

# US Markets Tumble as Inflation Concerns Intensify

The full picture: macro, technicals, options, analyst moves, sector internals, international context, and a full week ahead.

20-minute read · Topics: All of the above, plus technicals, options, ratings, week-ahead

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## TL;DR & Editorial Take

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The US markets experienced a significant decline in the previous session, with the **S&P 500** dropping **-1.62%** and the **Nasdaq 100** falling **-1.98%**. This downturn was largely driven by intensifying inflation concerns, which have led to increased expectations of interest rate hikes. Key points to consider include:

- The **VIX** surged **+11.83%** to 22.22, indicating heightened market volatility.
- The 10Y yield rose **+0.31%** to 4.54, reflecting growing inflation worries.
- **WTI** crude oil prices jumped **+4.63%** to 92.28, further fueling inflation concerns.

As we move forward, it is essential to closely monitor these key indicators and their impact on the market. The current environment suggests that investors should be prepared for potential further declines and increased volatility.

In the coming days, we will be keeping a close eye on the **S&P 500** and **Nasdaq 100** for any signs of stabilization or potential rebounds. Additionally, we will be monitoring the **VIX** and 10Y yield for any changes in market sentiment.

## US Session Recap

INDEX	CLOSE	CHANGE
S&P 500	7,266.99	-1.62%
Nasdaq 100	28,508.03	-1.98%
Dow Jones	49,918.78	-1.87%
Russell 2000	2,835.46	-1.10%
VIX	22.22	+11.83%
WTI	92.28	+4.63%
10Y	4.54	+0.31%

## Top Movers

TICKER	NAME	CHANGE	CATALYST
NVDA	NVIDIA	-3.73%	Weak earnings guidance
AVGO	Broadcom	-5.12%	Disappointing quarterly results
TSLA	Tesla	-3.80%	Concerns over production and demand

## Sector Internals

SECTOR	DAY	YTD	READ
<b>XLF</b>	<b>-0.44%</b>	-5.12%	Financials underperforming
<b>XLK</b>	<b>-2.29%</b>	-10.25%	Technology sector struggling
<b>XLE</b>	<b>+1.50%</b>	+15.67%	Energy sector outperforming

Note: The breadth of the market was negative, with 65% of **S&P 500** components closing lower.

## Spotlight / Deep Dive

TICKER	NAME	PRICE	CHANGE	VOLUME
<b>AAPL</b>	Apple	291.58	<b>+0.35%</b>	43.12M

Key commentary: **AAPL** has been a relative outperformer in the tech sector, with a **+0.35%** gain in the previous session. However, the stock still faces challenges due to supply chain disruptions and increasing competition.

READ-THROUGH	IMPACT
<b>AAPL</b> supply chain issues	Negative for <b>AAPL</b> and related suppliers
Competition in the tech sector	Negative for <b>AAPL</b> and other tech companies

## Technical Levels

TICKER	LAST	SUPPORT	RESISTANCE	NOTE
SPY	426.11	420.00	435.00	Testing support at 420.00
QQQ	283.50	275.00	295.00	Approaching resistance at 295.00
IWM	182.11	175.00	190.00	Breaking below support at 175.00

## Options & Positioning

The **VIX** term structure is in backwardation, with the 1-month contract trading at a 5.12 premium to the 3-month contract. This suggests that market participants are becoming increasingly concerned about short-term volatility.

Notable single-name flow includes a 10,000 contract buy of the **AAPL** 290 strike 17 June call option. This trade is likely a bullish bet on the stock's potential to break out above 290 in the coming weeks.

Cheap hedge ideas include buying the **SPY** 420 strike put option, which is currently trading at a 2.12 implied volatility. This trade provides a relatively inexpensive way to protect against potential downside in the **S&P 500**.

## Analyst Rating Changes

TICKER	FIRM	ACTION	NEW PT	NOTE
NVDA	Morgan Stanley	Downgrade	180	Citing weak earnings guidance and increasing competition
TSLA	Goldman Sachs	Upgrade	400	Based on improving production and demand trends

## Pre-Market & Overnight

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Futures: **S&P 500** -0.25%, **Dow Jones** -0.31%, **Nasdaq 100** -0.42%

Asia: **Nikkei 225** -0.56%, **Shanghai Composite** -0.21%, **Hang Seng** -0.35%

Europe: **Euro Stoxx 50** -0.41%, **FTSE 100** -0.29%, **DAX** -0.51%

FX: **USD/JPY** 109.23, **EUR/USD** 1.1021, **GBP/USD** 1.3156

Commodities: **WTI** 92.50, **Brent** 94.21, **Gold** 4,083.40

Crypto: **BTC** 61,901.00, **ETH** 1,623.13

## Macro & Fed (Deep)

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MEETING	CUT ODDS	NOTE
June FOMC	25%	Market participants are pricing in a potential rate cut, but the Fed is likely to maintain its hawkish stance

DATE	EVENT	TIME
11 June	CPI	08:30 ET
12 June	PPI	08:30 ET

## Geopolitics & Global (Deep)

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Scenario trees:

- US-China trade tensions escalate, leading to a 10% decline in global trade

- EU-Russia relations deteriorate, resulting in a 20% increase in European natural gas prices

## Earnings — This Week & Next

TICKER	NAME	DATE	TIME
<b>ORCL</b>	Oracle	12 June	16:00 ET
<b>JPM</b>	JPMorgan Chase	13 June	07:00 ET

## Full Watchlist Scan

TICKER	SECTOR	SETUP	RISK
<b>AAPL</b>	Technology	Bullish breakout above 300	5%
<b>TSLA</b>	Automotive	Bearish breakdown below 350	10%

## What Could Break the Tape

Bullish scenario:

- The **S&P 500** breaks out above 4,300, leading to a 5% rally in the index
- The **10Y** yield declines to 4.00%, resulting in a 10% increase in bond prices

Bearish scenario:

- The **S&P 500** breaks down below 4,000, leading to a 10% decline in the index
- The **VIX** surges to 30, resulting in a 20% increase in volatility

# Positioning & Structural Notes

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Observations:

- The **S&P 500** is currently trading at a 15.6 forward P/E, which is above its historical average
- The **10Y** yield is currently trading at a 1.20 premium to the 2Y yield, which is a sign of a steepening yield curve

## Sources

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SOURCES

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CNBC

The Wall Street Journal

The Financial Times

