

Why did **Warren Buffett** significantly increase his stake in **Chevron**?



Valuation Master Class



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***This is not
investment advice or a
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Ask
Ajarn
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Buffett Is Back With One of His Biggest Buying Sprees in Years

Warren Buffett Just Made an Even Bigger Bet on Oil Prices

Buffett bucks the woke ESG agenda and overweight's this dirty industry



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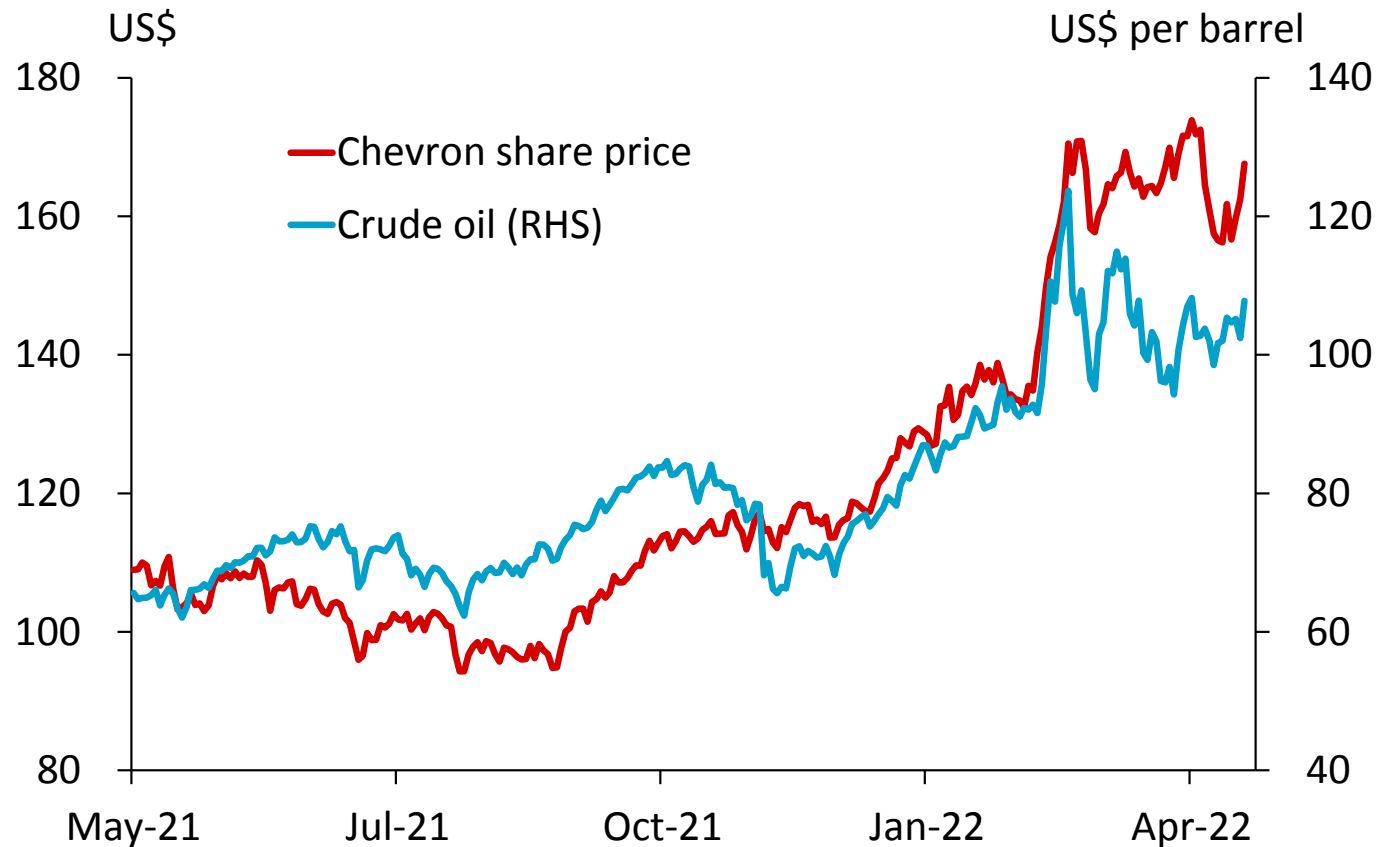
Industry	S&P Weighting
Information technology	28.1
Health care	13.3
Consumer discretionary	11.8
Financials	11.5
Communication services	9.6
Industrials	8.0
Consumer staples	6.2
Energy	3.7
Real estate	2.6
Materials	2.6
Utilities	2.6

- ★ In the S&P500, the Energy sector makes up just 3.7%
- ★ Buffett place a heavy bet on Energy
 - The investment in Chevron and Occidental add up to around 10% of his portfolio
 - This represents an Energy overallocation of 6.3%

Investing in Chevron means betting on rising oil prices

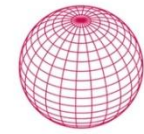


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- ★ There has been a 91% correlation between Chevron's stock price and crude oil price over the past year
- ★ Hence predicting the oil price will help to estimate Chevron's revenue

How does the consensus assess Chevron?



Recommendation	Jan-22	Feb-22	Mar-22	Current
Strong buy	5	6	5	5
Buy	17	16	13	13
Hold	11	10	11	13
Sell	-	-	1	1
Strong sell	-	-	-	-

Price target	Jan-22	Feb-22	Mar-22	Current
Median	140	152	167	181
Mean	141	151	167	176

- ★ Analysts equally divided between BUY and HOLD
- ★ In the past few months, analysts constantly increased their target price estimate in response to oil price shocks