

# Daily Bulletin

GLOBAL MARKETS & ECONOMIES | WEEKLY ECONOMIC INDICATORS | ASIAN STOCK INDEX | CURRENCIES | PRECIOUS METAL | O I L |

Research Department

05/25/2017

**DISCLAIMER:**

All contents of This Report have been prepared by Research Dept. of Valbury Asia Futures and are provided solely for informational purpose. We have taken reasonable measures to ensure the accuracy of the report, however, do not guarantee its accuracy and will not accept liability for any consequential loss or damage which may arise directly or indirectly from any use of the report

Published by RESEARCH DEPARTMENT – PT VALBURY ASIA FUTURES

Menara Karya 9th Floor, Jl. HR Rasuna Said Blok X-5 Kav. 1-2 Jakarta 12950 Indonesia, Phone : +6221-25533777

Email: [research@valbury.com](mailto:research@valbury.com) | Twitter: [@researchvaf](https://twitter.com/researchvaf) | Web-Link: [www.valburyfutures.co.id/futures\\_research.php](http://www.valburyfutures.co.id/futures_research.php)

## GLOBAL MARKETS & ECONOMIES

### GLOBAL MARKETS

- Chinese stocks fell and the Australian dollar skidded on Wednesday after Moody's downgraded its sovereign credit rating on China, adding to worries about the global impact of slowing growth and rising debt in Asia's economic powerhouse.
- European shares, stuck just below 21-month highs for more than a week, struggled to gain momentum on Wednesday, with strength in banks and big oil majors offset by weakness in miners and autos.
- Wall Street rose, while the U.S. dollar and bond yields fell on Wednesday after Federal Reserve meeting minutes signaled a gradual approach to interest rate hikes, and oil prices dipped on a draw of U.S. gasoline stocks that was smaller than expected.

### GLOBAL ECONOMIES

- Moody's Investors Service downgraded China's credit ratings on Wednesday for the first time in nearly 30 years, saying it expects the financial strength of the economy will erode in coming years as growth slows and debt continues to rise.
- Former Federal Reserve Chairman Ben Bernanke said on Wednesday the Bank of Japan may need to coordinate a new fiscal spending plan with the government, allowing for inflation to accelerate above its 2 percent target without worsening the debt burden.
- Euro zone economic growth may be improving - and European Central Bank policy will reflect this - but inflation remains weak so there is no need to deviate from the policy path already laid out, top ECB policymakers said on Wednesday.
- Greece will not need any debt relief from euro zone governments if it keeps its primary surplus above 3 percent of GDP for 20 years, a confidential paper prepared by the euro zone bailout fund, the European Stability Mechanism (ESM), showed.
- The British public's expectations for inflation over the next 12 months rose slightly this month but remained within the tight range of the past six months, a survey for Citi by polling company YouGov showed on Wednesday.
- U.S. home resales fell more than expected in April, weighed down by a chronic shortage of houses on the market that is keeping house prices elevated and sidelining prospective buyers.

### GLOBAL MARKETS

**Asia** – Chinese stocks fell and the Australian dollar skidded on Wednesday after Moody's downgraded its sovereign credit rating on China, adding to worries about the global impact of slowing growth and rising debt in Asia's economic powerhouse.

Shares elsewhere in Asia also slipped, with MSCI's broadest index of Asia-Pacific shares outside Japan down 0.3 percent, despite modest gains on Wall Street overnight. Japan's Nikkei stock index managed to end 0.7 percent higher. China's main stock indexes recouped earlier losses to end roughly flat. Moody's cut China's rating by one notch to A1 from Aa3 in its first downgrade of the country in nearly 30 years, saying it expects the financial strength of the economy will erode in coming years as growth slows and debt continues to rise.

**Euro Zone** – European shares, stuck just below 21-month highs for more than a week, struggled to gain momentum on Wednesday, with strength in banks and big oil majors offset by weakness in miners and autos.

The pan-European STOXX 600 index ended up 0.1 percent. Among the national markets, Britain's FTSE 100 rose 0.4 percent, while Germany's DAX fell 0.1 percent, weighed down by stocks including Hugo Boss and Evonik going ex-dividend.

Banks were the biggest contributor to gains on the STOXX index with Banco BPM leading the way with a surge of 4 percent, helped by market talk about the sale of bad loans.

But the sector was weighed down by a 0.9 percent fall in Deutsche Bank after news that U.S. House Democrats had asked the German lender to provide information on whether any accounts connected to U.S. President Donald Trump have ties to Russia.

European auto stocks were the biggest sectoral fallers, down 0.6 percent. They were led lower by a 1.6 percent fall in Daimler, which extended losses after its sites were searched on Tuesday by German prosecutors in an emissions probe, and a 0.6 percent fall in Fiat Chrysler.

Shares in the Italian-American carmaker recouped some of their earlier losses after the U.S. government sued it over emissions.

"This case is likely to take a long time (VW settled in 16 months) and should weigh on FCA's share price for some time as the message regarding the execution of its 2018 plan is likely to be overwhelmed," analysts at Barclays said in a note.

Among mining stocks, hit by a fall in copper after Moody's downgraded China, a big global metals consumer, Rio Tinto declined 0.5 percent while Randgold and Fresnillo fell 1.5 and 0.4 percent respectively.

Glencore lost 0.1 percent after saying it had made an informal approach to U.S. grains trader Bunge to discuss "a possible consensual business combination". But Bunge responded by saying it was not in talks with the mining and commodities group.

On the positive side, a well-received set of fourth-quarter results from Dixons Carphone lifted its shares 4.7 percent, while Britvic's first-half update also boosted its shares.

British retailer Kingfisher was the biggest STOXX faller, however, down 7 percent after a trading update, while engineer Babcock also fell 2.3 percent after its full-year results.

**U.S. & Global Markets** – Wall Street rose, while the U.S. dollar and bond yields fell on Wednesday after Federal Reserve meeting minutes signaled a gradual approach to interest rate hikes, and oil prices dipped on a draw of U.S. gasoline stocks that was smaller than expected.

While the yield curve flattened, the S&P 500 closed at a record high after minutes from the U.S. central bank's May 2-3 policy meeting indicated the Fed would gradually raise rates and wind down its \$4.5 trillion of bond holdings.

The Dow Jones Industrial Average rose 74.51 points, or 0.36 percent, to 21,012.42, the S&P 500 gained 5.97 points, or 0.25 percent, to 2,404.39 and the Nasdaq Composite added 24.31 points, or 0.4 percent, to 6,163.02.

"Absent a material slowdown in the economy, Federal Reserve officials, acknowledging support from strengthening global growth, appear poised to stay on track toward interest rate normalization," said Quincy Krosby,

chief market strategist at Prudential Financial, based in Newark, New Jersey.

The Fed minutes also helped lift the Mexican peso to its strongest level since the election of U.S. President Donald Trump in November, up 0.9 percent to trade at 18.451 pesos per greenback.

The peso has tracked upwards since Mexico's central bank unexpectedly hiked its benchmark interest rate by 25 basis points to 6.75 percent on Thursday.

Interest rate futures imply traders see about an 80-percent chance of a quarter-percentage-point rate hike at the Fed's next meeting in June.

"Their plan is in place to gradually phase out reinvestments beginning in the fourth quarter," said Matt Toms, chief investment officer of fixed income at Voya Investment Management in Atlanta.

"Even though the Fed is reducing stimulus, I think this gives the market some comfort. It won't lift the rate structure much," he said.

The Fed minutes also sent the dollar index tumbling 0.32 percent, though it held near 6-1/2-month lows.

The yield gap between two-year and 10-year Treasuries shrank over 1 basis point to 96 basis points, not far above the level last seen on Oct. 27. This implied traders did not expect that fewer bond purchases from the Fed would push up longer-dated yields.

"While June seems a given for a rate hike, investors are questioning a September move, especially if economic data continue to be mixed and if inflation doesn't gain momentum," Prudential's Crosby said in an email.

Elsewhere, world stock markets recovered from initial losses after Moody's Investors Service issued its first credit downgrade of China in 30 years, dropping China's sovereign debt to A1 from Aa3.

*(Source Reuters – @ErwinRiset - @her1en)*

## **GLOBAL ECONOMIES**

**China** – Moody's Investors Service downgraded China's credit ratings on Wednesday for the first time in nearly 30 years, saying it expects the financial strength of the economy will erode in coming years as growth slows and debt continues to rise.

The one-notch downgrade in long-term local and foreign currency issuer ratings, to A1 from Aa3, comes as the Chinese government grapples with the challenges of rising financial risks stemming from years of credit-fuelled stimulus.

"The downgrade reflects Moody's expectation that China's financial strength will erode somewhat over the coming years, with economy-wide debt continuing to rise as potential growth slows," the ratings agency said in a statement, changing its outlook for China to stable from negative.

China's Finance Ministry said the downgrade, Moody's first for the country since 1989, overestimated the risks to the economy and was based on "inappropriate methodology".

"Moody's views that China's non-financial debt will rise rapidly and the government would continue to maintain growth via stimulus measures are exaggerating difficulties facing the Chinese economy, and underestimating the Chinese government's ability to deepen supply-side structural reform and appropriately expand aggregate demand," the ministry said in a statement.

