



ADM Investor
Services, Inc.



Daily Futures Market Commentary

Financial Forecast

Alan Bush

July 22, 2020

STOCK INDEX FUTURES

Stock index futures declined after U.S.-China relations showed signs of further deterioration, and as investors questioned whether Congress would reach an agreement on the next stimulus package before lawmakers start their summer break.

Fiscal stimulus discussions in Washington will continue this week before current programs are set to expire at the end of the month.

Homebuyer demand pushed mortgage application volume up 4.1% last week, according to the Mortgage Bankers Association.

The 9:00 central time June existing home sales report is expected to show 4.8 million.

In recent weeks stock index futures have shown a tendency to recover from bearish news.

CURRENCY FUTURES

The euro currency advanced to an 18-month high due to enthusiasm after the E.U. recovery deal was agreed on Tuesday.

E.U. leaders agreed to jointly borrow €750 billion (\$857.8 billion) of funds for a fiscal stimulus package. In addition, an agreement was reached on the E.U.'s budget over the next seven years, amounting to €1074 billion. This is the largest ever joint borrowing undertaken by the E.U.

The British pound is lower after reports that the U.K. is close to abandoning hope of a Brexit trade deal with the E.U.

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The Australian dollar is higher after a report showed Australian preliminary June retail sales increased 2.4%.

INTEREST RATE MARKET FUTURES

Flight to quality buying is coming into futures as a result of rising tensions between the U.S. and China.

The yield on 10-year Treasury notes fell to 0.591% from 0.606% on Tuesday in an indication of continued caution among investors.

There are no Federal Reserve speakers scheduled for today.

The Treasury will auction 20-year bonds today.

According to financial futures markets there is a 95.6% probability that the Federal Open Market Committee will leave its fed funds rate unchanged at zero to 25 basis points at its July 29 policy meeting.

My analysis suggests there will be no change in the fed funds rate at the July meeting.

Overall, futures appear to be caught between the bearish influence of more government stimulus and the bullish influence of ongoing historically accommodative central bank policies.

SUPPORT & RESISTANCE

September 20 S&P 500

Support 3223.00 Resistance 3270.00

September 20 U.S. Dollar Index

Support 94.700 Resistance 95.410

September 20 Euro Currency

Support 1.15150 Resistance 1.16200

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September 20 Japanese Yen

Support .93400 Resistance .93820

September 20 Canadian Dollar

Support .74110 Resistance .74600

September 20 Australian Dollar

Support .7106 Resistance .7192

September 20 Thirty-Year Treasury Bonds

Support 180^4 Resistance 181^0

August 20 Gold

Support 1840.0 Resistance 1870.0

September 20 Copper

Support 2.9000 Resistance 2.9850

September 20 Crude Oil

Support 41.00 Resistance 42.13

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