



The StockCharts.com Market Message

Featuring our commentators, John Murphy and Arthur Hill

Wed, Nov 29 2017 12:33 PM ET

RETAIL SPDR ACHIEVES BULLISH BREAKOUT -- TODAY'S RETAIL LEADERS INCLUDE NORDSTROM, KOHLS, AND TJX -- TRANSPORTATION AVERAGE RISES SHARPLY -- AIRLINES AND DELIVERY SERVICE STOCKS ARE HAVING A STRONG DAY -- MONEY IS ROTATING OUT OF TECHNOLOGY INTO FINANCIALS -- SEMICONDUCTORS ARE LEADING QQQ LOWER

By John Murphy

S&P RETAIL SPDR BREAKS OUT TO THE UPSIDE... My Monday message showed the **S&P Retail SPDR (XRT)** attempting an upside breakout above its October high. Chart 1 shows the XRT accomplishing that in pretty decisive fashion over the last two days. In fact, retailers have been one of the market's strongest groups this week. [The green volume bars show that the price gains have come in heavy trading which is a good sign]. Once again, apparel retailers are helping lead the retail group higher. Chart 2 shows the **Dow Jones US Apparel Retailers Index** surging to the highest level in six months. Three of its stock leaders shown on Monday, which include **Burlington Stores, Gap, and Urban Outfitters**, are seeing nice gains. Three of today's strongest retail gainers are also from the apparel retail group -- **Nordstrom, Kohls, and TJX**. Stores like **Macy's** are also seeing big percentage gains.



(click to view a live version of this chart)

Chart 1



(click to view a live version of this chart)

Chart 2

NORDSTROM, KOHLS, AND TJX ARE HAVING STRONG DAYS ... Three of the day's biggest retail gainers are shown below. Chart 3 shows **Nordstrom (JWN)** surging more than 6% and climbing above its 200-day moving average. Chart 4 shows **Kohls (KSS)** reaching the highest level in ten months. Chart 5 shows **TJX** clearing resistance at its late September peak and its 200-day average. That looks like a bullish breakout to me. Other big gainers are **Macy's and Target** with daily gains of 8% each. In addition to a strong start to the holiday shopping season, retailers may also be benefiting from the highest consumer confidence in 17 years.



Chart 3

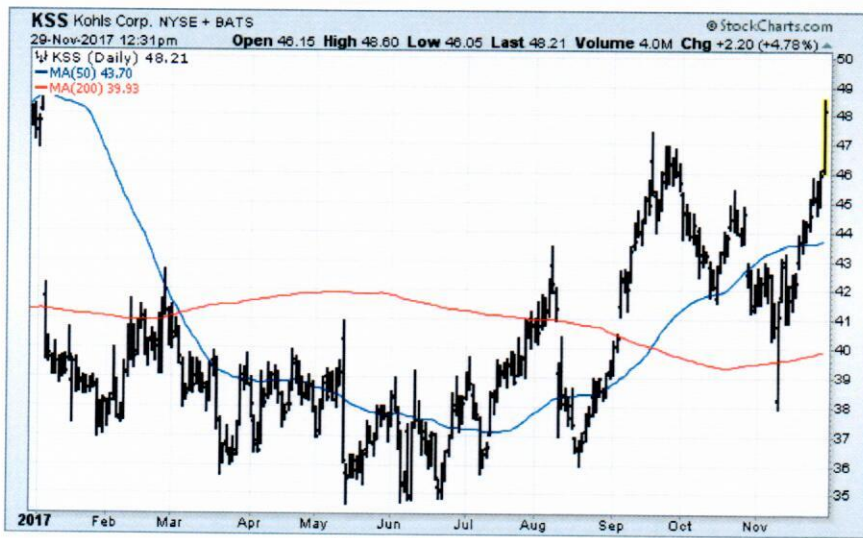


Chart 4



Chart 5

TRANSPORTS JUMP SHARPLY... My message from last Wednesday showed the **Dow Transports** testing potential chart support near their 200-day average (red arrow), and suggested that was a logical spot for them to start moving higher. They're certainly doing that today. Chart 6 shows the **Dow Jones Transportation Average** climbing 2% today to the highest level in a month. It's also cleared its 50-day average in decisive fashion. Rails and truckers remain the strongest part of the transportation group. The **Dow Jones Railroad and Trucking indexes** are hitting record highs. The two lagging groups, airlines and delivery services, are actually the day's strongest percentage gainers. Charts 7 and 8 show big gains in **Southwest Airlines (LUV)** and **JetBlue (JBLU)** which are leading airlines higher. Chart 9 shows **Expeditors Intl. of Washington (EXPD)** hitting a new record to lead delivery stocks higher. **FedEx and UPS** (not shown) are each gaining 3% today and have cleared their 50-day averages.



