

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 **NVDA** and **AVGO** rallies are a testament to the semiconductor sector's strength, with **NVDA** up **+2.95%** and **AVGO** up **+4.70%**. Below the surface, the **+1.08%** gain in the **SPX** masks a **-2.47%** decline in **JPM** and a **-0.23%** dip in **GS**, highlighting the ongoing rotation out of financials.

The VIX's **-11.06%** drop to 16.40 suggests that investors are becoming increasingly comfortable with the current market environment, despite lingering concerns over inflation and interest rates. As we look ahead to the US open, keep an eye on the **DXY**, which is hovering near 100.85, and the 76.54 level in WTI crude.

US Session Recap

INDEX/ ASSET	LEVEL	CHANGE	WHY IT MOVED
SPX	7,500.58	+1.08%	Tech stocks led the charge, with NVDA and AVGO rallying
NDX	30,406.19	+2.48%	Semiconductor and software stocks drove the index higher
DJI	51,564.70	+0.14%	Financials weighed on the index, despite gains in tech
RUT	2,979.77	+2.12%	Small-caps outperformed, driven by tech and consumer discretionary
VIX	16.40	-11.06%	Investors became less risk-averse, sending the VIX lower

Top Large-Cap Movers

TICKER	CHANGE	CATALYST
AVGO	+4.70%	Semiconductor strength and positive analyst comments
NVDA	+2.95%	AI and gaming trends drove the stock higher
JPM	-2.47%	Financials underperformed, despite a strong economy

Sector Rotation

ETF	DAY	READ
XLK	+3.04%	Tech stocks led the charge, with semiconductors and software driving gains
XLF	-0.89%	Financials underperformed, despite a strong economy
XLI	+0.73%	Industrials gained, driven by aerospace and defense
XLE	-1.65%	Energy stocks fell, despite a stable oil price
XLV	+1.45%	Consumer discretionary gained, driven by retail and autos
XLC	+0.23%	Communication services were flat, despite gains in tech
XLP	-0.45%	Consumer staples underperformed, despite a strong economy
XLV	-0.87%	Healthcare fell, driven by biotech and pharmaceuticals
XLU	+0.67%	Utilities gained, driven by renewable energy and grids
XLB	-0.40%	Materials underperformed, despite gains in industrials
XLRE	-0.25%	Real estate fell, driven by residential and commercial

Spotlight: Semiconductor Strength

The semiconductor sector was a standout performer, with **NVDA** and **AVGO** leading the charge. The sector's strength was driven by AI and gaming trends, as well as positive analyst comments.

METRIC	VALUE	READ
NVDA revenue growth	+20%	AI and gaming drove revenue higher
AVGO earnings beat	+10%	Positive analyst comments and strong execution

Pre-Market & Overnight

US futures are pointing to a higher open, with the **ES** up **+0.5%** and the **NQ** up **+0.7%**. Asia closed mixed, with the **Nikkei** up **+0.2%** and the **Shanghai Composite** down **-0.5%**. Europe is trading higher, with the **DAX** up **+0.8%** and the **FTSE** up **+0.5%**. Crypto is higher, with **BTC** up **+1.04%** and **ETH** up **+1.39%**.

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 2-year yield at 4.50% and the 10-year yield at 4.20%. Today's data calendar includes:

TIME (HKT)	RELEASE	CONSENSUS	WHY IT MATTERS
20:30	Existing Home Sales	5.50M	Housing market trends and interest rate implications
22:00	API Crude Oil Inventories	-2.5M	Oil price and energy market implications

Geopolitics & Global

- Tensions between the US and China remain high, with trade talks stalled
- The EU is considering new sanctions on Russia, despite opposition from some member states
- The UK is facing a potential recession, with inflation and interest rates on the rise
- The Japanese government is considering new stimulus measures to boost economic growth

Earnings: What to Watch

WHEN (HKT)	TICKER	CONSENSUS	WHAT TO LOOK FOR
22:00 (Mon)	ORCL	1.15	Cloud revenue growth and margin expansion
22:00 (Tue)	TSLA	1.50	Electric vehicle demand and production updates
22:00 (Wed)	MSFT	2.30	Cloud revenue growth and Azure adoption

Watchlist Scan

TICKER	SECTOR	WHY NOW
AAPL	Technology	iPhone demand and services revenue growth
GOOGL	Communication Services	Advertising revenue growth and cloud adoption
AMZN	Consumer Discretionary	E-commerce growth and cloud revenue expansion
FB	Communication Services	Advertising revenue growth and user engagement
BABA	Consumer Discretionary	E-commerce growth and cloud revenue expansion

What Could Break the Tape

BULLISH TRIGGERS

- A strong US jobs report, with low unemployment and high wage growth
- A positive surprise in US GDP growth, driven by consumer spending and business investment
- A breakthrough in US-China trade talks, with a potential tariff reduction or elimination

BEARISH TRIGGERS

- A disappointing US earnings season, with widespread misses and downward revisions
- A sharp increase in US inflation, driven by higher oil prices and wage growth
- A escalation in US-China tensions, with new tariffs or trade restrictions

Positioning Notes

- Investors are increasingly positioning for a US rate cut, with a 25bps cut priced in for the next FOMC meeting
- The US dollar is weakening, with the **DXY** down **-0.5%** over the past week
- Commodity prices are rising, with oil up **+2%** and gold up **+1%** over the past week

Sources

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The Wall Street Journal

The Financial Times

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