MGMC 萬兆豐

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June 21, 2017

NEWSLETTER

PROFESSIONAL DILIGENCE INC.

	OPEN	HIGH	LOW	CLOSE	HIGH-LOW CHANGE	CLOSING CHANGE	PREVIOUS CLOSE
MAJOR CURRENCIES							
EUR / USD	1.1151	1.1165	1.1119	1.1133	0.0046	-0.0015	1.1148
USD / JPY	111.64	111.79	111.31	111.47	0.48	-0.05	111.52
GBP / USD	1.2738	1.2758	1.2604	1.2626	0.0155	-0.0110	1.2737
USD / CHF	0.9755	0.9766	0.9726	0.9751	0.0041	-0.0005	0.9756
AUD / USD	0.7597	0.7624	0.7571	0.7578	0.0053	-0.0020	0.7598
USD / PHP	50.05	50.31	49.94	50.22	0.37	0.17	50.05
PRECIOUS METALS / ENERGY							
GOLD	1243.57	1248.03	1241.28	1242.82	6.75	-0.46	1243.28
SILVER	16.50	16.64	16.39	16.46	0.24	-0.02	16.48
OIL	44.11	44.40	42.75	43.34	1.65	-0.86	44.20
WORLD INDICES							
DJIA	21,521.25	21,535.03	21,464.24	21,467.14	70.79	-61.85	21,528.99
NASDAQ	6,229.62	6,234.01	6,186.94	6,188.03	47.07	-50.98	6,239.01
S & P 500	2,450.66	2,450.66	2,436.60	2,437.03	14.06	-16.43	2,453.46
FTSE	7,523.81	7,561.07	7,472.71	7,472.71	88.36	-51.10	7,523.81
NIKKEI 225	20,234.12	20,318.11	20,227.29	20,230.41	90.82	162.66	20,067.75
HANGSENG	26,028.43	26,043.10	25,833.93	25,843.04	209.17	-81.51	25,924.55
AORD	5,835.50	5,840.20	5,792.30	5,792.30	47.90	-43.20	5,835.50
PSEi	7,944.84	7,950.57	7,917.86	7,917.86	32.71	-25.89	7,943.75

PHYSICAL GOLD
P.M. Fixing Closing Prices (June 20, 2017)

Product Name	SELL/BUY (HKD/Bar)	SELL/BUY (USD/Bar)	SELL/BUY (RMB/Bar)
MIBD 99 / 5 Taels Gold	HKD 58860/59660	USD 7534/7636	RMB 50031/50711
MIBD 999.9 / 1 Kilo Gold	HKD 314985/325910	USD 41085/42510	RMB 273900/283400

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 Down Amid Bearish "Outside Market" Forces

Gold prices ended the day with modest losses and hit another four-week low Tuesday.

Some mild short-covering in the futures market and bargain hunting in the cash market seen early in the session gave way to the sellers later in the day, who were emboldened by falling crude oil prices and a rebound in the U.S. dollar.

Gold was last down $2.60 an ounce at $1,244.10. Silver was last down $0.072 at $16.43 an ounce.

The key “outside markets” on Tuesday saw Nymex crude oil futures prices trade solidly lower and hit a seven-month low.

The oil market bears have the solid overall near-term technical advantage as prices traded below $43.00 a barrel today.

There continue to be notions of a worldwide oil supply glut that will continue to depress prices for some time to come.

Meantime, the U.S. dollar index was firmer today on some short covering and continuing growing notions of a more hawkish Federal Reserve.

The greenback bears still hold the overall near-term technical advantage, but the dollar index appears to have stabilized from recent selling pressure.

The world geopolitical front has seen just a bit of turbulence this week. A U.S. citizen held captive in North Korea for over a year and just returned home has died.

A U.S. warplane shot down a Syrian jet, which has prompted a stern rebuke from Russia.

While potentially market-sensitive at some point soon, these events have so far had very little impact on the world marketplace.

Several Federal Reserve officials speak this week and the marketplace will closely scrutinize their comments for any clues on the future direction of U.S. monetary policy.

A speech on U.S. tax reform by U.S. House of Representatives Speaker Paul Ryan that just concluded had very little if any impact on markets prices.

