

The Context Report ^{BETA} | January 06, 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	Neutral	3735.50. Bullish above. 3685.25. Bearish below.
Intermediate-term	Bullish-neutral	
Long-term	Bullish	

Context and Trade Plan	
Context Summary	
<ul style="list-style-type: none"> - Volatile overnight session on extremely high volume. - Wide balance overnight with rejection around the 3730s area. - Be selective with trades today given short-term bias is neutral. Likely we will see a volatile session today given overnight action. 	
Scenarios	Details and Conditions
Upside scenario	<ul style="list-style-type: none"> - Expecting sellers at initial key resistance first test. Target off this zone is initial key support. - Would need to see strong upside price action and/or sustained upside momentum as well as broad market participation in the upside to see a break and hold above initial key resistance. Above initial key resistance, expecting push up to the 3761s zone.
Downside scenario	<ul style="list-style-type: none"> - If buyers cannot push beyond the 3721s resistance zone, buyers are weak, and I expect rotation down to initial key support. Watch for a momentum shift down off here. - I expect buyers at initial key support first test. - On strong selling off the 3721s or initial key resistance could see break below initial key support. That could trigger larger timeframe selling for a continued push down through support zones below. - If selling pressure wanes below initial key support, expecting buyers at the 3668s and 3650s zones first test for short-term reversal up.

Key Support and Resistance Zones		
Name	Zone	Note
All-time highs	3773.50-3770.00	
Resistance	3761.00-3753.75	
Initial key resistance	3735.50-3727.75	
Resistance	3721.00-3717.25	
Volume area	3709.00	Short-term range VPOC.
Current price when report is being written		
Initial key support	3691.75-3685.25	
Volume area	3686.00	Larger term range VPOC.
Support	3675.75-3668.50	
Support	3655.50-3650.75	

Volatility Analysis

Minimum Stop Size				5 points
10-Day Range Analysis				
	Min	Max	Avg	Previous Day
Regular Trading Hours (RTH)	15.5	107.5	38.35	44.75
24-Hour Session	3.5	128	50.3	56.75
Overnight Session	3.5	128	36.1	31.75
1st Hour (RTH)	7	45.75	18.625	28.75

Previous Day Reference Areas	
Close (CME)	3718.25
Cash Close (4 PM ET close. Estimated)	3718.5
High	3730
Low	3685.25
VPOC (Estimated)	3708.75

Key Economic Events
Motor Vehicle Sales
MBA Mortgage Applications 7:00 AM ET
ADP Employment Report 8:15 AM ET
PMI Composite Final 9:45 AM ET
Factory Orders 10:00 AM ET
EIA Petroleum Status Report 10:30 AM ET
FOMC Minutes 2:00 PM ET