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Monthly Insights: November Outlook

Energy

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ETFInsight Elev8 Model
Model and constituent update: October 30, 2026

Energy: The Largest Active Overweight

November Elev8 allocations • active weight descending

Rank / ETF	Score	BMK %	Elev8 %	Active pp
1 VDE	6	3.80	10.00	**+6.19**
2 VHT	4	10.33	16.16	**+5.83**
T3 VGT	3	37.15	40.14	**+2.99**
T3 VFH	3	12.29	14.41	**+2.12**
5 VDC	-1	4.88	6.22	**+1.34**
T6 VPU	-2	2.05	2.99	**+0.94**
T6 VNQ	-2	1.77	2.26	**+0.49**
T6 VIS	-2	8.07	7.83	**-0.24**
T6 VAW	-2	1.91	0.00	**-1.91**
10 VCR	-3	8.87	0.00	**-8.87**
11 VOX	-6	8.88	0.00	**-8.88**

VDE: 10.00% portfolio weight versus 3.80% benchmark; active weight +6.19 pp. Score +6, rank 1. The table places this sector's exposure in the full portfolio context.

The November model gives Energy the lead. VDE rises from 6.98% in October to 10.00%, versus a 3.80% benchmark weight. The +6 score ranks first and the 6.19-percentage-point overweight is the portfolio's largest.

Fresh earnings support the allocation. ExxonMobil and Chevron's October 30 reports show strong refining cash generation and utilization. Their results reinforce the earnings support beneath the existing price uptrend.

Energy also diversifies the inflation exposure. Higher fuel prices can support producers while squeezing consumers and energy users. This makes Energy a useful complement to the portfolio's new defensive positions, although it remains a cyclical equity exposure.

The main risk is margin normalization. Exceptional product margins can reverse as supply recovers or demand weakens. The larger weight requires discipline about sustainable earnings rather than extrapolating the strongest quarter indefinitely.

Energy Technicals: The Uptrend Reasserts Itself



Price has regained leadership. In the chart through October 29, VDE at 192.01 stands above both moving averages after the late-summer pullback. The 50-day average near 181.77 now provides the first trend support; holding it would preserve the latest advance.

Longer-term support is well below the market. The rising 200-day average near 166.13 anchors the broader trend. The distance to that level shows why a strong trend can still experience a meaningful correction without immediately reversing.

Momentum confirms, with a modest cushion. RSI near 63 supports continued buying pressure. MACD is above its signal line, although the small positive histogram argues for watching follow-through rather than assuming acceleration.

The relative advance is substantial. Energy has outperformed the S&P 500 by 39.59% over the November-to-October twelve-month daily window. Valero's October 22 earnings release coincided with the late-month advance and confirms strong refining economics; it does not by itself explain the ETF's entire move.

Energy Fundamentals: Strong Cash, Cyclical Earnings



The balance sheet provides capacity. The monthly chart ends with an 8.91% trailing net margin and debt / EBITDA of 1.43x. That leaves the aggregate less leveraged than many capital-intensive sectors, though individual commodity exposures differ.

The estimate curve is not a straight line. Trailing P/E of 16.13x compares with 12.70x on NTM earnings. FY2 EPS of 13.27 is below FY1's 14.47, even though NTM EPS of 13.57 exceeds trailing EPS of 10.17. The chart therefore embeds recovery and subsequent moderation.

Fresh integrated-company results confirm cash strength. ExxonMobil's October 30 release reported $25.7bn of Q3 operating cash flow and $19.1bn of free cash flow. This supports the larger allocation with realized cash rather than earnings estimates alone.

Peak profitability still needs normalization. Exxon's adjusted earnings of $17.5bn exceeded GAAP earnings of $15.4bn. Alongside Valero's exceptionally strong refining quarter, the result argues for separating recurring capacity gains from unusually favorable product margins.

Energy Valuation: Earnings Quality and Price Confirmation

Selected constituents • relative P/E ascending

Stock	Rel. P/E	1M excess	50DMA dist.
VLO	**0.38x**	-1.5%	-3.1%
MPC	**0.39x**	+9.6%	+3.8%
PSX	**0.46x**	+7.8%	+3.0%
EOG	**0.53x**	+16.2%	+9.1%
COP	**0.75x**	+18.9%	+10.5%
CVX	**0.77x**	+12.5%	+8.9%
XOM	**0.79x**	+12.9%	+9.6%
SLB	**0.96x**	+7.2%	+2.4%

Relative P/E, low to high. Compare each discount or premium with its one-month excess return and position against the 50-day average.

