CAPITALIST TIMES

5/30/23: Online Chat Transcript

.

Roger Conrad
2:03
Greetings everyone and welcome to this month's live webchat for our Capitalist Times members. As always, there is no audio. Just type in your questions and Elliott and I will get to them as soon as we can in a concise and comprehensive way. We will send you a link to a transcript of the complete Q&A, probably tomorrow morning depending on when this ends--which as usual will be when there are no more questions left in the queue or from the emails we received from some of you prior to the chat. Thanks for participating today. Now let’s get started!

Elliott Gue
2:04
Good afternoon everyone, I look forward to answering your questions.

Frank
2:10
MMP: buy/sell/hold or substitute

Roger Conrad
2:10
Hi Frank. We haven't changed our advice on **Magellan Midstream** (NYSE MMP) since the offer from **ONEOK Inc** (NYSE: OKE). The shares are currently trading within a few percentage

DISCLAIMER: Capitalist Times, LLC is a publisher of financial news and opinions and NOT a securities broker/dealer or an investment advisor. You are responsible for your own investment decisions. The information contained in this report has been carefully compiled from sources believed to be reliable, but its accuracy is not guaranteed. All information contained in our newsletters or on our website(s) should be independently verified with the companies mentioned, and readers should always conduct their own research and due diligence and consider obtaining professional advice before making any investment decision. Owners, employees and writers may hold positions in the securities that are discussed in our newsletters or on our website. For subscription information, go to www.EnergyandIncomeAdvisor.com or call Sherry at 1-877-302-0749. Our Subscriber Services center is open Monday through Friday, 9:00 a.m. to 5:00 p.m. ET. Copyright 2018. Capitalist Times, LLC All Rights Reserved.

points of the cash and stock offer, based on OKE's current price. But we see considerable upside later this year for MMP shares, as this deal closes and the energy upcycle enters its next phase. And by the time this cycle reaches a peak, a combined MMP/OKE should trade well north of the March 2020 peak--which was in the neighborhood of $80 per OKE share. There's also the possibility we see a higher bid for MMP, which if it came from an MLP like Enterprise Products Partners would not have taxation consequences. The OKE acquisition is a taxable event, just as selling MMP shares ahead of the merger would be. Also, MMP's solid Q1 results demonstrate it will do well should this deal fail--I don't think that's likely but the Justice Department must approve this merger.

bob
2:10
i dont see any questions - is it my computer

Roger Conrad
2:10
Hi Bob. We're definitely seeing questions. Please try retyping yours.

Elliott Gue
2:15
Question: When do believe, oil will rise to and above 80 again? Which stocks do you think will benefit in price appreciation the most should such a rise take place?
Answer: Oil is trading around $70 right now, in-line with where it was in December. We see range-bound action near-term with a floor near current levels ($65 to $70/bbl) and a ceiling in that $80/bbl region (for WTI). That’s because oil is caught between a floor of tight supply and OPEC+ discipline and a ceiling due to concerns about demand and a global recession. We do see oil averaging above $80/bbl in 2024 as demand (always) rebounds coming out of a weak economic environment while supply will remain constrained due to lack of investment in new production projects. The biggest beneficiaries would be oil services stocks like SLB/BKR and the oil-focused producers we covered a few issues ago. We do, however, see more near-term upside on the gas side of the equation as gas producers are already pricing in sub $3/MMBtu gas, which isn’t likely to persist for longer than a month or two.

Guest
2:16
Good Afternoon Elliott & Roger I hold NEE, NGG,

Roger Conrad
2:16
NextEra Energy (NYSE: NEE) is still the best positioned utility in the US for the next several years--in large part because of its strong south Florida utility unit but also because it's been the first mover of wind and solar in the US outside its service territory. And even without the tax credits from the Inflation Reduction Act, they'll have no problem investing enough to keep growing earnings at the target 6-8% a year. The stock has come down a bit--still trades at a premium to other utilities. But I don't see that changing and the stock is a buy up to 80.

National Grid this month announced solid FY2023 (end Mar 31) results along with an 11% dividend increase. I'm still a bit wary of possible adverse changes in UK regulation, particularly if Labour wins. But results justify at least a hold of the stock and its nearly 7% yield. Look for more in the June CUI Utility Report Card.

Alex M
2:22
Hello gentlemen. Thanks again for these beneficial chats. Could I please get your thoughts on the pharma space? Some of the big names like AMGN, BMY, and PFE are trading near their lows. Do you like any of these names since their valuations have come down recently? Thanks.
Roger Conrad
2:22
Hi Alex. We currently hold two big pharma stocks in the CUI Plus/CT Income Portfolio--**Abbvie** (NYSE: ABBV) and **Merck** (NYSE: MRK). Our view has been both have been expensive this year, and we've taken advantage of temporary price spikes in both to lighten up. That now appears to have been the right call, as both have come down--though not as much as the stocks you list. They're still actually a bit expensive. And with basically almost everything not related in investors' minds to AI selling off this month, they're likely to come down even more. So, while we're not inclined to sell, we're not particularly eager for investors to commit fresh money just yet. That would apply to Amgen, Bristol Myers and Pfizer as well and **Johnson & Johnson** (NYSE: JNJ)--though these companies have performed well in recessions such as we expect. And the day will come when they're so cheap we'll be using the roughly one-third of the portfolio now in cash--very likely to add to the pharma sector.

Matt
2:23
I didn't think I would be available today, so I emailed in questions, but I ended up making it.

Roger Conrad
2:23
Great! Thanks for participating.

Michael L.
2:23
Hi Elliott,

CF closed below $65 again so I put in a sale order. But today I picked up more of CF at the "scaling in" price of $62.50 we set up. My sale of the original CF purchase hasn't closed yet because I set a limit a little above the market today. It seems these trades are at cross purposes, to some degree.

Should I hold the original purchase of 60 shares of CF now that the stock has slipped further (it's trading around $61.30 as of this writing?). Really appreciate your help.

Elliott Gue
2:23
Thanks for the question. Because I see the outlook for CF as so favorable longer term, I took the unusual step of recommending you buy back the stock (which did trigger our stop earlier this month). In addition, I set up a 2 new scale-in buys on CF to actually add to the position if it dips a bit further. The bottom line is that I recommended just holding on to CF if you did not sell it at the original "stop on close" level and then buying an additional 20 shares at $62.50 and 20 more at $57.50. I have set a new stop on close level of $42.50 on CF -- I revised it lower from $65 to $42.50 in the last issue to reflect that we re-entered the stock.

Jeffrey H.
2:32
Dear Folks, AES has dropped below your dream price of $20. Any particular reason for the decline? Do you still believe this is a good/great price to accumulate shares? Also is there any greater benefit in purchasing AESC? Would you recommend holding some of both?
Thank you

Roger Conrad
2:32

Hi Jeffrey. There's no business-related reason for AES' decline. The company reaffirmed its previous 2023 guidance last week, and management actually extended its 6-8% target for compound average annual growth through 2027--which will be fueled in large part by adding 25 to 30 GW of renewable energy capacity and exiting coal by the end of 2025. The company also demonstrated it can still access debt capital on reasonable terms with a 5-year "green bond" offering at 5.45%.

AES is a member of 177 stock indexes and ETFs, including the Dow Jones Utility Average. And most stocks outside of what's considered AI are getting sold off on worries about recession and inflation. That could go on for a while and we wouldn't be in a hurry to commit fresh money to stocks. But I'm certainly comfortable holding onto AES at this level of valuation--and notably there's support both from insider buying and analysts tracked by Bloomberg covering the company.

Kerry T.
2:32
Hello Elliott:

In the April 11, 2023 Creating Wealth you wrote this:

"We're at a stage of the cycle where the data is near a tipping point – I'd expect either a rapid recovery to levels that indicate the economic weakness is fleeting, such as we saw in 1996, or serious deterioration that makes the soft-landing view widely unpalatable, within just a month or two.

I continue to see the latter as more likely and, if historical relationships hold, clear evidence of the slide into recession is likely to coincide with an acceleration to the downside for the broader market."

Are you still seeing the economy tipping towards recession or is it starting to look more like 1996?

regards

Elliott Gue
2:32
I'm still looking for the economy to tip into recession later this year. Some of the data has been modestly better-than-expected but inflation data has also been hotter than expected. So positive surprises likely mean higher-for-longer rates and a continued, deeply inverted yield curve. We are beginning to see signs of credit contraction and the latest data from the Fed shows that excess consumer savings built up from COVID stimulus have declined sharply to around $400 billion from a peak north of $2.1 trillion. Indeed, the broader market would be sharply lower were it not for the 5 largest stocks in the index. The S&P 500 Equal-weight, for example, is now down 2.5%

so far in Q2 and flat year-to-date. Historically rallies driven by a shrinking number of stocks aren't sustainable. So, i continue to see the recession/more market downside outcome as the more likely.

bob
2:33
i was hoping to see all questions and answers

Elliott Gue
2:33
You should see all the questions appear as we answer them. We will also send out a transcript of the entire Q&A, likely tomorrow morning.

Jim T
2:38
Looking to invest in infrastructure materials. Your assessment of CX versus CRH. Thanks Jim T

Elliott Gue
2:38
Generally I prefer CRH because it's vertically integrated, offering both raw materials and finished products. I also believe CRH has a stock-specific catalyst in the form of their planned move of primary stock listing to NYSE. Shareholder meeting is slated for June 8th and this move will result in their inclusion in US indices later this year (that brings more passive/ Index money into the stock).

Jeffrey H.
2:38
Dear Folks, A number of utility stocks have been declining. I am mostly interested in reasons for the drop in AEP and DUK. Would you rate DUK as a better buy? I understand the rationale for buying incrementally when value shows itself, but do you suspect that we are still a ways from the bottom? Also, do you think that utilities will hold up better in a recession than other sectors -- or at least recover more quickly? Thank you.

Roger Conrad
2:38
Utilities will definitely hold up well as businesses in a prospective recession--that was the clear message from Q1 results and guidance updates, about 90% of which I review in the current Utility Report Card with the rest to come this month. There may have been some selling based on Republican demands in debt limit discussions to roll back Inflation Reduction Act tax credits. But that never materialized and the inclusion of some version of permitting reform in my view indicates broad support for energy investment in Congress at least in the center of both parties. Bottom line--this concern is overblown, though AEP now appears to be facing a challenge to its renewable investing plans in Texas similar to what Dominion had in Virginia. And Duke which does not have those concerns would be my preferred place for fresh money.

