

The Context Report ^{BETA} | September 15, 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	3386. Neutral below. 3352.75. Bearish below.
Intermediate-term	Neutral	3386. Bearish-neutral below.
Long-term	Bullish	

Context and Trade Plan	
Context Summary	
<ul style="list-style-type: none"> - Close to 100% long overnight inventory - Likely gap up open - Buyers active at yday's buying tail and pushed up from there 	
Scenarios	Details and Conditions
Upside scenario	<ul style="list-style-type: none"> - Gap up into initial key resistance. This zone is likely to break under those conditions, so would expect buyers to be able to push price above this zone up to the 3435 zone where I expect larger sellers first test for rotation down. This zone could cap upside unless there is a lot of underlying strength, sustained upside momentum and strong upside price action. In that case, we could test the 3475s zone, where I again expect larger sellers to be active on first test. - If open is choppy up into initial key resistance and buying is drying up, sellers can push price down to initial key support in which case balance could occur around initial key support/yday's range/overnight range.
Downside scenario	<ul style="list-style-type: none"> - First test of initial key support, I expect buyers to be active. If there is strong downside price action into initial key support, best to either take a long at the back of the zone or wait for clear rejection of the zone or below it given this area is a high volume area and likely to chop/churn. - To short a flip of initial key support, we would need to see strong downside price action, sustained downside momentum, and underlying weakness., otherwise expect this area to chop. - Below initial key support, expecting buyers to be active first test at the 3364s zone for rotation up to initial key support. On strong downside price action into this zone, the back of the zone is the best place to go long or on failure below it. On chop, the entire zone should offer good support. If there are very strong downside indications (such as liquidation or clear larger timeframe seller control), then best not to fade at this zone at all and let sellers do their thing. Off this zone, we'd want to see the day's VPOC be pushed above and held for further upside, otherwise could balance off the 3364s or even break below. - On a CLEAN break below 3364s, a short flip of this zone for a push down to the 3338s and 3330s and potentially the 3318s would be a good trade given the short-term bias turns bearish below there and I'd expect some liquidation.

Key Support and Resistance Zones		
Name	Zone	Note

Strong resistance	3484.25-3475.00	High of larger range.
Good resistance	3444.00-3435.00	
Initial key resistance	3416.25-3410.00	Double top area in larger term. Larger timeframe poor high, essentially.
Resistance	3404.00-3398.75	
Current price when report is being written		
Initial key support	3392.50-3386.00	High volume area of current larger range. Yday's high area and VPOC area as well.
Support	3379.00-3377.25	Overnight pullback and rough halfback.
Good support	3364.00-3352.75	Bottom of smaller range.
Support	3338.25-3335.00	
Support	3318.75-3311.00	
Good support	3293.00-3285.00	

Volatility Analysis				
Minimum Stop Size			5 points	
10-Day Range Analysis				
	Min	Max	Avg	Previous Day
Regular Trading Hours (RTH)	23	139	68.3	34.25
24-Hour Session	43.25	162	92.95	56.25
Overnight Session	29.75	85.25	48.075	38.75
1st Hour (RTH)	8.5	87.5	32.375	34.25

Previous Day Reference Areas	
Close (CME)	3372.25
Cash Close (4 PM ET close. Estimated)	3374
High	3392.5
Low	3358.25
VPOC (Estimated)	3385.50

Key Economic Events
FOMC Meeting Begins
Empire State Manufacturing Index - 8:30 AM ET
Import and Export Prices - 8:30 AM ET
Redbook - 8:55 AM ET
Industrial Production - 9:15 AM ET