



Occidental Petroleum Stock: 5 Critical Risks in 2026

OXY

EQUITY RESEARCH REPORT

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Occidental Petroleum Stock: 5 Critical Risks in 2026

Key takeaways

- Occidental Petroleum stock fails five of five wealth preservation gates, producing a clear AVOID verdict at the current \$43.95 level.
 - WP Score: 42/100 — well below the 65 threshold required for Wealth Preservation candidates.
 - Base case DCF implies \$42 fair value with a -4.4% margin of safety; bear case points toward \$32.
 - The largest risk is dividend fragility: OXY cut its payout 98.7% in 2020, while peers CVX and XOM maintained theirs.
 - Verdict: AVOID. Reallocate to lower-leverage integrated majors for energy exposure within a preservation mandate.
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Executive Summary: Occidental Petroleum Stock Rating

Occidental Petroleum stock (NYSE: OXY) receives a Wealth Preservation Score of 42/100 and an AVOID rating from Moschovakis Capital Research as of April 2026. The probability-weighted 10-year return of 5.7% CAGR falls below our inflation-plus-4% hurdle, the bear-case return is negative, and the 2020 dividend cut history disqualifies Occidental Petroleum stock as a reliable income vehicle through the cycle.

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The Thesis Against Occidental Petroleum Stock

You are being asked to own a pure-play oil and gas producer at roughly fair value. The sector faces structural demand questions. The balance sheet still carries over \$20 billion of debt after OxyChem proceeds are applied. That combination fails the first test of our framework: can you sleep through a 2008-style commodity downturn and expect your capital back with a reasonable return?

The answer for Occidental Petroleum stock is no. CEO Vicki Hollub deserves credit for execution. She paid down \$11 billion since January 2025, integrated CrownRock, and monetized OxyChem to Berkshire Hathaway for \$9.7 billion. The outcome, however, is a business now fully exposed to WTI price swings, with retained environmental liabilities of \$1.9 billion in Superfund exposure.

The dividend was cut from \$3.12 to \$0.04 in 2020 and has rebuilt only to a \$0.96 annual run-rate. The DAC/STRATOS carbon capture venture depends on a 45Q tax credit that Congress can alter. Stage 5 scenario work produces a base case total return near 6.5% — below the inflation-plus-4% hurdle.

Compare this to a 4% HYSA with zero commodity risk. Occidental Petroleum stock needs to offer substantial asymmetry to justify the step-up. It does not. Our Wealth Preservation methodology rejects positions that fail bear-case survival, and OXY fails on that dimension alone. For a contrasting preservation-grade framework, see our wealth preservation framework overview.

Business Quality After the OxyChem Divestiture

Post-OxyChem (closed January 2026), Occidental Petroleum stock represents a business that is approximately 95% hydrocarbon production. The petrochemical cash flow stabilizer is gone. The business model is now upstream oil and gas E&P with concentrated Permian Basin exposure, CO₂-based enhanced oil recovery, and a growing but unproven direct air capture segment.

Geographic concentration is US-dominant: Permian, Denver-Julesburg, California, Rockies, with Middle East exposure. Concentration cuts both ways. Operational control and short-cycle economics on the upside. Full exposure to WTI differentials and US regulatory risk on the downside.

Moat Assessment

The moat is moderate. OXY holds a low-half-of-cost-curve breakeven position in the Permian, proprietary CO₂-EOR expertise, and first-mover status in direct air capture. None of these constitute a durable moat in the Buffett sense. Oil is a price-taker commodity and every competitor is driving breakevens lower.

The DAC optionality is real but speculative. STRATOS economics require costs falling from \$400-600 per ton to under \$200 per ton. That math depends on scale and tax credits you cannot control. Moat durability: MEDIUM. Cost advantages in shale erode quickly as acreage depletes and service costs normalize. We reached a similar conclusion on upstream risk in our Expand Energy analysis and our broader energy sector overview.

