



ADM Investor
Services, Inc.

Daily Futures Market Commentary

Financial Forecast

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January 5, 2021

STOCK INDEX FUTURES

U.S. stock index futures are lower due to political uncertainties as investors await the outcome of two electoral races in Georgia.

The 9:00 central time December Institute for Supply Management manufacturing index is expected to be 56.5.

Higher prices are likely for stock index futures once the political uncertainties subside.

CURRENCY FUTURES

The U.S. dollar index is lower.

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 and is not far from last week's two-and-a-half-year high.

Support for the euro is coming from better than anticipated German employment data.

German jobless claims fell again in December. Jobless claims declined by 37,000 after falling by a revised 40,000 in November. Economists had forecast an increase of 5,000.

The number of registered job vacancies was 581,000 in December, which is down 105,000 on the year.

In addition, the euro was supported by stronger than predicted money supply growth. Euro zone November M3 was up 11.0% on the year when an increase of 10.6% was estimated.

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

The British pound was supported when the U.K. Chancellor announced a new £4.6 billion support package for businesses.

INTEREST RATE MARKET FUTURES

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Financial Forecast

Futures are steady at the front of the curve and are lower at the long end of the curve.

Federal Reserve Bank of Chicago President Charles Evans yesterday said the U.S. economy has a long period of very stimulative monetary policy ahead.

Mr. Evans said the Fed's new framework that aims for inflation to overshoot its 2.0% target to make up for times when it has fallen under argues in favor of a period of low interest rates.

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.

SUPPORT & RESISTANCE

March 21 S&P 500

Support 3667.00 Resistance 3708.00

March 21 U.S. Dollar Index

Support 89.450 Resistance 89.900

March 21 Euro Currency

Support 1.22600 Resistance 1.23150

March 21 Japanese Yen

Support .96900 Resistance .97400

March 21 Canadian Dollar

Support .78120 Resistance .78640

March 21 Australian Dollar

Support .76580 Resistance .77380

March 21 Thirty-Year Treasury Bonds

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Support 172^{^0} Resistance 173^{^2}

February 21 Gold

Support 1936.0 Resistance 1965.0

March 21 Copper

Support 3.5550 Resistance 3.6150

February 21 Crude Oil

Support 47.16 Resistance 49.34

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