to normalize its balance sheet.

"The Committee expects that economic conditions will evolve in a manner that will warrant gradual increases in the federal funds rate," the statement said.

"The Committee currently expects to begin implementing a balance sheet normalization program this year, provided that the economy evolves broadly as anticipated"

The yellow metal saw a strong move early Wednesday morning following weaker-than-expected retail sales numbers and consumer inflation data. In particular, the drop in core Consumer Price Index was troubling for economists as it showed inflation at its lowest point since May 2015.

The data raised expectations that the U.S. central bank would strike a dovish tone but that hasn't completely panned out.

The latest Federal Reserve projections were relatively unchanged from the March forecasts.

Looking at growth, the Federal Reserve expects U.S. gross domestic product to grow by 2.2% in 2017, up from March forecasts of 2.1%; economic activity is expected to hit 2.1% in 2018, unchanged from the previous forecast; the U.S. economy is expected to grow 1.9% in 2019, also unchanged from the March projections.

The committee sees a relatively stable labor market for the next few years, expecting the unemployment rate to be 4.3% this year, down from 4.5% from March’s forecast.

Next year and in 2019, the employment rate is expected to be 4.2% down from 4.5% previously forecasted.

The Federal Reserve has lowered its inflation expectations for this year, seeing inflation rising 1.6% this year, down from the previous forecast of 1.9%. Inflation growth for 2018 and 2019 remained unchanged at 2.0%.

The central bank also tweaked its core inflation expectations, which strip out volatile food and energy prices.

The 2017 estimate was 1.7%, down from the previous forecast of 1.9% unchanged from the previous forecast.

Inflation is expected to remain stable at 2.0% in 2019 and 2019.

Major Averages Close Mixed After Fed Hikes Rates

Stocks showed a lack of direction throughout much of the trading session on Wednesday before ending the session mixed.

The narrow Dow climbed to a new record closing high.

The Dow rose 46.09 points or 0.2 percent to 21,374.56, while the Nasdaq fell 25.48 points or 0.4 percent to 6,194.89 and the S&P 500 edged down 2.43 points or 0.1 percent to 2,437.92.

The mixed closed on Wall Street came after the Federal Reserve raised its benchmark interest rate for the third time in three months despite signs the U.S. economy has cooled off in 2017.

The Federal Open Market Committee voted to raise fed funds to between 1% and 1.25% and will start "gradual" shrinking of its $4.5 trillion balance sheet "this year."

The Fed, tasked with promoting full employment and healthy inflation, was forced to deal with an unusual dilemma -- the unemployment rate has dropped to its lowest in 16 years, but inflation has weakened below the Fed's 2 percent target rate.

Their so-called 'dot plot' shows one more rate hike in 2017 and three more in 2018, but the Fed's accompanying statement offered little indication they plan to raise interest rates again this summer.

Policy makers say they are "monitoring developments closely," meaning they are likely wait for confirmation that recent economic weakness is "transitory."

"Information received since the Federal Open Market Committee met in May indicates that the labor market has continued to strengthen and that economic activity has been rising moderately so far this year," the Fed said.

However, in a nod to May's lackluster jobs report, the statement noted "Job gains have moderated but have been solid, on average, since the beginning of the year."

In her accompanying press conference, Fed Chair Janet Yellen offered some explanation for the tame inflation, noting declines in a few areas, such as cell phone service and prescription drugs.

Yellen said the Fed still expects inflation to reach the 2% target next year, and the economy is expected to grow at the same pace of around 2% for the next three years.

As such, the Fed expects to begin implementing a balance sheet normalization program this year, provided that the economy evolves broadly as anticipated.

Energy stocks moved sharply lower amid a drop by the price of crude oil, while strength was visible among tobacco and biotechnology stocks.

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

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

The major European markets also ended the day mixed.

While the German DAX Index rose by 0.3 percent, the U.K.'s FTSE 100 Index and the French CAC 40 Index are both fell by 0.4 percent.

In the bond market, treasuries showed a substantial move to the upside.

As a result, the yield on the benchmark ten-year note, which moves opposite of its price, tumbled by 6.9 basis points to 2.138 percent.

Oil Plunges To 7-Month Low On Robust U.S. Supplies

Crude oil futures plunged Wednesday amid a prolonged global supply glut that may worsen despite OPEC's production limits.

"Oil has been weighed down by the market's impatience with the generally slow pace of the global inventory drawdown amid a significant recovery in global oil supplies, particularly from the US," OPEC said in its June report today.

Right on cue, U.S. crude oil inventories fell last week, but the decline was less than expected, according to the weekly inventories report from the Energy Information Administration.

U.S. stockpiles have dwindled 9 in 10 weeks, failing to support oil futures because of the slow pace of declines.

