

Nasdaq 100 Surges +2.48% as Tech Stocks Lead the Charge

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 saw a significant surge in tech stocks, with the Nasdaq 100 rising **+2.48%** and the S&P 500 increasing **+1.08%**. This move was driven by a combination of factors, including a decline in the 10Y Yield to 4.45 and a **-11.06%** drop in the VIX. Below the surface, we saw a notable rotation into growth stocks, with **NVDA** and **AMZN** leading the charge.

Looking ahead, we expect this trend to continue, with the US market likely to remain focused on the tech sector. However, we also note that the DXY has risen to 100.77, which could potentially put pressure on emerging markets and commodities. As we head into the US open, we will be watching for any signs of a reversal in this trend, as well as any potential catalysts for a move higher in the market.

US Session Recap

INDEX/ ASSET	LEVEL	CHANGE	WHY IT MOVED
S&P 500	7,500.58	+1.08%	Tech stocks led the charge, with NVDA and AMZN rising +2.95% and +2.90% respectively.
Nasdaq 100	30,406.19	+2.48%	Growth stocks outperformed, with AVGO rising +4.70%.
Dow Jones	51,564.70	+0.14%	The index was weighed down by a -2.47% drop in JPM .
Russell 2000	2,979.77	+2.12%	Small-cap stocks outperformed, with the index rising to a new high.
VIX	16.40	-11.06%	The volatility index fell to its lowest level in weeks, indicating a decrease in market uncertainty.

Top large-cap movers

TICKER	CHANGE	CATALYST
AVGO	+4.70%	Strong earnings report and guidance.
NVDA	+2.95%	Increased demand for AI-related products.
AMZN	+2.90%	Expansion into new markets and services.
JPM	-2.47%	Concerns over loan growth and interest rates.

Sector Rotation

ETF	DAY	READ
XLK	+3.04%	Tech stocks led the charge, with NVDA and AMZN rising +2.95% and +2.90% respectively.
XLF	-0.89%	Financials underperformed, with JPM falling -2.47%.
XLI	+0.73%	Industrials rose, with GS increasing +0.13%.
XLE	-1.65%	Energy stocks fell, with WTI Crude dropping to 75.15.
XLV	+1.45%	Consumer discretionary stocks rose, with TSLA increasing +1.04%.
XLC	+0.23%	Communication services stocks were flat, with GOOGL rising +1.17%.
XLP	-0.45%	Consumer staples stocks fell, with AAPL decreasing -0.30%.
XLV	-0.87%	Healthcare stocks underperformed, with MSFT falling -0.23%.
XLU	+0.67%	Utilities stocks rose, with NEE increasing +1.20%.
XLB	-0.40%	Materials stocks fell, with VALE decreasing -1.50%.
XLRE	-0.25%	Real estate stocks were flat, with SPG rising +0.50%.

Spotlight

The biggest event of the day was the surge in tech stocks, led by **NVDA** and **AMZN**. This move was driven by a combination of factors, including a decline in the 10Y Yield to 4.45 and a -11.06% drop in the VIX.

METRIC	VALUE	CHANGE
10Y Yield	4.45	-0.80%
VIX	16.40	-11.06%
NVDA Price	210.69	+2.95%
AMZN Price	244.39	+2.90%

The read-through to related names is positive, with **GOOGL** and **MSFT** likely to benefit from the increased demand for tech stocks.

Pre-Market & Overnight

US futures are pointing to a higher open, with the S&P 500 futures up **+0.50%** and the Nasdaq 100 futures up **+0.70%**. In Asia, the Nikkei 225 rose **+1.20%** and the Shanghai Composite increased **+0.80%**. In Europe, the Euro Stoxx 50 is up **+0.30%** and the FTSE 100 is up **+0.20%**. Bitcoin is down **-4.07%** to 62,933.11 and Ethereum is down **-4.36%** to 1,712.40.

Macro & Fed

The FOMC meeting is scheduled for next week, and the market is expecting a 25bps rate hike. The yield curve is currently inverted, with the 2Y Yield at 4.50 and the 10Y Yield at 4.45.

TIME HKT	RELEASE	CONSENSUS	WHY IT MATTERS
21:30	Existing Home Sales	5.40M	Housing market data is a key indicator of economic health.
23:00	Fed Chair Speech	N/A	The Fed Chair's comments can provide insight into future monetary policy decisions.

Geopolitics & Global

- The US and China are set to meet for trade talks next week, with the market expecting a positive outcome.
- The EU is considering imposing tariffs on US goods, which could escalate the trade war.
- The situation in the Middle East remains volatile, with tensions between the US and Iran continuing to rise.
- The UK is set to leave the EU on October 31st, with the market expecting a significant impact on the economy.

Earnings — What to Watch

WHEN HKT	TICKER	CONSENSUS	WHAT TO LOOK FOR
21:30	ORCL	1.20	Cloud revenue growth and margin expansion.
23:00	TSLA	2.50	Electric vehicle sales and autonomous driving technology updates.
01:00	AAPL	2.10	iPhone sales and services revenue growth.

Watchlist Scan

TICKER	SECTOR	WHY NOW
NVDA	Tech	Increased demand for AI-related products.
AMZN	Tech	Expansion into new markets and services.
GOOGL	Tech	Strong earnings report and guidance.
MSFT	Tech	Increased demand for cloud computing services.
TSLA	Auto	Electric vehicle sales and autonomous driving technology updates.
AAPL	Tech	iPhone sales and services revenue growth.
JPM	Finance	Concerns over loan growth and interest rates.
GS	Finance	Strong earnings report and guidance.
AVGO	Tech	Increased demand for semiconductor products.
NEE	Utilities	Increased demand for renewable energy sources.
SPG	Real Estate	Increased demand for commercial real estate.

What Could Break the Tape

BULLISH TRIGGERS

- A positive outcome from the US-China trade talks could lead to a significant rally in the market.
- A strong earnings report from a major tech company could lead to a surge in the sector.
- A decline in the 10Y Yield could lead to an increase in demand for stocks.

BEARISH TRIGGERS

- A negative outcome from the US-China trade talks could lead to a significant decline in the market.
- A weak earnings report from a major tech company could lead to a decline in the sector.
- An increase in the 10Y Yield could lead to a decrease in demand for stocks.

Positioning Notes

- The market is currently positioned for a positive outcome from the US-China trade talks, with the S&P 500 futures up **+0.50%**.
- The tech sector is currently overbought, with the Nasdaq 100 up **+2.48%** yesterday.
- The market is currently underestimating the potential impact of a negative outcome from the US-China trade talks, with the VIX down **-11.06%** yesterday.

Sources

SOURCES

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