



ADM Investor  
Services, Inc.



## Daily Futures Market Commentary

## Financial Forecast

**Alan Bush**

**November 2, 2020**

### **STOCK INDEX FUTURES**

U.S. stock index futures are sharply higher on limited news.

The 8:45 central time October manufacturing PMI is expected to be 53.3 and the 9:00 October Institute for Supply Management manufacturing index is anticipated to be 55.7.

The 9:00 September construction spending report is estimated to show a 0.9% increase.

Increased volatility, in light of the uncertainties of the election, is a good reason to reduce trading size or stand aside.

### **CURRENCY FUTURES**

Much of today's trade appears to be evening up, as investors remain cautious ahead of the U.S. presidential election tomorrow.

The euro currency firmed on news that the euro zone October manufacturing PMI was 54.8 when 54.4 was predicted.

On the monetary policy front, investors believe the European Central Bank will deliver more stimulus when it meets in December, after ECB President Christine Lagarde last week said the fourth quarter GDP is almost certain to be weak.

The Bank of England will meet Thursday amid expectations that it will increase its asset buying program.

In a survey last week, analysts predicted the BoE will increase its quantitative easing by 100 billion pounds to 845 billion pounds. That is almost double the level at the start of this year.

The Japanese yen advanced on news that Japan's manufacturing sector shrank by the least since January in October and was revised higher to 48.7 from a flash reading of 48.0.

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The Reserve Bank of Australia will announce its interest rate decision tomorrow. The RBA is likely to lower its Official Cash Rate by 15 bps to a new record low of 10 bps from the current 25 bps. An expansion of its government bond-buying program is also anticipated.

On the data front, the Australian Bureau of Statistics reported a 15.4% jump in the number of homes approved for construction nationally, while job advertisements in newspapers and on the internet posted its the sixth consecutive monthly gain.

In addition, the Australian dollar is higher on news that Australian home prices rose for the first time in six months in October.

### **INTEREST RATE MARKET FUTURES**

Sharp declines last week for futures at the mid to longer end of the yield curve centered on news of a poorly received seven-year note auction.

Recently we have not seen any significant safe-haven buying coming into the interest rate futures markets.

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.

Financial futures markets are predicting there is 98.8% probability that the Federal Open Market Committee will keep its fed funds rate unchanged at the November 4-5 policy meeting.

Political markets are the most difficult to trade, which is a reason to reduce trading size.

### **SUPPORT & RESISTANCE**

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

Support 3240.00 Resistance 3330.00

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

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Support 93.900      Resistance 94.340

### **December 20 Euro Currency**

Support 1.16270      Resistance 1.16780

### **December 20 Japanese Yen**

Support .95250      Resistance .95740

### **December 20 Canadian Dollar**

Support .74740      Resistance .75500

### **December 20 Australian Dollar**

Support .6986      Resistance .7060

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

Support 171<sup>^</sup>24      Resistance 173<sup>^</sup>2

### **December 20 Gold**

Support 1870.0      Resistance 1900.0

### **December 20 Copper**

Support 3.0250      Resistance 3.1000

### **December 20 Crude Oil**

Support 33.55      Resistance 36.13

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