

The Context Report | February 03, 2021

Daily Context Analysis, Zones, and Strategy for the E-Mini S&P500 Futures (CME: ES and MES)

Bias / Directional Inclination / Control		
Timeframe	Bias	Line in the Sand
Short-term	Neutral-bullish	3820. Bearish below.
Intermediate-term	Bullish	
Long-term	Bullish	

Context and Trading Scenarios	
Context Summary	
<ul style="list-style-type: none"> - Balance overnight at top portion of yday's profile after having tested yday's upside target at the 3846s-3843s. - Market appears over-extended to the upside in the short-term and given the lack of a pullback since the up move began, I am expecting a pull-back before the market continues higher. 	
Scenario	Expectation
Upside scenario	<ul style="list-style-type: none"> - Buyers hold initial key support or slightly test below and then reverse up to push to initial key resistance. I expect sellers at initial key resistance first test, but if buying is strong, likely market will continue higher for the resistance zones above, where I expect a decent bounce off each zone. Each zone above initial key resistance has the potential to overcome buyers given how extended to the upside the market is.
Downside scenario	<ul style="list-style-type: none"> - Liquidation break occurs from open or after having tested initial key resistance and failed to hold above yday's high area at the 3835s. Strong selling pushes through initial key support down to support zones below. Buyers expected at each zone below initial key support first test given the larger timeframe bias. On strong selling below initial key support, extended target is the gap fill at the 3776s zone.

Key Support and Resistance Zones		
Name	Zone	Note
All-time highs resistance	3862.25-3857.25	
Resistance	3854.75-3851.50	
Initial key resistance	3846.50-3843.50	
Resistance	3835.75	
Current price when report is being written		
Initial key support	3825.25-3818.25	
Support	3813.75	
Support	3804.25-3799.00	
Good support	3794.50-3791.00	
Support	3780.50-3776.75	
Support	3766.50	
Support	3760.00-3756.50	
Good support	3751.00-3744.25	
Support	3720.75-3715.75	
Support	3706.50-3703.50	
Support	3686.50-3680.50	
Good support	3656.75-3650.75	

Volatility Analysis				
Minimum Stop Size			5 points	
10-Day Range Analysis				
	Min	Max	Avg	Previous Day
Regular Trading Hours (RTH)	17.25	100.25	49.75	36.75
24-Hour Session	23.25	146.5	73.9	79.25
Overnight Session	19.75	94.75	45.825	47.5
1st Hour (RTH)	13.75	47.25	26.075	30

Previous Day Reference Areas	
Close (CME)	3818.25
Cash Close (4 PM ET close. Estimated)	3816.75
High	3835.75
Low	3799
VPOC (Estimated)	3830

Key Economic Events
Motor Vehicle Sales
MBA Mortgage Applications 7:00 AM ET
ADP Employment Report 8:15 AM ET
Treasury Refunding Announcement 8:30 AM ET
PMI Composite Final 9:45 AM ET
ISM Services Index 10:00 AM ET
EIA Petroleum Status Report 10:30 AM ET