Gold prices closed near mid-range. The gold bulls and bears are now on a level overall near-term technical playing field.

Gold bulls' next upside near-term price breakout objective is to produce a close above solid technical resistance at $1,275.00.

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

First resistance is seen at $1,250.00 and then at this week’s high of $1,257.30.

First support is seen at today’s low of $1,242.40 and then at 1,230.00.

Silver closed down $0.067 at $16.43 today.

Prices closed nearer the session low and hit a five-week low today.

The silver bears have the firm overall near-term technical advantage.

Silver bulls' next upside price breakout objective is closing prices above solid technical resistance at $17.00 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 this week’s high of $16.68 and then at $16.80.

Next support is seen at today’s low of $16.36 and then at $16.25.

Stocks Close Mostly Lower Amid Steep Drop In Oil Prices

Following the strength seen in the previous session, stocks moved notably lower over the course of the trading day on Tuesday.

With the drop on the day, the Dow and the S&P 500 pulled back off yesterday's record closing highs.

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

The Dow dipped 61.85 points or 0.3 percent to 21,467.14, the Nasdaq slid 50.98 points or 0.8 percent to 6,188.03 and the S&P 500 fell 16.43 points or 0.7 percent to 2,437.03.

The pullback by stocks came amid a sharp drop by the price of crude oil, with crude for July delivery tumbling $0.97 to $43.23 a barrel, the lowest closing level for a front-month contract since last September.

The drop pulled crude oil into bear territory, as the price is down by nearly 22 percent compared to the 52-week high of $55.24 a barrel hit in early January.

Concerns about oversupply weighed on the price of crude oil amid indications of rising production in Nigeria and Libya.

Overall trading activity remained somewhat subdued, however, with a lack of major U.S. economic data keeping some traders on the sidelines.

Reports on new and existing home sales and leading economic indicators may attract some attention in the coming days.

Among individual stocks, shares of Chipotle Mexican Grill (CMG) came under pressure after the restaurant chain forecast higher operating costs as a percentage of sales in the second quarter.

Teladoc also posted a notable loss after the virtual health solutions provider agreed to acquire privately held Best Doctors for $440 million in cash and stock.

On the other hand, shares of Parexel (PRXL) moved notably higher after the drug research firm agreed to be acquired by Pamplona Capital Management for $88.10 per share in cash or $5 billion including debt.

Energy stocks saw significant weakness amid the steep drop in oil prices but ended the session well off their worst levels of the day.

Reflecting the weakness in the energy sector, the Philadelphia Oil Service Index plunged by 2.3 percent, while the NYSE Arca Oil & Gas Index and the NYSE Arca Natural Gas Index fell by 1.7 percent and 1.3 percent, respectively.

Considerable weakness also emerged among transportation stocks, as reflected by the 1.8 drop by the Dow Jones Transportation Average.

The average pulled back off its best closing level in well over three months.

Steel, telecom, and electronic storage stocks also saw notable weakness on the day, moving lower along with most of the other major sectors.

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

Japan's Nikkei 225 Index advanced by 0.8 percent, while Hong Kong's Hang Seng Index fell by 0.3 percent.

Meanwhile, the major European markets turned lower over the course of the trading day.

While the French CAC 40 Index dipped by 0.3 percent, the German DAX Index and the U.K.'s FTSE

100 Index slid by 0.6 percent and 0.7 percent, respectively.

In the bond market, treasuries moved back to the upside following the drop seen in the previous session.

Subsequently, the yield on the benchmark ten-year note, which moves opposite of its price, dropped 3.7 basis points to 2.153 percent.

Following a couple of quiet days on the U.S. economic front, trading on Wednesday may be impacted by reaction to a report on existing home sales in the month of May.

Additionally, Adobe Systems (ADBE) and FedEx (FDX) are among the companies releasing their quarterly results after the close of today's trading.

Crude Oil Plunges Into Bear Market Depths

Crude oil futures plunged into bear market territory Tuesday amid reports that Nigeria and Libya are ramping up production.

The two most vulnerable OPEC nations are exempt from the cartel's supply quota deal with Russia.

