Analyzing 3 Insurance Stocks With Buy Potential

The Property and Casualty (P&C) insurance industry's prospects appear promising, thanks to robust demand and rapid digitalization. Moreover, insurance companies benefit from higher interest rates. Thus, quality insurance stocks W.R. Berkley (WRB), CNA Financial (CNA), and Donegal Group (DGICA) could be ideal buys now. Continue reading….

The P&C insurance industry is projected to grow significantly owing to robust demand, driven by rising urbanization and rising awareness about insurance benefits combined with increasing digitalization. Further, a high-interest rate environment positively impacts the profitability of P&C insurers as they realize greater profits due to an increased yield from their underlying bond investments.

Amid this backdrop, it could be wise to invest in fundamentally sound insurance stocks W.R. Berkley Corporation (WRB), CNA Financial Corporation (CNA), and Donegal Group Inc. (DGICA) for potential gains.

Despite several macro headwinds, the Property and Casualty (P&C) insurance industry is expected to witness significant growth and expansion, driven by sustained demand for its offerings. According to a report by Global Market Insights, the P&C insurance market is expected to reach $3.02 trillion by 2032, growing at a CAGR of 5.5% from 2023 to 2030.

As the Gross Domestic Product (GDP) rises, businesses and individuals have more to protect, increasing demand for P&C insurance products, including property, liability, and business interruption coverage. The Commerce Department reported that GDP grew at a 4.9% annualized pace, above the 4.7% estimate and up from an unrevised 2.1% pace in the second

quarter.

In addition, growing urbanization would boost the P&C insurance market’s growth as an increasing concentration of properties and businesses in urban areas drives demand for insurance coverage on properties, homes, commercial enterprises, and automobiles. Also, another primary growth driver is the rising awareness about insurance benefits.

Digital technology is further transforming every aspect of the P&C insurance industry. Insurance companies increasingly leverage technology to enhance customer experiences, streamline operations, and make data-driven decisions.

Some technology trends gaining traction in the industry include Artificial Intelligence (AI), machine learning, the Internet of Things (IoT), Telematics and Usage-Based Insurance (UBI), data analytics and predictive modeling, blockchain technology, digital claims processing, cybersecurity and data protection, robotic process automation (RPA) and mobile applications.

Moreover, a high-interest rate environment positively impacts the insurance industry. Insurers generate revenue by charging premiums in exchange for coverage, with the collected premiums invested in interest-generating assets, which create higher yields when interest rates rise.

The Federal Reserve raised its key rate 11 consecutive times since March 2022 to fight multi-decade high inflation. The central bank’s benchmark interest rate is now in the 5.25%-5.50% range, the highest level in 22 years. At the end of its two-day monetary policy meeting in November, the Fed left interest rates unchanged.

Fed Chairman Powell Jerome recently suggested that keeping the central bank’s benchmark rate for a prolonged period could slow the economy and control inflation. The likelihood of the Fed keeping interest rates higher for longer should bode well

for the insurance company.

Investors' interest in insurance stocks is evident from SPDR S&P Insurance ETF's (KIE) 8.7% returns over the past six months.

Considering these encouraging trends, let's analyze the fundamental aspects of the three best Insurance – Property & Casualty stocks, beginning with the third choice.

Stock #3: CNA Financial Corporation (CNA)

CNA offers commercial property and casualty insurance products internationally. The company operates through Specialty; Commercial; International; Life & Group; and Corporate & Other segments. It serves several professional firms, including architects, real estate agents, and accounting and law firms.

On October 30, CNA declared a quarterly dividend of $0.42 per share, payable on November 30, 2023. Its annual dividend of $1.68 per share translates to a 4.31% yield at the current price level. Over the past five years, the company's dividend payouts have grown at a 5.3% CAGR. Its four-year average dividend yield is 8.19%.

Moreover, CNA has raised its dividends for seven consecutive years.

For the third quarter ended September 30, 2023, CNA's Property & Casualty Operations segment net earned premiums increased 9.1% year-over-year to $2.30 billion. Its net investment income grew 31% from the year-ago value to $553 million. The company's core income came in at $289 million, or $1.06 per share, up 572.1% and 562.5% from the prior year's quarter, respectively.

Analysts expect CNA's revenue and EPS for the fiscal year (ending December 31, 2023) to increase 10.6% and 16.3% year-over-year to $13.36 billion and $4.47, respectively. Also, the

company has surpassed the consensus revenue and EPS estimates in three of the trailing four quarters.

For the fiscal year 2024, the company's revenue and EPS are expected to grow 6.2% and 12.3% from the prior year to $14.19 billion and $5.02, respectively.

CNA's stock has plunged 1.6% over the past month to close the last trading session at $38.96.

CNA's sound fundamentals are reflected in its POWR Ratings. The stock has an overall rating of B, translating to a Buy in our proprietary rating system. The POWR Ratings assess stocks by 118 different factors, each with its own weighting.

The stock has an A grade for Stability and Momentum. Within the Insurance – Property & Casualty industry, CNA is ranked #12 out of 56 stocks.

In addition to the POWR Ratings stated above, one can access CNA's Growth, Value, Sentiment, and Quality ratings here.

Stock #2: W.R. Berkley Corporation (WRB)

WRB is a global insurance holding company that operates as a commercial lines writer. It operates in two segments: Insurance and Reinsurance & Monoline Excess. It offers workers' compensation insurance products, accident and health insurance and reinsurance products, insurance for commercial risks, casualty and specialty environmental products, and more.

On October 4, WRB paid a special cash dividend on its common stock of 50 cents ($0.50) per share to stockholders of record at the close of business on September 25. Together with the $0.50 special dividend that was paid on January 24, this will bring special cash dividends paid during 2023 to $1 per share.

Additionally, the company paid a regular quarterly cash dividend of 11 cents ($0.11) per share to its stockholders.

WRB pays a dividend of $0.44 annually, which translates to a yield of 0.65% on the prevailing share price. Its dividend payouts have grown at a CAGR of 10.3% over the past five years. Its four-year average dividend yield is 1.91%.

In addition, the company has raised its dividends for 17 straight years.

In the third quarter that ended September 30, 2023, WRB's net premiums written increased 10.5% year-over-year to $2.85 billion. Its total revenues grew 11.2% from the year-ago value to $3.03 billion. Net income to common stockholders rose 45.7% from the prior year's quarter to $333.59 million. Also, the company's net income per share was $1.23, up 49.4% year-over-year.

Street expects WRB's revenue to increase 9.6% year-over-year to $10.47 billion for the fiscal year ending December 2023. The company's EPS is expected to grow 9.8% year-over-year to $4.81 in the current year. Moreover, WRB topped the consensus EPS estimates in three of the trailing four quarters.

Over the past month, the stock has gained 7% and 16.4% over the past six months to close the last trading session at $68.15.

WRB's POWR Ratings reflect solid prospects. The stock has an overall B rating, which translates to a Buy in our POWR rating system.

WRB has an A grade for Momentum and a B for Stability. Within the Insurance – Property & Casualty industry, WRB is ranked #11 among 56 stocks.

Click here to see the other ratings of WRB for Sentiment, Value, Growth, and Quality.

Stock #1: Donegal Group Inc. (DGICA)

DGICA is an insurance holding company that provides personal

and commercial lines of property and casualty insurance to businesses and individuals across 23 Mid-Atlantic, Midwestern, New England, Southern and Southwestern states. It operates through three segments: Investment Function; Personal Lines of Insurance; and Commercial Lines of Insurance.

On October 19, DGICA's Board of Directors declared a regular quarterly cash dividend of $0.17 per share of the company's Class A common stock and $0.1525 per share of the company's Class B common stock. The dividends are payable on November 15 to stockholders of record as of the close of business on November 1.

DGICA pays an annual dividend of $0.68 per share, which translates to a yield of 0.65% on the current share price. Its dividend payouts have grown at a CAGR of 4.3% over the past three years. Its four-year average dividend yield is 4.30%. Also, the company has increased its dividends for 17 consecutive years.

