

The Context Report ^{BETA} | December 18, 2020

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-neutral	3699.25. Bearish below.
Intermediate-term	Bullish	
Long-term	Bullish	

Context and Trade Plan	
Context Summary	
<ul style="list-style-type: none"> - Overnight tested below yday's low and buyers stepped in to make new all-time highs on below avg volume. Inventory is balanced. - Likely going to be opening in yday's range, in short-term balance just below all-time highs. - Seems like the market is getting overbought in the short-term and needs a break before rally can continue. Initial key resistance is key for that idea. - Quadruple witching today, so price action can be wild. 	
Scenarios	Details and Conditions
Upside scenario	<ul style="list-style-type: none"> - If buyers can hold support at the 3711s and initial key support and we see a upside momentum off here, likely to make new all-time highs. - If momentum wanes and price action is not aggressive to upside at initial key resistance, sellers expect to enter first test for push down and possibly liquidation break down to below initial key support. Watch momentum off this zone.
Downside scenario	<ul style="list-style-type: none"> - Buyers expected at initial key support first test. If aggressive downside price action and/or sustained downside momentum into this zone, do not fade as will be expecting liquidation break below initial key support. - On a break below initial key support, look for a flip of the zone with downside momentum for a push as far as sellers can take it and then exit. Not looking to fade unless momentum dies off to downside and price action becomes sluggish at a zone.

Key Support and Resistance Zones		
Name	Zone	Note
Initial key resistance	3723.00-3717.25	
Current price when report is being written		
Support	3713.00-3711.00	
Initial key support	3706.25-3699.25	
Support	3694.25-3691.50	
Support	3683.00-3676.50	
Support	3671.00-3668.00	

Volatility Analysis				
Minimum Stop Size			5 points	
10-Day Range Analysis				
	Min	Max	Avg	Previous Day

Regular Trading Hours (RTH)	19.25	54	33.725	23.25
24-Hour Session	24.5	55.25	40.725	24.5
Overnight Session	13.75	46.25	25.3	21.75
1st Hour (RTH)	6.5	31.5	15.175	12

Previous Day Reference Areas	
Close (CME)	3712.75
Cash Close (4 PM ET close. Estimated)	3693.25
High	3704.5
Low	3681.25
VPOC (Estimated)	3694

Key Economic Events
Current Account 8:30 AM ET
Leading Indicators 10:00 AM ET
Baker Hughes Rig Count 1:00 PM ET