MARCH 2025

Josh's MACRO MONEY REPORT

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JOSH'S MACRO MONEY REPORT – MARCH 2025

March 2025 finds the financial markets at a pivotal juncture. Major indices are testing critical support levels after prolonged uptrends, setting the stage for either a **significant trend reversal or a robust rebound off support.** This report examines three key futures markets – the Nasdaq-100, S&P 500, and Gold – on their daily time frames to identify high-probability trading opportunities. The macroeconomic backdrop features continued volatility driven by economic policy decisions, central bank communications, and geopolitical events. These factors have injected short-term uncertainty into the markets, but the longer-term trends remain intact for now. **Risk management is paramount:** traders should remain disciplined, use protective stops, and only risk capital they can afford to lose. Keeping a level head and adhering to confirmed signals will be crucial in navigating the opportunities and risks this month.

1. MARKET ANALYSIS & TRADING OPPORTUNITIES

Nasdaq-100 Futures (NQ)

Daily Target: 24,951.00
Ticks: +18,041
Link to analysis: https://www.tradingview.com/chart/5WhizZMb/

Current Trend & Price Action: The Nasdaq-100 futures remain in a strong multi-year uptrend, consistently making higher highs and higher lows since late 2022. Despite the recent pullback, the broader bullish structure is intact. Over the past two years, similar **multi-week** dips have occurred (for example, in July 2023 and July 2024), after which the index found support and resumed its upward trajectory. Unless we see a decisive break below the long-term uptrend line (the trendline connecting major lows since Dec 2022), the current bearish move is viewed as a short-term correction rather than a trend change. The Nasdaq is **approaching a familiar support angle** – a trendline area where it has historically formed lows. Traders are watching this area closely for the next potential swing low.

Technical Analysis & Key Levels: A **daily Fibonacci analysis** reinforces the bullish outlook. By drawing a Fibonacci retracement from the origin of the uptrend to recent highs, we identify a "1-2" boundary that frames the current pullback. The 1.618 Fibonacci extension projects an upside **target near 24,951.00** on the NQ – aligning with our Daily Target. This level represents the next major resistance and profit objective if the uptrend continues. Notably, a logical stop (for long positions) would be placed below the "1" point of the Fibonacci (around the prior significant low, approximately 18,138.00), ensuring that if the uptrend truly fails, risk is contained. From the current market price area to the 24,951 target is about **+18,041** ticks of potential movement, underscoring the attractive reward if the rally unfolds. The key now is finding an entry point: **the market is still in its "buy zone" (above long-term support but below recent highs), but price has been drifting lower in the short term.** This downward drift has created a bearish "counter-trend" line on the daily chart.

Trading Strategy & Outlook: Patience is warranted until we see **confirmation of a bullish reversal.** The ideal trigger for entry will be a **break above the counter-trendline** that has been guiding the recent pullback. In practice, that means waiting for the Nasdaq's daily price to close back above the descending trendline (and thus back into the bullish territory of the uptrend channel). Such a breakout would signal that buyers are reasserting control. Once that occurs, traders can look to go long, targeting the 24,951 area. Given the scope of this opportunity (potentially an **18,000+ tick** rally), it could play out as a multi-week or even multi-month move. The important caveat: there is no immediate long entry until the market confirms the turn. If support holds and a bullish reversal pattern emerges, the Nasdaq-100 could offer a "home run" trade to the upside. However, if the uptrend line fails (i.e., price decisively breaks support and enters the sell zone), that would invalidate the bullish setup – so continual assessment of price action is necessary. For now, the plan is to "**buy the dip**" once proven that the dip is over: stick with the dominant uptrend by entering on a confirmed upswing rather than trying to guess the exact bottom.

S&P 500 Futures (ES)

Daily Target: 6,153.50
Ticks: +1,250
Link to analysis: https://www.tradingview.com/chart/vBZ9b2Wy/

Current Trend & Price Action: The S&P 500 futures are in a situation very similar to the Nasdaq. The ES contract has been trending higher in a well-defined **upward channel**, reflecting a series of higher lows and higher highs on the daily chart. Recently, the market has pulled back from its highs, bringing prices down toward the lower boundary of this channel (the support trendline). This pullback could be a normal retracement within the bullish trend, provided support holds. In fact, the S&P appears to be oscillating within an **"up channel" structure**, and so far this structure has provided reliable guideposts for reversals. However, traders should note that the market's tone has been **emotionally charged by news events** – speeches, economic announcements, central bank policy updates, and even trade/tariff news have all contributed to short-term volatility. This means we could see sudden moves (including potential false breakouts) before the market picks a direction. Despite the noise, the fundamental bias for stock indices like the S&P 500 remains bullish over the long run (historically, indices tend to rise over time), so the current dip is viewed as an opportunity to position for another leg up, as long as we get proper confirmation.

Technical Analysis & Key Levels: On the chart, the immediate **resistance target** for a rebound is around **6,153.50**, which is the projected price at the top of the current channel (and coincides with the Daily Target derived from technical analysis). From the present levels, reaching 6,153.50 would equate to roughly **+1,250 ticks** of upside potential. This target may also align with a Fibonacci extension or a prior high, reinforcing its significance. Before the S&P can climb to that level, it must first demonstrate that the pullback is over. The **lower channel support** (the bottom of the uptrend channel) is the area to watch for a bullish reversal. It's possible the market could briefly dip below this support in what's known as a "**false bearish breakout**" – a scenario where price breaks the channel support or a recent low, triggering bearish sentiment, but quickly recovers back above support. Such a false breakout, if it occurs, can actually strengthen the bullish case: when the market **rallies back inside the buy zone (above support)** after luring in shorts, it often leads to a swift move higher. Traders should be cautious of this whipsaw possibility. In any case, **confirmation is key**: rather than buying blindly at support, it's wiser to wait until the S&P shows a clear reversal pattern (like a strong daily bullish candle back above the support or a break of a shorter-term downtrend line).

