

The Context Report | January 25, 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 | Neutral | 3829.50. Bearish below. 3848.75. Bullish above. |
| Intermediate-term | Bullish | |
| Long-term | Bullish | |

| Context and Trading Scenarios | |
|---|--|
| Context Summary | |
| <ul style="list-style-type: none"> Buyers active overnight pushing above Friday's high and coming into the open sellers have been active and the market has now rejected above initial key resistance. | |
| Scenario | Expectation |
| Upside scenario | <ul style="list-style-type: none"> Buyers hold initial key support for push to initial key resistance. Expecting sellers there first test. Would need to see buying strength to be able to break and hold above this area. This area could produce chop. Above initial key resistance, I would expect buyers to be able to push to new all-time highs. |
| Downside scenario | <ul style="list-style-type: none"> Buyers hold initial key support on first test, but then ultimately are not able to hold the zone and sellers push below initial key support, triggering liquidation of longs for push down to the 3816s. Buyers expected at the 3816s support zone first test, but if selling is strong enough, price may push even lower, triggering larger term liquidation for break down to the 3793s, but it would take a lot of volume to get down there today. |

| Key Support and Resistance Zones | | |
|--|-----------------|------|
| Name | Zone | Note |
| All-time highs | 3860.00-3857.50 | |
| Resistance | 3853.75 | |
| Initial key resistance | 3848.75-3845.50 | |
| Current price when report is being written | | |
| Initial key support | 3832.50-3829.75 | |
| Support | 3825.50-3822.25 | |
| Good support | 3816.25-3811.25 | |
| Support | 3804.00-3801.50 | |
| Good support | 3793.75-3788.25 | |

| Volatility Analysis | | | | |
|-----------------------------|-------|-------|----------|--------------|
| Minimum Stop Size | | | 5 points | |
| 10-Day Range Analysis | | | | |
| | Min | Max | Avg | Previous Day |
| Regular Trading Hours (RTH) | 8.75 | 48.25 | 30.45 | 22.75 |
| 24-Hour Session | 23.25 | 64 | 40.1 | 35.75 |
| Overnight Session | 13.5 | 44.25 | 26.65 | 35.75 |

| | | | | |
|----------------|------|----|--------|-------|
| 1st Hour (RTH) | 5.25 | 39 | 18.975 | 13.75 |
|----------------|------|----|--------|-------|

| Previous Day Reference Areas | |
|---------------------------------------|---------|
| Close (CME) | 3834.25 |
| Cash Close (4 PM ET close. Estimated) | 3832.5 |
| High | 3845 |
| Low | 3822.25 |
| VPOC (Estimated) | 3832.25 |

| Key Economic Events |
|--|
| Chicago Fed National Activity Index 8:30 AM ET |
| Dallas Fed Manufacturing Survey 10:30 AM ET |