

The Context Report | February 22, 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	Bearish-neutral	Bullish above 3882. Bearish below 3858.
Intermediate-term	Bullish-neutral	Bullish above 3914.25.
Long-term	Bullish	

Context and Trading Scenarios	
Context Summary	
<ul style="list-style-type: none"> - Large drop overnight after market was winding up around the 3914s. - Above avg volume and range overnight and pretty much 100% short inventory. Lots of the potential 24-hour range has been used up overnight. - Will be opening with a larger true gap down, which means it is more unlikely the gap gets filled in today's session. - In the bigger picture this is just a pull-back and the main uptrend remains intact. - Watch today's relative volume at the open. If the market starts to push down on above avg volume, expect liquidation break. 	
Scenario	Expectation
Upside scenario	<ul style="list-style-type: none"> - Buyers active from initial key support for push up to initial key resistance where sellers are likely to be active first test for a bounce off. I expect some initial balancing between initial key resistance and initial key support for an eventual push above initial key resistance where I expect the remainder of the session to balance and for the day to close.
Downside scenario	<ul style="list-style-type: none"> - Break below initial key support and that will likely trigger some larger term liquidation, so target down will be the 3838s good support where I expect buyers to be active. I expect a fight there and for price to ultimately reverse there, possibly causing a volatile push up above initial key support, which ought not to be faded.

Key Support and Resistance Zones		
Name	Zone	Note
All-time highs resistance	3959.50-3958.00	
Resistance	3955.75-3954.00	
Resistance	3946.50-3945.00	
Good resistance	3937.50-3934.25	
Resistance	3931.00-3927.25	
Good resistance	3914.25-3909.25	Target up.
Resistance	3899.75-3896.00	
Resistance	3889.75	
Initial key resistance	3882.00-3878.50	
Current price when report is being written		
Initial key support	3862.25-3858.00	
Support	3855.25-3852.75	
Good support	3843.75-3838.50	Target down.
Support	3832.00-3829.50	

Volatility Analysis				
Minimum Stop Size			5 points	
10-Day Range Analysis				
	Min	Max	Avg	Previous Day
Regular Trading Hours (RTH)	5.00	47.75	28.02	30.50
24-Hour Session	17.25	55.50	35.08	40.75
Overnight Session	15.00	42.75	23.12	40.75
1st Hour (RTH)	3.75	35.75	16.35	12.50

Previous Day Reference Areas	
Close (CME)	3903.00
Cash Close (4 PM ET close. Estimated)	3904.00
High	3927.25
Low	3896.75
VPOC (Estimated)	3920.75

Key Economic Events
Chicago Fed National Activity Index 8:30 AM ET
Leading Indicators 10:00 AM ET
Dallas Fed Manufacturing Survey 10:30 AM ET