

## Five Energy Stocks to Sell

If we presented you with a year-to-date chart of the S&P 500 with no other context and asked which sector has defied gravity and is up over 30%, what would you say? Maybe, traditionally conserve sectors like Utilities, Staples, or Health care? If you picked one of those you may be surprised to learn that Energy has significantly outperformed the S&P 500 this year.

Supply chain challenges and geopolitical conflict sparked a substantial increase in energy prices giving way to massive capital flows into Energy companies as investors chase returns. As shown below, most sectors are deeply oversold but XLE still remains nearly 1.5 standard deviations above its 200dma.



Ticker	Standard Deviations from 20-dma	Standard Deviations from 50-dma	Standard Deviations from 200-dma
XLK	-1.68	-1.82	-2.39
XLV	-1.55	-1.85	-1.67
XLX	-1.93	-2.50	-2.80
XLC	-1.29	-2.01	-2.35
XLH	-1.75	-2.26	-3.37
XLI	-1.91	-2.48	-3.15
XLP	-1.54	-0.10	0.78
XLU	-1.28	-0.92	0.58
XLRE	-2.30	-2.98	-3.21
XLB	-1.97	-1.66	-1.48
XLE	-0.51	-0.05	1.41

With the U.S. Dollar at its strongest point in decades and energy prices well above historical norms, we question whether the energy trade has become too crowded. Relief on the geopolitical front and or signs of demand destruction could send shares of energy companies lower towards long term norms. Such is why we are screening for five energy stocks that remain vulnerable to a pullback.

## Screening Criteria

We used the following screening criteria:

- Energy Sector
- Market Cap >\$300M
- YTD Performance >30%
- Price 20%+ above 200dma
- RSI not oversold (>50)
- % Insider ownership decreased by >15% in last 6 months. (Insider selling occurred)

## Company Summaries (all summaries courtesy of Zacks)

### ConocoPhillips (COP)

ConocoPhillips is primarily involved in the exploration and production of oil and natural gas. Considering proved reserves and production, the company is the largest explorer and producer in the world. The company, founded in 1875, has strong presence across conventional and unconventional plays in 16 countries. ConocoPhillips low risk and cost-effective operations spread across North America, Asia, Australia and Europe. The upstream energy player also has foothold in Canadas oil sand resources and has exposure to developments related to liquefied natural gas (LNG).

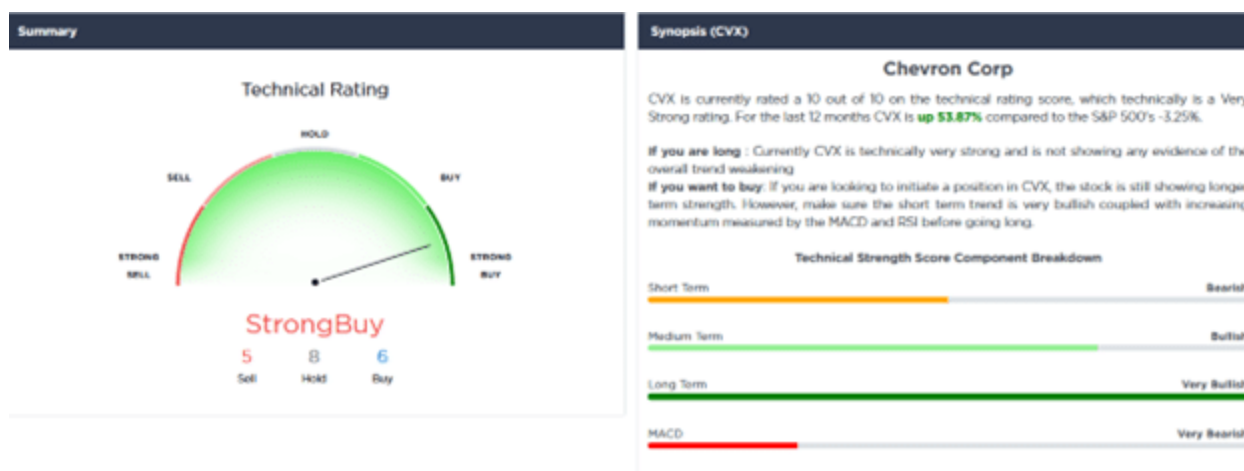
Like most of the stocks in the scan COP is up over 30% year to date. It sits 25% above its 200dma. Some of its technical measures are back close to fair value but the stock price remains extremely elevated.



## Chevron Corporation (CVX)

Chevron Corporation is one of the worlds leading integrated energy companies. Through its subsidiaries that conduct business worldwide, the company is involved in virtually every facet of the energy industry. Chevron explores for, produces and transports crude oil and natural gas; refines, markets and distributes transportation fuels and lubricants; manufactures and sells petrochemicals and additives; generates power; and develops and deploys technologies that enhance business value in every aspect of the company s operations.

CVX is up nearly 40% year to date and well above its 200dma. Like COP, its technical measures are moderating but the stock price has yet to weaken. This has been a function of some price consolidation, not declining prices.



# Hess Corporation (HES)

Hess Corporation is a global integrated energy company. The company engages in exploration, production, development, transportation, purchase and sale of crude oil, natural gas liquids, and natural gas. It has gathering, compressing and processing operations of natural gas as well as fractionating natural gas liquids (NGLs). Additionally, Hess provides gathering, terminaling, loading and transporting operations for both crude oil and NGLs. The company also provides water handling services mainly in the Bakken and Three Forks Shale plays in North Dakota's Williston Basin area. Currently, the company has two operating segments, Exploration and Production (E&P) and Midstream.

