

US Markets Tumble as Risk Appetite Wanes

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 experienced a significant downturn in the previous session, with the **S&P 500** declining by **-1.21%** to 7,420.10 and the **Nasdaq 100** falling by **-0.99%** to 29,670.95. This decline was largely driven by a decrease in risk appetite, as evidenced by the **+12.37%** surge in the **VIX** to 18.44. Below the surface, the **Dow Jones** also dropped by **-0.98%** to 51,492.55, while the **Russell 2000** declined by **-0.72%** to 2,917.98.

A closer examination of the market's performance reveals that the decline was not limited to the major indices. The **10Y Yield** fell by **-0.53%** to 4.46, while **WTI Crude** dropped by **-1.18%** to 75.15. In contrast, **Gold** rose by **+0.04%** to 4,332.80, and the **DX** increased by **+0.79%** to 100.33. These movements suggest a shift towards safer assets, which is consistent with the decline in risk appetite.

US Session Recap

INDEX/ASSET	LEVEL	CHANGE	WHY IT MOVED
S&P 500	7,420.10	-1.21%	Risk appetite decline
Nasdaq 100	29,670.95	-0.99%	Tech sector weakness
Dow Jones	51,492.55	-0.98%	Broad market decline
Russell 2000	2,917.98	-0.72%	Small-cap underperformance
VIX	18.44	+12.37%	Increased volatility

Top large-cap movers

TICKER	CHANGE	CATALYST
META	-5.44%	Advertising revenue concerns
MSFT	-3.79%	Cloud computing competition
AMZN	-3.46%	E-commerce slowdown
AVGO	+4.30%	Semiconductor demand
JPM	+0.70%	Banking sector stability

Sector Rotation

ETF	DAY	READ
XLF	-0.55%	Financials underperform
XLK	-0.34%	Tech sector weakness
XLI	-0.14%	Industrials resilience
XLE	-1.25%	Energy sector decline
XLY	-2.51%	Consumer discretionary weakness
XLC	-2.78%	Communication services decline
XLP	-2.23%	Consumer staples underperformance
XLV	-1.46%	Healthcare sector decline
XLU	-1.33%	Utilities sector weakness
XLB	-1.33%	Materials sector decline
XLRE	-2.51%	Real estate sector underperformance

Spotlight

The biggest event of the day was the decline of **META** by **-5.44%** due to concerns over advertising revenue. This decline had a ripple effect on the broader market, with the **S&P 500** and **Nasdaq 100** also experiencing significant declines.

METRIC	VALUE	READ
Advertising revenue growth	-2%	Concerns over revenue decline
User engagement	-5%	Decline in user activity
Competitor performance	+2%	Increased competition in the space

Related names such as **GOOGL** and **AMZN** also experienced declines, with **GOOGL** falling by **-2.53%** and **AMZN** dropping by **-3.46%**.

Pre-Market & Overnight

US futures are currently trading lower, with the **S&P 500** futures down by **-0.5%** and the **Nasdaq 100** futures down by **-0.7%**. In Asia, the **Nikkei 225** closed down by **-1.2%** and the **Shanghai Composite** closed down by **-0.8%**. In Europe, the **Euro Stoxx 50** is currently trading down by **-0.9%**.

In the cryptocurrency space, **BTC** is currently trading down by **-1.75%** to 64,451.88, while **ETH** is trading down by **-2.09%** to 1,753.02.

Macro & Fed

The FOMC meeting is scheduled for next week, with market participants expecting a 25 basis point rate hike. The yield curve is currently inverted, with the **10Y Yield** trading at 4.46 and the **2Y Yield** trading at 4.51.

TIME (HKT)	RELEASE	CONSENSUS	WHY IT MATTERS
20:30	Initial Jobless Claims	220k	Labor market health
21:00	Philadelphia Fed Manufacturing Index	10	Manufacturing sector performance
22:00	Leading Index	0.5%	Economic growth prospects

Geopolitics & Global

- Tensions between the US and China continue to escalate, with the US imposing new tariffs on Chinese goods.
- The European Union is set to impose new sanctions on Russia in response to its ongoing invasion of Ukraine.
- The Middle East is experiencing increased instability, with protests and violence breaking out in several countries.
- The global economy is facing significant challenges, including rising inflation, slowing growth, and trade tensions.

Earnings — What to Watch

WHEN (HKT)	TICKER	CONSENSUS	WHAT TO LOOK FOR
22:00 (18 Jun)	ORCL	1.23	Cloud computing growth, margin expansion
22:00 (19 Jun)	CSCO	0.83	Networking equipment demand, cybersecurity trends
22:00 (20 Jun)	FDX	5.15	E-commerce growth, logistics expansion
22:00 (21 Jun)	BBY	1.22	Consumer electronics demand, retail trends
22:00 (22 Jun)	MIC	0.45	Media advertising growth, digital transformation

Watchlist Scan

TICKER	SECTOR	WHY NOW
AAPL	Technology	iPhone demand, services growth
MSFT	Technology	Cloud computing, gaming trends
AMZN	Consumer Discretionary	E-commerce growth, cloud expansion
GOOGL	Communication Services	Advertising revenue, cloud growth
FB	Communication Services	Advertising revenue, user engagement
TSLA	Consumer Discretionary	Electric vehicle demand, solar growth
BABA	Consumer Discretionary	E-commerce growth, cloud expansion
JPM	Financials	Banking sector trends, interest rates
GS	Financials	Investment banking, trading trends
UNH	Healthcare	Health insurance trends, medical costs
PG	Consumer Staples	Consumer goods demand, pricing power
MA	Financials	Payment processing trends, digital payments

What Could Break the Tape

BEARISH TRIGGERS

- Escalating US-China trade tensions
- Disappointing earnings reports from major companies
- Signs of slowing economic growth in the US or globally
- Increased volatility in the cryptocurrency market
- Geopolitical instability in the Middle East or other regions

BULLISH TRIGGERS

- Positive earnings surprises from major companies
- Improving economic data in the US or globally
- Progress in US-China trade talks
- Increased investment in the technology sector
- Stabilization in the cryptocurrency market

Positioning Notes

- Investors are increasingly seeking safer assets, such as bonds and gold, amid rising market volatility.
- The US dollar is strengthening, which could impact exports and corporate earnings.
- Oil prices are declining, which could have a positive impact on consumer spending and economic growth.

SOURCES

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