



ADM Investor
Services, Inc.



Daily Futures Market Commentary

Financial Forecast

Alan Bush

January 14, 2021

STOCK INDEX FUTURES

U.S. stock index futures are higher as traders focus on a report that a new U.S. \$2.0 trillion stimulus program will be unveiled later today, which is far larger than even the most "optimistic" expectations.

Jobless claims in the week ended January 9 were 965,000 when 790,000 was expected.

Federal Reserve Chairman Jerome Powell is scheduled to speak at 11:30 central time at a virtual event hosted by Princeton University. His comments could offer more clues on the Fed's guidance.

Powell's speech will be closely watched for the Fed's outlook on the economy and when the Fed might begin to withdraw its stimulus measures.

Stock index futures are performing well for the news.

CURRENCY FUTURES

The U.S. dollar index is higher as the prospect of more stimulus put upward pressure on U.S. government bonds yields.

However, longer term, the U.S. dollar is likely to trend lower on the belief that an increase in fiscal spending would raise the budget and current account deficits. Also undermining the greenback are expectations for an extended period of low interest rates.

The euro currency is lower despite news that Germany's gross domestic product fell slightly less than anticipated, declining by an adjusted 5.0% in 2020. The median estimate called for a 5.1% contraction.

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

INTEREST RATE MARKET FUTURES

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In addition to Fed Chair Powell, other Federal Reserve speakers today are Raphael Bostic at 10:00 and Robert Kaplan at 12:00.

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 3802.00 Resistance 3825.00

March 21 U.S. Dollar Index

Support 90.150 Resistance 90.62

March 21 Euro Currency

Support 1.21200 Resistance 1.22000

March 21 Japanese Yen

Support .96000 Resistance .96480

March 21 Canadian Dollar

Support .78650 Resistance .79000

March 21 Australian Dollar

Support .77280 Resistance .77800

March 21 Thirty-Year Treasury Bonds

Support 168^16 Resistance 169^24

February 21 Gold

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Support 1824.0 Resistance 1860.0

March 21 Copper

Support 3.6000 Resistance 3.6500

February 21 Crude Oil

Support 52.13 Resistance 53.55

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