

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
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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	