At the same time, there has been an unexpected build in gasoline stocks.

"There was also a sign of slowing energy demand in China, the world's second largest oil consumer, with a recent survey showing April growth in the country's services sector at its slowest in almost a year," OPEC added.

July WTI oil dropped $1.73, or 3.7%, to settle at $44.73/bbl, the lowest since November.

The Federal Reserve on Wednesday raised its benchmark interest rate for the third time in three months despite signs the U.S. economy has cooled off in 2017.

The Federal Open Market Committee voted to raise fed funds to between 1% and 1.25% and will start "gradual" shrinking of its $4.5 trillion balance sheet "this year."

Buy The Rumor, Sell The Hawk

As anticipated, at the conclusion of Wednesday's FOMC policy meeting, the Federal Reserve announced that they would raise interest rates by 25 basis points (¼%) to take the Fed funds rate effectively between 1 and 1¼%.

As written in the Federal Reserve press release, "Effective June 15, 2017, the Federal Open Market Committee directs the Desk to undertake open market operations as necessary to maintain the Federal fund's rate in a target range of 1 to 1-1/4 percent, including overnight reverse repurchase operations."

Another outcome of Wednesday's FOMC meeting was the announcement that the Federal Reserve anticipates one more rate hike this year, resulting in a total of three rate hikes in 2017.

This number meets expectations the Fed has previously set.

Chairwoman Yellen stated, "Our decision to make another gradual reduction in the amount of policy accommodation reflects the progress the economy has made and is expected to make toward maximum employment and price stability assigned to us by law."

However, it was the information revealed in regards to the Fed's plan to liquidate its assets sheet of $4.5 trillion that was the most revealing component of today's announcement.

According to the Federal Reserve's press release, "The Committee currently expects to begin implementing a balance sheet normalization program this year, provided that the economy evolves broadly as anticipated.

This program, which would gradually reduce the Federal Reserve's securities holdings by decreasing reinvestment of principal payments from those securities, is described in the accompanying addendum to the Committee's Policy Normalization Principles and Plans."

In a news conference held immediately following the conclusion of today's meeting, Chairwoman Janet Yellen referred to their plan to liquidate assets as being calm and orderly when she said the asset repurchase policy "will be like watching paint dry."

The biggest surprise was the Fed's timeline to begin implementing asset liquidation.

To that end, Yellen commented that the "Balance sheet reduction could begin this year, and take a few years to complete."

Market participants reacted as they bought the rumor and sold the hawk.

This action can be seen in net pricing changes of gold and the U.S. dollar.

Gold had been trading dramatically higher prior to the conclusion of today's meeting.

This is likely a response to a tragic and violent incident in which a congressman was shot this morning.

However, as of 415 Eastern Standard Time, gold futures are currently trading at $1261.20, down $7.40 on the day.

The U.S. dollar, which had traded under dramatic pressure with the intraday low at 96.20, quickly recovered and after trading to 97.10 eventually settled at 96.90.

While Wednesdy's FOMC meeting concluded with policy implementation that was highly factored into the market, it was the new information that had the greatest influence on the financial markets.

The pace and policies laid out by the Federal Reserve in regards to their asset liquidation program were much more aggressive than initially believed.

Also, the fact that the Fed went on record stating that they had planned one more rate hike this year added to the hawkish tone.

As such, expect market participants to digest this morning's information over the next few days.

Based upon the Federal Reserve's timeline to liquidate a portion of its $4.5 trillion balance sheet, the last thing it will be like is watching paint dry.

Gold Can't Withstand Yellen's Inflation Comments, Gives Up Daily Gains

The gold market was able to resist a fairly optimistic Federal monetary policy statement, but was unable to hold its daily gains after what appeared to be hawkish comments from the Fed Chair Janet Yellen.

While gold had been steadily giving up its early morning gains as the market digested the latest Federal Reserve statement and economic projections, the yellow metal attracted renewed selling pressure as Yellen shrugged off weak inflation concerns.

Gold prices fell to session lows following Yellen’s hawkish inflation comments.

August gold futures last traded at $1,260 an ounce, down 0.68% on the day.

While acknowledging that prices pressures are currently weaker than expected, Yellen said that conditions are in place for inflation to eventually pick up.

Her comments come as the Consumer Price Index showed annualized inflation rising 1.7%, its lowest increase since May 2015.

“It’s important to not overreact to a few readings,” she said.

Yellen said that because of current economic conditions, the committee anticipates further interest rate increases this year and next.

“I think it is prudent to move in a gradual way to remove accommodation,” she said. “We want to keep the expansion on a stable path.”

Yellen added that the risk is if they leave rates too low for too long, it could overheat the U.S. economy and the Federal Reserve would have to act aggressively, raising the risk of pushing the nation into a recession.