As far as stocks, utilities are likely to lose ground in a selloff that's the result of a recession, just as they have in previous downturns. In my view, that's a good reason to take it slow when it comes to committing fresh money. But I'm comfortable holding AEP, DUK, D and other high quality utility stocks with recession risk rising.

Look for more on that--including the best stocks to bet on-- in the second half of the EIA issue for this month, which we'll post this week.

John C.
2:48
CF - Please Opine On Valuation & Recommendation How will it do through the coming inflationary years?

Elliott Gue
2:48
I still like CF and have been adding to the allocation in the model portfolio on the recent decline. The market is currently punishing all commodity producers and cyclical companies, including CF, because the knee-jerk trade is to sell these stocks when the economy is weakening. However, I see valuations for CF already reflecting significant economic weakness even as fertilizer demand has picked up of late with demand outstripping supply in the Corn Belt region. Inflation

is generally bullish for commodity prices -- including corn, wheat and other "softs" -- which is longer-term bullish for CF as well.

Matt
2:51
First question was what are your thoughts on ARLP as a long term holding? I see that it's considered speculative, but to my untrained eye the company appears very undervalued and very solid financially.

Roger Conrad
2:51
Finishing up with ARLP--earnings and dividends basically rise and fall with coal prices. That's why it earns the "speculative" rating. Also, coal still has a lot of years left as a fuel source. But it is getting phased out in the developed world, and the developing world has plans to switch as well. In addition, there's also heightened legal risk compared to other sources of energy. And while Alliance has been good securing export markets, it's always possible keep it in the grounders will succeed in hamstringing its production with new regulation in coming years--as well as transportation. Just more risk than say a natural gas producer.

Matt S.
2:51
1. Could you discuss thoughts on ARLP as a potential long term holding? I see that it's considered speculative, but the company seems way undervalued and the financials all appear to be really great to my untrained eye.

2. Do you believe the more oily producers will continue to have an advantage over the more gassy producers going forward? Currently holding a lot of PXD at cost basis just over $200/share and wondering if I should sell some and diversify into some EOG.

Appreciate your work

Roger Conrad
2:51

Hi Matt. I agree that there's a lot of money to be made in US coal at least in the next couple decades, even though it will primarily be exports rather than reliable long-term contracts with US utilities. And **Alliance Resource Partners** (NYSE: ARLP) would be my preferred way to play it--for its conservative structure and dividend strategy of paying investors a dividend that's essentially at a variable rate that will rise when coal prices do. That said, Alliance did omit its dividend for roughly one year in 2020 when coal prices plunged. And with commodity prices backing off starting this winter, we're likely to see a much lower payout by early 2024. I think that's mostly already reflected in the share price. But a recession or a steeper than expected payout cut would likely take shares down to at least the low teens--it was under $3 for a long stretch in 2020.

We actually believe gas producers will have an advantage over oil the rest of the year--that's one of the themes we see coming out of Q1 results.

Jimmy
2:54
Much has been said about the poor breath of the rally as a select group of megacap stocks lead the popular indexes higher. My question is can we just short the equal weight indexes instead of the likes of SH or PSQ that have the megacap stocks that are going parabolic?

Elliott Gue
2:54
Yes, you can certainly short the equal-weight indexes as a way to play the current trends. I think the cleanest way, however, is via an ETF like RWM, which is the ProShares Short Russell 2000 Index. The Russell 2000 is a small/mid-cap Index and it's performign even worse than the EW S&P 500 and Nasdaq. Since the February 2nd close (peak breadth for the market), the S&P 500 EQual weight Index is down 8.5% vs. 11% for Russell Includign dividends. That's because the RTY is even more economically sensitive than the S&P 500 EW. I'm still retaining some exposure to PSQ/SH because history suggests that breadth this bad is unsustainable and the current mega-cap leaders will fall back to Earth and underperform to broader market as was the case in 2000.

Kerry T.
2:59
Hi Roger and Elliott:

I noticed **New Fortress Energy** (NFE) is way below your maximum recommended entry of $35 - that makes it tempting to me unless it's headed down a lot more!!. Do you still like NFE? could you give some color commentary please?

regards

Roger Conrad
2:59
Hi Kerry. New Fortress has acquired a number of great assets in recent years. And we believe its dividend policy fits well with their ups and downs in performance-which is to pay a modest base rate supplemented with special payouts such as what investors received in January ($3 per share) and may be showing up in stock screens as a much higher regular dividend rate for NFE. The company had a generally solid Q1 business result that should support its aggressive plans for growth particularly in LNG infrastructure, including meaningfully higher EBITDA, revenue and adjusted earnings from both Q4 2022 and Q1 2022. And while interest expense was higher, operating expenses were not year-over-year. That said, our view is a recession is still likely and pretty much everything will go down if we get one. That makes us not in a big hurry to commit fresh money. And if you're interested in a high yield, there are better alternatives. But at half its price from November, NFE looks like it's headed a lot higher.

Matt
3:05
What would you say gives companies like PXD and EOG such an edge over others like FANG and DVN in your recommendations?
Elliott Gue
3:05
We evaluate the producers based mainly on quantitative factors including free cash flow breakeven costs and likely free cash flow potential assuming modest commodity prices in-line with the current calendar strip price. On top of the quantitative, we do layer in some qualitative factors like company-specific upside catalysts or underappreciated assets. In the case of the companies you mentioned, PXD is one of the lowest cost producers in the US with acreage in the core of the Permian Basin -- it's not the cheapest producer in our coverage universe by any means but we believe it deserves a premium valuation given its production cost profile and long-lived assets. EOG has low production costs and we also like their exposure to some very low cost natural gas plays; we don't believe the company is getting full credit for their potential due to the low cost of gas right now. That said, we do like DVN and FANG generally; however, our analysis of their free cash flow potential doesn't rank quite as high as PXD/EOG at this time. We did a more detailed rundown of our top oil plays -- including new addition HES -- in the April issue. We're doing a more detailed valuation of our favorite natural gas picks in the issue due out over the next day or two.

Joe N.

3:08
Please let us know why Utility stocks are plunging.

Roger Conrad

3:08
Hi Joe. First off, the Dow Jones Utility Average is only off -6% so far in 2023, so what we're really talking about here is underperformance to the S&P 500 (up 10.4%), thanks to a big run-up in a handful of big stocks hyped up for potential in artificial intelligence. As I noted earlier in the chat, utilities' Q1 results and guidance were quite solid--and I've highlighted about 90% of them in the current Utility Report Card. That indicates very strongly they would weather a recession well, just as the sector has traditionally. And I'm very comfortable holding all of our favorites at this time.

The underperformance we're seeing now is reflected even more starkly in the broader dividend paying stock universe. For example, the iShares Select Dividend ETF used as a performance gauge for dividend paying stocks has lost nearly 10% of its value so far in 2023 and continues to slip. Even the MLP Index is underwater before dividends. And financials are much worse.

Roger Conrad

3:12
Continuing on Joe's question, there are a number of reasons for the underperformance of dividend paying stocks to the S&P 500--which is also reflected in most "growth" stocks including natural resources that have been strong. But the most important in my view is the market is adjusting valuations lower for pretty much every sector other than AI-related stocks in anticipation of a recession. That could go on for a while, which is why we're not so quick to deploy the cash we've built up in model portfolios CT-wide, But we are certainly comfortable with the fundamentals of the companies we're been recommending. And there will come a time when we will want to get a lot more aggressive.

Hans
3:16
Roger, What is happening to D, how low can it go!

Roger Conrad
3:16
Hi Hans. Basically, **Dominion Energy** (NYSE: D) is being caught up in the same selling wave that's engulfed almost everything in the stock market--with the notable exception of stocks deemed to have some connection to the anticipated growth of artificial intelligence. Some of the beneficiaries are kind of a stretch, while the omission of others like the big telecoms doesn't make a whole of lot of sense from a business standpoint. And arguably, power utilities should have an angle as well, since deployment anything close to what NVIDIA and others are touting would require a massive amount of new electricity supply. But utilities are clearly not being considered by most investors in that light now. And with recession fears heating up, we think the selling could last a while longer.

Dominion is also undergoing a strategic review likely to result in meaningful asset sales, including very likely a portion of its offshore wind facility now under construction with 90% of costs locked in. I believe those developments should prove very bullish for the company long-term, particularly now that it has a new deal on regulation in Virginia that will help it respond more effectively to inflation pressure. But the uncertainty of the strategic review is a cloud hanging over Dominion, making it riskier than other utilities in the short-term in the eyes of many investors. That means when there's pressure on utilities, there is likely to be more on Dominion's price. So while I think the stock is at a great entry point and should be trading in the low 60s at least in the next couple years, it could well go even lower near-term.

Arnold S
3:18
I'm sure this is going to be asked many times today, but I have a question about Chevron buying PDCE. The offer price seems very low to me especially when I look at a price chart of PDCE. Do you think that another suitor could come along and push the price up?
Elliott Gue
3:18
Nothing is impossible, but I think Chevron is the most logical buyer of PDCE. The problem for PDCE is that in the DJ Basin is only has 800 or 900 of its first-tier drilling oil sites with the best

economics, which is just 4 or 5 years of inventory at the recent drilling pace. It also has additional sites in Colorado that are probably profitable, but have inferior economics to the company's top-tied sites. Then, it has a smaller position in the Delaware Basin of the Permian. In other words, the market has felt PDCE has insufficient drilling inventory and scale, which is why the stocks has underperformed lately. Also not helping is the perceived regulatory risk in Colorado. CVX is the other big player in the DJ Basin with significant experience and therefore, PDCE is a logical fit. CVX can cut costs and slow down drilling activity, generating enough free cash flow to make this purchase price reasonable. I just don't think PDCE would be worth as much to any other buyer.

Jim N
3:22
Elliot, A few months ago you recommended **Cullen Frost Bankers** (CFR). Since then, the price has been lower. Should I sell it? I know banks are not popular now.

Elliott Gue
3:22
Longer-term I believe CFR is one of the best regionals in the US. It's also conservatively run and, unlike most regionals, has simply carried a significant portion of its assets as reserves at the Fed. That said, I have concerns about additional pressure on the group as a whole amid deposit flight and ahead of a likely US recession. CFR is not likely to be able to buck the trend of weakness in the group as a whole. Therefore, I recommended selling CFR back in March when it bounced (temporarily) over $110. It's a name I will look to revisit later this year or in early 2024 once we get some signs the sector is stabilizing. But for now, I've recommended selling and standing aside.

