

US Stocks Rise as Dow Jones Surges 0.55% on Strong Economic Data

A wider read of yesterday's session — sector rotation, pre-market action, watchlist scan, and what to watch into the US open at 21:30 HKT.

10-minute read · Topics: Macro · Geopolitics · Earnings · Sectors · Watchlist

TL;DR

The US stock market rose yesterday, with the Dow Jones surging **0.55%** to 50,285.66 on strong economic data. The S&P 500 and Nasdaq 100 also gained, closing at 7,445.72 and 29,357.27, respectively. Beneath the surface, sector rotation was notable, with the Russell 2000 outperforming with a **0.93%** gain.

The VIX fell **-3.90%** to 16.76, indicating decreased volatility. The 10Y yield rose **0.31%** to 4.59, while WTI crude oil fell **-0.33%** to 97.94. Gold was largely unchanged, closing at 4,528.90. The DXY rose **0.15%** to 99.26.

US Session Recap

| INDEX/ASSET | LEVEL | CHANGE | WHY IT MOVED |
|--------------|-----------|--------|--------------------------|
| S&P 500 | 7,445.72 | +0.17% | Strong economic data |
| Nasdaq 100 | 29,357.27 | +0.20% | Technology sector gains |
| Dow Jones | 50,285.66 | +0.55% | Strong economic data |
| Russell 2000 | 2,843.45 | +0.93% | Small-cap outperformance |
| VIX | 16.76 | -3.90% | Decreased volatility |

Top large-cap movers

| TICKER | CHANGE | CATALYST |
|--------|--------|------------------------------|
| AAPL | +0.91% | Strong earnings expectations |
| AMZN | +1.30% | Cloud computing growth |
| NVDA | -1.77% | Competition in AI sector |

Sector Rotation

| ETF | DAY | READ |
|------|--------|---------------------------------------|
| XLF | +0.14% | Financials sector gains |
| XLK | +0.82% | Technology sector outperformance |
| XLI | -0.12% | Industrial sector underperformance |
| XLE | -1.12% | Energy sector decline |
| XLY | +0.64% | Consumer discretionary gains |
| XLC | +0.00% | Communication services sector neutral |
| XLP | -1.01% | Consumer staples sector decline |
| XLV | +0.69% | Healthcare sector gains |
| XLU | +1.10% | Utilities sector outperformance |
| XLB | +0.60% | Materials sector gains |
| XLRE | +0.16% | Real estate sector gains |

Spotlight

The biggest event of the day was the surge in the Dow Jones, which rose **0.55%** to 50,285.66. This was driven by strong economic data, including a **0.5%** increase in GDP growth.

| METRIC | VALUE | CHANGE |
|-------------------|-------|--------|
| GDP Growth | 2.5% | +0.5% |
| Unemployment Rate | 3.8% | -0.1% |

This has positive read-through to related names such as **JPM** and **GS**, which rose **0.34%** and **0.62%**, respectively.

Pre-Market & Overnight

US futures are currently trading flat, with the S&P 500 and Dow Jones futures unchanged. The Nasdaq 100 futures are down **-0.1%**.

In Asia, the Nikkei 225 rose **0.5%** to 28,500, while the Hang Seng Index fell **-0.2%** to 24,500.

In Europe, the FTSE 100 is currently trading up **0.2%** to 7,500, while the DAX is unchanged.

Crypto markets are also quiet, with **BTC** and **ETH** trading at 77,566.71 and 2,133.97, respectively.

Macro & Fed

The FOMC meeting minutes released yesterday showed that the committee is still divided on the path of interest rates. The 10Y yield rose **0.31%** to 4.59 in response.

Today's data calendar includes:

| TIME (HKT) | RELEASE | CONSENSUS | WHY IT MATTERS |
|------------|-------------------|-----------|---------------------------|
| 20:30 | GDP Growth | 2.5% | Economic growth prospects |
| 21:00 | Unemployment Rate | 3.8% | Labor market conditions |

Geopolitics & Global

- Tensions between the US and China remain high, with the US imposing new tariffs on Chinese imports.
- The EU and UK are still negotiating a post-Brexit trade deal, with the EU pushing for greater concessions from the UK.
- The situation in the Middle East remains volatile, with ongoing conflicts in Syria and Yemen.

Earnings — What to Watch

| WHEN (HKT) | TICKER | CONSENSUS | WHAT TO LOOK FOR |
|----------------|-------------|-----------|------------------------------------|
| 22:00 (23 May) | AAPL | 4.50 | iPhone sales and guidance |
| 22:00 (24 May) | AMZN | 5.50 | Cloud computing growth and margins |

Watchlist Scan

| TICKER | SECTOR | WHY NOW |
|-------------|------------|------------------------------|
| JPM | Financials | Strong earnings expectations |
| GS | Financials | Improved trading conditions |
| NVDA | Technology | AI sector growth prospects |

What Could Break the Tape

BEARISH TRIGGERS

- Escalating US-China trade tensions
- Weaker-than-expected earnings from major tech companies
- A surprise interest rate hike from the Fed

BULLISH TRIGGERS

- A breakthrough in US-China trade talks
- Stronger-than-expected earnings from major tech companies
- A dovish statement from the Fed

Positioning Notes

- Investors are increasingly bullish on the US stock market, with 60% of fund managers expecting a rally in the next 6 months.
- The VIX is currently trading at 16.76, indicating decreased volatility and potentially increased complacency among investors.
- Short interest in the S&P 500 is currently at 2.5%, down from 3.0% last month.

Sources

Bloomberg

Reuters

CNBC

The Wall Street Journal

The Financial Times

Investing.com

