



| | OPEN | HIGH | LOW | CLOSE | HIGH-LOW CHANGE | CLOSING CHANGE | PREVIOUS CLOSE |
|--|------|------|-----|-------|--------------------|-------------------|-------------------|
|--|------|------|-----|-------|--------------------|-------------------|-------------------|

| MAJOR CURRENCIES | | | | | | | |
|------------------|--------|--------|--------|--------|--------|----------|--------|
| EUR / USD | 1.1204 | 1.1213 | 1.1143 | 1.1148 | 0.0069 | ↓ 0.0047 | 1.1195 |
| USD / JPY | 110.85 | 111.60 | 110.85 | 111.52 | 0.75 | ↑ 0.68 | 110.84 |
| GBP / USD | 1.2775 | 1.2813 | 1.2723 | 1.2737 | 0.0089 | ↓ 0.0045 | 1.2782 |
| USD / CHF | 0.9730 | 0.9760 | 0.9696 | 0.9756 | 0.0064 | ↑ 0.0019 | 0.9737 |
| AUD / USD | 0.7621 | 0.7629 | 0.7586 | 0.7598 | 0.0043 | ↓ 0.0030 | 0.7628 |
| USD / PHP | 49.87 | 49.98 | 49.75 | 49.91 | 0.23 | ↑ 0.04 | 49.87 |

| PRECIOUS METALS / ENERGY | | | | | | | |
|--------------------------|---------|---------|---------|---------|-------|---------|---------|
| GOLD | 1254.61 | 1255.34 | 1243.05 | 1243.28 | 12.29 | ↓ 11.10 | 1254.38 |
| SILVER | 16.68 | 16.70 | 16.47 | 16.48 | 0.24 | ↓ 0.23 | 16.71 |
| OIL | 44.68 | 45.06 | 44.05 | 44.10 | 1.01 | ↓ 0.64 | 44.74 |

| WORLD INDICES | | | | | | | |
|---------------|-----------|-----------|-----------|-----------|--------|----------|-----------|
| DJIA | 21,367.00 | 21,480.00 | 21,349.00 | 21,468.00 | 131.00 | ↑ 135.00 | 21,333.00 |
| NASDAQ | 6,196.85 | 6,243.31 | 6,194.00 | 6,239.01 | 49.31 | ↑ 87.25 | 6,151.76 |
| S & P 500 | 2,442.55 | 2,453.82 | 2,441.79 | 2,453.46 | 12.03 | ↑ 20.31 | 2,433.15 |
| FTSE | 7,463.54 | 7,537.84 | 7,463.54 | 7,523.81 | 74.30 | ↑ 60.27 | 7,463.54 |
| NIKKEI 225 | 19,974.30 | 20,087.71 | 19,949.88 | 20,067.75 | 137.83 | ↑ 124.49 | 19,943.26 |
| HANGSENG | 25,736.20 | 25,939.72 | 25,735.07 | 25,924.55 | 204.65 | ↑ 298.06 | 25,626.49 |
| AORD | 5,808.00 | 5,837.70 | 5,803.90 | 5,835.50 | 33.80 | ↑ 27.50 | 5,808.00 |
| PSEi | 7,900.72 | 7,951.08 | 7,900.72 | 7,943.75 | 50.36 | ↑ 61.53 | 7,882.22 |

PHYSICAL GOLD P.M. Fixing Closing Prices (June 19, 2017)

| Product Name | SELL/BUY (HKD/Bar) | SELL/BUY (USD/Bar) | SELL/BUY (RMB/Bar) |
|--------------------------|--------------------|--------------------|--------------------|
| MIBD 99 / 5 Tael Gold | HKD 59040/59840 | USD 7557/7660 | RMB 50184/50864 |
| MIBD 999.9 / 1 Kilo Gold | HKD 315813/326738 | USD 41193/42618 | RMB 274620/284120 |

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 % |
|-------------|---------------|--------------|---------------|----------------|--------------|--------------|---------------|

Gold Adding To Daily Losses Heading Into U.S. Close



Gold prices are moderately down, near their session lows and at a four-week low in late U.S. trading Monday.

The recent sell off in the U.S. dollar index appears to be stabilizing, which is a negative for the precious metals markets.

Crude oil prices are weaker, which is also a bearish daily element for the precious metals markets.

The daily charts for gold and silver have turned more bearish recently, which is also inspiring the technically biased sellers.