DGICA's net premiums earned increased 8.9% year-over-year to $224.39 million for the third quarter that ended September 30, 2023. Its net investment income rose 23% year-over-year to $10.54 million. Its total revenues were $233.93 million, up 9.9% from the prior year's quarter.

In addition, the company's non-GAAP operating income was $176 thousand, compared to an operating loss of $8.51 million a year ago.

Analysts expect DGICA's EPS to increase 88.9% year-over-year to $0.17 for the fourth quarter ending December 2024. Its EPS and revenue for the fiscal year 2024 are estimated to grow 228.6% and 4.9% year-over-year to $1.15 and $966.54 million, respectively. Also, the company has surpassed the consensus revenue estimates in three of the trailing four quarters.

Shares of DGICA have gained 2.2% over the past six months to close the last trading session at $14.42.

DGICA’s robust outlook is reflected in its POWR Ratings. The stock has an overall rating of B, which equates to a Buy in our proprietary rating system.

The stock has an A grade for Momentum and Stability. It also has a B grade for Growth. DGICA is ranked #10 in the same industry.

Beyond what is stated above, we’ve also rated for Value, Quality, and Sentiment. Get all DGICA ratings here.

What To Do Next?

Discover 10 widely held stocks that our proprietary model shows have tremendous downside potential. Please make sure none of these “*death trap*” stocks are lurking in your portfolio:

10 Stocks to SELL NOW! >

WRB shares were unchanged in premarket trading Monday. Year-to-date, WRB has declined -4.22%, versus a 16.49% rise in the benchmark S&P 500 index during the same period.

About the Author: Mangeet Kaur Bouns

Mangeet’s keen interest in the stock market led her to become an investment researcher and financial journalist. Using her fundamental approach to analyzing stocks, Mangeet’s looks to help retail investors understand the underlying factors before making investment decisions.

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Green Light for Stocks!

The late summer correction for stocks is over as we have bounced ferociously from bottom. This is easy to see as the S&P 500 (SPY) keeps leaping over technical hurdles like the 50, 100 and 200 day moving averages. This green light for stocks will stay true as long as we avoid recession. So diagnosing the health of the economy is the most important thing that investors can do now. After that is selecting the best stocks & ETFs to outperform. That is exactly what Steve Reitmeister delivers in his most recent market commentary below.

Stocks have nicely bounced from recent bottom. The key ingredient being the lowering of bond rates that was starting to crush the soul of stock investors.

Not only have we found bottom, but the S&P 500 (SPY) is back above key technical levels (50/100/200 day moving averages) that point to more bullish upside ahead. Also helping matters is the positive bias for stocks during the holiday season…what is typically called the Santa Claus rally.

Let’s dive in more to these key dynamics and what it tells us about the investing climate in the weeks and months ahead.

Market Commentary

The bonds rates up > stocks down dynamic was the key story August through October. Some just talked about it as a case of rate normalization back to more typical historical levels. While others talked about the possibility of more ominous trends like a debt crisis with severely higher rates > recession risk > bear market outcome.

For now, that crisis argument is swept under the rug with the more benign rate normalization being the more likely scenario. Unfortunately, a new potential boogeyman has also crept up in the investment conversation. That being the possibility that bond rates are coming down because of increased odds of future recession.

That is incredibly hard to see from Q3 GDP coming in at a robust +4.9% clip. However, history has many examples of hot quarters like this being the last gas of an expanding economy before tipping over into recessionary territory.

This is especially true in higher inflation environments where consumers are afraid of waiting too long on purchases given that prices will be higher in the future. This "pulls forward" demand to create a stronger GDP reading now…and weaker, sometimes recessionary readings in the future.

Could that be happening now?

That was the focus of my last commentary you can read here: The Dark Side of the Recent Stock Rally.

The main point is that lower rates is good for the stock market as long as there is no recession forming. Slowing growth is also fine. +4.9% is well above trend and not sustainable. Cooling down to about 2% growth would be just fine to ease recessionary pressures and keep the economy and stock market rolling merrily forward.

Well the updated estimate for GDP estimate for Q4 from GDPNow is right on target at +2.1%. At this stage we are not even 20% done with the data that will be part of the final reading. So plenty of time for that to improve or devolve. Our job is to keep watching it closely which will be a central part of my upcoming commentaries.

Lastly, a late note to share as the market went from green to red on statements by Fed Chairman Powell. The headline on CNBC

reads “Powell Says Fed is not confident it has done enough to bring down inflation”.

I’m sorry that is a silly excuse for a sell off because it echoes 110% of what he said at the 11/1 press conference. There is nothing new in that take and continues to leave the door open to the Fed raising rates…or doing nothing at their next meeting.

Interestingly the CME’s FedWatch tool is now at 14.5% likelihood of a raise at the next meeting on 12/13 which is down from 24.4% estimate a month ago. So this is not market changing news. Just an easy excuse to take some recent trading profit off the table before the next leg higher.

For now we have a fundamental green light and a technical green light (above 50/100/200 day moving averages) which says a good time to be investing in stocks. The key, as always, is determining which stocks have the best chance for future outperformance. That is what we will discuss in the next section…

What To Do Next?

Discover my current portfolio of 7 stocks packed to the brim with the outperforming benefits found in our POWR Ratings model.

Plus I have added 4 ETFs that are all in sectors well positioned to outpace the market in the weeks and months ahead.

This is all based on my 43 years of investing experience seeing bull markets…bear markets…and everything between.

If you are curious to learn more, and want to see these 11 hand selected trades, then please click the link below to get started now.

Steve Reitmeister’s Trading Plan & Top Picks >

Wishing you a world of investment success!

Steve Reitmeister…*but everyone calls me Reity (pronounced "Righty")*
CEO, StockNews.com and Editor, Reitmeister Total Return

SPY shares fell $0.54 (-0.12%) in after-hours trading Friday. Year-to-date, SPY has gained 16.49%, versus a % rise in the benchmark S&P 500 index during the same period.

About the Author: Steve Reitmeister

Steve is better known to the StockNews audience as "Reity". Not only is he the CEO of the firm, but he also shares his 40 years of investment experience in the Reitmeister Total Return

portfolio. Learn more about Reity’s background, along with links to his most recent articles and stock picks.

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Intel (INTC) vs. Taiwan Semiconductor Manufacturing (TSM) – Determining the Profitability of Chip Stocks

With the extensive use of chips in multiple applications and favorable government initiatives, the semiconductor industry is poised for robust growth and expansion. Chip stocks Intel (INTC) and Taiwan Semiconductor Manufacturing (TSM) will likely benefit from the industry tailwinds. However, which of these stocks is a more profitable investment. Read on to find out….

In this article, I evaluated two chip stocks, Intel Corporation (INTC) and Taiwan Semiconductor Manufacturing Company Limited (TSM), to determine which has the potential for better returns. We believe TSM is the better investment for the reasons explained throughout this piece.

Semiconductors are a crucial component of electronic devices, enabling advances in computing, communications, medical

devices and healthcare, transportation, military systems, clean energy, and other numerous applications. Moreover, the U.S. semiconductor industry is the worldwide industry leader, with nearly half of global market share and sales of $275 billion in 2022.

As per a report by Precedence Research, the global consumer electronics market is expected to reach $1.26 trillion by 2032, growing at a CAGR of 5.8%. Meanwhile, the U.S. consumer electronics market is projected to grow at a CAGR of 5.1% from 2023 to 2032. The market's promising outlook reflects solid demand for advanced chips and processors.

Further, the growing adoption of emerging technologies, including Artificial Intelligence (AI), Machine Learning (ML), cloud computing, the Internet of Things (IoT), and data analytics boosts the prospects of the chip industry.

The Semiconductor Industry Association (SIA) announced global semiconductor sales for September 2023 grew 1.9% compared to August 2023. During the third quarter of 2023, worldwide semiconductor sales stood at $134.70 billion, up 6.3% compared to the second quarter of this year.

