

User Group News

Lethbridge, Alberta User Group Leader: **Harold Nicholson, the teacher; Dave Cronkhite, the analyst.**

Meeting Location: University of Lethbridge, Markin Hall, Trading Room, 2004, 2nd Floor

(40 double-screen computer stations pre-loaded with VectorVest). Attendees from Lethbridge and area; Crowsnest Pass; Medicine Hat; Calgary

Next meeting: March 26 – 10 am to noon; lunch; 1:00 pm to 3:00 pm. (4th Saturday every month)

Typical Agenda:

- Analysis of Home Page, Colour Guard, Market Timing Graph and Market Climate
- Special Presentation on Using VectorVest (Currently reviewing and discussion all five Successful Investing Videos – we've done 4)
- Declaration and review of 50/50 Stock Contest Winner. Each member is invited to submit and analyze a new stock pick for the next monthly contest. Entry is \$2; either CA or US stocks/ETFs; price must be greater than \$4.
- One hour lunch break at University Food Court adjacent to Markin Hall.
- Members provide stock symbols they would like to analyze and have a group discussion. We look at the fundamentals and technical charts. We apply the "Trade Analysis and Risk Management Calculator" spreadsheet developed by Jamin Heller. We try to achieve a consensus opinion by the group for a buy, hold or sell.

Stock to Study: Cheniere Energy (LNG). Current monthly stock contest leader US; up 6.64% in first week.