While some increases in production were expected, the pace of Libya's output is particularly surprising.

Traders will be paying close attention to U.S. stockpile data over the next few days.

The American Petroleum Institute is out with industry figures tonight, while the Energy Information Administration releases its report tomorrow.

Baker Hughes said the U.S. rig count rose by 6 to 747, the most since April 2015.

Drillers have added rigs 20 weeks in a row, the longest streak on record.

The International Energy Agency (IEA) said that non-OPEC production in 2018 would increase by 1.5 million barrels daily, outpacing demand.

August WTI oil was down 92 cents, or 2.1%, to settle at $43.51/bbl. July WTI oil ended at $43.23/bbl, down 97 cents, or 2.2%, on expiration day.

The contract was down 20% in the past few weeks.

Gold Closes Lower But Remains Above Its 200-Day Moving Average

Now in its third consecutive week of lower pricing, gold prices drifted lower again today.

The most active futures contract (August 2017) settled $2.40 lower today to close at $1244.30.

But I believe it is the intraday low of gold pricing that warrants the greatest amount of attention.

Gold traded to an intraday low of $1242.40.

This low corresponds almost precisely to gold’s 200 day moving average, which currently sits at $1242.

This is the second of two key technical price areas that traders need to look at as a potential area for support.

The other key technical area to watch is the 61.8% retracement of the most recent rally.

The last real rally in gold occurred from the first week of May up until the first week of June, in which gold prices rose roughly $85 as it traded from a low of $1213 to a high of $1298.

The 61.8% retracement of this rally is at $1246.10.

Although gold broke below that price point Tuesday, it is currently trading in between the 200-day moving average and the 61.8% retracement.

Whether gold pricing will find technical support in this area is currently unknown.

However, this is a logical place for gold pricing to exhibit a bounce and support.

Historically speaking, gold prices broke above the 200-day moving average at the beginning of 2016 for the first time (of any real-time duration) since the multiyear decline which took gold pricing from its record high above $1900 to $1661, when gold pricing broke below the average.

This continued until prices bottomed out at $1040 per ounce at the end of 2015. Gold effectively held above the 200-day moving average up until the presidential election in November of last year.

That occurrence coincided with the single largest volume trading day in history, the day after the presidential election.

Since then, gold prices have moved above the 200-day moving average on two occasions this year, with each occurrence resulting in a rally that concluded at roughly $1300 per ounce.

However, on this last occurrence, a golden cross occurred when the shorter-term 50-day moving average crossed above the 200-day moving average, underlying the strength of this current rally.

The fact of the matter is that financial markets react to real-time events and not to technical numbers and studies.

However technical studies distil real-time events into mathematical data, and it is this mathematical data that the technician uses to quantify the activity into numbers to express the probability of an outcome.

Gold's Luck Has Run Out, Prices To Fall To $1,100 By Year-End

One firm sees gold falling 11% by the end of the year as further aggressive Federal Reserve interest rate hikes weigh on the market.

According to Simona Gambarini, commodity economist at Capital Economics, gold’s luck has run out as prices continue to fall in the wake of the Federal Reserve’s decision to raise interest rates by 25-basis points and signal further monetary policy tightening.

In a recent report, she noted that because of the current interest rate environment, her firm is forecasting gold to end the year at around $1,100 an ounce, a drop of more than 11% from current future prices at $1,2450 an ounce

“There doesn’t seem to be any fundamental reason for gold to rally through the rest of the year,” she said in a telephone interview.

Capital Economics is extremely bullish on interest rate expectations as they see two more rate hikes this year.

Currently, markets are only pricing in one more rate hike by the end of December.

"Once investors see the Fed is serious about raising rates, you will see markets price in more rate hikes and you will see even more money leave the gold market," she said.

Not only will interest rate hikes continue to push gold prices down, but Gambarini said that she sees less safe-haven demand supporting the market as geopolitical concerns have started to disappear.

She noted that gold has seen strong safe-haven demand as a result of uncertainty surrounding the Eurozone; however, she noted that so far, two out of three major European elections have seen renewed support for the single economy.

The third election, Germany's later in the fall, is also expected to show support for the Eurozone.