Trading Strategy & Outlook: The strategy for ES focuses on **buying the next confirmed dip** within this uptrend. Practically, this means waiting for the **S&P to form a low in its buy zone and break its short-term downward momentum**. A classic signal would be a **counter-trend-line break to the upside** – for instance, drawing a trendline across recent daily high points of the pullback and then seeing the price close above that line. Once the market closes back above such a counter-trendline (and ideally back above the channel support, if it dipped below), buyers have demonstrated a return. At that point, a long position towards the 6,153.50 target becomes attractive. It's worth noting that if the current support (around the channel bottom) doesn't hold immediately, there is an **alternate support level** slightly lower (possibly derived from a larger pattern or previous highs acting as support). A deeper dip into that secondary support would simply increase the reward (more ticks available) if the uptrend reasserts itself afterwards. **In all cases, patience and timing are critical:** traders want to enter when price is relatively low (oversold in the context of the uptrend) and starting to rise again. Avoid chasing the market when it's already near daily or weekly highs – buying at extended high prices can lead to sitting through multi-day drawdowns if another retracement hits. Instead, focus on those low-risk entry zones where the upside (to 6,153.50 and beyond) clearly outweighs the downside. With roughly 1,000+ ticks of potential on the table, a well-timed entry on the S&P 500 could yield substantial gains, but only if backed by a solid confirmation signal and accompanied by prudent risk controls (like stops below the recent swing low).

Gold Futures (GC)

Daily Target: 3,073.80
Ticks: +1,762
Link to analysis: https://www.tradingview.com/chart/KIgHrl8a/

Current Trend & Price Action: Gold futures continue to shine in a **robust long-term uptrend**. On the higher time frames, Gold has been charting a bullish path of higher highs and higher lows, reflecting strong underlying demand and investor confidence in the metal. Buyers are clearly in control: every retracement so far has been relatively shallow and met with new buying interest. In fact, the market recently experienced a "**shifting of channels"** – earlier in the trend, gold was climbing within a certain channel range (with a defined resistance ceiling), but after a burst of momentum, it broke above that range and established a **steeper bullish channel.** This means a prior resistance level has now turned into support, a classic hallmark of a powerful uptrend. We are seeing the early stages of a pullback from Gold's recent highs (the market is "coming off the high" as of early March), which is a normal ebb and flow even in strong trends. This pullback is bringing gold down from overbought levels, potentially toward an **"outer" trendline or major support zone.** The near-term expectation is for gold to drift lower or consolidate a bit more (an **inner trendline was broken**, signaling the start of this retracement), seeking out a support level from which the next rally can sprout.

Technical Analysis & Key Levels: Using Fibonacci analysis on Gold's impressive rally provides clear guidance on key levels. By applying a **True Fibonacci** from the inception of the latest bullish wave up to the recent peak, we can identify the primary Fibonacci "1.0" (the swing low of the move) and project the **1.618 extension** as a long-term target. The d**aily 1.618 Fibonacci extension comes in around 3,073.80**, which we've set as the Daily Target for this uptrend. This implies that if Gold's bullish trend continues after the current pullback, prices could work their way toward the $3,070+ area in the coming weeks or months. From current levels, reaching 3,073.8 would yield approximately **+1,762 ticks** of upside – a substantial move, but fitting given gold's recent volatility and range. In terms of risk placement, the Fibonacci analysis suggests a protective **stop level near 2,267.1** (just below the "1.0" Fibonacci level, i.e., below the key swing low that started this rally). That price represents a major support; as long as Gold stays above ~2267, the bulls retain the upper hand in the bigger picture. It's unlikely we'll need to see a drop that far if the trend remains strong – more pertinent is the nearer support defined by the new rising channel. Essentially, Gold may find support at the previous channel's resistance (now support) or along an outer trendline that represents the lower bound of its current accelerated uptrend. Additionally, from a macro perspective, **fundamental catalysts favoring Gold** include persistent inflationary pressures, central bank policies (if interest rates remain lower than inflation or if financial stability concerns arise), and geopolitical tensions. These factors have been driving safe-haven flows into gold, complementing the technical bullish setup. Any flare-up in inflation expectations or global uncertainty can provide an extra boost to Gold's appeal, whereas markedly rising real interest rates or a sharply strengthening dollar could pose headwinds – thus, traders should keep an eye on economic reports and Fed communications as they trade this metal.

