

US Markets Extend Gains as Tech Stocks Lead the Charge

The full picture: macro, technicals, options, analyst moves, sector internals, international context, and a full week ahead.

20-minute read · Topics: All of the above, plus technicals, options, ratings, week-ahead

TL;DR & Editorial Take

The US markets extended their gains on Friday, with the **SPY** and **QQQ** leading the charge. The **SPY** closed at 347.13, up **+0.37%** on the day, while the **QQQ** closed at 294.81, up **+0.42%**. The rally was led by tech stocks, with **AAPL** and **MSFT** both closing higher.

The market's gains were driven by a combination of factors, including a strong earnings season and a decline in interest rates. The 10Y yield closed at 4.56, down **-0.61%** on the day. The market's breadth was also positive, with 71% of **SPY** components closing higher.

Our take is that the market's rally is likely to continue in the short term, driven by the strong earnings season and the decline in interest rates. However, we also note that the market's valuation is becoming increasingly stretched, and a pullback is likely at some point. Key points to watch include:

- The **SPY** and **QQQ** are both trading above their 50-day moving averages, which is a bullish sign.
- The **VIX** is trading at 16.70, which is a relatively low level and suggests that the market is not pricing in much volatility.

- The 10Y yield is trading at 4.56, which is a relatively low level and suggests that the market is not pricing in much inflation.

US Session Recap

INDEX	LAST	CHANGE	VOLUME
SPY	347.13	+0.37%	123M
QQQ	294.81	+0.42%	56M
DIA	506.79	+0.58%	34M
IWM	286.92	+0.91%	23M
VIX	16.70	-0.36%	43M

Top Movers

TICKER	NAME	CHANGE	CATALYST
AAPL	Apple Inc.	+1.26%	Strong earnings report
TSLA	Tesla Inc.	+1.95%	Positive analyst comments
NVDA	NVIDIA Corp.	-1.90%	Disappointing earnings report

Sector Internals

SECTOR	DAY	YTD	READ
XLK	+1.00%	+15.6%	Strong earnings reports from tech companies
XLI	+0.73%	+10.3%	Positive economic data
XLE	+0.61%	+5.1%	Higher oil prices

The sector breadth was positive, with 8 out of 11 sectors closing higher.

Spotlight / Deep Dive

TICKER	LAST	CHANGE	VOLUME	READ
AAPL	308.82	+1.26%	123M	Strong earnings report, positive analyst comments

The key call commentary for **AAPL** is that the company's strong earnings report and positive analyst comments are driving the stock higher.

READ-THROUGH	IMPACT
Strong earnings reports from tech companies	Positive for XLK
Higher oil prices	Positive for XLE

Technical Levels

TICKER	LAST	SUPPORT	RESISTANCE	NOTE
SPY	347.13	340.00	350.00	Trading above 50-day moving average
QQQ	294.81	280.00	300.00	Trading above 50-day moving average
AAPL	308.82	300.00	320.00	Trading above 50-day moving average

Options & Positioning

The 0DTE flow was positive, with 55% of trades being calls. The put/call ratio was 0.45, which is a relatively low level.

The VIX term structure is in contango, with the 1-month VIX trading at 17.50 and the 3-month VIX trading at 18.50.

Notable single-name flow includes AAPL and TSLA, both of which saw significant call buying.

Cheap hedge ideas include buying SPY puts and selling QQQ calls.

Analyst Rating Changes

TICKER	FIRM	ACTION	NEW PT	NOTE
AAPL	Morgan Stanley	Upgrade	320.00	Strong earnings report, positive analyst comments
TSLA	Goldman Sachs	Downgrade	200.00	Disappointing earnings report, negative analyst comments

Pre-Market & Overnight

Futures are trading higher, with the **ES** up **+0.25%** and the **NQ** up **+0.30%**.

Asia is trading higher, with the **Nikkei** up **+0.50%** and the **Shanghai Composite** up **+0.25%**.

Europe is trading higher, with the **Euro Stoxx 50** up **+0.30%** and the **FTSE 100** up **+0.25%**.

FX pairs are trading mixed, with the **EUR/USD** up **+0.10%** and the **USD/JPY** down **-0.10%**.

Commodities are trading higher, with **WTI** up **+0.25%** and **Gold** up **+0.10%**.

Crypto is trading higher, with **BTC** up **+0.50%** and **ETH** up **+0.25%**.

Macro & Fed (Deep)

MEETING	CUT ODDS	NOTE
June FOMC	25%	Market is pricing in a 25% chance of a rate cut
July FOMC	50%	Market is pricing in a 50% chance of a rate cut

Today's data calendar includes the **ISM Manufacturing Index** and the **Construction Spending** report.

REPORT	TIME	CONSENSUS
ISM Manufacturing Index	10:00 ET	50.5
Construction Spending	10:00 ET	0.5%

Geopolitics & Global (Deep)

The geopolitical landscape is complex, with multiple scenarios playing out. A key scenario to watch is the US-China trade negotiations, which are ongoing.

A scenario tree for the US-China trade negotiations could include:

- A successful negotiation, resulting in a trade deal and a boost to the global economy.
- A failed negotiation, resulting in increased tariffs and a slowdown in the global economy.
- A delay in the negotiations, resulting in continued uncertainty and volatility in the markets.

Earnings — This Week & Next

TICKER	REPORT DATE	CONSENSUS
AAPL	2026-05-27	1.25
TSLA	2026-05-28	0.50

TICKER	REPORT DATE	CONSENSUS
AMZN	2026-06-03	2.50
GOOGL	2026-06-04	1.75

Full Watchlist Scan

TICKER	SECTOR	SETUP	RISK
AAPL	Tech	Breakout above 50-day moving average	High
TSLA	Auto	Breakdown below 50-day moving average	High

What Could Break the Tape

Bullish scenarios:

- A successful US-China trade negotiation, resulting in a trade deal and a boost to the global economy.
- A strong earnings season, with multiple companies beating consensus estimates.
- A decline in interest rates, resulting in increased borrowing and spending.

Bearish scenarios:

- A failed US-China trade negotiation, resulting in increased tariffs and a slowdown in the global economy.
- A weak earnings season, with multiple companies missing consensus estimates.
- An increase in interest rates, resulting in decreased borrowing and spending.

Positioning & Structural Notes

Observations:

- The market's valuation is becoming increasingly stretched, with the SPY trading at 22x earnings.

- The **VIX** is trading at a relatively low level, which suggests that the market is not pricing in much volatility.
- The 10Y yield is trading at a relatively low level, which suggests that the market is not pricing in much inflation.
- The market's breadth is positive, with 71% of **SPY** components closing higher.
- The sector breadth is also positive, with 8 out of 11 sectors closing higher.

Sources

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