Balance Sheet: Rehabilitated, Not Fortress

The deleveraging work is genuine. Debt/EBITDA sits near 2.1x, improving from peaks above 3x. Debt-to-equity at 0.85x post-OxyChem marginally passes our 1.0x threshold. These are the wins.

The losses are material. The current ratio sits at 1.0x against our 1.5x threshold — FAIL. Cash-to-total-debt is approximately 10% against our 20% threshold — FAIL. Interest coverage near 5.5x is borderline. Total debt outstanding remains above \$20 billion even after the OxyChem paydown.

Stress Test Results

We modeled revenue down 30% for two years with WTI at \$45. Solvency is maintained but tight, with interest coverage falling below 3x. The dividend is very likely cut or suspended, consistent with the 2020 precedent. An equity raise is possible if the downturn is sustained.

The Buffett preferred stock structure complicates common dividend math. Warren Buffett's \$8.5 billion preferred position accrues an 8% dividend that must be paid before common dividends — a permanent tax on common shareholder returns that most investors underweight. This is not a fortress. It is a balance sheet that has been rehabilitated but still carries scars from the 2019 Anadarko acquisition.

Occidental Petroleum Stock Dividend Reliability

The current yield sits at approximately 2.2% on a \$0.96 annual dividend. FCF payout ratio of 30% provides 3.3x coverage at current oil prices. On the surface this looks adequate. The surface lies.

The 2020 data point is disqualifying. OXY cut its dividend from \$0.79 quarterly to \$0.01 quarterly — a 98.7% reduction. A company that cut its dividend by 99% in the last recession is, by definition, not a reliable income vehicle through the cycle. The five-year consecutive-increase streak began in 2020 from a near-zero base. It is not comparable to CVX's 37+ years or XOM's 41+ years.

Sustainability Through the Cycle

At current oil prices the dividend is sustainable. Any sustained WTI environment below \$55 threatens coverage, especially with Buffett preferred dividends consuming \$680 million of cash first. Dividend Sustainability Rating: AT RISK. For income-focused preservation capital, this fails the test. Our equities research library contains alternatives with stronger through-cycle dividend records, and our dividend aristocrats analysis profiles names that survived 2020 intact.

Occidental Petroleum Stock Valuation in 2026

At \$43.95, Occidental Petroleum stock trades at 17.9x TTM earnings and 24.4x forward earnings. The forward multiple reflects analyst expectations of lower 2026 oil prices and lower earnings. EV/EBITDA sits at 5.8-7.2x, near or above the five-year average of 5.8-6.5x. P/FCF at 10.2-12.6x is fair. P/B at 1.4x is fair. Dividend yield at 2.2% is modest against sector peers.

Metric	Current	5Y Avg	Assessment
P/E (TTM)	17.9x	~15x	Slightly elevated
Forward P/E	24.4x	—	Expensive
EV/EBITDA	5.8-7.2x	5.8-6.5x	Near/above midpoint
P/FCF	10.2-12.6x	—	Fair
Dividend Yield	2.2%	—	Modest

The EV/EBITDA multiple has expanded from 3.7x in 2022 to current 5.8-7.2x. The easy valuation rebound is complete. Some third-party models show \$58 fair value by applying 6.4-7.0x trailing EBITDA — a method that overstates value for cyclical businesses by anchoring to peak-cycle earnings. On mid-cycle normalized EBITDA, fair value for Occidental Petroleum stock is closer to \$40-42. Margin of safety: negative.

Scenario Analysis and Probability-Weighted Returns

The probability-weighted return across three scenarios produces 5.7% CAGR. Below the 7% hurdle. The bear case return is negative, violating our absolute requirement.

Bear Case — 30% weight — WTI averages \$50

Revenue falls 25% from current levels. EBITDA declines 40%. The dividend is cut 50% best case or suspended. Terminal EV/EBITDA contracts to 4.5x on depressed EBITDA. Ten-year price target: \$32. Total return CAGR: -1% to -4%.

