

# Investments - Flash



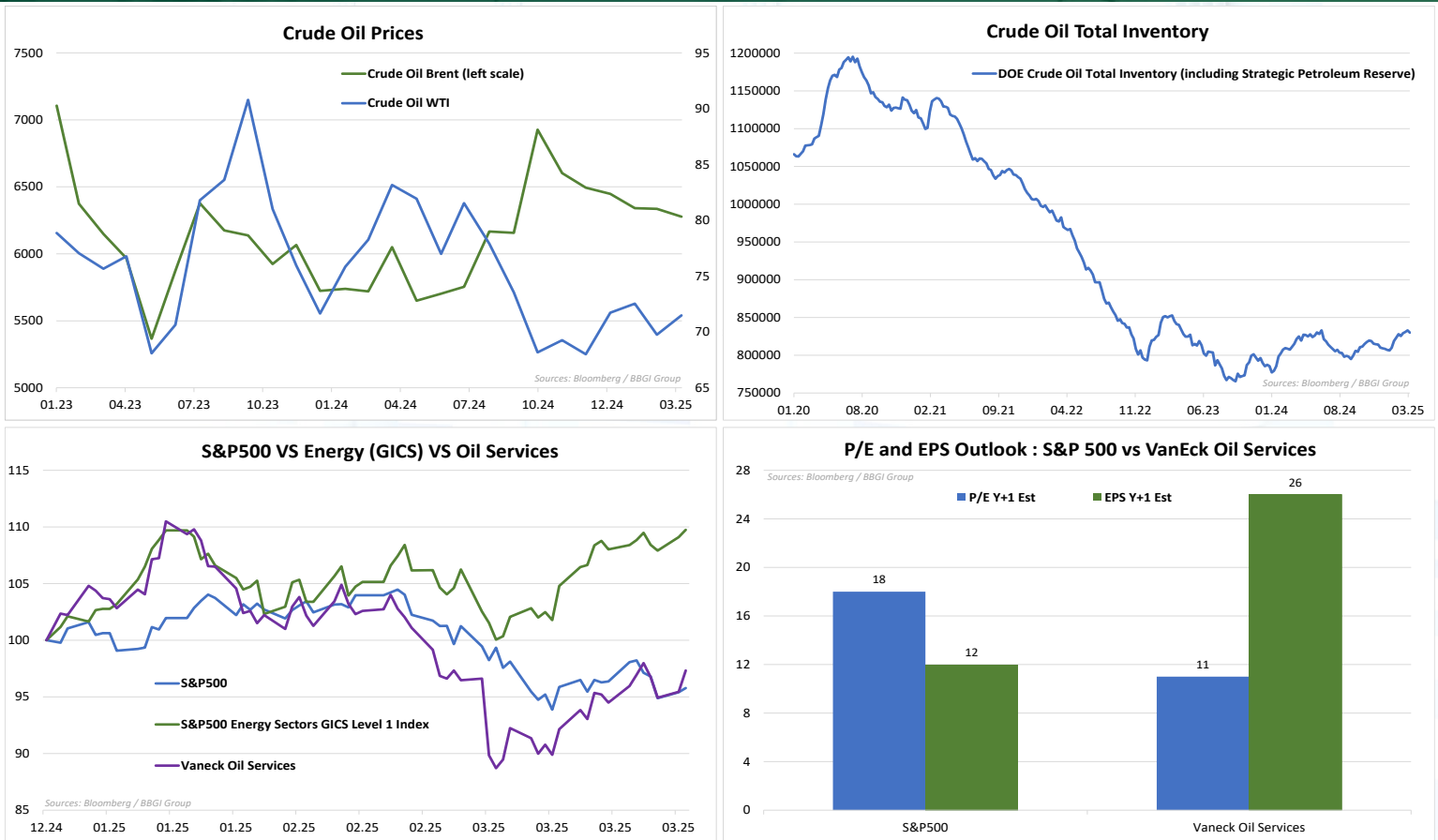
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## AMERICAN OIL SERVICES ON THE RISE

Very attractive earnings growth and relative valuations

Crude oil prices remained broadly unchanged in the 1st quarter, despite wide fluctuations during the period. Between geopolitical risks, economic scenarios shifting from growth to recession, a potential increase in OPEC+ supply and a further tightening of sanctions against Russian oil, expectations of the evolution of supply and demand over the coming months were particularly difficult to assess and created significant volatility. Donald Trump's policies could well add further uncertainty to crude availability in the United States, while China finally seems to be benefiting from an upturn in industrial activity and Indian refineries are looking for alternatives to Russian crude. We expect the oil market to remain relatively tight, with inventories declining in the 2nd quarter. A slowdown in the US will weigh on demand, but momentum in emerging countries should be sufficient to offset the effects,

which are no doubt already partly reflected in current prices. We believe that crude oil prices in Europe could rise above \$85, which could also be the likely target for WTI, further narrowing the current spread between the two futures. Trends in oil stocks were also very erratic, with VanEck Oil Services (-3.2%) and SPDR Energy (+9%) outperforming the S&P500 (-4.6%). Our outlook for crude oil prices is positive, confirming our expectation that oil stocks will continue to outperform. In particular, the oil services sector offers opportunities for earnings growth at attractive valuation levels (+26% -11x), below that of the S&P (+12% -18x), and therefore represents an attractive investment opportunity today.



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