Trading Strategy & Outlook: The outlook for Gold remains bullish, but like the equity indices, it **requires a strategic entry after this pullback**. Given the strong uptrend, the plan is to **buy the next significant dip** with confirmation that the dip is complete. Right now, Gold is in the "buy zone" of its longer-term trend (meaning it's in the lower portion of its rising range, where value hunters often step in). However, we are letting price come to us: it's prudent to wait for Gold to show signs that it has found support before initiating new longs. A practical approach is to monitor for a **reversal signal near the identified support zones** – for instance, if Gold's price action prints a bullish reversal candlestick pattern at a known support or if it **bounces off the outer trendline** of the channel. Additionally, just as with the indices, a **break of a counter-trendline** (drawn across the recent series of lower highs on an intraday or daily chart) would indicate that the short-term downtrend has ended and buyers are regaining control. Once such a signal occurs – say Gold closes back above a key level that had been resistance during the pullback – traders can look to establish long positions. The initial objective would be a retest of the recent highs, with the ultimate target at the 3,073.80 extension level. Throughout this process, maintaining disciplined risk management is crucial: that means using a stop loss below the recent swing low (or below the strong support that marks the bottom of the pullback) to protect against the scenario of a deeper correction. It's also wise to scale into the position gradually if uncertainty is high, or even wait for smaller time-frame confirmation (e.g., a 1-hour uptrend resuming) to fine-tune the entry. In summary, Gold offers a favorable **long setup in a well-established uptrend**, with a clear technical road map – we just need to let the retracement play out and be ready to act when the market confirms the next upward leg.

RISK MANAGEMENT & TRADING STRATEGIES

Effective trading in these market conditions hinges on r**obust risk management and disciplined strategy execution.** No matter how strong a setup appears, traders must remember that **there are no guarantees in trading** – every position carries risk. Here we outline key risk management principles and strategic considerations, many of which were emphasized in Josh's analysis for this month:

- **Wait for Confirmation:** Perhaps the most important theme is "**confirmation, confirmation, confirmation**." Rather than attempting to predict exact tops or bottoms, let the market show its hand. For a long trade, wait until buyers clearly take control (e.g. a bullish break of a counter-trendline, a higher low followed by a higher high, or a surge in volume on up-moves) before committing capital. Similarly, for short trades, wait for seller dominance to be evident. *By requiring confirmation, you greatly improve the probability that you're aligning with the next sustained move rather than jumping in prematurely.* This approach was highlighted in all three analyses: none of the setups call for immediate execution – they each require a trigger (like a trendline break or reversal pattern) to validate the trade idea.

- **Don't Guess – React:** In line with the above, avoid t**rying to guess the absolute low or high.** In the current environment, we are not "buying blindly" at support or "selling blindly" at resistance. Instead, we identify those critical zones and then **react when the market validates them**. For example, if Nasdaq futures have a historical support trendline, one could plan to buy near it – *but only after* price starts rising off that line (showing that support is holding). This reactive approach helps prevent entering trades that could quickly go deeper into loss if the support/resistance level fails. It also keeps us from getting caught in "false breakouts/ breakdowns" – as discussed in the S&P section, sometimes the market may pierce a level and snap back; by waiting for the snap-back (confirmation of false breakout), a trader avoids the trap and actually gains a clearer entry.

- **Proper Stop Placement:** Always use a **well-placed stop loss** to protect your trade. A "proper" stop is typically positioned at a price that, if reached, indicates your trade thesis is likely wrong. For instance, placing a stop just below a significant support level (such as the last major swing low or below a Fibonacci "1" point in an uptrend) makes sense – if the price falls below that, the uptrend could be breaking down and you don't want to remain in a long trade. All the setups in this report identify logical stop zones (e.g., Gold's stop around 2267, Nasdaq's around 18138, etc.) based on technical structure. **Resist the temptation to move stops farther out (widening risk)** if the trade goes against you – honor your risk limits. By pre-defining risk (the distance to your stop) and sticking to it, you ensure that no single trade will have an outsized negative impact on your account.

- **Position Sizing & Risk Per Trade:** Hand-in-hand with stop placement is **position sizing.** Determine your trade size such that if your stop is hit, the loss is only a small percentage of your trading capital (commonly 1-3% or even less, depending on your comfort and trading style). By sizing positions appropriately, you take the emotion out of trading – a single loss remains a normal, manageable event rather than a devastating blow. As Josh mentioned, *if a winning trade or a losing trade is "not a big deal" in terms of account impact, you can make clearer decisions*. This means you're not emotionally handcuffed by fear or greed, and you can objectively follow your strategy. Consistent, smaller risk bets also allow you to stay in the game longer and capitalize on the big wins when they come.

- **Use Technical Tools in Tandem:** The analysis above made heavy use of **trendlines and Fibonacci levels** – these are complementary tools that can guide both entries and exits. A sound strategy is to use **trendlines to time entries** (for example, entering on a break of a counter-trendline or on a trendline retest) and to use **Fibonacci extensions or prior highs/lows to set targets**. This way, your trade has a reason for where to get in and where to get out, based on market structure. Combining technical signals with a confirmation requirement filters out many low-quality trades. For instance, just because a Fibonacci retracement level is hit (say the 61.8% pullback) doesn't mean we buy immediately; we'd watch if that level coincides with a trendline and then see if the price actually turns around there. Only then do we act. Such confluence and confirmation increase the odds of success.

- **Align with the Bigger Picture:** It's important to ensure that your trade direction aligns with both the technical trend **and** the broader fundamental context. We often mention trading "in the buy zone" during an uptrend – this essentially means going with the primary trend (which, for NQ, ES, and GC, is currently up) and entering during a dip. Fighting the overall trend is a lower-probability approach, especially in the absence of a clear fundamental catalyst for a reversal. Therefore, even as you drill down to execute on technical signals, **keep an eye on macro factors.** For example, if inflation data comes out surprisingly high, that might bolster a gold long trade (fundamental support for bullishness), whereas a sudden shift in Federal Reserve tone to hawkish might urge caution on equity longs (as higher rates can pressure stocks). Ensuring technical and fundamental alignment can lead to more confident and effective trading decisions. However, remember that technical triggers should still be respected – fundamentals can provide context, but price action is ultimately the final arbiter for entry/exit.

