THEMATIC RESEARCH · ENERGY EQUITIES

Big Oil's Windfall Quarter: Exxon and Chevron at Record Highs

ExxonMobil and Chevron beat expectations on 30 October as refineries ran flat out into a diesel shortage and Brent averaged close to $100. Exxon earned $15.4 billion, raised its dividend and set a $20 billion buyback for 2027; Chevron's profit nearly tripled. Both shares touched all-time highs on the same day the Nasdaq had its worst session since June. This report looks at where the money came from, what they do with it and what it says about the oil market.

Global Markets Research · Commodities Desk Prepared by ANDRA MARKETS

~$15B

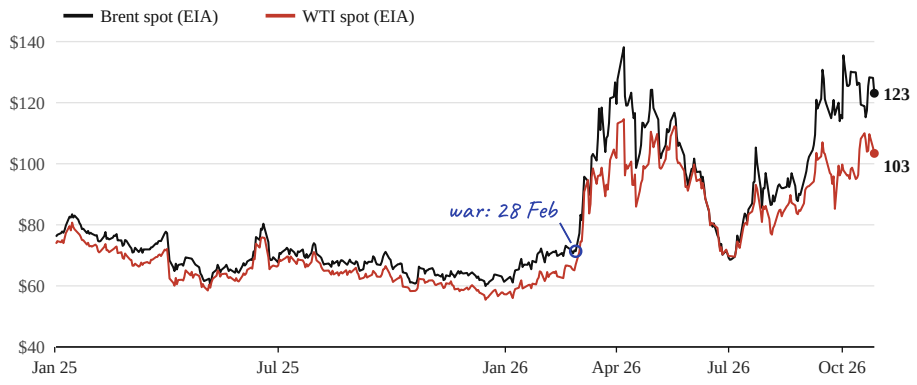
energy up, tech down

Coverage summary. ExxonMobil reported third-quarter earnings of $15.4 billion, or $3.72 a share, and adjusted earnings of $17.5B ($4.23 a share against $4.12 expected), on revenue up 33% to $113.2 billion. It generated $25.7 billion of operating cash flow and $19.1 billion of free cash flow, returned $9.4 billion to shareholders, raised its quarterly dividend 4% to $1.07 and said it plans $20 billion of buybacks in 2027. Chevron earned $9.9 billion, or $5.06 a share, against $3.5 billion a year earlier; adjusted EPS of $5.28 beat the $4.89 consensus and revenue rose 36% to $67.8 billion. The driver was refining as much as crude: Exxon's refining earnings of about $7.2 billion exceeded its upstream earnings, with US Gulf Coast refineries at 100% utilisation and diesel near $6.32 a gallon, up 71% in a year. Both stocks touched record highs while the Nasdaq fell 2.9%.

the war's winners

EXXON EARNINGS	CHEVRON EARNINGS	EXXON 2027 BUYBACKS	US DIESEL
$15.4B	**$9.9B**	**$20B**	**~$6.32**
adj. $17.5B; FCF $19.1B	*$3.5B a year ago*	*dividend +4% to $1.07*	*+71% y/y*

EXHIBIT 1. BRENT AND WTI CRUDE, SPOT, SINCE JANUARY 2025 ($ PER BARREL)



~$100 oil all autumn

Source: US Energy Information Administration daily spot prices, to 27 October 2026.

1.0 Executive Summary

Key takeaways

~$97

Higher prices and full refineries did the work. Chevron's Brent reference averaged $97 a barrel in the quarter, against $69 a year earlier. US refineries ran at or near capacity to supply diesel to a market short of Middle East and Russian product.

prices + volumes

Refining is the star. Exxon's Energy Products unit earned about $7.2 billion, slightly more than its upstream business. Chevron's refineries processed a record of just over a million barrels a day at 98% utilisation.

Volumes are not growing much. Exxon produced 4.5 million barrels of oil equivalent a day, flat on a year ago because of Middle East impacts, and Chevron's production slipped to 3.9 million from about 4 million. The windfall is price, not barrels.

The cash goes back to shareholders. Exxon spent $7 billion on capex against $25.7 billion of operating cash flow and returned $9.4 billion. It is planning for $20 billion of buybacks next year "assuming reasonable market conditions".

The contrast with tech is stark. The hyperscalers are spending more than their cash flow and borrowing to do it; the oil majors are spending a fraction of theirs and buying back stock. This week the market paid for the second model.