"Global semiconductor sales increased on a month-to-month basis for the seventh consecutive time in September, reinforcing the positive momentum the chip market has experienced during the middle part of this year," said John Neuffer, SIA president and CEO.

"The long-term outlook for semiconductor demand remains strong, with chips enabling countless products the world depends on and giving rise to new, transformative technologies of the future," Neuffer added.

Supportive government policies and funding would also create ample growth opportunities for the industry players. In July 2022, President Biden signed the CHIPS and Science Act into law, which makes an approximately $53 billion investment in

the U.S. for semiconductor manufacturing, research and development (R&D), and the workforce.

The global semiconductor market is estimated to reach around $1.88 trillion by 2032, expanding at a CAGR of 12.3% during the forecast period (2023-2032). The chip industry's bright growth prospects should bode well for INTC and TSM.

INTC surged 4.5% over the past month, while TSM gained 2.6%. Also, INTC climbed 22.9% over the past six months compared to TSM's 7.1% gain. However, INTC's 32.7% gain over the past year is lower than TSM's gain of 40.9%.

Here are the reasons why we think TSM could perform better in the near term:

Latest Developments

On October 30, INTC announced its intent to operate Programmable Solutions Group (PSG) as a standalone business. This move will give PSG the flexibility and autonomy to fully accelerate its growth and effectively compete in the FPGA industry, which serves various markets like the data center, communications, industrial, automotive, aerospace and defense sectors.

"Our intention to establish PSG as a standalone business and pursue an IPO is another example of how we are consistently unlocking more value for our stakeholders. This will give PSG the independence it needs to keep growing share in the FPGA market, differentiating itself with capacity and supply resilience from IFS, and allowing Intel product teams to focus on our core business and long-term strategy," said Pat Gelsinger.

On September 27, TSM announced breakthroughs to redefine the future of 3D IC. The company launched the new 3Dblox 2.0, enabling 3D architecture exploration with an innovative early design solution for power and thermal feasibility studies.

The designer can now put together power domain specifications and 3D physical constructs in a holistic environment and simulate power and thermal for the whole 3D system. Also, TSM launched the 3Dblox Committee, organized as an independent standard group, to create an industry-wide specification enabling system design with chiplets from any vendors.

Recent Financial Results

For the third quarter that ended September 30, 2023, INTC's net revenue decreased 7.7% year-over-year to $14.16 billion. Its gross margin came in at $6.02 billion, a decline of 7.9% from the prior year's quarter. However, non-GAAP net income attributable to Intel was $1.74 billion or $0.41 per share, compared to $1.53 billion or $0.37 in the previous year's period, respectively.

TSM's net revenue increased 13.7% quarter-over-quarter to $17.28 billion in the third quarter that ended September 30, 2023. Its income from operations grew 12.9% from the prior quarter to $7.21 billion. The company's net income and earnings per share were $6.66 billion and $0.26, representing increases of 16% and 16.1% sequentially, respectively.

Past And Expected Financial Performance

Over the past three years, INTC's revenue has declined at a CAGR of 12.2%. Its EBITDA has decreased at a CAGR of 39.3% over the same period. However, the company's tangible book value and total assets have improved at CAGRs of 22.5% and 9.1%, respectively, over the same time frame.

Analysts expect INTC's revenue and EPS for the fiscal year (ending December 2023) to decline 14.6% and 98% year-over-year to $53.84 billion and $0.95, respectively. Likewise, the company's revenue and EPS for the fiscal year 2024 are expected to grow 13.1% and 98% from the previous year to $60.89 billion and $1.89, respectively.

TSM’s revenue and EBITDA have grown at respective CAGRs of 18.6% and 20.9% over the past three years. Its net income has increased at a CAGR of 21.5%. Additionally, the company’s total assets have grown at a CAGR of 27.8% over the same time frame, while its levered free cash flow has improved at 28.3% CAGR.

For the fiscal year ending December 2023, TSM’s revenue and EPS are expected to decrease 10.8% and 22% year-over-year to $66.49 billion and $5.13, respectively. Also, analysts expect the company’s revenue and EPS for the fiscal year 2024 to increase 21.2% and 18% year-over-year to $80.59 billion and $6.05, respectively.

Profitability

TSM’s trailing-12-month revenue is 1.3 times what INTC generates. Moreover, TSM is more profitable, with a trailing-12-month gross profit margin of 57.02% compared to INTC’s 38.14%. Also, TSM’s trailing-12-month EBIT margin and net income margin of 45.66% and 41.43% are higher than INTC’s negative 3.94% and negative 3.11%, respectively.

In addition, TSM’s trailing-12-month ROE, ROA, and ROTC of 29.23%, 18.14%, and 15.49% are higher than INTC’s negative 1.60%, 1.47%, and negative 0.89%, respectively. TSM’s trailing-12-month levered FCF margin of 5.63% compared to INTC’s negative 8.47%.

Valuation

In terms of non-GAAP P/E (FY1), TSM is currently trading at 17.94x, 54.8% lower than INTC, which is trading at 39.73x. TSM’s forward non-GAAP PEG multiple of 2.50 is lower than INTC’s 17.07. Also, TSM’s trailing-12-month EV/EBITDA and Price/Cash Flow of 9.39x and 10.82x are lower than INTC’s 22.92x and 10.99x, respectively.

Thus, TSM is relatively more affordable.

POWR Ratings

INTC has an overall rating of C, which equates to a Neutral in our proprietary POWR Ratings system. Conversely, TSM has an overall rating of B, translating to a Buy. The POWR Ratings are calculated considering 118 different factors, with each factor weighted to an optimal degree.

Our proprietary rating system also evaluates each stock based on eight distinct categories. INTC has a grade of F for Growth, in sync with its poor financial performance. On the other hand, TSM has a B grade for Growth, consistent with its solid financials.

In addition, INTC has a C grade for Quality, in sync with mixed profitability. The stock's trailing-12-month EBITDA margin of 15.69% is 71.4% higher than the industry average of 9.15%. However, its trailing-12-month net income margin of negative 3.11% compared to the industry average of 2.19%.

On the contrary, TSM has an A grade for Quality, justified by its higher-than-industry profitability. The stock's trailing-12-month EBITDA margin and net income margin of 68.19% and 41.43% are significantly higher than the industry averages of 9.15% and 2.19%, respectively.

Of the 91 stocks in the Semiconductor & Wireless Chip industry, INTC is ranked #37, while TSM is ranked #15.

Beyond what we've stated above, we have also rated both stocks for Sentiment, Stability, Momentum, and Value. Click here to view INTC Ratings. Get all TSM ratings here.

The Winner

Driven by growing demand for chips across several industries, such as consumer electronics, automobile, telecom, healthcare, and defense, the semiconductor industry is expected to witness significant growth in the long term. Further, the rapid

adoption of cutting-edge technologies and supportive government policies and investments would propel the industry’s prospects.

Therefore, chip stocks INTC and TSM are expected to benefit considerably from the industry’s solid outlook. However, INTC’s relatively poor financials, low profitability, elevated valuation, and bleak near-term prospects make its rival, TSM, the better buy now.

Our research shows that the odds of success increase when one invests in stocks with an Overall Rating of Strong Buy or Buy. View all the top-rated stocks in the Semiconductor & Wireless Chip industry here.

What To Do Next?

43 year investment veteran, Steve Reitmeister, has just released his 2024 market outlook along with trading plan and top 11 picks for the year ahead.

2024 Stock Market Outlook >

TSM shares rose $2.18 (+2.38%) in premarket trading Friday. Year-to-date, TSM has gained 24.42%, versus a 14.70% rise in the benchmark S&P 500 index during the same period.

About the Author: Mangeet Kaur Bouns

Mangeet’s keen interest in the stock market led her to become an investment researcher and financial journalist. Using her fundamental approach to analyzing stocks, Mangeet’s looks to help retail investors understand the underlying factors before making investment decisions.

