

The Context Report | January 29, 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	Bearish-neutral	3779.75. Neutral above.
Intermediate-term	Neutral	
Long-term	Bullish	

Context and Trading Scenarios	
Context Summary	
<ul style="list-style-type: none"> - Buyers could not hold onto yday's low in the overnight session and sellers pushed lower into Wednesday's range. - Clear rejection of higher prices at end of yday's session and into overnight. - Likely opening with a true gap down, but not a substantial one. - This entire area from the 3700s to the 3825s is an area of high volatility, so expect some whipping action if one side not dominant in momentum. 	
Scenario	Expectation
Upside scenario	<ul style="list-style-type: none"> - Buyers active from open for push up to initial key resistance. Expecting sellers there first test for rotation down to the 3744s area. Sellers should easily be able to push below the 3761s off initial key resistance. - If buyers are dominating and clearly can absorb the selling and then some off initial key resistance, expect break above initial key resistance for potential test of the 3806s and from there the market may just balance.
Downside scenario	<ul style="list-style-type: none"> - Sellers active from the open challenging longs at the 3721s support zone. Longs bails for an impulse down into the 3708s, a continued push lower into initial key support where I expect buyers to be able to absorb selling for a reversal up to the 3744s and for a balance for the remainder of the session.

Key Support and Resistance Zones		
Name	Zone	Note
All-time highs	3862.25-3857.25	
Resistance	3854.75-3851.50	
Resistance	3846.25	
Resistance	3840.00	
Resistance	3834.50-3831.00	
Good resistance	3824.50-3820.50	
Resistance	3806.25-3801.50	
Initial key resistance	3779.75-3776.00	
Resistance	3765.25-3761.25	
Current price when report is being written		
Support	3745.00	
Support	3726.00-3721.25	
Support	3708.00-3703.75	
Initial key support	3695.75-3685.25	

Volatility Analysis				
Minimum Stop Size			5 points	
10-Day Range Analysis				
	Min	Max	Avg	Previous Day
Regular Trading Hours (RTH)	8.75	100.25	36.95	61
24-Hour Session	23.25	146.5	52.05	120
Overnight Session	13.5	62	30.675	71
1st Hour (RTH)	5.25	47.25	20.525	43.75

Previous Day Reference Areas	
Close (CME)	3779.25
Cash Close (4 PM ET close. Estimated)	3779
High	3823.5
Low	3762.5
VPOC (Estimated)	3801.75

Key Economic Events
Employment Cost Index 8:30 AM ET
Personal Income and Outlays 8:30 AM ET
Chicago PMI 9:45 AM ET
Consumer Sentiment 10:00 AM ET
Pending Home Sales Index 10:00 AM ET
Baker Hughes Rig Count 1:00 PM ET
Farm Prices 3:00 PM ET