



Daily Futures Market Commentary

Financial Forecast

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STOCK INDEX FUTURES

There was follow-through selling in the overnight trade due to concerns over rising U.S. interest rates. Stocks in Europe and Asia were pressured, as well, including the 5.2% decline in the Shanghai Composite index.

The U.S. consumer price index increased 0.1% in September after rising a seasonally adjusted 0.2% in August. Economists expected consumer prices to increase 0.2% in September. Core consumer prices advanced 0.1% when up .2% was anticipated.

Initial jobless claims increased 7,000 to a seasonally adjusted 214,000 in the week ended October 6. Economists expected 208,000 new claims last week.

The still relatively low interest rate environment and a likely less hawkish Federal Open Market Committee next year suggests recent weakness is a correction and we have not seen the top for stock index futures.

CURRENCY FUTURES

The U.S. dollar is lower and most other currencies are higher after the U.S. consumer price index came in weaker than expected.

The British pound is higher even though a spokesman for U.K. Prime Minister May said there are still major issues to be resolved in the Brexit negotiations.

Interest rate differential expectations appear to be turning against the U.S. dollar.

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INTEREST RATE MARKET FUTURES

Futures are higher on the belief that the Federal Open Market Committee may not be quite as aggressively hiking interest rates next year. However, it remains very likely that the Fed will increase interest rates in December.

According to the financial futures markets, the probability of a fed funds rate hike at the Federal Open Market Committee’s December 19 policy meeting is 76%, which compares to 83% yesterday.

The Treasury will auction 30 year bonds today.

I anticipate that in the weeks ahead Federal Reserve officials will back off a little from their hawkish rhetoric. The FOMC cannot increase interest rates unilaterally with the rest of the global economy either growing slowly, just steady, or slowing as is the situation in China.

However, the long term trend for futures is still lower.

SUPPORT AND RESISTANCE

December 18 S&P 500

Support 2744.00 Resistance 2798.00

December 18 U.S. Dollar Index

Support 94.550 Resistance 95.150

December 18 Euro Currency

Support 1.15820 Resistance 1.16690

December 18 Japanese Yen

Support .89340 Resistance .89880

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December 18 Canadian Dollar

Support .76580 Resistance .76970

December 18 Australian Dollar

Support .7052 Resistance .7143

December 18 Thirty Year Treasury Bonds

Support 137[^]20 Resistance 138[^]20

December 18 Gold

Support 1193.0 Resistance 1218.0

December 18 Copper

Support 2.7100 Resistance 2.7850

November 18 Crude Oil

Support 71.45 Resistance 72.88

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