



## Financial Forecast

**Alan Bush**

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### **STOCK INDEX FUTURES**

Stock index futures fell yesterday following reports that China is considering slowing or halting purchases of U.S. government debt.

However, today price are higher after China's foreign exchange regulator said yesterday's report could be based on erroneous information, adding that the country was diversifying its foreign exchange reserves in an effort to safeguard their value.

The producer price index fell .1% in December from a month earlier, which marked the first decline since August 2016. The producer price index, which excludes volatile food and energy, also fell .1%.

Economists had expected both overall and core prices to increase .2% in December.

Initial jobless claims increased 11,000 to a seasonally adjusted 261,000 in the week ended January 6. Economists expected 245,000 new claims last week.

The main trend for stock index futures is higher.

### **CURRENCY FUTURES**

The U.S. dollar is lower even though China's regulator dismissed yesterday's report that the country could slow or halt its buying of U.S. Treasury securities.



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The euro advanced after the European Central Bank made comments that boosted expectations that policymakers are getting ready to reduce their massive monetary stimulus program.

There has been more talk recently that the European Central Bank may withdraw from its stimulus programs sooner rather than later.

Yesterday the Canadian dollar and the Mexican peso declined when Canadian government officials voiced concerns that the U.S. could possibly withdraw from NAFTA.

The Canadian dollar and Australian dollar are higher today due to firming crude oil prices.

In the longer term, the Canadian dollar and the Australian dollar, the “commodity currencies,” are likely to trend higher against the U.S. dollar.

### **INTEREST RATE MARKET FUTURES**

Futures are mostly lower, especially at the long end of the curve in spite of a denial that Chinese officials have recommended slowing or halting purchases of U.S. government bonds.

New York Federal Reserve Bank President William Dudley will speak at 2:30.

The Treasury will auction 30 year bonds today.

The probability of a fed funds rate hike at the FOMC’s March 21 policy meeting is 63%, which compares to 68% yesterday.

Futures are lower on a variety of bullish news, which should be viewed as a sign of weakness for the entire interest rate futures complex.

I will be out of the office tomorrow.



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### SUPPORT AND RESISTANCE

#### March 18 S&P 500

Support 2745.00 Resistance 2760.00

#### March 18 U.S. Dollar Index

Support 91.590 Resistance 92.330

#### March 18 Euro Currency

Support 1.19650 Resistance 1.20980

#### March 18 Japanese Yen

Support .89620 Resistance .90210

#### March 18 Canadian Dollar

Support .79350 Resistance .79980

#### March 18 Australian Dollar

Support .7825 Resistance .7897

#### March 18 Thirty Year Treasury Bonds

Support 149^8 Resistance 150^16

#### February 18 Gold

Support 1314.0 Resistance 1328.0

#### March 18 Copper

Support 3.2250 Resistance 3.2650

#### February 18 Crude Oil

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## Financial Forecast

Support 63.31      Resistance 64.31

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