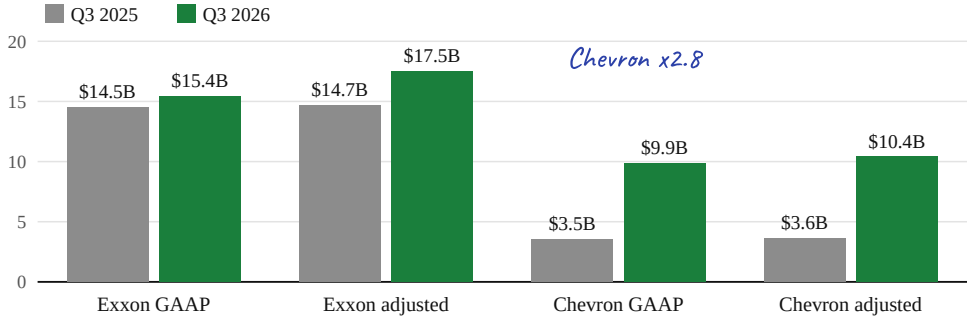
Our reading. Record profits from a war-driven fuel shortage arrive with US inflation at 3.6%, diesel above $6 and a midterm election on Tuesday. The financial case is strong while Hormuz stays disrupted; the risks are a ceasefire that normalises margins, and political pressure on fuel prices, exports or windfall profits.

2.0 The Two Quarters

What ExxonMobil and Chevron reported

ExxonMobil's GAAP earnings rose to $15.4 billion from $14.5 billion and adjusted earnings to $17.5 billion from $14.7 billion; over nine months adjusted earnings reached $41.0 billion against $22.5 billion. Upstream earnings improved on higher prices and growth in Guyana, the Permian and the new Golden Pass LNG export plant, partly offset by Middle East volume losses and higher non-cash costs. The Stabroek block in Guyana passed 1 billion barrels of cumulative production just 11 years after discovery, and the fifth development, Uaru, is due to start in the fourth quarter. Net debt was $22.1 billion. Chief executive Darren Woods said expansions such as the Beaumont refinery have lifted distillate output by about 40% since 2019, and the company reached 44 consecutive years of dividend increases.

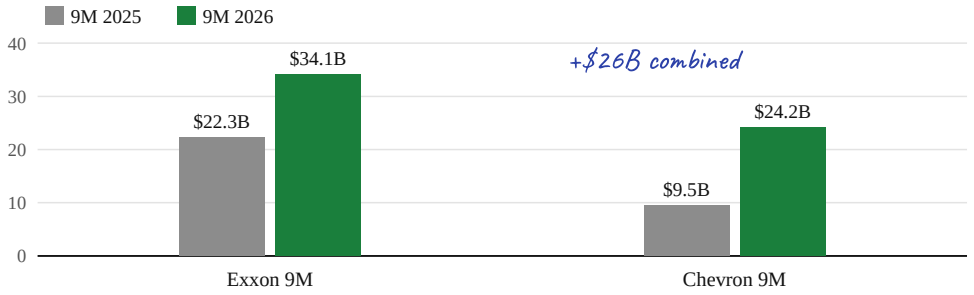
Exhibit 2. Third-quarter earnings, 2025 vs 2026 ($ billion)



Sources: ExxonMobil and Chevron Q3 2026 earnings releases (8-K). Adjusted earnings exclude identified items.

Chevron's earnings jumped to $9.9 billion from $3.5 billion, with adjusted earnings of $10.4 billion, and return on capital employed reached 18%. Its oil and gas production business earned $5.7B, up 70%, even though output dipped to 3.9 million barrels of oil equivalent a day. US production exceeded 2 million barrels a day for a fifth straight quarter and is 27% higher than two years ago; its refineries achieved record crude throughput, and its Eastern Mediterranean and Australian assets set production records. Foreign exchange reduced earnings by $143 million.

Exhibit 3. Earnings in the first nine months, 2025 vs 2026 ($ billion)



Sources: ExxonMobil and Chevron Q3 2026 earnings releases (GAAP earnings).

3.0 Refining: The Real Windfall

Diesel at $6

~$6.3

The most striking line in both releases is refining. The Iran war has taken Middle East refined products off the market and the Ukraine war continues to disrupt Russian supply, so diesel and jet fuel are scarcer than crude. US diesel prices reached about $6.32 a gallon, up 71% from a year earlier, and the record set earlier this autumn was $6.53. Exxon ran its US Gulf Coast refineries at 100% and its Gulf Coast diesel output was the second-highest on record; its Energy Products unit earned about $7.2B, more than the $7.1 billion from oil and gas production. Chevron processed a record of just over a million barrels a day at 98% utilisation. Refiners are capturing the scarcity premium that consumers pay at the pump.