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4 Top Oil & Gas Stocks to Buy Under $15 in November

The energy sector is currently reaping the benefits of strong demand coupled with a surge in domestic gas consumption. Therefore, quality oil and gas stocks Antero Midstream Corporation (AM), CSI Compressco LP (CCLP), Star Group, L.P. (SGU), and Martin Midstream Partners L.P. (MMLP), trading under $15, could be wise portfolio additions in November. Read on….

The energy sector is thriving amid record oil production and increasing demand for oil and gas. Given this backdrop, fundamentally strong oil and gas stocks Antero Midstream Corporation (AM), CSI Compressco LP (CCLP), Star Group, L.P. (SGU), and Martin Midstream Partners L.P. (MMLP), trading below $15, could be solid buys this month to yield significant returns. Moreover, these companies provide the added advantage of consistent and reliable dividend disbursements.

As tensions grow amid the Israel-Hamas conflict and the ongoing war between Russia and Ukraine, it casts substantial uncertainty over the global marketplace. The World Bank projects potential oil price spikes should turmoil intensify across the Middle East.

Iran’s suggested involvement in Hamas’ attacks on Israel could spur the U.S. to strengthen its sanctions. Coupled with the fact that the Middle East contributes about 30% of the world’s oil production, growing turmoil could drive oil prices beyond $100/barrel. Regardless of the potential impact of the conflict’s magnitude on oil supply, Saudi Arabia and Russia’s production cuts could cause an uptick in oil prices.

The current administration's mission to reduce carbon emissions does not seem to impact U.S. crude oil production, which currently sits at an all-time high. This has led to increased supertankers docking on the Gulf Coast for export. Over the next quarter, 48 vessels will arrive in the U.S., marking the most significant maritime traffic in over half a decade.

The future of global oil demand appears robust. The U.S. Energy Information Administration (EIA) data forecast U.S. natural gas production and demand will break new records by 2023. Dry gas production is projected to increase to 103.7 billion cubic feet per day (bcfd) in 2023 and 105.1 bcfd in 2024. Domestic consumption is expected to surge to 89.4 bcfd in 2023.

Standard Chartered anticipates Brent prices to reach $98/bbl for 2024, $109 per barrel in 2025, and $128 per barrel in 2026.

In light of these encouraging trends, let's look at the fundamentals of the four MLPs – Oil & Gas stocks, beginning with number 4.

Stock #4: Antero Midstream Corporation (AM)

AM owns, operates, and develops midstream energy infrastructure in the Appalachian Basin. It operates through Gathering and Processing and Water Handling segments.

AM recently paid the shareholders a quarterly dividend of $0.2250 per share. Its annualized dividend rate of $0.90 per share translates to a dividend yield of 7.23% on the current share price. Its four-year average yield is 15.38%. Its dividend payments have grown at a CAGR of 14.8% over the past five years.

AM's trailing-12-month EV/Sales of 8.60x is 65.5% lower than its five-year average of 24.21x. Its trailing-12-month

Price/Cash Flow multiple of 8.08 is 27.5% lower than its five-year average of 11.15.

AM's trailing-12-month CAPEX/Sales of 37.46x is 173.1% higher than the industry average of 13.72x. Moreover, its trailing-12-month gross profit and EBIT margins of 80.74% and 55.43% are 70.6% and 142.3% higher than the industry average of 47.32% and 22.88%, respectively.

AM's total revenue in the fiscal third quarter that ended September 30, 2023, stood at $263.84 million, up 14.2% year-over-year, while its operating income grew 17.8% from the year-ago quarter to $162.31 million. Its net income and comprehensive income for the quarter was $97.82 million, up 16.4% year-over-year, while net income per share increased 17.6% year-over-year to $0.20.

Its adjusted EBITDA increased 12.5% from the year-ago quarter to $250.92 million. As of September 30, 2023, its total current assets were $95.53 million, compared to $88.99 million as of December 31, 2022.

Street expects AM's revenue and EPS in the fiscal fourth quarter ending December 2023 to increase 6.1% and 20.5% year-over-year to $256.30 million and $0.20, respectively. Moreover, it surpassed consensus revenue estimates in each of the trailing four quarters.

The stock has gained 19.1% over the past six months to close the last trading session at $12.47. Over the past year, it gained 17.1%.

AM's solid fundamentals are reflected in its POWR Ratings. The stock has an overall rating of B, which equates to Buy in our proprietary rating system. The POWR Ratings are calculated by considering 118 different factors, with each factor weighted to an optimal degree.

AM has a B grade for Momentum, Stability, and Quality. It is

ranked #17 out of 42 stocks in the A-rated MLPs – Oil & Gas industry.

In addition to what we have highlighted above, to see AM's grades for Growth, Value, and Sentiment, click here.

Stock #3: CSI Compressco LP (CCLP)

CCLP provides contract services for natural gas compression and treatment in the U.S., Latin America, Canada, Egypt, and internationally.

On October 19, CCLP's board of directors declared a cash distribution attributable to the quarter ended September 30, 2023, of $0.01 per outstanding common unit, payable to the common unitholders on November 14.

Its annualized dividend rate of $0.04 per share translates to a dividend yield of 2.94% on the current share price. Its four-year average yield is 3.34%. Moreover, the company paid dividends for 12 consecutive years.

CCLP's trailing-12-month Price/Sales of 0.50x is 63.1% lower than the 1.37x industry average. Its trailing-12-month Price/Cash Flow multiple of 3.76 is 14.4% lower than the industry average of 4.39.

CCLP's trailing-12-month asset turnover ratio of 0.54x is 10.4% higher than the five-year average of 0.49x. Moreover, its trailing-12-month gross profit and EBIT margins of 44.08% and 12.42% are 14.1% and 100.3% higher than the five-year average of 38.64% and 6.20%, respectively.

CCLP's total revenues in the fiscal third quarter that ended September 30, 2023, stood at $99.71 million, up 5.1% year-over-year. Its adjusted EBITDA increased 13.6% from the year-ago quarter to $33.84 million. The company's distribution coverage ratio was 9.9x, compared to 7.8x in the prior year quarter.

Moreover, for the nine months that ended September 30, 2023, its net cash provided by operating activities increased 36% year-over-year to $59.79 million. As of September 30, 2023, its net long-term debt came at $619.34 million, compared to $634.02 million as of December 31, 2022.

The stock has gained 20.9% over the past six months to close the last trading session at $1.39. Over the past three months, it gained 13%.

CCLP's POWR Ratings reflect a positive outlook. The stock has an overall B rating, which indicates a Buy in our proprietary rating system.

CCLP has an A for Momentum and a B for Growth, Stability, and Sentiment. Within the same industry, it is ranked #12.

Click here for CCLP's additional POWR Ratings (Value and Quality).

Stock #2: Star Group, L.P. (SGU)

SGU sells home heating and air conditioning products and services to residential and commercial home heating oil and propane customers in the U.S. It also sells diesel fuel, gasoline, and home heating oil on a delivery-only basis; provides plumbing services; and installs, maintains, and repairs heating and air conditioning equipment.

In August, SGU completed the purchase of a privately held propane company for approximately $18.4 million. The entity, with operations in Long Island, will enhance the company's footprint across the area.

On October 30, SGU paid a quarterly dividend of $0.1625 per common unit. Its annualized dividend rate of $0.65 per share translates to a dividend yield of 5.58% on the current share price. Its four-year average yield is 5.49%.

Its dividend payments have grown at CAGRs of 7% and 6.7% over

the past three and five years, respectively. Moreover, the company increased its dividend for 11 consecutive years.

SGU's trailing-12-month Price/Sales of 0.21x is 88.4% lower than the 1.81x industry average. Its trailing-12-month EV/Sales multiple of 0.30 is 92% lower than the industry average of 3.77.

