

US Stocks Rise as Tech Leads, Yield Curve Steepens

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 S&P 500 rose 0.58% to 7,563.63 as the Nasdaq 100 outperformed with a **+0.84%** gain to 30,223.89. Below the surface, the yield curve steepened with the 10Y yield falling **-0.58%** to 4.45, while gold rose **+1.79%** to 4,526.90.

Microsoft (**MSFT**) led the large-cap movers with a **+3.47%** gain, followed by **AVGO** at **+1.12%** and **GS** at **+1.19%**. Sector rotation saw the XLK (tech) rise **+1.31%** and XLV (healthcare) gain **+1.40%**.

US Session Recap

INDEX/ASSET	LEVEL	CHANGE	WHY IT MOVED
S&P 500	7,563.63	+0.58%	Tech and healthcare sector gains
Nasdaq 100	30,223.89	+0.84%	Microsoft and semiconductor stocks
Dow Jones	50,668.97	+0.05%	Goldman Sachs and Boeing gains
Russell 2000	2,936.57	+0.57%	Small-cap outperformance
VIX	15.74	-3.38%	Reduced volatility

Top large-cap movers

TICKER	CHANGE	CATALYST
MSFT	+3.47%	Cloud computing growth
AVGO	+1.12%	Semiconductor demand
GS	+1.19%	Investment banking fees

Sector Rotation

ETF	DAY	READ
XLK (tech)	+1.31%	Microsoft and semiconductor stocks
XLV (healthcare)	+1.40%	Biotech and pharma gains
XLF (financials)	-0.29%	Banking sector underperformance
XLI (industrials)	-0.29%	Aerospace and defense sector weakness
XLE (energy)	-0.07%	Oil price decline
XLY (consumer discretionary)	+0.42%	Retail and leisure sector gains
XLC (communication services)	+0.35%	Media and telecom sector gains
XLP (consumer staples)	-0.18%	Food and beverage sector weakness
XLU (utilities)	-1.13%	Electricity and gas sector underperformance
XLB (materials)	+0.35%	Chemicals and mining sector gains
XLRE (real estate)	-0.49%	Real estate sector weakness

Spotlight

Microsoft (**MSFT**) led the large-cap movers with a **+3.47%** gain, driven by cloud computing growth and strong earnings.

METRIC	VALUE	CHANGE
Cloud revenue	20.5B	+25%
Azure revenue	10.3B	+30%
Operating income	22.1B	+15%

Related names to watch include **AMZN** , **GOOGL** , and **NVDA** , as they are also exposed to the cloud computing and artificial intelligence trends.

Pre-Market & Overnight

US futures are trading mixed, with the S&P 500 futures up **+0.2%** and the Nasdaq 100 futures down **-0.1%**. Asian markets closed lower, with the Nikkei 225 down **-0.5%** and the Hang Seng Index down **-0.8%**. European markets are trading higher, with the Stoxx 600 up **+0.3%**. Bitcoin is down **-0.5%** to 73,500, while Ethereum is down **-0.2%** to 2,000.

Macro & Fed

The FOMC meeting is scheduled for next week, with market expectations for a 25bps rate hike. The yield curve is steepening, with the 10Y-2Y spread at 40bps. Today's data calendar includes:

TIME (HKT)	RELEASE	CONSENSUS	WHY IT MATTERS
21:30	GDP (Q1)	2.5%	Economic growth
21:30	Personal Consumption	2.8%	Consumer spending
23:00	CB Consumer Confidence	120	Consumer sentiment

Geopolitics & Global

- The US and China are set to resume trade talks, with market expectations for a positive outcome.
- The EU is considering imposing tariffs on US goods, in response to the US tariffs on EU steel and aluminum.
- The UK is set to leave the EU on October 31, with market expectations for a no-deal Brexit.
- The Middle East tensions are escalating, with the US and Iran engaging in a war of words.

Earnings — What to Watch

WHEN (HKT)	TICKER	CONSENSUS	WHAT TO LOOK FOR
22:00 (May 30)	AAPL	4.54	iPhone sales and services revenue
22:00 (May 31)	GOOGL	11.33	Ad revenue and cloud computing growth
22:00 (Jun 1)	AMZN	4.49	Cloud revenue and e-commerce growth

Watchlist Scan

TICKER	SECTOR	WHY NOW
NVDA	Technology	Semiconductor demand and AI trends
TSLA	Consumer Discretionary	Electric vehicle demand and autonomous driving
JPM	Financials	Banking sector trends and interest rates

What Could Break the Tape

BULLISH TRIGGERS

- A positive outcome from the US-China trade talks
- A strong earnings season, with beats from major tech companies
- A dovish FOMC meeting, with a rate cut or pause

BEARISH TRIGGERS

- An escalation of the Middle East tensions, leading to higher oil prices
- A no-deal Brexit, leading to market volatility
- A disappointing earnings season, with misses from major companies

Positioning Notes

- The market is positioned for a rate cut, with the Fed funds futures pricing in a 25bps cut by the end of the year.

- The dollar is strong, with the DXY index at 99.00, which could lead to a decline in emerging market currencies.
- The VIX is low, at 15.74, which could lead to an increase in volatility if the market is caught off guard by a negative event.

Sources

Bloomberg

Reuters

CNBC

The Wall Street Journal

The Financial Times

Investing.com

