



ADM Investor  
Services, Inc.



## Daily Futures Market Commentary

## Financial Forecast

**Alan Bush**

**September 14, 2020**

### **STOCK INDEX FUTURES**

U.S. stock index futures are higher, thanks to a flurry of multi-billion dollar deals on “merger Monday.”

Downtrend lines have been taken out in the past few days on the S&P 500 and the Dow futures charts.

Stock index futures are higher despite the receding likelihood of additional fiscal stimulus and ongoing tensions between Washington and Beijing.

Traders are awaiting the conclusion of the Federal Reserve's two-day monetary policy meeting that starts tomorrow when the central bank is expected to hold interest rates steady.

I am expecting the statement from the FOMC on Wednesday will be dovish on balance.

### **CURRENCY FUTURES**

The U.S. dollar index is lower, and the euro currency is higher.

The euro advanced on news that factory output across the eurozone continued to rebound in July, but at a slower pace than in the two previous months. The European Union's statistics agency said industrial production in the 19 countries that share the euro was 4.1% higher in July than in June but was 7.7% lower than in the same month of 2019. This marked a slowdown from the 9.5% expansion that was recorded in June.

The British Pound opened the session marginally higher. The most important event this week will take place in the House of Commons starting today, when MPs will debate the PM's proposed changes to the Withdrawal Agreement amendments.

The Japanese yen held steady following news that Yoshihide Suga is set to be announced as Japan's new Prime Minister after winning the ruling party's leadership election.

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## Financial Forecast

### INTEREST RATE MARKET FUTURES

The FOMC's policy announcement on Wednesday is the major event for this week.

The FOMC will likely elaborate on its recently announced “average inflation targeting” framework. The Fed’s policy suggests it will seek inflation exceeding 2.0% for a period of time to offset recent inflation undershoots.

Financial futures markets are predicting there is a 96% probability that the FOMC will maintain its fed funds target rate at zero to 25 basis points.

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. Some analysts believe it will be several years before the Federal Reserve will be in a position to hike its fed funds rate.

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.

### SUPPORT & RESISTANCE

#### September 20 S&P 500

Support 3342.00    Resistance 3385.00

#### December 20 U.S. Dollar Index

Support 92.830    Resistance 93.380

#### December 20 Euro Currency

Support 1.18500    Resistance 1.19180

#### December 20 Japanese Yen

Support .94260    Resistance .94660

#### December 20 Canadian Dollar

Support .75750    Resistance .76120

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### December 20 Australian Dollar

Support .7260      Resistance .7298

### December 20 Thirty-Year Treasury Bonds

Support 176^4      Resistance 176^30

### December 20 Gold

Support 1942.0      Resistance 1974.0

### December 20 Copper

Support 3.0200      Resistance 3.0750

### October 20 Crude Oil

Support 36.75      Resistance 37.88

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