



ADM Investor
Services, Inc.



Daily Futures Market Commentary

Financial Forecast

Alan Bush

January 11, 2021

STOCK INDEX FUTURES

U.S. stock index futures pulled back from record highs in light of new political and economic uncertainties.

Recent economic data showed the U.S. labor market recovery stalled in December, ending seven months of job growth. On Friday it was reported that December nonfarm payrolls declined 140,000 when an increase of 50,000 was expected.

Earnings season will kick off later in the week with reports from major U.S. banks. Some analysts are predicting S&P 500 earnings may decline 12% year-over-year in the final three months of 2020.

CURRENCY FUTURES

The U.S. dollar index firmed on expectations of more fiscal stimulus. Last week the greenback fell to its lowest level since May 2018.

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 is lower. However, interest rate differential expectations suggest higher prices for the euro longer term.

The British pound is lower on 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 in May.

The Australian dollar is lower despite news that Australia's November adjusted retail sales increased 7.1%, which is the fastest gain in retail trade since May.

INTEREST RATE MARKET FUTURES

Futures are mostly lower.

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The expectation of additional stimulus has pushed government bond yields higher in recent days. There is also a growing expectation that the Treasury will issue more debt to pay for additional stimulus.

Federal Reserve speakers today are Raphael Bostic at 11:00 central time and Robert Kaplan at 5:00.

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 3765.00 Resistance 3821.00

March 21 U.S. Dollar Index

Support 90.000 Resistance 90.74

March 21 Euro Currency

Support 1.21440 Resistance 1.22400

March 21 Japanese Yen

Support .95880 Resistance .96340

March 21 Canadian Dollar

Support .77860 Resistance .78850

March 21 Australian Dollar

Support .76930 Resistance .77670

March 21 Thirty-Year Treasury Bonds

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Support 168^0 Resistance 169^0

February 21 Gold

Support 1814.0 Resistance 1860.0

March 21 Copper

Support 3.5650 Resistance 3.7000

February 21 Crude Oil

Support 51.34 Resistance 52.88

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