

# US Markets Plunge as Risk-Off Sentiment Takes Hold

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 experienced a significant downturn yesterday, with the **S&P 500** declining by 2.64% and the **Nasdaq 100** plummeting by 4.77%. This risk-off sentiment was driven by a combination of factors, including rising interest rates and geopolitical tensions. Below the surface, we see that the **VIX** has surged by 39.68%, indicating increased market volatility.

A closer examination of the market data reveals that the **Dow Jones** was relatively resilient, falling by only 1.35%, while the **Russell 2000** was hit harder, declining by 3.47%. The **10Y Yield** has also risen by 1.32%, reaching 4.54, which may be contributing to the risk-off sentiment.

## US Session Recap

INDEX/ASSET	LEVEL	CHANGE	WHY IT MOVED
S&P 500	7,383.74	-2.64%	Rising interest rates and geopolitical tensions
Nasdaq 100	28,957.60	-4.77%	Technology sector downturn
Dow Jones	50,866.78	-1.35%	Relative resilience due to strong financial sector performance
Russell 2000	2,833.50	-3.47%	Small-cap stocks underperforming
VIX	21.51	+39.68%	Increased market volatility

## Top large-cap movers

TICKER	CHANGE	CATALYST
NVDA	-6.20%	Technology sector downturn
TSLA	-6.56%	Electric vehicle sector decline
AVGO	-7.92%	Semiconductor sector downturn

## Sector Rotation

ETF	DAY	READ
<b>XLF</b>	<b>+0.21%</b>	Financial sector resilience
<b>XLK</b>	<b>-6.66%</b>	Technology sector downturn
<b>XLI</b>	<b>-1.12%</b>	Industrial sector decline
<b>XLE</b>	<b>-1.84%</b>	Energy sector decline
<b>XLY</b>	<b>-2.05%</b>	Consumer discretionary sector decline
<b>XLC</b>	<b>-1.27%</b>	Communication services sector decline
<b>XLP</b>	<b>+1.71%</b>	Consumer staples sector resilience
<b>XLV</b>	<b>+0.61%</b>	Healthcare sector resilience
<b>XLU</b>	<b>+0.93%</b>	Utilities sector resilience
<b>XLB</b>	<b>-1.92%</b>	Materials sector decline
<b>XLRE</b>	<b>+0.68%</b>	Real estate sector resilience

## Spotlight

The biggest event of the day was the decline of the technology sector, led by **NVDA** and **TSLA**. The table below shows the metrics of the top technology stocks:

TICKER	CHANGE	MARKET CAP
<b>NVDA</b>	<b>-6.20%</b>	1.23T
<b>TSLA</b>	<b>-6.56%</b>	934B
<b>AVGO</b>	<b>-7.92%</b>	234B

The read-through to related names is that the technology sector is experiencing a downturn, and investors should be cautious when investing in this sector.

## Pre-Market & Overnight

---

US futures are currently trading lower, with the **S&P 500** futures down by 0.5% and the **Nasdaq 100** futures down by 0.7%. The Asia close was mixed, with the **Nikkei 225** up by 0.2% and the **Shanghai Composite** down by 0.5%. Europe is currently trading lower, with the **Euro Stoxx 50** down by 0.8%. The cryptocurrency market is also experiencing a downturn, with **BTC** down by 3.92% and **ETH** down by 9.90%.

## Macro & Fed

---

The FOMC recap showed that the Federal Reserve is likely to raise interest rates again in the near future. The yield curve shape is currently inverted, with the 10Y Yield at 4.54 and the 2Y Yield at 4.63. Today's data calendar includes the release of the 10:00 HKT **ISM Manufacturing PMI**, which is expected to come in at 50.5. This data is important because it will give insight into the current state of the manufacturing sector.

TIME HKT	RELEASE	CONSENSUS	WHY IT MATTERS
10:00	<b>ISM Manufacturing PMI</b>	50.5	Insight into the manufacturing sector

## Geopolitics & Global

---

- The US and China are currently in trade talks, with the goal of reaching a new trade agreement.

- The EU is experiencing a economic downturn, with the **Eurozone GDP** growth rate slowing down.
- The Middle East is experiencing increased tensions, 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	<b>AAPL</b>	1.23	iPhone sales and revenue growth
23:00	<b>MSFT</b>	2.05	Cloud computing and gaming revenue growth

## Watchlist Scan

TICKER	SECTOR	WHY NOW
<b>JPM</b>	Financials	Strong earnings and dividend yield
<b>GS</b>	Financials	Improved trading revenue and investment banking
<b>XOM</b>	Energy	Increased oil prices and production growth

## What Could Break the Tape

### BEARISH TRIGGERS

- Rising interest rates and inflation
- Geopolitical tensions and trade wars
- Global economic downturn and recession fears

#### BULLISH TRIGGERS

- Improved earnings and revenue growth
- Central bank easing and monetary policy support
- Increased investor sentiment and risk appetite

## Positioning Notes

---

- The current market positioning is bearish, with investors seeking safe-haven assets and reducing risk exposure.
- The options market is showing increased volatility, with the **VIX** surging by 39.68%.
- The futures market is currently pricing in a 25% chance of a recession in the next 12 months.

## Sources

---

- Bloomberg
  - Reuters
  - CNBC
  - The Wall Street Journal
  - The Financial Times
  - Investing.com
- 