- **Patience and Discipline:** Finally, a core aspect of risk management is **patience**. Not every day will produce a trade, and that's okay. As reiterated in the analysis, "*we have all the opportunity in the world; we're just waiting for the market to give the entries.*" A trader who can stay patient and **avoid forcing trades** will naturally hамve better risk management, because they'll engage the market only when conditions are favorable. Stick to your plan, and do not let the fear of missing out push you into sub-par trades. It's far better to miss a move than to jump in without a plan and suffer an avoidable loss. By remaining disciplined, waiting for confirmed setups, and managing each trade's risk tightly, you put the probabilities in your favor over the long run.

2. MACROECONOMIC ANALYSIS: GLOBAL AND U.S. ECONOMY IN MARCH 2025

Global Growth and Inflation:

The world economy in early 2025 is experiencing **moderate growth with easing inflation**. Global GDP growth for 2025 is expected to roughly match 2024's pace, around 2.7% according to World Bank estimates. The United States remains a pillar of strength driving global growth, while Europe lags with weak expansion and China's growth continues to cool. **Inflation** in many advanced economies is on a **downward trajectory** from the highs of 2022-2023, though still above central bank targets. The IMF forecasts global inflation to fall from 6.8% in 2023 to about 4.5% in 2025– a significant improvement, but not yet at the 2% comfort zone for most central banks. In the U.S., inflation has eased from the post-pandemic surge, with recent consumer price index (CPI) readings showing **"good news" on inflation that helped pull down long-term bond yields.** However, core price pressures (like wage growth and services inflation) keep inflation somewhat elevated, meaning policymakers are not fully complacent.

U.S. Economic Conditions and Labor Market:

The **U.S. economy** entering March 2025 is characterized by r**esilient albeit slowing growth**. After two years of exceptional equity returns driven by a technology boom and strong consumer demand, some indicators now point to a slight deceleration. The labor market remains relatively tight but is showing hints of cooling. The February jobs report (for January data) revealed a below-consensus **+143,000 increase in nonfarm payrolls**, a step down from the prior months (which saw upward revisions to over 300k in December). The **unemployment rate dipped to 4.0%** from 4.1%, and wage growth ticked up modestly to 4.1% year-over-year. Such data suggests the job market is still solid but not overheating. A cooling labor market, combined with softer business surveys, supports the case that **the Fed can slow or pause interest rate hikes,** which indeed has been the trend (more on that in the next section).

Other economic indicators present a mixed picture. **PMI surveys** and consumer confidence in February flashed some warning signs – for example, U.S. service sector PMI showed renewed weakening and even declines in employment. Business optimism has been curbed by uncertainty over the new administration's policies, including concerns about tariffs, trade policy shifts, and **federal budget cuts** that followed the 2024 elections. Notably, U.S. companies in surveys cited the change in government and resulting policy shifts as factors causing them to scale back activity. This underscores how **political transitions** can inject caution into the economic outlook. Globally, divergences are evident: **Europe** is barely growing (with Germany stagnating), and **China** faces slower growth as it transitions its economy, while **many emerging markets** see above-average growth helping offset weaknesses elsewhere. High commodity prices and past supply chain issues have eased somewhat, but new trade frictions or geopolitical flare-ups could quickly change that.

Key Macroeconomic Risks:

Despite the generally **moderating inflation and ongoing growth**, several **macroeconomic risks** loom over markets in March 2025:

- P**olicy Uncertainty & Trade Tensions:** Geopolitical and policy uncertainty is unusually high. The outlook is overshadowed by questions about the **economic policies of the new U.S. administration,** especially on trade. Markets are warily eyeing whether the U.S. will impose **higher tariffs** or other protectionist measures. According to Munich Re's outlook, if aggressive tariffs are implemented by the U.S., it could "trigger a slowdown in global trade and growth – ultimately also in the U.S.". Indeed, President Trump's apparent determination to "**disrupt global trade as much as possible**" has been a key driver of risk hedging behavior such as buying gold. Any escalation in trade wars would likely pressure equity markets (especially internationally-exposed tech stocks in the NQ and industrials in the S&P) while boosting safe-havens like gold.

- **Geopolitical Conflicts:** Geopolitical risks remain elevated. Russia's war in Ukraine continues with no clear resolution, and tensions in the Middle East persist despite intermittent calm. The World Economic Forum's recent survey highlighted growing concern about state-based conflicts in the coming year. Any major escalation – a new conflict or a widening of an existing one – could quickly jolt commodity prices and spook equity markets. Such events typically send investors rushing to safe assets, which could propel gold and volatility indices higher. **Geopolitical fragmentation** is also evident in economic blocs forming, which has driven central banks in countries like China, India, and Russia to increase gold reserves as a hedge (more on this under gold).

- **Interest Rates & Debt Markets:** After a long campaign of interest rate hikes in 2022-2023 to combat inflation, major central banks are now at a **policy inflection point**. The U.S. Federal Reserve has **paused its rate hikes** and in fact begun to **shift toward rate cuts,** albeit at a cautious pace. This pivot comes as inflation shows improvement and growth slows. However, uncertainty remains high regarding the trajectory of rates, especially for longer-term yields. The yield curve (difference between long-term and short-term interest rates) has started to **steepen** in recent months. Notably, the 10-year U.S. Treasury yield has been trading in a **high range of 4.5%–5.0%**, reflecting concerns about financing growing federal deficits and long-term inflation expectations. At these higher yield levels, stocks (particularly growth stocks in indices like the Nasdaq) have shown greater sensitivity to interest rate moves. **Bad news on inflation** (e.g. an upside surprise in CPI) tends to cause yields to spike and puts downward pressure on equities, whereas **good inflation news** does the opposite. This negative stock-bond correlation at high rate levels means that **volatility can be amplified** as markets react to each macro data point. Additionally, higher borrowing costs and stricter credit conditions could eventually bite into corporate profits and consumer spending, posing a risk to earnings later in 2025.

