

The Context Report | February 16, 2021

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

RISK DISCLAIMER: Trading Futures and Options on Futures involves substantial risk of loss and is not suitable for all investors. Opinions, market data, and recommendations are subject to change without notice. Past performance is not indicative of future results.

Bias / Directional Inclination / Control		
Timeframe	Bias	Line in the Sand
Short-term	Bullish	3933.50. Bearish below.
Intermediate-term	Bullish	
Long-term	Bullish	

Context and Trading Scenarios	
Context Summary	
<ul style="list-style-type: none"> - New all-time highs over last couple overnight sessions. - 100% long inventory. - Relentless buying continues. 	
Scenario	Expectation
Upside scenario	<ul style="list-style-type: none"> - Buyers hold price around the 3950s support and balancing ensues. Dip into the 3939s support sees selling shut off and buyers enter for push to initial key resistance and likely new all-time highs. Will not be expecting much off initial key resistance, but it is still ana rea I expect a rotation off.
Downside scenario	<ul style="list-style-type: none"> - Sellers active from the open for push down to initial key support. Watch buyers' ability to push and hold above the 3950s and the overnight half-back area at the open for indication if sell-off will occur. - Expecting buyers to be active at initial key support first test for reversal up to the 3950s, but aggressive selling can take price down to the 3925s support, where I expect buyers to be active for reversal. At initial key support, likely will see both buyers and sellers active, so watch for buyers' ability to exhaust the supply.

Key Support and Resistance Zones		
Name	Zone	Note
Initial key resistance	3959.50-3958.00	
Current price when report is being written		
Support	3950.00	
Support	3943.00-3939.00	
Initial key support	3935.75-3933.50	
Good support	3928.75-3925.75	
Good support	3920.75-3917.25	
Support	3909.75-3908.25	
Good support	3901.25-3899.00	
Support	3891.25-3890.00	
Initial key support	3884.25-3878.50	
Support	3875.50-3874.00	
Support	3869.00-3866.25	
Strong support	3862.25-3858.00	

Volatility Analysis				
Minimum Stop Size			5 points	
10-Day Range Analysis				
	Min	Max	Avg	Previous Day
Regular Trading Hours (RTH)	17.25	59.75	34.42	5.00
24-Hour Session	18.25	120.50	49.45	17.25
Overnight Session	15.00	94.75	31.57	16.50
1st Hour (RTH)	7.75	35.75	19.80	3.75

Previous Day Reference Areas	
Close (CME)	3931.00
Cash Close (4 PM ET close. Estimated)	3950.50
High	3952.00
Low	3947.00
VPOC (Estimated)	3950.00

Key Economic Events
Empire State Manufacturing Index 8:30 AM ET
Treasury International Capital 4:00 PM ET