



ADM Investor  
Services, Inc.



## Financial Forecast

### Alan Bush

December 3, 2020

#### STOCK INDEX FUTURES

Recent gains in U.S. stock index futures are partially due to renewed hopes for an economic aid package.

Jobless claims in the week ended November 28 were 712,000 when 780,000 were expected.

The 8:45 central time November PMI composite index is anticipated to be 57.9 and the 9:00 November Institute for Supply Management services index is estimated to be 56.

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

#### CURRENCY FUTURES

The U.S. dollar fell to its lowest level since May 2018. There was almost no bounce when the better than predicted U.S. jobless claims report was released, which is a sign of likely additional selling pressure on the greenback.

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 advanced to its highest level since May 2018 after a report showed the euro zone's retail trade increased 1.5% from a month prior in October 2020, following a revised 1.7% fall in September and beating market expectations of a 0.8% rebound.

Gains in the euro were limited by news that euro zone consumer prices remained in deflationary territory in November for a fourth consecutive month. Also, the PMI survey confirmed the private sector economy returned to contraction for the first time in five months.

The Australian dollar is higher after Australia posted the largest trade surplus in six months in October, as exports increased 5.0%.

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### INTEREST RATE MARKET FUTURES

The Federal Reserve released its Beige Book on the economy yesterday. The Fed said the U.S. economy's recovery picked up to a "modest or moderate" pace this fall, while growth began to slow in November in parts of the Midwest and Northeast. The Fed's previous Beige Book report on the economy characterized growth in the early fall as at a "slight to modest" pace.

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 3653.00 Resistance 3682.00

#### December 20 U.S. Dollar Index

Support 90.500 Resistance 91.120

#### December 20 Euro Currency

Support 1.21000 Resistance 1.21860

#### December 20 Japanese Yen

Support .95640 Resistance .96038

#### December 20 Canadian Dollar

Support .77220 Resistance .77550

#### December 20 Australian Dollar

Support .73940 Resistance .74500

#### March 21 Thirty-Year Treasury Bonds

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Support 172<sup>^</sup>2      Resistance 173<sup>^</sup>0

### **February 21 Gold**

Support 1825.0      Resistance 1855.0

### **March 21 Copper**

Support 3.4600      Resistance 3.5350

### **January 21 Crude Oil**

Support 44.60      Resistance 45.77

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