



ADM Investor
Services, Inc.



Daily Futures Market Commentary

Financial Forecast

Alan Bush

January 12, 2021

STOCK INDEX FUTURES

U.S. stock index futures are mixed to lower due to political and economic uncertainties.

The December National Federation of Independent Business Small Business Optimism Index fell significantly in December to a seven-month low to 95.9 when 102.0 was expected.

The November Job Openings and Labor Turnover Survey (JOLTS) report will be released at 9:00 central time. Last month the report showed 6.652 million.

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.

Stock index futures are performing well for the news.

CURRENCY FUTURES

The U.S. dollar index firmed on expectations of more fiscal stimulus.

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 higher in spite of 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 Japanese yen is lower despite December bank lending increasing 5.9% on the year.

INTEREST RATE MARKET FUTURES

The 30-year Treasury bond futures are lower and are at the lowest level since March 2020.

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Some of the selling is linked to comments from Federal Reserve Bank of Atlanta President Raphael Bostic when he said that if the economy snaps back quickly, the Federal Reserve may be able to start paring back its bond-buying stimulus efforts later this year.

Federal Reserve speakers today are Raphael Bostic at 8:30, Lael Brainard at 8:35, Robert Kaplan at 10:00, Raphael Bostic at 10:00, Loretta Mester at 11:00 and Esther George at 12:00.

The Treasury Department will auction \$38 billion in 10-year notes today and \$24 billion in 30-year bonds Wednesday. On Monday, it auctioned a record \$58 billion in three-year notes.

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 3782.00 Resistance 3814.00

March 21 U.S. Dollar Index

Support 90.220 Resistance 90.65

March 21 Euro Currency

Support 1.21500 Resistance 1.22040

March 21 Japanese Yen

Support .95880 Resistance .96180

March 21 Canadian Dollar

Support .78120 Resistance .78630

March 21 Australian Dollar

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Support .76870 Resistance .77520

March 21 Thirty-Year Treasury Bonds

Support 167[^]12 Resistance 168[^]8

February 21 Gold

Support 1832.0 Resistance 1866.0

March 21 Copper

Support 3.5550 Resistance 3.6500

February 21 Crude Oil

Support 52.03 Resistance 53.55

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