



The StockCharts.com Market Message

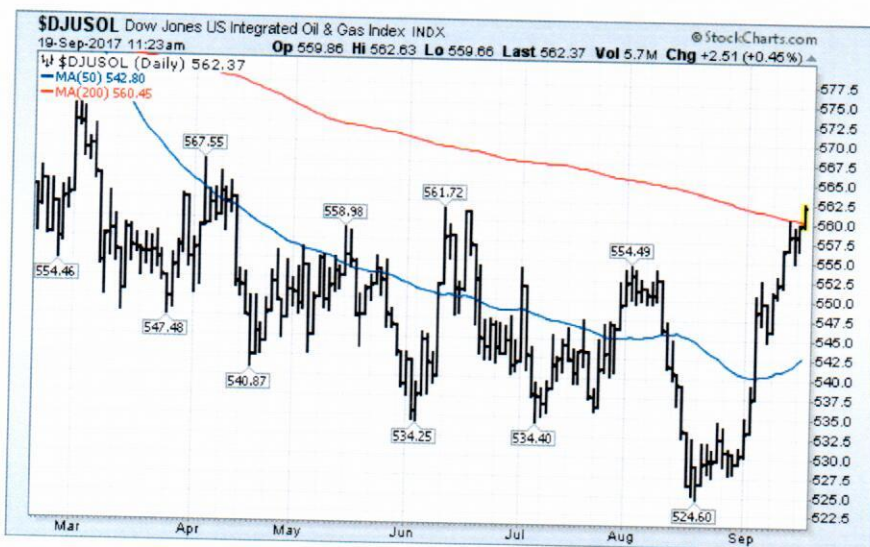
Featuring our commentators, John Murphy and Arthur Hill

Tue, Sep 19 2017 11:25 AM ET

DOW JONES INTEGRATED OIL & GAS INDEX IS TRADING OVER ITS 200-DAY AVERAGE AND MAY BE ON VERGE OF UPSIDE BREAKOUT -- CHEVRON TOUCHES THREE-YEAR HIGH -- PHILLIPS 66 NEARS ALL-TIME HIGH -- CONOCOPHILLIPS RISES TO HIGHEST LEVEL IN FOUR MONTHS -- ENERGY SPDR IS TRADING AT THE HIGHEST LEVEL SINCE MAY

By John Murphy

DOW JONES US INTEGRATED OIL & GAS INDEX MAY BE BREAKING OUT... Energy stocks have been the market's weakest performers during 2017. They're starting, however, to take a turn for the better, both in absolute and relative terms. Energy has been the market's strongest sector over the last week and month. The energy group closest to a potential upside breakout is shown below. Chart 1 shows the **Dow Jones US Integrated Oil & Gas Index (\$DJUSOL)** trading over its 200-day moving average today. That's the first time it's traded over that resistance line since January. In addition, the index is challenging its mid-June peak. A decisive close over that summer barrier would signal a positive turn for the group. And that in turn could help the entire energy sector.



(click to view a live version of this chart)

Chart 1

CHEVRON, PHILLIPS 66, AND CONOCO TURN UP... Three individual leaders in the group are shown below. The weekly bars in Chart 2 show **Chevron (CVX)** trading just above its December 2016 intra-day high at 115.52. A close above that barrier would put the stock at the highest level in three years and in position to challenge its 2014 peak near 118. Its relative strength line (top of chart) has started rising as well. Chevron is the second biggest stock in the XLE. The weekly bars in Chart 3 show **Phillips 66 (PSX)** rising above its 2016 twin highs to reach the highest level since late 2015. Its relative strength line is rising as well. **ConocoPhillips (COP)** has been a relative laggard in the group. The daily bars in Chart 4, however, show the stock rising to a new four-month high after clearing its 200-day moving average. Both are among the largest stocks in the XLE. Their strong chart patterns bode well for the oil & gas integrated group, and possibly for the entire energy sector.

