



ADM Investor
Services, Inc.



Daily Futures Market Commentary

Financial Forecast

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STOCK INDEX FUTURES

U.S. stock index futures are higher due to vaccine optimism and hopes that a new fiscal stimulus bill will be passed.

The Federal Open Market Committee's two-day policy meeting starts today.

The December Empire State manufacturing index was 4.9 when 5.8 was expected.

November industrial production was up 0.4% when an increase of 0.3% was anticipated and November capacity utilization was 73.3% when 73.0% was estimated.

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

CURRENCY FUTURES

The U.S. dollar index is lower, as safe-haven longs continue to be liquidated. Yesterday the greenback hit 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 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.

The Canadian dollar is higher after a report showed housing starts in Canada increased 14.4% over the previous month to 246,033 units in November, beating market forecasts of 215,000 units.

INTEREST RATE MARKET FUTURES

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

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The Federal Open Market Committee will conclude its two-day policy meeting tomorrow. A statement will be released at 1:00 p.m. central time and Federal Reserve Chairman Powell will hold a press conference at 1:30 p.m.

We could see a change in guidance relating to the asset purchases, which currently stand at \$80 billion of Treasuries and \$40 billion of mortgage backed securities each month.

The FOMC could adjust its purchases to focus on longer-dated Treasuries, which would place greater pressure on long-term rates.

In addition, the Federal Reserve may ramp up its dovish rhetoric and emphasize the need for more fiscal support.

Financial futures markets are predicting there is a 95.2% probability that the FOMC will keep its fed funds rate unchanged at zero to 25 basis points.

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

December 20 S&P 500

Support 3640.00 Resistance 3682.00

March 21 U.S. Dollar Index

Support 90.400 Resistance 90.800

March 21 Euro Currency

Support 1.21420 Resistance 1.22000

March 21 Japanese Yen

Support .96100 Resistance .96550

March 21 Canadian Dollar

Support .78340 Resistance .78620

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March 21 Australian Dollar

Support .75100 Resistance .75600

March 21 Thirty-Year Treasury Bonds

Support 173^0 Resistance 173^31

February 21 Gold

Support 1825.0 Resistance 1866.0

March 21 Copper

Support 3.5000 Resistance 3.5650

January 21 Crude Oil

Support 46.50 Resistance 47.70

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