



ADM Investor
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Daily Futures Market Commentary Financial Forecast

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STOCK INDEX FUTURES

Stock index futures are higher as traders have been encouraged by the Federal Reserve, which said it doesn't plan to pull back on supportive policies in the near term.

Yesterday's selling was due to the realization that global economic growth may be slowing.

Investors are awaiting second quarter earnings season, which begins next week for an update on the private sector recovery, with big banks reporting.

Stock index futures have shown a tendency in recent months to recover from bearish news.

CURRENCY FUTURES

The U.S. dollar index retreated from recent 13-week highs, as Treasury yields declined in recent weeks due to renewed concerns over a slowdown in both U.S. and global economic growth. This week's release of the Fed's June meeting minutes showed that substantial further progress on the economic recovery was generally seen as not having yet been met, although progress was expected to continue.

U.K. GDP grew for the fourth straight month, but more slowly than expected. The British economy grew 3.6% in the three months to May, which was less than market forecasts of 3.9% growth.

Industrial production in the U.K. increased 0.8% month-over-month in May of 2021, following a downwardly revised 1.0% decrease in the previous month and compared with market estimates of a 1.5% gain.

INTEREST RATE MARKET FUTURES

The U.S. Treasury yield curve has been flattening since May with shorter-dated yields increasing to reflect higher rate expectations, while longer-dated yields fell because higher interest rates in the near term would likely mean a slower rate of economic growth in the future.

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Prospects of slower global economic growth should not be a surprise, since the interest rate futures markets have been telegraphing for several months clues about the state of the global economy.

A flattening yield curve suggests the rate of inflation has already peaked and the rate of growth in the global economy may be slowing.

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