



## Financial Forecast

**Alan Bush**

**October 19, 2020**

### **STOCK INDEX FUTURES**

U.S. stock index futures are higher due to fresh optimism about progress on stimulus talks in Washington and a more optimistic outlook for a global economy recovery.

The 9:00 central time October housing market index is expected to be 83.

The technical situation remains positive for stock index futures.

### **CURRENCY FUTURES**

The U.S. dollar is lower as safe-haven longs are liquidated.

The euro currency is higher on news that euro zone construction output fell the least in six months. Euro zone construction output contracted 0.9% from a year earlier in August 2020.

The British pound advanced after news that British officials are prepared to rewrite Boris Johnson's Brexit bill to get a deal with the E.U.

Japan's exports fell at a much slower pace in September. Exports fell 4.9% in September from a year earlier, compared with August's 14.8% decline.

### **INTEREST RATE MARKET FUTURES**

Futures at the longer end of the curve are under pressure as flight to quality longs are liquidated in light of higher stock index futures.

Richard Clarida of the Federal Reserve will speak at 10:45.

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. Many 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.

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There is a double bottom on the December 30-year Treasury bond futures daily chart at the 173<sup>^10</sup> – 173<sup>^11</sup> level, which will likely be taken out.

Financial futures markets are predicting there is almost a 100% probability that the Federal Open Market Committee will keep its fed funds rate unchanged at the November 4-5 policy meeting.

### **SUPPORT & RESISTANCE**

#### **December 20 S&P 500**

Support 3467.00 Resistance 3504.00

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

Support 93.120 Resistance 93.800

#### **December 20 Euro Currency**

Support 1.17140 Resistance 1.18120

#### **December 20 Japanese Yen**

Support .94770 Resistance .95080

#### **December 20 Canadian Dollar**

Support .75750 Resistance .76080

#### **December 20 Australian Dollar**

Support .7070 Resistance .7122

#### **December 20 Thirty-Year Treasury Bonds**

Support 173<sup>^26</sup> Resistance 174<sup>^30</sup>

#### **December 20 Gold**

Support 1900.0 Resistance 1928.0

#### **December 20 Copper**

Support 3.0550 Resistance 3.1050

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### December 20 Crude Oil

Support 40.65      Resistance 41.68

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