- **Potential Slowdown or Recession Fears:** While no recession is evident yet in the U.S., the combination of higher rates, waning fiscal stimulus, and external risks raises the possibility of a sharper slowdown. Sectors like housing and interest-sensitive industries have already been subdued. If the Fed's tightening effects continue to filter through, or if **budget cuts and layoffs in the public sector** drag on private confidence, growth could undershoot expectations. Some analysts point to the "**crossroad**" nature of early 2025: either the post-2022 good times continue or we pivot to a more challenging environment. In one view, the economy can achieve a soft landing and extend the equity rally; in an alternate view, **earnings disappointments and macro risks could lead to muted performance and increased market volatility.** Traders should be mindful that markets are pricing a lot of optimism – any sign of economic contraction could lead to a swift correction.

In summary, the macro backdrop for March 2025 is **mixed**: growth is ongoing but vulnerable, inflation is lower but not vanquished, and policy shifts (monetary and fiscal) are introducing both opportunities and uncertainties. In the next section, we'll discuss how recent **economic policy decisions** – especially by the Fed – are impacting market expectations and trader considerations.

3. ECONOMIC POLICIES & MARKET IMPACT

Federal Reserve Decisions and Interest Rate Outlook:

The **Federal Reserve** has been a central focus for traders, as its policy pivot is reshaping market conditions. After aggressive rate hikes brought the Fed funds rate to restrictive levels by late 2023, the Fed entered 2025 by **shifting its stance**. In the wake of softer inflation and cooler job growth, the Fed has signaled a move to **pause further rate increases** and even delivered its first **rate cut** in years in early 2025. Market observers noted that January's labor data (with steady unemployment at 4.0% and moderate wage gains) **supported the Fed's shift to a slower pace of rate cuts** going forward. In other words, the Fed is now cautiously **easing** monetary policy, but at a measured pace to avoid rekindling inflation. The current outlook is for g**radual rate reductions throughout 2025**, barring any inflation resurgence. Fed officials have emphasized they will remain "data-dependent," balancing the risk of cutting too fast (which could reignite price pressures) against the risk of holding too tight (which could needlessly slow the economy).

For day and swing traders, this monetary shift has several implications. First, **interest-rate sensitive assets** are in play: lower future rates tend to boost equities, especially high-growth technology stocks (benefiting NQ futures) and reduce the opportunity cost of holding non-yielding assets like gold (benefiting GC futures). Indeed, the initial anticipation of Fed easing contributed to a powerful equity rally in late 2024. However, now that this pivot is largely expected, markets are **highly sensitive to Fed communications.** Any hawkish surprise (e.g., if inflation data force the Fed to pause cuts or even consider hikes) could whipsaw markets. Conversely, signs of faster easing (if the economy wobbles but inflation stays tame) might spur another leg up for stocks and commodities. Traders should keep a close eye on **Fed meeting statements, dot plots, and key speeches** for clues about the trajectory of interest rates.

Other central banks are on similar tracks with local twists. The **European Central Bank** (ECB), for instance, is meeting in early March and is expected to hold rates steady as Eurozone inflation, while cooling, remains above target. The ECB must balance a weak economy (especially in Germany) against still-elevated price growth. Any surprise action by the ECB can affect U.S. markets via the dollar and global risk sentiment. Meanwhile, **emerging market central banks** in regions like Latin America and Asia, some of which tightened earlier, are also starting to ease policy to support growth. This global wave of potential monetary easing provides a generally supportive backdrop for risk assets **if** economies avoid recession. It's a delicate balancing act: policy is shifting from brake to accelerator, but cautiously.

U.S. Government Policies – Trade, Tax, and Fiscal Measures:

The fiscal and regulatory policy environment in 2025 is markedly different following the U.S. elections. With one party now controlling the White House and Congress, there have been swift shifts in policy direction. This unified government control means policymakers have the ability to pass major initiatives, and markets are parsing which moves will materialize. On one hand, there has been **optimism for pro-growth policies**, such as potential corporate tax cuts or deregulation aimed at stimulating business investment. In fact, in the immediate aftermath of President Trump's inauguration in January, **traders bid up equity futures (particularly the Nasdaq and S&P)** on hopes of business-friendly moves. The NASDAQ 100, for example, rallied to new highs around late January (NQ futures reached ~21,700) as investors priced in anticipated tax breaks and an infrastructure push. This underscores how positive policy expectations (like tax cuts or stimulus) can fuel market gains.

On the other hand, the new administration's approach has also introduced **significant uncertainties and potential headwinds:**

- **Trade Policy:** The U.S. government has adopted a more protectionist stance, revisiting tariffs and trade agreements. In the first weeks of 2025, there were announcements of **tariff increases** on certain imports and tougher scrutiny on strategic exports. Such policies, reminiscent of the 2018 trade war era, have twofold effects: they **unsettle multinational companies** (especially in tech and manufacturing, impacting NQ and ES components) and they **boost safe-haven demand** (as mentioned, gold's rally has been partly attributed to **"aggressive trade policies" by President Trump). If trade tensions escalate, we could see equity indices struggle amid supply chain disruptions and higher input costs, even as commodities like gold and perhaps certain agricultural products rise. Conversely, any surprise trade truces or negotiations could reassure markets and favor risk assets.