SGU's trailing-12-month asset turnover ratio of 2.12x is 835.2% higher than the industry average of 0.23x. Moreover, its trailing-12-month levered FCF margin is 8.43%, compared to the industry average of negative 9.54%.

SGU's total sales in the fiscal third quarter that ended June 30, 2023, stood at $300.12 million. For the nine months that ended June 30, 2023, net cash provided by operating activities came to $102.72 million, compared to net cash used in operating activities of $31.43 million in the year-ago period.

Moreover, its cash, cash equivalents, and restricted cash increased 522.9% year-over-year to $57.40 million. As of June 30, 2023, its long-term debt came at $135.39 million, compared to $151.71 million as of September 30, 2022.

The stock has gained 34.9% over the past year to close the last trading session at $11.60.

It's no surprise SGU has an overall B rating, translating to a Buy in our proprietary rating system.

SGU has an A for Quality and a B for Value and Sentiment. It is ranked #6 within the same industry.

For SGU's additional POWR Ratings (Growth, Momentum, and Stability), click here.

Stock #1: Martin Midstream Partners L.P. (MMLP)

MMLP provides terminalling, processing, storage, and packaging services for petroleum products and by-products in the United

States. The company operates in four segments: Terminalling and Storage; Transportation; Sulfur Services; and Natural Gas Liquids.

MMLP declared a quarterly cash distribution of $0.005 per common unit for the quarter that ended September 30, 2023, payable to the shareholders on November 14. Its annualized dividend rate of $0.02 per share translates to a dividend yield of 0.80% on the current share price. Its four-year average yield is 9.69%.

MMLP's trailing-12-month EV/EBITDA of 5.39x is 5.8% lower than the 5.72x industry average. Its trailing-12-month EV/Sales multiple of 0.70 is 65.7% lower than the industry average of 2.04.

MMLP's trailing-12-month asset turnover ratio of 1.51x is 169.2% higher than the industry average of 0.56x. Moreover, its trailing-12-month levered FCF margin of 12.83% is 122.8% higher than the industry average of 5.76%.

During the first nine months of 2023, MMLP, utilizing free cash flow and a significant reduction in working capital due to the exit from the butane optimization business, reduced total debt by $53.6 million. As a result, adjusted leverage was decreased to 3.95 times at September 30, 2023, compared to 4.53 times at December 31, 2022.

In the fiscal third quarter that ended September 30, 2023, MMLP's total revenues stood at $176.70 million. Its operating income came to $14.70 million, compared to an operating loss of $12.24 million in the year-ago quarter. Its adjusted EBITDA increased 39.1% year-over-year to $26.17 million.

For the nine months that ended September 30, 2023, MMLP's net cash provided by operating activities stood at $106.07 million, compared to net cash used in operating activities of $16.76 million in the prior year period. Moreover, its cash at the end of the period came at $54 million, up 20% year-over-

year.

The stock has gained marginally intraday to close the last trading session at $2.48. Over the past six months, it gained 1.2%.

MMLP's robust outlook is reflected in its POWR Ratings. The stock has an overall rating of A, translating to Strong Buy in our proprietary rating system.

MMLP has a B grade for Growth, Value, Sentiment, and Quality. Within the same industry, it is ranked #2.

Beyond what we've stated above, we have also rated the stock for Momentum and Stability. Get all ratings of MMLP here.

What To Do Next?

43 year investment veteran, Steve Reitmeister, has just released his 2024 market outlook along with trading plan and top 11 picks for the year ahead.

2024 Stock Market Outlook >

AM shares were unchanged in premarket trading Friday. Year-to-date, AM has gained 25.13%, versus a 14.70% rise in the benchmark S&P 500 index during the same period.

About the Author: Sristi Suman Jayaswal

The stock market dynamics sparked Sristi’s interest during her school days, which led her to become a financial journalist. Investing in undervalued stocks with solid long-term growth prospects is her preferred strategy. Having earned a master’s degree in Accounting and Finance, Sristi hopes to deepen her investment research experience and better guide investors.

More…

The post **4 Top Oil & Gas Stocks to Buy Under $15 in November** appeared first on **StockNews.com**

https://www.entrepreneur.com/finance/4-top-oil-amp-gas-stocks-to-buy-under-15-in-november/465200

Secure These 3 Energy Stocks Amid Conflict

Amid the ongoing volatility in the Middle East, the oil market is delicately balanced and on the brink of significant price surges. Given this backdrop, quality energy stocks Marathon Petroleum Corporation (MPC), Valero Energy Corporation (VLO), and Cheniere Energy (LNG) could be solid portfolio additions now. Read on….

The enduring risk of heightened conflict and political unrest in the Middle East, underscored by missile interceptions and regional tensions, could escalate global oil prices.

Therefore, it could be prudent to invest in robust energy stocks Marathon Petroleum Corporation (MPC), Valero Energy Corporation (VLO), and Cheniere Energy, Inc. (LNG), which seem well-positioned to capitalize on any potential spike in oil prices.

The Israel-Hamas conflict exacerbates amid the ongoing Russian-Ukrainian conflict, already placing a strain on global markets. This has become the most significant shock in commodity markets since the 1970s. The World Bank anticipates this could trigger oil price surges should the unrest magnify across the Middle East.

In the monthly Reuters survey, analysts cautioned that an intensified escalation in the conflict could spill over across the Middle East, pose a risk to supply chains, and potentially cause oil prices to soar above $100, possibly even testing the $115 per barrel limit.

Regardless of whether the conflict eventually broadens to

influence oil supply further, production cuts imposed by OPEC and its allies to maintain stringent control over supplies could propel oil prices upward. Saudi Arabia has reduced its daily oil production by 1 million barrels, and Moscow is limiting exports by an additional 300,000 barrels in addition to the earlier cutbacks.

Concurrently, the demand scenario appears to be promising. Data from Standard Chartered reveals that the global oil demand has outstripped pre-COVID levels of August 2019, averaging 102.33 million barrels per day (mb/d). Standard Chartered's Brent forecast for 2024 at $98/bbl is anchored in supply-demand dynamics. Brent prices are estimated to average at $109 per barrel in 2025 and escalate to $128 per barrel in 2026.

In light of these encouraging trends, let's look at the fundamentals of the three Energy – Oil & Gas stocks, beginning with number 3.

Stock #3: Marathon Petroleum Corporation (MPC)

MPC is involved in midstream and downstream businesses, such as petroleum product refining, marketing, and retail in the United States. The company operates through two segments: Refining & Marketing and Midstream transport.

The company returned $3.1 billion of capital through $2.8 billion in share repurchases and $297 million of dividends.

On October 25, MPC's board of directors declared a quarterly dividend of $0.825 per share on the common stock, payable to the shareholders on December 11. MPC's annual dividend of $3.30 per share translates to a 2.19% yield on the current price level.

Its dividends grew at 9.7% and 11% CAGRs over the past three and five years, respectively. Its four-year average dividend yield is 3.88%. The company has paid dividends for 11

consecutive years.

MPC's trailing-12-month ROCE, ROTC, and ROTA of 43.98%, 16.26%, and 12.84% are 114.4%, 65.9%, and 68.4% higher than the industry averages of 20.51%, 9.80%, and 7.62%, respectively. Its trailing-12-month cash from operations of $17.38 billion is significantly higher than the industry average of $653.45 million.

For the fiscal third quarter that ended September 30, 2023, MPC's total revenues and other income stood at $41.58 billion, while its adjusted EBITDA came at $5.71 billion. Adjusted net income attributable to MPC stood at $3.22 billion, while its adjusted income per share increased 4.2% year-over-year to $8.14.

Analysts expect MPC's revenue and EPS for the fiscal year ending December 2023 to come in at $149.14 billion and $22.67, respectively. MPC topped the consensus EPS estimates in each of the trailing four quarters and revenue estimates in three of the trailing four quarters, which is impressive.

The stock has gained 27.4% over the past year and 28.8% year-to-date to close the last trading session at $149.92.