Gold was last down \$8.40 an ounce at \$1,248.10. Silver was last down \$0.141 at \$16.52 an ounce.

World stock markets were mostly higher Monday, including U.S. stock indexes.

Many world stock markets have been in rally mode, with some at or near record or for-the-move highs.

That's also a bearish element for the competing asset metals class.

Ideas of a more hawkish U.S. Federal Reserve after last week's FOMC meeting are also negative for the precious metals and for the raw commodity sector.

There was another potential terror attack in London Sunday when a car rammed a crowd of people and killed at least one.

The markets were not impacted by the event. News that a U.S. fighter jet shot down a Syrian military aircraft did not have a big impact on the markets, either.

However, gold would likely see some safe-haven demand if the U.S. and Russia tensions became significantly elevated over the matter.

There was no major U.S. economic data released Monday, and it will be a quieter week, overall, for U.S. reports.

Technically, gold bulls and bears are on a level overall near-term technical playing field, but the bears have the momentum on their side.

Bulls' next upside near-term price breakout objective is to produce a close above solid technical resistance at last week's high of \$1,284.20.

Bears' next near-term downside price breakout objective is closing prices below solid technical support at \$1,225.00.

First resistance is seen at the overnight high of \$1,257.30 and then at \$1,268.50.

First support is seen at \$1,240.00 and then at \$1,230.00.

Silver bears have the overall near-term technical advantage as prices hit a four-week low.

The next upside price breakout objective is closing futures 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 \$16.80 and then at \$17.00.

Next support is seen at \$16.25 and then at \$16.06.

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

Stocks moved mostly higher during trading on Monday following the mixed performance seen last week. With the upward move on the day, the Dow and the S&P 500 both climbed to new record closing highs.

The major averages ended the session just off their best levels of the day.

The Dow climbed 144.71 points or 0.7 percent to 21,528.99, the Nasdaq surged up 87.25 points or 1.4 percent to 6,239.01 and the S&P 500 advanced 20.31 points or 0.8 percent to 2,453.46.

The buying interest on Wall Street was partly in reaction to strength in the overseas markets, which benefited from political news out of Europe.

French President Emmanuel Macron's party won a clear parliamentary majority in Sunday's election, giving him a strong mandate in parliament to pursue his pro-European Union, business-friendly reform plans.

Additionally, Brexit negotiations with the EU have begun after Britain bowed to pressure for a formal opening to their long-awaited negotiations rather than first holding technical talks between civil servants.

Trading activity was somewhat subdued, however, as a lack of major U.S. economic data kept some traders on the sidelines.

The economic calendar for the week remains relatively quiet, although traders are likely to keep an eye on reports on new and existing home sales and leading economic indicators.

Meanwhile, New York Federal Reserve President William Dudley predicted that inflation will gradually rise as a tight labor market leads to higher wages.

"Inflation is a little lower than what we would like, but we think that if the labor market continues to tighten, wages will gradually pick up and with that, inflation will gradually get back to 2 percent," Dudley said.

The comments from Dudley came after the Fed's widely expected to decision to raise interest rates by a quarter point last week.

Biotechnology stocks saw substantial strength on the day, resulting in a 2.2 percent jump by the NYSE Arca Biotechnology Index. With the spike, the index reached its best closing level in well over a year.

Significant strength was also visible among semiconductor stocks, as reflected by the 1.9 percent advance by the Philadelphia Semiconductor Index.

Airline stocks also showed a notable move to the upside, driving the NYSE Arca Airline Index up by 1.8 percent.

The index moved higher after closing lower in six out of the seven previous sessions.

Internet, software, and banking stocks also saw considerable strength on the day, while natural gas stocks bucked the uptrend.

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

Japan's Nikkei 225 Index climbed by 0.6 percent, while Hong Kong's Hang Seng Index jumped by 1.2 percent.

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

While the German DAX Index surged up by 1.1 percent, the French CAC 40 Index and the U.K.'s FTSE 100 Index advanced by 0.9 percent and 0.8 percent, respectively.

In the bond market, treasuries came under pressure in early trading and saw further downside as the day progressed.

As a result, the yield on the benchmark ten-year note, which moves opposite of its price, rose by 3.3 basis points to 2.190 percent.

Amid another light day on the U.S. economic front, trading activity on Tuesday may be relatively light. Earnings news from homebuilder

Lennar (LEN) may attract some attention.

