



Financial Forecast

Alan Bush

February 4, 2021

STOCK INDEX FUTURES

U.S. stock index futures are higher as investors await the next steps on a new fiscal stimulus package.

There was support for futures when the jobless claims report was released. Jobless claims in the week ended February 4 were 779,000 when 835,000 were expected.

The 9:00 central time December factory orders report is anticipated to show an increase of 0.7%.

Short-term downtrend lines were taken out on the upside on Monday.

CURRENCY FUTURES

The euro currency is lower despite news that euro zone retail sales increased more than expected in December. The European Union's statistics agency said the volume of retail sales was 2.0% higher than in November. Economists anticipated a 0.5% gain.

The Bank of England, at its monetary policy meeting today, voted unanimously to keep its benchmark interest rate on hold at a record low of 0.1% and left its bond-buying program unchanged, as expected. The central bank indicated that it stands ready to adjust monetary policy if needed.

A PMI survey showed Britain's construction sector declined unexpectedly into contraction in January.

INTEREST RATE MARKET FUTURES

Two Federal Reserve officials yesterday said there will be no imminent pullback in central bank support for the U.S. economy.

Federal Reserve Bank of Chicago President Charles Evans said there is the potential for a temporary rise in inflation over the next few months, but "It will be critical for monetary policy

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makers to look through temporary price increases and not even think about thinking about adjusting policy." Federal Reserve Bank of St. Louis leader James Bullard said, "We're in a good place with monetary policy," and the Fed should not consider pulling back on its stimulus.

Federal Reserve speakers today are Robert Kaplan at 12:00 and Mary Daly at 1:00.

In light of the Federal Reserve pledging not to hike its fed funds rate until possibly 2023, futures at the short end of the curve are likely to hold steady.

Futures at the long end of the yield curve will likely remain in a broad trading range, as the fundamentals are now mixed. Breakouts will probably fail in both directions.

Major central banks this year are likely to either keep policies on hold or add more accommodation. While the Bank of England kept policies unchanged at today's meeting, earlier this week the Reserve Bank of Australia announced an unexpected extension of its government bond-buying program when the current one expires in April. RBA policy makers said they would extend their bond-buying program by another A\$100 billion.

The next Federal Open Market Committee meeting is scheduled for March 17.

SUPPORT & RESISTANCE

March 21 S&P 500

Support 3807.00 Resistance 3845.00

March 21 U.S. Dollar Index

Support 91.050 Resistance 91.520

March 21 Euro Currency

Support 1.19850 Resistance 1.20580

March 21 Japanese Yen

Support .94900 Resistance .95350

March 21 Canadian Dollar

Support .77900 Resistance .78320

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Daily Futures Market Commentary

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March 21 Australian Dollar

Support .76050 Resistance .76540

March 21 Thirty-Year Treasury Bonds

Support 167^0 Resistance 167^26

April 21 Gold

Support 1790.0 Resistance 1840.0

March 21 Copper

Support 3.5400 Resistance 3.5850

March 21 Crude Oil

Support 55.70 Resistance 56.40

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