While political turmoil in Washington, surrounding the Trump administration is still a geopolitical wildcard, Gambarini said that it probably won't be enough to curtail gold's current downtrend.

Gambarini also said that she sees less support for gold from a drop in equity markets.

While traditionally a correction in equity markets would be good for gold, she said that market fundamentals are slightly different.

"If equities sold off because the U.S. slipped into a recession then that would be good for gold; however, a selloff now would only be viewed as a correction of an overvalued market.

I don't think there would be much panic if equity prices dropped from these over-extended levels," she said.

The one bright spot for the gold market this year has been renewed physical demand in two of the biggest markets in the world: China and India.

However, Gambarini said that this also won't be enough to stop gold's slide.

"While imports into China and India have improved, they are up from extremely low levels seen last year," she said.

"The physical market isn't going to provide much support for gold as this selloff is being drive by speculators and we see more selling to come."

Gold Trading Just Above Initial Support; Analysts See More Downside To $1,230

Hawkish Federal Reserve comments are helping to boost the U.S. dollar and weighing on gold prices.

Gold's downward momentum has put the market within striking distance of an initial support level; however, some analysts are expecting to see further downside momentum in the near term.

The gold market is currently trading near a five-week low as prices hover just above $1,240 an ounce, which some analysts have noted as initial support in the market's new downtrend.

With August gold futures last trading at $1,243.60 an ounce, down 0.25% on the day, some think it is only a matter of time before gold falls lower and tests other important support points.

"I think $1,240 will be a nice signpost that we will see as we blow past it," said Darin Newsom, senior analyst at Telvent DTN.

He said that that the first major support level he is watching is $1,231, which is the first major retracement level from the December low to the April high.

He said if that support level is broken, then investors should expect to see a drop to $1,214 an ounce and then a test of $1,190, which is the last major retracement level in the gold rally this year.

"The market does not appear to be oversold right now. We have more room to the downside," he said.

Market analysts at iiTrader are also expecting to see gold prices continue to fall, with their initial support coming in at $1,231 an ounce.

"With a close below the major level that includes the 100- and 200-day moving averages as well as a key .618 retracement, we must assume that the technicals lead the way and thus the bears have the clear upper hand," they said.

"We still believe that the dollar is undervalued in the near term and as it gains ground, it should keep pressure on the metal."

Lukman Otunuga, currency researcher at FXTM, is also looking for further U.S. dollar strength, as the market is seeing renewed technical momentum and fundamental support from hawkish Fed speakers.

He noted that gold prices have to push back above $1,260 an ounce if bullish investors are going to regain control of the marketplace.

However, in a recent interview , Greg Harmon, founder of Dragonfly Capital, noted that the hurdle for the bulls could be even higher as gold has to break above $1,300 to attract renewed long-term momentum.

Gold has been under pressure since Wednesday after the Fed Chair Janet Yellen dismissed growing inflation concerns in support of further interest-rate hikes.

Not only is the Federal Reserve expecting to raise interest rates a third time this year but Yellen said that the central bank could start reducing its balance sheet "really soon."

While markets have been reluctant to believe the Fed's forecasts, they are starting to fall in line as bond yields rise along with interest-rate expectations.

