



ADM Investor
Services, Inc.



Daily Futures Market Commentary

Financial Forecast

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STOCK INDEX FUTURES

There was pressure on U.S. stock futures when the weekly jobless claims report came in larger than expected. Jobless claims in the week ended December 5 were 853,000, which compares to the anticipated 724,000.

The November consumer price index increased 0.2% when up 0.1% was predicted and the consumer price index, excluding food and energy, was up 0.2% as expected.

Overall, stock index futures are performing well for the news suggesting higher prices are likely longer term.

CURRENCY FUTURES

The jobless claims report pressured the U.S. dollar.

Longer term, the U.S. dollar is likely to trend lower due to expectations for an extended period of low interest rates and concerns over rising U.S. levels of debt.

The euro currency is higher due to a lack of dovish surprises from today's European Central Bank policy meeting.

The European Central Bank decided to expand its bond-buying program by another €500 billion as widely predicted and announced an extension to its emergency measures until at least the end of March 2022.

The central bank, as expected, kept its key interest rate steady. In addition, the ECB announced more favorable terms for its cheap liquidity facilities for the banking system and lengthened the duration of its collateral easing measures it had taken earlier this year.

The British pound is lower after Wednesday's negotiations ended with no breakthrough for an agreement. U.K. Prime Minister Boris Johnson and European Commission President Ursula von der Leyen agreed to extend the post-Brexit trade deal talks until Sunday.

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Financial Forecast

The U.K. gross domestic product expanded 10.2% in the three months to October 2020, slightly higher than the forecast of 10.1%. This compares with 15.5% growth in the three months to September.

The Australian dollar advanced to a fresh 29-month high. Inflation expectations remained unchanged at 3.5% in December compared to the previous month.

INTEREST RATE MARKET FUTURES

There was some support for futures when the jobless claims report was released.

There are no major Federal Reserve speakers scheduled for today.

The Treasury will auction 30-year bonds today.

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 zero to 25 basis points at the December 16 policy meeting.

In the months ahead the yield curve is likely to steepen, which should put pressure on futures at the long end of the curve, especially the 30-year Treasury bond futures, while futures at the short end of the curve are likely to hold steady.

I will be out of the office on Friday, December 11.

SUPPORT & RESISTANCE

December 20 S&P 500

Support 3647.00 Resistance 3684.00

March 21 U.S. Dollar Index

Support 90.650 Resistance 91.100

March 21 Euro Currency

Support 1.21020 Resistance 1.21780

March 21 Japanese Yen

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Support .95700 Resistance .96150

March 21 Canadian Dollar

Support .77970 Resistance .78620

March 21 Australian Dollar

Support .74340 Resistance .75280

March 21 Thirty-Year Treasury Bonds

Support 172[^]4 Resistance 173[^]4

February 21 Gold

Support 1828.0 Resistance 1858.0

March 21 Copper

Support 3.4500 Resistance 3.6000

January 21 Crude Oil

Support 45.45 Resistance 46.75

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