



## Trading OPEC+

- How is an equity investor supposed to navigate the OPEC+ meeting? In many respects the answer is largely intuitive - in both the US & Europe, energy itself plus financials display the strongest relationship with crude oil prices.
- However, by aligning sensitivity to Brent with macro-warranted valuation, **the standout is actually [European Travel & Leisure](#)**. It's not as sensitive as US Energy or US Financials, but it is the biggest beneficiary amongst all European sectors if crude resumes its uptrend.
- Moreover, **it is the cheapest sector in macro valuation terms**. Now 0.7 sigma (9.6%) cheap to macro. Meaning some of the bad news is already priced should Friday's meeting hurt oil; & it presents the best entry level if crude rallies & prompts a broader risk on move.
- Fears over the spread of the Delta variant & its impact on the European summer holiday season are also in play. But the sector is in a strong macro regime (94% model confidence), has been for a year plus now, & between them crude oil & inflation expectations account for a third of model explanatory power.
- Last summer's lockdown saw SXTF hit an FVG low of -1.6 sigma (-45%). Virus / vaccine developments are clearly important, but watch OPEC too.



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