MPC's robust prospects are reflected in its POWR Ratings. The stock has an overall rating of B, translating to Buy in our proprietary rating system. The POWR Ratings assess stocks by 118 different factors, each with its own weighting.

MPC has an A grade for Quality. MPC ranks #12 of 85 stocks in the Energy – Oil & Gas industry.

Beyond what we have mentioned above, to see the additional POWR Ratings for Growth, Value, Momentum, Stability, and Sentiment for MPC, click here.

Stock #2: Valero Energy Corporation (VLO)

VLO produces, markets, and sells transportation fuels and

petrochemical products. The company's segments include Refining; Renewable Diesel; and Ethanol. Its product portfolio includes a range of fuels like gasoline, diesel, jet fuel, and asphalt, as well as petrochemicals such as aromatics and sulfur crude oils.

During the third quarter, the company returned $2.2 billion to stockholders, of which $360 million was paid as dividends and $1.8 billion for purchasing approximately 13 million shares of common stock.

On September 5, VLO paid a quarterly dividend of $1.02 per share on the common stock to the shareholders. Its annual dividend rate of $4.08 per share translates to a 3.23% yield on the current price level.

Its dividends grew at 1.7% and 5.4% CAGRs over the past three and five years, respectively. Its four-year average dividend yield is 4.85%. The company has paid dividends for 25 consecutive years.

The Sustainable Aviation Fuel (SAF) project at the DGD Port Arthur plant remains on track for its slated 2025 completion. Poised to precipitate a paradigm shift in the industry, the project is expected to give the plant the capacity to upgrade approximately 50% of its current 470-million-gallon renewable diesel annual production capacity to SAF. With the completion of the project, DGD is expected to ascend the ranks as one of the world's leading producers of SAF.

VLO's trailing-12-month ROCE, ROTC, and ROTA of 44.73%, 24.68%, and 17.01% are 118.1%, 151.7%, and 123.1% higher than the industry averages of 20.51%, 9.80%, and 7.62%, respectively. Its trailing-12-month cash from operations of $12.09 billion is significantly higher than the industry average of $653.45 million.

For the fiscal third quarter that ended September 30, 2023, VLO's revenues amounted to $38.40 billion, while its operating

income came in at $3.50 billion. During the same quarter, adjusted net income and earnings per common share stood at $2.62 billion and $7.49, respectively.

In addition, as of September 30, 2023, the company's cash and cash equivalents included in current assets amounted to $5.83 billion, compared to $4.86 billion as of December 31, 2022.

Analysts expect VLO's revenue and EPS estimates to be $146.14 billion and $24.92, respectively, for the fiscal year that ended December 2023. Also, the company topped the consensus EPS estimates in each of the trailing four quarters.

Over the past six months, VLO has gained 17.5%, closing the last trading session at $125.82. It gained 1.3% over the past five days.

VLO's robust prospects are reflected in its POWR Ratings. The stock has an overall B rating, equating to a Buy in our proprietary rating system.

VLO has an A grade for Quality and a B for Value. It is ranked #7 within the same industry.

To see additional POWR Ratings for Growth, Momentum, Stability, and Sentiment for VLO, click here.

Stock #1: Cheniere Energy, Inc. (LNG)

LNG is involved in various Liquefied Natural Gas (LNG) related activities. It possesses and manages the Sabine Pass LNG terminal in Cameron Parish, Louisiana, as well as the Corpus Christi LNG terminal in proximity to Corpus Christi, Texas. Additionally, LNG and natural gas marketing form a significant part of the company's business endeavors.

Recently, LNG's subsidiary, Cheniere Marketing, LLC, has entered into a long-term liquefied natural gas (LNG) sale and purchase agreement (SPA) with Foran Energy Group Co. Ltd.

Jack Fusco, Cheniere's President and CEO, said, "We are pleased to build upon our existing long-term relationship with Foran, one of the fastest growing natural gas companies in China, with the signing of our second 20-year SPA that secures increased LNG volumes for Foran for the long term." Moreover, the 20-year SPA is the first contract expected to support the second train of the Sabine Pass expansion project.

During the three and nine months that ended September 30, 2023, LNG repurchased an aggregate of approximately 2.2 million shares and 7.6 million shares of common stock for roughly $357 million and $1.1 billion, respectively.

Moreover, for the third quarter of 2023, the company increased its quarterly dividend by 10% to $0.435 per share of common stock, payable to the shareholders on November 17, 2023. Its annual dividend rate of $1.74 per share translates to a 1% yield on the current price level. Its four-year average dividend yield is 0.38%.

LNG's trailing-12-month ROTC and ROTA of 41.15% and 29.82% are 319.7% and 291.1% higher than the industry averages of 9.80% and 7.62%, respectively. Its trailing-12-month cash from operations of $9.65 billion is significantly higher than the industry average of $653.45 million.

LNG's total revenues for the fiscal third quarter that ended September 30, 2023, stood at $4.16 billion. Its income from operations came at $2.76 billion, compared to a loss from operations of $3.02 billion in the year-ago quarter.

In addition, net income and net income per share attributable to common stockholders stood at $1.70 billion and $7.03, respectively, compared to net loss and net loss per share of $2.39 billion and $9.54, respectively, in the prior year quarter. Moreover, as of September 30, 2023, LNG's total current liabilities came at $3.76 billion, compared to $6.80 billion as of December 31, 2022.

The company expects consolidated adjusted EBITDA between $8.3 billion and $8.8 billion, while distributable cash flow is expected to come between $5.8 billion and $6.3 billion.

Analysts expect LNG's EPS to grow 516.5% year-over-year to $34.77 for the fiscal year ending December 2023. Its revenue is expected to be $20.09 billion. Moreover, the company surpassed the consensus EPS estimates in each of the four trailing quarters and consensus revenue estimates in three of the trailing four quarters.

The stock has gained 14.1% year-to-date, closing the last trading session at $171.06. Over the past six months, it gained 15.4%.

It is no surprise that LNG has an overall B rating, equating to Buy in our POWR Ratings system.

It has a B grade for Value, Momentum, Sentiment, and Quality. It is ranked #2 within the same industry.

Click here for LNG's additional POWR Ratings (Growth and Stability).

What To Do Next?

43 year investment veteran, Steve Reitmeister, has just released his 2024 market outlook along with trading plan and top 11 picks for the year ahead.

2024 Stock Market Outlook >

MPC shares . Year-to-date, MPC has gained 31.11%, versus a 15.19% rise in the benchmark S&P 500 index during the same period.

About the Author: Sristi Suman Jayaswal

The stock market dynamics sparked Sristi’s interest during her school days, which led her to become a financial journalist. Investing in undervalued stocks with solid long-term growth prospects is her preferred strategy.Having earned a master’s degree in Accounting and Finance, Sristi hopes to deepen her investment research experience and better guide investors.

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https://www.entrepreneur.com/finance/secure-these-3-energy-stocks-amid-conflict/464969

No Catcalls On These One Day Wonder CAT Calls

A quick walk through of how to increase the odds of success and the magnitude of return with a recent low cost call buy in Caterpillar (CAT).
https://www.entrepreneur.com/finance/no-catcalls-on-these-one-day-wonder-cat-calls/464905

Santa Claus Rally for Stocks Came Early?

Stocks have found a bottom after a nasty 3 month correction. Helping matters was statements by Fed Chairman Powell on Wednesday with stocks roaring higher ever since including a decisive…
https://www.entrepreneur.com/finance/santa-claus-rally-for-stocks-came-early/464884

November Stock Market Outlook

October was quite spooky for investors even with a late month mini bounce. Yet with stocks still pinned under the 200 day moving average for the S&P 500 it is hard to feel bullish at this time. 43 year investment veteran Steve Reitmeister looks at all the factors at play to discuss where stocks head next in November and beyond. This includes a preview of his top 11 picks for the days ahead. Read on below for more….