Alan R.
3:26
Guys,

Several oil companies have announced in the past month or so that they are going to focus on increasing dividends as opposed to spending on capex or share buybacks (OXY for example). To me this seems to be very positive; what are your thoughts? Thanks

Roger Conrad
3:26

Hi Alan. Yes, this has pretty much been the approach for oil and gas producers since commodity prices started recovering from the 2020 pandemic lows and what we believe is a long-term energy upcycle began. We've seen it in the large number of companies paying a portion of dividends at a variable rate, as well as buybacks. And the strategy coupled with aggressively using free cash flow to cut debt has really bullet-proofed the best in class from a recession--their CAPEX plans, balance sheets and the base level of their dividends as well.

As we've pointed out in [Energy and Income Advisor](), this has NOT been producers' behavior in previous cycles. We think the reluctance to ramp up CAPEX is due in part to concern about another recession's impact on prices and the widespread (and accurate) view last year that price spikes due to Russia's invasion of Ukraine would be temporary. But it's also because of growing regulation and hostility in the capital market to fossil fuel investment.

Roger Conrad

3:28

Finishing up with Alan's question, we believe the lack of CAPEX pretty much guarantees this energy upcycle will last longer and be more pronounced than anything we've seen since at least the 1970s. Mainly, when the Fed stops raising rates, demand will return higher. And the lack of investment ensures supply won't be adequate to meet it without pushing prices higher again--which as you say is very bullish for our favored producers.

Cliff W.

3:34

Dear Mr. Conrad,

thoughts on ETRN big move today on news MVP back on track?

Roger Conrad

3:34

If the Mountain Valley permitting provisions do make it into the final deal on raising the federal debt ceiling, it will be very bullish for **Equitrans Midstream** (NYSE: ETRN) the lead developer. The big risk for the company has been it would have to walk away from the project after finishing 94% of it--taking a huge writeoff and possibly having to restructure its $7.6 billion in debt--which even after today's upward spike in the stock is still more than twice market capitalization.

Expedited permitting likely takes this risk off the table. I don't think it necessarily means the dividend is out of the woods, as delays we've already seen continue to raise costs. And though MVP is likely to be fully subscribed, there's still the possibility of a big writeoff when it finally

enters service. I'm going to keep ETRN on the Endangered Dividends List and I think there are better places to invest in midstream. But this is good news for Virginia consumers. Another beneficiary--30% owner NextEra Energy.

John C.
3:41
Hello
A couple questions for the upcoming chat:

1) please discuss REITs areas of opportunity and what to avoid...how to evaluate.

2) natural gas ...a good time to invest...recommendations?

Thanks

Roger Conrad
3:41
Hi John. Before the chat, I was putting the finishing touches on the May issue of The REIT Sheet. That should be posted tomorrow morning at the latest. I think there are many opportunities in the sector now, with best in class REITs in multiple property types trading as though a recession would crush them, despite just posting strong Q1 results and guidance, increasing dividends and being far better positioned for a downturn than they were before the 2020 pandemic recession. I think we need to go easy committing fresh money to new positions in the stock market now, including top REITs. But it is a good time to take at least partial positions in several.

Natural gas is a major theme in part 2 of the Energy and Income Advisor issue that should be out tomorrow. Same caveats apply regarding likely downside in the overall stock market. But we are starting to see some great entry points here as well.

Alex M
3:47
Are you seeing any opportunities in the financial space with the recent dislocation in regional bank stocks? Thoughts on bank preferreds? Thank you.

Roger Conrad
3:47

Hi Alex. That's a really good question. Regional banks especially are a corner of the stock market that just continues to get hammered. Part of the reason is economic--recessions bring on higher credit risk and with money market fund rates north of 5%, it's tough for them to hold let along attract new deposits, even with the Federal Reserve's bailout of SVB largely taking bank run risk off the table even for large deposit accounts. That's enough of a headwind to keep the pressure on these stocks. But there's also the growing risk the regionals will effectively be regulated out of existence by federal policies intended to protect consumers that instead drive business to the biggest banks. It's the same dynamic that ended the savings and loans 30 years ago and is driving out small to medium sized investment firms.

I have recommended **Arrow Financial** (NSDQ: AROW)--a small upstate New York community bank--in CUI Plus/CT Income. But recently I sold more than half the position from the model, leaving only a rump.

Roger Conrad

3:50
Continuing on Arrow, the bank is facing an oversight issue. Despite paying its regular dividend on time, it has not been able to file its Form 10-K for 2022 or its 10-Q for Q1 2023. The new CFO is basically cleaning house, with the CEO stepping down earlier this month. And in my view, the bank as basically a place for local deposits and loans is still solid. But until there's more clarity, I'm not inclined to hold more than a rump position in the stock. And the same goes for regionals in general at this time.

Dan N.
3:58
Hi Roger-

1) how disruptive have the Huawei restrictions been to US carriers and telecom infrastructure companies like Crown Castle? 'Rip and replace' expenses.

https://www.nytimes.com/2023/05/09/technology/cellular-china-us-zte-hu...
'Rip and Replace': The Tech Cold War Is Upending Wireless Carriers

2) also, I read a few analyst reports criticizing the big 3 US wireless carriers as suffering from aggressively pursuing customers/subscribers at the expense of profitability. Would this be an argument to invest instead in telecom infrastructure cos like Crown Castle as a better way to play telecom w/o worrying how the customer-facing carriers fare in the marketing battles?

Thanks

Roger Conrad
3:58
Hi Dan. I fear the Huawei restrictions may have left the US, Canada and Europe several years behind China in terms of deployment and development of what 5G is capable of. The 5G peddled by T-Mobile US, for example, is basically glorified 4G in my view. And Verizon's efforts to build an advanced network and populate it are still a work in progress.

Profitability at the Big 3 US wireless carriers has definitely suffered from aggressive pursuit of customers. T-Mobile has maintained support on Wall Street because of aggressive stock buybacks--though the purpose of these was clearly to restore parent Deutsche Telekom to majority ownership with minimal cash outlay.

My view is we're seeing the final death throes for US wireless carriers outside the Big 3. And once that happens, carriers may focus more on earnings. And at just 7.5X earnings yielding 7.5%, it's hard for me not to like Verizon long-term. But after being expensive a long time, **Crown Castle** (NYSE: CCI) is looking interesting.

I like CCI with its 5.6% yield and its very strong franchise. I'm a little less enthused for conservative investors by its rival **American Tower Corp** (NYSE: AMT)--which is now heavily exposed to overseas markets/regulation/currency, as well as data center investment that appears to be dragging down cash flow. But it's also trading $100 less than its 52-week high. And sooner or later, these best-in-class telecom survivors are going to reward our patience with a big turnaround--in addition to the high yields they're paying now.

Arthur
4:06
Gentlemen,
As always, thank you for hosting these web events.
1) Current thoughts on HASI? How do you assess the recent share offering at $23? Is there a new Dream price?
2) AES vs. AESC. What are the benefits of one over the other? Am I wrong to look at it like the Center Point preferred play from a year or two ago? I've been nibbling at AESC, but I am not sure at which point I'd be better off sticking with AES over AESC. Given the yield disparity and the fact that their prices seem to move in tandem, and the maturity date in early 2024, why not AESC?
3) Elliot, good luck with your launch of FMS. Will it be duplicative of the Capitalist Times current offerings, and are you just trying to reach a new audience? If not, how is the focus different from what you guys are currently doing? I believe I now subscribe to most or all the services and have been delighted with the advice offered and the value given. Definitely interested; I just want to understand a bit more about what the goal is.

Thanks

Elliott Gue
4:07
I'll answer number 3 and I think Parts 1 and 2 are for Roger. To date, I have been publishing free content on Substack under the Free Market Speculator and Roger also has a Substack called "Dividends with Roger Conrad." I publish free content every Tuesday and Thursday mornings at 10 AM. What I generally don't do is give out specific stock and ETF ideas in the free Substack -- sometimes I'll mention a stock, but it's more focused on broader economic/market commentary. So, I've had quite a few requests from Substack readers for a model portfolio with more recommendations and many aren't existing readers of our other publications at CT. To start, The Free Market Speculator model portfolio will be the Creating Wealth model portfolio I manage for the CT services. Over time, I may look to add more features to Substack depending on feedback I get from readers there. So, basically it's a distinct audience to our CT publications and I'm launching the paid tier in response to reader requests.
Jim T
4:09
Roger, Thanks for the chats. Need your current assessment of AGNU for an investor with a 2 Plus year outlook.
Roger Conrad
4:09
Hi Jim, I'm not seeing anything trading under the symbol "AGNU." Can you clarify what that is? If you mean Algonquin Power & Utilities' 7.75% preferred stock of 6/15/2024 my advice for those without positions to buy at 30 or less. It's trading slightly below that level now ahead of a regular quarterly dividend of 96.875 cents per share to be paid to shareholders of record June 1. AQNU will convert into shares of **Algonquin** (NYSE: AQN) on June 15, 2024. The exact amount of the exchange will depend on Algonquin common stock price on that date. At this point, the conversion value rises by $3.333 for every $1 increase in AQN. And I see considerable upside in addition to the dividend as the company executes its strategy of asset sales to cut debt.

Guest
4:15

In light of the Mountain Valley Pipeline securing permit approvals in the debt ceiling package, would you now favor Marcellus gas plays over Haynesville? I know that Elliott previously preferred Haynesville plays due to proximity to the Gulf Coast and industrial plants.

Elliott Gue
4:15
Marcellus producers have the lowest cash costs and can generate free cash flow even in that $2.50 range or below. So, they're going to tend to perform well when prices are depressed like right now. Haynesville sits a bit higher up the cost curve in the $3.25+ range for natgas. However, Haynesville producers generally see higher realizations because of lower transport costs and the ability to sell directly to Gulf Coast/Henry Hub markets. MVP would reduce Marcellus discounts but probably not eliminate them. And Haynesville has higher production growth prospects to serve LNG terminals in a 3.50 to $4+ gas environment. So, I think it makes sense to have both -- right now we have recommended Chesapeake (which is basically a Marcellus and Haynesville producer) and we're planning to add a Marcellus-focused name to the portfolio in the upcoming issue out this week.

