

<b>S&amp;P 500</b> 4,530.65 -16.73 (-0.37%)	<b>Dow 30</b> 35,049.98 -101.06 (-0.29%)	<b>Nasdaq</b> 14,169.83 -114.70 (-0.82%)	<b>Russell 2000</b> 1,790.57 -16.51 (-0.91%)	<b>Crude Oil</b> 77.17 -0.66 (-0.85%)	<b>Gold</b> 2,004.50 +24.20 (+1.22%)
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# Utility stocks take a beating amid rising rates

13



**EARNINGS ALERT**  
ZOOM POSTS THIRD QUARTER BEAT, BOOSTS FULL-YEAR SALES & PROFIT OUTLOOK



**Ines Ferré · Senior Business Reporter**

October 3, 2023 · 2 min read

**In this article:**

<b>NEP</b> -0.25% ☆	<b>XLU</b> -0.35% ☆	<b>AEP</b> +0.01% ☆	<b>DUK</b> +0.12% ☆	<b>DUK-PA</b> +0.38% ☆
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Utility stocks took a breather on Tuesday following the sector's worst daily performance since April 2020.

The SPDR S&P 500 Utility Sector ETF (XLU) fell 4% on Monday and recovered to end the next day higher. Year to date the ETF is down a whopping 21%.

Much of the damage on the normally "safe-haven" area of the market has to do with higher rates.

## Utilities Select Sector SPDR Fund (XLU)

NYSEArca - Nasdaq Real Time Price (USD)

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**61.88** -0.22 (-0.35%)

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As of 11:46AM EST. Market open.

1D 5D 1M 6M YTD 1Y 5Y Max

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Quote Lookup

**Related Quotes**

Symbol	Last Price	Change	% Change
<b>AEP</b> American Electric Power Company, Inc.	77.22	+0.03	+0.04%
<b>DUK</b> Duke Energy Corporation	89.39	+0.09	+0.10%
<b>DUK-PA</b> Duke Energy Corporation	24.51	+0.09	+0.38%
<b>NEE</b> NextEra Energy, Inc.	57.63	+0.29	+0.51%
<b>NEP</b> NextEra Energy Partners, LP	23.56	-0.06	-0.25%

### TRENDING

1. U.S. lawmakers accuse X chief Musk of profiting from anti-Israel propaganda
2. Meme stocks are back on the move again
3. Eastern US storms could disrupt year's busiest travel period
4. UPDATE 1-Union says Petrobras management under 'worrying' political pressure
5. UPDATE 1-Texas AG sues Pfizer over quality-control lapses in kids' ADHD drug

11/21/23, 8:46 AM

Utility stocks take a beating amid rising rates

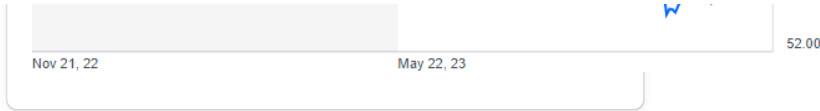
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Stocks for companies that range from electricity providers to water suppliers normally offer dividends. But those payouts don't look as appealing to investors when compared to soaring bond yields in a tight monetary policy environment. On Tuesday, the two-year Treasury note hovered around 5.15% while the 10-year touched 4.79%.

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“Many utilities currently offer forward yields near 5%. However, when investors can obtain risk-free Treasuries offering yields between 4.5% to 5.5%, depending on the maturity, the risk-reward trade off for holding utilities is much less attractive, “ equity analyst Daniel Rich at CFRA Research told Yahoo Finance.



Jim Shandalov, vice president at NextEra Energy Resources, California Governor Gavin Newsom (R), and former Mayor of Los Angeles Antonio Villaraigosa (C) walk along the construction of the battery storage facility for a solar farm. (John G. Mabanglo-Pool/Getty Images) (Pool via Getty Images)

Additionally, the Federal Reserve's interest rate mantra of "higher for longer" also means the cost of capital will stay elevated, another reason why the sector sold off aggressively last quarter. The market expects investments for new power plants, aging infrastructures, and renewable technologies will cost more.

Utility stocks were already in a downward trend since the start of the year as investors rotated into growth names. But the

"Tighter monetary policy and higher interest rates obviously affect the financing needed to grow distributions at 12%," [read the company statement.](#)



Some of the worst performers in the utility sector year to date include NextEra Energy, AES Corp (AES), and Eversource Energy (ES), down 52%, 37%, and 33% respectively.

"While the sector is very out of favor, we think the sell-off presents some attractive buying opportunities for names with competitive earnings and dividend growth potential," said CFRA's Rich.

"Among some of the larger names, we maintain Buy opinions on NextEra, Duke Energy (DUK), and American Electric Power (AEP)," he added.