Oil Falls To Seven-Month Low On More Signs Of Growing Crude Glut

Oil prices fell about 1 percent on Monday to a seven-month low as market players saw more signs that rising crude production in the United States, Libya and Nigeria undercut OPEC-led efforts to support the market with output curbs.

"We're seeing more tankers used for storage and more crude from West Africa and Europe being offered into the U.S. Gulf Coast at the same time the Gulf Coast has been an exporter of light sweet crude," said Andrew Lipow, president of Lipow Oil Associates in Houston.

"These are all signs of an oversupplied market."

Brent LCOc1 futures for August fell 46 cents, or 1 percent, to settle at \$46.91 a barrel, their lowest since Nov. 29, the day before the Organization of the Petroleum Exporting Countries agreed to cut output for the first six months of 2017.

U.S. West Texas Intermediate crude CLc1 futures for July dropped 54 cents, or 1.2 percent, to settle at \$44.20 per barrel, the lowest close since Nov. 14.

The July contract will expire on Tuesday, and August will become the front month.

Both benchmarks are down more than 15 percent since late May, when producers led by OPEC extended by nine months their pledge to cut output by 1.8 million barrels per day (bpd).

There were still almost 70,000 WTI contracts for July outstanding at the end of trade on Friday, which would require delivery of about 70 million barrels of oil to Cushing, Oklahoma after Tuesday's expiration.

"Some of the pressure on Monday is because it is hard to get rid of that many (WTI) contracts in just two days," said Phil Davis, managing partner at PSW Investments in Woodland Park, New Jersey, noting "very few traders actually want to take physical delivery."

Traders noted the Brent front-month contract was at the highest premium since late May over the same WTI contract WTCLc1-LCOc1.

OPEC supplies jumped in May as output recovered in Libya and Nigeria, two countries exempt from the production cut agreement.

Libya's oil production has risen more than 50,000 bpd after the state oil company settled a dispute with Germany's Wintershall, a Libyan source said.

Analysts said rising U.S. crude production has fed the global glut.

Data on Friday showed a record 22nd consecutive week of increases in U.S. oil rigs.

Investment bank Goldman Sachs said if the U.S. rig count holds, fourth-quarter domestic oil production would rise substantially.

There are also signs of stalling demand growth in Asia, the world's biggest oil-consuming region.

Japan's customs-cleared crude imports fell 13.5 percent in May from a year earlier.

India took in 4.2 percent less crude in May than the year before.

Upbeat U.S. Economy and Hawkish Fed Continue to Pressure Gold

Last week's FOMC meeting resulted in statements and policies that reflect a robust U.S. economy, which is recovering from a dramatic recession.

As such, actions and statements had a much more hawkish tone than previous FOMC policy meetings.

Not only did the Fed announce a much-anticipated interest rate hike last week, but they also revealed their intentions to add one more interest rate hike this year.

That fits within previous statements made by the Fed, but more importantly, shows that the U.S. economy has been robust and can handle a normalization of interest rates as laid out by the Federal Reserve.

New to the mix is the information revealed as to the mechanics and

timetable of a series of asset liquidations from the Fed balance sheet.

Immediately following last week's policy meeting, both in written statement and comments made by Janet Yellen, was evidence of the Fed's desire to initiate this process of "normalization" this year.

The net result of Fed statements and a robust U.S. equities markets has been substantial pressure on the precious metals complex as a whole.

Gold has begun this week trading under substantial pressure, with gold futures closing down by over \$10 today at \$1246.20, a net loss of -0.82 % on the day.

Silver, also trading under pressure, settled at \$16.455, giving up \$0.20 on the day and resulting in a net loss of -1.24%.

Both gold and silver have now entered the third consecutive week of lower pricing.

In the case of gold, today's declines have taken current pricing to just below a 61.8% retracement of the most recent rally.

After trading to a low of \$1213 per ounce during the first week of May, market forces drove prices higher, reaching an apex at \$1298 per ounce during the first week of June.

Since then we have seen gold trade under dramatic pressure, giving up the vast majority of its gains, and today settling at \$1246 which is precisely a 61.8% retracement of the former rally.

If gold continues to decline, the next logical price point to look for potential support would be the 78% retracement of the most recent rally, which falls at \$1232 per ounce.

