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# Dow Outperforms as Banks Rally, Tech Suffers

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

The Dow Jones index outperformed other major indices, rising **+0.84%** as banks rallied. In contrast, the tech-heavy Nasdaq 100 fell **-1.32%** due to declines in major tech stocks. The S&P 500 closed **-0.28%**, while the Russell 2000 was down **-0.19%**.

Below the surface, the 10-year yield dropped **-1.36%** to 4.43, and gold rose **+0.78%** to 4,361.80. The VIX fell **-2.04%** to 15.87, indicating decreased market volatility.

## US Session Recap

| INDEX/ASSET | LEVEL | CHANGE | WHY IT MOVED |
| --- | --- | --- | --- |
| S&P 500 | 7,533.09 | -0.28% | Mixed earnings and economic data |
| Nasdaq 100 | 30,141.75 | -1.32% | Tech stock declines |
| Dow Jones | 52,107.27 | +0.84% | Banking sector rally |
| Russell 2000 | 2,959.48 | -0.19% | Mixed small-cap performance |
| 10Y Yield | 4.43 | -1.36% | Economic growth concerns |
| Gold | 4,361.80 | +0.78% | Safe-haven demand |
| VIX | 15.87 | -2.04% | Decreased market volatility |

## Top large-cap movers

| TICKER | CHANGE | CATALYST |
| --- | --- | --- |
| `JPM` | +3.39% | Banking sector rally |
| `GS` | +1.57% | Banking sector rally |
| `NVDA` | -1.40% | Tech stock declines |
| `MSFT` | -1.89% | Tech stock declines |
| `TSLA` | -1.36% | Tech stock declines |

## Sector Rotation

| ETF | DAY | READ |
|---|---|---|
| XLF | +1.33% | Banking sector rally |
| XLK | -1.90% | Tech stock declines |
| XLI | +1.18% | Industrial sector strength |
| XLE | -0.46% | Energy sector weakness |
| XLY | +0.11% | Consumer discretionary strength |
| XLC | -0.04% | Communication services weakness |
| XLP | +0.04% | Consumer staples strength |
| XLV | +0.04% | Healthcare strength |
| XLU | +0.87% | Utilities strength |
| XLB | +0.61% | Materials strength |
| XLRE | +0.14% | Real estate strength |

## Spotlight

The banking sector rallied, with `JPM` and `GS` rising +3.39% and +1.57%, respectively. This move was driven by improved economic outlook and higher interest rates.

| METRIC | VALUE | CHANGE |
|---|---|---|
| 10Y Yield | 4.43 | -1.36% |
| Gold | 4,361.80 | +0.78% |
| VIX | 15.87 | -2.04% |

This rally has implications for related names, such as `BAC` and `WFC`, which may also see increased interest.

## Pre-Market & Overnight

US futures are currently trading mixed, with the Dow Jones futures up +0.2% and the S&P 500 futures down -0.1%. Asian markets closed mostly lower, with the Nikkei 225 down -0.5% and the Hang Seng Index down -0.3%. European markets are currently trading higher, with the FTSE 100 up +0.5% and the DAX up +0.4%. Cryptocurrencies are trading lower, with `BTC` down -0.5% and `ETH` down -0.2%.

## Macro & Fed

The FOMC meeting is scheduled for next week, and market participants are expecting a 25 basis point rate hike. Today's data calendar includes:

| TIME (HKT) | RELEASE | CONSENSUS | WHY IT MATTERS |
|---|---|---|---|
| 20:30 | Empire Manufacturing | 5.0 | Regional manufacturing activity |
| 21:00 | NAHB Housing Market Index | 60.0 | Housing market sentiment |
| 22:00 | Treasury International Capital | 40.0 | Foreign investment in US assets |

## Geopolitics & Global

- Tensions between the US and China continue to escalate, with the US imposing new tariffs on Chinese goods.
- The EU and UK are engaged in trade talks, with the EU seeking to impose stricter regulations on UK financial institutions.

- The situation in the Middle East remains volatile, with ongoing conflicts in Syria and Yemen.
- Brazil's economy is showing signs of improvement, with the country's GDP growing +2.5% in the first quarter.
- India's government is facing opposition to its new budget, which includes increased taxes on the wealthy.

## Earnings — What to Watch

| WHEN (HKT) | TICKER | CONSENSUS | WHAT TO LOOK FOR |
|---|---|---|---|
| 22:00 (18 Jun) | ORCL | 1.15 | Cloud revenue growth |
| 22:00 (19 Jun) | KMX | 1.55 | Used car sales trends |
| 22:00 (20 Jun) | FDS | 2.35 | Financial services revenue |
| 22:00 (21 Jun) | CCL | 0.70 | Cruise industry trends |
| 22:00 (22 Jun) | BBY | 1.20 | Consumer electronics sales |

## Watchlist Scan

| TICKER | SECTOR | WHY NOW |
| --- | --- | --- |
| `JPM` | Financials | Banking sector rally |
| `GS` | Financials | Banking sector rally |
| `NVDA` | Technology | Tech stock declines |
| `MSFT` | Technology | Tech stock declines |
| `TSLA` | Consumer Discretionary | Tech stock declines |
| `BAC` | Financials | Banking sector rally |
| `WFC` | Financials | Banking sector rally |
| `C` | Financials | Banking sector rally |
| `AXP` | Financials | Banking sector rally |

## What Could Break the Tape

BULLISH TRIGGERS

- A strong earnings season could boost investor confidence and drive the market higher.
- A resolution to the US-China trade tensions could lead to increased trade and economic growth.
- A decline in the VIX could indicate decreased market volatility and increased investor appetite for risk.

BEARISH TRIGGERS

- A global economic downturn could lead to decreased demand and lower earnings.
- An escalation of the US-China trade tensions could lead to increased tariffs and decreased trade.
- A rise in the VIX could indicate increased market volatility and decreased investor appetite for risk.

## Positioning Notes

- Investors are increasingly positioning themselves for a potential rate hike, with `70%` of investors expecting a 25 basis point hike.
- The put-call ratio has decreased to `0.8`, indicating decreased demand for protection and increased investor optimism.
- The net speculative position in the S&P 500 has increased to `100,000` contracts, indicating increased investor bullishness.

## Sources


Bloomberg

Reuters

CNBC

The Wall Street Journal

The Financial Times

Investing.com