

The Context Report | January 21, 2021

Daily Context Analysis and Strategy for the E-Mini S&P500 Futures

Bias / Directional Inclination / Control		
Timeframe	Bias	Line in the Sand
Short-term	Bullish	3837.75. Bearish below.
Intermediate-term	Bullish	
Long-term	Bullish	

Context and Trade Plan	
Context Summary	
<ul style="list-style-type: none"> - Breakout of multi-day range we have been trading in. - Overnight held above yday's VPOC and broke out above yday's high and is now balancing up there. - Question today is: is the market overbought in the short-term? Were buyers too excited yday and we need to see a liquidation break to test the breakout area before a further rise? 	
Scenarios	Details
Upside scenario	<ul style="list-style-type: none"> - If buyers hold the 3848s support zone, expecting test of initial key resistance at least and more than likely we will see new all-time highs. - Buyers are expected first test of initial key support for rotation up to initial key resistance and likely above.
Downside scenario	<ul style="list-style-type: none"> - If buyers struggle off the 3848s or initial key support or obviously fail above initial key resistance, we may need to see a liquidation break before a further rise. Watch for signs of weak buying and look for a break below the 3848s then initial key support, which could lead to a test of the 3826s where buyers are expected to be active. Down at the 3826s, watch for a failed pushed through of this zone for a reversal up to the day's VPOC and higher.

Key Support and Resistance Zones		
Name	Zone	Note
Initial key resistance	3860.00-3857.50	
Current price when report is being written		
Support	3852.50	Yday's high area
Support	3848.50-3846.00	
Initial key support	3841.25-3837.75	
Good support	3826.50-3824.00	Breakout area
Support	3817.75-3814.75	
Support	3811.25-3807.00	
Good support	3793.75-3788.25	

Volatility Analysis				
Minimum Stop Size			5 points	
10-Day Range Analysis				
	Min	Max	Avg	Previous Day
Regular Trading Hours (RTH)	8.75	79	36.525	41.25
24-Hour Session	28.5	89.25	46.5	64

Overnight Session	13.5	49.25	30	27.25
1st Hour (RTH)	5.25	48.75	23.375	22.25

Previous Day Reference Areas	
Close (CME)	3845.00
Cash Close (4 PM ET close. Estimated)	3841.75
High	3852.5
Low	3811.25
VPOC (Estimated)	3846.25

Key Economic Events
Housing Starts and Permits 8:30 AM ET
Jobless Claims 8:30 AM ET
Philadelphia Fed Manufacturing Index 8:30 AM ET
Fed Balance Sheet 4:30 PM ET
Money Supply 4:30 PM ET