

Exxon Mobil Corporation

Exxon Mobil Corporation is the largest non-governmental oil and gas producer in the world, it has witnessed the development of oil and gas all over the world. Exxon Mobil Chemical adheres to the product structure model of 'basic and dominant specialty chemicals' and maintains the market competitiveness of its products stably. Human life and war have been related to oil for hundreds of years. It is one of the resources contested by great powers and the cause of modern wars.

The war between Russia and Ukraine happened on February 2022, and it is been going on ever since. Oil supply was tight during the Russia-Ukraine War. The New York Times(2022) once published an article that oil would continue to rise because of the Russia-Ukraine War.

Secondly, oil demand is rising as the number of cases worldwide drops, the most companies and factories start operating normally due to the spread of vaccines. These sensitive events led to my decision to purchase Exxon Mobil Corporation. On January 3, 2023, Exxon Mobil Corp was trading for 106.51 on the NYSE and I got \$732,171.621 for one million Canadian dollars, then I purchased 6874 shares. On the same day, the exchange rate was 1.3658 CAD per USD. My investment decision is based on my belief that the price of oil and the Canadian dollar will continue to rise. I chose to buy USD because the Bank of Canada continued its quantitative policy by raising interest rates by 25 basis points in January(2023). According to what I learned in class, the currency appreciates when the Central Bank raises interest rates, which is a form of contractionary monetary policy. So I can use CAD to buy more USD than before.

BBC reported(2023) in January, Ukraine rejected Russia's ceasefire deal, and it thinks this is hypocritical goodwill from Russia. I think the war between Ukraine and Russia will continue to simmer and will probably become more intense than before due to this report. It leads me to believe that oil demand and prices are going up, so Exxon Mobil's stock price will keep rising.

I predict the USD will depreciate during the period that I buy it. The currency appreciation means that short-term liquidity funds will gain more for buying USD in the foreign exchange market, and the stock will be down when there are fewer liquidity funds in the stock market. If USD goes down, so more money will go from the foreign exchange market into the stock market, it cause the stock to rise. Swiss Financial Consulting publishes the article(2023), which mentioned China wants to pay for oil in YUAN, and if Saudi Arabia accepts the request from China, the USD will be affected. So I bought this stock at this point and can make a profit. I have been holding the stock during this time and predicted that Exxon Mobil's stock would increase in the short term. We know that the USD and the oil price always are negative relationships, so the depreciation of the USD will naturally push up the oil price. CNN(2023) reported China announced at the end of 2022 that it had repealed its zero-COVID-19 policy, and they have reopened. China was no longer locked down due to the COVID-19 pandemic. Oil demand may be reaching a peak. I think everything will soon return to normal in China, and people will no longer have restrictions on their travel. China is the largest oil consumer in the world and the price of oil and shares of Exxon Mobily will rise. Furthermore, Tipranks analyst Kailas

Salunkhe(2023) noted that the massive earthquake in Turkey on February 6th had raised supply concerns. The earthquake forced the closure of Turkey's main oil terminal, which exports more than a million barrels of crude daily, it leading to lower supplies and higher prices.

When I held the stock, the CAD-USD exchange rate ranged from 1.3658 CAD on January 3 to 1.3572 CAD on February 27. This fluctuation is due to the strengthening of the CAD as a result of rising oil and commodity prices. Canada's oil exports account for a large part of the money that Canada earns from the United States. Then, I learned from an article published by the Governor of the Bank of Canada Tiff Macklem(2023), Canada is raising interest rates to mitigate the effects of inflation, and their policies have been effective and inflation has leveled off. Inflation will cause the national currency exchange rate to fall, but the exchange rate will go up when inflation has eased, so the CAD will appreciate against the USD. Using the foreign exchange market we learned to explain it, if the United States wants to import oil from Canada, it needs to buy more CAD. When the demand for a currency goes up in the foreign exchange market, the value of the currency goes up. We also can relate to the AS-AD model we learned in class, the oil price is a kind of AS shock. When the oil price increases, the cost goes up, and the AS curve shifts to the left; then unemployment rises, output fell, and the price level rises. The consumption of foreign currency decreased, so the USD exchange rate fell. The real Exxon Mobil stock was up, I bought it for \$106.51 per share on January 3rd and sold it for \$110.55 per share on February 27th. On February 10th, Russia's Deputy Prime Minister (2023) announced that Russia would cut its production to 500,000 barrels of oil in response to the EU's ban on maritime imports. Energy stocks continued to rise as Exxon Mobil returned to the consumer's radar. Moreover, Exxon Mobil(2022) announced its five-year plan late last year. This plan states that they will increase the share buyback program to \$50 billion by 2024 while maintaining current levels of capital expenditure. It made investors think investing in NVIDIA could bring a huge return, which is why the stock price rose.

My prediction for the stock is successful. On February 27th, the exchange rate was 1.3572 CAD to 1 USD, and I got 1031364.374 CAD in total. My profit is 31364.374 CAD, China reopens and Russia-Ukraine War went on and on, these factors have led to an increase in oil demand and stock prices, so I can make money. I learned how to predict and judge the stock market trend in advance by the real-time economic situation and stop losses in time. We should not be greedy when trading stocks, everyone should have their loss line, to better reduce their losses, and expand their income. Any small change in the market or news should not be ignored, as they are likely to trigger a stock decline.

Reference

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