Ines Ferre is a senior business reporter for Yahoo Finance. Follow her on Twitter at @ines\_ferre.

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Zacks

### AMC Entertainment (AMC) Loses -21.83% in 4 Weeks, Here's Why a Trend Reversal May be Around the Corner

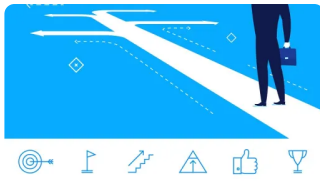
AMC Entertainment (AMC) has become technically an oversold stock now, which implies exhaustion of the heavy selling pressure on it. This, combined with strong agreement among Wall Street analysts in revising earnings...  
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### Anavex (AVXL) Up 12% on Regulatory Update for Alzheimer's Drug

Anavex (AVXL) announces an encouraging regulatory update for its investigational candidate, blarcamesine, in the treatment of Alzheimer's disease. The stock rises 12%.  
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### Golden Ocean Group (GOGL) Beats Q3 Earnings and Revenue Estimates

Golden Ocean Group (GOGL) delivered earnings and revenue surprises of 100% and 11.78%, respectively, for the quarter ended September 2023. Do the numbers hold clues to what lies ahead for the stock?  
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### S&P 500 Just Had Its Best Three Weeks Since 2020. What History Says Happens Next.

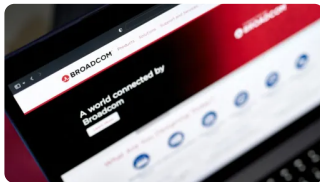
While the S&P 500 itself has had a great three-week run, plenty of the index's components have done even better. The index was in the red one week and one month out for the first and last of those periods;...  
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### 2 Stocks to Navigate the Bumpy Roads of the Domestic Auto Industry

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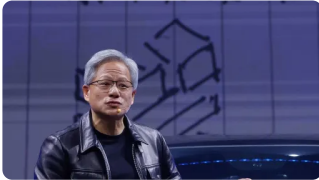
### Broadcom-VMware Deal Gets China Approval. Why the Stocks Are Dropping.

Broadcom plans to close on its merger with VMware on Wednesday after getting conditional approval for the deal Tuesday from China's antitrust regulator. China's State Administration for Market Regulation, or SAMR, ...  
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**OpenAI made 5 huge governance missteps—here's what boards can learn from its error**  
OpenAI's boardroom decision has left investors and Silicon Valley stunned.

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**The Wall Street Journal**  
**Nvidia Shares Retreat Ahead of Quarterly Earnings**  
Shares of Nvidia moved lower Tuesday ahead of the chip maker's quarterly results, set for release after the closing bell. Nvidia's shares recently stood more than 2% lower. The rise of Nvidia, one of the so-called Magnificent...

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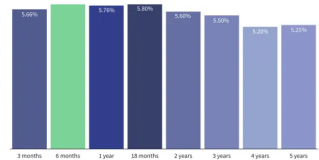
**Fortune**  
**The housing market is crazy expensive, but 'an improvement in affordability that we have only seen a handful of times over the**  
"The evolution of the U.S. housing market has been Herculean or devastating depending on where you look," the strategists wrote in their forecast.

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**Zacks**  
**Top 5 Technology Services Stocks for a Likely Year-End Rally**  
We have narrowed our search to five technology services stocks that have popped year to date and have solid upside left. These are: PLTR, APP, DUOL, FUTU, PAY.

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**Investopedia**  
**Top CD Rates Today: New 6% Offer Jumps Into the National Lead**  
Today's best nationwide CD rates are 6.00% from SecurityPlus Federal Credit Union and 5.80% from Seattle Bank, with a top rate of 5.85% available on the leading jumbo CD.

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**Benzinga**  
**This Lesser-Known REIT Is Up Over 50% In The Past Year And Still Yields 7.67%**  
It's often difficult for investors to find stocks that provide both appreciation and a high-yielding dividend. Often, the only reason for a high-yielding dividend is that the stock has declined significantly in share price....

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**SmartAsset**  
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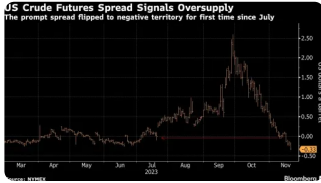
Investor's Business Daily

**Stock Market Holidays 2023: On Which Days Is Wall Street Closed For Thanksgiving?**

Take a look at this list of stock market holidays in 2023 to find out whether the market will be open on days like Labor Day, Black Friday, Christmas Eve and more.



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Bloomberg

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### VinFast Picks Up New Buy Rating. It's Worth More Than Rivian.

Tuesday, Wedbush analyst Dan Ives launched coverage of VinFast with a Buy rating and \$12 price target.  
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Fortune

### Satya Nadella added \$63 billion in market value for Microsoft with a 'poker move for the ages'

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