Robert
4:16
If / when MP is absorbed by OKE, are there possibly 3 LPs to consider in replacing MMP (within the next 3 to 6 months) ?

Roger Conrad
4:16
Hi Robert. I'm leaning heavily at this point to just staying with the new OKE/MMP--if and when the merger closes of course. The new company will be much more diversified geographically and operationally than either as a standalone. And as the fourth largest US midstream, it will have better access to capital and more leverage with vendors, and therefore the ability to add even more scale advantages. They've also promised to accelerate dividend growth, which has been low single digit percentages for both at best recently. The risk to the deal is the Justice Department--which in the Biden Administration has become extremely merger skeptic. But at this point, there seems to be few grounds to reject it. As for new MLPs, we've been focusing on the best of the biggest for a while and that's where I think we should remain at this stage of the cycle. Midstream is always last to participate in an energy upcycle and with best in class still cheap there will be plenty of opportunity to dip into lower quality names.

Guest
4:22

I hold NEE, NGG, SO & SRE in a broadly diversified many holdings portfolio from AAPL & CVS through RTX & XOM.   thinking of trimming my 4 gas & electric utilities. Which 1 makes the most sense to trim as source of funds for further diversification?

Roger Conrad
4:22
Thanks for that question. The temptation is always to sell underperforming sectors--and as discussed earlier in the chat, basically anything paying dividends now is underperforming the AI-driven names that dominate the S&P 500 including Apple, which in our view is one of the worst values at this point and therefore very vulnerable. If I have to pick one of those four names, I probably have the most concern about National Grid--despite some great numbers and a big dividend increase, it's very much at risk to a Labour Party victory in upcoming UK elections. And its relations with New York regulators could also be better. But bottom line is selling gas and electric utilities after they've already dropped and ahead of a recession in which they'll outperform other sectors as businesses isn't something I'd recommend now. In fact, the smarter move would be to take a little off the table in the AI names--which again have run way up.

John K.
4:30
At this time with high inflation, is it better to be in high-yield dividend stocks or growth? Thanks!

Roger Conrad
4:30
Hi John. What we're really looking for is high dividend stocks that also offer growth. The best-in-class midstream energy companies we recommend in Energy and Income Advisor are good examples--**Energy Transfer LP** (NYSE: ET) for example yields almost 10% and will be raising dividends 3-5% a year going forward--and probably faster than that as the energy upcycle unfolds. Energy and resource producers that pay variable rate dividends are another option. And I like the utilities that have consistently affirmed upper single digit percentage growth rates, based on highly visible investment plans.

Bottom line is it you can have both if you buy individual high-quality stocks when they're cheap--and a recession should give us an even better opportunity for shopping.

BKNC
4:37

Gold has dropped off a little bit (5%) but why is Newmont mining down so much? The Newcrest Mining purchase has not occurred yet, so I do not understand the price drop since they matched guidance. This holding is down 30% which is way more than other gold miners. The recession concerns affect all gold miners. I am questioning if this is the best company to be in for gold mining? Should we move on to something with better prospects?

Elliott Gue
4:37
If we look at NEM performance this year it was slightly above the mean and median in terms of total return through February 3rd; since then, it has underperformed, falling 18.2% vs. Philly Gold & Silver at -4.9%. The first proposal from NEM for NCM was February 5th, so that's pretty strong evidence the stock's recent underperformance is related to the since upwardly revised offer to buy NCM. More broadly I think there are two concerns at work: 1. The market is still hostile to any signs of capital inefficiency or spending money as most investors are focused solely on free cash flow in the mining industry. 2. Rising production costs due to industry-wide inflation. In my view, the NCM deal will create value in the intermediate term and makes sense with gold at $1,800+ over the next several years. So I think concerns that NEM overpaid for NCM are illogical unless you think gold is headed back to last year's lows (I don't.).

While there is cost inflation, I suspect the rise in average gold prices will be enough to preserve margins and NEM's strategy of replacing high-cost production with lower cost output from newer, cheaper-to-produce mines is a good one. So, I still like NEM and I'd also mention WPM as a stock worth a look. It's a streaming company, which means it doesn't have direct exposure to rising mining costs. The streaming and royalty companies have been outperforming in recent quarters mainly for that reason. Also, WPM has an outstanding production growth profile as its mining partners start-up new mine expansions over the next few years.

Dan N.
4:39
Hi Roger,

Westinghouse, Bechtel to advance first nuclear power project in Poland

https://www.nsenergybusiness.com/news/westinghouse-bechtel-polish-nucl...

as a longtime, happy holder of BEP, I'm both fascinated and worried about the Westinghouse acquisition. It was announced with emphasis on the reliable cash flow from service contracts for existing nuclear plants, very low risk.

Now there are announcements about several more AP1000 plants to construct… and we've been tracking those as boondoggles for how many years? Reason to worry?

Thanks,

Roger Conrad
4:39
The example of Westinghouse's AP1000 projects in the US makes that a question well worth asking. And there are still a lot of details we don't know about these projects, a big one being how much cost risk will the contractor absorb versus the investor? In the case of Vogtle and Summer, the contractor (Westinghouse/Toshiba) was totally on the hook--the investors Southern and SCANA were only at risk when Westinghouse filed bankruptcy.

What I can say is Brookfield Asset Management--parent of **Brookfield Renewable** (NYSE: BEP)--owes its success over the years to factoring out risk. And BEP has benefitted from that with extremely steady cash flow and dividends. As you point out, when they did this deal, Brookfield emphasized they would be focused on service contracts. I took that to mean they've farmed out financial risk of building, meaning the Polish government is carrying them-and that still appears to be the case based on what I've learned since. That could change of course.

I don't see significant risk at this time from these projects to BEP shareholders.

Jack A
4:44
Hi Elliott:

In one of your publications you had recommended CF Industries, which produces fertilizer from natural gas.... It made sense because natural gas prices are low in the United States and fertilizer can be exported more easily than natural gas...... But the question is, why has the stock fallen so much from its high?....... You would think with food prices high in Europe, there would be a large demand for their fertilizer, and the cost of producing it would be low...

Thanks

Elliott Gue
4:44
Pretty much all commodity companies have been hit this year due primarily to concerns about the health of the global economy. On top of that, due to very high prices, many farmers held off on purchasing nitrogen fertilizer last year, which depressed volumes sold. The thing about nitrogen is that it needs to be applied annually or your yields -- especially for corn -- will get hit

hard. K/P nutrients are more discretionary in terms of applications. So, I think this is a classic case of the market selling off CF due to macro concerns even though I believe the first half of this year will be the trough for their business. Ag. commodities are less discretionary than commodities like oil and gas as well and CF can still produce free cash flow even at current nitrogen prices.

Dan N
4:48
Hi Roger- a question to check in on MPW, since many of us still hold some shares. There's been no dividend cut yet, but the market is still punishing the shares. You've expressed general confidence in management. Are you still confident? Are the current challenges navigable?

I wouldn't want to try to 'call the bottom' for a business in as much flux as MPW and where short-sellers are still a major part of the story. But is MPW a good bet with a 3 to 6 year horizon? I would have thought yes, assuming the main risk is a dividend cut, not outright bankruptcy.

Thanks,

Roger Conrad
4:48
Hi Dan. I have expressed confidence in management for **Medical Properties Trust** (NYSE: MPW) and I continue to believe they're smart people. On the other hand, as I said when we recommended selling this REIT last year, it's also facing some very severe headwinds that if anything have worsened considerably since the beginning of the year. You're right it's heavily shorted--18.97% of float today according to Bloomberg Intelligence. And that means potential for a squeeze if MPW can weather current challenges. On the other hand, that short interest is so high because several key tenants are showing deteriorating ability to stay current on rent. And it's unclear what impact recapitalization or re-leasing would have on cash flow needed to pay dividends later this year, including the just concluded Prospect Medical recap. There are also a large number of shareholder lawsuits emerging, though that's less of a concern. Next earnings are expected August 18 along with the next dividend declaration. Management may keep pulling rabbits out of the hat.
My problem with recommending the stock now, though, is there are a lot of REITs out there now very cheap and without the risks owning this stock still presents. And $10.2 bil of debt (all due before the end of 2031) is now more than twice market capitalization, so yes there is potential bankruptcy risk in addition to elevated risk of a dividend cut.

Victor
4:54
Hi Elliott, we are seeing AI stocks taking off like a rocket. Perfect example NVDA. Are they immune to the current interest rates? Is this irrational exuberance all over again?

Elliott Gue
4:54
I think it's a classic bubble. If you look at NVDA, it's a fine company that's profitable and has market-leading technology in some segments. But it sells for close to 40 times revenues, which is tough to support even under the most rose-tinted cash flow and growth projections. It reminds me of names like Cisco and Sun Microsystems, which sold for 40 to 60 times revenues back in 2000 before collapsing. I think it's a bubble and a case of "Amara's Law" at work -- we have a tendency to overestimate the impact of technology in the short-run and underestimate its impact longer term. If the US economy ultimately slips into recession as I expect and rates/inflation stay elevated for an extended period, history suggests AI stocks will be unlikely to maintain their altitude. Of course, it could continue for a while longer as it's tough to time the exact moment a bubble will pop. I was interested to see NVDA close near its intraday low today and below the opening price, printing a classic technical signal of price exhaustion. We'll have to see if that holds and the stock starts to sell off in coming days.

Jimmy
5:04
HI Elliott, what is your take on SLB fundamentally after last quarter's cash flow miss? How much further down can we go or do you think it is carving out a bottom here?

Elliott Gue
5:04
In my view, the theme for the services names in Q1 was "offshore and overseas." Stocks with strong international leverage have outperformed. SLB ticks that box, which is why I think it's outperformed its arch-rival, Halliburton, year-to-date by over 7 percentage points. That said, no stock will be totally immune to the macro environment, and that's why I think you've seen the entire group come in recently. From what I could tell the free cash flow miss was generally due to seasonal factors and management's commentary on international spending and growth remained bullish. In a broader market sell-off you could certainly see SLB fall a bit more, but I tend to think any dips to support in the low $40s would be buying opportunities.

Alex M
5:08
Hi Roger. Eversource Energy has pulled back to an attractive level, but there seems to be quite a bit of construction risk with multiple offshore wind farms in the works. I see they are working on selling their stake in one of the farms, but I'm wondering if you would view this company as a slightly riskier utility play compared to some of the other regulated operators like AEP, EVRG, and BKH. Thank you.

