

The Context Report ^{BETA} | January 04, 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	Bullish	3750.25. Bearish-neutral below.
Intermediate-term	Bullish	
Long-term	Bullish	

Context and Trade Plan	
Context Summary	
<ul style="list-style-type: none"> - Breakout to new all-time highs overnight, carrying on Thursday's bullishness. - Will be opening on true-gap up and out of balance, so expect some movement today. - Will the breakout hold and buyers continue to push price higher or will the breakout fail and sellers will take control in the short-term? Initial key support is the key to that idea. 	
Scenarios	Details and Conditions
Upside scenario	<ul style="list-style-type: none"> - Buyers active from initial key support for push up into initial key resistance and likely higher. If sellers cannot push down to initial key support, that is a sign of strength and expecting push to new all-time highs above the overnight high. - If buyers fail to hold above the overnight high, will expect a sell response down to initial key support, but do not expect much more than that if there is no momentum shift down and we could balance between initial key support and initial key resistance.
Downside scenario	<ul style="list-style-type: none"> - On strong downside price action and/or sustained downside momentum into initial key support, expecting a break below. That will invalidate the overnight breakout and I would expect sellers to push down to the 3736s at least, but price does not have to stop there if we see sustained downside momentum. I expect buyers to be active at the 3736s and 3727s zones first test and I expect a short-term reversal at those zones if selling pressure starts to wane.

Key Support and Resistance Zones		
Name	Zone	Note
Initial key resistance	3773.50-3770.00	
Current price when report is being written		
Support	3761.00-3758.50	
Initial key support	3755.00-3750.25	
Support	3746.50-3745.25	
Good support	3741.25-3736.25	
Good support	3731.25-3727.75	
Strong support	3718.00-3712.75	

Volatility Analysis	
Minimum Stop Size	5 points
10-Day Range Analysis	

	Min	Max	Avg	Previous Day
Regular Trading Hours (RTH)	15	69.25	27.9	35.25
24-Hour Session	19.5	128	45.025	3.5
Overnight Session	14.5	128	37.2	3.5
1st Hour (RTH)	7	45.75	16.65	9.75

Previous Day Reference Areas	
Close (CME)	3748.75
Cash Close (4 PM ET close. Estimated)	3748.75
High	3753
Low	3717.75
VPOC (Estimated)	3724

Key Economic Events
PMI Manufacturing Final 9:45 AM ET
Construction Spending 10:00 AM ET
Investor Movement Index 12:30 PM ET