Base Case — 45% weight — WTI averages \$65-70

Revenue grows flat to 2% CAGR. EBITDA remains flat as debt-reduction benefits offset depletion. Dividend grows 3-5% annually. Terminal EV/EBITDA holds at 5.8x. Ten-year price target: \$55. Total return CAGR: 6.5%.

Bull Case — 25% weight — WTI \$85+ with DAC scaling

Revenue grows 4% CAGR. EBITDA margin expands from DAC credits and Permian productivity. Dividend grows 7-10% annually. Terminal EV/EBITDA expands to 7x. Ten-year price target: \$95. Total return CAGR: 14%.

The bull case requires sustained oil above \$80 and multiple expansion. Neither should be underwritten with preservation capital. EIA Short-Term Energy Outlook forecasts currently project WTI in the \$60-70 range through 2027, aligning with our base case.

The Five Risks That Drive the AVOID Rating

Five structural risks drive the AVOID rating on Occidental Petroleum stock. Each maps to a preservation gate failure.

1. Commodity Price Dependency

Post-OxyChem, there is no offsetting cash flow stream. A \$10/bbl decline in WTI removes roughly \$1.5-2 billion of EBITDA. WTI volatility flows directly to earnings. The stabilizer is gone.

2. Leverage Amplification

More than \$20 billion of debt remains. Debt/EBITDA improves with cash generation but deteriorates with oil price declines — exactly when you want a fortress balance sheet. The cycle works against the balance sheet precisely when it matters.

3. Buffett Preferred Overhang

The \$8.5 billion Berkshire preferred stake at an 8% coupon creates a \$680 million annual preferred dividend that must be paid before common. In stressed scenarios, Berkshire can redeem at 110% of liquidation value, crystallizing dilution. The structure is documented in OXY's SEC filings.

4. Regulatory and ESG Exposure

STRATOS DAC economics depend on \$180/ton 45Q tax credits. An administration shift in incentives materially impairs this business line. The \$1.9 billion Superfund liabilities were retained post-OxyChem sale.

5. Recession Vulnerability

2020 saw a 98.7% dividend cut, a 75% peak-to-trough decline in the stock, and equity raise pressure. This is the defining data point. Probability of greater-than-50% permanent loss: 15-20%, above our 10% preservation threshold.

Peer Comparison: Why CVX and XOM Dominate OXY

For an investor seeking energy exposure within a preservation mandate, Chevron and ExxonMobil dominate Occidental Petroleum stock on every wealth preservation dimension.

Metric	OXY	CVX	XOM	COP
Debt/Equity	0.85x	0.18x	0.20x	0.37x
Dividend Yield	2.2%	4.3%	3.4%	3.0%
Consecutive Div Increases	5 yrs	37+ yrs	41+ yrs	—
2020 Dividend Action	-99% cut	Maintained	Maintained	Maintained
ROIC	~8%	~12%	~14%	~11%
Interest Coverage	~5.5x	25x+	30x+	20x+

Occidental Petroleum stock trades at a quality discount that is earned, not a mispricing. The 2020 dividend behavior alone separates the three. CVX and XOM maintained their payouts through one of the most violent demand shocks in energy history. OXY did not. Data sourced from Reuters energy sector coverage and company investor relations disclosures. For side-by-side preservation comparisons, see our Chevron analysis.

Moschovakis Capital — Quantitative Division

Automated FX Execution: A Separate Return Stream

While Occidental Petroleum stock demands a 10-year horizon and carries commodity-cycle risk, our Quantitative Execution System operates on an entirely different time dimension. Fully automated 24/7 FX execution with a two-year audited track record, zero manual intervention, and zero correlation to equity beta or oil prices. A complementary return stream for investors who want strategy diversification alongside equity exposure.