Indeed the stock market looks haunted this Halloween season as we continue to wallow under the 200 day moving average for the S&P 500 (SPY). Sure, there are some positive sessions like we enjoyed to kick off this week. However, the overall the mood is rather negative.

This is all happening while recently soaring bond rates have leveled off. *So why is the mood still so dower? And will that keep the Santa Claus rally away this year?*

We will "unmask" those issues in this Halloween edition of the Reitmeister Total Return.

Market Commentary

Bond Rates Up > Stock Prices Down

This has been the equation that explained most of the downfall for stocks over the past couple months. The more benign version of that story was that rates were normalizing to more traditional historical levels versus the ultra low manipulated levels we have enjoyed the past 2 decades.

The more sinister version of that rate rising story was that perhaps investors were losing confidence in major world governments to pay back that UNSEEMLY debt burdens. This is what some call the Debt Supercycle which would be a painful debt crisis (picture the Greek debt problem and make it 50X

worse).

Read more about these 2 ideas in my recent commentary: Bear Market Warning from the Bond Market?

10 year Treasury rates did briefly touch 5% back on 10/18. That has seemed to be a place of resistance with rates settling under that mark ever since.

So why have stocks not been more robust with this bond rate reprieve?

First, the concern is that like any long term rally there are runs higher followed by pauses/pullbacks/corrections and then the next run higher. Meaning that just because rates ran out of steam around 5% at this time doesn't mean they won't run higher down the road. Thus, investors are likely in wait and see mode to appreciate what happens next.

Also, this rising of rates has many investors predicting a great softening of the economy from a fairly overheated +4.9% pace in Q3. That is why the key economic reports this week will have market moving impact. I am referring to ISM Manufacturing on 11/1 followed by Government Employment and ISM Services on 11/3.

Certainly, you can throw the 11/1 Fed meeting into the mix as an important event to watch. But right now, investors are dead certain they will sit on their hands once again.

The key, as per usual, will be Powell's comments that will give us a sense of their future rate plans. Also of interest will be if there are any comments about higher rates, outside of their efforts, is doing some of the hard work to further soften the economy in the quest to finally tame high inflation.

Back to the economic reports for a second. Yes, ISM Manufacturing leads the parade on Wednesday. However, on

Tuesday we got served up the best leading indicator for that report in the Chicago PMI that stayed very low at 44 (under 50 = contraction).

This likely points to a subdued ISM Manufacturing report to jump start November. The key is how soft? If it just comes in a notch under 50 then some investors may celebrate that as a sign the economy is moderating from the too hot pace set in Q3…and this would be good for moderating inflation and allowing the Fed to lower rates sooner.

However, if we have a reading greatly lower than the previous 49…then it could raise fears of a recession forming…and that most certainly would not be good for stocks.

Let’s also consider what is happening this earnings season as we are at the mid point. Right now it seems quite similar to other recent quarters. That means companies have been beating low expectations which shows up with the rise of earnings growth for the current quarter.

Before you celebrate, cast your eyes on the 3 columns to the right where earnings estimates are getting cut for the future. And overall, no real earnings growth expected til Q2.

Since the expectations for future earnings growth is a main catalyst for stock price appreciation…then you can appreciate why the market has been in correction mode. And that is why the maker of this earnings chart, Nick Raich of Earnings Scout, is recommending that folks stay underweight stocks at this time until we see earnings revisions turn positive.

Price Action & Trading Plan

Moving Averages: 50 Day (yellow), 100 Day (orange), 200 Day (red)

No way to see the above and feel good about the market being below all 3 key trend lines. Especially bad when the things break below the 200 day moving average (4,242) which took place a week ago.

Honestly, I don’t sense a lot more downside on the way given the current facts in hand. Rather, I just see us consolidating under the 200 moving average for a while as investors await more facts on what lies ahead.

Unfortunately, I also don’t see much reason to break back higher until investors are more convinced that the advancement

of rates has ended and thus odds of future recession remains low.

Given this explains our recent changes to be more cautious in the Reitmeister Total Return portfolio. More about that below.

What To Do Next?

Discover my current portfolio of 5 stocks packed to the brim with the outperforming benefits found in our POWR Ratings model.

Plus I have added 6 ETFs that are all in sectors well positioned to outpace the market in the weeks and months ahead. (And yes have some inverse ETFs in the mix that are rising as the market falls…even some gold mixed in given the rise in worldwide tensions).

This is all based on my 43 years of investing experience seeing bull markets…bear markets…and everything between.

If you are curious to learn more, and want to see these 11 hand selected trades, and all the market commentary and trades to come….then please click the link below to get started now.

Steve Reitmeister's Trading Plan & Top Picks >

Wishing you a world of investment success!

Steve Reitmeister…*but everyone calls me Reity (pronounced "Righty")*
CEO, StockNews.com and Editor, Reitmeister Total Return

SPY shares fell $0.85 (-0.20%) in after-hours trading Tuesday. Year-to-date, SPY has gained 10.57%, versus a % rise in the

benchmark S&P 500 index during the same period.

About the Author: Steve Reitmeister

Steve is better known to the StockNews audience as “Reity”. Not only is he the CEO of the firm, but he also shares his 40 years of investment experience in the Reitmeister Total Return portfolio. Learn more about Reity’s background, along with links to his most recent articles and stock picks.

More…

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https://www.entrepreneur.com/finance/november-stock-market-outlook/464663

Bull or Bear Market???

Indeed this is what everyone wants to know…are we still in a bull market or have we returned to bear market conditions? Or even crazier…what if the bull market was just a mirage caused by 7 mega cap tech stocks artificially inflating the S&P 500 (SPY)? 43 year investment veteran Steve Reitmeister shares his latest insights on the market including a preview of his top 10 picks for the days ahead. Read on below for more….

The +4.9% reading for Q3 GDP Thursday morning was a bit of a surprise…but does show that the GDPNow model from the Atlanta Fed was amazingly on target.

Oddly this would seem to show that the US economy may be overheating which would apply some additional inflation pressure. Amazingly, the opposite is true.

The Fed's favorite measure of inflation, Core PCE, actually came down from 3.7% to 2.4%…pretty darn close to their 2% target level.

This is great news, right?…so why did the S&P 500 (SPY) continue to tank on this news falling ever further below the 200 day moving average?

Moving Averages: 50 Day (yellow), 100 Day (orange), 200 Day (red)

Because bond rates remain elevated. Some investors are afraid about what that means for the softening of the future economy in the future as I discussed in this recent commentary about rate normalization.

Warning> Investors Prepare for "Sea Change"

The above is not necessarily a sign of bearish things to come…but it does speak to how rates getting back to normal levels after a looooooonnnngggg period of ultra low rates would likely equate to slower growth and stocks not being uber-bullish.

Above is the good version of the story. The much more ominous version of the story was shared in my commentary from earlier this week about the concept of "Debt Supercycle". You can read that in the article below:

Bear Market Warning from the Bond Market?

So now we ask ourselves…*are we in a bull market or bear market now???*

The definition of a bull market is when the S&P 500 rises 20% above its low. Well, the October low of 3,491 x 20% = 4.189. We were well above that for majority of the year…yet are a notch below that now. The point being from this classical point of view we are in a bull market.

Unfortunately we all know that the S&P 500 is no longer a good stock index because it is overly influenced by the 7 mega cap tech stocks that hold far too much sway. That is why people often like to look at broader measures of the market such as the Equal Weighted version of the S&P 500 (RSP).

There we realize the bottom was 124.92 and the 52 week high was 24.7% above at 155.77. That also passes the bull market test…but is faltering fast as we are currently 13.19% below that late July peak.

Now let's consider the Russell 2000 filled with small caps that actually peaked in November 2021 at 2,421 and is now 31.56% below at 1,657. That most certainly does not sound bullish.

The grand point is that right now the bull/bear debate is in

flux as high bond rates have, that may keep going higher, is calling the future health of the economy into question. This puts the stock market in limbo.