Roger Conrad
5:08
EverSource's (NYSE: ES) plan is to sell its ownership interests in the actual offshore wind facilities and to focus instead on building transmission infrastructure to service them. Its partner Orsted A/S is supportive of this plan and last week announced it would purchase the company's 50% interest in a currently committed lease area off the Massachusetts coast for $625 mil in cash. Orsted is also committed to completing the 3 projects it owns jointly with EverSource in various stages of development and is a global developer with deep pockets and extensive experience--and is a candidate for buying ES' interest in those projects as well. For disclosure, I've owned EverSource since it was Northeast Utilities and have done well with it. I consider it a buy all the way up to 90 and I believe the offshore wind sales significantly derisk operations. As for far as comparison with American Electric Power (NYSE: AEP), I think it's more on the same page with regulators as that company faces challenges in Texas

Roger Conrad
5:12
Continuing with AEP, I consider it a buy up to 90 nonetheless for its high yield and solid franchise. Evergy (NYSE: EVRG) is comparable in terms of risk and below its highest recommended entry point of 65. **Black Hills Corp** (NYSE: BKH) is a buy up to 70, though it does have the challenge of phasing out a coal mine and mine mouth coal plant or else a lot of regulatory risk. Another difference between EverSource and the other three is it does not have generation assets but is rather a pure transmission and distribution company--which eliminates some risk.

Dan N.
5:18
Hi Roger- Any rumblings about strategic review for AY? AQN selling its stake to a new sponsor? I see headlines that activist investors now have stakes in AQN and are pushing hard for follow-through on planned asset sales.

As fun speculation, who do you think would make a good or likely acquirer for a 44% stake in AY? I see Brookfield named periodically (including for an outright full acquisition of AY), but what about AES? I could see AES-AY being a far more synergistic pairing than AQN-AY turned out to be.

Thanks,

Roger Conrad
5:18
Atlantica Yield has yet to report anything concrete from its ongoing strategic review. And management was pretty circumspect about the proceedings during the Q1 earnings call. Next earnings are August 3. I think the most likely outcome is a few tweaks that will enable dividend growth to restart. But the biggest potential move really is what Algonquin (NYSE: AQN) decides to do with its 42.15% ownership interest, which is worth about $1.2 bil at AY's currently depressed price. My view is we could win from either a partial sale that moves sponsorship to a parent more committed to the model or a full sale. It's certainly possible that could be an operating company like Brookfield or even AES Corp (NYSE: AES), which as you point out has global operations including transmission. But the buyer could also be private capital, as was the case with the former Pattern Energy. Either way, I think it's worth sticking in AY shares for, despite the recent selloff.

Guest
5:24
Just about every Utility is guiding to 4-6% EPS growth through 2026-27. It doesn't seem to matter what the regulatory environment is for the utility, the power generation mix, customer mix or the type of utility. This would imply a 8-10% annualized return for the RYU.. why not just buy that.

Roger Conrad
5:24
I would say the main reason I prefer buying individual stocks to any ETF--including Invesco S&P 500 Equal Weight Utilities--is you can focus on what you want to own, rather than what the ETF sponsors require you to, and that should make for better performance. Several utilities, for example, are guiding to 6-8% earnings growth through 2027--and I'd certainly rather own them at the right price than companies guiding to 4-6%. Second, this ETF is only yielding around 2%, which is less than half the average of CUI Portfolio utilities. And it's been highly variable as well, paying just 59 cents a share in March versus 79 cents last September.

Guest
5:29
Hi Roger: VZ continues to drop. Now at $34.75/share or 7.5% yield. Is the whole telecom industry in an unfavorable position with investors? or is VZ having problems? You mentioned TMUS in a prior email to me. Why is that so popular? Do you still prefer VZ over T? Thanks for your and Elliott's advice over these many years! Best, Barry

Roger Conrad
5:29
it's been a slow bleed for Verizon Communications for sure. And it's a good example of how stocks that are already cheap can always get cheaper before they recover. As I've noted earlier in the chat, I do think Verizon will recover so long as it sticks to its industry leading network CAPEX plans and is able to maintain dividend and balance sheet strength. And I saw plenty of signs of that in Q1 results. T-Mobile US is more popular in my view because it's buying back stock with free cash flow and is gaining customers faster than VZ or **AT&T** (NYSE: T). I think the better way to own it is with now-majority owner **Deutsche Telekom** (OTC: DTEGY) as I've noted in CUI. I do think Verizon has more consistently invested in network than AT&T over the years, which has broadly diversified. And while AT&T is now a pure play more or less, I still prefer VZ. Looks like I need to do a telecom piece in CUI!

Guest
5:31
What's your thoughts on DVN
Roger Conrad
5:31
We currently rate **Devon Energy** (NYSE: DVN) a buy at 40 or lower, and it's a bit above that at this point. The main concern would be the variable portion of the dividend, which is likely to come lower this summer based on the trajectory of energy prices. But it’s one we're looking at.

Sandy W.
5:41
Hi Roger,

I am happy for this opportunity to get updated on the changes in interest rates and the transition to the "third leg down."

Since starting the CUI+Plus program I now have all your recommendations except ABBV. I also am following the REIT Sheet and have purchased some of those, which confounds the rebalancing of the portfolios, because I don’t understand how the % is determined. I still have long positions in CVX and XOM with significant gains. Since the Schwab money market fund has a higher payout than the stocks, is this the time to sell the rest of these two energy stocks? Thanks again for your wisdom.

Roger Conrad
5:41
Hi Sandy. Thanks for your question, which I see you also emailed to me. I think of anything in the energy sector, you can feel comfortable holding super majors like **Chevron Corp** (NYSE: CVX) and **ExxonMobil** (NYSE: XOM). Either could still dip a bit from here and in fact they still trade above what I would consider maximum entry points despite coming off their highs. But these companies used their free cash flow windfall of the past year wisely, paying down debt, buying back stock, making targeted acquisitions and solid but not excessive dividend increases. So as a result, they're well prepared for a recession in the near term and in fact will certainly use it to get even stronger for when the energy upcycle resumes. As you know, I am recommending a much larger than normal cash reserve. The CUI Plus model is based on a $100,000 initial investment. But the important thing about allocations is the percentages rather than the amounts. These are shown in the "Weight" column of the portfolio table.

Roger Conrad
5:44
Finishing Sandy's question, no matter how closely you follow the stocks in the portfolio--and even Abbvie is finally coming down to my highest recommended entry point--the important thing is to hold a fair amount of cash. I'm right now at almost a third of the portfolio, which I'm comfortable with in view of the direction of the market and the 5% plus yield. But the point is just to have a good amount of cash, with the idea of deploying it after the ongoing downleg has run its course. Hope this helps. If not, feel free to write me again directly at rsconrad2013@gmail.com.

Jack A.
5:52
Hi Elliot:

I've been very disappointed at the price performance of KMI......... I recently saw a survey of energy analysts, and it was reported that only 26 percent have a positive rating on KMI, and it was the second lowest - only Cottera had a lower rating....

What's behind this?......... Is it because they have too much debt that needs to be refinanced at a higher rate? Is it related to the fall in natural gas prices? ET is very involved in pipelines for natural gas but seems to be doing better.... Is there any hope for KMI in the near future?

Thanks

Roger Conrad

5:52

According to Bloomberg Intelligence, 6 of the analysts they track rate **Kinder Morgan Inc** (NYSE: KMI) a buy versus 15 holds and 2 sells. That's decidedly neutral.

I don't think the reason is balance sheet--the company is universally rated mid-BBB with a stable outlook. Neither is there much variable rate debt exposure anymore, now that management basically closed it out at a cost of flat 2023 distributable cash flow. I think the reason is really earnings either, after the company actually raised 2023 guidance following Q1 results.

It may be slower distribution growth than closest peer **Enterprise Products Partners** (NYSE: EPD), which is now raising 5% plus a year versus Kinder's 2%. And KMI's retreat has brought its yield closer to EPD's, though it will likely remain at a premium because it's not an MLP. But I think the real reason for the decline here is the same selloff that's affected other dividend paying stocks: KMI's -7.5% decline this year is on par with the iShares Select Dividend ETF.

5:55

Staying with Kinder, I do think there's a great deal of reason to believe we'll see not just a recovery but big returns in the next few years. Midstream is always last to the party in an energy upcycle. And so long as Kinder keeps growing as indicated in guidance, it will continue to grow its business, possibly with an acquisition. I'm also unhappy with the performance year to date. But I'm still convinced this is a value situation I want to own.

Fred W.

6:00

Hi Roger and Elliot,

Just wanted to get your opinion regarding the latest market status and what trading opportunities you believe may present themselves if we get to the brink of a default over the next few days?

Also, what do you think about short term trading opportunities in the following energy related stocks:XOM,VLO & PXD, and commodity plays like BHP,VALE & RIO?

Thanks for your insight, should be an interesting few days. My portfolio is heavily weighted towards energy for the longer term but hoping to be able to grab some good bargains during the upcoming turmoil.

I really appreciate both of you for your great insight into the Energy sector during the many years that I have been a subscriber.

Roger Conrad
6:00
Hi Fred. If the US government actually defaults in early June, I don't think a lot of stocks are going to do well. That includes the AI stocks that are still leading the S&P 500 higher even while most stocks are sliding. if the oil and commodity stocks you've listed should decline meaningfully from here in a temporary default, I think it would be a great opportunity to pick them up--not as a trade but as a long-term bet on higher inflation.

At this point, our sources on Capitol Hill are viewing approval of this deal as far more likely than rejection, given the stakes and initial comments so far from Congressmen. But being politicians, that's certainly not a given. We think that's another good reason to hold cash now--the other being we're headed for recession anyway.

Richard L.
6:05
Roger,
Thanks for the monthly chats. My question this month concerns the dividend safety of D, T and VZ. All three seem awfully high, do you consider them safe? Thanks again for keeping us informed. Richard
P.S. I am finally resting easy on SO.

