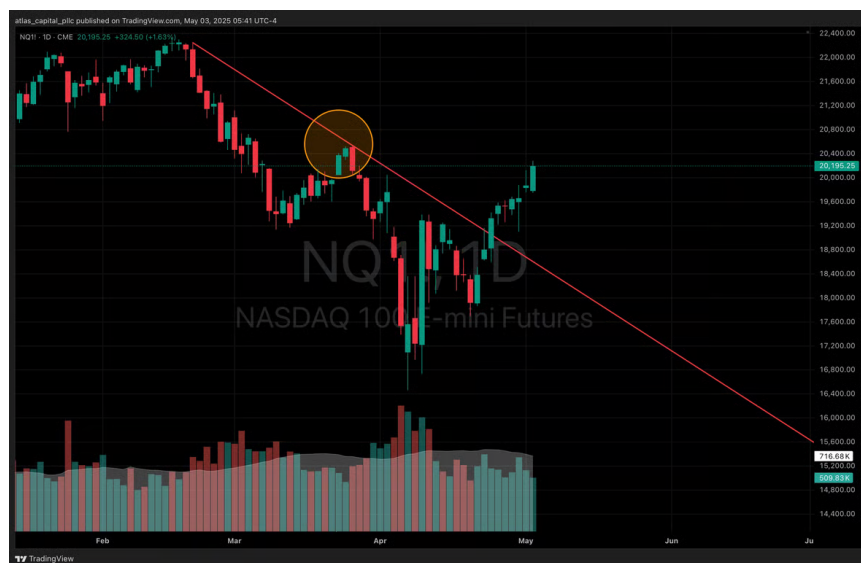
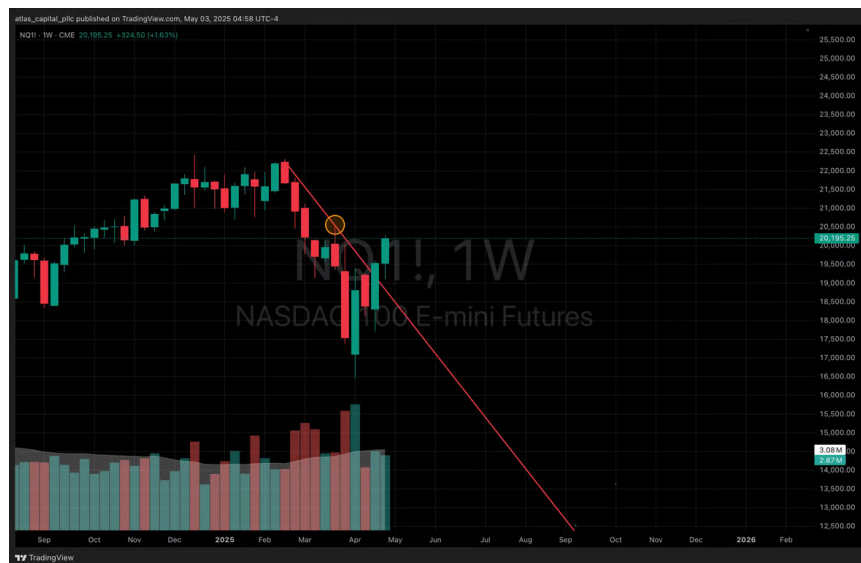


Today's recap examines price action for Nasdaq-100 (NQ) futures on higher timeframes, focusing on the structural shift following recent U.S. policy changes. The objective is to assess how key levels influenced price discovery and to determine whether observed flows indicated initiative or responsive behavior.

Key Levels and Contextual Significance

Analyzing the weekly and daily charts reveals a significant bearish trend initiated in late February, coinciding with the Trump administration's announcement of global standard and auto tariffs. This policy shift precipitated a decline from the March 26 structural high at 20,536.75.

On April 9, a substantial increase in volume accompanied a reversal at 16,460.00, suggesting potential exhaustion of selling pressure. The subsequent consolidation formed a bullish continuation pattern, culminating in a breakout above the descending trendline. This breakout, characterized by sustained volume and a strong close, indicates a transition from responsive to initiative buying.



Broader Context

The reversal aligns with the White House's announcement of a 90-day suspension on certain reciprocal tariffs, while simultaneously increasing tariffs on Chinese imports from 104% to 125%. This policy adjustment led to a significant rally, with the Nasdaq posting its largest one-day gain since 2001. Despite this surge, the index remains approximately 4% below pre-announcement levels, reflecting ongoing market caution amid escalating U.S.-China trade tensions.

Perspective

While the recent price action suggests a bullish shift, the market's proximity to the March swing high warrants caution. The current macroeconomic environment, marked by heightened volatility and policy uncertainty, could impede a sustained rally. Market participants are closely monitoring upcoming Federal Open Market Committee (FOMC) meetings for guidance on interest rate trajectories, especially in light of inflationary pressures stemming from increased tariffs.

Bear Case Scenario: A failure to breach and hold above the March swing high may signal a continuation of the broader downtrend, potentially leading to a retest of recent lows.

Bull Case Scenario: Stabilization in macroeconomic indicators and a de-escalation of trade tensions could facilitate a continuation of the upward momentum, with the potential to reclaim and surpass the March swing high within the coming weeks.

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1st May 2025

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