



Daily Futures Market Commentary

Financial Forecast

Alan Bush

June 12, 2019

STOCK INDEX FUTURES

U.S. stock index futures are lower due to ongoing trade tensions between the U.S. and China.

Expectations for progress toward ending the trade war are low with less than three weeks to go before proposed talks between the U.S. and Chinese leaders.

President Donald Trump said he wants to meet with President Xi Jinping at the June 28-29 G-20 summit in Osaka, Japan and will decide on whether it will be necessary to extend tariffs to almost all Chinese imports after the summit.

The consumer price index increased a seasonally adjusted 0.1% in May from the previous month, as expected, and the index, excluding volatile food and energy prices, were up .1%, which compares to the anticipated .2% gain.

The June Atlanta Federal Reserve Business Inflation Expectations report will be released at 9:00 central time. Last month it was 2%.

My view remains that the global reflation scenario is on track and easier credit conditions from most of the world's central banks, including the Federal Reserve, are coming and will be the dominant fundamental that supports stock index futures in the long term.

CURRENCY FUTURES

The U.S. dollar index ticked down following the release of the U.S. consumer price index report.

The Canadian dollar and the Australian dollar are lower due to lower crude oil prices.

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The Reserve Bank of Australia said its decision earlier this month to lower interest rates for the first time in three years was aimed at pursuing a lower unemployment rate.

INTEREST RATE MARKET FUTURES

The Treasury will auction 10 year notes today.

Traders continue to believe the Federal Reserve will be forced to cut interest rates to boost economic growth.

The next Federal Open Market Committee meeting is scheduled for June 19. No change in the fed funds rate is expected at the meeting.

However, financial futures markets are predicting there is an 87% probability that the Federal Open Market Committee will lower its fed funds rate by 25 basis points or more at its July 31 policy meeting. The probability yesterday was 79%. Another rate cut is likely later this year.

With the U.S.-China trade dispute apparently far from a resolution, the flight to quality vehicles, especially the thirty year Treasury bond futures are likely to trend higher.

SUPPORT AND RESISTANCE

June 19 S&P 500

Support 2872.00 Resistance 2895.00

June 19 U.S. Dollar Index

Support 96.470 Resistance 96.830

June 19 Euro Currency

Support 1.13070 Resistance 1.13550

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June 19 Japanese Yen

Support .92080 Resistance .92500

June 19 Canadian Dollar

Support .75110 Resistance .75450

June 19 Australian Dollar

Support .6940 Resistance .6972

September 19 Thirty Year Treasury Bonds

Support 153^8 Resistance 154^12

August 19 Gold

Support 1326.0 Resistance 1345.0

July 19 Copper

Support 2.6350 Resistance 2.6800

July 19 Crude Oil

Support 51.34 Resistance 53.55

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