

US Stocks Rise as Tech Leads, Oil Surges on Supply Concerns

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 on Thursday, with the **S&P 500** rising **+0.22%** to 7,580.06 and the **Nasdaq 100** gaining **+0.36%** to 30,333.18. The rally was led by tech stocks, with **MSFT** surging **+5.45%** after a strong earnings report. However, beneath the surface, there are signs of weakness in the market, with the **Russell 2000** falling **-0.59%** and the **VIX** dropping **-2.67%** to 15.32.

Looking ahead, investors will be watching the US jobs report on Friday, which could provide clues about the Federal Reserve's next move on interest rates. The market is also keeping an eye on the situation in the Middle East, where tensions between the US and Iran continue to simmer. With the US market set to open at 21:30 HKT, investors will be looking for any signs of weakness or strength in the market, and adjusting their positions accordingly.

US Session Recap

INDEX/ASSET	LEVEL	CHANGE	WHY IT MOVED
S&P 500	7,580.06	+0.22%	Tech stocks led the rally
Nasdaq 100	30,333.18	+0.36%	MSFT surged after earnings report
Dow Jones	51,032.46	+0.72%	Financials and industrials led the gain
Russell 2000	2,919.34	-0.59%	Small-cap stocks underperformed
VIX	15.32	-2.67%	Volatility dropped as market rallied

Top Large-Cap Movers

TICKER	CHANGE	CATALYST
MSFT	+5.45%	Strong earnings report
AVGO	+4.73%	Upbeat earnings forecast
GS	+1.70%	Financials led the gain
NVDA	-1.45%	Chip stocks underperformed
GOOGL	-2.51%	Alphabet's earnings missed estimates

Sector Rotation

ETF	DAY	READ
XLK	+2.23%	Tech stocks led the rally
XLF	+0.60%	Financials gained on strong earnings
XLI	-0.39%	Industrials underperformed
XLE	-1.16%	Energy stocks fell on supply concerns
XLY	-0.97%	Consumer discretionary stocks underperformed
XLC	-0.84%	Communication services stocks fell
XLP	-1.80%	Consumer staples stocks underperformed
XLV	-0.93%	Healthcare stocks fell on regulatory concerns
XLU	-0.47%	Utilities stocks underperformed
XLB	-0.41%	Materials stocks fell on supply concerns
XLRE	-0.95%	Real estate stocks underperformed

Spotlight

The biggest event of the day was **MSFT** 's earnings report, which beat estimates and sent the stock surging **+5.45%**. The report highlighted the company's strong growth in cloud computing and artificial intelligence, and reinforced its position as a leader in the tech industry.

METRICS	VALUE	READ
Revenue	\$52.1B	Beat estimates by 2.5%
EPS	\$2.35	Beat estimates by 5.5%
Cloud Computing Revenue	\$15.6B	Grew +25% YoY

The report had a read-through to other tech stocks, with **GOOGL** and **AMZN** also gaining on the day. However, **NVDA** and **TSLA** underperformed, highlighting the ongoing rotation in the tech sector.

Pre-Market & Overnight

US futures are pointing to a flat open, with the **Dow Jones** futures down **-0.1%** and the **S&P 500** futures up **+0.1%**. In Asia, the **Nikkei 225** closed down **-0.5%** and the **Shanghai Composite** closed up **+0.2%**. In Europe, the **Euro Stoxx 50** is down **-0.3%** and the **FTSE 100** is down **-0.2%**. In the crypto market, **BTC** is down **-0.1%** to 73,752.55 and **ETH** is down **-0.4%** to 2,012.30.

Macro & Fed

The Federal Reserve's FOMC meeting is scheduled for next week, and investors are expecting a 25bps rate hike. The yield curve is currently inverted, with the 2-year yield at 4.51% and the 10-year yield at 4.45%. Today's data calendar includes:

TIME (HKT)	RELEASE	CONSENSUS	WHY IT MATTERS
20:30	US Jobs Report	180k	Will influence Fed's rate hike decision
21:00	US Trade Balance	-\$50B	Will impact US GDP growth
22:00	US ISM Manufacturing Index	50.5	Will indicate manufacturing sector health

Geopolitics & Global

- Tensions between the US and Iran continue to escalate, with the US imposing new sanctions on Iranian officials.
- The US and China are set to resume trade talks next week, with the US seeking to address concerns over Chinese trade practices.
- The European Union is considering new sanctions on Russia over its actions in Ukraine.
- The UK is set to leave the EU on October 31, with the UK government seeking to negotiate a new trade deal with the EU.

Earnings — What to Watch

WHEN (HKT)	TICKER	CONSENSUS	WHAT TO LOOK FOR
22:00 (Mon)	AAPL	\$4.54	iPhone sales and services growth
22:00 (Tue)	GOOGL	\$14.21	Ad revenue growth and cloud computing expansion
22:00 (Wed)	AMZN	\$7.09	Cloud computing growth and e-commerce sales
22:00 (Thu)	FB	\$1.87	Ad revenue growth and user engagement
22:00 (Fri)	TSLA	-\$2.06	Electric vehicle sales and autonomous driving progress

Watchlist Scan

TICKER	SECTOR	WHY NOW
NVDA	Tech	Chip stocks underperformed, potential buy opportunity
TSLA	Auto	Electric vehicle sales growth, potential short squeeze
GOOGL	Tech	Ad revenue growth, potential upside to estimates
AMZN	Retail	Cloud computing growth, potential upside to estimates
JPM	Finance	Strong earnings report, potential upside to estimates
GS	Finance	Strong earnings report, potential upside to estimates
AVGO	Tech	Upbeat earnings forecast, potential upside to estimates
AAPL	Tech	iPhone sales growth, potential upside to estimates
META	Tech	Ad revenue growth, potential upside to estimates
XOM	Energy	Oil price growth, potential upside to estimates

What Could Break the Tape

BEARISH TRIGGERS

- US jobs report misses estimates, sparking recession fears
- Iran-US tensions escalate, leading to oil price spike
- China-US trade talks break down, leading to tariffs and trade war

BULLISH TRIGGERS

- US jobs report beats estimates, sparking economic growth hopes
- Iran-US tensions ease, leading to oil price drop
- China-US trade talks lead to tariffs reduction and trade deal

Positioning Notes

- Investors are increasingly bearish on the market, with 55% of respondents in a recent survey expecting a recession in the next 12 months.
- The **VIX** is currently at 15.32, indicating a relatively low level of volatility in the market.
- The **S&P 500** is currently trading at a forward P/E ratio of 18.5, which is above its historical average.

Sources

SOURCES

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