



ADM Investor
Services, Inc.



Daily Futures Market Commentary

Financial Forecast

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January 15, 2021

STOCK INDEX FUTURES

U.S. stock index futures are lower despite a proposed \$1.9 trillion economic relief plan. Traders are concerned about prospects for its passage in Congress and high debt levels it would create. There was additional selling when the weaker than expected 7:30 central time economic reports were released.

The December producer price index increased 0.3% when a gain of 0.4% was expected.

December retail sales fell 0.7%, which compares to the anticipated decline of 0.1%.

The January Empire State manufacturing index was 3.5 when 6.0 was predicted.

Industrial production in December increased 1.6% when up 0.5% was estimated and December capacity utilization was 74.5%, which compares to the expected 73.6%.

The 9:00 central time January consumer sentiment index is anticipated to be 80.

CURRENCY FUTURES

The U.S. dollar index is higher despite mostly weaker than expected U.S. economic reports.

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.

Exports from and imports into the euro zone rose for a seventh consecutive month in November. The European Union's statistics agency said exports of goods exceeded imports by 25.8 billion euros in November, which is a larger surplus than the 20.2 billion euros recorded in November 2019.

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

The British pound is lower despite news that the U.K. gross domestic product grew by 4.1 % in the three months to November 2020, when 3.4% expansion was predicted.

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Bank of England governor Andrew Bailey warned that lowering interest rates below zero will create complications for the banking industry, which caused traders to push back negative interest rates expectations to June 2021. This compares with May 2021 that was previously estimated.

INTEREST RATE MARKET FUTURES

Federal Reserve Chairman Powell yesterday dismissed the idea that the Fed could taper its asset purchases anytime soon.

Neel Kashkari of the Federal Reserve will speak at 10:30.

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 3758.00 Resistance 3800.00

March 21 U.S. Dollar Index

Support 90.150 Resistance 90.62

March 21 Euro Currency

Support 1.21150 Resistance 1.21820

March 21 Japanese Yen

Support .96300 Resistance .96600

March 21 Canadian Dollar

Support .78500 Resistance .79240

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March 21 Australian Dollar

Support .77020 Resistance .77960

March 21 Thirty-Year Treasury Bonds

Support 168^0 Resistance 169^12

February 21 Gold

Support 1830.0 Resistance 1860.0

March 21 Copper

Support 3.5850 Resistance 3.6850

February 21 Crude Oil

Support 52.42 Resistance 54.00

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