- **Fiscal Policy and Spending:** The administration and Congress have also pursued an agenda of **fiscal restraint in certain areas**. Notably, they enacted budget cuts in an effort to rein in deficits. Government agencies have seen belt-tightening and even layoffs. While reducing the deficit can be beneficial long-term (and might ease upward pressure on long-term bond yields), in the short term it is a form of **fiscal drag** on the economy. The PMI data already hinted that recent **government layoffs and budget cuts were dampening private sector confidence.** Traders in equity index futures need to monitor debates around the federal budget – any brinksmanship or shutdown threat could spike volatility. On the flip side, the new leadership has indicated possible **infrastructure spending** later in the year (though details remain scant). If a large infrastructure bill gains traction, it could boost industrial commodities and certain stock sectors (materials, construction) – a development that would be bullish for ES futures relative to NQ, as it favors old-economy stocks.

- **Taxation:** Clarity on tax policy is still evolving. There is speculation about business tax cuts (to reward corporate investment) but also talk of closing certain loopholes. For individual taxpayers, changes to income or capital gains taxes could influence investor behavior (for instance, a cut in capital gains tax might spur more selling of winners to realize profits at a lower tax cost, which can briefly pressure markets). As of March 2025, no major tax legislation has passed, but any proposals in Congress will be worth watching for their sector-specific impacts.

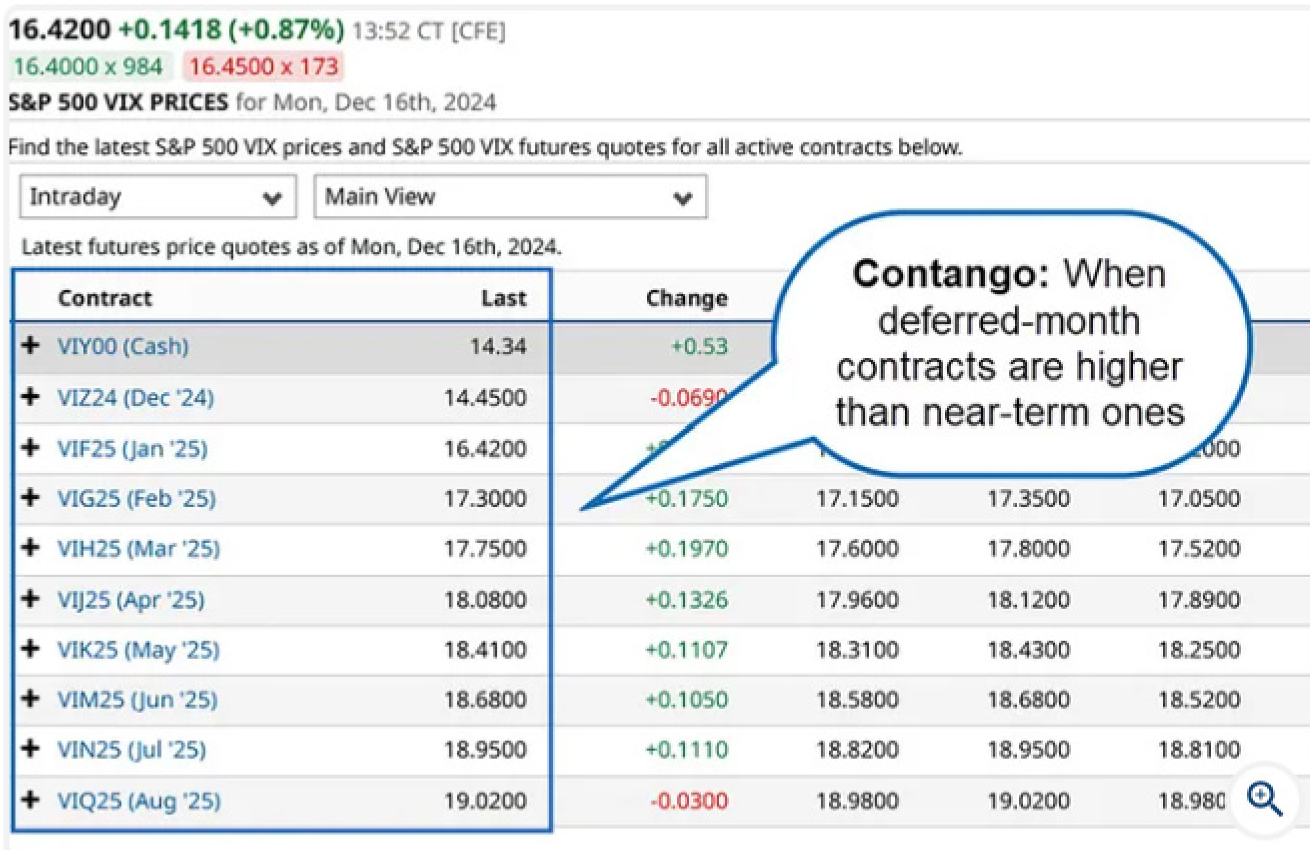
In summary, **economic policy in 2025 is a double-edged sword**: potential pro-growth measures (tax cuts, infrastructure) provide upside for markets, while protectionist trade moves and fiscal austerity introduce downside risks. Traders should stay alert to policy news out of Washington (and other capitals) as it can **rapidly shift market sentiment**. For example, an unexpected tariff announcement could send stock futures tumbling and gold spiking in the same trading session. It's also important to consider **global policy** actions – e.g., **China's policies** in response to U.S. tariffs, or **OPEC decisions** affecting oil prices (and thus inflation). Each of these policy dimensions feeds into the volatility that traders must navigate, which leads us to the next section.

