MGMC 萬兆豐

NEWSLETTER

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June 19, 2017

PROFESSIONAL DILIGENCE INC.

	OPEN	HIGH	LOW	CLOSE	HIGH-LOW CHANGE	CLOSING CHANGE	PREVIOUS CLOSE
MAJOR CURRENCIES							
EUR / USD	1.1146	1.1200	1.1138	1.1195	0.0061	↑ 0.0048	1.1147
USD / JPY	110.86	111.42	110.65	110.84	0.77	↓ -0.09	110.93
GBP / USD	1.2753	1.2805	1.2753	1.2782	0.0052	↑ 0.0026	1.2756
USD / CHF	0.9752	0.9757	0.9727	0.9737	0.0030	↓ -0.0016	0.9753
AUD / USD	0.7586	0.7630	0.7576	0.7628	0.0054	↑ 0.0047	0.7581
USD / PHP	49.83	50.07	49.62	49.80	0.45	↓ -0.03	49.83
PRECIOUS METALS / ENERGY							
GOLD	1254.45	1257.03	1251.83	1254.38	5.20	↑ 0.38	1254.00
SILVER	16.75	16.83	16.65	16.71	0.18	↓ -0.04	16.74
OIL	44.25	44.94	44.24	44.68	0.70	↑ 0.22	44.46
WORLD INDICES							
DJIA	21,363.00	21,414.00	21,341.00	21,362.00	73.00	↓ -1.00	21,363.00
NASDAQ	6,154.28	6,161.56	6,125.50	6,151.76	36.06	↓ -13.74	6,165.50
S & P 500	2,431.24	2,433.15	2,422.88	2,433.15	10.27	↑ 0.69	2,432.46
FTSE	7,419.36	7,478.99	7,419.36	7,463.54	59.63	↑ 44.18	7,419.36
NIKKEI 225	19,931.15	20,015.16	19,884.80	19,943.26	130.36	↑ 111.44	19,831.82
HANGSENG	25,601.81	25,719.97	25,557.80	25,626.49	162.17	↑ 61.15	25,565.34
AORD	5,794.50	5,825.90	5,794.50	5,808.00	31.40	↑ 11.30	5,796.70
PSEi	7,961.94	7,961.94	7,882.22	7,882.22	79.72	↓ -82.27	7,964.49

PHYSICAL GOLD
P.M. Fixing Closing Prices (June 16, 2017)

Product Name	SELL/BUY (HKD/Bar)	SELL/BUY (USD/Bar)	SELL/BUY (RMB/Bar)
MIBD 99 / 5 Taels Gold	HKD 59550/60350	USD 7622/7725	RMB 50618/51298
MIBD 999.9 / 1 Kilo Gold	HKD 316917/327842	USD 41337/42762	RMB 275580/285080

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 In 'Wait-And-See Mode' After Hawkish Fed

Gold could continue to suffer in the short term as Federal Reserve monetary-policy tightening weighs on the market, according to analysts.

Traders are closing the book on what has been a volatile week with prices ending near a three-week low at key.

Gold ended its second week of negative losses, last trading at $1,256.10 an ounce, down more than 1% from the previous Friday.

The silver market is also seeing a second consecutive weekly close with prices ending the week back below the key level of 17 an ounce.

Silver last traded at $16.45 an ounce, down more than 3% from last week.
Despite the weak price action, there also is still some optimism in the

marketplace because of lingering doubt that the U.S. central bank can aggressively raise interest rates as the U.S. economic recovery starts to show signs of weakening momentum.

The same day the Federal Reserve raised interest rates by 25 basis points and surprised markets with a hawkish tilt, markets received economic reports that showed disappointing retail sales and inflation data.

Retail sales have disappointed market expectations for four straight months, while the core Consumer Price Index fell to a two-year low.

"Because of the recent data, there is some hesitancy for markets to believe the Federal Reserve outlook," said Ole Hansen, head of commodity strategy at Saxo Bank.