+71% diesel

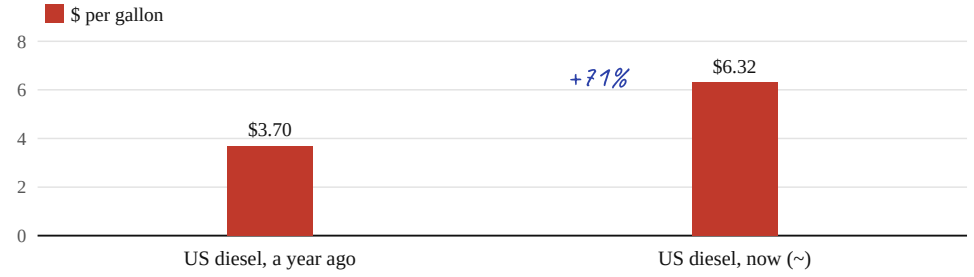
Exhibit 4. ExxonMobil earnings by business, Q3 2026 ($ billion, approx.)



refining ≈ drilling

Source: CNBC, 30 October 2026, citing ExxonMobil results.

Exhibit 5. US diesel price ($ per gallon)



Sources: TT News (about $6.32, up 71% year on year, 30 October 2026); year-ago level derived from the reported change.

4.0 Prices and Volumes

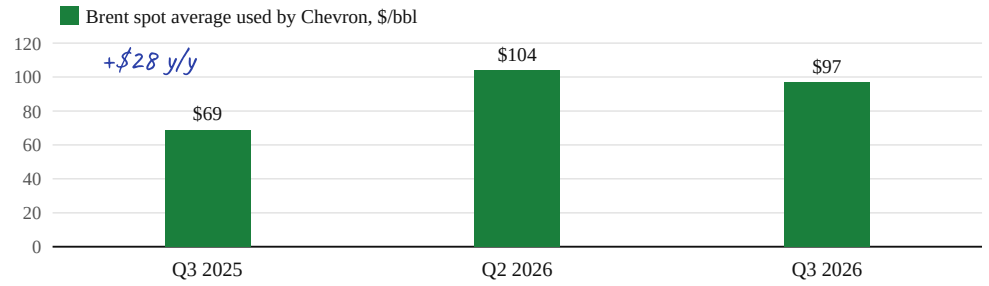
Price did it, barrels did not

~$104

Chevron's reference Brent price averaged $97 in the third quarter, down from $104 in the second quarter but $28 above a year earlier. Spot prices from the EIA show Brent above $100 for most of the autumn, peaking above $120 in recent weeks. Volumes moved the other way. Exxon's production of 4.5 million barrels a day was flat on a year ago and below its nine-month average of 4.53 million because of Middle East impacts; excluding them, volumes grew on the Permian and Guyana. Chevron's production fell slightly. The majors are earning more on fewer or flat barrels, which makes earnings highly sensitive to any normalisation in prices.

$69 → $97

Exhibit 6. Brent reference price used by Chevron ($ per barrel)



Source: Chevron Q3 2026 earnings release (Platts Brent spot average).

5.0 Where the Cash Goes

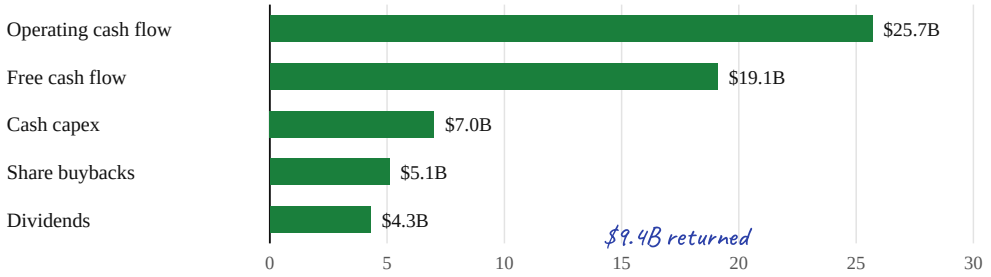
Buybacks over barrels

capex only 27% of OCF

Exxon's cash flow statement is the opposite of a hyperscaler's. Operating cash flow of $25.7 billion funded $7 billion of cash capital expenditure, leaving $19.1 billion of free cash flow, of which $9.4 billion was returned through $4.3 billion of dividends and $5.1 billion of buybacks. The dividend rises 4% to $1.07 a quarter and the company set a $20 billion buyback plan for 2027. On the call an analyst asked whether that commitment would hold with oil at $60 rather than $120; management said future buybacks help maintain the dividend record. The industry is not using the windfall to drill much more: capex discipline remains the priority, and investors are rewarding it.