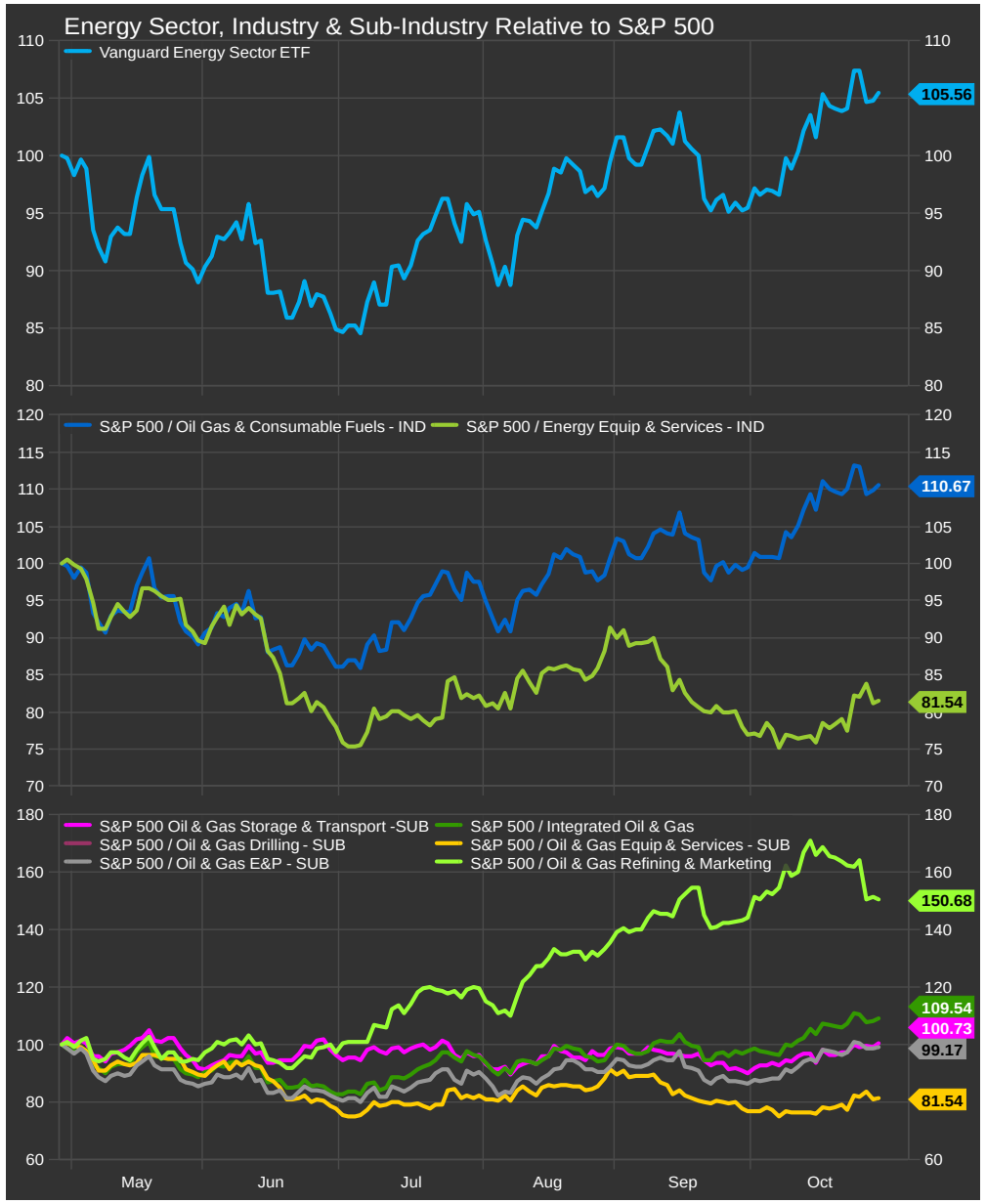
Refining discounts can reflect normalization risk. MPC and VLO sit among the lower relative multiples. Their current profitability should be evaluated against the risk that product margins revert, rather than treated as a perpetual earnings run rate.

Producers require commodity discipline. EOG, COP, Chevron and Exxon offer different production and investment profiles. The table compares valuation with current price confirmation; it cannot make their oil and gas sensitivities interchangeable.

Services growth needs an acquisition adjustment. SLB's October 23 Q3 release reported revenue growth of 6%, but only 2% excluding ChampionX. That distinction matters when comparing its multiple with producers benefiting more directly from higher realized commodity prices.

Valuation and price confirmation differ. VLO trades at 0.38x the index's P/E and 3.1% below its 50-day average. XOM trades at 0.79x and 9.6% above its 50-day average. The comparison helps distinguish a lower price from a better-supported earnings opportunity.

