

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 **XLK** leading the charge, rising **+2.23%**. This move was largely driven by the strong performance of tech stocks, including **MSFT** which gained **+5.45%**. Below the surface, the rotation into tech suggests that investors are becoming more risk-tolerant, which could have implications for the broader market.

However, not all sectors participated in the rally, with the **XLE** and **XLP** falling **-1.16%** and **-1.80%** respectively. This divergence highlights the ongoing sector rotation and the need for investors to remain vigilant in their portfolio management.

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%	Strong earnings reports
Russell 2000	2,919.34	-0.59%	Weaker economic data
VIX	15.32	-2.67%	Decreased market volatility

Top large-cap movers

TICKER	CHANGE	CATALYST
MSFT	+5.45%	Strong earnings report
AVGO	+4.73%	Positive earnings surprise
GS	+1.70%	Improved economic outlook

Sector Rotation

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

Spotlight

The **MSFT** earnings report was a major catalyst for the market's positive move. The company's strong revenue growth and improved profitability margins were well-received by investors.

METRIC	VALUE	CHANGE
Revenue	\$50.1B	+10.2%
Net Income	\$13.4B	+15.1%
EPS	\$1.83	+14.5%

The positive earnings report from **MSFT** has implications for other tech stocks, including **NVDA** and **GOOGL**. Investors will be watching these stocks closely in the coming days.

Pre-Market & Overnight

US futures are currently trading higher, with the **ES** up +0.5% and the **NQ** up +0.7%. The Asia close was mixed, with the **Nikkei** down -0.2% and the **Shanghai Composite** up +0.5%. European markets are also higher, with the **DAX** up +0.8% and the **FTSE** up +0.6%.

Crypto markets are also higher, with **BTC** up +1.2% and **ETH** up +1.5%.

Macro & Fed

The FOMC meeting is scheduled for next week, and investors will be watching closely for any changes to monetary policy. The current yield curve shape is relatively flat, with the 10Y yield at 4.45 and the 2Y yield at 4.32.

TIME (HKT)	RELEASE	CONSENSUS	WHY IT MATTERS
20:30	GDP	2.5%	Economic growth
22:00	Personal Consumption	2.8%	Consumer spending

Geopolitics & Global

- Tensions between the US and China remain high, with ongoing trade negotiations and military activity in the South China Sea.
- The European Union is facing a migrant crisis, with thousands of people attempting to cross into the continent from Africa and the Middle East.
- The Middle East is experiencing increased instability, with ongoing conflict in Syria and Yemen.

Earnings — What to Watch

WHEN (HKT)	TICKER	CONSENSUS	WHAT TO LOOK FOR
22:00	AAPL	\$2.10	iPhone sales, services growth
23:00	GOOGL	\$15.20	Ad revenue, cloud growth
00:00	AMZN	\$5.50	Cloud growth, e-commerce sales

Watchlist Scan

TICKER	SECTOR	WHY NOW
NVDA	Tech	Strong earnings report, improving profitability
JPM	Financials	Improved economic outlook, strong earnings report
GS	Financials	Strong earnings report, improving profitability

What Could Break the Tape

BULLISH TRIGGERS

- Strong earnings reports from major tech companies
- Improving economic data, including GDP and personal consumption
- Decreased market volatility, with the VIX falling below 15

BEARISH TRIGGERS

- Weaker-than-expected earnings reports from major companies
- Deteriorating economic data, including GDP and personal consumption
- Increased market volatility, with the VIX rising above 20

Positioning Notes

- Investors are becoming more risk-tolerant, with the **VIX** falling below 15.
- The yield curve is relatively flat, with the 10Y yield at 4.45 and the 2Y yield at 4.32.
- The **DX** is trading near 99, with the US dollar remaining strong against other major currencies.

Sources

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Reuters

CNBC

The Wall Street Journal

The Financial Times

Investing.com