4. MARKET VOLATILITY TRENDS & TRADING IMPLICATIONS

Market volatility has been on the rise in early 2025, creating a very different trading environment compared to the relatively calm uptrend of the past two years. Several factors – policy uncertainty, macro risks, and stretched valuations – are contributing to **larger price swings** in futures markets. Let's break down the volatility trends and discuss how traders can effectively navigate them.

Rising Volatility in Equity Index Futures (NQ & ES):

After an extended period of low volatility (the VIX "fear index" spent much of the last two years in a subdued 12–18 range), signs point to a **volatility uptick** in 2025. In fact, the volatility derivatives market is *anticipating* more turbulence: in December 2024, with the VIX around 14.3, the futures curve was in steep **contango**, meaning longer-dated VIX futures were significantly higher. For example, the VIX futures expiring January 2025 traded near 16.4, and the April 2025 VIX futures were above 18. This pricing suggested that traders widely expected **volatility to pick up in early 2025.** Indeed, that expectation has been borne out as we've seen more frequent swings in the Nasdaq and S&P. Contributing factors include the aforementioned policy changes, unpredictable geopolitical headlines, and the narrow leadership in equities (the "Magnificent 7" tech giants) which makes indices vulnerable if those few stocks stumble. A vivid example was the late-February pullback when a **surprise tech news** (a report of a Chinese AI startup outperforming a major U.S. AI product) sent the big tech stocks sharply lower, illustrating how quickly sentiment can shift. The S&P 500 and Nasdaq-100 futures each dropped several percentage points over two sessions, before rebounding – a microcosm of volatility fueled by both macro and sector-specific news.



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S&P 500 VIX PRICES for Mon, Dec 16th, 2024

Find the latest S&P 500 VIX prices and S&P 500 VIX futures quotes for all active contracts below.

Intraday | Main View

Latest futures price quotes as of Mon, Dec 16th, 2024.

Contract	Last	Change			
+ VIY00 (Cash)	14.34	+0.53			
+ VIZ24 (Dec '24)	14.4500	-0.0690			
+ VIF25 (Jan '25)	16.4200				
+ VIG25 (Feb '25)	17.3000	+0.1750	17.1500	17.3500	17.0500
+ VIH25 (Mar '25)	17.7500	+0.1970	17.6000	17.8000	17.5200
+ VIJ25 (Apr '25)	18.0800	+0.1326	17.9600	18.1200	17.8900
+ VIK25 (May '25)	18.4100	+0.1107	18.3100	18.4300	18.2500
+ VIM25 (Jun '25)	18.6800	+0.1050	18.5800	18.6800	18.5200
+ VIN25 (Jul '25)	18.9500	+0.1110	18.8200	18.9500	18.8100
+ VIQ25 (Aug '25)	19.0200	-0.0300	18.9800	19.0200	18.980

Figure: VIX Futures Curve (Dec 16, 2024) showing contango – deferred-month volatility expectations were higher than near-term, implying traders anticipated rising volatility into 2025. (Source: CBOE/Barchart)

For **Nasdaq-100 (NQ) futures**, volatility is often even more pronounced than for the S&P 500 due to the heavy tech weighting. When interest rates expectations change or when there's a rotation out of high-valuation stocks, NQ can experience rapid 2-3% intraday moves. The same tech-sector concentration that delivered outsize gains in 2023-2024 is a double-edged sword: it means Nasdaq futures are more susceptible to **sharp corrections** if investors suddenly de-risk. Day traders in NQ should be prepared for bigger whipsaws and consider adjusting tactics (such as using wider stop-losses or smaller position sizes, discussed later). Meanwhile, **S&P 500 (ES) futures** volatility is rising too, though slightly dampened by the index's broader diversification. Still, with the S&P also near historic highs, even a modest change in sentiment has led to 50+ point swings in the E-mini S&P intraday. The **CBOE Volatility Index (VIX)** itself, while off its extremes, has been flirting with the 20 level more frequently. A sustained break of VIX above 20 would signal a regime change to higher volatility, which often corresponds with at least short-term downtrends or choppy range trading in equities.

Volatility in Gold (GC) Futures:

Gold's price action in 2025 has been dynamic, to say the least. Bullion surged to **all-time highs** just under $3,000/oz in February (spot gold hit ~$2,943 on Feb 11), and gold futures (GC) likewise reached record territory near $3,000. This rapid rally – gold is up **10%+ year-to-date** – has naturally brought higher volatility to the gold market. Typically, gold volatility (measured by the GVZ index, analogous to VIX for gold) increases during big trending moves and during uncertainty. Currently, both conditions are true: gold is in a strong uptrend and the macro backdrop is uncertain. GC futures have seen daily ranges of $40-50 (points) at times, which is significant (equivalent to $4,000-$5,000 per contract move in a day). Notably, gold's climb has been orderly (no extreme spikes downwards yet), but traders should not be complacent. As gold nears the psychological $3,000 level, volatility could further increase due to profit-taking and option-related dynamics around a big round number. Additionally, if equity markets were to correct sharply, gold might either spike further on safe-haven flows or, paradoxically, dip if there is a liquidity squeeze (where everything is sold off).

