



Financial Forecast

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STOCK INDEX FUTURES

Dow Jones futures advanced to a new marginal record high in the overnight trade, although futures are a little lower now. Recent strength is linked to the relatively low global interest rate environment and optimism about global economic growth.

The producer price index rose .4% in September, as expected, following an increase of .2% in August.

The annual producer price index was up 2.6% last month, which was the fastest rate in over five years and beat economists' expectations of 2.5%.

Initial weekly jobless claims fell in the week ended October 7 fell by 15,000 to 243,000 to mark the lowest level in six weeks. Economists had forecast claims to total 250,000.

Third quarter earnings season started today. Analysts are anticipating another quarter of growth with the earnings growth estimate at 5.5%, while revenue growth is expected to be 4.3%.

The computer models that I use continue to generate bullish signals for stock index futures.

The main trend for stock index futures is higher.

CURRENCY FUTURES

After three days of lower prices, the U.S. dollar is higher in spite of a slightly lessened probability of a fed funds rate hike in December.

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The euro currency is a little lower despite news that factory output in the euro zone surged.

Industrial output in the euro zone increased 1.4% in August from July, and was up 3.8% from a year ago, which was much stronger than expected. Economists estimated a month to month increase of only .5%.

INTEREST RATE MARKET FUTURES

Futures are steady to higher due to limited flight to quality buying and a slightly smaller chance of a fed funds rate increase in December.

Federal Reserve speakers today are Federal Reserve Governor Lael Brainard and Federal Reserve Governor Jerome Powell at 9:30. Atlanta Federal Reserve Bank President Raphael Bostic will speak at 8:15 this evening.

The Treasury will auction 30 year bonds today.

The Federal Reserve appears to be on track to raise its fed funds rate for a third time this year, and the fifth since late 2015, to a range of between 1.25% and 1.50%.

According to financial futures markets, the probability that the Federal Open Market Committee will increase its fed funds rate at the December 13 meeting is 88%, which compares to 93% yesterday.

The long term fundamentals for futures are mixed.

SUPPORT AND RESISTANCE

December 17 S&P 500

Support 2543.00 Resistance 2555.00

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December 17 U.S. Dollar Index

Support 92.520 Resistance 93.110

December 17 Euro Currency

Support 1.18770 Resistance 1.19320

December 17 Japanese Yen

Support .89030 Resistance .89460

December 17 Canadian Dollar

Support .80010 Resistance .80580

December 17 Australian Dollar

Support .7769 Resistance .7839

December 17 Thirty Year Treasury Bonds

Support 152^0 Resistance 153^8

December 17 Gold

Support 1291.0 Resistance 1303.0

December 17 Copper

Support 3.0800 Resistance 3.1300

November 17 Crude Oil

Support 50.11 Resistance 51.55

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