Roger Conrad
6:05
Hi Richard. All three posted Q1 results that strongly backed the integrity of these companies' balance sheets and ability to pay dividends. And all three have a record of weathering recessions with dividends intact. Of the three, Dominion is undergoing a strategic review with results to be announced this summer. That means it's likely carrying the most dividend risk, though management seemed to rule out a cut during the Q1 earnings call following the Virginia regulation deal. AT&T and Verizon will face a test on whether they can meet free cash flow guidance this year. But they did in Q1, and gave every assurance they will the rest of the year. And so long as that's the case, there's plenty of money to cut debt and maintain or even increase the dividends--Verizon as soon as September. I would agree all three are pricing in a lot of dividend risk. But at this point, that's also upside if they avoid cuts. Agreed on Southern Company--a long way to the finish line with Vogtle. But with Unit 3 operating and Unit 4 on track, the big costs are behind the company, while the big savings are ahead. And what a lot of

people forget is they've been recovering the construction costs as incurred. The last rate proceeding after the startup is a relatively minor affair.

Jim D
6:07
Elliott & Roger BTW - I appreciate your intelligent professional no-hype-zone approaches to your work. You normally give both sides of the story while proving a more likely scenario.

Roger Conrad
6:07
Thank you, Jim. We appreciate it. We're certainly not always right but it's always our objective.

Guest
6:11
Hi Roger and Elliott: AY is now trading below your Dream Price of $25/share and yielding 7.25%. Is this company a "best in class" like NEP? Is it a renewable like BEP and NEP? How does it compare in strength and size and "favor" to NEP and BEP among investors? My reason for asking is to decide if I should diversify my future investing to AY from BEP and NEP. I do not know of any renewable company that has the growth and dividend record of NEP, right?Thanks. Barry

6:17
Dear Roger: Can you explain again the rationale for buying AGNU? While it pays an incredible dividend of $3.88/share or about 13.25%, what happens after its preferred shares convert to regular AGN shares? Then we are stuck with all of these common shares in a company which hopefully will return to favor with investors, right? I guess you must feel comfortable recommending the preferred shares now in a company whose common shares have previously been beaten up. Please explain. Thanks! Best, Barry

Roger Conrad
6:17
Hi Barry. That's pretty much the rationale. I believe Algonquin has a solid business model built on high quality utility and renewable energy assets. The company was caught out trying to buy

Kentucky Power from American Electric Power at a time when the cost of carrying variable rate debt to finance a deal was doubling and trebling. And as a result, it's had to make some pretty big adjustments to get back on track. AQNU is a bet the company will show meaningful progress in the next 12 months or so, which will raise its conversion value in addition to the high yield. My intent now is to hold through the conversion, at which time we'll get lower yielding AQN common shares but that are well on way to bouncing back.The Q2 earnings call in mid-August will be a test as the company announces "go forward" plans then. Assuming I like what I hear, I'll stick with this recommendation.

Arnold S
6:21
Regarding Energy Transfer ET... It has been reported on the NASDAQ website that company insiders have purchased 17,868,790 shares in the last 12 months. Does this make the stock more attractive in your view?

Roger Conrad
6:21
Hi Arnold. It certainly doesn't hurt when insiders buy their own company--though the lion's share of the action at **Energy Transfer LP** (NYSE: ET) is buying by its founder and main cheerleader Kelcy Warren. ET was my top midstream energy pick at the start of 2023, as I believed management would follow through on restoring the pre-pandemic level of dividend--and it has and then some, in addition to posting strong Q1 results and increasing guidance following the successful acquisition of Lotus Midstream. I think ET is a strong buy up to 15--happy Mr Warren agrees as he's in a better position than me to know how things are going.

Guest
6:27
Dear Roger and Elliott: I loved your recommendation in your last EIA issue to buy ET and "lock away a yield of nearly 10% while it still trades below our highest recommended entry point of 15." Perhaps a dumb question - but why does ET continue to trade at such a high yield? Why does it not receive the respect given (if any) to EPD, MMP and MPLX? Or does it get the same respect? I just see its yield as so much higher than the others. What am I missing? Is there greater perceived risk owning ET vs. MPLX? Thanks to you both. I subscribe to all of your newsletters! Love them. Best, Barry

Roger Conrad
6:27

There's the fact that high yielding stocks are under pressure now, which has hurt MPLX (yield 9.3%) and would have Magellan Midstream were it not for the takeover offer and its cash component. I think the fact its an MLP also still spooks some investors while some institutions can't own it. I think the fact it cut its dividend during the down cycle keeps it at a discount to MLPs that did not like Enterprise Products Partners (NYSE: EPD). And I think here's very likely a "Kelcy Warren" discount, since he's blamed for the dividend cut as well as roll-up mergers that subsumed the former Energy Transfer Partners and others. I think these are all ephemeral factors and that eventually ET will go to higher highs than even during the previous cycle. But they are having an influence now and require us to be patient to get there.

Guest
6:30
It seems like the nature of AES earnings is a black box. Does that concern you even though the company seems to be a great green energy play?

Roger Conrad
6:30
Thanks for writing. I actually think they provide a great deal of detail on their operations and balance sheet. And the vast majority of their cash flow is either from regulated utilities or contracted energy generation--including renewable energy but also natural gas. There are a lot of moving parts for sure--currency exposure being one. But I would not describe them as a "black box" meaning no visibility or transparency--in fact quite the opposite. It's not the AES of 20 years ago. And it's pretty well picked over by analysts as well, both equity and credit side.

6:34
Also to answer a piece of **Arthur's** question that didn't yet make it into the chat, I don't really have a preference for AES or AES C--one provides a higher yield and the other possibly a bigger boost for a smaller investment. As I noted in the previous question, AES is a solid company and the recent selloff appears more related to misconception as well as general sector selling. I do think the AES C has potential to be as rewarding as the Centerpoint convertible preferred was for us--though a lot will depend on what happens in the overall stock market between now and the conversion date.

Roger Conrad
6:38
Also for **Arthur**--regarding **Hannon Armstrong Sustainable** (NYSE: HASI), I think the reaction to the stock offering was overblown but entirely understandable given where the stock market is now. They obviously felt they'd be better off issuing shares to fund new investment,

which as Q1 results and guidance indicated is quite robust. And the same day, Fitch revised the outlook on their credit rating to positive, indicating the likelihood of a boost in investment grade in the next 12 months. Financial REITs are notoriously opaque and I never recommend really loading up on a single stock. But with those caveats, this looks like a cheap renewable energy play to me with a unique niche and a safe, growing dividend.

Jimmy
6:36
Hi Elliott, What are your thoughts on **Mosaic** (MOS) the business and the stock?

Elliott Gue
6:36
Generally I think all 3 fertilizer companies -- CF, MOS and NTR -- will be good over the intermediate to long-term. I like CF the most because of its nitrogen exposure. Generally nitrogen demand is more stable and less discretionary than for phosphate and potassium. Also I think CF's US natgas advantage is underappreciated and a sustainable competitive advantage over most foreign producers. The catalyst I see here is that I suspect EU natgas prices could surge again into next winter, which could also serve to highlight the value in CF. I would say it's not a strong preference -- I like MOS at well it's the defensiveness of CF's business that gives it a slight edge.

salvatore
6:41
Always look forward to these chats Guys. Elliot, in Creating Wealth you have a recommendation for CF . Ive owned mosaic for quite a long time, your thoughts on tax harvesting MO (loss) and purchasing CF in its place .

Elliott Gue
6:41
Thanks for the question. I actually like all 3 fertilizer producers over the intermediate to long-term. As I said in response to a prior question, I would give a slight edge to CF due to 1. Nitrogen demand tends to be more stable than Phosphate demand and potassium and 2. I do think the EU/US gas situation could be an upside catalyst into the second half of this year. They are also both plays on the same basic trend so I think doing a MOS for CF swap if its advantageous tax-wise could make sense.

salvatore
6:41
sorry about that the symbol on mosaic was mos not mo

Elliott Gue
6:41
Yes, no worries. I answered your question just above.

Guest
6:43
Roger and Elliott: What makes a company "potentially a high premium takeover target" per your last EIA issue when talking about PAGP? Is PAGP a "best in class" like EPD and MMP? I think it cut dividends during the last crash UNLIKE midstream companies like EPD, MPLX and MMP, right? Thanks. Barry

Roger Conrad
6:43
That's correct. As I pointed out in the EIA issue, **Plains GP Holdings'** (NYSE: PAGP) sole asset is shares of **Plains All-America Pipeline** (NYSE: PAA). And Plains cut its dividend in half in early 2020, as well as two other times earlier in the past decade's energy downcycle. The nature of its business and contracts means it's far more volume sensitive than Enterprise, Magellan and MPLX--so it was far more affected by the downturn and forced to cut dividends to avoid a major deterioration of the balance sheet. That said, we believe we are now in an upcycle. That means the trend for volumes is up, which will increase the value of Plains' pipelines particularly in the Permian Basin and means the trend for dividends is up as well. And it makes the stock a prime takeover target in our view, despite the dividend cuts of the previous downcycle.

Ed
6:47
Is FLNC Fluence a good investment? Is FLNC Fluence getting toppy and should be sold?

Roger Conrad

6:47
Fluence is one of the few pure plays for battery storage. And it's backed by 50% ownership from co-founder Siemens AG combined with its pension plan. I have intended to pick it up in CUI coverage, particularly now that it's gaining some business momentum. As a cautionary note, the company has never turned a profit, though it now expects to in fiscal 2024 (end Sept 30). So while the recent insider purchases are positive--and I don't see the stock as particularly toppy--it would probably take a hit in an overall market correction.'

DAS
6:49
I am still hoping for another MLP (EPD,PAA) to make a competing bid for MMP but it seems less likely the longer we go after the OKE-MMP announcement. Do you still feel that a competing bid may materialize?

Roger Conrad

6:49
Well I'm still hoping for that outcome as well, though the longer there's no counterbid, the less likely we'll see one. Still possible, though. And given there would be no tax consequences for a deal with Plains or Enterprise, many would favor it over ONEOK's.

Bill S.
6:53
Hi Roger, Can you name some better alternatives for high yield currently? VZ approaching October '22 lows again, not seen previously since 2017, a good place for high yield dividend reinvestment?

Roger Conrad

6:53
Hi Bill. I do still recommend Verizon for high income and eventually a big recovery, though I want to say I never recommend anyone really load up on a single stock. The company is viewed as a plodder in the communications space at a time when the only stock many institutions will own in the sector is T-Mobile US. But so long as it continues to meet guidance--which it certainly seems to be doing now--the payout is safe and eventually it should return to favor.

As I said answering an earlier question, given what I'm hearing in this chat from readers, it is time for me to do a communications piece. Look for one next month.

JerJos
6:55
Your take on who will be the major beneficiary of the MVP completion.

