

# The Context Report <sup>BETA</sup> | September 17, 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	Bearish	3365.50. Neutral above.
Intermediate-term	Bearish	3403. Neutral above.
Long-term	Bullish	

Context and Trade Plan	
Context Summary	
<ul style="list-style-type: none"> <li>- Lots of selling overnight. Looks like the beginning of liquidation of a larger term pattern over the past several sessions.</li> <li>- Will open with a substantial true gap down.</li> <li>- Above average overnight volume, range, and 100% short inventory.</li> </ul>	
Scenarios	Details and Conditions
Upside scenario	<ul style="list-style-type: none"> <li>- Responsive buyers active for a push into initial key resistance. Expecting sellers there first test.</li> <li>- Expecting sellers at each resistance zone above initial key resistance first test. On strong buying price action and upside momentum, would look to fade at the back of the zone first test for a push back below initial key resistance. 3377s is the better resistance above initial key resistance.</li> <li>- On a strong push above initial key resistance with sustained upside momentum and underlying strength, then there is potential to test the 3377s zone, so a long flip of initial key resistance could work as long as there are signs of buying strength and the zone is cleanly broken to the upside.</li> </ul>
Downside scenario	<ul style="list-style-type: none"> <li>- Liquidation continues and push down into initial key support. A short-term bounce may occur here, but if there is strong downside price action and sustained downside momentum, then expecting break below here for push into strong support at the 3293s.</li> <li>- A good short trade to ride further downside would be at initial key resistance or, if strong downside price action and sustained downside momentum, would want to short a pullback to the midpoint area of the day with extra confluence from the open. This would be a momentum trade down to initial key support and possibly below.</li> <li>- If strong selling into initial key support, watch for a pause at the back of the zone for a long to ride a short-term bounce up, but do not expect a massive move.</li> <li>- Expecting larger timeframe buyers at 3293s strong support first test. Potential for a larger term reversal here, so great r:r on a long at the back of the zone on strong downside price action and sustained downside momentum.</li> <li>- If selling does not let up, better fade is at strong support.</li> <li>- If selling is clearly exceptional, do not fade at all. Let the liquidation occur.</li> </ul>

Key Support and Resistance Zones		
Name	Zone	Note

Resistance	3377.50-3372.00	Yday's low area.
Resistance	3365.50-3361.25	
Initial key resistance	3353.50-3347.25	
Current price when report is being written		
Initial key support	3316.75-3310.50	
Strong 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)	30.5	139	70.05	45.75
24-Hour Session	42.75	162	91.325	45.75
Overnight Session	29.75	85.25	49.1	33
1st Hour (RTH)	10.75	87.5	31.575	10.75

Previous Day Reference Areas	
Close (CME)	3379.5
Cash Close (4 PM ET close. Estimated)	3377.5
High	3419.5
Low	3373.75
VPOC (Estimated)	3400

Key Economic Events
Housing Starts and Permits - 8:30 AM ET
Jobless Claims - 8:30 AM ET
Philadelphia Fed Manufacturing Index - 8:30 AM ET
EIA Natural Gas Report - 10:30 AM ET