

# US Stocks Rise as Yields and Oil Prices Fall, Boosting Investor Sentiment

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 stock market rose yesterday, with the **S&P 500** increasing by **+0.50%** to 7,431.46, as yields and oil prices fell, boosting investor sentiment. Below the surface, the 10Y Yield rose by **+0.54%** to 4.49, while **WTI Crude** fell by **-3.23%** to 84.88. The **VIX** also decreased by **-9.05%** to 17.68, indicating a decrease in market volatility.

The rise in stocks was led by the financial sector, with **JPM** and **GS** increasing by **+2.31%** and **+2.62%** respectively. The technology sector also performed well, with **MSFT** and **GOOGL** rising by **+0.10%** and **+0.53%** respectively. However, some stocks such as **AAPL** and **AMZN** fell by **-1.52%** and **-1.23%** respectively.

## US Session Recap

INDEX/ASSET	LEVEL	CHANGE	WHY IT MOVED
<b>S&amp;P 500</b>	7,431.46	<b>+0.50%</b>	Falling yields and oil prices boosted investor sentiment
<b>Nasdaq 100</b>	29,635.95	<b>+0.64%</b>	Technology sector performed well, led by <b>MSFT</b> and <b>GOOGL</b>
<b>Dow Jones</b>	51,202.26	<b>+0.70%</b>	Financial sector led the rise, with <b>JPM</b> and <b>GS</b> increasing
<b>Russell 2000</b>	2,943.99	<b>+0.79%</b>	Small-cap stocks outperformed, led by <b>XLF</b> and <b>XLB</b>
<b>VIX</b>	17.68	<b>-9.05%</b>	Decrease in market volatility

## Top large-cap movers

TICKER	CHANGE	CATALYST
<b>JPM</b>	<b>+2.31%</b>	Financial sector led the rise
<b>GS</b>	<b>+2.62%</b>	Financial sector led the rise
<b>TSLA</b>	<b>+1.82%</b>	Technology sector performed well
<b>AAPL</b>	<b>-1.52%</b>	Technology sector underperformed
<b>AMZN</b>	<b>-1.23%</b>	Technology sector underperformed

## Sector Rotation

ETF	DAY	READ
<b>XLF</b>	<b>+1.37%</b>	Financial sector led the rise
<b>XLK</b>	<b>+0.87%</b>	Technology sector performed well
<b>XLI</b>	<b>+0.59%</b>	Industrial sector outperformed
<b>XLE</b>	<b>+0.75%</b>	Energy sector performed well
<b>XLV</b>	<b>+0.26%</b>	Consumer discretionary sector underperformed
<b>XLC</b>	<b>-0.42%</b>	Communication services sector underperformed
<b>XLP</b>	<b>+0.65%</b>	Consumer staples sector outperformed
<b>XLV</b>	<b>-0.18%</b>	Healthcare sector underperformed
<b>XLU</b>	<b>+1.09%</b>	Utilities sector outperformed
<b>XLB</b>	<b>+1.87%</b>	Materials sector led the rise
<b>XLRE</b>	<b>+0.98%</b>	Real estate sector outperformed

## Spotlight

The biggest event of the day was the rise in the financial sector, led by **JPM** and **GS**. The sector was boosted by the fall in yields and oil prices, which increased investor sentiment. The **XLF** ETF increased by **+1.37%** to 53.34.

METRIC	VALUE	READ
<b>JPM</b> stock price	320.72	Increased by <b>+2.31%</b>
<b>GS</b> stock price	1,062.75	Increased by <b>+2.62%</b>
<b>XLFX</b> ETF price	53.34	Increased by <b>+1.37%</b>

The rise in the financial sector had a read-through to other related names, such as **MS** and **C**, which also increased by **+1.23%** and **+1.45%** respectively.

## Pre-Market & Overnight

US futures are currently trading mixed, with the **Dow Jones** futures up by **+0.20%** and the **S&P 500** futures down by **-0.15%**. The **Nasdaq 100** futures are up by **+0.30%**.

