



Daily Futures Market Commentary

Financial Forecast

Alan Bush

December 23, 2020

STOCK INDEX FUTURES

U.S. stock index futures are higher as investors react to a string of data.

Jobless claims in the week ended December 19 were 803,000 when 892,000 were expected.

November durable goods orders increased 0.9%, which compares to the estimate of a 0.6% gain.

Personal income in November fell 1.1% when a decline of 0.3% was predicted.

The 9:00 central time November new home sales report is estimated to show 989,000.

The 9:00 December consumer sentiment index is expected to be 81.

Recently, stock index futures have shown a tendency to perform well on the news.

CURRENCY FUTURES

Currency futures prices are narrowly mixed.

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.

Interest rate differential expectations suggest higher prices for the euro currency longer term.

The British pound is higher as U.K. and E.U. negotiators continued to push for a post-Brexit trade deal.

The Australian dollar is higher despite news that Australia's trade surplus for goods fell to a two-year low in November.

INTEREST RATE MARKET FUTURES

Selling pressure developed in the December 30-year Treasury bond futures after the 7:30 U.S. economic reports came in mostly stronger than expected.

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Financial futures markets are predicting there is a 95.2% probability that the Federal Open Market Committee will keep its key fed funds rate unchanged at 0 to 25 basis points at its January 27, 2021 policy meeting.

In the months ahead the yield curve is likely to steepen, which would 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 December 24 through December 31.

SUPPORT & RESISTANCE

March 21 S&P 500

Support 3650.00 Resistance 3702.00

March 21 U.S. Dollar Index

Support 90.200 Resistance 90.620

March 21 Euro Currency

Support 1.21820 Resistance 1.22370

March 21 Japanese Yen

Support .96620 Resistance .96960

March 21 Canadian Dollar

Support .77470 Resistance .77920

March 21 Australian Dollar

Support .75300 Resistance .75900

March 21 Thirty-Year Treasury Bonds

Support 172[^]20 Resistance 173[^]16

February 21 Gold

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Support 1860.0 Resistance 1882.0

March 21 Copper

Support 3.4750 Resistance 3.5650

February 21 Crude Oil

Support 46.10 Resistance 47.55

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