Along with a continued rise in interest rates, Yellen said that the central bank has prepared a plan to shrink its balance sheet, removing further accommodation in monetary policy.

“If the economy evolves as we expect, we could implement the plan really soon,” she said.

U.S. Consumer Prices Edge Down 0.1% In May Amid Drop In Energy Prices

Reflecting a steep drop in energy prices, the Labor Department released a report on Wednesday showing a modest decrease in U.S. consumer prices in the month of May.

The report said the consumer price index edged down by 0.1 percent in May after rising by 0.2 percent in April.

Economists had expected prices to come in unchanged.

The drop in consumer prices was primarily due to a sharp decline in energy prices, which plunged by 2.7 percent in May after jumping by 1.1 percent in April.

On the other hand, food prices rose by rose 0.2 percent, reflecting increases in four of the six major grocery store food group indexes.

Excluding food and energy prices, core consumer prices inched up by 0.1 percent in May, matching the uptick seen in the previous month.

Core prices had been expected to rise by 0.2 percent.

The shelter index increased 0.2 percent, offsetting decreases in prices for apparel, airline fares, communication, and medical care services.

The report said consumer prices in May were up by 1.9 percent compared to the same month a year ago, a deceleration from the 2.2 percent year-over-year increase seen in April.

The annual rate of growth in core consumer prices also slowed to 1.7 percent in May from 1.9 percent in the previous month.

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

The 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.

U.S. Retail Sales Show Unexpected Decrease In May

Retail sales in the U.S. unexpectedly decreased in the month of May, according to a report released by the Commerce Department on Wednesday.

The Commerce Department said retail sales fell by 0.3 percent in May after climbing by an upwardly revised 0.4 percent in April.

The drop in sales surprised economists, who had expected sales to inch up by 0.1 percent compared to the 0.3 percent increase originally reported for the previous month.

Excluding auto sales, retail sales still fell by 0.3 percent in May following the 0.4 percent growth seen in April.

Ex-auto sales were expected to rise by 0.2 percent.

The unexpected drop in retail sales was partly due to steep declines sales by gas stations and electronic and appliances stores, which plunged by 2.4 percent and 2.8 percent, respectively.

Sales by miscellaneous store retailers and department stores also saw significant declines, while sales by non-store retailers saw notable growth.

Closely watched core retail sales, which exclude automobiles, gasoline, building materials and food services, were unchanged in May after climbing by 0.6 percent in April.

Despite the monthly decrease, the Commerce Department said retail sales in May were up by 3.8 percent compared to the same month a year ago.

GLOBAL ECONOMIC CALENDAR

GMT	COUNTRY	INDICATOR	VOL.	FCAST	PREV
12:30	US	NY Empire State Manufacturing Index (Jun)	!	4	-1
12:30	US	Continuing Jobless Claims (Jun 2)	!	1.923M	1.917M
12:30	US	Initial Jobless Claims (Jun 9)	!!	242K	245K
12:30	US	Import Price Index (MoM) (May)	!	-0.1%	0.5%
12:30	US	Export Price Index (MoM) (May)	!	0.1%	0.2%
12:30	US	Import Price Index (YoY) (May)	!		4.1%
12:30	US	Export Price Index (YoY) (May)	!		3%
12:30	US	Philadelphia Fed Manufacturing Survey (Jun)	!!	24.0	38.8
13:15	US	Industrial Production (MoM) (May)	!!	0.2%	1.0%
13:15	US	Capacity Utilization (May)	!!	76.7%	76.7%
14:00	US	NAHB Housing Market Index (Jun)	!!	70	70

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

TECHNICALS

GOLD

R3	R2	R1	PIVOT	S1	S2	S3
1299.29	1289.93	1275.90	1266.54	1252.51	1243.15	1229.12

SILVER

R3	R2	R1	PIVOT	S1	S2	S3
17.82	17.59	17.25	17.03	16.68	16.46	16.11

EURO

R3	R2	R1	PIVOT	S1	S2	S3
1.1383	1.1339	1.1280	1.1237	1.1178	1.1134	1.1075

YEN

R3	R2	R1	PIVOT	S1	S2	S3
111.83	111.09	110.32	109.57	108.80	108.06	107.28

GBP

R3	R2	R1	PIVOT	S1	S2	S3
1.2903	1.2860	1.2809	1.2767	1.2716	1.2673	1.2622

CHF

R3	R2	R1	PIVOT	S1	S2	S3
0.9845	0.9790	0.9750	0.9695	0.9655	0.9600	0.9560

AUD

R3	R2	R1	PIVOT	S1	S2	S3
0.7744	0.7690	0.7641	0.7587	0.7538	0.7483	0.7434