
Closing out another Pair Trade

1 message

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Worth Charting

May witnessed the wholesale dumping of Consumer Discretionary stocks, with Amazon in free fall and both Target and Walmart, the week of Monday, May 16th experiencing 1-day selloffs greater than any time in either company's history, going back to the 1987 Crash.

More often than not, at moments such as that, it's right to "take the road less traveled", to be bold and buying when other are fearful and selling. The May 16th edition of MONEY N MOT ON sought to do just that. Titled, Short Consumer Staples / Long Consumer Discretionary, the simple report laid out the case.

At this point, 9 weeks later (42 trading sessions) we're thinking it's right to "take the money and run", to close out the trade.

[CLICK HERE](#) for the May 16th report

Ratio Chart "then"... Consumer Discretionary's relative performance to Consumer Staples (XLY/XLP)



Ratio Chart "now"... Consumer Discretionary's relative performance to Consumer Staples (XLY/XLP)

In the period, the S&P 500 Consumer Discretionary is **+3.5%** while Consumer Staples are **-5.0%**. Our thinking is to take the 850 basis point, 9-week gain, and run (49% annualized return).





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