



Daily Futures Market Commentary

Financial Forecast

**Alan Bush**

**August 10, 2018**

### **STOCK INDEX FUTURES**

Stock index futures are lower as political turmoil in Turkey spilled into global financial markets, driving the country's currency to a 20% decline and to a record low.

The plunge in the Turkish lira heightened fears that Turkey's problems could affect Asian and European banks that have invested in the region.

The U.S. consumer price index in July increased 0.2% from a month earlier, as expected, and core prices, which excludes the food and energy components, rose 0.2%, which is also as expected.

Since the March 2009 lows were made, there have been a multitude of geopolitical problems that temporarily adversely affected stock index futures, and every time stock index futures were able to recover. I believe the latest geopolitical issue, the problems in Turkey will only negatively affect stock index futures for a short time.

### **CURRENCY FUTURES**

The U.S. dollar is higher and most other currencies are lower due to the plunge in the Turkish lira.

The euro currency declined to its lowest levels in over a year after the European Central Bank indicated it has concerns about the exposure of banks in the euro zone to a dramatic decline in the Turkish lira.

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The U.K gross domestic product in the three months through June increased .4%, as expected.

There is some flight to quality buying coming into the Japanese yen. In addition, there was support for the yen on news that Japan's economy expanded by a faster than expected annualized pace of 1.9%.

The Canadian dollar is lower in spite of news that the Canadian economy added 54,100 jobs in July. Market expectations were for a gain of 17,000 jobs.

Canada's jobless rate was 5.8% in July, which is down from 6% in the previous month. Market expectations were for an unemployment rate of 5.9%.

### **INTEREST RATE MARKET FUTURES**

The deteriorating situation in Turkey is causing flight to quality buying to come into the credit futures markets.

The probability of a fed funds rate hike at the Federal Open Market Committee's September 26 meeting is 96%, which is unchanged from yesterday.

Also, there are increasing probabilities of an additional rate hike in December.

In spite of mostly higher prices today due to flight to quality buying, the longer term trend for futures is lower, especially for the thirty year Treasury bonds.

### **SUPPORT AND RESISTANCE**

#### **September 18 S&P 500**

Support 2830.00    Resistance 2855.00

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### September 18 U.S. Dollar Index

Support 95.310      Resistance 96.230

### September 18 Euro Currency

Support 1.14350      Resistance 1.15710

### September 18 Japanese Yen

Support .90100      Resistance .90650

### September 18 Canadian Dollar

Support .76150      Resistance .76800

### September 18 Australian Dollar

Support .7270      Resistance .7385

### September 18 Thirty Year Treasury Bonds

Support 143^8      Resistance 144^8

### December 18 Gold

Support 1211.0      Resistance 1225.0

### September 18 Copper

Support 2.7300      Resistance 2.7800

### September 18 Crude Oil

Support 66.03      Resistance 67.71

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