Navigating Heightened Volatility – Best Practices:

For traders, higher volatility means both **higher risk and higher opportunity**. The key is to adjust one's strategy to manage the wider price swings:

- **Embrace Risk Management:** In volatile conditions, **risk management is paramount**. This starts with position sizing – traders should generally trade smaller sizes than they would in a low-volatility environment. By reducing position size, you can widen your stop-loss to accommodate noise, without increasing the absolute dollar risk. Using the **Average True Range (ATR)** indicator is one practical way to gauge current volatility and adjust stops and targets accordingly. For example, if the ATR on the 15-minute chart for NQ has doubled compared to last month, you might cut your position size in half to keep your dollar risk per trade constant. **Stop-loss placement** should account for volatility: consider using a multiple of ATR (e.g., 2 x ATR) or placing stops beyond key technical levels (previous swing high/low, support, or resistance) rather than an arbitrary tight number of points. This helps avoid being prematurely stopped out by normal volatility. Always remember the trading adage: "wider stop, smaller size; larger size, tighter stop" – in high volatility, favor the former.

- **Use Volatility Indicators:** Traders can monitor indicators like the **VIX** for equity volatility and **ATR** or **Bollinger Bands** on individual futures charts to judge volatility conditions. **Bollinger Bands** expand as volatility rises, which can signal when a breakout is occurring. For instance, a price bar closing outside of **Bollinger Bands** during a news-driven move could indicate a volatility breakout – some traders use this as a cue to trade momentum (breakout strategy), while others might wait for a reversion inside the bands if they suspect an overshoot. The **ATR**, as mentioned, can be used not just for stops but also for **setting profit targets** (e.g., aim for a profit that is a multiple of ATR, which is realistic given the volatility). Monitoring the **VVIX** (the volatility of volatility) or even the term structure of VIX futures (contango/backwardation as shown above) can also give a sense of how the market expects volatility to change in the near future. If the term structure inverts (backwardation, with near-term vol higher than long-term), it often coincides with moments of market stress – possibly a time to tighten risk controls or step back.

- **Adapt Your Strategy to Volatility:** Certain trading strategies perform better in high volatility, and some in low volatility. In a **high-volatility regime, breakout and trend-following strategies** often outperform, as price tends to run further once it breaks a level (momentum can carry it). A day trader might focus on trading the range breakouts of the first hour's high/low in ES or NQ, as follow-through is more likely when VIX is elevated. Conversely, **mean-reversion trades** become trickier – they still exist (nothing moves in a straight line forever), but one must be very precise in timing and perhaps aim for smaller reversals. Using **oscillators** like RSI or stochastic in high volatility might show "oversold" or "overbought" frequently; traders should wait for confirmation that momentum is actually turning before jumping in counter-trend. Another approach in volatility is using **options** (if one is experienced with them) to define risk – for instance, buying options spreads instead of futures outright can cap risk in a volatile market (this is more relevant for swing traders than intraday due to time decay).

- **Stay Alert to News and Data Releases:** In volatile markets, **economic data releases and news headlines can cause outsized reactions.** A routine economic release (like a monthly CPI or Fed meeting minutes) might move markets more than usual. Day traders should be aware of the economic calendar – sometimes the best strategy is to avoid holding positions during a major announcement due in minutes. If you do trade through news, be prepared for slippage and fast moves. Likewise, keep an eye on geopolitical news (e.g., an unexpected tariff announcement or geopoliticaмl flare-up) because the first reaction is often a volatility spike. Setting alerts or using news squawk services can help traders react quickly or exit positions if needed.

In summary, rising volatility in NQ, ES, and GC is a theme of March 2025. Traders can still thrive in this environment, but it requires disciplined risk management and possibly a shift in tactics – favoring strategies that **go with the volatility flow** rather than against it. Next, we will outline specific **trading strategies** tailored to different market conditions and trader experience levels, with an emphasis on risk-adjusted approaches.

SUMMARY

March 2025 presents an exciting yet volatile landscape in the futures markets, shaped by macroeconomic shifts, Federal Reserve policy, and geopolitical uncertainties. **Josh's Macro Money Report** has identified three key trading opportunities:

- **A potential rally in Nasdaq-100 (NQ)**, targeting **24,951**, supported by strong long-term trends and the Fed's easing stance, but facing volatility from tech sector risks.
- **A breakout opportunity in S&P 500 (ES),** aiming for **6,153,** as equity markets hold key support zones while navigating inflation concerns and fiscal policy changes.
- **A continued uptrend in Gold (GC)**, with an ambitious **3,073 target**, driven by central bank demand, trade policy uncertainty, and rising volatility in financial markets.

Each setup is backed by a blend of **technical analysis and macroeconomic insights**, demonstrating how global trends impact price action. For traders, this report provides **clear strategies** to capitalize on these moves, while emphasizing the importance of **confirmation before entering trades.**

The **rising volatility** in equities and commodities requires a **disciplined risk management approach—adjusting position sizes, using wider stops, and being flexible in execution**. Whether you are an intraday trader or a swing trader, **adapting to market conditions is key** to maintaining profitability.

Markets remain unpredictable, and no forecast is absolute. Use this report as a guide, but always **watch price action, analyze key levels, and adjust to new information.** The best traders embrace uncertainty, staying **disciplined and flexible** in their decision-making.

Stay tuned for next month's report—**macroeconomic shifts, Fed decisions, and geopolitical developments will continue shaping new trading opportunities.**

Trade smart, stay disciplined, and may the markets be in your favor!

Happy Trading!

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