Not quite bullish…not quite bearish…but altogether uncertain. Unfortunately, when the market is uncertain it has a downward bias which is clearly on display of late.

This has compelled me to get more cautious in my approach in the Reitmeister Total Return service that has now been reduced to just 50% long the stock market after recent trades to sell some stocks…plus adding 2 inverse ETFs into the portfolio to rise in value if the overall market continues to decline.

If things keep getting more bearish in outlook, especially if the odds of future recession are on the rise, then I will keep on this defensive course to remove all stocks in the portfolio and just go net short with inverse ETFs.

The signal to get long again will be sounded by the 200 day moving average which has proven to be the best timing indicator over the years for the long term trajectory of the stock market.

Conversely, if the rise in rates ends, then likely stocks will bounce back to life. So a break back above the 200 day moving average would be the best signal to expect an extended bull run. That should compel everyone to move back towards a 100% invested portfolio focused on Risk On positions.

All in all, we are at a tipping point. So, what happens next will likely have long term consequences. Gladly we know what to do once Mr. Market shows his hand.

What To Do Next?

Discover my current portfolio of 5 stocks packed to the brim with the outperforming benefits found in our POWR Ratings model.

Plus I have added 5 ETFs that are all in sectors well positioned to outpace the market in the weeks and months ahead. (And yes have some inverse ETFs in the mix that are rising as the market falls).

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CEO, StockNews.com and Editor, Reitmeister Total

SPY shares were trading at $413.60 per share on Friday morning, up $1.05 (+0.25%). Year-to-date, SPY has gained 9.35%, versus a % rise in the benchmark S&P 500 index during the same period.

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Steve is better known to the StockNews audience as “Reity”. Not only is he the CEO of the firm, but he also shares his 40 years of investment experience in the Reitmeister Total Return portfolio. Learn more about Reity’s background, along with links to his most recent articles and stock picks.

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Should You Invest in Johnson

& Johnson (JNJ) Following Q3 Results

Johnson & Johnson's (JNJ) third-quarter results impressed investors, as its earnings and revenue beat Wall Street estimates. Should investors consider investing in the stock following the solid third-quarter results? Read on to learn my view….

Johnson & Johnson (JNJ) recently reported its third-quarter financials, with higher-than-expected revenue and earnings. It was the company's first financial reporting since it spun off its consumer health business, Kenvue Inc. (KVUE).

In this piece, I have discussed why it could be wise to invest in JNJ following its third-quarter results.

For the quarter, JNJ's EPS came in 5.5% above the consensus estimate, while its revenue beat analyst estimates by 1.4%. JNJ's Chairman and CEO Joaquin Duato said, "Johnson & Johnson delivered strong results and significant pipeline advances in the third quarter, providing a solid foundation for future sustained growth."

"With a sharpened focus on Innovative Medicine and MedTech solutions, Johnson & Johnson is innovating across the spectrum of healthcare and is poised to deliver the medical breakthroughs of tomorrow," he added. JNJ recorded a gain of $21 billion in the third quarter due to the spin-off of its consumer health business.

The company's Innovative Medicine segment sales grew 5.1% year-over-year to $13.89 billion. In addition, its MedTech segment's sales rose 10% over the prior-year quarter to $7.46 billion. The company aims to achieve $57 billion in drug sales by 2025.

For fiscal 2023, JNJ expects operational sales growth to be between 8.5% and 9%, while its adjusted operational sales growth will likely come between 7.2% and 7.7%. Both these estimates are higher than the previous projections.

Its adjusted operational EPS is expected to come between $10.02 and $10.08, representing a growth between 12.2% and 12.8%. This is higher than the previous projection of $9.90 - $10. Similarly, its adjusted EPS for fiscal 2023 is expected to come between $10.07 and $10.13, representing a growth between 12.7% and 13.3%.

On October 17, 2023, JNJ announced that it embarked on a two-year restructuring program for its orthopedics business. This announcement comes after its third-quarter medical devices sales fell short of Street expectations. The company said it plans to exit specific markets and stop selling some orthopedic products as part of the restructuring program.

JNJ’s stock has performed poorly, declining 14.3% year-to-date and 10.3% over the past year to close the last trading session at $151.39.

Here’s what could influence JNJ’s performance in the upcoming months:

Robust Financials

JNJ’s sales to customers for the third quarter ended October 1, 2023, increased 6.8% year-over-year to $21.35 billion. After-tax, its adjusted net earnings from continuing operations rose 14.1% year-over-year to $6.78 billion. The company’s gross profit increased 6.7% over the prior-year quarter to $14.75 billion. In addition, its adjusted EPS came in at $2.66, representing an increase of 19.3% year-over-year.

Mixed Analyst Estimates

JNJ’s EPS and revenue for fiscal 2023 are expected to decline

0.6% and 10.8% year-over-year to $10.08 and $84.74 billion, respectively. On the other hand, its EPS and revenue for fiscal 2024 are expected to increase 7.4% and 3.6% year-over-year to $10.83 and $87.82 billion, respectively.

High Profitability

In terms of the trailing-12-month gross profit margin, JNJ's 67.33% is 20.9% higher than the 55.67% industry average. Likewise, its 35.29% trailing-12-month EBITDA margin is 575% higher than the industry average of 5.23%. Furthermore, the stock's 21.99% trailing-12-month levered FCF margin is significantly higher than the industry average of 0.55%.

Mixed Valuation

In terms of forward non-GAAP P/E, JNJ's 15.01x is 16.5% lower than the 17.98x industry average. Its 11.68x forward EV/EBITDA is 3.3% lower than the 12.08x industry average. Likewise, its 13.55x forward EV/EBIT is 11.4% lower than the 15.29x industry average.

On the other hand, in terms of forward non-GAAP PEG, JNJ's 5.61x is 203.1% higher than the 1.85x industry average. Likewise, its 4.52x forward EV/Sales is 42.9% higher than the 3.16x industry average. Its 4.3x forward Price/Sales is 27.1% higher than the 3.38x industry average.

POWR Ratings Show Promise

JNJ has an overall B rating, equating to a Buy in our proprietary POWR Ratings system. The POWR Ratings are calculated considering 118 distinct factors, with each factor weighted to an optimal degree.

Our proprietary rating system also evaluates each stock based on eight distinct categories. JNJ has a B grade for Quality, consistent with its high profitability. It has a B grade for Stability, in sync with its 0.57 beta.

JNJ is ranked #11 out of 157 stocks in the Medical – Pharmaceuticals industry. Click here to access JNJ's Growth, Value, Momentum, and Sentiment ratings.

Bottom Line

Despite its medical device unit missing Wall Street sales estimates in the third quarter, it recorded strong sales growth in its pharmaceutical business. Its popular Stelara drug will boost revenues until biosimilars reach the market.

Due to strong business momentum, JNJ has raised its sales and earnings estimates for fiscal 2023. Moreover, its decision to restructure its orthopedics businesses is expected to help drive growth and enhance profitability.

Given its robust financials, strong guidance for fiscal 2023, and high profitability, it could be wise to buy the stock now.

How Does Johnson & Johnson (JNJ) Stack Up Against Its Peers?

While JNJ has an overall grade of B, equating to a Buy rating, you may also check out these other A (Strong Buy)-rated stocks within the Medical – Pharmaceuticals industry: Novartis AG (NVS), AbbVie Inc. (ABBV), and Novo Nordisk A/S (NVO). For exploring more A and B-rated Medical – Pharmaceutical stocks, click here.

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JNJ shares were trading at $151.15 per share on Tuesday morning, down $0.24 (-0.16%). Year-to-date, JNJ has declined

-12.54%, versus a 12.12% rise in the benchmark S&P 500 index during the same period.

About the Author: Dipanjan Banchur

Since he was in grade school, Dipanjan was interested in the stock market. This led to him obtaining a master’s degree in Finance and Accounting. Currently, as an investment analyst and financial journalist, Dipanjan has a strong interest in reading and analyzing emerging trends in financial markets.

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