China's leaders have identified the containment of financial risks and asset bubbles as a top priority this year. All the same, authorities are moving cautiously to avoid knocking economic growth, gingerly raising short-term interest rates while tightening regulatory supervision.

At the same time, Beijing's need to deliver on official growth targets is likely to make the economy increasingly reliant on stimulus, Moody's said.

"While ongoing progress on reforms is likely to transform the economy and financial system over time, it is not likely to prevent a further material rise in economy-wide debt, and the consequent increase in contingent liabilities for the government," it said.

While the downgrade is likely to modestly increase the cost of borrowing for the Chinese government and its state-owned enterprises (SOEs), it remains comfortably within the investment grade rating range.

World stocks inched lower after the move, though Shanghai's main index recouped early losses to end marginally higher.

"After being very much at the front and centre of global risk sentiment at the beginning of last year, the Chinese slowdown story has been almost forgotten, with politics throughout Europe and the U.S. taking the limelight," said David Cheetham, chief market analyst at brokerage XTB.

The yuan currency briefly dipped against the U.S. dollar in offshore trading, as did the Australian dollar, often seen as a proxy for China risk.

"It's going to be quite negative in terms of sentiment, particularly at a time when China is looking to de-risk the banking system (and) when there's going to be some potential restructuring of SOEs," said Vishnu Varathan, Asia head of economics and strategy at Mizuho Bank's Treasury division.

**Japan** – Former Federal Reserve Chairman Ben Bernanke said on Wednesday the Bank of Japan may need to coordinate a new fiscal spending plan with the government, allowing for inflation to accelerate above its 2 percent target without worsening the debt burden.

Making a temporary commitment to allow inflation to overshoot would help keep the ratio of debt to gross domestic product stable, and is different from directly underwriting fiscal spending, Bernanke said.

Bernanke also said the BOJ's current policy framework may be reaching its limits because short- and long-term interest rates are near zero, but the need for more easing cannot be ruled out.

"The direct approach...would be for the BOJ to commit to a temporary overshoot of its inflation target sufficient to avoid any increase in the debt-to-GDP ratio," Bernanke said.

"This commitment amounts to a monetary financing of the fiscal programme without relying on exotic concepts like helicopter drops."

If inflation accelerated to 2 percent by next year, that would lower Japan's debt-to-GDP ratio by 21 percent, Bernanke said.

Bernanke said there were several ways the BOJ could coordinate its policy with a new government spending programme, including committing to holding a certain amount of government debt for a fixed period.

There is a "strong case" for the BOJ to stick with its 2 percent price target, because this will pull interest rates further away from the zero lower bound, he said.

Bernanke spoke positively about Japan's tight labour market, modest rises in wages and steady economic growth.

The BOJ's yield curve control scheme, under which it buys government debt to keep 10-year government bond yields around zero, is a sustainable policy, because in the future the central bank will be able to manipulate yields with less purchases, he said.

However, fiscal and monetary policy authorities may need to closely coordinate policy in the future, because there is still a risk inflation does not accelerate, Bernanke said.

Although Japan's economy has shown signs of a pick-up in recent months, consumer prices have not made a convincing recovery. Inflation has been close to zero for almost two years, posing major policy hurdles for the BOJ's ambitious 2 percent inflation target.

Bernanke said Japan's ageing and shrinking population mean that its equilibrium interest rate, or the rate that neither stimulates nor constrains growth, is probably negative, which delays progress in achieving inflation.

Bernanke, who is currently a fellow at the Brookings Institution, spoke at a seminar hosted by the BOJ.

**Euro Zone** – Euro zone economic growth may be improving - and European Central Bank policy will reflect this - but inflation remains weak

so there is no need to deviate from the policy path already laid out, top ECB policymakers said on Wednesday.

The comments from ECB President Mario Draghi and two of his top lieutenants suggest the bank is going to be extremely cautious about dismantling its massive stimulus programme.

Draghi, Vice President Vitor Constancio and chief economist Peter Praet all acknowledged the euro zone's best economic growth run in a decade. But they played down its relevance as underlying inflation remains anaemic, wage growth is muted and the slack in the labour market remains sizable.

"We are fully aware, and by the way I would say there's even a unanimous view about economic developments, that the situation is improving, and this will of course be fully reflected in our future decisions," ECB Vice President Vitor Constancio said.

But he also urged caution, arguing that economic output will not reach the currency bloc's potential before the end of next year and that wage growth is not reassuring.

With growth accelerating, conservative countries like Germany have put pressure on the ECB to start winding down its unprecedented stimulus, saying the side effects are starting to outweigh the benefits.

"When we introduced unconventional policy instruments,... we were aware that those new instruments could result in somewhat more pronounced side effects than conventional instruments," Draghi said separately. "These side effects have remained contained."

"Our current assessment of the side effects suggest therefore that there is no reason to deviate from the indications we have been consistently providing in the introductory statement to our press conferences," Draghi added.

**Greece** – Greece will not need any debt relief from euro zone governments if it keeps its primary surplus above 3 percent of GDP for 20 years, a confidential paper prepared by the euro zone bailout fund, the European Stability Mechanism (ESM), showed.

The paper, obtained by Reuters, was prepared for euro zone finance ministers and International Monetary Fund talks last Monday, which ended without an agreement due to diverging IMF and euro zone assumptions on future Greek growth and surpluses.

A group of euro zone finance ministers led by Germany's Wolfgang Schäuble insists that the issue of whether Greece needs debt relief can only be decided when the latest bailout expires in mid-2018.

The IMF says the need for a bailout is already clear now.

Under scenario A, the paper assumes no debt relief would be needed if Athens kept the primary surplus -- the budget balance before debt servicing -- at or above 3.5 percent of gross domestic product until 2032 and above 3 percent until 2038.

The European Central Bank says such long periods of high surplus are not unprecedented: Finland, for example, had a primary surplus of 5.7 percent over 11 years in 1998-2008 and Denmark 5.3 percent over 26 years in 1983-2008.

A second option under scenario A assumes Greece secures the maximum possible debt relief under a May 2016 agreement.

Greece would then have to keep its primary surplus at 3.5 percent until 2022 but could then lower it to around 2 percent until mid-2030s and to 1.5 percent by 2048, giving an average of 2.2 percent in 2023-2060.

**UK** – The British public's expectations for inflation over the next 12 months rose slightly this month but remained within the tight range of the past six months, a survey for Citi by polling company YouGov showed on Wednesday.

"Stable short-term expectations show that the current spike in inflation is not self-reinforcing," Citi economists wrote in a note to clients.

"There is no urgency to hike rates, in our view, and we expect the majority (of Bank of England policymakers) to avoid premature monetary tightening, given the economic risks."

Citi said year-ahead inflation expectations increased to 2.6 percent from April's reading of 2.5 percent, lagging behind a sharper increase in the official measure of headline consumer price inflation which hit a three-year high of 2.7 percent.

This was the first time since September 2013 that year-ahead inflation expectations were below the headline rate.

Longer-term inflation expectations for the next five to 10 years rose to 3.0 percent from April's 2.9 percent, but remained below February's 3.2 percent peak.

YouGov polled 2,017 British adults on May 19 and May 20.

**U.S.** – U.S. home resales fell more than expected in April, weighed down by a chronic shortage of houses on the market that is keeping house prices elevated and sidelining prospective buyers.

The National Association of Realtors said on Wednesday existing home sales declined 2.3 percent to a seasonally adjusted annual rate of 5.57 million units last month.

Despite the decline, April's sales pace was the fourth highest over the past 12 months. March's sales pace was revised down to 5.70 million units, which was still the highest level since February 2007, from the previously reported 5.71 million units.

"Lack of supply moving through the seasonal ramp-up in sales in the spring selling season slowed sales rather than demand," said Ted Wieseman, an economist at Morgan Stanley in New York.

Economists had forecast sales falling 1.1 percent to a 5.65 million-unit rate. Sales were up 1.6 percent from April 2016, also underscoring the housing market's underlying strength.

While the number of homes on the market rose 7.2 percent to 1.93 million units from March, supply was down 9.0 percent from a year ago. Housing inventory has dropped for 23 straight months on a year-on-year basis.

As a result, the median house price increased 6.0 percent from a year ago to \$244,800 in April, the highest level since June 2016. That was the 62nd straight month of year-on-year price gains.

With recent data showing a drop in homebuilding and a plunge in new home sales in April, weak home resales suggest residential investment will probably make a small contribution to gross domestic product in the second quarter.

Residential investment added half a percentage point to the economy's 0.7 percent annualized growth pace in the first quarter.

U.S. financial markets were little moved by the report as investors awaited minutes of the Federal Reserve's May policy meeting later on Wednesday.

Houses typically stayed on the market for 29 days last month, the shortest period since the NAR started tracking the series in May 2011. That was down from 34 days in March and 39 days a year ago.

Demand for housing is being driven by a tight labor market, marked by a 4.4 percent unemployment rate, which is boosting employment opportunities for young Americans.

The housing market also remains supported by historically low mortgage rates, with the 30-year fixed mortgage rate hovering just above 4.0 percent. But rising building material costs as well as shortages of lots and labor have left builders struggling to fill the inventory gap.

