

The Context Report | February 02, 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	Bullish	3771.75. Neutral-bearish below. 3744.25. Bearish below.
Intermediate-term	Neutral	3824.50. Bullish above.
Long-term	Bullish	

Context and Trading Scenarios	
Context Summary	
<ul style="list-style-type: none"> - Buyers active overnight on above avg range, but below avg volume and inventory is 100% long. - Potentially we are getting to the point where short-term is overbought, but NQ and Russel are testing key resistance and ES has not yet tested this area (today's initial key resistance), so there is potential to do so before any real selling comes in. But, if NQ or Russel break out above their key resistance zones, that can add a bid to the ES to do so as well. Will be watching these other two markets closely today. 	
Scenario	Expectation
Upside scenario	<ul style="list-style-type: none"> - Buyers active from open or at initial key support for push to initial key resistance. If strong buying into this zone, buyers likely to support a bounce off this zone and likely the zone will break. Target above initial key resistance is the 3846s resistance zone. Buyers need to maintain strength above initial key resistance for this test to occur, otherwise short-term can reverse back to the day's VPOC area for balancing.
Downside scenario	<ul style="list-style-type: none"> - If strong selling off initial key resistance or buyers unable to push price up to initial key resistance and then fail to hold above the 3801s support zone, then initial target down is initial key support where I expect buyers to be active first test and if strong selling into that zone, likely sellers will push price down to good support at the 3744s, where I expect buyers to be very active and to reject price swiftly if we are to see further upside in coming sessions.

Key Support and Resistance Zones		
Name	Zone	Note
All-time highs	3862.25-3857.25	
Resistance	3854.75-3851.50	
Good resistance	3846.50-3843.50	Target up
Resistance	3840.00	
Resistance	3834.50-3831.00	
Initial key resistance	3824.50-3820.50	
Resistance	3806.25-3801.50	
Current price when report is being written		
Initial key support	3778.75-3771.75	
Support	3766.75	
Support	3760.00-3756.50	
Good support	3751.00-3744.25	
Support	3720.75-3715.75	

Volatility Analysis				
Minimum Stop Size			5 points	
10-Day Range Analysis				
	Min	Max	Avg	Previous Day
Regular Trading Hours (RTH)	8.75	100.25	44.65	59.75
24-Hour Session	23.25	146.5	64.7	120.5
Overnight Session	19.75	71	39	94.75
1st Hour (RTH)	5.25	47.25	23.6	30

Previous Day Reference Areas	
Close (CME)	3765.75
Cash Close (4 PM ET close. Estimated)	3763.5
High	3777
Low	3717.25
VPOC (Estimated)	3766.5

Key Economic Events	
Motor Vehicle Sales	
Redbook 8:55 AM ET	