



ADM Investor
Services, Inc.



Daily Futures Market Commentary

Financial Forecast

Alan Bush

January 7, 2021

STOCK INDEX FUTURES

U.S. stock index futures are higher as investors focus on prospects for additional government spending.

Jobless claims in the week ended January 2 were 787,000 when 803,000 were expected.

The 9:00 central time December Institute for Supply Management manufacturing index is anticipated to be 54.6.

Positive technical action suggests higher price for stock index futures.

CURRENCY FUTURES

Yesterday the U.S. dollar index fell to its lowest level since May 2018, although there has been some recovery.

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.

Yesterday the euro currency traded at its highest level since May 2018.

The euro is lower today despite news that new orders for German manufactured goods unexpectedly increased 2.3% in November, following an upwardly revised 3.3% jump in October and beating market expectations of 1.2% decline. It is the seventh straight month of rising factory orders.

In addition, the Economic Sentiment Indicator in the euro area increased by 2.7 points from the previous month to 90.4 in December 2020. The market consensus was 90.0.

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

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There are expectations that the Bank of England will be announcing more policy easing in the coming months. Financial futures markets now are predicting the central bank could take interest rates into negative territory as early as May.

INTEREST RATE MARKET FUTURES

Futures are steady to higher at the front of the curve and are lower at the long end of the curve with the 30-year Treasury bond futures falling to the lowest since March 2020.

Federal Reserve speakers today are James Bullard at 11:00, Charles Evans at 12:00 and Mary Daly at 2:00.

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 3738.00 Resistance 3780.00

March 21 U.S. Dollar Index

Support 89.250 Resistance 89.950

March 21 Euro Currency

Support 1.22580 Resistance 1.23700

March 21 Japanese Yen

Support .96380 Resistance .97250

March 21 Canadian Dollar

Support .78500 Resistance .79030

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March 21 Australian Dollar

Support .77320 Resistance .78260

March 21 Thirty-Year Treasury Bonds

Support 168^24 Resistance 170^0

February 21 Gold

Support 1910.0 Resistance 1935.0

March 21 Copper

Support 3.6350 Resistance 3.7000

February 21 Crude Oil

Support 50.25 Resistance 51.33

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