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Author Alan Bush, Senior Financial Analyst at Archer Financial Services

STOCK INDEX FUTURES

Futures are a little lower due to weaker than anticipated corporate earnings and lower commodity prices. There was some additional pressure after a private survey showed that 73% of employers expected no change in hiring from April through June, which was the same as what they had anticipated for the first quarter.

Today is the one year anniversary of the 12 year lows that were made for stock index futures.

Yesterday the S&P500, the Dow and NASDAQ futures all traded higher for the year, with S&P500 futures advancing almost 70%, since the lows of March 2009.

There are no major economic reports scheduled for today.

Our research continues to tell us that the main trend for futures is higher and that all of the major U.S. stock indexes will make new highs for the move in 2010.

We continue to see futures under react to bearish news and to over react on the upside on bullish news.

Even though futures are currently lower, we are anticipating that futures will be able to trade higher on the day.

We also expect this bull market to continue all through 2010.

CURRENCIES

The U.S. dollar is higher after Deutsche Bank AG lowered the credit rating of the National Bank of Greece. This brought back into focus the financial problems of the Greek government and the troubles within Greece's banking industry.

The British pound is sharply lower after it was reported that home prices in the U.K. were weaker than analysts had expected. The pound was also hurt by talk that commercial banks in the U.K. could soon be downgraded by rating agencies. In addition, there are lingering concerns surrounding the U.K.'s budget deficit problems, which are 12% of gross domestic product. This is close to the 12.7% budget shortfall that has been plaguing Greece.

Profit talking came into the Canadian dollar, in light of weaker commodity prices. However, in the long term, the Canadian dollar is likely to be one of the best performing currencies due to the relative stability of Canada's banking system, prospects of higher commodity

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prices and the feeling that the Bank of Canada will increase their benchmark interest rate in the second half of 2010.

Profit taking came into the Australian dollar even though it was reported that job vacancies increased by the largest amount in almost ten years. An increase in job listings in Australian newspapers and on the internet increased by 19.1% in February from January. Currently financial markets are pricing in a 33% chance that the Reserve Bank of Australia will increase their benchmark interest rate by 25 basis points to 4.25% at their policy meeting on April 6.

The Australian currency is likely to be the strongest currency again this year, followed by the Canadian dollar.

INTEREST RATES

Prices are mostly higher in light of lower commodity prices, along with weaker equity prices.

A large amount of Treasury offerings this week is likely to limit gains in futures. The Treasury will auction \$74 billion of three and ten year notes and thirty year bonds this week. They will sell \$40 billion in three year notes today, \$21 billion in ten year notes tomorrow and \$13 billion in thirty year bonds on Thursday.

At 8:30 Central Time Evans of the Federal Reserve will speak to economists and at 1:00 Barr of the Treasury will testify to a House panel.

The probability that the Federal Open Market Committee will increase their fed funds target by 25 basis points to 50 basis points at or before their November 3 meeting is 81%, according to the financial futures markets.

Some of the primary government securities dealers believe that the FOMC will not increase interest rates until the second quarter of 2011. Our analysis of Fed policy also suggests that the U.S. central bank will not raise interest rates until next year.

We believe that we are in the early stages of a new bear market for Treasury futures.

Phone – 1-877-690-7303

Email – Marketing@archerfinancials.com

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