~$26B

Exhibit 7. ExxonMobil cash flows, Q3 2026 ($ billion)



$19B FCF

Source: ExxonMobil Q3 2026 earnings release.

6.0 The Market View

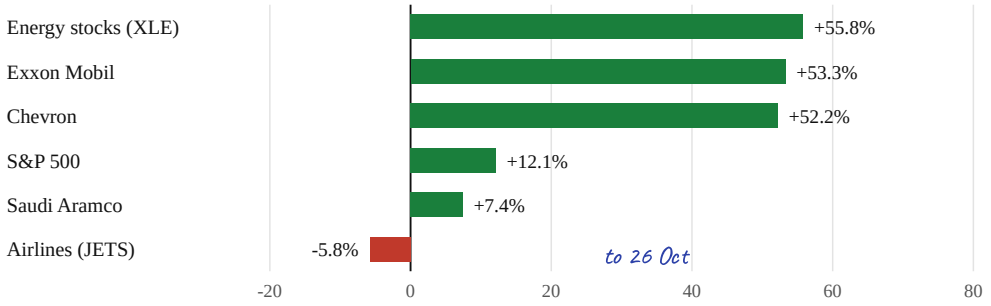
Records on a red day

XLE +56% this year

Both stocks touched all-time highs on 30 October while the Nasdaq fell 2.9% and Intel 29%. Energy has been the best-performing sector this year: by 26 October the energy ETF was up about 56%, Exxon 53% and Chevron 52%, against 12% for the S&P 500, while airlines were down and Saudi Aramco, whose exports are exposed to the conflict, was up only 7%. The rotation this week, out of long-duration technology and into cash-generating energy and defensive sectors, reinforced that pattern.

~2.9%

Exhibit 8. Change since 31 December 2025, to 26 October (%)



Source: Yahoo Finance closes to 26 October 2026, as published in Andra Markets 2026-66.

7.0 Risks

What could end the windfall

~$60

Three risks stand out. The first is de-escalation: a deal that reopens Hormuz would bring back Gulf crude and products and compress both prices and refining margins quickly, as the Exxon analyst's $60 question implied. The second is politics: record profits from $6 diesel in an election week invite pressure on fuel exports, pricing or windfall taxes, which the UK imposed in 2022. The third is demand: higher rates, US inflation at 3.6% and consumer sentiment near record lows could erode fuel demand over 2027. Against that, both companies have low net debt, long-life assets in Guyana and the Permian, and LNG growth from Golden Pass and projects in Papua New Guinea and Mozambique.

peace is the main risk

Exhibit A. Andra Markets scenarios for the oil majors to mid-2027

Scenario	Prob.	Oil and margins	Implication
Disruption persists	45%	Brent $100-120; diesel tight	record cash flow; buybacks rise
Gradual normalisation	40%	Brent $80-95; margins ease	earnings fall but stay strong; buybacks held
Hormuz reopens fast	15%	Brent below $80; margins collapse	sharp earnings drop; capital returns tested

Andra Markets scenarios; probabilities are judgemental. Not a recommendation on any security.

Exhibit B. Calendar

Date	Event	Why it matters
1 Nov	OPEC+ meeting	December output
3 Nov	US midterm elections	fuel-price politics
Mid-Nov	IEA Oil Market Report	balances and spare capacity
Q4	Uaru start-up in Guyana	Exxon volume growth
Early 2027	Exxon and Chevron Q4 results, 2027 plans	buybacks and capex

Andra Markets selection.

reading: a refining-led windfall returned to shareholders, not reinvested. peace and politics are the risks, not the balance sheets

Methodology and Source Notes

Method. This report uses ExxonMobil and Chevron Q3 2026 earnings releases and calls, EIA daily spot prices and press reporting, as available on 30 October 2026. Approximate figures are labelled. Scenario probabilities are judgemental. Not a recommendation on any security. Handwritten notes and highlights are informal commentary by the desk. This note is analysis, not investment advice.

Principal sources. ExxonMobil Q3 2026 release and call (Fool.com, Benzinga, BigGo); Chevron Q3 2026 8-K; CNBC; TT News; US News / Reuters; EIA; Yahoo Finance; Andra Markets 2026-66.

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