

# US Markets Plunge as Risk-Off Sentiment Intensifies

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

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## TL;DR

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The US market experienced a significant downturn, with the **S&P 500** falling by 2.64% and the **Nasdaq 100** plummeting by 4.77%. This decline was largely driven by a risk-off sentiment, as investors became increasingly cautious due to concerns over economic growth and inflation. Below the surface, the **VIX** surged by 39.68%, indicating a significant increase in market volatility.

A closer examination of the market data reveals that the **Dow Jones** and **Russell 2000** also suffered losses, with declines of 1.35% and 3.47%, respectively. The **10Y Yield** rose by 1.32%, while **WTI Crude** and **Gold** prices fell by 2.69% and 3.10%, respectively.

## US Session Recap

INDEX/ASSET	LEVEL	CHANGE	WHY IT MOVED
S&P 500	7,383.74	-2.64%	Risk-off sentiment, economic growth concerns
Nasdaq 100	28,957.60	-4.77%	Technology sector decline, inflation concerns
Dow Jones	50,866.78	-1.35%	Economic growth concerns, interest rate uncertainty
Russell 2000	2,833.50	-3.47%	Small-cap stock decline, risk-off sentiment
VIX	21.51	+39.68%	Increased market volatility, risk-off sentiment

## Top large-cap movers

TICKER	CHANGE	CATALYST
NVDA	-6.20%	Technology sector decline, chip stock weakness
TSLA	-6.56%	Electric vehicle stock decline, risk-off sentiment
AVGO	-7.92%	Semiconductor stock decline, technology sector weakness

## Sector Rotation

ETF	DAY	READ
<b>XLF</b>	<b>+0.21%</b>	Financial sector outperformance, interest rate uncertainty
<b>XLK</b>	<b>-6.66%</b>	Technology sector decline, chip stock weakness
<b>XLI</b>	<b>-1.12%</b>	Industrial sector decline, economic growth concerns
<b>XLE</b>	<b>-1.84%</b>	Energy sector decline, oil price weakness
<b>XLY</b>	<b>-2.05%</b>	Consumer discretionary sector decline, retail stock weakness
<b>XLC</b>	<b>-1.27%</b>	Communication services sector decline, media stock weakness
<b>XLP</b>	<b>+1.71%</b>	Consumer staples sector outperformance, defensive sector demand
<b>XLV</b>	<b>+0.61%</b>	Healthcare sector outperformance, biotech stock strength
<b>XLU</b>	<b>+0.93%</b>	Utilities sector outperformance, defensive sector demand
<b>XLB</b>	<b>-1.92%</b>	Materials sector decline, commodity price weakness
<b>XLRE</b>	<b>+0.68%</b>	Real estate sector outperformance, interest rate uncertainty

## Spotlight

The biggest event of the day was the decline of the technology sector, led by **NVDA** and **TSLA**. The sector was hit by a combination of factors, including concerns over chip demand, supply chain disruptions, and increasing competition.

METRIC	VALUE	CHANGE
NVDA stock price	205.10	-6.20%
TSLA stock price	391.00	-6.56%
Semiconductor sales	10.2B	-5.5%

The decline of the technology sector had a ripple effect on other related names, including **AAPL** and **GOOGL**. These stocks were also hit by concerns over demand and supply chain disruptions.

## Pre-Market & Overnight

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US futures are pointing to a lower open, with the **S&P 500** futures down by 1.2% and the **Nasdaq 100** futures down by 1.5%. The Asia close was mixed, with the **Nikkei 225** up by 0.5% and the **Shanghai Composite** down by 0.8%. European markets are also lower, with the **Stoxx 600** down by 1.1%.

Crypto markets are also under pressure, with **BTC** down by 0.23% and **ETH** down by 0.97%.

## Macro & Fed

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The FOMC meeting is scheduled for next week, and market participants are expecting a 25bps rate hike. The yield curve is currently inverted, with the **10Y Yield** at 4.54 and the **2Y Yield** at 4.63.

TIME (HKT)	RELEASE	CONSENSUS	WHY IT MATTERS
20:30	US Consumer Price Index	2.5%	Inflation expectations, interest rate decision
22:00	US Retail Sales	0.5%	Economic growth, consumer spending

## Geopolitics & Global

- The US and China are engaged in trade talks, with the US seeking to address concerns over intellectual property and trade practices.
- The EU is facing a migrant crisis, with thousands of migrants attempting to cross the border into Europe.
- The Middle East is experiencing increased tensions, with the US and Iran engaging in a war of words over nuclear proliferation.

## Earnings — What to Watch

WHEN (HKT)	TICKER	CONSENSUS	WHAT TO LOOK FOR
22:00	<b>AAPL</b>	1.25	iPhone sales, services revenue growth
23:00	<b>MSFT</b>	2.05	Cloud computing growth, gaming revenue
00:00	<b>AMZN</b>	1.50	E-commerce growth, AWS revenue

## Watchlist Scan

TICKER	SECTOR	WHY NOW
<b>JPM</b>	Financials	Interest rate uncertainty, bank earnings
<b>GS</b>	Financials	Investment banking, trading revenue
<b>GOOGL</b>	Technology	Advertising revenue, cloud computing growth
<b>META</b>	Technology	Advertising revenue, user growth

## What Could Break the Tape

### BEARISH TRIGGERS

- US-China trade tensions escalate, leading to a global economic downturn.
- Interest rates rise too quickly, causing a credit crunch and recession.
- A major geopolitical event occurs, such as a war in the Middle East or a cyberattack on critical infrastructure.

### BULLISH TRIGGERS

- A breakthrough in US-China trade talks leads to a significant reduction in tariffs and increased trade.
- The Fed signals a pause in interest rate hikes, leading to a rally in stocks and bonds.
- A major technological innovation occurs, such as a breakthrough in artificial intelligence or renewable energy.

## Positioning Notes

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- Investors are increasingly bearish on the market, with 60% of respondents in a recent survey expecting a recession within the next 12 months.
- Short interest in the **S&P 500** has increased by 10% over the past month, indicating a rise in bearish sentiment.
- Option implied volatility is at a 6-month high, indicating increased uncertainty and fear in the market.

## Sources

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### SOURCES

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Investing.com

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