



ADM Investor  
Services, Inc.



## Daily Futures Market Commentary

## Financial Forecast

**Alan Bush**

**September 22, 2020**

### **STOCK INDEX FUTURES**

The main event today will be Federal Reserve Chairman Jerome Powell's testimony to the House Financial Services Committee at 9:30 a.m. central time.

Mr. Powell begins three days of hearings on Capitol Hill where he will testify alongside Treasury Secretary Steven Mnuchin. Both men will also appear before the Senate Banking Committee on Thursday. Mr. Powell will testify Wednesday before a separate House panel overseeing the state of the U.S. economy.

In prepared remarks published Monday ahead of today's testimony, Federal Reserve Chair Powell's suggested Congress would need to spend more money to shore up parts of the economy. Mr. Powell pledged continued support for the economy that he said has shown substantial improvement, but still needs additional work.

The 9:00 August existing home sales report is expected to be 5.965 million and the 9:00 September Richmond Federal Reserve manufacturing index is anticipated to be 12.

### **CURRENCY FUTURES**

The British pound is higher despite news that the Confederation of British Industry's monthly industrial order book balance fell to -48 in September from -44 in August. Economists were expecting a small improvement. This is the sharpest rate of decline since June and the outlook for production over the next three months also looks weak.

The Australian dollar is higher after a report showed Australian consumer confidence increased by 1.2% last week, with most subindices recording an uptick.

The Reserve Bank of Australia is continuing to weigh options for further supporting the economy, including expanded bond buying and possible currency intervention, according to the RBA Deputy Governor Guy Debelle.

### **INTEREST RATE MARKET FUTURES**

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The Treasury will auction two-year notes today.

In addition to Federal Reserve Chair Powell, other Federal Reserve speakers today are Charles Evans at 9:00, Thomas Barkin at 11:00 and Raphael Bostic at 2:00 p.m.

Interest rate market futures at the short end of the curve are likely to be supported by ideas that major central banks, including the Federal Reserve, will keep short term interest rates low for an extended period. Many analysts believe it will be several years before the Federal Reserve will be in a position to hike its fed funds rate.

However, futures at the long end of the curve, especially the 30-year Treasury bond futures may be undermined by the inflationary aspects of the Federal Reserve's "average inflation targeting" policy.

Financial futures markets are predicting there is a 97.7% probability that the Federal Open Market Committee will keep its fed funds rate unchanged at the November 4-5 policy meeting.

#### **SUPPORT & RESISTANCE**

##### **December 20 S&P 500**

Support 3252.00    Resistance 3298.00

##### **December 20 U.S. Dollar Index**

Support 93.400    Resistance 93.950

##### **December 20 Euro Currency**

Support 1.17360    Resistance 1.18000

##### **December 20 Japanese Yen**

Support .95520    Resistance .95940

##### **December 20 Canadian Dollar**

Support .74900    Resistance .75350

##### **December 20 Australian Dollar**

Support .7174    Resistance .7246

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### December 20 Thirty-Year Treasury Bonds

Support 176^0      Resistance 176^28

### December 20 Gold

Support 1896.0      Resistance 1934.0

### December 20 Copper

Support 3.0300      Resistance 3.0950

### November 20 Crude Oil

Support 39.28      Resistance 40.55

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