[Explore the Quantitative System →](#)

Final Verdict on Occidental Petroleum Stock

Occidental Petroleum stock receives an AVOID rating from Moschovakis Capital. Five of five preservation gates fail or are borderline. The bear-case total return is negative. The base-case return does not clear the inflation-plus-4% hurdle. The company demonstrated through the 2020 cycle that its dividend is not a reliable income stream. The balance sheet has improved but still carries more debt than preservation investors should accept in a commodity business. The Buffett preferred overhang taxes common returns structurally.

What Would Change the Assessment

Four changes would warrant reconsideration of Occidental Petroleum stock. Price below \$32 would create a 20%+ margin of safety. Debt reduced below \$15 billion with the Buffett preferred retired or restructured would remove the common-equity tax. A dividend history of 10+ consecutive years of increases maintained through a

full cycle would repair the 2020 damage. Demonstrated DAC economics at scale without tax credit dependency would justify valuation premium.

Exit Triggers for Current Holders

If you hold Occidental Petroleum stock today, monitor five triggers. Oil below \$55 sustained for two quarters. Debt/EBITDA back above 2.5x. Any dividend action other than an increase. STRATOS cost overruns above \$1 billion. 45Q credit repeal. Any one of these confirms the AVOID thesis.

Want to follow this research with real capital? Angelos Moschovakis is a verified eToro Popular Investor. Copy his equity portfolio on eToro and access the same disciplined position selection that produced this analysis — with every holding backed by published research.

Frequently Asked Questions

Is Occidental Petroleum stock a good investment in 2026?

No. Moschovakis Capital rates Occidental Petroleum stock AVOID with a Wealth Preservation Score of 42/100. The stock fails five of five preservation gates, including negative bear-case returns, sub-7% base-case returns, and an at-risk dividend. Lower-leverage majors like CVX and XOM are superior choices for energy exposure within a preservation mandate.

What is Occidental Petroleum's dividend yield and is it safe?

The current dividend yield on Occidental Petroleum stock is approximately 2.2% on a \$0.96 annual payout. FCF coverage of 3.3x looks adequate at current oil prices. The dividend rating is AT RISK because OXY cut its payout 98.7% in 2020, and the Buffett preferred stock consumes \$680 million of cash annually before common dividends can be paid.

Is Occidental Petroleum stock overvalued at current prices?

Occidental Petroleum stock trades at approximately fair value with a slight overhang. Base-case DCF fair value is \$42 against a current price of \$43.95, implying a -4.4% margin of safety. Forward P/E of 24.4x is elevated. Our framework requires a minimum 20% margin of safety before considering entry, which would require a price below \$32.

How does Occidental Petroleum compare to Chevron and ExxonMobil?

CVX and XOM dominate OXY across every wealth preservation dimension. Debt-to-equity is 0.18x and 0.20x respectively versus 0.85x for OXY. Dividend yields are 4.3% and 3.4% versus 2.2%. Both majors maintained dividends through 2020 while OXY cut by 99%. Interest coverage exceeds 25x at the majors versus 5.5x at OXY.

What would make Occidental Petroleum stock worth buying?

Four conditions would change the Occidental Petroleum stock assessment: a price below \$32 creating a 20%+ margin of safety, debt reduced below \$15 billion with the Buffett preferred retired, a 10+ year consecutive dividend increase streak maintained through a cycle, and proven DAC economics at scale without tax credit dependency. None of these exist today.

For the full Occidental Petroleum stock analysis and the complete Moschovakis Capital research methodology, explore the equities library moschovakiscapital.com/equities/.

Execution Infrastructure

For the execution of positions discussed in our research, we utilize the following institutional-grade platforms due to their regulatory compliance, liquidity, and reliability.

Platform	Purpose
eToro	Equity execution — regulated, social trading infrastructure
Revolut	Multi-currency banking and FX
Interactive Brokers	Institutional-grade brokerage
Vantage	MT4/MT5 execution
Binance	Digital asset infrastructure
Hostinger	Web infrastructure

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