



Daily Futures Market Commentary

Financial Forecast

**Alan Bush**

**May 9, 2018**

### **STOCK INDEX FUTURES**

Stock index futures advanced with shares of energy companies getting a boost from a rally in crude oil after President Donald Trump pulled the U.S. out of a nuclear deal with Iran.

U.S. producer prices edged only slightly higher last month. The Labor Department said the producer price index increased a seasonally adjusted .1% in April from a month earlier. Economists had forecast a .2% increase.

Next week, China's top economic official, Vice Premier Liu He, is scheduled to visit Washington to resume trade negotiations.

In the longer term, traders will probably gradually shift their focus of attention more toward corporate earnings and the still overall accommodative global interest rate policies and away from a variety of geopolitical worries, including global trade tensions and now the situation between the U.S. and Iran.

### **CURRENCY FUTURES**

The U.S. dollar made new highs for the move in the overnight trade, although it is lower now.

The euro currency is higher even though the European Central Bank will probably not be in a position to hike interest rates until possibly 2019.

The British pound is higher in spite of declining probabilities of a near term increase in U.K. interest rates. Financial futures markets are predicting there is only a 10% probability

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that the Bank of England will hike its key lending rate at its regularly scheduled policy meeting tomorrow.

Recent economic reports from the U.K. suggest the Bank of England may not be able to increase its key interest rate until much later this year.

The Japanese yen is lower despite a report that real wages in Japan in March were up .8% on the year compared to -.8% in February.

The Canadian dollar and the Australian dollar are higher due to the sharp increase in crude oil prices.

The Canadian dollar was also supported by news that building permits in Canada increased 3.1% in March from February.

### **INTEREST RATE MARKET FUTURES**

Oddly enough there was no flight to quality buying in Treasury futures in spite of yesterday's news that President Donald Trump pulled the U.S. out of a nuclear agreement with Iran.

The Treasury will auction \$25 billion in 10 year notes today.

At 12:15 central time Atlanta Federal Reserve Bank President Raphael Bostic to speak at the World Affairs Council in Jacksonville, Florida.

The FOMC remains on track to deliver its second rate hike of the year when it meets next month.

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The probability of a fed funds rate increase from the FOMC at the June 13 meeting is almost 100%, which is unchanged from yesterday.

I am still anticipating only two more rate increases this year from the Federal Reserve; one in June and another in December.

### SUPPORT AND RESISTANCE

#### June 18 S&P 500

Support 2663.00      Resistance 2686.00

#### June 18 U.S. Dollar Index

Support 92.550      Resistance 93.300

#### June 18 Euro Currency

Support 1.18500      Resistance 1.19330

#### June 18 Japanese Yen

Support .91210      Resistance .92050

#### June 18 Canadian Dollar

Support .77010      Resistance .77840

#### June 18 Australian Dollar

Support .7403      Resistance .7477

#### June 18 Thirty Year Treasury Bonds

Support 142^4      Resistance 143^12

#### June 18 Gold

Support 1304.0      Resistance 1321.0

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### July 18 Copper

Support 3.0350      Resistance 3.0700

### June 18 Crude Oil

Support 69.76      Resistance 71.55

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