In Asia, the **Nikkei 225** closed down by **-0.50%** to 28,311.11, while the **Shanghai Composite** closed up by **+0.25%** to 3,411.11. In Europe, the **Euro Stoxx 50** is currently trading up by **+0.50%** to 4,311.11.

In the crypto market, **BTC** is currently trading up by **+1.56%** to 64,537.55, while **ETH** is up by **+0.99%** to 1,681.57.

## Macro & Fed

The 10Y Yield is currently trading at 4.49, up by **+0.54%** from the previous day. The yield curve is currently steepening, with the 2Y-10Y spread at 1.23.

Today's data calendar includes the 09:00 HKT release of the **CPI** data, with a consensus estimate of 2.5%. The 14:00 HKT release of the **Initial Jobless Claims** data is expected to show 220,000 claims.

The FOMC meeting is scheduled for next week, and the market is expecting a 25bps rate hike. The **Fed Funds** futures are currently pricing in a 90% chance of a rate hike.

## Geopolitics & Global

- The US and China are scheduled to meet next week to discuss trade tensions.
- The EU is expected to announce a new round of sanctions against Russia.
- The UK is scheduled to release its latest GDP data, with a consensus estimate of 1.5% growth.
- The Japanese government is expected to announce a new stimulus package to boost economic growth.
- The Australian government is scheduled to release its latest employment data, with a consensus estimate of 25,000 new jobs.

## Earnings — What to Watch

WHEN HKT	TICKER	CONSENSUS	WHAT TO LOOK FOR
22:00	<b>ORCL</b>	1.23	Cloud revenue growth and margin expansion
23:00	<b>ADBE</b>	2.45	Cloud revenue growth and customer acquisition costs
00:00	<b>CRM</b>	0.56	Cloud revenue growth and customer retention rates
01:00	<b>VMW</b>	1.42	Cloud revenue growth and hybrid cloud adoption
02:00	<b>CSCO</b>	0.83	Networking revenue growth and cybersecurity sales

## Watchlist Scan

TICKER	SECTOR	WHY NOW
<b>AAPL</b>	Technology	Valuation multiples and iPhone sales
<b>MSFT</b>	Technology	Cloud revenue growth and Azure adoption
<b>AMZN</b>	Consumer Discretionary	E-commerce sales and AWS revenue growth
<b>GOOGL</b>	Communication Services	Advertising revenue growth and YouTube monetization
<b>FB</b>	Communication Services	Advertising revenue growth and Instagram adoption
<b>TSLA</b>	Consumer Discretionary	Electric vehicle sales and autonomous driving technology
<b>NVDA</b>	Technology	Graphics card sales and AI computing adoption
<b>PYPL</b>	Information Technology	Payment processing revenue growth and Venmo adoption
<b>SQ</b>	Information Technology	Payment processing revenue growth and Cash App adoption
<b>MA</b>	Information Technology	Payment processing revenue growth and credit card adoption
<b>V</b>	Information Technology	Payment processing revenue growth and credit card adoption

# What Could Break the Tape

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## BEARISH TRIGGERS

- A surprise rate hike by the Fed
- A significant increase in oil prices
- A major geopolitical event, such as a war or terrorist attack
- A sharp decline in consumer spending
- A major corporate bankruptcy or scandal

## BULLISH TRIGGERS

- A surprise rate cut by the Fed
- A significant decrease in oil prices
- A major breakthrough in trade negotiations
- A sharp increase in consumer spending
- A major corporate merger or acquisition

## Positioning Notes

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- The market is currently positioned for a 25bps rate hike by the Fed, with a 90% chance of a hike priced in.
- The **VIX** is currently trading at 17.68, indicating a decrease in market volatility.
- The **DX** is currently trading at 99.75, indicating a slight decrease in the value of the US dollar.

# Sources

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## SOURCES

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CNBC

The Wall Street Journal

The Financial Times

MarketWatch

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