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STOCK INDEX FUTURES

At one point in the overnight trade futures were limit down. Much of this selling was due to Congress delaying a vote on a stimulus package. However, futures this morning reversed and are sharply higher, after the Federal Reserve said it will purchase Treasuries and mortgage backed securities “in the amounts needed.” The question is if futures can hold the gains.

CURRENCY FUTURES

The U.S. dollar was higher in a flight to quality move in the overnight trade. Some of these gains were given back when the Federal Reserve announced an open ended asset purchase plan. The British pound is close to multi-decade lows.

There was support for the Japanese yen when Japan’s Prime Minister Shinzo Abe pledged huge stimulus will be forthcoming.

INTEREST RATE FUTURES MARKET

Flight to quality buying came in, especially in the overnight trade when stock index futures were sharply lower. Futures are off the highs now after the announcement of the Fed’s new massive stimulus plan. Earlier Neel Kashkari of the Fed indicated the Fed will provide ample funds. The newly normal yield curve is an encouraging indication that there will be at least some economic recovery late this year and into next year.

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