The NAR estimates housing starts and completions should be in a range of 1.5 million to 1.6 million units to eliminate the persistent shortage. Housing starts are running at about a rate of 1.2 million units and completions around a pace of 1 million units.

A separate report from the Mortgage Bankers Association on Wednesday showed applications for loans to purchase homes fell 1.0 percent last week.

Last month, sales fell in the Northeast, West and South regions, but rose in the Midwest.

At April's sales pace, it would take 4.2 months to clear the stock of houses on the market, up from 3.8 months in March. A six-month supply is viewed as a healthy balance between supply and demand.

First-time buyers accounted for 34 percent of transactions last month, still well below the 40 percent share that economists and realtors say is needed for a robust housing market, but up from 32 percent a year ago.

*(Source Reuters, Research – @her1en)*

## WEEKLY ECONOMIC CALENDAR

DATE	WIB	CTY	INDICATORS	PER	ACTUAL	FORECAST	PREV.	REV.
MON/22-May-17	04:00	KR	PPI YoY	Apr	4.0%	--	4.2%	4.3%
	06:01	GB	Rightmove House Prices MoM	May	1.2%	--	1.1%	
	06:01	GB	Rightmove House Prices YoY	May	3.0%	2.0%	2.2%	
	06:50	JP	Trade Balance	Apr	¥481.7b	¥520.7b	¥614.7b	¥614.0b
	06:50	JP	Trade Balance Adjusted	Apr	¥97.6b	¥245.4b	¥172.2b	¥106.4b
	06:50	JP	Exports YoY	Apr	7.5%	7.8%	12.0%	
	06:50	JP	Imports YoY	Apr	15.1%	14.8%	15.8%	
	08:30	AU	RBA Research Discussion Paper					
22-May - 23-May	N/A	EZ	EU/Euro-Area Finance Ministers Meet in Brussels					
	19:30	US	Chicago Fed Nat Activity Index	Apr	0.49	--	0.08	0.07
	20:00	CN	Conference Board China April Leading Economic Index					
	21:00	US	Fed's Harker Speaks in Philadelphia					
	21:30	US	Fed's Kashkari to Speak at Minneapolis Fed Conference					
	<b>All Day</b>	<b>CA</b>	<b>Bank Holiday/Victoria Day</b>					
TUE/23-May-17	00:30	AU	RBA's Debelle Speech in Basel					
	06:30	AU	ANZ Roy Morgan Weekly Consumer Confidence Index	May-21	110.5	--	109.4	
	06:30	US	Fed's Brainard Speaks on Role of Inclusion in Economy					
	08:10	US	Fed's Evans Speaks in Shanghai					
	11:30	JP	All Industry Activity Index MoM	Mar	-0.6%	-0.5%	0.7%	
	13:00	DE	GDP SA QoQ	1Q F	0.6%	0.6%	0.6%	
	13:00	DE	GDP WDA YoY	1Q F	1.7%	1.7%	1.7%	
	13:00	DE	GDP NSA YoY	1Q F	2.9%	2.9%	2.9%	
	13:00	DE	Private Consumption QoQ	1Q	0.3%	0.3%	0.3%	0.2%
	13:00	DE	Government Spending QoQ	1Q	0.4%	0.3%	0.8%	0.3%
	13:00	DE	Capital Investment QoQ	1Q	1.7%	1.7%	0.8%	0.4%
	13:00	DE	Construction Investment QoQ	1Q	2.3%	2.5%	1.6%	0.8%
	13:00	DE	Domestic Demand QoQ	1Q	0.2%	0.5%	0.9%	0.7%
	13:00	DE	Exports QoQ	1Q	1.3%	1.5%	1.8%	1.7%
	13:00	DE	Imports QoQ	1Q	0.4%	1.0%	3.1%	2.5%
	13:00	CH	Trade Balance	Apr	1.97b	--	3.1b	3.04b
	13:00	CH	Exports Real MoM	Apr	-2.5%	--	2.5%	1.8%
13:00	CH	Imports Real MoM	Apr	2.6%	--	-1.4%	0.6%	

	14:30	DE	Markit/BME Germany Manufacturing PMI	May P	59.4	58.0	58.2	
	14:30	DE	Markit Germany Services PMI	May P	55.2	55.5	55.4	
	14:30	DE	Markit/BME Germany Composite PMI	May P	57.3	56.6	56.7	
	15:00	EZ	Markit Eurozone Manufacturing PMI	May P	57.0	56.5	56.7	
	15:00	EZ	Markit Eurozone Services PMI	May P	56.2	56.4	56.4	
	15:00	EZ	Markit Eurozone Composite PMI	May P	56.8	56.6	56.8	
	15:00	DE	IFO Business Climate	May	114.6	113.1	112.9	113.0
	15:00	DE	IFO Expectations	May	106.5	105.4	105.2	
	15:00	DE	IFO Current Assessment	May	123.2	121.2	121.1	121.4
	15:30	HK	CPI Composite YoY	Apr	2.0%	1.6%	0.5%	
	15:30	GB	Public Finances (PSNCR)	Apr	-15.21b	--	34.3b	27.7b
	15:30	GB	Central Government NCR	Apr	-15.2b	--	18.3b	
	15:30	GB	Public Sector Net Borrowing	Apr	9.6b	8.0b	4.4b	2.3b
	15:30	GB	PSNB ex Banking Groups	Apr	10.4b	8.8b	5.1b	3.1b
	19:30	CA	Wholesale Trade Sales MoM	Mar	0.9%	1.0%	-0.2%	
	20:00	US	Fed's Kashkari Speaks with Reporters in Minneapolis					
	20:45	US	Markit US Manufacturing PMI	May P	52.5	53.0	52.8	
	20:45	US	Markit US Services PMI	May P	54.0	53.1	53.1	
	20:45	US	Markit US Composite PMI	May P	53.9	--	53.2	
	21:00	US	New Home Sales	Apr	569k	610k	621k	642k
	21:00	US	New Home Sales MoM	Apr	-11.4%	-1.5%	5.8%	
	21:00	US	Richmond Fed Manufact. Index	May	1	15	20	
<b>WED/24-May-17</b>	02:15	US	Fed's Kashkari Speaks in Minneapolis					
	04:00	US	Fed's Harker Speaks in New York					
	05:45	NZ	Trade Balance NZD	Apr	578m	233m	332m	277m
	05:45	NZ	Exports NZD	Apr	4.75b	4.36b	4.65b	4.61b
	05:45	NZ	Imports NZD	Apr	4.17b	4.13b	4.31b	4.33b
	05:45	NZ	Trade Balance 12 Mth YTD NZD	Apr	-3481m	-3790m	-3671m	-3710m
	N/A	JP	Cabinet Office Monthly Economic Report for May					
	07:00	JP	BOJ Kuroda speaks in Tokyo					
	07:30	AU	Westpac Leading Index MoM	Apr	-0.12%	--	0.08%	
	07:30	JP	Nikkei Japan PMI Mfg	May P	-	--	52.7	
	13:00	DE	GfK Consumer Confidence	Jun	10.4	10.2	10.2	
	15:30	EZ	ECB Executive Board member Praet speaks in Sofia					
	19:45	EZ	ECB President Draghi speaks in Madrid					
	20:00	US	FHFA House Price Index MoM	Mar	0.6%	--	0.8%	
	20:00	US	House Price Purchase Index QoQ	1Q	1.4%	--	1.5%	
	21:00	CA	Bank of Canada Rate Decision	May-24	0.5%	0.5%	0.5%	
	21:00	US	Existing Home Sales	Apr	5.57m	5.65m	5.71m	5.70m
	21:00	US	Existing Home Sales MoM	Apr	-2.3%	-1.1%	4.4%	4.2%
	21:30	US	EIA Weekly Crude Stocks	w/e	-4.432m	-2.419m	-1.753m	
	21:30	US	EIA Weekly Dist. Stocks	w/e	-0.485m	-0.743m	-1.944m	
	21:30	US	EIA Weekly Gasoline Stocks	w/e	-0.787m	-1.194m	-0.413m	
<b>THU/25-May-17</b>	01:00	US	FOMC Meeting Minutes	May-03		--	--	
	05:00	US	Fed's Kaplan Speaks in Toronto					
	05:30	US	Fed's Kashkari Speaks in Wisconsin					
	06:50	JP	Japan Buying Foreign Bonds	May-19		--	¥1821.2b	
	06:50	JP	Japan Buying Foreign Stocks	May-19		--	¥273.4b	
	06:50	JP	Foreign Buying Japan Bonds	May-19		--	¥395.4b	
	06:50	JP	Foreign Buying Japan Stocks	May-19		--	¥372.2b	
	N/A	KR	BoK 7-Day Repo Rate	May-25		1.25%	1.25%	
	N/A	KR	BoK 7-Day Repo Rate	May-25		1.25%	1.25%	
25-May - 26-May	All Day		OPEC Meeting					
	N/A	EZ	NATO Leaders Meet in Brussels					
	N/A	EZ	EU's Tusk, Juncker Meet With U.S.'s Trump in Brussels					
	15:00	AU	RBA's Debelle Opening Remarks in London					
	15:30	HK	Exports YoY	Apr		12.0%	16.9%	
	15:30	HK	Imports YoY	Apr		13.0%	13.0%	
	15:30	HK	Trade Balance HKD	Apr		-39.1b	-42.3b	



