

Friday Favorites- 'Green Baby Green'

Last week's Friday Favorites, 'Drill Baby Drill', screened for traditional carbon-based energy stocks based on the growing probability of a Trump victory. With news of Biden exiting the race and Kamala Harris likely taking his spot, we think it may also be worth looking for green energy stocks that could benefit from Harris rejuvenating the Democrats and possibly winning the election. Bear in mind that even if she wins the nomination and the presidential election, energy policy in the U.S. heavily depends on the political composition of the Senate and House. Currently, the odds favor a Republican sweep of both chambers.

Screening Criteria

We used the Zack's screen tool and considered the following criteria:

- Sector= Alternative Energy and Solar
- Market Cap > \$1 billion
- Domiciled in the U.S.
- Positive Expected EPS Growth Next Five Years
- 15% Expected Sales Growth
- Enterprise Value/EBITDA <25
- Positive Free Cash Flow

Most companies in this budding industry are relatively new and, therefore, not profitable. To mitigate some risk with our screen, we only included stocks with positive cash flows that are profitable today. The downside to such an approach is that we may have eliminated some significant growth opportunities.

Of the four stocks that met our criteria, only one is a genuine alternative energy company (solar-ENPH). DINO, VTLE, and CQP have interests in both carbon based and alternative energy sources.

Company Name	Ticker	Zacks Industry Code	EPS Growth 5 Year LS %	Sales Growth 5 Year LS %	Enterprise Value / EBITDA	Country Domicile Code	Market Capitalization (\$mil)	Free Cash Flow (TTM)
Enphase Energy	ENPH	SOLAR	77.71%	47.80%	23.95	USA	\$14,349	\$404
Hil Sinclair Cp	DINO	OTHER ALT ENERGY	34.25%	25.38%	3.45	USA	\$9,302	\$2,079
Vital Energy	VTLE	OTHER ALT ENERGY	7.43%	23.92%	2.98	USA	\$1,674	\$187
Cheniere Egy Lp	CQP	OTHER ALT ENERGY	17.13%	19.91%	6.74	USA	\$25,707	\$2,764

Technical Summaries

ENPH:

The weekly graph below is ugly. After surging 8x from 2020 to late 2022, the stock has collapsed. This same pattern is typical in many other solar and alternative energy stocks. In mid-2023, ENPH shares broke through critical support (blue) and fell precipitously. Currently, it is trading slightly above a lower support level (red). Following a massive bull run for the stock and sector, poor sentiment has weighed on this stock. A buy near the red line with stop losses in place slightly below the line may bode well if Harris can win and push a green energy agenda.



DINO:

Unlike ENPH, DINO is diversified between renewable energy and traditional energy. Such diversity protects investors from the ebbs and flows of the green energy narratives that drive green energy stocks.

DINO shares are much less volatile than ENPH. The rising blue support line is a good place to buy the stock. It is now resting on it again, providing an excellent entry point with a clearly defined exit to minimize losses. We would like to see the MACD lines cross and turn upwards. RSI is oversold, pointing to a possible up trade.



VTLE:

Like DINO, VTLE has traditional and renewable energy interests, thus providing investors with diversification. The stock has traded in a descending triangle for over three years. The price is stable, with its MACD and RSI trading near fair value. A break above the prior high in April would be bullish. However, our concern is that it breaks below the solid support line at \$40 or meanders nowhere for another six months or longer.



CQP:

CQP is a limited partnership with Cheniere Energy as its parent. Accordingly, it offers investors a high dividend (7.69%). Cheniere Energy distributes liquified natural gas. This company provides investors energy diversification.

The graph below is the best-looking for this group. The blue support line has been a valuable point for buying shares. Its MACD is just turning up on a buy signal. However, its RSI is approaching overbought territory. Williams %R, at the top, confirms that it's slightly overbought. A pullback to the 50dma or the support line would be good entry points. A break below the support line would be troubling.



Disclosure

This report is not a recommendation to buy or sell the named securities. We intend to elicit ideas about stocks meeting specific criteria and investment themes. Please read our [disclosures](#) carefully and do your own research before investing.