



ADM Investor  
Services, Inc.



## Daily Futures Market Commentary

## Financial Forecast

**Alan Bush**

**January 6, 2021**

### **STOCK INDEX FUTURES**

U.S. stock index futures are mixed.

Mortgage applications increased 1.7% and applications to refinance a home loan advanced 3.0% in the week ended January 1, according to the Mortgage Bankers Association.

The December ADP employment report showed a decline of 123,000, the worst since April, when an increase of 130,000 was expected.

The 8:45 central time December PMI composite final is anticipated to be 55.7.

The 9:00 November factory orders report is estimated to show a 0.6% increase.

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

### **CURRENCY FUTURES**

The U.S. dollar index fell to its lowest level since May 2018.

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 traded at its highest level since May 2018.

The euro is higher despite news that the euro zone services PMI was revised lower to 46.4 in December 2020, down from a preliminary estimate of 47.3 and compared with November's six-month low of 41.7. The forecast was 47.3.

In November 2020, industrial producer prices rose by 0.4% in both the euro area and the E.U., compared with October 2020, according to estimates from Eurostat.

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

### **INTEREST RATE MARKET FUTURES**

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

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The 30-year Treasury bond futures fell to the lowest since April 2020. Futures are lower despite news of the jobs decline in the ADP employment report, which should be viewed as a sign of weakness.

At 1:00 the Federal Open Market Committee will release the minutes from its December 16 policy meeting.

Financial futures markets are predicting there is a 95.9% 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. Yesterday the probability was 95.2%

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 3682.00 Resistance 3737.00

#### March 21 U.S. Dollar Index

Support 89.100 Resistance 89.650

#### March 21 Euro Currency

Support 1.22880 Resistance 1.23750

#### March 21 Japanese Yen

Support .97110 Resistance .97600

#### March 21 Canadian Dollar

Support .78750 Resistance .79270

#### March 21 Australian Dollar

Support .77340 Resistance .78320

#### March 21 Thirty-Year Treasury Bonds

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Support 169<sup>^</sup>26      Resistance 172<sup>^</sup>12

### **February 21 Gold**

Support 1924.0      Resistance 1965.0

### **March 21 Copper**

Support 3.6350      Resistance 3.7100

### **February 21 Crude Oil**

Support 49.40      Resistance 50.88

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