	15:30	GB	GDP QoQ	1Q P		--	0.3%	
	15:30	GB	GDP YoY	1Q P		--	2.1%	
	15:30	GB	Private Consumption QoQ	1Q P		--	0.7%	
	15:30	GB	Government Spending QoQ	1Q P		--	0.0%	
	15:30	GB	Gross Fixed Capital Formation QoQ	1Q P		--	0.1%	
	15:30	GB	Exports QoQ	1Q P		--	4.6%	
	15:30	GB	Imports QoQ	1Q P		--	-1.0%	
	15:30	GB	BBA Mortgage Approvals	Apr			41.061k	
	15:30	GB	Total Business Investment QoQ	1Q P		--	-0.9%	
	15:30	GB	Total Business Investment YoY	1Q P		--	-0.9%	
	17:30	AU	RBA's DeBelle Panel Participation in London					
	19:30	US	Initial Jobless Claims	w/e		238k	232k	
	19:30	US	Jobless Claims 4-wk Avg	w/e		-	240.75k	
	19:30	US	Continuing Jobless Claims	w/e		1.925m	1.898m	
	21:00	US	Fed's Brainard Takes in Panel Discussion on Global Economy					
	22:00	US	Kansas City Fed Manf. Activity	May		--	7	
	<b>All Day</b>	<b>CH</b>	<b>Bank Holiday/Ascension Day</b>					
<b>FRI/26-May-17</b>	04:00	KR	Consumer Confidence	May		--	101.2	
	04:20	CA	Bank of Canada Deputy Governor Sylvain Leduc Speech					
	06:30	JP	Natl CPI YoY	Apr		0.4%	0.2%	
	06:30	JP	Natl CPI Ex Fresh Food YoY	Apr		0.4%	0.2%	
	06:30	JP	Natl CPI Ex Fresh Food, Energy YoY	Apr		0.0%	-0.1%	
	06:30	JP	Japan Apr CPI					
	06:50	JP	PPI Services YoY	Apr		0.9%	0.8%	
	09:00	US	Fed's Bullard Speaks on U.S. economy in Tokyo					
	11:30	AU	RBA's Richards Panel Participation					
	19:30	US	GDP Annualized QoQ	1Q S		0.9%	0.7%	
	19:30	US	Personal Consumption	1Q S		--	0.3%	
	19:30	US	Core PCE QoQ	1Q S		--	2.0%	
	19:30	US	Durable Goods Orders	Apr P		-1.8%	0.9%	
	21:00	US	U. of Mich. Sentiment	May F		97.5	97.7	
	21:00	US	U. of Mich. Current Conditions	May F		112.5	112.7	
	21:00	US	U. of Mich. Expectations	May F		87.9	88.1	
	21:00	US	U. of Mich. 1 Yr Inflation	May F		--	2.6%	
	21:00	US	U. of Mich. 5-10 Yr Inflation	May F		--	2.3%	
<b>SAT/27-May-17</b>	08:30	CN	Industrial Profits YoY	Apr		--	23.8%	
	13:50	JP	BOJ Kuroda speaks in Waseda Univ					
27-May - 03-Jun	N/A	DE	Retail Sales MoM	Apr		--	0.1%	
27-May - 03-Jun		DE	Retail Sales YoY	Apr		--	2.3%	

(Source: Reuters-FXstreet-DailyFX- Tradingeconomics-forexfactory, Research: @LukmanLoeng,@her1en,@ErwinRiset)

## ASIAN STOCK INDICATORS – Daily Outlook

**Japan's Nikkei share** average rose on Wednesday to a one-week closing high helped by exporters after the dollar gained against the yen, while financials outperformed thanks to a rise in U.S. Treasury yields.

The Nikkei ended 0.7 percent higher at 19,742.98, the highest closing level since May 17. The broader Topix index added 0.6 percent to 1,575.11, while the JPX-Nikkei Index 400 advanced 0.6 percent to 14,050.51.

**South Korean shares** rose for a fourth straight session and ended at a new high on Wednesday, though further gains were capped by caution ahead of the U.S. Federal Reserve's May policy meeting minutes.

The Korea Composite Stock Price Index (KOSPI) closed up 0.2 percent at 2,317.34 points, the highest close on record.

The Fed minutes will be released later on Wednesday and investors will be on the lookout for any hints about a rise in interest rates next month.

Offshore investors were net sellers, offloading 83.4 billion won (\$74.1 million) worth of KOSPI shares.

The South Korean won edged down, standing at 1,126.8 to the dollar at the conclusion of onshore trade, down 0.2 percent compared with Tuesday's close of 1,124.2.

**Hong Kong stocks** rose for a fourth day on Wednesday to a fresh 22-month high, shrugging off Moody's downgrade of China's sovereign credit rating.

The Hang Seng index ended up 0.1 percent at 25,428.50 points, while the China Enterprises Index was unchanged at 10,390.87.

Moody's Investors Service cut China's credit ratings by one notch to A1 from Aa3, saying it expects the financial strength of the economy will erode in coming years as growth slows and debt continues to rise.

Mainland Chinese stocks fell on the news, but investors in Hong Kong were more sanguine.

"The current market euphoria is a concern for contrarians," wrote Hong Hao, head of research at BOCOM International.

"Hong Kong's risk premium is plunging to its historic lows that have foreshadowed previous crises."

Hong attributed Hong Kong's "extreme market optimism" partly to continuous inflows of mainland money "with higher risk tolerance."

Brokerage CICC estimated that mainland money flows into Hong Kong stocks would average 200-400 billion yuan (\$29 billion to \$ 58 billion) over the next few years, or 1-2 billion yuan each trading day, according to China Securities Journal.

Market bellwether Tencent dropped about 1 percent, taking a breather following strong gains recently. Its market cap had reached HK\$2.58 trillion (\$331.23 billion), dwarfing the gross domestic product (GDP) of its birthplace Shenzhen, which stood at 1.94 trillion yuan (\$281.58 billion).

**China's main stock indexes** recouped earlier losses to end roughly flat on Wednesday, as strong gains in small-caps partially offset Moody's downgrading of China's debt ratings.

The blue-chip CSI300 index was unchanged at 3,424.17 points, while the Shanghai Composite Index added 0.1 percent to 3,064.08 points.

Moody's Investors Service downgraded China's long-term local and foreign currency issuer ratings on Wednesday, citing expectations that the country's financial strength would erode in coming years as economic growth slows and debt continues to mount.

The benchmark stock indexes fell more than 1 percent shortly after the market opened, but recouped most of the losses to close roughly flat.

The downgrade has had "a negative psychological impact on the market," said Tian Weidong, strategist at Kaiyuan Securities, adding Beijing's campaign to clean up the financial system was already driving up market rates and sowing panic among retail investors.

The market has already been hobbled in recent weeks amid signs that Beijing's regulatory crackdown on shadow banking and risky investment is pushing up short-term borrowing costs and threatening to slow the economy.

In a rare sign of tightening liquidity in the interbank market, the one-year Shanghai Interbank Offered Rate (SHIBOR) was at 4.322 percent, exceeding the one-year Loan Prime Rate at 4.3 percent.

Morgan Stanley said in a report on Wednesday that China's interbank interest rates can rise by another 40-50 basis points from current levels in the coming months, to keep pace with the U.S. Federal Reserve's tightening moves.

Most sectors lost ground, led by defensive consumer and healthcare stocks. Small-caps rallied strongly, with the tech-heavy start-up board ChiNext rising 1.0 percent. [\[Source Reuters, Research: @ErwinRiset\]](#)

