



ADM Investor  
Services, Inc.



## Daily Futures Market Commentary

## Financial Forecast

**Alan Bush**

**January 19, 2021**

### STOCK INDEX FUTURES

U.S. stock index futures are higher ahead of a series of earnings releases.

At 9:00 central time Treasury Secretary nominee Janet Yellen is scheduled to speak before the Senate Finance Committee.

According to a copy of her prepared comments, she will tell lawmakers that the U.S. risks a longer and more painful recession unless Congress approves more aid, and the government must "act big" to shore up the recovery.

Futures are performing well for the news.

### CURRENCY FUTURES

The U.S. dollar index is lower.

Longer term, the U.S. dollar is likely to trend lower on the belief that an increase in fiscal spending will raise the budget and current account deficits. Also undermining the greenback are expectations for an extended period of low interest rates.

The euro currency is higher on news that German economic expectations increased in January, according to the ZEW economic research institute.

The measure of economic expectations advanced to 61.8 in January from 55.0 in December, which compares to the estimate of 59.0. The assessment of the current economic situation in Germany also improved slightly to minus 66.4 in January from minus 66.5 in December. Economists predicted minus 66.5.

The euro was able to advance despite a report that construction output in the euro area contracted 1.3% year-on-year in November of 2020, following an upwardly revised 1.9% drop in October. It is the third consecutive month of declining construction output.

Interest rate differential expectations suggest higher prices for the euro longer term.

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### INTEREST RATE MARKET FUTURES

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 light of a likely unchanged fed funds rate from the Fed and its pledge not to hike its fed funds rate until possibly 2023, futures at the short end of the curve are likely to hold steady.

However, the fundamentals at the long end of the curve have changed. Since last August, the fundamentals on balance have been bearish for the thirty-year Treasury bond futures and new lows for the move were made last week. The fundamentals have now turned mixed, and I am no longer advocating trading the thirty-year Treasury bond futures from the short side.

### SUPPORT & RESISTANCE

#### March 21 S&P 500

Support 3736.00 Resistance 3800.00

#### March 21 U.S. Dollar Index

Support 90.330 Resistance 90.770

#### March 21 Euro Currency

Support 1.21063 Resistance 1.21680

#### March 21 Japanese Yen

Support .96080 Resistance .96600

#### March 21 Canadian Dollar

Support .78100 Resistance .78700

#### March 21 Australian Dollar

Support .76580 Resistance .77330

#### March 21 Thirty-Year Treasury Bonds

Support 168^8 Resistance 169^12

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### **February 21 Gold**

Support 1800.0      Resistance 1850.0

### **March 21 Copper**

Support 3.5550      Resistance 3.6550

### **March 21 Crude Oil**

Support 51.75      Resistance 53.13

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