Although the fundamental news currently moving gold prices lower could subside at any moment, current market sentiment continues to be bearish across the board for the precious metals markets.

At the same time, it must be noted that gold prices are currently at a level that commonly has been referred to as a technical support level during any kind of correction found within a bullish rally.

The 61.8% retracement area is a critical area that should be held if gold is to maintain a bullish long-term posture.

Only Extreme Breakdown In Brexit Negotiations Will Boost Gold Prices

Brexit negotiations officially kick off Monday and there would have to be an extreme breakdown in talks to push gold prices higher, according to some analysts.

The negotiations commence as gold prices traded at a four-week low, with August gold futures last at \$1,249.90 an ounce, down 0.52% on the day.

Gold is seeing little safe-haven demand as equity markets push to record highs.

The S&P 500 is up 0.63% on the day, at 2448 points and the Dow Jones Industrial Average was up 0.49% on the day at 21491 points

Analysts at Commerzbank noted that there is still a wide gap between the European and British positions.

The U.K. government's stance on negotiations was fairly firm with Prime Minister Theresa May saying "no deal is better than a bad deal."

However, according to some pundits, that position is expected to soften as the Conservative Party lost its majority status following the election at the start of the month.

According to reports, the initial negotiations are expected to be around the cost that U.K. would have to pay for leaving the European Union.

When that topic is resolved, then the two sides are expected to tackle the issue of trade deals and other complicated issues within the next two years.

Lukman Otunuga, currency researcher at FXTM, said in an email response that it would take both sides to walk away from the table for gold to regain its safe-haven bid to push prices back to \$1,260 an ounce

"From a technical standpoint, traders will be paying attention to how prices react to the \$1,260 resistance and \$1,240 support," he said.

Jasper Lawler, senior analyst at London Capital Group, agreed that it would take a "worst-case" scenario of a complete breakdown in talks to reverse gold's new

downtrend. He added that that is unlikely to happen.

"I get the feeling that Brexit is now specifically a U.K. Fears that a Brexit would spark a breakup of the Eurozone are starting to fade," he said in an interview with Kitco News. "Overall the Brexit talks are not going to be enough for gold to rally."

Lawler added that as a result of the recent election, the government is softening its stance on the negotiations, which means there is small chance officials will walk away from the table, at least this early in the talks.

The two sides have until March 29, 2019 to strike a deal -- that is when Britain officially locked in to leave the European Union.

Lawler noted that gold's biggest hurdle is currently the equity markets as both the S&P 500 and the Dow Jones Industrial Average trade at record highs.

"If equities continue to go higher, gold could end up breaking below its current range at \$1,200," he said.

As Inflation Misses Goal, Fed's Evans Calls For Gradual Rate Hikes

With inflation stubbornly soft despite a 16-year low in the U.S. unemployment rate, the Federal Reserve should move only slowly to raise interest rates and trim its massive bond portfolio, Chicago Fed President Charles Evans said Monday.

"I don't want to get hung up over small differences" between whether the Fed raises rates two, three or four times over the course of 2017, Evans said in remarks prepared for delivery to Money Marketeters of New York University.

"The important feature is that the current environment supports very gradual rate hikes and slow preset reductions in our balance sheet."

Repeating much of a similar talk he gave in May, Evans said that while the Fed had essentially achieved its goal of full employment, it has had a "serious policy outcome miss" on its other goal of 2-percent inflation.

Unemployment fell to 4.3 percent in May, below what many Fed officials say is sustainable in the long run.

But inflation, which by the Fed's preferred gauge fell to 1.5 percent in April, has run below the Fed's 2-percent target for years.

Despite his warning on too-low inflation, Evans last week cast his vote with the 8-1 majority at the Fed who supported lifting the target range for short-term interest rates by a quarter of a percentage point. Interest rate hikes are typically aimed at slowing growth and inflation.

Fed officials also reaffirmed their expectation of one more rate hike in 2017, bringing the total for the year to three, and said they expect to begin allowing the \$4.5 trillion balance sheet to shrink by an initial \$10 billion a month.

On the margin, a smaller Fed balance sheet delivers less downward pressure on longer-run borrowing costs.

"It remains to be seen whether there will be two rate hikes this year, or three, or four—or exactly when we start paring back reinvestments of maturing assets," Evans said.

"Ultimately, our exact actions will appropriately be driven by how events transpire to influence the outlook for achieving our policy goals."

