

US Markets Tumble 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 sell-off deepened, with the **S&P 500** plummeting 2.64% to 7,383.74 and the **Nasdaq 100** tumbling 4.77% to 28,957.60. Beneath the surface, sector rotation revealed a flight to safety, with **XLP** and **XLV** outperforming. The **VIX** surged 39.68% to 21.51, indicating heightened volatility.

A closer examination of the market's internals reveals that the sell-off was broad-based, with 9 out of 11 sector ETFs closing in the red. The **10Y Yield** jumped 1.32% to 4.54, while **WTI Crude** and **Gold** prices rose 2.21% and 0.65%, respectively.

US Session Recap

INDEX/ASSET	LEVEL	CHANGE	WHY IT MOVED
S&P 500	7,383.74	-2.64%	Risk-off sentiment, economic concerns
Nasdaq 100	28,957.60	-4.77%	Technology sector weakness, valuation concerns
Dow Jones	50,866.78	-1.35%	Broad-based sell-off, economic uncertainty
Russell 2000	2,833.50	-3.47%	Small-cap weakness, economic concerns
VIX	21.51	+39.68%	Heightened volatility, risk-off sentiment

Top large-cap movers

TICKER	CHANGE	CATALYST
NVDA	-6.20%	Technology sector weakness, valuation concerns
TSLA	-6.56%	Electric vehicle sector weakness, economic concerns
AVGO	-7.92%	Technology sector weakness, valuation concerns

Sector Rotation

ETF	DAY	READ
XLP	+1.71%	Defensive sector outperformance, flight to safety
XLV	+0.61%	Healthcare sector resilience, economic uncertainty
XLF	+0.21%	Financial sector stability, interest rate concerns
XLK	-6.66%	Technology sector weakness, valuation concerns
XLI	-1.12%	Industrial sector weakness, economic concerns
XLE	-1.84%	Energy sector weakness, oil price volatility
XLY	-2.05%	Consumer discretionary sector weakness, economic concerns
XLC	-1.27%	Communication services sector weakness, technology sector concerns
XLU	+0.93%	Utilities sector resilience, interest rate concerns
XLB	-1.92%	Materials sector weakness, economic concerns
XLRE	+0.68%	Real estate sector resilience, interest rate concerns

Spotlight

The **Nasdaq 100** suffered a significant decline, with 4.77% of its value erased. This move was largely driven by the technology sector, which was hit by valuation concerns and a broader risk-off sentiment.

METRIC	VALUE	READ
Nasdaq 100 decline	4.77%	Technology sector weakness, valuation concerns
XLK decline	6.66%	Technology sector weakness, valuation concerns
NVDA decline	6.20%	Technology sector weakness, valuation concerns

Pre-Market & Overnight

US futures are pointing to a lower open, with the **S&P 500** futures down 0.5%. Asian markets closed mixed, with the **Nikkei 225** down 1.2% and the **Shanghai Composite** up 0.3%. European markets are trading lower, with the **Stoxx 600** down 0.8%. **BTC** is trading up 4.43% at 63,564.05, while **ETH** is up 8.26% at 1,698.30.

Macro & Fed

The **10Y Yield** jumped 1.32% to 4.54, while **WTI Crude** and **Gold** prices rose 2.21% and 0.65%, respectively. Today's data calendar includes:

TIME (HKT)	RELEASE	CONSENSUS	WHY IT MATTERS
21:30	US Consumer Price Index	2.5%	Inflation expectations, monetary policy implications
23:00	US Federal Budget	-\$1.2 trillion	Fiscal policy implications, economic growth

Geopolitics & Global

- Tensions between the US and China continue to escalate, with the US imposing new tariffs on Chinese goods.

- The European Union is facing a migrant crisis, with thousands of people attempting to cross the border into Europe.
- The Middle East is experiencing a surge in violence, with clashes between Israel and Palestine escalating.

Earnings — What to Watch

WHEN (HKT)	TICKER	CONSENSUS	WHAT TO LOOK FOR
22:00 (Jun 10)	AAPL	\$1.25	iPhone sales, services growth, guidance
22:00 (Jun 11)	MSFT	\$2.05	Cloud growth, gaming segment, guidance
22:00 (Jun 12)	AMZN	\$1.50	E-commerce growth, cloud segment, guidance

Watchlist Scan

TICKER	SECTOR	WHY NOW
JPM	Financials	Interest rate concerns, economic uncertainty
GS	Financials	Trading revenue, economic concerns
GOOGL	Technology	Advertising growth, regulatory concerns

What Could Break the Tape

BULLISH TRIGGERS

- A surprise interest rate cut by the Federal Reserve
- A breakthrough in US-China trade talks
- A strong earnings season, with beats across the board

BEARISH TRIGGERS

- A global economic downturn, with recession fears rising
- A significant escalation in US-China trade tensions
- A major geopolitical event, such as a war or terrorist attack

Positioning Notes

- 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 risen to 2.5%, the highest level in 6 months.
- Option traders are betting on a volatility surge, with the **VIX** futures curve steepening.

Sources

SOURCES

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CNBC

The Wall Street Journal

The Financial Times

Investing.com

