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Old Energy Beating Clean Energy To Smithereens

Most market watchers believed that yesterday's 390 point rise was yet another one-day wonder. Perhaps. Then again, it was the kind of sharper-than-cheddar rally that told investors why they can't afford to stay sidelined with 100% of their cash forever.

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Investing involves risk... yes. There's a risk that short-sellers will mercilessly beat the market back down every chance they get. There's also the risk that the U.S. recession becomes something deeper and darker, making it difficult to support a heavy allocation to stock assets. However, there's also the risk of letting fear keep you out of a profitable decision.

For example, few pundits would disagree with the notion that the stock market will be higher 3 years from now than it is today. If that's the case, why not simply invest in the **Vanguard Total Stock Market Fund** ([VTI](#)) this instant... and sell on the last day of March in 2011? You'd probably make money... right?

Not everyone enjoys logical arguments. Not everyone values historical information that supports the idea that we've seen the worst of the bear.

The truth is... nobody wants to back the wrong horse. We like winning and we like winners. So if the market seems hobbled, we tend to distance ourselves. (Give me a call when the Dow's back to its winning ways at 14000.)

Speaking of horses, what's happening to alternative energy? Renewable, transitional, clean and green? Wall Street journalists and retail investors used to ask me frequently about exchange-traded fund possibilities.

So I gave them. (Read "[Small Energy: Leaner, Cleaner and Greener.](#)")

Yet a large part of "alt energy" investing has fallen 20%-30% from highs. The **PowerShares Wilderhill Clean Energy Fund** ([PBW](#)) has suffered one of the deepest downside slides.

Long-term investors in "alt energy" may certainly like the prospects of their investments doing exceptionally well... 3 years out circa March 31, 2011. Ahhhh... but what about backing the horse that's winning in the moment?

Welcome to old energy via oil and gas exploration. In particular, the **S&P SPDR Oil and Gas Exploration/Production Fund** ([XOP](#)) is one of the only exchange-traded investments that has managed 1-day, 5-day, 1-month, 3-month, 6-month and 1-year gains.

That's correct. Digging/drilling for fossil fuels is making a lot more money in the near-term than the search for solar/wind/biofuel/hydro-electric energy solutions.

Most readers are used to my tongue-in-cheek commentary by now. I am by no means suggesting that the only profitable way forward in energy is through the use of the the **S&P SPDR Oil and Gas Exploration/Production Fund** ([XOP](#)). On the contrary!

I am suggesting that drilling for fossil fuels and producing oil has been making money for investors today. I am also suggesting that clean energy investors will need to consider a longer-term time horizon, as this horse will require a bit of tenderness for its injured leg.

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