

How to Trade the Potential Return of \$100 Oil

Crude oil just spiked to \$78 a barrel.

All after OPEC+ "reconfirmed the production adjustment plan" that it previously agreed that would see 400,000 barrels per day (bpd) added in November, as noted by Reuters.

That, coupled with a global energy crunch, and oil prices could be headed to \$100 a barrel, warned Bank of America analysts. "[O]il prices could spike and lead to a second round of inflationary pressures around the world," analysts including Francisco Blanch wrote in a note. "Put differently, we may just be one storm away from the next macro hurricane."

In short, we could be looking at a real mess with oil prices.

One of the best ways to defend your portfolio against rising oil prices is to invest in oil related stocks and ETFs. In fact, here are some of the top ETFs you may want to consider.

SPDR Energy Select Sector ETF (XLE)

At \$55 with an expense ratio of 0.12%, the XLE ETF provides exposure to companies in the oil, gas and consumable fuel, energy equipment and services industries, as noted by State Street SPDR. Not only does an ETF allow for diversification, you can buy it for less.

For example, we can buy the SPDR Energy Select Sector ETF (XLE) for \$55 a share. If we were to buy 100 shares, it would cost us \$5,500. If we were to buy some of the fund's top holdings individually, it would cost far more than that.

SPDR S&P Oil & Gas Exploration & Production ETF (XOP)

At \$102.50 with an expense ratio of 0.35%, the ETF provides exposure to the oil and gas exploration and production segment of the S&P TMI, which comprises the following sub-industries: Integrated Oil & Gas, Oil & Gas Exploration & Production, and Oil & Gas Refining & Marketing, as noted by State Street SPDR.

Some of its top holdings include Callon Petroleum, SM Energy Company, Devon Energy Corporation, EOG Resources, and ConocoPhillips, for example.

iShares Global Energy ETF (IXC)

The iShares Global Energy ETF seeks to track the investment results of an index composed of global equities in the energy sector. Trading at \$27, some of its top holdings include Exxon Mobil, Chevron Corporation, BP PLC, Total SA, and EOG Resources.