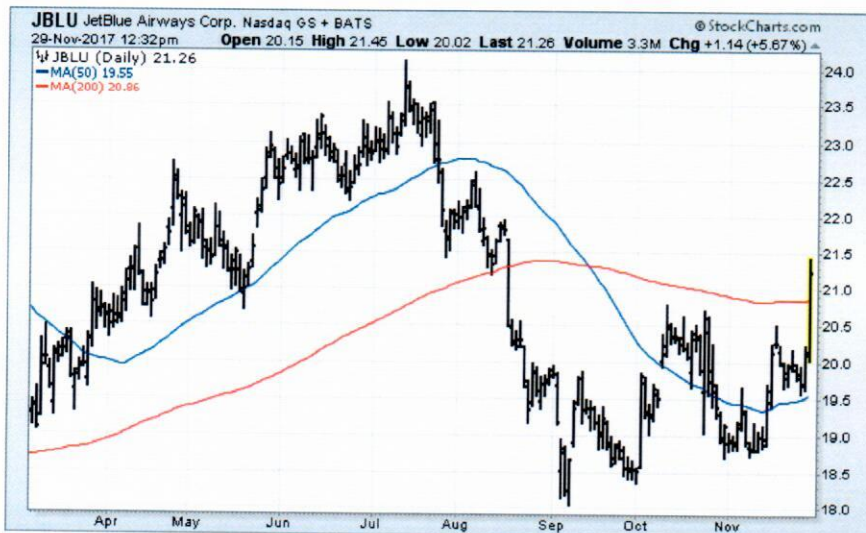
(click to view a live version of this chart)

Chart 6



(click to view a live version of this chart)

Chart 7



(click to view a live version of this chart)

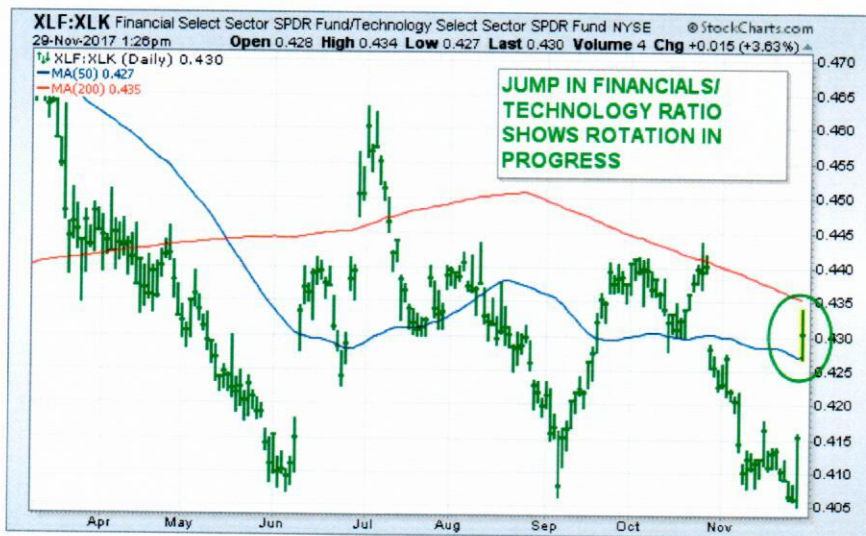
Chart 8



(click to view a live version of this chart)

