



Daily Futures Market Commentary

Financial Forecast

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**STOCK INDEX FUTURES**

Stock index futures are higher as traders detected a subtle change in China's rhetoric, which appeared to be a possible softening of its response to President Donald Trump's tariff threats. China's Commerce Ministry held off on detailing exactly how it plans to retaliate against President Trump's latest plans to impose tariffs on \$200 billion of Chinese products.

Initial jobless claims decreased 18,000 to a seasonally adjusted 214,000 in the week ended July 7. Economists expected 225,000 new claims last week.

U.S. consumer prices increased for a third straight month in June. The consumer price index rose .1% from the previous month, which compares to expectations of a gain of .2%. Consumer prices, excluding the volatile food and energy sectors, increased .2%, as anticipated.

Second quarter earnings season kicks off in earnest tomorrow when major U.S. banks report.

Analysts are predicting earnings for S&P 500 companies will increase from between 20% to 21% for the second quarter, which is slightly higher than what was forecast in April.

U.S. stock index futures are holding up well in spite of the ongoing global trade uncertainties.

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## CURRENCY FUTURES

The U.S. dollar declined when the slightly smaller than expected increase in the U.S. consumer price index was reported.

The euro currency is a little lower after the European Commission cut its growth forecast for Germany's economy, citing global trade tensions. The Commission now predicts real gross domestic product will increase 1.9% in 2018 and in 2019, which compares to the previous prediction of 2.3% growth for this year and 2.1% growth for next year.

Longer term, the euro currency should be supported by speculation that the European Central Bank could increase its key interest rate in July 2019. Previously the consensus view was that the ECB could hike rates in the fall of next year.

Interest rate differential expectations continue to turn a little more supportive to the euro and slightly less favorable to the U.S. dollar.

Higher crude oil prices supported the Canadian dollar and the Australian dollar.

## INTEREST RATE MARKET FUTURES

Futures are lower due to flight to quality long liquidation. However, the selling was limited by the bullish influence of the smaller than expected increase in the consumer price index.

The Treasury will auction thirty year bonds today.

Philadelphia Federal Reserve Bank President Patrick Harker will speak at 11:15 and Minneapolis Federal Reserve Bank President Neel Kashkari will speak at 7:00 this evening.

The probability of a fed funds rate hike at the Federal Open Market Committee's September 26 meeting is 87%, which is unchanged from yesterday.

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Although flight to quality buying is likely to come in from time to time, the longer term trend for futures is lower.

### **SUPPORT AND RESISTANCE**

#### **September 18 S&P 500**

Support 2769.00      Resistance 2797.00

#### **September 18 U.S. Dollar Index**

Support 94.350      Resistance 94.840

#### **September 18 Euro Currency**

Support 1.17010      Resistance 1.17560

#### **September 18 Japanese Yen**

Support .89030      Resistance .89660

#### **September 18 Canadian Dollar**

Support .75670      Resistance .76220

#### **September 18 Australian Dollar**

Support .7351      Resistance .7418

#### **September 18 Thirty Year Treasury Bonds**

Support 144<sup>26</sup>      Resistance 145<sup>16</sup>

#### **August 18 Gold**

Support 1240.0      Resistance 1251.0

#### **September 18 Copper**

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Support 2.7300      Resistance 2.7950

### August 18 Crude Oil

Support 70.27      Resistance 71.55

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