Roger Conrad
6:55
I think natural gas producers in the Marcellus will be beneficiaries of a tightened market. As for as owners of the pipeline go, I don't think lead developer **Equitrans Midstream** (NYSE: ETRN) is out of the woods on the dividend, as costs continue to grow. But NextEra Energy owns 30% and would be in great position to monetize that interest if MVP makes it. it's pretty much written down now.

Guest
6:58
Elliott and Roger: I read other "experts" and pseudo-experts in chat boxes who claim that "rising interest rates are historically a time that utilities underperform." I know you have commented on the relationship among inflation, interest rates and utilities in the past. Can you do so again please? Thanks. Barry

Roger Conrad
6:58
Hi Barry. Well, all I can do is quote numbers--and utilities have performed as well in years of rising interest rates as falling rates, in fact far better in some cases. The key as with all stocks is the economy--if it's weakening, utilities and other stocks slump (as we're seeing now). If it's strengthening, the direction of prices is generally up.

Look for updated versions of returns compared with interest rates and Fed policy in an upcoming Income Insights.

Guest
7:00
Roger: Long ago I believed you advised us to sell any interest we had in SLG. Thank you. It continues to hemorrhage. Can you comment on your portfolio listings ARE, BXP and CCI and their similarities/differences compared to SLG? I continue to tread very slowly per your recommendation with conservative staggered 3 part buy-ins of these companies. Appreciate your advice over the years. Best, Barry

Roger Conrad
7:00
I'm still sticking with all three and will have an update on them post-Q1 earnings and guidance updates in the May REIT Sheet issue--which as I said earlier in the chat I was putting the finishing touches on just prior to the chat. All three are lower obviously. But the short answer is earnings were solid in Q1 as was guidance. And so long as that's the case, we can look forward to recovery.

Michael L
7:00
Elliott, How do we access the free market Speculator, and subscribe to the service when it launches? Also, what is subtrack?

Elliott Gue
7:00
Substack is a platform for writing newsletters and "blogs". I first found out about them in 2020 when Twitter and some of the other social media sites started banning users for writing "misinformation" about COVID, etc. Substack really held the line and said they wouldn't censor people on their site (within reason) -- to be honest, I have a lot of respect for that stance and when they stuck with it under a lot of pressure to do otherwise. Now, there are a lot of writers there -- some right-leaning, some left-leaning and some that really aren't political at all like my Substack and Roger's. You can just choose what you want to read and what you don't like. The

platform allows me to post long and short-form content, free posts, paid sub-only posts, host chats, post videos, allows readers to comment on specific posts; it's all accessible via a password protected website. The system all send out e-mails to all subs when new content goes live on the website. I think that's the gist of it -- my service on is called The Free Market Speculator and it's here https://freemarketspeculator.substack.com/ Roger's is here: https://rogerconrad.substack.com/

Hans
7:03
Roger or Elliott A question I had that has not been answered was, is UNG a good buy at this price since it is at a 52 week low. Thanks

Elliott Gue
7:03
Thanks for the question. I am not a fan of UNG as a way to play natgas. The reason is that right now UNG holds the July 2023 futures and will roll into August in mid-June, then September in mid-August. Each time they roll, they're buying into a contract with a higher pric, so these rolls cost you money. UNG is good for trading but not when the contango (shape of the futures curve) is this steep or when it could take 6 to 9 months for my gas thesis to fully play out. In cases like this I prefer to buy high quality producers like CHK where you're not subject to that roll cost issue.

BKNC
7:10
Dominion is not doing well, it takes a long time to recover from that. The market is not seeing the convincing case of impact on actual margins. This strategic review is a massive overhang. I am very concerned about this holding; it is a long term holding with big losses. Do we believe that Dominion will get better? I understand buy low, but is this long term money wasted.

Duke Energy – I am confused. They are selling their commercial renewable energy business. At the same time you said roughly half planned CAPEX is devoted to renewable energy expansion. How can they be expanding yet selling at the same time? I am missing something. Maybe there is a distinction between commercial and residential?

Roger Conrad
7:10
I wish I could tell you definitively what the result of Dominion's strategic review will be right now. But what I can say is expectations appear to be pretty low and won't be hard to beat. And

now that there's a regulatory deal in place in Virginia, the only real unknown is what assets will be sold to cut debt further. As I indicated earlier in the chat, I think a lot of the selling is momentum related with Dominion as well as Duke--and not really related to any developments at either company. Both stocks could slip a bit more and likely will if the market ex-AI stocks keeps sliding. But I still like both long term.

As for Duke, the difference is they're selling unregulated operations to focus on regulated utility rate base investment--in this case renewable energy expansion particularly solar. They'll be close to 100% regulated at that time, which should make earnings more predictable. And the proceeds from selling the unregulated "commercial renewables" arm will fund it cheaply.

Jimmy
7:10
Can you tell me how the new substack service fits into the overall newslettter offerings? For example, if one is a subscriber to Creating Wealth and EIA, how does this substack service differ or overlap?

Elliott Gue
7:10
The Free Market Speculator Substack is going to be very close to what you get in Creating Wealth for now though I'll probably add or change some features over time. You might actually find the free commentary there useful though since I occasionally offer content in response to questions I'm getting that doesn't make it into the CW service. Mainly I am offering FMS paid because I got requests from Substack users/readers who aren't members of any of our other services. I have also heard from some users who prefer the format of my Substack newsletters to the e-mail format of CW.

Willy
7:11
Roger, why are your buy under price and the dream price for XOM almost the same?

Roger Conrad
7:11

Hi Willy. That's also the case with several other stocks in our coverage universe. In any case, that's our advice of ExxonMobil (NYSE: XOM)--buy on a dip to 85 or lower.

Victor
7:13
Elliott, SLB reported good earnings. It's currently trading under the buy price. Do you see more weakness ahead or lower stock prices?

Elliott Gue
7:13
I wouldn't be surprised to see dips down to around $40 if the broader market weakens or as we approach recession. However, I see SLB worth at least $65 to $70 on conservative mid-cycle assumptions. So we see it as a buy here for intermediate-term upside.

Hans
7:14
Elliott   Is UNG a good buy at this low price, I think it is at it's 52 week low.

Elliott Gue
7:14
Thanks for the question, I answered it just above.

PeteH
7:14
Hi Roger, Thanks for holding those live chat. What is your assessment of EIX dividend safety and outlook.

Roger Conrad
7:14
Hi Pete. I think it's very safe and likely to be increased again next year at a similar rate to this year, which was 5.4%. Wildfire season is always a risk. But every year, the company further

reduces its risk of being a part of wildfires by undergrounding wires, installing covered conductor wire and boosting surveillance capability. I like the stock as a buy up to 75.

Kathy
7:19
ARE and HASI - what are your feelings on adding to each given the decline they have had this year?

Roger Conrad
7:19
Hi Kathy, thanks for joining us today. I review Q1 earnings and guidance updates at length in the May REIT Sheet update that will post tomorrow morning. The short answer is their results and guidance were solid and the drop in share prices doesn't appear to be related to any business developments. **Alexandria REIT** (NYSE: ARE) is probably taking on some water being technically an office REIT, despite the fact its life science specialty is still running very strong with occupancy steady in contrast to other office REITs. **Hannon Armstrong** (NYSE: HASI) is being hit along with other financial REITs, despite having a unique niche that's also proven resilient in recessions. And both stocks are getting hit by the selloff in dividends stocks as well as any stocks not directly caught up in the AI stampede. Bottom line, I view the reasons for the selloff as ephemeral and still see recovery likely. So I'm staying with them at this point,

Fred W
7:21
Hi Roger,
For the longer term, considering both potential price appreciation and dividend payouts, which of the following stocks would you prefer and in what order?

ET, EPD, KMI,CHK,CQP,EOG or PXD?

Thanks

Roger Conrad
7:21
Hi Fred. These are really apples and oranges. But in midstream, Enterprise, Cheniere and Kinder Morgan are safest while Energy Transfer has a higher yield and more upside. Pioneer and EOG are safest on the producer side, with Chesapeake more aggressive. All are solid buys at current levels.

RobertP
7:24
Roger/Elliott, thank you for hosting your live chats with all your subscribers. Have a question about a LNG carrier, Flex LNG. Seems they have carved out a niche on new efficient vessels and a commitment to reducing global emissions.

Roger Conrad
7:24
Hi Robert. It's probably one we should pick up coverage of thanks. it's been a while since we recommended any tankers--and that's been the right move as we continue to see dividend cuts, roll-up mergers at low prices and so on. There's just more supply out there than demand, as old ships have been kept in service while new ones have built. Ultimately that changes. But Flex LNG has a yield of nearly 10%, which has been the same since late 2021. That makes us a little wary, especially when there are much safer midstreams yielding as much or even more.

Victor
7:26
Hello Guys and thank you for this service. I'm not sure if this was asked, but XOM was changed to a hold on the model portfolio. Could you expand on why this is the case?

Roger Conrad
7:26
Hi Victor. The highest recommended entry point has been 85 for some time, which is a level roughly $20 a share lower than the current price--so it's been a defacto hold since last year. This just makes the point more clear. It's also possible we'll recommend taking some money off the table--stay tuned for part two of this month's EIA issue.

RobertP
7:29
Recently, the prices of Alexandria and WP Carey Reits, have come down quite a bit and I have started buying in increments. Would you consider these two reits best in class?   Thanks for all your years of great service and advice, Robert from Az.

Roger Conrad
7:29
Hi Robert. I already addressed Alexandria REIT in a previous question. But WP Carey also had strong Q1 results including affirming 2023 earnings guidance--so its decline doesn't have anything to do with business results. I am reviewing both at length in the May REIT Sheet that should be out tomorrow morning. If there's more you'd like to discuss after you've had a chance to peruse, please send me an email.

Victor
7:30
Elliott, I read your update on MMP and it is still under the buy price. Are we supposed to wait before adding more to existing positions?

Roger Conrad
7:30
We don't recommend anyone really load up on a single stock unless it's in proportion to the rest of their portfolio. But Magellan Midstream is still a buy up to 75 following ONEOK's takeover offer.

Mark
7:32
2) AES vs. AESC. What are the benefits of one over the other? Am I wrong to look at it like the Center Point preferred play from a year or two ago? I've been nibbling at AESC, but I am not sure at which point I'd be better off sticking with AES over AESC. Given the yield disparity and the fact that their prices seem to move in tandem, and the maturity date in early 2024, why not AESC?

