

US Stocks Rally as Tech Leads the Charge with +3.06% Nasdaq Gain

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 rallied yesterday, led by the **NVDA**-driven **+3.06%** gain in the Nasdaq 100. Below the surface, the **+1.76%** S&P 500 move was broad-based, with all 11 sectors in the green. The VIX dropped **-8.03%** to 16.26, its lowest level in a month.

A closer look at sector rotation reveals that the **XLK** tech ETF led the charge, up **+3.66%**. The **XLE** energy ETF was the sole laggard, down **-3.04%** on the back of a **-5.16%** drop in WTI crude. The **XLF** financials ETF also underperformed, up just **+0.68%**.

US Session Recap

INDEX/ASSET	LEVEL	CHANGE	WHY IT MOVED
S&P 500	7,562.55	+1.76%	Broad-based rally led by tech
Nasdaq 100	30,541.41	+3.06%	NVDA and other tech giants
Dow Jones	51,818.27	+1.20%	More muted move, led by GS and JPM
Russell 2000	2,971.74	+0.94%	Small-caps lagged, but still in the green
VIX	16.26	-8.03%	Fear gauge drops to 1-month low

Top large-cap movers

TICKER	CHANGE	CATALYST
META	+5.03%	Beats on earnings, guides higher
NVDA	+3.41%	Strong demand for AI-related products
AMZN	+3.25%	Expands into new markets, beats on sales

Sector Rotation

ETF	DAY	READ
XLK	+3.66%	Tech leads the charge, NVDA shines
XLE	-3.04%	Energy lags on -5.16% WTI crude drop
XLF	+0.68%	Financials underperform, JPM and GS mixed
XLI	+1.95%	Industrials rise, led by AVGO and TSLA
XLY	+1.69%	Consumer discretionary rises, AAPL and AMZN lead
XLC	+0.43%	Communication services lag, GOOGL and META mixed
XLP	-0.33%	Consumer staples drop, PG and PEP fall
XLV	-0.65%	Healthcare lags, JNJ and PFE drop
XLU	+0.91%	Utilities rise, led by NEE and DUK
XLB	+1.26%	Materials rise, LIN and APD lead
XLRE	-0.72%	Real estate lags, VNQ and SCHH drop

Spotlight

The biggest event of the day was the **+5.03%** move in **META**, which reported strong earnings and guided higher. The move was fueled by a **+10%** increase in ad revenue, which beat expectations.

METRIC	VALUE	READ
Ad revenue	+10%	Beat expectations, driven by GOOGL and AMZN
Operating margin	25%	Expanded 100bps YoY, driven by cost cuts
Guidance	+5%	Raised full-year guidance, citing strong demand

Pre-Market & Overnight

US futures are pointing to a flat open, with the S&P 500 and Dow Jones little changed. Asian markets were mixed, with the Nikkei up +0.5% and the Hang Seng down -0.2%. European markets are also mixed, with the FTSE up +0.2% and the DAX down -0.1%. Crypto markets are quiet, with **BTC** and **ETH** little changed.

Macro & Fed

The FOMC meeting is scheduled for next week, with markets expecting a 25bps rate hike. The yield curve is currently inverted, with the 10Y yield at 4.47 and the 2Y yield at 4.52. Today's data calendar includes:

TIME HKT	RELEASE	CONSENSUS	WHY IT MATTERS
21:30	Empire Manufacturing	5.0	Early read on US manufacturing activity
22:00	NAHB Housing Market Index	62.0	Read on US housing market sentiment

Geopolitics & Global

- The US and China are set to meet next week to discuss trade tensions, with markets watching for any signs of progress.
- The EU is considering new sanctions on Russia, which could further escalate tensions between the two sides.
- The UK is set to announce its latest budget, with markets watching for any signs of fiscal stimulus.

Earnings — What to Watch

WHEN HKT	TICKER	CONSENSUS	WHAT TO LOOK FOR
22:00 (16 Jun)	ORCL	1.23	Cloud revenue growth, margin expansion
22:00 (17 Jun)	KSS	1.55	Same-store sales, e-commerce growth
22:00 (18 Jun)	BBY	1.21	Consumer electronics sales, margin pressure

Watchlist Scan

TICKER	SECTOR	WHY NOW
AAPL	Technology	Strong iPhone sales, services growth
MSFT	Technology	Cloud revenue growth, AI investments
AMZN	Consumer Discretionary	E-commerce growth, cloud expansion
GOOGL	Communication Services	Ad revenue growth, cloud investments
FB	Communication Services	Ad revenue growth, e-commerce expansion
TSLA	Consumer Discretionary	Electric vehicle sales, autonomous driving
BABA	Consumer Discretionary	E-commerce growth, cloud expansion
JPM	Financials	Interest rate sensitivity, consumer lending
GS	Financials	Investment banking, trading revenue
UNH	Healthcare	Health insurance growth, medical costs
PG	Consumer Staples	Consumer goods sales, margin pressure

What Could Break the Tape

BEARISH TRIGGERS

- US-China trade tensions escalate, leading to tariffs and trade war
- EU sanctions on Russia lead to energy price shock and economic downturn
- Fed rate hike cycle leads to recession and market downturn

BULLISH TRIGGERS

- US and China reach trade deal, leading to tariffs reduction and economic growth
- EU and UK reach Brexit deal, leading to economic stability and growth
- Fed pauses rate hike cycle, leading to market rally and economic growth

Positioning Notes

- Long-term investors should focus on quality stocks with strong fundamentals, such as **AAPL** and **MSFT**.
 - Short-term traders should watch for technical signals, such as trend lines and moving averages, to inform their trading decisions.
 - Investors should diversify their portfolios across asset classes, sectors, and geographies to minimize risk and maximize returns.
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SOURCES

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MarketWatch

