



Daily Futures Market Commentary

Financial Forecast

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December 14, 2020

STOCK INDEX FUTURES

U.S. stock index futures are higher due to vaccine and additional fiscal stimulus hopes.

Investors also are awaiting the Federal Reserve's two-day policy meeting, which starts on Tuesday.

Stock index futures are performing well for the news suggesting higher prices are likely longer term.

CURRENCY FUTURES

The U.S. dollar index hit its weakest level since May 2018, as safe-haven longs continue to be liquidated.

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 higher on news that euro zone industrial production increased 2.1% from a month earlier in October 2020, which is the fastest pace since July and the sixth consecutive month of growth. Market expectations were for a 2.0 % increase.

The British pound advanced as investors are hopeful that the U.K. and the European Union will strike a trade deal after both sides agreed to continue negotiations. Officials on both sides said they were narrowing differences over some of the disputed issues.

The Japanese yen is higher after it was reported that sentiment among Japan's large manufacturers improved for the second straight quarter due to a recovery in exports and production.

The Bank of Japan's quarterly tankan survey showed the main index measuring large manufacturers' sentiment was minus 10 in December compared with minus 27 in September.

INTEREST RATE MARKET FUTURES

Flight to quality longs at the long end of the yield curve are being liquidated.

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Financial futures markets are predicting there is a 95.2% 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 3670.00 Resistance 3695.00

March 21 U.S. Dollar Index

Support 90.250 Resistance 90.860

March 21 Euro Currency

Support 1.21040 Resistance 1.22120

March 21 Japanese Yen

Support .96200 Resistance .96730

March 21 Canadian Dollar

Support .78340 Resistance .78740

March 21 Australian Dollar

Support .75280 Resistance .75900

March 21 Thirty-Year Treasury Bonds

Support 172[^]4 Resistance 173[^]16

February 21 Gold

Support 1818.0 Resistance 1850.0

March 21 Copper

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Support 3.5150 Resistance 3.5650

January 21 Crude Oil

Support 46.45 Resistance 47.50

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