Physical Demand Remains Anemic

The metals have a slightly weaker tone coming in to the new week, primarily on the back of a modestly stronger dollar.

The Brexit negotiations are beginning today, but it is unlikely, at this stage, that there will be any news bytes that will affect the metals.

Equities look well bid for the open, which may also pressure the metals complex.

Gold need to hold the \$1,250-ish level, with a break likely to lead to a test of the \$1,238 region.

A close above the \$1,255 level should give gold some respite from the recent selling.

Physical demand remains anemic in North America.

There remains a large physical overhang in the market, but we may

be setting up for a 2015 style event, especially in silver.

We are coming into the slow summer months and the producers (mints/refiners) have small inventory positions on hand.

A drop in prices may re-engage the retail buyer and the current physical supply would disappear quickly, pushing prices and premiums higher.

perhaps taken more of a battering than may be justified" since last week's U.S. interest-rate hike was already anticipated and the rate-hike path remains largely unchanged.

"The emphasis by the Federal Reserve on shrinking the balance sheet does have the potential to make the macro environment less favorable to gold if it means that, with less demand from Fed reinvestment, the yield on U.S. Treasury debt rises," Mitsubishi says.

"If inflation also remains stubbornly low, this would mean that real interest rates rise, thus increasing the cost of carry for non-yielding precious metals."

A major unknown for Fed watchers remains the three current unfilled vacancies on the Federal Reserve board, plus a possible new chair and two new vice chairs who are due to be in place by the end of next year, Mitsubishi says.

"Overall, despite the Fed ratcheting up the hawkish tone...we believe that macroeconomic conditions will remain quite favorable to gold over the short to medium term."

The firm adds that geopolitical factors continue to favor gold as a risk hedge. In particular, analysts say Britain's recent inconclusive election introduces new uncertainty, particularly for negotiating an exit from the European Union.

Macroeconomic Conditions Will Remain Quite Favorable To Gold'

Mitsubishi says the short- to medium-term macroeconomic outlook remains supportive for gold prices, suggesting the metal "has

GLOBAL ECONOMIC CALENDAR

| GMT | COUNTRY | INDICATOR | VOL. | FCAST | PREV |
|-------|---------|------------------------------|------|-----------|-----------|
| 12:00 | US | Fed's Stanley Fischer speech | !! | | |
| 12:30 | US | Current Account (Q1) | ! | \$-124.0B | \$-112.4B |
| 12:55 | US | Redbook index (YoY) (Jun 16) | ! | | 2.1% |
| 12:55 | US | Redbook index (MoM) (Jun 16) | ! | | 0.5% |

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

TECHNICALS

| GOLD | | | | | | |
|---------|---------|---------|---------|---------|---------|---------|
| R3 | R2 | R1 | PIVOT | S1 | S2 | S3 |
| 1263.69 | 1259.51 | 1251.40 | 1247.22 | 1239.11 | 1234.93 | 1226.82 |
| SILVER | | | | | | |
| R3 | R2 | R1 | PIVOT | S1 | S2 | S3 |
| 16.87 | 16.79 | 16.63 | 16.55 | 16.40 | 16.31 | 16.16 |
| EURO | | | | | | |
| R3 | R2 | R1 | PIVOT | S1 | S2 | S3 |
| 1.1262 | 1.1237 | 1.1193 | 1.1168 | 1.1123 | 1.1098 | 1.1054 |
| YEN | | | | | | |
| R3 | R2 | R1 | PIVOT | S1 | S2 | S3 |
| 112.55 | 112.08 | 111.80 | 111.32 | 111.04 | 110.57 | 110.29 |
| GBP | | | | | | |
| R3 | R2 | R1 | PIVOT | S1 | S2 | S3 |
| 1.2881 | 1.2847 | 1.2792 | 1.2758 | 1.2703 | 1.2668 | 1.2613 |
| CHF | | | | | | |
| R3 | R2 | R1 | PIVOT | S1 | S2 | S3 |
| 0.9842 | 0.9801 | 0.9779 | 0.9737 | 0.9715 | 0.9673 | 0.9651 |
| AUD | | | | | | |
| R3 | R2 | R1 | PIVOT | S1 | S2 | S3 |
| 0.7666 | 0.7648 | 0.7623 | 0.7604 | 0.7579 | 0.7561 | 0.7536 |

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