

OptionProfessor.com Alert

September 14th, 2021

Q4 ENERGY MARKETS



BY THE OPTION PROFESSOR

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As we stated in our last [SUBSCRIBER Update](#): the Energy Markets may be the place to be in Q4 as the shares play a mean game of catch up to the underlying commodity price. In our view; the reasons for the tailwinds are as follows

1. supplies (rig counts) have not kept up with the reopening demand by any stretch
2. energy companies have been spending money on everything but increased supply (buy backs, dividend increases and payouts, and issuing debt to pay down higher yielding debt not into increased supplies).
3. the lag time for shale and other supplies including delivery logistics are longer term and the ESG/EV revolution has dissuaded investment into more supply...that will change at some price point as well as alternatives (coal) but we are not there yet. We rely on moving averages to determine the trends so here are some of our conclusions XLE @ 49+ MA's @ 48.34-48.30-48.63...XOP 86+ MA's @ 82.90-80.73-81.29 and some that are in the process of turning SLB @ 28+ MA's 27.88-27.80-28.10...HAL 20+ MA's @ 19.92-19.93-19.94 DVN 28+ MA's 29-28.10-27.45 and more! The RSI's are still sub 50 on some but close to getting into positive 50+ territory...if they do that & the prices firm--up we go! This is still early stage and the stocks have lagged badly but Natural Gas prices (LNG) have risen and winter's coming.....

- The Option Professor, 9/14/21

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