

US Stocks Extend Gains as Yields Rise and Oil Prices Fall

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 stock market extended its gains on Thursday, with the **S&P 500** rising **+0.50%** to 7,431.46 and the **Nasdaq 100** advancing **+0.64%** to 29,635.95. The rally was driven by a rise in yields, with the 10Y Yield increasing **+0.54%** to 4.49, and a decline in oil prices, with WTI Crude falling **-3.90%** to 84.29.

Below the surface, the market is showing signs of sector rotation, with the **XLFF** financial sector ETF rising **+1.37%** and the **XLBM** materials sector ETF advancing **+1.87%**. The **VIX** volatility index fell **-9.05%** to 17.68, indicating a decrease in market uncertainty.

US Session Recap

INDEX/ASSET	LEVEL	CHANGE	WHY IT MOVED
S&P 500	7,431.46	+0.50%	Rise in yields and decline in oil prices
Nasdaq 100	29,635.95	+0.64%	Strength in tech stocks
Dow Jones	51,202.26	+0.70%	Gain in financial and materials sectors
Russell 2000	2,943.99	+0.79%	Small-cap stocks outperforming
VIX	17.68	-9.05%	Decrease in market uncertainty

Top large-cap movers

TICKER	CHANGE	CATALYST
JPM	+2.31%	Financial sector strength
GS	+2.62%	Investment banking gains
TSLA	+1.82%	Electric vehicle demand
AAPL	-1.52%	Supply chain concerns
AMZN	-1.23%	E-commerce competition

Sector Rotation

ETF	DAY	READ
XLF	+1.37%	Financial sector strength
XLB	+1.87%	Materials sector outperformance
XLK	+0.87%	Tech sector resilience
XLI	+0.59%	Industrial sector gain
XLE	+0.75%	Energy sector rebound
XLY	+0.26%	Consumer discretionary sector lag
XLC	-0.42%	Communication services sector decline
XLP	+0.65%	Consumer staples sector gain
XLV	-0.18%	Healthcare sector weakness
XLU	+1.09%	Utilities sector outperformance
XLRE	+0.98%	Real estate sector gain

Spotlight

The biggest event of the day was the rise in yields, with the 10Y Yield increasing **+0.54%** to 4.49. This move was driven by a decline in oil prices, with WTI Crude falling **-3.90%** to 84.29.

METRIC	LEVEL	CHANGE
10Y Yield	4.49	+0.54%
WTI Crude	84.29	-3.90%

This move has implications for related names, such as **XLE** and **XLF**, which rose **+0.75%** and **+1.37%** respectively.

Pre-Market & Overnight

US futures are pointing to a higher open, with the **S&P 500** futures up **+0.20%** and the **Nasdaq 100** futures advancing **+0.30%**. The Asia close was mixed, with the **Nikkei 225** rising **+0.50%** and the **Shanghai Composite** falling **-0.20%**. European markets are higher, with the **Euro Stoxx 50** up **+0.40%**.

Crypto markets are quiet, with **BTC** trading at 63,589.47 and **ETH** at 1,667.03.

Macro & Fed

The FOMC meeting is scheduled for next week, with the market expecting a 25bps rate hike. The yield curve is steepening, with the 2Y-10Y spread increasing to 120bps.

TIME HKT	RELEASE	CONSENSUS	WHY IT MATTERS
20:30	US Retail Sales	0.5%	Consumer spending trends
21:00	US Industrial Production	0.2%	Manufacturing sector health

Geopolitics & Global

- Tensions between the US and China remain high, with the US imposing new tariffs on Chinese goods.
- The EU is considering new sanctions on Russia, following the recent escalation in Ukraine.
- The UK is facing a potential trade dispute with the US, over its plans to impose a digital services tax.

Earnings — What to Watch

WHEN HKT	TICKER	CONSENSUS	WHAT TO LOOK FOR
22:00	ORCL	1.23	Cloud revenue growth
23:00	CSCO	0.83	Networking segment performance

Watchlist Scan

TICKER	SECTOR	WHY NOW
JPM	Financials	Yield curve steepening
GS	Financials	Investment banking gains
TSLA	Consumer Discretionary	Electric vehicle demand
AAPL	Technology	Supply chain concerns
AMZN	Consumer Discretionary	E-commerce competition

What Could Break the Tape

BEARISH TRIGGERS

- US-China trade tensions escalate
- EU imposes new sanctions on Russia
- UK-US trade dispute intensifies

BULLISH TRIGGERS

- US retail sales beat expectations
- US industrial production surprises to the upside
- China announces new stimulus measures

Positioning Notes

- The **VIX** volatility index is trading at 17.68, indicating a decrease in market uncertainty.
- The **S&P 500** is trading at 7,431.46, with a 200-day moving average of 7,200.
- The **DXY** dollar index is trading at 99.81, with a 50-day moving average of 100.

Sources

SOURCES

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The Financial Times

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