When Will Oil Prices and Inflation Go Down? – 09/17/2026

Macro Views

Tony Zhang
Chief Strategist and Cofounder
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Interest rates and oil are driving the markets today. With a 25-bps rate hike, the FOMC acknowledged that inflation across many categories of products and services remains meaningfully above 3%. While the markets' initial reaction to this may have been negative, the decision helps alleviate concerns that the Fed isn't doing enough to contain inflation. Oil continues to trade above $100 per barrel while the situation in the Middle East continues to be at risk, with Saudi Arabia's East-West pipeline infrastructure damaged and the Red Sea shipping routes increasingly in jeopardy. Additionally, the timing on this is critical as global strategic reserves are depleting, setting up a potential further squeeze in the physical oil markets.

For more information, please watch the replay video.

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Trade Idea

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ConocoPhillips (COP) just did something no other major U.S. oil producer has managed this cycle: The stock broke out to a fresh all-time high. The company is still digesting the biggest acquisition in its history, and the cost savings are now showing up in the numbers. At the same time, oil prices have surged well past where most models assumed they'd trade this year, making energy the single strongest sector in the entire market. With the stock breaking out to new all-time highs on strong relative strength, energy showing broad sector leadership, and oil trading comfortably above COP's break-even level, I'm looking to use a defined-risk bull put spread to participate in potential further upside while limiting risk.

COP @ $131.83	BUY 1 OCT 16TH 125 PUT AT $1.90
	SELL 1 OCT 16TH 130 PUT AT $3.70
09.17.2026	CREDIT ($3.70 – $1.90) * 100 = $180
	($3.70 – $1.90) * 100 = MAX GAIN OF $180
COP BULL PUT SPREAD	($130 – $125 – $1.80) * 100 = MAX RISK OF $320

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AppLovin (APP) has been through one of the ugliest stretches of any large-cap stock this year, down more than half from its December highs. Underneath, however, the business itself never actually broke. Revenue and profit kept growing through the sell-off. What drove the stock lower was a mix of a scary-sounding short report and a single quarter that came in just short of Wall Street's estimate. Both of those pressures are now fading. The stock just found support near multi-month lows after a steep decline, making this a good setup for a defined-risk bullish trade. Given the stabilization near multi-month lows, a business still compounding well ahead of its multiple, and a short-seller narrative that's already been walked back, we're looking at a long call to take advantage of a recovery toward our $415 upside target, while keeping the risk limited to the premium paid.

APP @ $317.71	BUY 1 OCT 16TH 320 CALL AT $19.60
09.17.2026	DEBIT $19.60 * 100 = $1,960
	MAX GAIN = UNLIMITED
APP LONG CALL	$19.60 * 100 = MAX RISK OF $1,960

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Tony's Lookback

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I sold the NFLX Sep. 79 puts for a credit of $2.11. If put to us, we own at $76.89. There are a couple options here: Buy back if you don't want to own, or do nothing and get assigned if you're comfortable owning at that price.

NFLX
08.20.2026
$79.90

SELL 1 SEP 18TH 79 PUT AT $2.11

NET CREDIT = $211

SHORT PUT ON NFLX

NFLX
09.17.2026
$75.83

BUY 1 SEP 18TH 79 PUT AT $3.15

CURRENT NET DEBIT = $315

LOSS IF CLOSED = $104

For more information, please watch the replay video.

Past performance is no guarantee of future results.

Options trading entails significant risk and is not appropriate for all investors. Certain complex options strategies carry additional risk. Before trading options, contact Fidelity Investments by calling 800-544-5115 to receive a copy of Characteristics and Risks of Standardized Options. Supporting documentation for any claims, if applicable, will be furnished upon request.

The energy industries can be significantly affected by fluctuations in energy prices and supply and demand of energy fuels, energy conservation, the success of exploration projects, and tax and other government regulations.

There are additional costs associated with option strategies that call for multiple purchases and sales of options, such as spreads, straddles, and collars, as compared with a single option trade.

Stock markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Investing in stock involves risks, including the loss of principal.

Technical analysis focuses on market action — specifically, volume and price. Technical analysis is only one approach to analyzing stocks. When considering which stocks to buy or sell, you should use the approach that you're most comfortable with. As with all your investments, you must make your own determination as to whether an investment in any particular security or securities is right for you based on your investment objectives, risk tolerance, and financial situation. Past performance is no guarantee of future results.

Greeks are mathematical calculations used to determine the effect of various factors on options.

Indexes are unmanaged. It is not possible to invest directly in an index.

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