Energy Relative Trends: Refining Carries the Industry Lead



The six-month gain is more measured. VDE has outperformed the S&P 500 by 5.56% from May through October. This starts after the early-year surge and should not be confused with the much larger twelve-month technical-chart gain.

Refining is the exceptional leader. Refining and marketing has outperformed by 50.68%, versus 9.54% for integrated oil and gas. Valero's earnings confirm that this relative strength coincides with a sharp improvement in refining profitability.

The upstream and service signals are weaker. Exploration and production has underperformed by 0.83%; equipment and services has lagged by 18.46%. Stronger spot oil prices have not translated into equivalent leadership across every supplier and producer.

Midstream offers another operating channel. Storage and transportation has outperformed by only 0.73%. Kinder Morgan's October 21 release showed adjusted EBITDA growth of 9%; contracted infrastructure earnings can improve without matching refiners' dramatic relative returns.

Energy Breadth: October 30 Constituent Update

Outperforming share descending • one-month returns

Industry	Stocks	Beat BMK	>50DMA	Median ex.
Oil Gas & Consumable Fuels	18	**88.9%**	83.3%	+10.9%
Energy Equipment & Services	3	**66.7%**	66.7%	+7.2%

Outperforming share, high to low. Median sector excess return is +10.85% over one month. Participation supports the larger overweight.

Current participation. 18 of 21 constituents with valid one-month returns beat the benchmark. 17 of 21 trade above their 50-day averages.

Participation supports the larger overweight. Recent strength extends into exploration and production as well as integrated companies. The allocation does not depend solely on the exceptional refining curve.

Portfolio implication. The useful test is whether this broader participation persists when crude or product margins normalize.

Energy Themes: Commodity Profits and Infrastructure Demand

Company evidence and the conditions for sustained returns

Midstream growth has a power-demand component. Kinder Morgan's October 21 Q3 release put its project backlog at $14.4bn, including $13.2bn in natural gas. More than three-quarters of the backlog serves power generation or local distribution. These are future projects, not current-period earnings.

Services expansion is real but modest on a comparable basis. SLB reported Q3 revenue of $9.45bn. The slower growth excluding ChampionX makes customer spending and project execution more informative than the headline acquisition-assisted increase.

Integrated producers add current operating confirmation. Chevron's October 30 report showed 98% U.S. refinery utilization and adjusted earnings of $10.4bn. Strong throughput supports the profit base, while the gap from $9.9bn GAAP earnings underscores the need for a clean earnings comparison.

The larger position has multiple earnings drivers. Refining and integrated production provide immediate cash support. Gas infrastructure offers a longer project cycle. Services still needs broader customer spending. Keeping those mechanisms separate helps identify where the overweight would be vulnerable first.

Top 10 Stock Performers: Energy

Rolling one-month excess return • highest to lowest

Company	Industry	Pattern	1M ex.	Rel. P/E	Mom.	Beta
APA (APA)	Oil Gas & Consumable Fuels	Bullish Reversal	**+22.0%**	0.49x	28.3	-0.60
ConocoPhillips (COP)	Oil Gas & Consumable Fuels	Bullish Reversal	**+18.9%**	0.75x	18.7	-0.48
EOG Resources (EOG)	Oil Gas & Consumable Fuels	Bullish Reversal	**+16.2%**	0.53x	9.8	-0.28
Occidental Petroleum (OXY)	Oil Gas & Consumable Fuels	Bullish Reversal	**+14.0%**	0.62x	6.9	-0.45
Targa Resources Corp (TRGP)	Oil Gas & Consumable Fuels	Uptrend	**+13.5%**	1.36x	13.9	0.47
Halliburton (HAL)	Energy Equipment & Services	Consolidation	**+13.1%**	0.68x	4.4	0.57
Exxonmobil Holdings (XOM)	Oil Gas & Consumable Fuels	Bullish Reversal	**+12.9%**	0.79x	12.1	-0.44
Chevron (CVX)	Oil Gas & Consumable Fuels	Bullish Reversal	**+12.5%**	0.77x	14.5	-0.09
Diamondback Energy (FANG)	Oil Gas & Consumable Fuels	Consolidation	**+11.5%**	0.52x	1.2	0.03
EQT (EQT)	Oil Gas & Consumable Fuels	Support	**+10.9%**	0.81x	-0.8	-0.13

S&P 500 Energy constituents • FactSet / MTIR • October 30, 2026

Selection evidence. APA, COP and EOG lead the monthly table. Recent producer strength broadens the support beneath an Energy allocation whose longer relative curve had relied heavily on refining.

Model context. 7 of these ten stocks contribute positively and 3 negatively to the model score. Recent returns and model classifications need not agree.

