



ADM Investor  
Services, Inc.



## Daily Futures Market Commentary

## Financial Forecast

**Alan Bush**

**September 4, 2020**

### **STOCK INDEX FUTURES**

U.S. stock index futures are mixed to higher today after yesterday's NASDAQ led pressure.

August nonfarm payrolls increased 1,371,000 when 1,400,000 were expected and the unemployment fell to 8.4% when 9.8% was anticipated.

The labor participation rate was 61.7% when 61.6% was predicted and average hourly earnings increased 0.3% when unchanged was estimated.

### **CURRENCY FUTURES**

The U.S. dollar is higher but is holding at a major downtrend line.

Longer term, the U.S. dollar will likely trend lower due to the Fed's "average inflation targeting" strategy, which suggests the U.S. central bank will remain accommodative for longer.

The euro currency is lower after a report showed German industrial goods orders rose by a smaller-than-expected 2.8% on the month in July. Economists had expected July orders to grow at a rate of 5% on the month.

Recent gains in the euro currency are worrying policymakers at the European Central Bank, who warn that if the currency keeps appreciating it may weigh on exports and intensify pressure for more monetary stimulus.

In addition, the European Central Bank is seen on track to add more stimulus to its economy.

Australia's July adjusted retail sales increased 3.2% when a gain of 3.3% was anticipated.

### **INTEREST RATE MARKET FUTURES**

Federal Reserve Bank of Chicago President Charles Evans yesterday said more fiscal relief will be needed. Mr. Evans said the economy has recovered some from earlier in the year, but still has a long way to go. Mr. Evans also said it would take "some time" before inflation moves back up to the Fed's 2.0% target.

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In addition, Atlanta Federal Reserve Bank president Raphael Bostic affirmed the importance of further government support.

Interest rate market futures at the short end of the curve are likely to be supported by ideas that major central banks, including the Federal Reserve, will keep short term interest rates low for an extended period.

However, futures at the long end of the curve, especially the 30-year Treasury bond futures may be undermined by the inflationary aspects of the Federal Reserve's "average inflation targeting" policy.

The next Federal Open Market Committee meeting is scheduled for September 16. Financial futures markets are predicting there is a 94% probability that the FOMC will maintain its fed funds target rate at zero to 25 basis points.

### SUPPORT & RESISTANCE

#### September 20 S&P 500

Support 3423.00    Resistance 3488.00

#### September 20 U.S. Dollar Index

Support 92.620    Resistance 93.140

#### September 20 Euro Currency

Support 1.18000    Resistance 1.18700

#### September 20 Japanese Yen

Support .93880    Resistance .94330

#### September 20 Canadian Dollar

Support .76050    Resistance .76550

#### September 20 Australian Dollar

Support .7246    Resistance .7306

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### September 20 Thirty-Year Treasury Bonds

Support 178^8      Resistance 179^12

### December 20 Gold

Support 1918.0      Resistance 1960.0

### December 20 Copper

Support 2.9600      Resistance 3.0350

### October 20 Crude Oil

Support 40.72      Resistance 42.00

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