### ASIA AND GLOBAL MARKET SPOT PRICE 2016

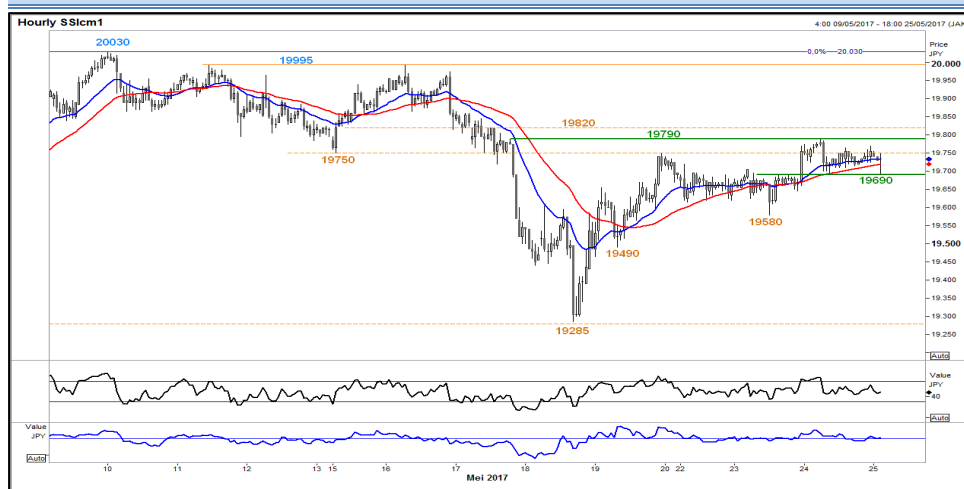
HIGH / LOW	.N225	.KS200	.HSI	.DJI	/.SPX	/.SSEC
<b>RECORD HIGH</b>	38915.87 (29/Dec/89)	295.51 (03/May/11)	31958.41 (30/Oct/07)	21169.11 (01/Mar/2017)	2400.98 (01/Mar/2017)	6124.04400 (16/Oct./07)
<b>2016 HIGH</b>	19592.90 (21/Dec/16)	264.42 (21/Dec/16)	24364.00 (09/Sep/16)	19987.63 (20/Dec/16)	2277.53 (13/Dec/16)	3538.68940 (04/Jan/16)
<b>2017 HIGH</b>	19998.49 (16/May/2017)	304.26 (10/May/2017)	25486.98 (23/May/2017)	21169.11 (01/Mar/2017)	2405.77 (16/May/2017)	3295.18700 (07/Apr/2017)
<b>2017 LOW</b>	18224.68 (17/Apr/2017)	258.64 (02/Jan/2017)	21883.82 (03/Jan/2017)	19677.94 (19/Jan/2017)	2245.13 (03/Jan/2017)	3016.53050 (11/May/2017)
<b>2016 LOW</b>	14864.01 (24/Jun/16)	222.92 (20/Jan/16)	18278.80 (12/Feb/16)	15450.56 (20/Jan/16)	1810.10 (11/Feb/16)	2638.30160 (27/Jan/16)
<b>RECORD LOW</b>	85.25 (06/Jul/50)	31.96 (16/Jun/98)	58.61 (31/Aug/67)	388.20 (17/Jan/55)	132.93 (23/Nov./82)	325.92200 (29/Jul/94)

### Closing Prices – 24 May 2017

	CLOSE	CHANGE		CLOSE	CHANGE
.DJI	21012.42	↑ 74.51/ 0.36%	.N225	19742.98	↑ 129.70/0.66%
/.SPX	2404.39	↑ 5.97/ 0.25%	.KS200	301.71	↑ 0.35/0.12%
/.IXIC	6163.024	↑ 24.312/ 0.40%	.HSI	25428.50	↑ 25.35/0.10%
JPY=	111.49	↓ 0.28/ 0.25%	/.SSEC	3063.79040	↑ 1.84340/0.06%
KRW=	1118.23	↓ 6.23/ 0.55%	/Clc1 (Oil)	51.30	↓ 0.17/0.33%



### SSlamM7 (Nikkei Jun Futures) – Last Trading Date: 12 June 2017



- Moves in the range of 19690 - 19790, with crucial level at 19750
- If it able to hold above 19750, then rally will likely continue to face a resistance at 19820

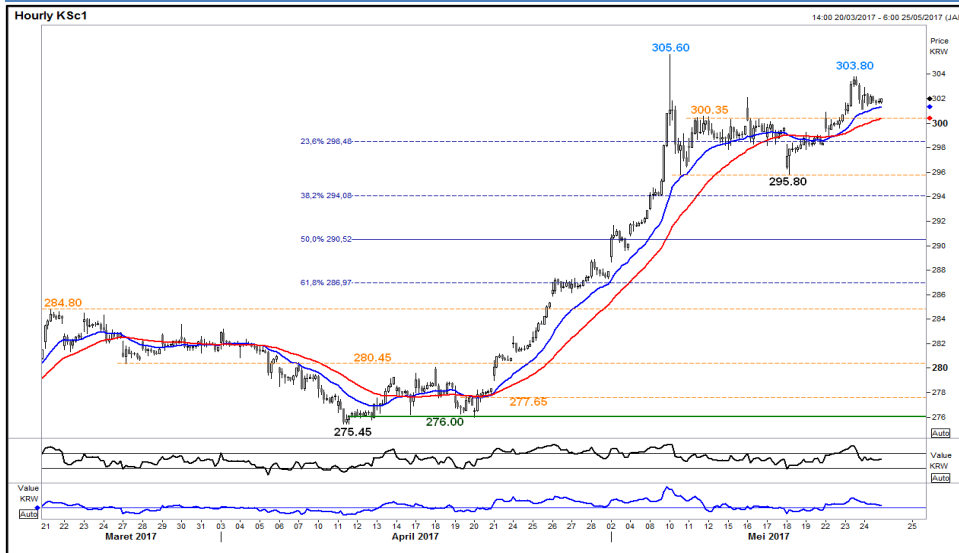
DATE	OPEN	HIGH	LOW	RANGE	CLOSE	SETTLE	CHANGE	% CHANGE	VOLUME
24 May SSIpmM7	19740	19770	19690	80	19730		UNCH	UNCH	18090
24 May SSIamM7	19780	19790	19690	100	19730	19730	↑ 80	0.41	37758
23 May SSIpmM7	19620	19780	19615	165	19775	---	↑ 125	0.64	22246
23 May SSIamM7	19675	19695	19580	115	19650	19650	↓ 30	0.15	35506
22 May SSIpmM7	19675	19705	19620	85	19705	---	↑ 25	0.13	19044
22 May SSIamM7	19685	19720	19615	105	19680	19680	↑ 105	0.54	35170
19 May SSIpmM7	19585	19750	19565	185	19695	---	↑ 120	0.61	30689
19 May SSIamM7	19615	19630	19490	140	19575	19575	↓ 15	0.08	46793
18 May SSIpmM7	19565	19655	19285	370	19600	---	↑ 10	0.05	67620
18 May SSIamM7	19515	19605	19445	160	19590	19590	↓ 180	0.91	77931

WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
19790	19580	20030	19165	19325	18190	20030	18190
(24/May)	(23/May)	(09/May)	(01/May)	(26/Apr)	(17/Apr)	(09/May)	(17/Apr)

#### ANALYSIS & RECOMMENDATION

RESISTANCE	20035	Horizontal resistance
	20030	Peak level
	19995	Horizontal resistance
	19820	Reaction high (hourly)
SUPPORT	19580	Reaction low (hourly)
	19490	Reaction low (hourly)
	19280	Reaction low (hourly)
	19160	Low 28/Apr/2017 (Reaction low)
RECOMMENDATION	BUY	19705
	SELL	----
	STOP LOSS	19575
	TARGET	19840
		19910

### KSM7 (Kospi Jun Futures) – Exp. Date: 08 June 2017



- Able to stay above crucial level at 300.35
  - As long as the area is effective, then rally potentially continues to face resistance at 303.80 - 305.60
- [\(Research – @ErwinRiset\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	SETTLE	CHANGE	% CHANGE	VOLUME
24 May	302.25	302.95	301.40	1.55	302.00	302.00	↑ 0.85	0.28	140933
23 May	301.15	303.80	300.70	3.10	301.15	301.15	↑ 0.45	0.15	236516
22 May	300.35	300.90	299.00	1.90	300.70	300.70	↑ 2.35	0.79	164910
19 May	298.50	299.25	297.85	1.40	298.35	298.35	↓ 0.40	0.13	136439
18 May	296.40	298.90	295.80	3.10	298.75	298.75	↓ 0.85	0.28	20789
17 May	298.90	300.15	298.20	1.95	299.60	299.60	↑ 0.25	0.08	185296

WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
303.80 (23/May)	299.00 (22/May)	305.60 (10/May)	288.65 (02/May)	288.90 (28/Apr)	275.45 (11/Apr)	305.60 (10/May)	259.25 (02/Jan)

#### ANALYSIS & RECOMMENDATION

RESISTANCE	310.88	50% Fib. Projection (Daily)
	307.32	38.2% Fib. Projection (Daily)
	305.60	High 10/May/2017
	303.80	Reaction high (hourly)
SUPPORT	300.35	Crucial level
	299.00	Reaction low (hourly)
	295.80	Low 18/May/2017
	294.10	Reaction low (hourly)
RECOMMENDATION	BUY	301.55
	SELL	----
	STOP LOSS	300.25
	TARGET	303.65 304.70

### HSIK7 (Hang Seng May Futures) – Exp. Date: 29 May 2017



- It moves near its highest level this year at 25445, hit high at 25422
- Rally is facing the important resistance at 25620
- While short term support at 25300  
[\(Research – @ErwinRiset\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	SETTLE	CHANGE	% CHANGE	VOLUME
24 May	25378	25422	25303	119	25420	25420	↑ 18	0.07	135487
23 May	25375	25445	25299	146	25402	25402	↑ 61	0.24	112043
22 May	25284	25422	25194	228	25341	25341	↑ 154	0.61	103761
19 May	25143	25244	25108	136	25187	25187	↑ 30	0.12	99140
18 May	25071	25239	25043	196	25157	25157	↓ 149	0.59	116552
17 May	25268	25316	25200	116	25306	25306	↑ 5	0.02	91488
16 May	25340	25349	25206	143	25301	25301	↑ 44	0.17	94756

WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
25445	25194	25445	24220	24646	23706	25445	21863
(23/May)	(22/May)	(23/May)	(05/May)	(26/Apr)	(19/Apr)	(23/May)	(03/Jan)

#### ANALYSIS & RECOMMENDATION

RESISTANCE	26723	High 03/Jul/2015 (Weekly)
	26358	High 10/Jul/2015 (Weekly)
	25620	High 24/Jul/2015 (Weekly)
	25445	Peak level (This year)
SUPPORT	25299	Reaction low (hourly)
	25194	Reaction low (hourly)
	25028	Reaction low (hourly)
	24991	Reaction low (hourly)
RECOMMENDATION	BUY	25380
	SELL	----
	STOP LOSS	25280
	TARGET	25555
		25650

## CURRENCIES – *Daily Outlook*

### U.S. dollar slips after Fed minutes - Reuters News



The U.S. dollar slipped on Wednesday, after minutes of the latest Federal Reserve meeting showed policymakers agreed they should hold off on raising interest rates until they see evidence that a recent economic slowdown was transitory.