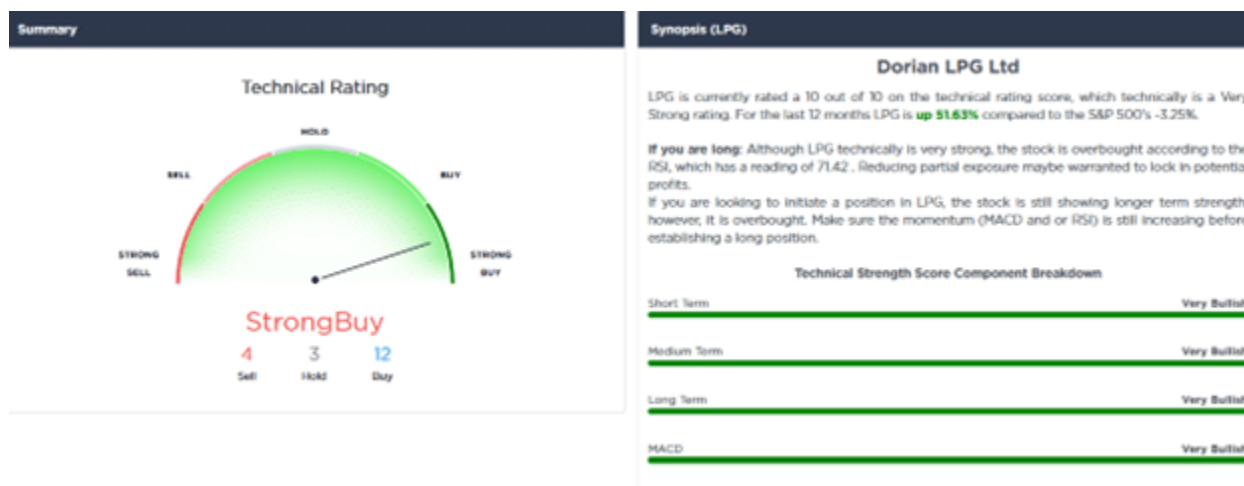
HES is trading at its 50dma which has been good support. Like the other stocks in this screen, it is well above its 200dma. HES is up over 40% for the year but as shown below, it is showing some bearish signals.



# Dorian LPG (LPG)

Dorian LPG Ltd is a liquefied petroleum gas shipping company. It is primarily focused on owning and operating Very Large Gas Carriers (VLGCs). The Company offers its services worldwide. Dorian LPG Ltd is headquartered in the United States.

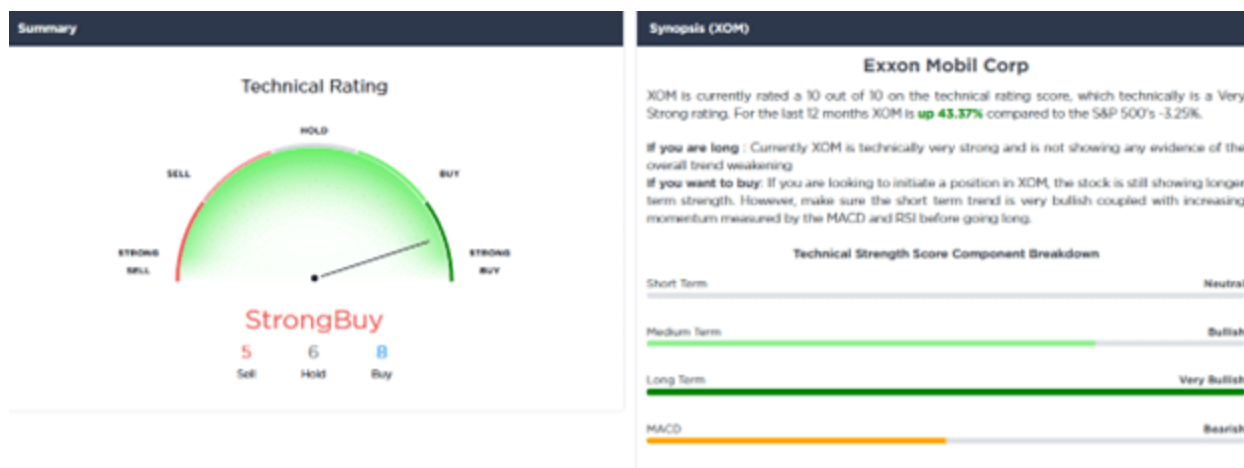
LPG has the highest RSI on this screen at 70 and is the most bullish of the group. LPG is trading over 50% above its 200dma and 20% above its 50dma. The stock is up 20% in the last five trading days. Thus, most technical measures are extremely overbought as shown below.



# Exxon Mobil Corporation (XOM)

Exxon Mobil Corporation is the largest publicly traded international energy company, uses technology and innovation to help meet the worlds growing energy needs. Its principal business is energy, involving exploration for, and production of, crude oil and natural gas, manufacturing of petroleum products and transportation and sale of crude oil and natural gas, natural gas and petroleum products. Exxon Mobil is a major manufacturer and marketer of basic petrochemicals, including olefins, aromatics, polyethylene and polypropylene plastics and a wide variety of specialty products. ExxonMobil holds an industry leading inventory of resources, is one of the largest refiners and marketers of petroleum products and its chemical company is one of the largest in the world.

XOM is trading over 30% above its 200dma and has risen 37% year to date. It is sitting near its 50dma which has proven good support this year. A break of said support could result in a break toward its 200dma.



*We currently hold a 2% stake of XOM in our 60/40 equity model. While we are very cognizant it is overbought, its has proven a good hedge against the broader market. We have trimmed our holdings on numerous occasions to lock profits in.*

## 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.