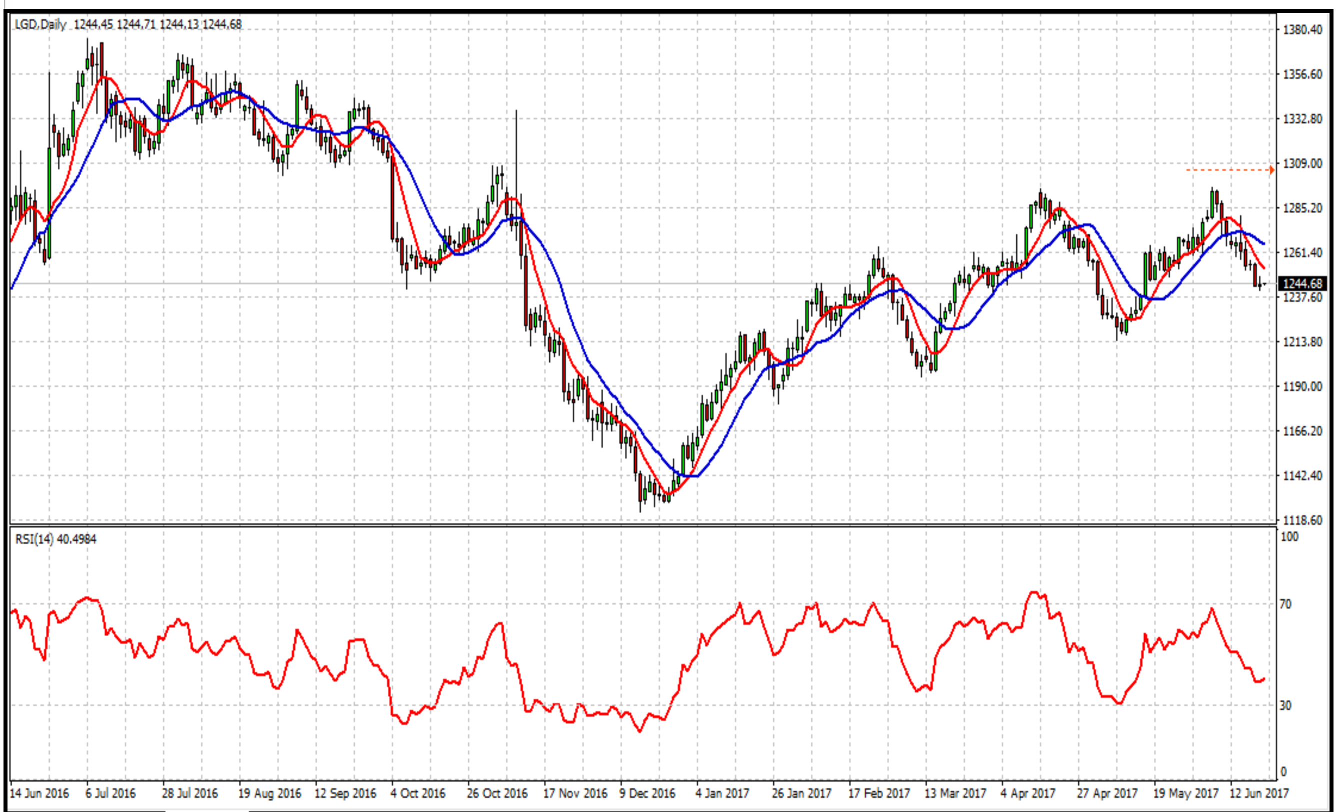
CME 30-Day Fed fund futures are pricing in a 50% chance that interest rates will be 25 basis points higher by the end of December.

GLOBAL ECONOMIC CALENDAR

GMT	COUNTRY	INDICATOR	VOL.	FCAST	PREV
11:00	US	MBA Mortgage Applications (Jun 16)	!		2.8%
14:00	US	Existing Home Sales (MoM) (May)	!	5.55M	5.57M
14:00	US	Existing Home Sales Change (MoM) (May)	!	-0.5%	-2.3%

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

TECHNICALS



GOLD

R3	R2	R1	PIVOT	S1	S2	S3
1253.56	1250.79	1246.81	1244.04	1240.06	1237.29	1233.31

SILVER

R3	R2	R1	PIVOT	S1	S2	S3
16.84	16.74	16.60	16.50	16.35	16.25	16.11

EURO

R3	R2	R1	PIVOT	S1	S2	S3
1.1204	1.1184	1.1159	1.1139	1.1113	1.1093	1.1067

YEN

R3	R2	R1	PIVOT	S1	S2	S3
112.21	112.00	111.74	111.52	111.26	111.04	110.78

GBP

R3	R2	R1	PIVOT	S1	S2	S3
1.2876	1.2817	1.2722	1.2663	1.2567	1.2508	1.2413

CHF

R3	R2	R1	PIVOT	S1	S2	S3
0.9810	0.9788	0.9770	0.9748	0.9729	0.9707	0.9688

AUD

R3	R2	R1	PIVOT	S1	S2	S3
0.7663	0.7643	0.7611	0.7591	0.7558	0.7538	0.7505

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