The dollar index, which tracks the greenback against six major rivals, was down 0.17 percent to 97.184, after falling as low as 97.093.

The minutes were the latest indication of the Fed's heightened caution over policy tightening since the central

bank began lifting rates from near zero in December 2015.

Nearly all policymakers at the May 2-3 meeting also said they favored starting the wind-down of the Fed's massive holdings of Treasury debt and mortgage-backed securities this year.

"The minutes show that the Fed is going to be cautious and is in no rush to adopt a hawkish tone with respect to their balance sheet," said Naeem Aslam, chief market analyst for Think Markets.

Federal funds futures imply traders still see a high probability of a U.S. rate hike in June at 83 percent, but traders are now pricing a 46 percent chance of the Fed raising rates twice more by year-end, down from about 50 percent late Tuesday.

The dollar hit a more than 6-1/2-month low on Monday as worries over U.S. President Donald Trump's recent firing of FBI Director James Comey and concerns about possible delays in Trump's efforts to implement his economic stimulus plans pressured the greenback.

"We are not going to see any massive move to the downside for the dollar, but upside is very limited unless economic data starts to pick up massively," Aslam said.

The euro, which has enjoyed a bull run this month on factors including an ebb in French political concerns and upbeat euro zone data, was up 0.2 percent against the greenback at \$1.1204.

Canada's dollar strengthened to a one-month high against its U.S. counterpart after the Bank of Canada was more upbeat about the economy than some investors expected and as major oil producers looked set to possibly extend production cuts.

Earlier, Moody's Investors Services downgraded China's long-term local and foreign currency issuer ratings by a notch, citing expectations that the financial strength of the world's second-biggest economy would erode in the coming years.

China's offshore yuan slipped in a knee-jerk reaction but the overall response was limited.

*(Source Reuters, Research – @her1en)*

## EUR/USD

Interest Rate: 0.00% (EU)/ 0.75%-1.00% (US)



- Daily RSI flat
- With the resistance at 1.1430
- Important support at the 1.0970 level ([Research - @her1en](#))

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 24	1.11832	1.12189	1.11674	51,5	1.12170	↑ 36,1	1.11809
May 23	1.12351	1.12671	1.11739	93,2	1.11809	↓ 54,2	1.12351
May 22	1.12055	1.12624	1.11604	102,0	1.12351	↑ 30,8	1.12043
May 19	1.10999	1.12108	1.10970	113,8	1.12043	↑ 103,4	1.11009
May 18	1.11638	1.11708	1.10747	96,1	1.11009	↓ 54,9	1.11558

WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1.12671 (23/May)	1.11604 (22/May)	1.12671 (23/May)	1.08379 (11/May)	1.0950 (25/Apr)	1.0571 (10/Apr)	1.12671 (23/May)	1.0342 (03/Jan)

### ANALYSIS & RECOMMENDATION

RESISTANCE	1.1432	High June 24, 2016
	1.1365	Reaction high on 1-H chart
	1.1299	High 09/Nov/2016
	1.1267	High May 23
SUPPORT	1.1094	Low May 19
	1.0971	Low May 16
	1.0920	Low May 15
	1.0838	Low May 11
RECOMMENDATION	BUY	-----
	SELL	1.1220
	STOP LOSS	1.1285
	TARGET	1.1150 1.1120

## USD/JPY

Interest Rate: 0.75%-1.00% (US)/-0.1% (JP)



- Rebound is hampered and it is testing crucial level around 111.50
  - Consider the trendline support area around 111.10 for possible limited correction
- [\(Research – @ErwinRiset\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 24	111.797	112.117	111.467	65,0	111.481	↓ 26,7	111.748
May 23	111.278	111.846	110.850	99,6	111.748	↑ 47,5	111.273
May 22	111.253	111.597	110.919	67,8	111.273	↓ 10,2	111.375
May 19	111.557	111.689	111.026	66,3	111.375	↓ 8,2	111.457
May 18	110.704	111.727	110.225	150,2	111.457	↑ 67,9	110.778

WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
112.117 (24/May)	110.850 (23/May)	114.356 (10/May)	110.773 (17/May)	111.77 (26/Apr)	108.14 (17/Apr)	118.60 (03/Jan)	108.14 (17/Apr)

### ANALYSIS & RECOMMENDATION

RESISTANCE	114.36	High 11/May/2017 (Peak)
	113.85	Reaction high (hourly)
	113.12	High 17/May/2017
	112.56	Reaction high (hourly)
SUPPORT	110.84	Low 23/May/2017 (Reaction low)
	110.21	Low 18/May/2017 (Reaction low)
	109.57	Low 25/Apr/2017 (Reaction low)
	108.69	Low 20/Apr/2017
RECOMMENDATION	BUY	----
	SELL	111.80
	STOP LOSS	112.65
	TARGET	111.00 110.65



## GBP/USD

Interest Rate: 0.25% (GB)/ 0.75%-1.00% (US)



- Correction continues although still limited
  - Consider the consecutive lower highs pattern for potential correction facing support at 1.2829
- [\(Research – @ErwinRiset\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 24	1.29602	1.29979	1.29258	72,1	1.29612	↑ 2,9	1.29583
May 23	1.29975	1.30326	1.29511	81,5	1.29583	↓ 36,2	1.29945
May 22	1.30174	1.30416	1.29645	77,1	1.29945	↓ 35,3	1.30298
May 19	1.29370	1.30389	1.29317	107,2	1.30298	↑ 97,4	1.29324
May 18	1.29755	1.30466	1.28875	159,1	1.29324	↓ 32,8	1.29652

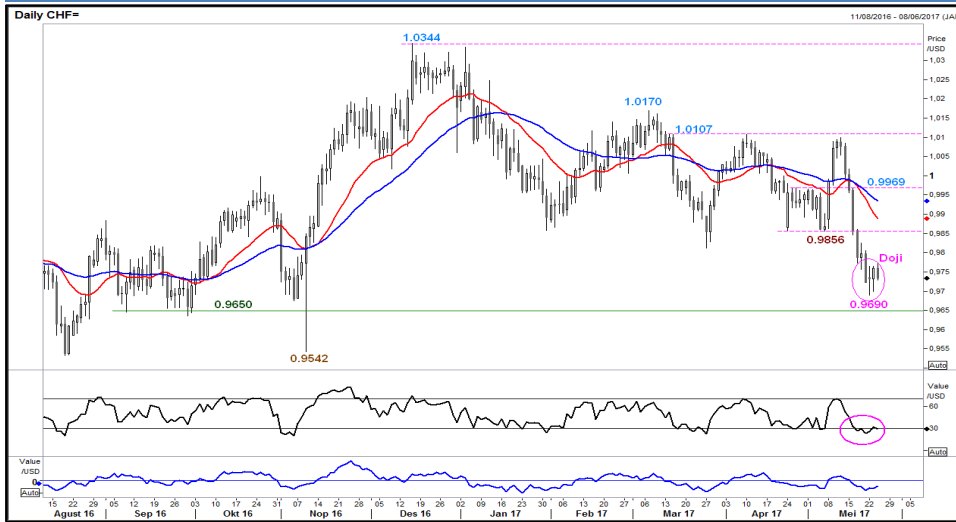
WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1.30416 (22/May)	1.29258 (24/May)	1.30466 (18/May)	1.28297 (04/May)	1.2965 (28/Apr)	1.2367 (10/Apr)	1.30466 (18/May)	1.1986 (16/Jan)

### ANALYSIS & RECOMMENDATION

RESISTANCE	1.3346	High 12/Sep/2016 (Reaction high)
	1.3278	High 15/Sep/2016 (Reaction high)
	1.3120	High 22/Sep/2016
	1.3058	High 29/Sep/2016
SUPPORT	1.2889	Low 18/May/2017
	1.2829	Low 04/May/2017 (Reaction low)
	1.2758	Low 21/Apr/2017 (Reaction low)
	1.2593	SMA200
RECOMMENDATION	BUY	----
	SELL	1.2985
	STOP LOSS	1.3065
	TARGET	1.2900 1.2850

## USD/CHF

Interest Rate: 0.75%-1.00% (US)/-1.25 to -0.25% (CH)



- Rebound is hampered, with reversal facing the support area at 0.9690
- Crucial support at 0.9650 while crucial resistance at 0.9856  
[\(Research – @ErwinRiset\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 24	0.97576	0.97754	0.97247	50,7	0.97255	↓ 30,4	0.97559
May 23	0.97313	0.97620	0.97006	61,4	0.97559	↑ 24,3	0.97316
May 22	0.97280	0.97645	0.96907	73,8	0.97316	↓ 3,1	0.97347
May 19	0.98001	0.98040	0.97249	79,1	0.97347	↓ 61,4	0.97961
May 18	0.97828	0.98243	0.97578	66,5	0.97961	↑ 12,7	0.97834

WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
0.97754 (24/May)	0.96907 (22/May)	1.00987 (11/May)	0.96907 (22/May)	1.0107 (10/Apr)	0.9863 (24/Apr)	1.0335 (03/Jan)	0.96907 (22/May)

### ANALYSIS & RECOMMENDATION

RESISTANCE	1.0107	High 14/Mar/2017 (horizontal resistance)
	0.9969	Pivot line
	0.9861	High 17/May/2017
	0.9805	High 19/May/2017
SUPPORT	0.9690	Low 22/May/2017
	0.9542	Low 09/Nov/2016 (Bottom)
	0.9532	Low 18/Aug/2016 (Bottom)
	0.9473	Low 15/Oct/2015 (Bottom)
RECOMMENDATION	BUY	----
	SELL	0.9760
	STOP LOSS	0.9830
	TARGET	0.9690 0.9640

## AUD/USD

Interest Rate: 1.5% (AU)/ 0.75%-1.00% (US)



- Daily RSI is down
  - Upperline around 0.7610, while lowerline at 0.7300
- [\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 24	0.74766	0.75066	0.74413	65,3	0.75025	↑ 23,5	0.74790
May 23	0.74732	0.75160	0.74651	50,9	0.74790	↑ 3,2	0.74758
May 22	0.74554	0.74876	0.74341	53,5	0.74758	↑ 19,6	0.74562
May 19	0.74165	0.74686	0.74053	63,3	0.74562	↑ 41,0	0.74152
May 18	0.74248	0.74657	0.74073	58,4	0.74152	↓ 10,4	0.74256

WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
0.75160 (23/May)	0.74341 (22/May)	0.75549 (02/May)	0.73277 (09/May)	0.7641 (03/Apr)	0.7441 (27/Apr)	0.7749 (21/Mar)	0.7182 (03/Jan)

### ANALYSIS & RECOMMENDATION

RESISTANCE	0.7749	High Mar 21
	0.7610	High 17/Apr/2017 (Reaction high)
	0.7591	High 24/Apr/2017 (Reaction high)
	0.7555	High 02/May/2017 (Reaction high)
SUPPORT	0.7403	Low May 19
	0.7326	Low 09/May/2017
	0.7284	Low 06/Jan/2017
	0.7206	Low 04/Jan/2017
ECOMMENDATION	BUY	-----
	SELL	0.7510
	STOP LOSS	0.7575
	TARGET	0.7440 0.7410

## NZD/USD

Interest Rate: 2.00% (NZ) / 0.75%-1.00% (US)



- Face the support area at 0.6816
  - Strong support at 0.6800
  - Important resistance at 0.7150
- [\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 24	0.70114	0.70574	0.69875	69,9	0.70456	↑ 40,4	0.70052
May 23	0.69921	0.70456	0.69911	54,5	0.70052	↑ 12,9	0.69923
May 22	0.69347	0.69970	0.69191	77,9	0.69923	↑ 56,3	0.69360
May 19	0.68981	0.69376	0.68801	57,5	0.69360	↑ 41,8	0.68942
May 18	0.69448	0.69482	0.68856	62,6	0.68942	↓ 44,1	0.69383

WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
0.70574	0.69191	0.70574	0.68166	0.7053	0.6849	0.7374	0.68166
(24/May)	(22/May)	(24/May)	(11/May)	(24/Apr)	(27/Apr)	(07/Feb)	(11/May)

### ANALYSIS & RECOMMENDATION

RESISTANCE	0.7333	High Feb 08
	0.7239	High Feb 28
	0.7150	High 02/Mar/2017
	0.7053	High 24/Apr/2017 (Reaction high)
SUPPORT	0.6910	Low May 22
	0.6876	Low May 17
	0.6816	Low 11/May/2017
	0.6798	Low 03/Jun/2016
RECOMMENDATION	BUY	-----
	SELL	0.7055
	STOP LOSS	0.7120
	TARGET	0.6985 0.6955

## EUR/JPY

Interest Rate: 0.00% (EU)/-0.1% (JP)



- Rally is restrained and moves limited, with the peak level at 125.80 remaining intact
- Beware of RSI near the overbought zone
- Crucial support at 124.56  
[\(Research – @ErwinRiset\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 24	125.034	125.378	124.878	50,0	125.054	↑ 9,3	124.961
May 23	125.028	125.361	124.535	82,6	124.961	↓ 7,3	125.034
May 22	124.662	125.269	124.089	118,0	125.034	↑ 24,7	124.787
May 19	123.835	124.913	123.357	155,6	124.787	↑ 104,4	123.743
May 18	123.590	124.085	122.531	155,4	123.743	↑ 13,7	123.606

WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
125.378 (24/May)	124.089 (22/May)	125.787 (16/May)	121.334 (01/May)	121.99 (28/Apr)	114.87 (17/Apr)	125.787 (16/May)	114.87 (17/Apr)

### ANALYSIS & RECOMMENDATION

RESISTANCE	128.22	High 31/Mar/2016 (Peak)
	127.34	High 04/Apr/2016
	126.47	High 28/Apr/2016 (Reaction high)
	125.80	High 16/May/2017
SUPPORT	124.09	Low 22/May/2017
	123.36	Low 19/May/2017
	122.54	Low 18/May/2017
	122.00	Pivot line
RECOMMENDATION	BUY	124.85
	SELL	----
	STOP LOSS	124.00
	TARGET	125.75 126.15

## USD/CAD

Interest Rate: 0.75%-1.00% (US)/0.5% (CA)



- Correction continues, test psychological level of 1.3400, hit low at 1.3402
- Short-term support at 1.3260 - 1.3220
- Crucial resistance at 1.3460
- Beware of RSI was oversold ([Research – @ErwinRiset](#))

<b>WEEKLY OPEN</b>	<b>CURRENT PRICE</b>
<b>1.3518</b>	<b>1.3407</b>

WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1.3540 (22/May)	1.3402 (24/May)	1.3793 (05/May)	1.3402 (24/May)	1.3697 (28/Apr)	1.3220 (13/Apr)	1.3793 (05/May)	1.2967 (31/Jan)

ANALYSIS & RECOMMENDATION		
<b>RESISTANCE</b>	1.3741	Reaction high (hourly)
	1.3669	High 18/May/2017 (Reaction high)
	1.3610	High 19/May/2017
	1.3540	High 24/May/2017
<b>SUPPORT</b>	1.3220	Low 13/Apr/2017 (Bottom)
	1.3162	Low 28/Feb/2017
	1.3054	Low 24/Feb/2017 (Bottom)
	1.3007	Low 16/Feb/2017 (Bottom)
<b>RECOMMENDATION</b>	BUY	----
	SELL	1.3460
	STOP LOSS	1.3550
	TARGET	1.3340 – 1.3295



## Precious Metal – *Daily Outlook*

### Gold up after Fed minutes suggest little change in U.S. rate outlook - Reuters News



Gold prices rose on Wednesday as the dollar slipped and minutes of the Federal Reserve's last policy meeting suggested the U.S. central bank was cautious about raising interest rates.

The metal is highly sensitive to higher rates, which increase the opportunity cost of holding non-yielding bullion while boosting the dollar, in which it is priced.

Spot gold traded at \$1,256.02 an ounce by 2:50 p.m. EDT (1850 GMT), up 0.42 percent from Tuesday, when it slipped 0.7 percent after two days of gains.

Minutes of the Federal Open Market Committee's early

May meeting showed policymakers agreed to not tighten credit until they saw evidence that a recent economic slowdown was transitory.

Federal Funds Futures imply traders see an 83 percent chance of a U.S. rate hike in June, and a 46 percent chance of two more hikes by the year-end.

"Gold is largely unchanged after an initial burst higher failed as May's Fed minutes offered little to suggest that the Committee was seriously reconsidering a widely anticipated June rate hike," said Tai Wong, director of base and precious metals trading for BMO Capital Markets in New York.

"Yields are lower though, as there was no indication that a balance sheet reduction was imminent which may support gold around today's lows."

Expectations for higher U.S. interest rates next month and possibly later in 2017 have been a major factor in keeping gold prices pinned below chart resistance at \$1,300 an ounce this year.

Gold has risen about 3 percent since hitting a near-two month low of \$1,213.81 on May 9. The gain was driven chiefly by U.S. political turmoil after President Donald Trump fired Federal Bureau of Investigation Director James Comey, triggering a stock sell-off and pressuring the dollar.

"We think that gold is slowly regaining interest, but hesitation lingers in terms of putting on more meaningful strategic positions for now," UBS Strategist Joni Teves said in a note.

"Market participants are looking for more significant catalysts in order to strengthen their conviction and many still struggle to jump into gold in an environment where the Fed is hiking rates."

U.S. stocks were volatile but still slightly higher on Wednesday. World stock markets eased earlier on Wednesday after China's sovereign credit rating was downgraded. The dollar was down about 0.2 percent against a currency basket.

