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Energy Investments for 2021

By www.ProfitableInvestingTips.com

The economy is going to start to recover and green energy will benefit from government policy. Both factors will affect your energy investments for 2021. Energy investing today is much different from what it was years ago. It used to be that you could buy an energy stock like Exxon Mobil, sit back, collect the dividends, and watch it grow over the years. For example, Exxon Mobil sold for \$3.91 a share at the end of 1981 and rose to \$93 a share by December of 2007. And during all of those years, it paid a dividend. But, prior to the Covid-19 crisis, the stock sold for \$69 a share and it fell to \$32 a share by November of 2020. The path back of a company like [Exxon Mobil](#) will be a mix of success as the economy recovers and energy consumption increases and the drag that green energy policy and competition have on its market. What are your best investment choices for 2021?

Energy Stocks With the Most Momentum

If you want to invest profitably, don't invest in the biggest energy stock but rather the one most likely to grow. Because recent success is commonly a good predictor of future success, look at energy stocks with the most momentum coming out of 2020. *The Motley Fool* writes about the [best energy stocks for 2021](#).

Solar energy was one of the biggest growth stories of 2020. The Invesco Solar ETF (NYSEMKT:TAN) returned roughly 14 times more than the market last year. Wind energy also shows promise. And there remains value in oil and gas stocks, which have rebounded nicely so far this year.

NextEra Energy (NYSE:NEE) is the largest U.S. utility by market capitalization. The majority of the company's earnings come from fossil-fuel-based sources, but it's investing heavily in renewables -- so much so that renewable capacity could eclipse its fossil-fuel capacity by 2024. Here's why NextEra could be the best energy stock for 2021.

As noted by their discussion of NextEra, investing in wind and solar can be profitable as shown by their five-fold increase in stock price over the last ten years. Because they use both renewable energy sources and traditional sources like natural gas, they will benefit from the pivot to green energy as well as the resurgence of traditional energy sources as the economy recovers.

Nuclear Power Stocks 2021

The USA currently generates thirty percent of its baseload of power (generated at any time) from nuclear power plants. Twenty-five percent of current capacity comes from nuclear plants and the USA imports 95 percent of its uranium. This explains why uranium stocks are doing well. These include Appia Energy Corp., Energy Fuels Inc., Fission Uranium Corp., Ur-Energy Inc., and Western Uranium & Vanadium Corp. These stocks are up because investors think that the USA will use more nuclear power in order to reduce greenhouse gas

emissions.

The costs of nuclear power generation are largely in the construction of plants. The low cost of operation allows for money to be put aside for storage of spent fuels. Nuclear can run even when the sun does not shine and the wind does not blow. And, it does not create greenhouse gases. As such, nuclear plants will be part of the picture going forward and are likely to benefit from any phasing out of fossil fuel plants.

A major player is Exelon whose stock has gone up from \$39 a share to \$43 a share since Biden's election. This stock sold for \$6 a share back in 1981 but peaked at \$90 a share in 2008 before the financial crisis. It stayed in the \$30 to \$40+ range during the last decade. Nuclear will probably be part of the puzzle going forward but not the most profitable piece.

Oil and Natural Gas Stocks

As we noted at the beginning, oil and natural gas stocks used to be solid investments. Even today we might expect stocks like Exxon Mobile to recover a bit as the economy improves and their new oil in the water off Guyana comes on line. But, the world is moving towards renewable energy, electric cars, and the like. The election of Joe [Biden](#) has accelerated this movement. Our take on the situation is that stocks like Exxon Mobil will do well over the next year or two as the economy comes back but will face significant headwinds unless they diversify into green energy as well as their current fossil fuel products.

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