

Nobody investing today can avoid the thousand pound elephant sitting in the corner of the room:

The Fed.

It doesn't matter whether you are the most sophisticated analyst of markets, with [decades of experience at the most white shoe investment banks](#) in the country and [economics degrees galore](#) – or the most unsophisticated, [“dealmaker” - type](#), doling out dollars at usurious interest rates to desperate start-ups.

You've got to be looking at the Fed – and commenting on it.

Of course, CNBC and Bloomberg go apoplectic whenever the Fed chairman, (or even a Fed District Office chairman) make a statement. They'll have on anybody and everybody to predict what the next Federal Reserve move on interest rates will be, and what effect it will have on markets. It's a free-for-all of speculation.

But Chairman [Powell's comments at Jackson Hole](#) I think took the cake.

Again, it wasn't as if the markets weren't at a fever pitch already about possible further Fed action.

I've outlined in recent weeks how the media is full of dire warnings about market reactions to continuing rate hikes in response to inflation – how far they will go for how long and what ultimate disaster stocks and other assets will endure. And it's definitely affecting the markets and market sentiment – check out the latest fear/greed index.

For me, I keep it simple. I just won't go there. It's not only that Federal reserve decisions are so decisively out of our control. It's that the results of any actions are so completely beyond the predictive powers of anyone out there. ANYONE. Over the years, I've seen Fed action that was considered incredibly bearish for markets received with unexpected rallies – and then after-the-fact explanations made about “monetary discipline” boosting stocks.

And I've seen the exact opposite as well.

Here's what I know – about energy – which is what I know about: Europe remains in a dire supply crunch for the upcoming winter. [OPEC+ isn't going to accept barrel prices much lower than \\$90.](#) Refiners are catching up to demand and gasoline prices are dropping – and will continue to drop, no matter where oil prices go. That should give Joe Biden some breathing room to stop jawboning oil prices downwards as the midterms approach. I've actually seen [Liberal news media crowing](#) about the last 10 weeks of lower gas prices. Please – they WERE above \$5 bucks, y'know.....

Oil stocks have already proven their worth since the Powell comments. Compared to the rest of the S+P index, they've outperformed marvelously, and should continue to going forwards –

No matter what the Fed does – and it's many market prognosticators expect.

I've been trying to find some value in the energy markets for continued investment. With oil and gas stocks already well represented in our portfolios, there have been two areas that might be underrepresented (or unrepresented) where I've been looking to 'bulk up': In LNG and in Green Hydrogen.

LNG is most obvious as it plays on the current and inevitably worsening European natural gas crunch and the desperate need for alternative energy sources. Already, the basis price for LNG in Europe equates to a \$400 (!! ) a barrel oil price. I don't think that's going to persist, obviously, but there is clearly an unquenchable appetite for LNG. But where might it come from?

Our lone LNG play is Cheniere and I've gotten some inquiries from subscribers on whether they can instantly increase their throughput (and instantly increase their profits). The short answer is no. Most of the contracts in Cheniere's holdings are long-term, and only minimally based on cash-priced LNG at delivery. This makes sense from every business point of view – you might appreciate a big spike when it happens, but wouldn't much appreciate the write-off you'd have to endure during a crash – and steady profitability (and survivability) in energy is always the name of the game. (unless you're [this guy](#) – or [this one](#)).

One idea I hit on is regasification tankers, which take advantage of aggressive nat gas providers to move stock nat gas surplus overseas. That business, obviously, is almost entirely driven by cash price basis differentials – and right now they're huge. The one I came up with was Excelerate Energy (EE), and I touted their IPO when it appeared. After a month of slack action, EE has come back with a rush and I think it still represents a good idea to expand on LNG investment. The options have had equal growing pains, but now offer decent liquidity at better than 50% volatility, adding to the alpha potential. I'd buy more here.

The other idea is in Green hydrogen. I had been banking on Blue (nat gas) hydrogen to really expand its platform, especially after Biden's election and the continuing rise of oil prices. It simply hasn't happened. Looking at our own FuelCell (FCEL), we saw it absolutely skyrocket after the Biden election and then consistently sell off to get as low as \$3 a share. It's back around \$4.50, but doesn't impress me and I sent an alert abandoning these shares, despite the terrific returns they've delivered us since 2019.

Unfortunately, Blue (solar or other renewable powered) hydrogen is incredibly difficult to invest in; very few public companies of decent market cap are engaged – it is still a privately owned and privately funded endeavor waiting for steady government subsidy to go public. They'll get it, but of course, you'd like to be in it before they do.

I'm still looking.

That's all for this week. Have a great Labor Day weekend.

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