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Energy Sector Powers Ahead: Oil Majors Lead as XLE Gains 3% in 2025

The Energy Select Sector SPDR Fund (XLE) posted a +3.01% gain year-to-date, reflecting resilience amid shifting geopolitical and market dynamics. On Friday, XLE closed at \$91.00, up 1.55% from the previous session, driven by strong performances from major energy stocks. Among the top gainers, ONEOK Inc. (OKE) led with a +3.88% rise to \$100.39, followed by The Williams Companies Inc. (WMB) at +3.41% and Kinder Morgan Inc. (KMI) at +3.40%. Meanwhile, ExxonMobil (XOM) and Chevron (CVX)—which collectively make up 38.54% of XLE's holdings—rose by +1.07% and +1.24%, respectively, reinforcing the sector's upward momentum.

However, not all energy stocks rode the rally. EOG Resources (EOG) slipped -2.81%, reflecting concerns over production adjustments and broader industry fluctuations. Macro factors played a significant role in this week's performance. Oil prices found support amid geopolitical uncertainty, particularly after the U.S. tightened restrictions on Venezuela's crude exports. The shift signals potential supply constraints, boosting optimism for U.S. energy producers. Additionally, BP's decision to scale back net-zero investments and refocus on traditional oil and gas further underscores the industry's pivot toward fossil fuel dominance amid global energy demand shifts. With dividends remaining robust and energy companies adjusting strategies in response to evolving market conditions, investors are closely monitoring how major players navigate the interplay between profitability, regulatory shifts, and global economic pressures.

The energy sector's outlook remains cautiously bullish, with oil majors maintaining strong cash flows and geopolitical factors adding to potential volatility. Investors will watch for OPEC+ production signals and U.S. inventory data in the coming weeks to gauge further market direction.

XLE: +3.01% since 2025-01-01

