



Market Coverage

Sector Overview – Energy

Energy Sector Overview

I. Background

- Sector Definition:
 - i. Provides exploration, refining, storage, transportation and other services necessary to produce energy resources.
 - ii. Energy resources include fossil fuels such as oil, natural gas and coal, as well as non-renewable resources like wind and solar.
- Sector Size:
 - i. As of June 21, 2024, Energy Sector is the **8th largest sector** in the economy:
 - 1. More than \$3.83 trillion in public market capitalization.
 - 2. Representing 5.19% of the total market.
- Sector Composition:
 - i. Energy Services and Equipment; Storage and Transportation; Oil, Gas, and Fuel; and Refining Services

II. Players in the Sector

Market Capitalizations as of June 21, 2024

- BP PLC (NYSE: BP) // Market Capitalization ~\$99 Billion
- Chervon Corp (NYSE: CVX) // Market Capitalization ~\$290 Billion

- Conocophillips (NYSE: COP) // Market Capitalization ~\$134 Billion
- Exxon Mobil Corp (NYSE: XOM) // Market Capitalization ~\$151 Billion
- Halliburton Co (NYSE: HAL) // Market Capitalization ~\$30 Billion
- Nextera Energy Inc (NYSE: NEE) // Market Capitalization ~\$151 Billion
- TotalEnergies SE (NYSE: TTE) // Market Capitalization ~\$158 Billion

III. Sector Performance

- Return:
 - i. The sector has returned 6.8% throughout 2024 (year-to-date), based on the performance of the ETF SPDR Fund XLE.
 - ii. Relative to the SPY, the Energy Sector has underperformed the general market by 9.2% YTD 2024.

IV. Additional Notes

- The Energy Sector is cyclical as energy products and services are more heavily demanded during times of economic expansion.
- The sector is largely dependent on the price of energy, which is a direct reflection of market economics (global supply and demand of energy).
 - i. For example: In times of economic expansion, there is typically higher demand for energy resources. All else equal, a higher demand results in a higher price of energy, which would stimulate the sector.
- Oil is the world's most traded commodity and the world's oil production is largely determined by the Organization of Petroleum Exporting Countries ("OPEC").
 - i. OPEC's 2023 World Oil Outlook Report projects peak oil demand will occur in 2045.
 1. This projection is an upward revision from the organization's original guidance.
 2. The upward shift is partly due to less than favorable responses to net-zero carbon emission targets.
- Energy Sector trends that drive the market

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- i. Global conflicts effecting oil producing nations
- ii. The slow shift from reliance on fossil fuels to renewables
- iii. Government regulations relative to carbon emissions
- iv. Electric-friendly infrastructure and better battery storage technology to encourage faster adoption of electric vehicles

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The material in this document reflects performance based on adjusted close prices for June 21, 2024.

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