Chart 9

ROTATION FROM TECH INTO FINANCIALS... Money is pouring into banks and other financial stocks this week. The **Financial SPDR (XLF)** is the week's strongest sector with a weekly gain of more than 4%. And it's reached record territory. Banks are up nearly 5% and have also achieved bullish breakouts. Usually when money moves into financials in a big way, it has to come from somewhere else. And, as we've seen in the past, the money usually comes out of technology stocks. Technology has been the week's biggest loser, and is the only sector in the red for the week. We've seen that rotation before. Chart 10 plots a relative strength ratio of the **Financial SPDR (XLF)** divided by the **Technology SPDR (XLK)**. The spike in the ratio during June marked the last notable rotation out of technology stocks into financials. This week is showing another big jump in the ratio (green circle). One reason for the rotation may be expectations for higher interest rates. Bond yields in the Europe and the U.S. are jumping sharply today. An upward revision of third quarter GDP growth to 3.3% may also have something to do with that. And hopes for tax reform which should give an added boost to the economy. As I explained back in June, technology stocks don't usually do as well in that environment. While financials and other economically-sensitive stock groups usually do. It looks like stock shoppers are selling off more expensive stocks (like technology) and looking for new bargains in places like banks, retailers, and transportation stocks.



(click to view a live version of this chart)

Chart 10

CHIP STOCKS LEAD NASDAQ 100 LOWER... The daily bars in Chart 11 show the **PowerShares Nasdaq 100 (QQQ)** losing nearly 2% today (and in heavy trading). Its daily MACD lines (top of chart) are also turning negative. The QQQ is being dragged down by falling technology shares, and semiconductors in particular. The daily bars in Chart 12 show the **PHLX Semiconductor iShares (SOXX)** falling nearly 5% today in heavy trading. Its MACD lines have also turned negative. The SOXX appears headed down for a test of its 50-day average. While chip stocks are leading technology lower today, bank stocks are leading financial stocks to new highs.

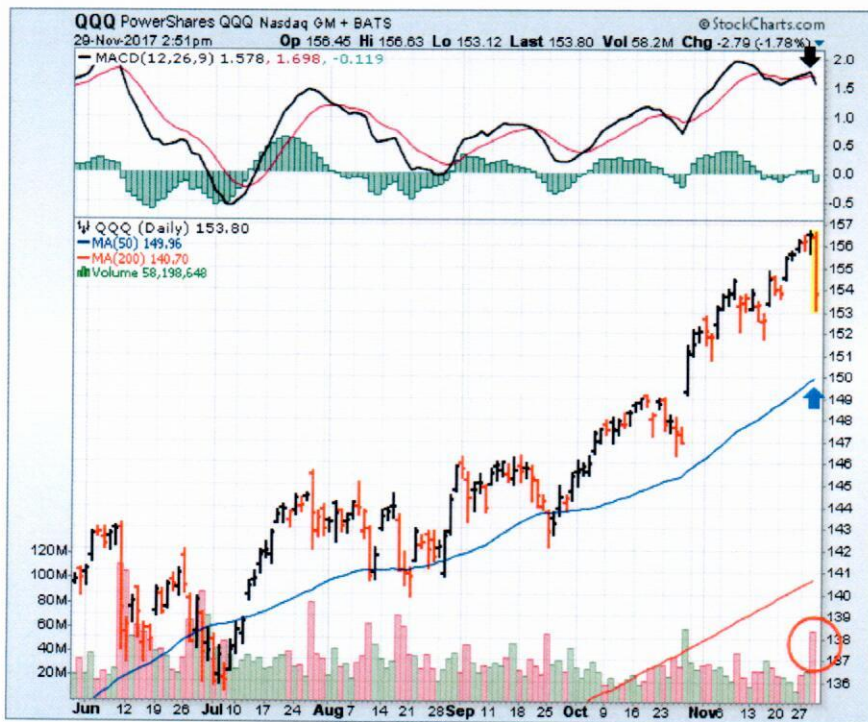


Chart 11



Chart 12

Copyright © StockCharts.com, Inc. All rights reserved.

You may not republish or redistribute this article in any manner without our prior written permission. Use of this article for any purpose other than your own personal, non-commercial use is a violation of our copyright and can subject you to legal liability.

Books and Instructional Videos by John Murphy

Data provided by: [Interactive Data Corp.](#)
 Unless otherwise indicated, all data is delayed by 15 minutes
 © 1999-2017 StockCharts.com. All Rights Reserved.