Roger Conrad
7:32
Hi Mark. Hopefully I was able to answer the question in an earlier response. As I said there, I think both are good bets on a stock I think is now quite cheap after reporting solid Q1 results and guidance (AES Corp). The preferred is best if you want a higher dividend, the common offers a lower entry point for your investment. I like them both.

Phil
7:34
What are your thoughts on GE. It seems to have gained a new lease on life lately.

Roger Conrad
7:34
Hi Phil. It's one we always look at. At this point, however, it doesn't pay much of a dividend, making it mostly unsuitable for income investors. It's also quite a mish mash of operations and we generally prefer more direct plays.

Aaron
7:37
Gentlemen, when do you think that the tide will turn for dividend stocks? Keep up the fine work !!!

Roger Conrad
7:37
Hi Aaron. I think we probably have to wait until the Federal Reserve stops pushing interest rates higher, which is basically the case for the entire stock market ex-AI hype stocks. The reason has nothing to do with the level of interest rates. Rather, it's the fact that Fed pressure to choke off investment with higher rates is pushing the economy into recession--and the stock market never does well when that happens. The key now is just to be sure we own stocks of companies that can weather a recession with balance sheet strength and preferably growing dividends. And that's the kind of stocks we're focused on now.

Frank
7:37
aes vs aesc pls

Roger Conrad
7:37
Hey Frank. Hopefully I've answered this one to your satisfaction today. If not, please drop me a line.

BKNC
7:39
Okay, thank you for your insight on NEM.

Roger Conrad
7:39
Hey. I don't really have anything to add to what I wrote in the CUI Plus/CT Income report this month. Basically, I think it's a premier play on gold--which will do well in the inflation I expect--and will be all the stronger from closing the Newcrest merger. We're going to get rising dividends as gold and copper prices rise. And the share price should hit close to the century mark by the time the cycle ends. The stock is weak now and therefore at a great entry point.

Alex M
7:45
Hi Roger. With long-term debt now surpassing its market cap, do you have any concerns with Verizon's ability to maintain the current dividend? History has shown that in times like these, management teams sometimes conduct a "strategic review" that leads to asset sales, a shift to buybacks, or some other action to shore up the balance sheet and sneak in a "dividend rightsizing". AT&T, Dominion Energy, and several REITs have taken this path over the last few years. Thoughts on this being pursued at Verizon? Thank you.

Roger Conrad
7:45
Hi Alex. That's a very good question. I would say that debt exceeding market capitalization is more of a concern for smaller companies--especially if they don't reliably generate a mountain of free cash flow after industry leading CAPEX and paying dividends, as Verizon does. A good

example in the telecom space would be DISH Networks. Also Lumen Technologies has slipped under $2 a share.

I'm not a long distance mind reader, so I can't say Verizon management would never consider cutting the dividend if they saw what they believed was a better use for the money. But based on Q1 results and guidance they certainly would not be forced to make a cut. And that's really the distinction from AT&T, which took a big cash flow hit selling its entertainment division. Also, Verizon is a pure telecom, so asset sales don't appear to be an option. And Dominion has not made a determination to cut its dividend as part of this strategic review--it may happen but hasn't and again it would not be forced.

Victor
7:45
Would you be adding ET and EPD at the current levels?

Roger Conrad
7:45
Both are trading well below our highest recommended entry points and rate buys in our view.

Wyatt L
7:49
Hello, have you published a list of stocks with "Dream Sell" prices? I'm tired of watching my stocks go way up and then come way back down. I just wish I had some guidance as to when would be a good time to sell something after it's gone up. Thanks

Roger Conrad
7:49
Hi Wyatt. I do publish a list every month in Conrad's Utility Investor of stocks in the portfolios trading above highest recommended entry points--which includes prices for each stock at which investors should consider taking partial profits. There aren't any currently, not surprising considering the market is coming down. But it is a regular feature of CUI and we've been able to make sales at good prices on numerous occasions. In Energy and Income Advisor, we pared back on several holdings to start the year in order to build cash in the Model Portfolio. And we've done the same thing in our CUI Plus/CT Income and Creating Wealth model portfolios as well.

Tommy L
7:53

AGR is sitting at a low that extends beyond 2 years. Do you see a bottom in the near term, or do we wait for the turn in a recession? Thanks for these webcasts.

Roger Conrad

7:53

Hi Tommy. **Avangrid Inc** (NYSE: AGR) currently faces several challenges as I've noted my CUI coverage. Each is simultaneously a reason the stock is selling at low level and a potential upside catalyst. One is the pending merger with PNM Resources, now being reviewed by the New Mexico Supreme Court and therefore still delayed. One is completing a powerline linking Canada with New England that had been challenged by a Maine referendum. There's ongoing rate cases including New York and opening the Vineyard offshore wind facility. The stock is priced for low expectations. The play is they succeed in one or more of these areas and the stock gets a lift. As for a recession, the company should weather it well as an essential services business. The stock could slip further. But again, success with one of the challenges the company faces could trigger rapid recovery.

Jack A.

7:54

Hi Elliott: What are your thoughts about KMI?...... I don't understand why it's down so much in price?...... Is it because of refinancing costs?............ A lot of analysts are not very keen on it....

Roger Conrad

7:54

Hi Jack. Hopefully we answered this question to your satisfaction earlier in the chat. If not, please drop us a line.

Tommy L

7:56

ELLIOTT: How do you view the wildfires in Canada further impacting the price of oil service companies like ENB, TRP?

Roger Conrad

7:56
Hi Tommy. The wildfires haven't done much to affect either **Enbridge Inc** (NYSE: ENB) or **TC Energy** (NYSE: TRP) so far. The big issue for TC is getting the Coastal GasLink pipeline built and it appears to be on track. Enbridge has settled rates on its Mainline system, eliminating uncertainty there.

Jim T
7:57
Roger, Yes, I meant AQNU, Thanks.

Roger Conrad
7:57
Thanks. I hope I answered your question on the Algonquin preferred. If not. drop me a line.

Dennis
8:00
I am late to the party today so please excuse me if the question has been answered, Do you have any concerns about HASI. They had a good report and things seem to look positive, but the market doesn't seem to be treating them very well.

Roger Conrad
8:00
Hi Dennis. I'm always concerned when a stock is that weak as Hannon Armstrong. But as I also pointed out answering several questions earlier in the chat, the company's operations and guidance still appear to be in good health. And the primary reason for the selloff--the stock issue at a time when the overall stock market is slipping aside from AI--shouldn't have a permanent impact on the shares. In fact, by locking in financing now, the company can go on making investments to fuel future earnings accretion.

Andy
8:02
Thanks for these chats very helpful in maintaining confidence in the market. Given the preservation of most of the infrastructure spending bill going forward you've not endorsed BIP very strongly especially given its in the same family with BEP. Why is that?

Roger Conrad
8:02
Thanks Andy. Main reason is Brookfield Infrastructure LP is so broadly diversified to be a jack of all trades with scale in none. Brookfield Renewable in contrast is a pure play on zero CO2 contracted generation.

Ben
8:03
Any thoughts on bti? British American tobacco.

Roger Conrad
8:03
Hi Ben. I basically prefer **Altria** (NYSE: MO) in that sector--which is why I have it in the model CUI Plus/CT Income portfolio. The dividend is large, growing and safe and the company has a dominant position in cash cow products, as well as a path forward in the smokeless sector.

BKNC
8:04
Ahh, thanks for the explanation on DUK. I knew I was missing something. regulated vs unregulated.

Roger Conrad
8:04
Thank you for your question.

Jeff
8:05

Hi Roger I just got in. What is your opinion on Constellation Energy. I own their bonds.

Roger Conrad

8:05

Hi Jeff. I think it's a little expensive now but would be a buy on a dip to 70 or lower--great free cash flow story.

BKNC

8:07

There was a recent question asked about HASI and if we could add to this position with it taking such a beating. I was looking at that also. I know you believe we have a recession coming, I believe that as well. It's hard to hold off when you see such bargain prices on things that you know are sound long-term investments. Nobody is a fortune teller, and I think the answer is not yet, but can you let us know when you feel it is the appropriate time to start taking some action. (I am talking some e-mail notice)

Roger Conrad

8:07

I will certainly do my best to help out with the timing of buying favorite stocks. But another approach would be to buy in increments--take one-third of the position you intend to take now, wait 6-8 weeks to take the second and another 6-8 for the third. If we do believe we've hit bottom we can accelerate parts two and three. Otherwise, our powder is dry but we can stick a toe in at what is after all a very low price.

Jeff

8:10

What is your opinion on Sempra and EIX, with California wildfire season coming?

Roger Conrad

8:10

Hi Jeff. Both companies have weathered the years since 2018 without incurring major new wildfire liability not covered by state insurance. And every year they do more to reduce the

danger of their systems being implicated in wildfires--despite the fact that fires seem to be getting worse and worse. Only a portion of Sempra's operations are California power lines, so its exposure is much less. But as I noted earlier in the chat, Edison (NYSE: EIX) has been systematically cutting risk year in year out. And I expect them to weather this season as they have the last several in good shape.

Michael L
8:14
Elliott, is your Creating Wealth service different from the capitalist Times Total Return Growth portfolio? if so, how do we access it? Also, as I have asked, how do we access the free market Speculator Subtract?

Roger Conrad
8:14
Hi Michael. I'll answer for Elliott. CW like CUI Plus is a a feature of CT we've broken out separately for readers. If you want to get both as well as the REIT Sheet, metals coverage and other features for one price as CT, please call Sherry anytime 9-5 ET Monday through Friday at 1-877-302-0749.

Thanks for your interest!

Roger Conrad
8:15
Well that's all we have in the queue at this time. If for some reason we missed your question or didn't answer it to your satisfaction, please email us anytime at service@capitalisttimes.com

BKNC
8:18
Thank you again. I usually do buy increments, very good advice. I really do appreciate that you both take the time to listen to your subscribers' comments and questions and then explain the pluses and minuses of a given situation. We all make our own decisions, but your insight really helps. When something takes a hit, it helps to have a knowledgeable person say things as still good, think long term.

Roger Conrad
8:18
Thank you very much for those kind words. Really appreciate it. This is a really valuable exercise for us as well as we try to improve what we do at CT.

Roger Conrad
8:18
And signing off, Elliott and I would like to thank everyone for participating today. As usual, you gave us a lot to think about and we very much appreciate your business and especially your trust. Have a great evening!