

CHART OF THE DAY

May 24, 2017

Spotlight on : **Consumer Discretionary**

On May 18, and then again on May 23, we posted Chart-of-the-Day reports that illustrated the devastating effect that Amazon Inc. is having on the general merchandisers and big-box retailers.

Today's chart amplifies that negative effect on the consumer discretionary sector.

Our Chart-of-the-Day has been taken from today's **Equity Clock** report. A link to that report is provided below:

<http://www.equityclock.com/2017/05/23/stock-market-outlook-for-may-24-2017/>

From **Equity Clock**, May 24, 2017

The S&P Retail ETF (XRT) lost 1.84% yesterday, trading down to support around \$40.50. This level also acts as the basis of a neckline for a head-and-shoulders pattern that would project downside potential towards \$33, or over 18% below present levels. See chart below.

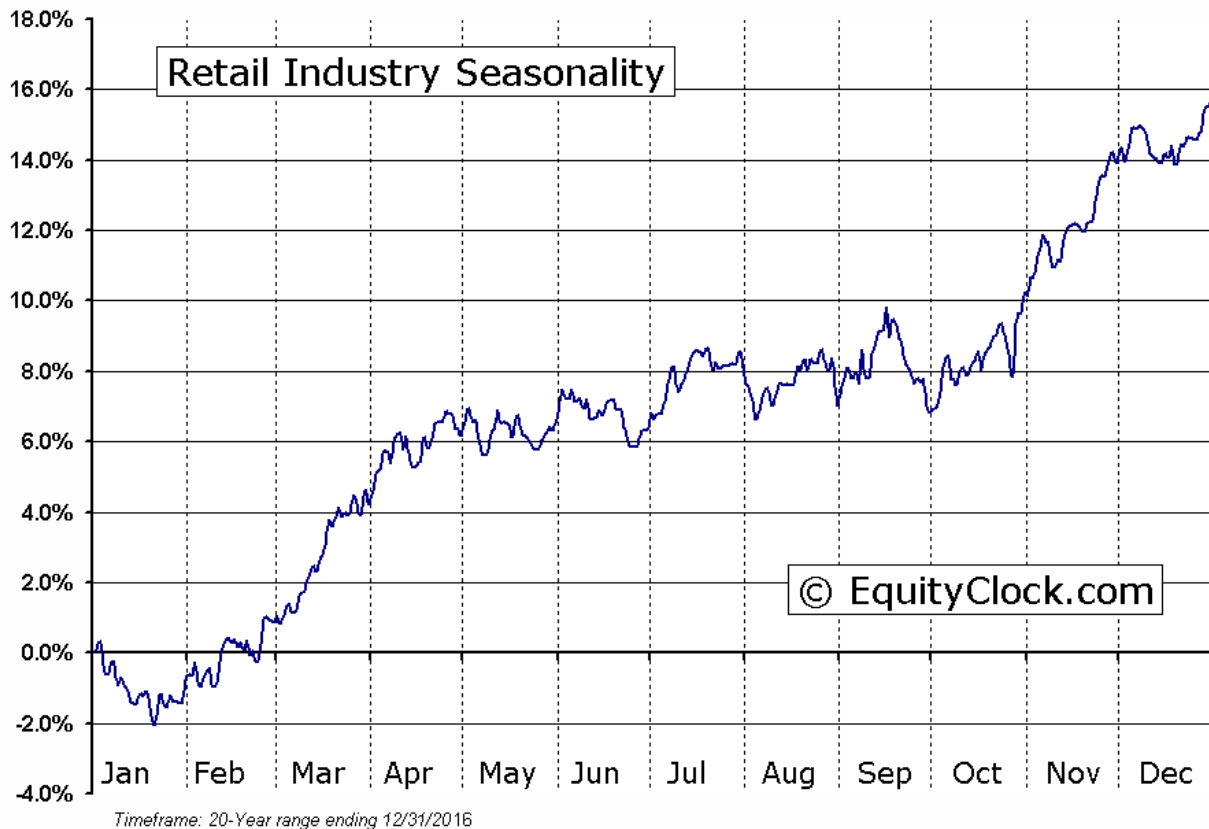
The industry ETF has significantly under-performed the market for the past couple of years, amidst struggles at brick-and-mortar stores, as on-line retailers cannibalize the space.

The downside risks are significant, as too are the implications that it has on the broader economy as consumer spending represents the lion's share of gross domestic product (GDP).

The chart is shown on the ensuing page.



The next period of seasonal strength for the industry runs from October through November. See the next chart.



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