Hansen said that he thinks the gold market is in "wait-and-see mode" as recession fears refuse to completely disappear.

Ronald-Peter Stoeferle, fund manager at Incrementum AG and author of the recently released In Gold We Trust report, agreed that recession risks are growing, citing a flattening of the short end of the yield curve as the spread between 10-year yields and two-year yields narrows.

The spread is at its lowest level since August 2016.

"For the time being, the market will believe the Fed's outlook and gold will suffer," he said.

"Gold will pick up momentum when the market realizes recession fears aren't going away."

While Chair Janet Yellen said that the Federal Open Market Committee is on track to continue to raise interest rates this year and next, the market is reluctant to raise its expectations.
CME 30-Day Fed fund futures are pricing in a 16% chance of another 25-basis-point hike by September.

Markets are pricing in only a 45% chance of a rate hike by the end of December.

Expectations have risen a bit from the more than one-month lows seen earlier in the week, but still remain below a key threshold.

Historically the Federal Reserve has not hiked interest rates when expectations are below 50%.

Along with low interest-rate expectations, Hansen noted that 10-year-note yields are holding near their lowest level since early November. He noted that low bond yields should continue to support gold.

"I think we are entering an area of opportunity for investors to re-establish their gold positions," he said.

Although there is still some optimism for gold, the market is not without its risks.

Analysts have noted that prices will struggle to break above $1,300 as long as equity markets continue to trade near record levels.

"Right now, I see the biggest opportunity cost for gold are the equity markets.

As long as equity prices remain high, gold will struggle," Stoeferle said.

However, he added that growing recession risks and weak economic data are expected to weigh on equity markets.

Gold's resilience can been seen in the technical charts as the price so far has managed to hold the 200-day moving average, which comes in at $1,250.10 an ounce.

"The bears clearly need to achieve a close below support in order to open the door to the bottom side of the recent channel at the $1,230 trendline," said analysts at iiTrader.

"The bulls look to regain the 50-day moving average that comes in at $1,264.20, which will keep the gold cross on track and keep the tape constructive."

Greg Harmon, founder of Dragonfly Capital, warned that it could be only a matter of time before the 200-day moving average gives; however, he sees strong support around the May lows at $1,220 an ounce.

He added that a break below that level makes $1,200 a major target, which could threaten the market's long-term uptrend.

"To change the view of the short-term downtrend, we would have to see a firm push above $1,300," he said
.
Hansen said that while there are risks of prices going lower, he remains optimistic on gold as long as prices can hold above $1,190 an ounce.

Next week brings a relatively light U.S. economic calendar; however, there will be a variety of Fed speakers at the start of the week, which could provide further risks to gold if policymakers reiterate Yellen's hawkish tone.

Speakers next week include New York Fed President William Dudley and Chicago Fed President Charles Evens on Monday.

Federal Reserve Governor Stanley Fischer and Dallas Fed President Robert Kaplan will speak Tuesday.

For economic data, markets will receive existing and new home sales numbers for May and preliminary manufacturing data for June.

U.S. Stocks End Flat Though Amazon Deal Weighs

U.S. stocks ended little changed on Friday, though Amazon.com's deal to buy upscale grocer Whole Foods Market pressured a wide range of companies including Wal-Mart, while the dollar and U.S. Treasury yields dipped after disappointing economic data.

Energy shares offset the declines in consumer names, with the S&P energy index rising 1.7 percent and oil prices ending higher on the day.

The Amazon deal sent shockwaves through the food distribution market and others, hurting stocks like Wal-Mart Stores, which slid 4.7 percent, grocer Kroger, which tumbled 9.2 percent, and Costco Wholesale, which fell 7.2 percent.

The S&P 500 consumer staples index .SPLRCS ended down 1 percent.

Shares of online retailer Amazon rose 2.4 percent and Whole Foods shot up 29.1 percent.

The Dow Jones Industrial Average was up 24.38 points, or 0.11 percent, to end at 21,384.28, the S&P 500 added 0.69 point, or 0.03 percent, to 2,433.15 and the Nasdaq Composite dropped 13.74 points, or 0.22 percent, to 6,151.76.

