

Cash Flow and Carey



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This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The S&P 500 Energy Index is a capitalization-weighted index comprised of 21 companies spanning five subsectors in the energy sector. The S&P 500 Utilities Index is a capitalization-weighted index comprised of 29 companies spanning five subsectors in the utilities sector.

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Drilling Into Energy Stocks

Energy-Related Stocks vs. the S&P 500 Index

(YTD, 1-Year and Average Annualized Total Returns thru 10/16/26)

Period	S&P 500 Energy Index	S&P 500 Utilities Index	50% Energy/50% Utilities	S&P 500 Index
YTD	55.90%	1.04%	28.47%	12.89%
1-Year	65.29%	-5.45%	29.92%	16.87%
3-Year	18.70%	15.60%	17.15%	22.07%
5-Year	23.46%	8.43%	15.95%	12.93%
10-Year	11.39%	9.35%	10.37%	15.49%
15-Year	8.60%	9.99%	9.30%	15.04%
20-Year	7.79%	8.37%	8.08%	11.06%
25-Year	9.53%	7.73%	8.63%	11.11%

Source: Bloomberg. 50%/50% combination reflects daily rebalancing. **Past Performance is no guarantee of future results.**

View from the Observation Deck

Today's post compares the performance of energy-related stocks to the broader equity market, as measured by the S&P 500 Index, over an extended period. Given global dependence on oil, natural gas, and electricity, the share prices of companies in those industries are subject to myriad influences. [See our most recent post on this topic.](#)

The S&P 500 Energy Index ("Energy Index") is the top-performing sector year-to-date (YTD), surging 55.90% through October 16.

The Energy Index's YTD total return puts it 33.80 and 40.17 percentage points ahead of the S&P 500 Information Technology ("Technology Index") and S&P 500 Consumer Staples Indices, respectively. For comparison, the broader S&P 500 Index posted a total return of 12.89% over the period.

The price per barrel of West Texas Intermediate (WTI) crude oil has been volatile, increasing 76.61% YTD through October 16.

The U.S. war with Iran continues to destabilize the global energy market, with WTI crude oil prices surging as high as \$112.95 per barrel (April 7, 2026), and as low as \$55.99 per barrel (January 7, 2026) this year. The impact has been notable, with inflation, as measured by the trailing 12-month rate on the consumer price index (CPI), rising from its most recent low of 2.4% in January and February 2026 to 3.7% in September. Oil price declines mentioned in our previous post have reversed, with the price per barrel of WTI crude oil rising to \$101.41 on October 16, 2026.

Electricity prices have trended higher throughout the year amid record load requirements in parts of the U.S.

Data from the U.S. Department of Energy shows that the monthly price of electricity increased from 13.73 cents per kilowatt-hour in December 2025 to 14.99 cents per kilowatt-hour in July 2026 (most recent data available), alongside record demand. FactSet reported that the electric load across the Lower 48 U.S. states averaged a record 541 gigawatts (one gigawatt equals one million kilowatts) in September 2026, up 8.7% from the previous record set a year earlier.

Takeaway

The Energy Index increased 55.90% YTD through October 16, making it the top performer among the 11 sectors that comprise the S&P 500 Index over the period. In our view, geopolitical instability and oil-supply constraints may continue to be near-term catalysts for price volatility. Utilities have not fared as well, increasing just 1.04% over the same time frame despite rising electricity prices and record demand. While this may seem counterintuitive, we believe Utilities' capital-intensive structure and government regulation offer insight into their recent underperformance. Given their regulatory requirements, utility company profits are rarely commensurate with increases in demand. Additionally, because they are longer-duration, capital-intensive businesses, Utilities often exhibit heightened interest rate sensitivity. As we see it, increased cost of financing brought on by the Federal Reserve's September rate hike likely accounts for a portion of the sector's recent underperformance. Will the Energy Index continue to outperform its peers through year-end? We will update this post with new information as warranted.