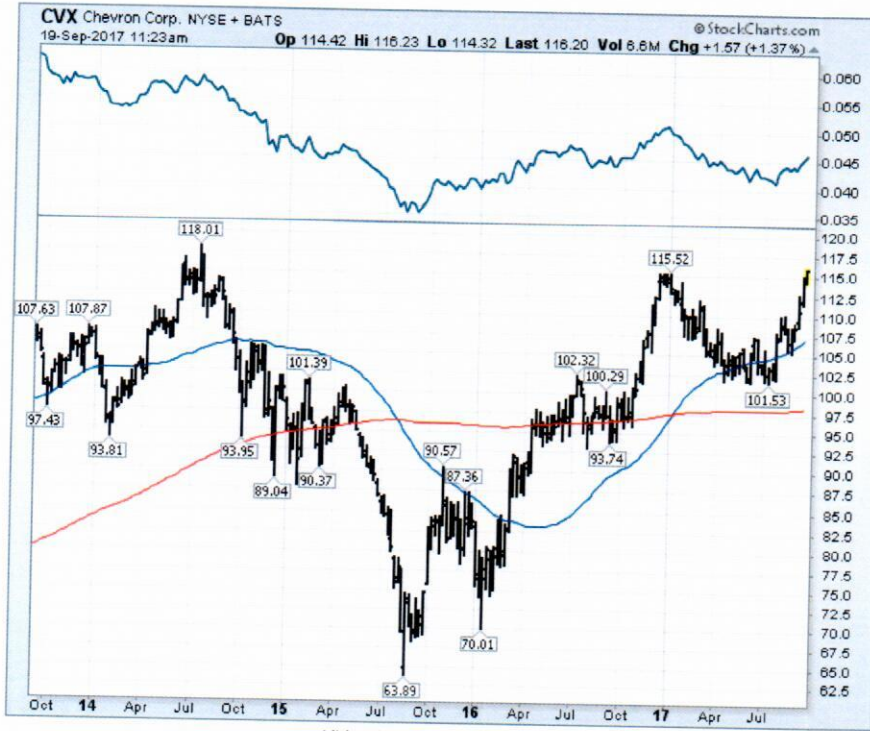


Chart 2

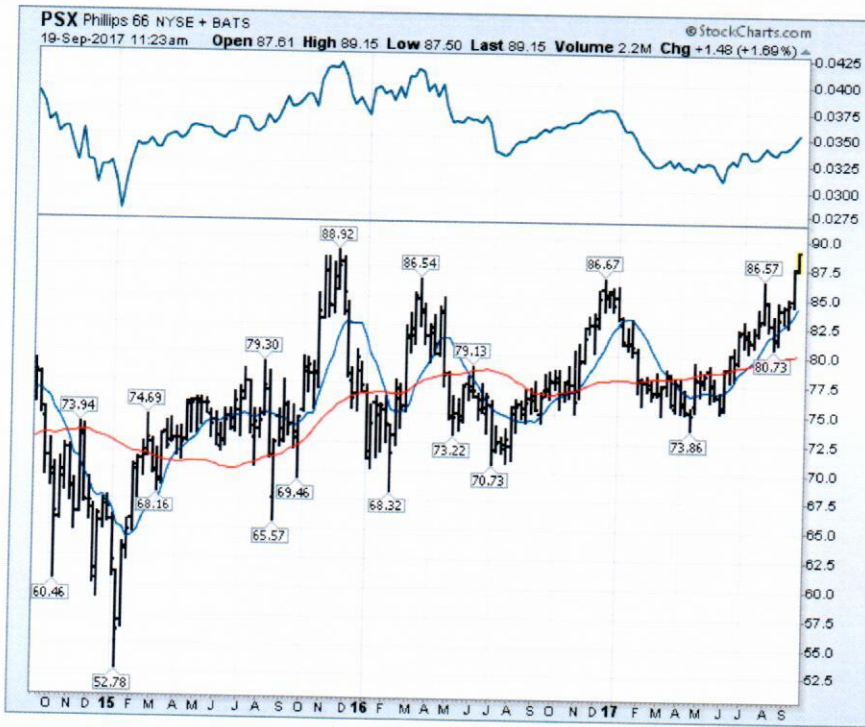


Chart 3

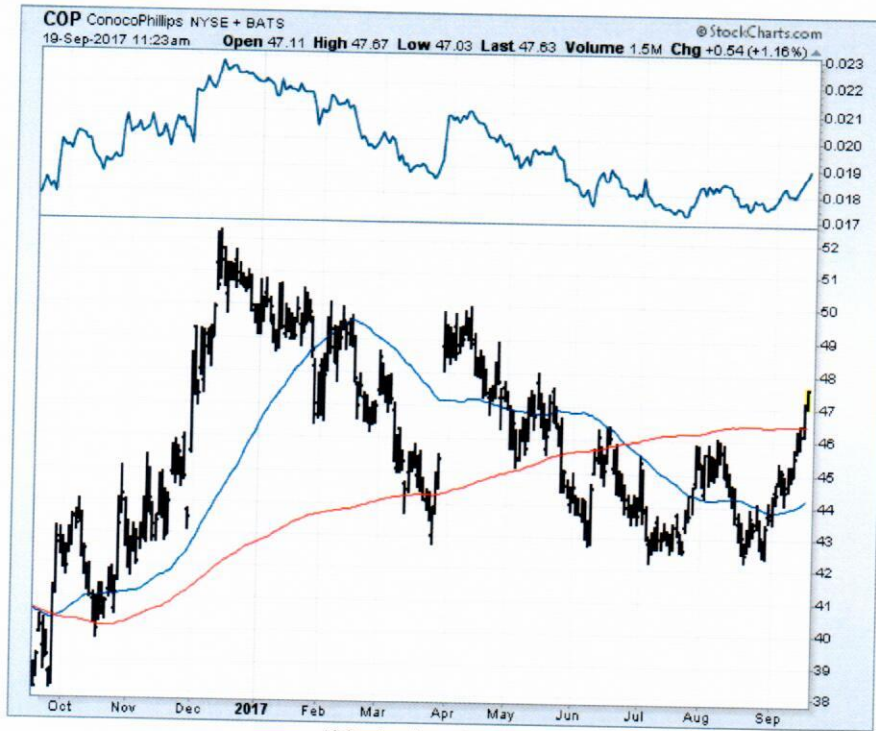


Chart 4

ENERGY SECTOR SPDR REACHES FOUR-MONTH HIGH... Chart 5 shows the Energy SPDR (XLE) trading above its late July intra-day peak at 66.25. A close above that barrier would turn its intermediate trend higher and put it on a path to reach its (red) 200-day moving average. Energy has been the market's weakest sector this year. But the XLE/SPX ratio (gray line) has been rising over the last month, which suggests that money is starting to flow into this under-valued sector. Rising energy prices over the last month are a big reason why.



Chart 5

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Books and Instructional Videos by John Murphy

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