MSCI's index of stock markets across the world rose 0.3 percent, while European shares added 0.6 percent, rebounding from recent losses.

In the foreign exchange market, the U.S. dollar fell against a basket of key currencies after the day's data, which raised concerns about spending.

It was last down 0.3 percent after the day's data.

U.S. homebuilding fell for a third month in May to the lowest in eight months as construction activity declined broadly, while the University of Michigan said its barometer of U.S. consumer sentiment unexpectedly fell in early June.

The Japanese yen rose against the dollar, reversing course after sliding to a two-week low, when the Bank of Japan left its mass money printing program unchanged, maintaining the contrast with the Federal Reserve, which signaled further tightening this week.

The weaker-than-expected U.S. data also weighed on U.S. Treasury yields as it fueled uncertainty about the U.S. rate outlook.

Benchmark 10-year Treasuries were last up 2/32 in price to yield 2.155 percent, compared with 2.162 percent late Thursday.

Oil prices staged a modest rebound as some producers reduced exports and U.S. rig additions slowed.

Brent crude futures LCOc1 rose 45 cents to settle at $47.37 per barrel, while U.S. crude CLc1 settled at $44.74, up 28 cents.

Both benchmarks notched a weekly loss exceeding 1.6 percent.

Oil Prices Edge Up; Still Near 2017 Lows On Stubborn Glut

Oil prices on Friday bounced up off the year's lows as some producers reduced exports and U.S. rig additions slowed, but the rebound was modest and crude posted its fourth weekly decline on persistent concerns about global oversupply.

Brent crude futures rose 45 cents to settle at $47.37 per barrel and U.S. West Texas Intermediate (WTI) crude settled at $44.74 per barrel, up 28 cents.

Both benchmarks notched a weekly loss exceeding 1.6 percent.

On Thursday, oil prices hit six-month lows.

They are down more than 12 percent from late May when producers led by the Organization of the Petroleum Exporting Countries extended a pledge to cut output by 1.8 million barrels per day (bpd) through March 2018.

Kazakhstan, which agreed to cut supplies last year as part of the non-OPEC bloc, said it would reduce production in June and July after overproducing for three months in a row.

But OPEC members Nigeria and Libya, which are exempt from the deal, have increased exports as they bounce back from supply disruptions caused by protests, rebel activity and mismanagement.

In the latest sign of a crude glut, aging supertankers are being used to store unsold oil off Singapore and Malaysia.

Rising U.S. crude output has undermined OPEC-led cuts, with production up more than 10 percent in the past year.

U.S. Energy Information Administration (EIA) data this week showed growing gasoline stocks and shaky demand.

U.S. energy companies added oil rigs for a record 22nd week in a row, energy services company Baker Hughes said on Friday.

Still the pace of additions has slowed in recent months, and lower prices could test shale's resiliency.

Eight prominent hedge funds have reduced the size of their positions in 10 of the top shale firms in the Permian, the largest U.S. oilfield, by over $400 million, concerned that producers are pumping oil so fast they will undo the recovery.

Dollar Losing Ground After Housing Data Disappoints

The dollar is down against all of its major rivals Friday afternoon. Investors were disappointed by the release of some softer than expected housing data this morning.

New residential construction in the U.S. unexpectedly showed a steep drop in the month of May, according to a report released by the Commerce Department on Friday.

The report said housing starts slumped by 5.5 percent to an annual rate of 1.092 million in May from the revised April estimate of 1.156 million.

The significant decline surprised economists, who had expected housing starts to climb to a rate of 1.215 million from the 1.172 million originally reported for the previous month.

The Commerce Department said building permits also tumbled by 4.9 percent to a rate of 1.168 million in May from a revised 1.228 million in April.

Building permits, an indicator of future housing demand, had been expected to rise to a rate of 1.250 million from the 1.229 million that had been reported for the previous month.

