



ADM Investor
Services, Inc.



Daily Futures Market Commentary

Financial Forecast

Alan Bush

December 1, 2020

STOCK INDEX FUTURES

U.S. stock index futures are higher and are close to record highs.

The 8:45 central time November PMI manufacturing final index is expected to be 56.7.

The 9:00 November Institute for Supply Management manufacturing index is anticipated to be 57.7 and the 9:00 October construction spending report is predicted to be up 0.8%.

At 9:00 Federal Reserve Chairman Jerome Powell will testify on the CARES Act before the Senate. Several of those programs will end December 31. In prepared remarks, Powell stressed the importance of the lending programs through the act. Treasury Secretary Steven Mnuchin is also expected to testify.

Stock index futures are performing well on the news suggesting higher prices are likely.

CURRENCY FUTURES

The U.S. dollar is weaker and yesterday hit its lowest level since May 2018.

Longer term, the U.S. dollar is likely to drift 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 yesterday reached its highest level since September 2. Today's gains are linked to news that final Markit PMI data showed euro zone factory activity grew faster than originally thought in November and business confidence improved to over a 2-1/2-year high.

German jobless claims fell, beating expectations. Jobless claims fell 39,000 in November after falling by a revised 38,000 in October. Economists had forecast an increase of 10,000. Also, the adjusted unemployment rate fell to 6.1% from 6.2% in October, which is below the 6.3% forecast by economists.

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The British pound advanced to a three-month high before paring some of the gains. The pound was supported by better-than-expected manufacturing PMI data, along with hopes of a post-Brexit trade deal.

The Reserve Bank of Australia left official interest rates unchanged at record lows at its policy meeting today, while signaling rising confidence for the future.

The RBA left its official cash rate at 0.10% and maintained its three-year government bond yield target at the same level. The central bank also recommitted to its \$100 billion Australian dollar quantitative easing program, which it announced in November.

The real gross domestic product in Canada grew by 8.9% on a quarterly basis in the third quarter after a contraction of 11.3% in the second quarter. On a yearly basis, the economy expanded by 40.5% in the third quarter but missed the market expectation for growth of 47.6%.

INTEREST RATE MARKET FUTURES

Futures are steady at the front end of the yield curve and are sharply lower at the long end, especially the 30-year Treasury bond futures.

In addition to Fed Chair Powell, other Federal Reserve speakers today are Lael Brainard at 10:00, Mary Daly at 12:15 and Charles Evans at 2:00.

Financial futures markets are predicting there is almost a 100% probability that the Federal Open Market Committee will keep its fed funds rate unchanged at zero to 25 basis points at the December 16 policy meeting.

In the months ahead the yield curve is likely to steepen, which should 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

December 20 S&P 500

Support 3620.00 Resistance 3668.00

December 20 U.S. Dollar Index

Support 91.500 Resistance 91.940

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December 20 Euro Currency

Support 1.19300 Resistance 1.20000

December 20 Japanese Yen

Support .95700 Resistance .96040

December 20 Canadian Dollar

Support .76900 Resistance .77350

December 20 Australian Dollar

Support .73400 Resistance .73780

March 21 Thirty-Year Treasury Bonds

Support 173^8 Resistance 175^5

February 21 Gold

Support 1776.0 Resistance 1825.0

March 21 Copper

Support 3.4400 Resistance 3.5200

January 21 Crude Oil

Support 44.70 Resistance 46.03

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