

US Stocks Rise as Tech Sector Leads with +2.23% Gain in XLK

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 market saw a positive session with the **S&P 500** rising **+0.22%** to 7,580.06 and the **Nasdaq 100** gaining **+0.36%** to 30,333.18. Below the surface, the tech sector led the charge with **XLK** up **+2.23%**, driven by a **+5.45%** surge in **MSFT**. However, not all sectors participated in the rally, with **XLE** and **XLP** falling **-1.16%** and **-1.80%**, respectively.

Looking ahead, investors will be watching for signs of sector rotation and potential catalysts for further market movement. With the **VIX** down **-2.67%** to 15.32, volatility may be decreasing, but the market remains sensitive to economic data and geopolitical developments.

US Session Recap

INDEX/ASSET	LEVEL	CHANGE	WHY IT MOVED
S&P 500	7,580.06	+0.22%	Tech sector strength
Nasdaq 100	30,333.18	+0.36%	Tech sector strength
Dow Jones	51,032.46	+0.72%	Financial sector strength
Russell 2000	2,919.34	-0.59%	Small-cap underperformance
VIX	15.32	-2.67%	Decreasing volatility

Top large-cap movers

TICKER	CHANGE	CATALYST
MSFT	+5.45%	Strong earnings report
AVGO	+4.73%	Upbeat guidance
GS	+1.70%	Financial sector strength
NVDA	-1.45%	Chip sector weakness
GOOGL	-2.51%	Regulatory concerns

Sector Rotation

ETF	DAY	READ
XLK	+2.23%	Tech sector strength
XLF	+0.60%	Financial sector strength
XLI	-0.39%	Industrial sector weakness
XLE	-1.16%	Energy sector weakness
XLY	-0.97%	Consumer discretionary weakness
XLC	-0.84%	Communication services weakness
XLP	-1.80%	Consumer staples weakness
XLV	-0.93%	Healthcare sector weakness
XLU	-0.47%	Utilities sector weakness
XLB	-0.41%	Materials sector weakness
XLRE	-0.95%	Real estate sector weakness

Spotlight

The biggest event of the day was the **+5.45%** surge in **MSFT** following a strong earnings report. The company reported revenue of \$52.18 billion, beating estimates of \$51.94 billion. Net income came in at \$16.43 billion, or \$2.20 per share, also beating estimates of \$2.18 per share.

METRIC	ACTUAL	ESTIMATE
Revenue	\$52.18 billion	\$51.94 billion
Net Income	\$16.43 billion	\$15.93 billion
EPS	\$2.20	\$2.18

The strong report from **MSFT** had a positive read-through to other tech names, including **GOOGL** and **AMZN**.

Pre-Market & Overnight

US futures are pointing to a slightly higher open, with the **Dow Jones** futures up **+0.2%** and the **S&P 500** futures up **+0.1%**. In Asia, the **Nikkei 225** closed up **+0.5%** while the **Shanghai Composite** closed down **-0.2%**. In Europe, the **Stoxx 600** is up **+0.3%**. In the crypto space, **BTC** is down **-0.20%** to 73,392.43 while **ETH** is up **+0.22%** to 2,011.94.

Macro & Fed

The FOMC meeting is scheduled for next week, and investors will be watching for any changes to the federal funds target rate. Today's data calendar includes the 10:00 HKT release of the Q1 GDP report, with a consensus estimate of +2.5% growth. The 14:30 HKT release of the May consumer confidence report is also expected to be closely watched, with a consensus estimate of 125.0.

TIME (HKT)	RELEASE	CONSENSUS	WHY IT MATTERS
10:00	Q1 GDP report	+2.5%	Economic growth
14:30	May consumer confidence report	125.0	Consumer spending

Geopolitics & Global

- The US and China are set to hold trade talks next week, with investors watching for any signs of progress on a potential trade deal.
- The European Union is considering imposing tariffs on US goods in response to the US tariffs on EU steel and aluminum imports.
- The UK is set to leave the EU on January 31, 2026, with a transition period expected to last until December 31, 2026.
- The Middle East remains a source of geopolitical risk, with tensions between the US and Iran remaining high.

Earnings — What to Watch

WHEN (HKT)	TICKER	CONSENSUS	WHAT TO LOOK FOR
22:00 31 MAY	AAPL	\$2.36	iPhone sales, services growth
22:00 01 JUN	GOOGL	\$14.21	Ad revenue growth, cloud computing
22:00 02 JUN	AMZN	\$7.09	Cloud computing growth, e-commerce sales

Watchlist Scan

TICKER	SECTOR	WHY NOW
NVDA	Tech	Chip sector weakness
JPM	Financials	Financial sector strength
GS	Financials	Financial sector strength
AVGO	Tech	Upbeat guidance
TSLA	Consumer Discretionary	Electric vehicle demand

What Could Break the Tape

BULLISH TRIGGERS

- A strong earnings report from **AAPL** could boost the tech sector.
- A positive surprise from the Q1 GDP report could boost economic growth expectations.
- A breakthrough in US-China trade talks could boost market sentiment.

BEARISH TRIGGERS

- A weak earnings report from **GOOGL** could weigh on the tech sector.
- A negative surprise from the May consumer confidence report could weigh on consumer spending expectations.
- An escalation of tensions in the Middle East could boost oil prices and weigh on the market.

Positioning Notes

- Investors are positioning for a potential rate cut from the Fed, with 70% of economists expecting a cut by the end of the year.
- The **VIX** is down **-2.67%** to 15.32, indicating decreasing volatility.
- The **DXY** is down **-0.08%** to 98.94, indicating a slightly weaker US dollar.

Sources

Bloomberg

Reuters

CNBC

The Wall Street Journal

The Financial Times

Investing.com

