



Daily Futures Market Commentary

Financial Forecast

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December 2, 2020

STOCK INDEX FUTURES

U.S. stock index futures pulled back on Wednesday after the S&P 500 and NASDAQ futures hit record highs yesterday. Some of yesterday's gains were linked to renewed hopes for an economic aid package.

Federal Reserve Chairman Jerome Powell will testify before the House Financial Services Committee today at 9:00 central time following his appearance before the Senate Banking Committee yesterday.

During his testimony yesterday Mr. Powell emphasized that the Fed is encouraged by the recent economic data, but the central bank remains cautious and believes the U.S. economy is still a long way from "normalcy." The Fed Chair also reinforced his previous comments that the Fed is ready to do more if necessary to support markets.

The November ADP national employment report showed private sector employment increased by 307,000 jobs from October to November when 420,000 were expected. This report is computed from ADP records that represent approximately 400,000 U.S. business clients and approximately 23 million U.S. employees working in all private industrial sectors.

Stock index futures are performing well on the news suggesting higher prices are likely.

CURRENCY FUTURES

The U.S. dollar is a little higher today after hitting a 2 ½ year low yesterday.

Longer term, the U.S. dollar is likely to drift lower due to expectations for an extended period of low interest rates and concerns over rising U.S. levels of debt.

The euro currency advanced to its highest level since June 2018 before trimming the gains.

The British pound advanced to a three-month high before turning lower. The pound was supported earlier by better-than-expected manufacturing PMI data, along with hopes of a post-Brexit trade deal.

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The Japanese yen is lower despite news that the consumer confidence index in Japan edged up to 33.7 in November, hitting the highest reading since February.

The Australian dollar is unchanged. The Organisation for Economic Co-operation and Development forecast the Australian economy will contract by 3.8% this year before rebounding by 3.2% in 2021.

INTEREST RATE MARKET FUTURES

Futures are steady to higher at the front end of the yield curve and are lower at the long end, especially the 30-year Treasury bond futures.

In addition to Federal Reserve Chair Powell, other Federal Reserve speakers today are Randal Quarles at 8:00, John Williams at 8:00, Patrick Harker at 9:00 and John Williams at 12:00.

The Federal Reserve will release its Beige Book on the economy at 1:00 central time. This book is produced approximately two weeks before the monetary policy meetings of the Federal Open Market Committee.

Financial futures markets are predicting there is almost a 100% 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 3637.00 Resistance 3668.00

December 20 U.S. Dollar Index

Support 91.000 Resistance 91.520

December 20 Euro Currency

Support 1.20400 Resistance 1.20950

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December 20 Japanese Yen

Support .95420 Resistance .96000

December 20 Canadian Dollar

Support .77100 Resistance .77480

December 20 Australian Dollar

Support .73450 Resistance .73980

March 21 Thirty-Year Treasury Bonds

Support 172^6 Resistance 173^8

February 21 Gold

Support 1810.0 Resistance 1838.0

March 21 Copper

Support 3.4400 Resistance 3.5150

January 21 Crude Oil

Support 43.88 Resistance 45.03

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