

The Context Report | January 15, 2021

Daily Context Analysis and Strategy for the E-Mini S&P500 Futures

Bias / Directional Inclination / Control		
Timeframe	Bias	Line in the Sand
Short-term	Neutral-bearish	3805.75. Bullish above. 3763.75. Bearish below.
Intermediate-term	Bullish	
Long-term	Bullish	

Context and Trade Plan	
Context Summary	
<ul style="list-style-type: none"> - Sellers continued on selling from end of yday's session and pushed down to the bottom of the current range on above avg volume. - Will sellers continue to push lower, triggering larger timeframe liquidation or will we continue to balance if the question for today. 	
Scenarios	Details and Conditions
Upside scenario	<ul style="list-style-type: none"> - Sellers expected at initial key resistance first test. If sellers hold this area and we see a strong push off, expecting potential break below initial key support. - In order to break above initial key resistance, would need to see strong upside price action and/or sustained upside momentum. Initial target would be the 3800s zone. Sellers can still be active at the 3800s resistance on first test, but more likely to chop and/or push through if buyers are strong. If buying wanes at the 3800s and price action starts to fail to upside, potential for rotation down off this zone to the day's VPOC.
Downside scenario	<ul style="list-style-type: none"> - Buyers expected at initial key support first test. Not looking to fade this area on strong downside price action and/or sustained downside momentum. It is a fade on first test if there are signs of balance, and off this zone, I would expect buyers to be able to push up to initial key resistance and possibly the 3800s zone depending on buyer strength. - Below initial key support, expect a larger timeframe liquidation break if there is strong selling on an initial break below the zone.

Key Support and Resistance Zones		
Name	Zone	Note
All-time highs	3824.50-3823.50	
Resistance	3820.75	
Resistance	3817.75-3814.50	
Resistance	3805.75-3803.00	
Resistance	3800.50-3795.00	
Initial key resistance	3787.25-3782.25	
Current price when report is being written		
Initial key support	3768.00-3763.75	
Support	3751.25-3746.75	

Volatility Analysis

Minimum Stop Size			5 points	
10-Day Range Analysis				
	Min	Max	Avg	Previous Day
Regular Trading Hours (RTH)	15.5	107.5	46.6	29.75
24-Hour Session	3.5	120.75	53.85	31.5
Overnight Session	3.5	49.25	28.375	13.5
1st Hour (RTH)	8.25	48.75	24.325	9.25

Previous Day Reference Areas	
Close (CME)	3791.25
Cash Close (4 PM ET close. Estimated)	3791.25
High	3816
Low	3786.25
VPOC (Estimated)	3809

Key Economic Events
PPI-Final Demand 8:30 AM ET
Retail Sales 8:30 AM ET
Empire State Manufacturing Index 8:30 AM ET
Industrial Production 9:15 AM ET
Business Inventories 10:00 AM ET
Consumer Sentiment 10:00 AM ET
Baker Hughes Rig Count 1:00 PM ET