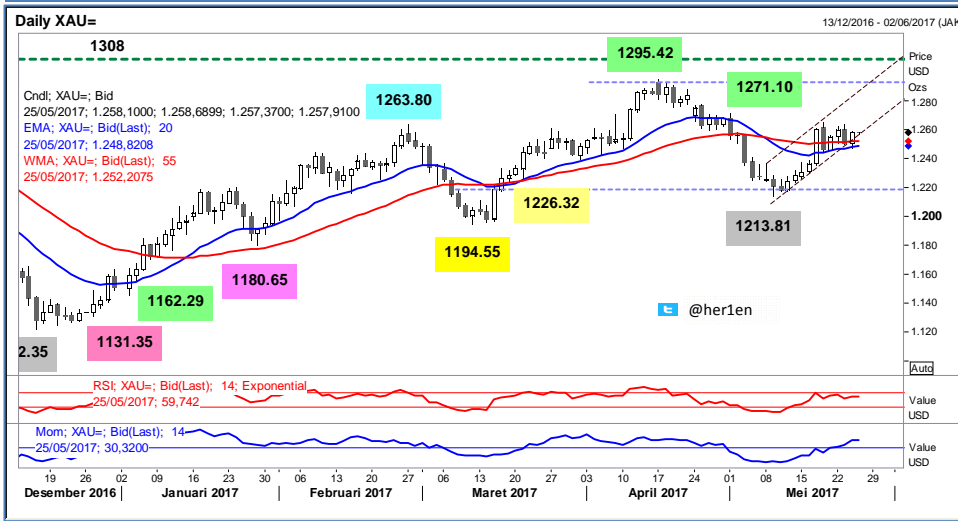
U.S. gold futures for June delivery settled 0.2 percent lower at \$1,253.1 an ounce.

Among other precious metals, silver was up 0.8 percent at \$17.16 an ounce, while platinum was 0.8 percent higher at \$947.30 an ounce. Both hit their highest since late April in the previous session.

Palladium was down 1.04 percent at \$762.5 an ounce.

*(Source Reuters, Research – @her1en)*

## GOLD (XAU/USD)



- Daily RSI is flat
- Important resistance at 1295 level
- Support at 1224  
[\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS	AM FIX	PM FIX
May 24	1251.240	1258.810	1247.770	11.04	1258.430	↑ 7.50	1250.930	1251.35	1252.55
May 23	1260.050	1263.650	1250.540	13.11	1250.930	↓ 9.25	1260.180	1259.90	1260.20
May 22	1256.660	1262.410	1251.620	10.79	1260.180	↑ 5.97	1254.210	1255.25	1258.85
May 19	1246.410	1255.780	1246.130	9.65	1254.210	↑ 7.28	1246.930	1251.85	1252.00
May 18	1261.110	1264.850	1245.850	19.00	1246.930	↓ 13.89	1260.820	--	--

WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1263.650	1247.770	1270.950	1214.100	1295.42	1244.04	1295.42	1146.31
(23/May)	(24/May)	(01/May)	(09/May)	(17/Apr)	(05/Apr)	(17/Apr)	(03/Jan)

### ANALYSIS & RECOMMENDATION

RESISTANCE	1295.42	High April 17
	1288.17	High 21/Apr/2017 (Reaction high)
	1271.10	High 01/May/2017 (Reaction high)
	1263.78	High May 23
SUPPORT	1246.11	Low May 19
	1235.90	Low May 17
	1224.05	Low May 12
	1217.31	Low May 11
RECOMMENDATION	BUY	-----
	SELL	1259.00
	STOP LOSS	1269.00
	TARGET	1249.50 1244.00

## SILVER (XAG/USD)



- Correction occurs in bullish trend channel in daily
  - Resistance at 18.00
  - Important support at 16.40
- [\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 24	17.045	17.214	16.883	0.33	17.212	↑ 0.16	17.051
May 23	17.130	17.288	17.018	0.27	17.051	↓ 0.09	17.139
May 22	16.976	17.195	16.830	0.37	17.139	↑ 0.30	16.835
May 19	16.576	16.861	16.563	0.30	16.835	↑ 0.27	16.561
May 18	16.897	16.939	16.424	0.52	16.561	↓ 0.32	16.877

WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
17.288	16.830	17.288	16.045	18.63	17.15	18.63	15.88
(23/May)	(22/May)	(23/May)	(09/May)	(17/Apr)	(28/Apr)	(17/Apr)	(03/Jan)

### ANALYSIS & RECOMMENDATION

RESISTANCE	18.00	High Mar 25
	17.65	High Apr 26
	17.41	High 28/Apr/2017
	17.30	High May 23
SUPPORT	16.77	Low May 22
	16.54	Low May 19
	16.40	Low May 15
	16.01	Low 09/May/2017 (Reaction low)
ECOMMENDATION	BUY	----
	SELL	17.25
	STOP LOSS	17.55
	TARGET	16.90
		16.70

## OIL – Daily Outlook

### Oil pulls back slightly on low U.S. gasoline stock draw - Reuters News

Oil prices retreated slightly Wednesday as investors reacted to a smaller-than-expected U.S. gasoline stocks draw as they awaited the outcome of discussions in Vienna between OPEC and other oil-exporting countries on whether to extend output cuts.

U.S. crude oil inventories fell for the seventh straight week as refiners processed a near-record amount of crude last week, the Energy Information Administration said on Wednesday, even as gasoline and distillate stocks also dipped.

Crude inventories fell 4.4 million barrels in the week ended May 19, more than analysts' forecasts of a 2.4 million barrels decline. Gasoline inventories fell only 787,000 barrels, compared with expectations for a 1.2 million barrel draw.

The data comes one day before the Organization of the Petroleum Exporting Countries, along with non-member producing nations, are scheduled to decide whether to extend an agreement to cut world supply, an effort that has only recently started to bear fruit in global inventory figures.

Benchmark Brent crude oil settled down 19 cents a barrel at \$53.96. U.S. light crude was down 11 cents at \$51.36.

Both benchmarks have gained more than 10 percent from their May lows below \$50 a barrel, rebounding on a consensus that OPEC and other producers will maintain strict limits on production in an attempt to drain persistent global oversupply.

Having cleared this week's U.S. data, the focus now shifts to the outcome of the OPEC meeting tomorrow, said Abhishek Kumar, Senior Energy Analyst at Interfax Energy's Global Gas Analytics in London. "While consensus is growing on extending the cap by another nine months, a deeper cut is unlikely."

OPEC has promised to cut supplies by 1.8 million barrels per day (bpd) until June and was expected on Thursday to extend that cut as long as nine months.

A multination ministerial committee consisting of some key OPEC and non-OPEC members recommended on Wednesday keeping the cuts at the same level when producers meet the following day, an OPEC source said.

"A nine-month extension of the production cuts agreed six months ago is meanwhile regarded as a done deal," Commerzbank said in a note.

"After all, OPEC's target of bringing global stocks back to the five-year average level is still far from achieved." The OPEC-led cuts would only result in a balanced market this year, BMI Research said, but from 2018 onward, markets would return to oversupply, albeit at a lower level than 2013-2016.

One reason why markets have not tightened more has been rising U.S. oil production, which has soared 10 percent since mid-2016 to 9.3 million bpd.

Benefiting from a market structure known as contango, in which future oil prices are higher than those for immediate delivery, U.S. drillers have sold future production in order to finance expanding output.

To stop this, Goldman Sachs analysts have suggested the oil futures price curve should be pushed into backwardation, where forward prices are below current ones.

While backwardation might be able to reduce inventories, it is less clear how OPEC could alter the forward price curve, or if that would stop production rising. [\(Source Reuters, Research – @her1en\)](#)



**CLN7/USD (OIL)**  
 (Exp.: 20 June 2017 - Reuters)



- Important support around 48.00
- Resistance at 53.40
- Daily RSI is flat, be alert in the overbought area  
[\(Research – @her1en\)](#)

DATE	OPEN	HIGH	LOW	RANGE	CLOSE	CHANGE	PREVIOUS
May 24	51.43	51.86	51.02	0.84	51.27	↓ 0.20	51.47
May 23	51.04	51.74	50.57	1.17	51.47	↑ 0.45	51.02
May 22	50.96	51.41	50.74	0.67	51.02	↑ 0.16	50.86
May 19	49.65	50.86	49.60	1.26	50.86	↑ 1.23	49.63
May 18	49.25	49.91	48.37	1.54	49.63	↑ 0.36	49.27

WEEKLY		MAY		APRIL		2017	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
51.86 (24/May)	50.57 (23/May)	51.86 (24/May)	43.75 (05/May)	53.74 (12/Apr)	48.21 (27/Apr)	55.22 (03/Jan)	43.75 (05/May)

**ANALYSIS & RECOMMENDATION**

<b>RESISTANCE</b>	55.43	High Mar 01
	54.45	Reaction high on 1-H chart (High Apr 12)
	53.42	High Apr 19
	51.88	High Apr 24
<b>SUPPORT</b>	50.75	Low May 22
	49.60	Low May 19
	48.37	Low May 18
	48.03	Low May 17
<b>RECOMMENDATION</b>	BUY	51.10
	SELL	----
	STOP LOSS	50.15
	TARGET	52.40 52.90