Meanwhile, Greece's creditors have reached an agreement to release the next tranche of funds to Athens.

The dollar climbed dropped to around $1.12 against the Euro Friday afternoon, from an early high of $1.1137.

Eurozone inflation slowed as estimated in May, largely reflecting the slowdown in energy price growth, final data from Eurostat showed Friday.

Headline inflation eased to 1.4 percent from 1.9 percent in April.

The rate came in line with the flash estimate published on May 31.

Eurozone labor cost increased at a steady pace in the first quarter, Eurostat reported Friday.

Hourly labor cost grew 1.5 percent on a yearly basis, the same rate as seen in the fourth quarter of 2016.

The buck has slipped to around $1.2785 against the pound sterling this afternoon, from an early low of $1.2756.

Japan's central bank maintained its monetary stimulus on Friday and upgraded its view on consumption.

The Bank of Japan policy board, led by Governor Haruhiko Kuroda, voted 7-2 to retain the central bank's target of raising the amount of outstanding Japan government bond holdings at an annual pace of about JPY 80 trillion.

The BoJ board also voted to retain the -0.1 percent interest rate on current accounts that financial institutions maintain at the bank.

The central bank will purchase government bonds so that the yield of 10-year JGBs will remain at around zero percent.

The greenback has retreated to around Y110.835 against the Japanese Yen this afternoon, from a high of Y111.418 this morning.

U.S. Housing Starts Unexpectedly Slump 5.5% In May

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The significant decline surprised economists, who had expected housing starts to climb to a rate of 1.215 million from the 1.172 million originally reported for the previous month.

With the unexpected decrease, housing starts fell to their lowest level since hitting a rate of 1.062 million last September.

Single-family housing starts dropped by 3.9 percent to a rate of 794,000, while multi-family starts plunged by 9.7 percent to a rate of 298,000.

The Commerce Department said building permits also tumbled by 4.9 percent to a rate of 1.168 million in May from a revised 1.228 million in April.

Building permits, an indicator of future housing demand, had been expected to rise to a rate of 1.250 million from the 1.229 million that had been reported for the previous month.

The sharp decline pulled building permits down to their lowest level since hitting 1.163 million in April of last year.

The report said single-family building permits fell by 1.9 percent to a rate of 779,000, while multi-family permits plummeted by 10.4 percent to a rate of 389,000.

On Thursday, the National Association of Home Builders released a separate report showing homebuilder confidence unexpectedly decreased in the month of June.

The report said the NAHB /Wells Fargo Housing Market Index dropped to 67 in June from 69 in May.

The decrease surprised economists, who had expected the index to inch up to 70.

GLOBAL ECONOMIC CALENDAR

GMT	COUNTRY	INDICATOR	VOL.	FCAST	PREV

"NO MAJOR ECONOMIC INDICATORS SCHEDULED"

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

TECHNICALS

			GOLD			
R3	R2	R1	PIVOT	S1	S2	S3
1262.20	1259.61	1257.00	1254.41	1251.80	1249.21	1246.60
			SILVER			
R3	R2	R1	PIVOT	S1	S2	S3
16.99	16.91	16.81	16.73	16.62	16.54	16.44
			EURO			
R3	R2	R1	PIVOT	S1	S2	S3
1.1278	1.1239	1.1217	1.1178	1.1156	1.1116	1.1094
			YEN			
R3	R2	R1	PIVOT	S1	S2	S3
112.06	111.74	111.29	110.97	110.52	110.20	109.76
			GBP			
R3	R2	R1	PIVOT	S1	S2	S3
1.2859	1.2832	1.2807	1.2780	1.2755	1.2728	1.2703
			CHF			
R3	R2	R1	PIVOT	S1	S2	S3
0.9784	0.9771	0.9754	0.9740	0.9723	0.9710	0.9693
			AUD			
R3	R2	R1	PIVOT	S1	S2	S3
0.7700	0.7665	0.7646	0.7611	0.7593	0.7558	0.7539