



## Financial Forecast

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### **STOCK INDEX FUTURES**

Futures were lower in the overnight trade as tensions between the U.S. and North Korea kept global markets on edge.

However, futures recovered and traded higher on news that the U.S. consumer price index increased .1% in July, which compares to the estimate of a .2% gain, following an unchanged pace in June. Annualized inflation was 1.7% last month, which is below expectations of a 1.8% increase.

Core inflation, which takes out volatile food and energy costs, rose .1% in July, following a .1% rise in June. Economists were expecting to see a .2% increase last month.

Heightened geopolitical tensions will only temporarily get in the way of this bull market.

The main trend for stock index futures is higher.

### **CURRENCY FUTURES**

In light of the ongoing tensions between the U.S. and North Korea, there appears to be only limited flight to quality flows into the U.S. dollar, which should be viewed as a sign of weakness.

Some of the pressure on the U.S. dollar today is linked to the weak consumer price index report.

The main trend for the greenback is lower, as interest rate differential expectations remain bearish.

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The main trend for the euro currency is higher as speculation remains that the European Central Bank could announce plans to wind down its quantitative easing program this year, possibly at its September 7 policy meeting.

Flight to quality buying continues to support the Japanese yen, as the currency of Japan advanced to an eight week high against the U.S. dollar, as escalating tensions between the United States and North Korea triggered investor flight to safety.

The Japanese yen and the Swiss franc are often bought in times of geopolitical tension, or global financial stress, partly because both countries have large current account surpluses.

### INTEREST RATE MARKET FUTURES

Federal Reserve speakers today are Federal Reserve Bank of Dallas President Robert Kaplan at 8:40 and Minneapolis Federal Reserve Bank President Neel Kashkari at 10:30.

Because of rising geopolitical tensions the probability of a fed funds rate hike has declined this week from the 50% area last week.

The probability that the Federal Open Market Committee will increase its fed funds rate at the December 13 meeting is 43%, which compares to 44% yesterday.

The long term fundamentals for futures are mixed.

### SUPPORT AND RESISTANCE

#### September 17 S&P 500

Support 2428.00      Resistance 2449.00

#### September 17 U.S. Dollar Index



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Support 92.700      Resistance 93.550

### September 17 Euro Currency

Support 1.1764      Resistance 1.1868

### September 17 Japanese Yen

Support .91570      Resistance .92220

### September 17 Canadian Dollar

Support .78370      Resistance .79110

### September 17 Australian Dollar

Support .7826      Resistance .7921

### September 17 Thirty Year Treasury Bonds

Support 154<sup>^</sup>16      Resistance 156<sup>^</sup>0

### December 17 Gold

Support 1283.0      Resistance 1301.0

### September 17 Copper

Support 2.8700      Resistance 2.9100

### September 17 Crude Oil

Support 47.88      Resistance 49.01

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