

Oil & Gas

Sept 27

U.S. crude dipped to \$67.17, and Brent fell 9.8% this week, driven by concerns over a global recession, China's economic slowdown, and OPEC+ supply increases.

Prices rebounded to \$74 after China started unprecedented QE, however went back down after signaled that Saudi Arabia's thinking, said the country is ready to abandon its unofficial price target of \$100 a barrel for crude in order to regain market share.

While the Organization of the Petroleum Exporting Countries, which is comprised of 12 of the world's major oil-exporting nations including Saudi Arabia, has been cutting output since 2022, the US and other oil-producing nations have been increasing theirs. Last year, the US produced record amounts of oil and gas.

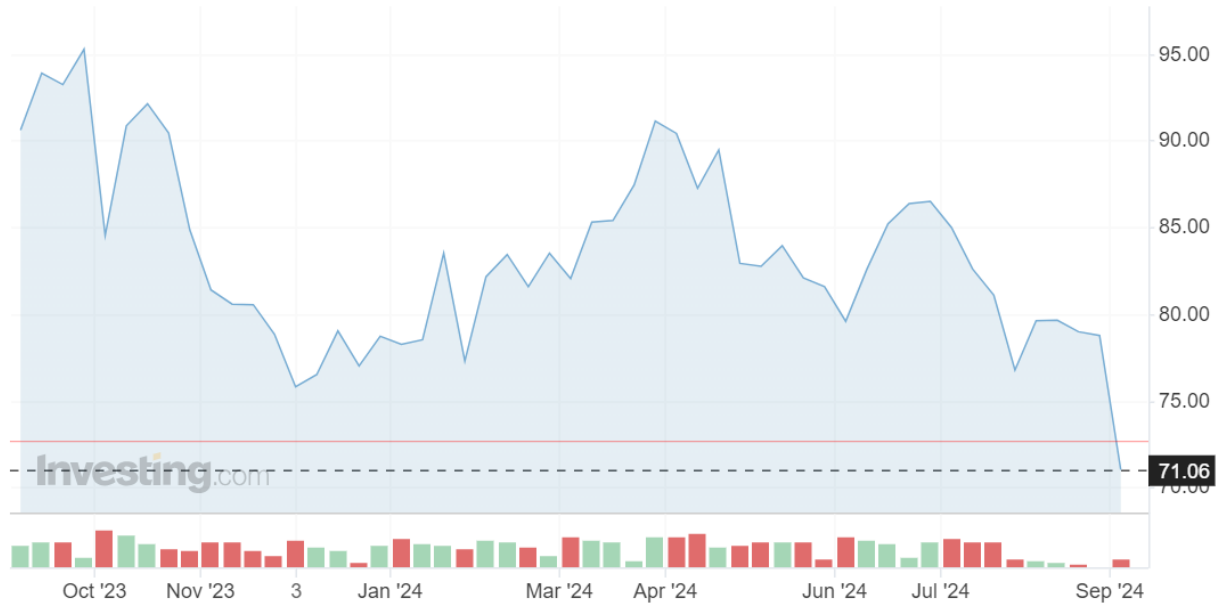
The analysts predict Brent will average \$75 per barrel in the fourth quarter of this year, \$5 lower than the prior downwardly revised forecast of \$80 issued in late August.

JPMorgan recently cut its fourth quarter forecast from \$85 to \$80 per barrel, citing "oil's large underperformance" in August.

Brent Oil Futures ▼ 71.06 -1.63 (-2.24%)



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1. **OPEC+ Supply Control:** OPEC+ has delayed its planned output increases for October and November, tightening supply by up to 200,000 barrels per day. This move is expected to balance the market and prevent inventory builds, even if demand from China remains weak.
2. **U.S. Crude Drawdown:** The U.S. Energy Information Administration (EIA) reported a significant drawdown of 6.9 million barrels from crude oil storage, far exceeding analyst expectations. This signals tighter supply conditions, which could support rising oil prices.
3. **Strong Demand Signals:** Analysts at Macquarie noted stronger-than-expected demand for gasoline, distillates, and jet fuel. Total consumption reached 17.3 million barrels per day, signaling robust demand that could fuel price increases.
4. **Supportive Interest Rate Environment:** Lower bond yields create a positive backdrop for dividend-paying oil equities. Declining interest rates reduce borrowing costs for companies and improve valuations by lowering the discount rate applied to stocks, potentially enhancing their value.

Top Oil and Gas Dividend Picks

Energy Transfer LP (ET)

Energy Transfer operates essential infrastructure for transporting natural gas, crude oil, and refined products. With natural gas expected to play a key role in the energy transition, Energy Transfer stands to benefit. The company has raised its dividend for three consecutive years, offering an attractive yield of nearly 8%, far above the energy sector average.

MPLX LP (MPLX)

This master limited partnership was created by Marathon Petroleum to manage midstream energy infrastructure. MPLX has less sensitivity to commodity prices and offers a reliable dividend yield of 7.9%. The company has increased its dividend for 10 consecutive years, providing consistent income for investors.

Exxon Mobil Corp. (XOM)

Exxon Mobil, a Dividend Aristocrat, has raised its dividend for 41 consecutive years and currently yields 3.2%. The company’s recent merger with Pioneer Natural Resources and its focus on efficient resource recovery positions it for strong future returns. Exxon’s consolidation of its trading desks is expected to improve efficiency

Company	Ticker	Dividend %	MCap, bn	P/E x	Description
ExxonMobil	XOM	3.37%	\$ 500	13.5	A leading integrated oil supermajor.
Chevron	CVX	4.71%	\$ 253	13.8	An oil supermajor with upstream, midstream, and downstream operations.
EOG Resources	EOG	3.02%	\$ 68	9.3	An exploration and production company with assets concentrated in the United States.
Phillips 66	PSX	3.59%	\$ 54	10.9	A diversified energy manufacturing and logistics company.
Energy Transfer	ET	8.06%	\$ 54	13.4	Energy Transfer is a pipeline company that focuses on transporting, storing and terminaling natural gas, natural gas liquids, liquid natural gas, crude oil and refined products.
Kinder Morgan	KMI	5.44%	\$ 46	19.3	An energy infrastructure company that operates pipelines and terminals throughout North America.
MPLX LP	MPLX	7.98%	\$ 43	10.3	Company own, operate, develop and acquire midstream energy infrastructure assets.



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