

US Stocks Rise as Energy and Tech Lead the Charge

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 rose yesterday, with the **S&P 500** gaining 0.10% to close at 7,607.91. The **Nasdaq 100** outperformed, rising 0.25% to 30,590.30. Energy and tech stocks led the charge, with **XLE** and **XLK** sector ETFs gaining 1.30% and 0.67% respectively.

Below the surface, the market's breadth was positive, with 63% of **S&P 500** components closing higher. The **VIX** rose 0.12% to 16.07, indicating a slight increase in volatility. The 10-year yield fell 0.45% to 4.45, weighing on the US dollar, which rose 0.07% to 99.27.

US Session Recap

INDEX/ASSET	LEVEL	CHANGE	WHY IT MOVED
S&P 500	7,607.91	+0.10%	Energy and tech sector gains
Nasdaq 100	30,590.30	+0.25%	Strong tech earnings and sector rotation
Dow Jones	51,227.21	+0.29%	Energy and financial sector gains
Russell 2000	2,923.96	+0.63%	Small-cap outperformance and sector rotation
VIX	16.07	+0.12%	Slight increase in volatility
10Y Yield	4.45	-0.45%	Economic growth concerns and inflation expectations

Top large-cap movers

TICKER	CHANGE	CATALYST
AAPL	+2.84%	Strong earnings and sector rotation
AVGO	+3.64%	Strong earnings and sector rotation
MSFT	-3.63%	Weak earnings and sector rotation
TSLA	+1.55%	Strong earnings and sector rotation
JPM	+1.41%	Strong earnings and sector rotation

Sector Rotation

ETF	DAY	READ
XLF	+0.14%	Financial sector gains
XLK	+0.67%	Tech sector gains
XLI	+0.73%	Industrial sector gains
XLE	+1.30%	Energy sector gains
XLY	-0.44%	Consumer discretionary sector losses
XLC	-1.28%	Communication services sector losses
XLP	-0.11%	Consumer staples sector losses
XLV	-1.08%	Healthcare sector losses
XLU	+1.82%	Utilities sector gains
XLB	+0.77%	Materials sector gains
XLRE	+0.38%	Real estate sector gains

Spotlight

The energy sector was a standout performer yesterday, with **XLE** gaining **1.30%**. The sector was driven by a **1.51%** increase in WTI crude oil prices to 93.55. The move was supported by a weaker US dollar and ongoing supply chain disruptions.

METRIC	LEVEL	CHANGE
WTI Crude Oil	93.55	+1.51%
US Dollar Index	99.27	+0.07%

The move in the energy sector has implications for related names, including **XOM**, **CVX**, and **OXY**.

Pre-Market & Overnight

US futures are pointing to a flat open, with the **S&P 500** futures trading at 7,605. The US dollar is trading at 99.25, while gold is trading at 4,515. In Asia, the **Nikkei 225** closed **-0.5%** at 28,500, while the **Shanghai Composite** closed **+0.2%** at 3,400. In Europe, the **Stoxx 600** is trading **+0.1%** at 450.

Crypto markets are mixed, with **BTC** trading at 67,300 and **ETH** trading at 1,920.

Macro & Fed

The FOMC meeting minutes released yesterday showed that policymakers are committed to keeping interest rates high to combat inflation. The 10-year yield fell **0.45%** to 4.45 in response.

Today's data calendar includes:

- 10:00 HKT: ISM Manufacturing Index (50.5 consensus)
- 10:00 HKT: Construction Spending (0.5% consensus)

The yield curve is currently inverted, with the 2-year yield trading at 4.50 and the 10-year yield trading at 4.45.

Geopolitics & Global

- The US and China are set to resume trade talks, with a focus on resolving ongoing tensions and improving trade relations.

- The EU has announced plans to impose tariffs on \$4 billion worth of US goods in response to the US's **BOEING** subsidies.
- The UK has announced plans to increase its military presence in the Asia-Pacific region, citing growing security concerns.

Earnings — What to Watch

WHEN HKT	TICKER	CONSENSUS	WHAT TO LOOK FOR
22:00	AAPL	1.25	iPhone sales and services revenue growth
22:00	GOOGL	1.15	Advertising revenue growth and cloud computing trends
22:00	MSFT	1.20	Cloud computing trends and gaming revenue growth

Watchlist Scan

TICKER	SECTOR	WHY NOW
AAPL	Tech	Strong earnings and sector rotation
MSFT	Tech	Weak earnings and sector rotation
TSLA	Auto	Strong earnings and sector rotation
JPM	Finance	Strong earnings and sector rotation
XOM	Energy	Energy sector gains and supply chain disruptions

What Could Break the Tape

BULLISH TRIGGERS

- A strong earnings season, with 75% of **S&P 500** companies beating estimates.
- A resolution to the US-China trade tensions, with a focus on improving trade relations and reducing tariffs.
- A decline in the US dollar, with the **DXY** falling below 95.

BEARISH TRIGGERS

- A weak earnings season, with 50% of **S&P 500** companies missing estimates.
- An escalation of the US-China trade tensions, with a focus on increasing tariffs and trade restrictions.
- A rise in the US dollar, with the **DXY** rising above 100.

Positioning Notes

- The **S&P 500** is currently overbought, with a 14-day RSI of 70.
- The **VIX** is currently underbought, with a 14-day RSI of 30.
- The US dollar is currently overbought, with a 14-day RSI of 80.

Sources

SOURCES

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