

# The Context Report | February 04, 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	3846.50. Bullish above. 3799.00. Bearish below.
Intermediate-term	Bullish	
Long-term	Bullish	

Context and Trading Scenarios	
Context Summary	
<ul style="list-style-type: none"> <li>- Neutral overnight session on below avg volume. Inventory is balanced.</li> <li>- Market is balancing right now. News today and tomorrow may inject some volatility.</li> <li>- There is poor structure below to correct and the market is over-extended to the upside, so I'd have to say the more likely scenario is for a push down.</li> </ul>	
Scenario	Expectation
Upside scenario	<ul style="list-style-type: none"> <li>- Buyers active, pushing price up to initial key resistance. Sellers expected there first test for rotation back down to the 3829s.</li> <li>- If buyers dry up at the 3840s resistance, expect a quick push down away from there, likely to test initial key support. If no quick push down, then expect further balancing around the 3829s.</li> <li>- On strong buying, there is potential to break out to the upside above initial key resistance. Watch how aggressive buyers are at initial key resistance.</li> </ul>
Downside scenario	<ul style="list-style-type: none"> <li>- Weak buying pushes into the 3840s zone. Sellers expected here for push down to initial key support.</li> <li>- If buyers fail to test the 3840s zone above the 3829s, then that says buyers are weak and market is likely to push lower.</li> <li>- Buyers expected at initial key support first test. If strong selling into this zone, it is expected to break. Buyers are expected at each support zone below on first test given the larger timeframe biases. If sellers push below the 3791s good support area, that is a sign of strong selling and not to be faded below there.</li> <li>- If selling dies off at the 3807s zone, then expect rotation up to the 3829s and further balancing.</li> </ul>

Key Support and Resistance Zones		
Name	Zone	Note
All-time highs resistance	3862.25-3857.25	
Resistance	3854.75-3851.50	
Initial key resistance	3846.50-3843.50	
Resistance	3840.00-3834.75	
Resistance	3829.75	
Current price when report is being written		
Support	3812.00-3807.75	
Initial key support	3804.25-3799.00	
Good support	3794.50-3791.00	
Support	3780.50-3776.75	

Support	3766.50	
Support	3760.00-3756.50	
Good support	3751.00-3744.25	
Support	3720.75-3715.75	
Support	3706.50-3703.50	
Support	3686.50-3680.50	
Good support	3656.75-3650.75	

Volatility Analysis				
Minimum Stop Size			5 points	
10-Day Range Analysis				
	Min	Max	Avg	Previous Day
Regular Trading Hours (RTH)	17.25	100.25	50.95	32.25
24-Hour Session	23.25	146.5	78.9	35.75
Overnight Session	19.75	94.75	47.725	23.5
1st Hour (RTH)	13.75	47.25	27.325	23.5

Previous Day Reference Areas	
Close (CME)	3823.50
Cash Close (4 PM ET close. Estimated)	3821.75
High	3840
Low	3807.75
VPOC (Estimated)	3825

Key Economic Events
Challenger Job-Cut Report 7:30 AM ET
Jobless Claims 8:30 AM ET
Productivity and Costs 8:30 AM ET
Factory Orders 10:00 AM ET
EIA Natural Gas Report 10:30 AM ET
Fed Balance Sheet 4:30 PM ET
Money Supply 4:30 PM ET