Bottom 10 Stock Performers: Energy

Rolling one-month excess return • lowest to highest

Company	Industry	Pattern	1M ex.	Rel. P/E	Mom.	Beta
Baker Hughes A (BKR)	Energy Equipment & Services	Retracement	**-3.2%**	1.01x	-13.1	0.94
Valero Energy (VLO)	Oil Gas & Consumable Fuels	Uptrend	**-1.5%**	0.38x	19.8	0.21
Texas Pacific Land (TPL)	Oil Gas & Consumable Fuels	Retracement	**-0.9%**	1.74x	-17.8	0.03
Expand Energy (EXE)	Oil Gas & Consumable Fuels	Retracement	**+6.7%**	0.58x	-5.3	-0.12
SLB (SLB)	Energy Equipment & Services	Bullish Reversal	**+7.2%**	0.96x	2.2	0.73
Phillips 66 (PSX)	Oil Gas & Consumable Fuels	Uptrend	**+7.8%**	0.46x	26.1	0.56
Williams Companies (WMB)	Oil Gas & Consumable Fuels	Consolidation	**+8.4%**	1.53x	2.4	0.36
Devon Energy (DVN)	Oil Gas & Consumable Fuels	Bullish Reversal	**+9.1%**	0.52x	6.3	-0.23
ONEOK (OKE)	Oil Gas & Consumable Fuels	Consolidation	**+9.6%**	0.84x	4.1	0.29
Marathon Petroleum (MPC)	Oil Gas & Consumable Fuels	Uptrend	**+9.6%**	0.39x	34.5	0.24

S&P 500 Energy constituents • FactSet / MTIR • October 30, 2026

Selection evidence. Only BKR, VLO and TPL show negative excess returns. The other entries still outperform. VLO's weak month alongside exceptionally strong refining earnings shows why current profits do not guarantee a positive stock reaction.

Model context. 5 of these ten stocks contribute positively and 5 negatively to the model score. Recent returns and model classifications need not agree.

Energy: Tight Products, Growing Gas Demand, Inflation Risk

Distillate inventories support current refining conditions. EIA's October 6 outlook placed East Coast inventories 32% below their five-year seasonal average. Tightness helps explain the operating backdrop, but also raises the risk of demand destruction or policy responses if consumer costs remain high.

Gas demand is developing through a different channel. EIA forecast U.S. LNG exports of 18 billion cubic feet per day in 2026, versus 15 in 2025, and 19 in 2027. Those are forecasts, supporting an infrastructure thesis rather than a claim about realized future volumes.

The inflation feedback can limit the benefit. September energy CPI rose 20.4% year over year in the October 14 release. The Fed then held rates at 3.75%–4.00% on October 28. Higher energy revenue can therefore coexist with tighter financial conditions and pressure on end demand.

November checkpoints. CPI on November 10 and PPI on November 13 will test pass-through into consumer and producer prices. Watch product inventories and project execution alongside crude: they bear directly on whether current margins and cash flows persist.

Elev8 Components: Energy

Total score descending • ties ordered by active weight

ETF	Pat.	Mean	Wtd.	OB/OS	Sector	Ind.	Cmdty Up	USD Up	Total
VDE	1	1	1	0	2	1	1	-1	**6**
VHT	1	1	1	0	2	1	-1	-1	**4**
VGT	1	1	1	0	1	0	-1	0	**3**
VFH	0	1	1	0	0	0	0	1	**3**
VDC	0	-1	-1	0	0	0	1	0	**-1**
VPU	0	-1	-1	0	0	0	1	-1	**-2**
VNQ	0	-1	-1	0	0	0	1	-1	**-2**
VIS	0	-1	1	0	-1	-1	1	-1	**-2**
VAW	0	-1	-1	0	0	0	1	-1	**-2**
VCR	0	-1	-1	0	0	-1	-1	1	**-3**
VOX	-1	-1	-1	1	-1	-1	-1	-1	**-6**

VDE total: +6 | Elev8 weight: 10.00% | Active weight: +6.19 pp. The score grid highlights the signals supporting or challenging this sector's November position.

Current signal balance. Positive inputs: Pattern +1, Mean +1, Weighted +1, Sector +2, Industry +1, Commodity-up +1. Negative inputs: USD-up -1.

Allocation significance. Broader producer participation and sustained cash generation support the increased weight. Normalizing refining margins or weaker services orders would identify where the current strength is becoming less durable.

Comparison with October. November scores use eight components, with commodity and dollar trend inputs replacing October's equity and rates inputs. Total-score changes from October are therefore not strictly comparable. The displayed weights are the November model allocations.

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