Top Canadian pick: Westjet (WJA), up 8.41%

Lethbridge User Group: Current Monthly Leader

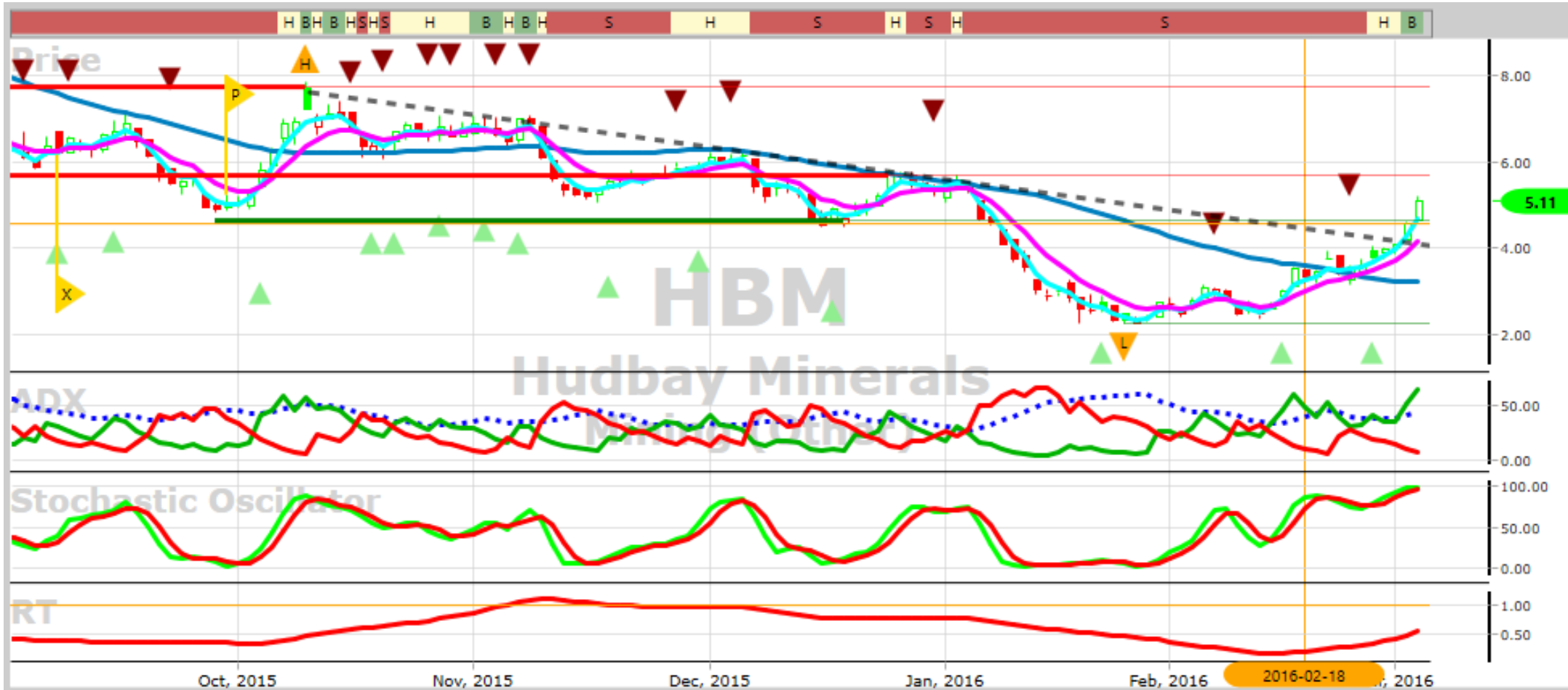


Red Deer Alberta – VectorVest Users Group



- The Red Deer VectorVest User group meets every third Thursday night year round!
 - **Meetings are held at the Baywood Inn (Red Deer Lodge) starting at 6 pm**
 - **Next Meetings Thursday: March 17th , April 21st , May 19th , June 16th and July 21st**
- **Every meeting features two themed presentations plus our own Stock Picking Derby!**
 - 1. Strategically Thinking – Learn new techniques including how to match Unisearch to current market conditions, portfolio management techniques and risk management**
 - 2. Technically Speaking – Each month we dig deep into a technical indicator and how to use it in a detailed trading strategy.**
 - 3. Stock Picking Derby – Review monthly stock picks from members in our own Vvest Derby competition (Including \$50 Vvest coupon prize to the winner!!) We apply the topics covered in the presentation to help drive home the application of the new tools and techniques!**
- We usually have 12-15 people of various experience and investment style which makes for great networking!
- We draw folks from Red Deer, Sundre, Edmonton, Calgary, Veteran, Invermere and even Moose Jaw!

Red Deer February Stock Pick of the Month



- **Sandy W from Invermere, BC selected this stock for the monthly Derby group discussion:**
 - Bought on Feb.16th after showing up in Jail Break/CA for most of January, and not being energy related
 - Technical Indicators: **Primary Wave Up**, EMA 3/8 bullish cross, ADX rising, RT extremely over-sold

Red Deer February Stock Pick of the Month



Trade Analysis and Risk Management Calculator

Portfolio Outlook	
Portfolio Size:	\$25,000.00
Max Percent Loss:	1.0%
Max Loss per Position:	\$250.00
Cost of Trade:	\$1,016.89
Reward to Risk Ratio:	2.23 :1

Target Gain/Max Loss Analysis	
Entry Price:	\$3.01
Stop Exit Price:	\$2.27
Max Loss:	\$0.74
Target Profit Price:	\$4.66
Max Gain :	\$1.65

Symbol:	HBM	Date:	2016-02-16
Shares that can be purchased:	338	Max Loss \$:	\$250.00
		Max Loss % :	24.58%
		Profit Target \$:	\$557.43
		Target Gain % :	54.82%

Initial profit target at \$4.66 resistance level

Trade Analysis and Risk Management Calculator

Portfolio Outlook	
Portfolio Size:	\$25,000.00
Max Percent Loss:	1.0%
Max Loss per Position:	\$250.00
Cost of Trade:	\$2,838.89
Reward to Risk Ratio:	5.76 :1

Target Gain/Max Loss Analysis	
Entry Price:	\$5.11
Stop Exit Price:	\$4.66
Max Loss:	\$0.45
Target Profit Price:	\$7.70
Max Gain :	\$2.59

Symbol:	HBM	Date:	2016-03-03
Shares that can be purchased:	556	Max Loss \$:	\$250.00
		Max Loss % :	8.81%
		Profit Target \$:	\$1,438.89
		Target Gain % :	50.68%

With breakout above resistance and long-term down trend, HBM could be heading to re-test Oct-2015 highs!!

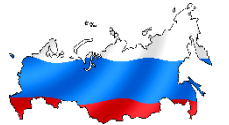
Sector Spotlight— Energy Market Update



Oil prices are rising.... **was the low of \$26.69 set on January 11th, 2016 the REAL bottom?**

Bullish market signals:

- Rumours/Hope of possible OPEC Production freeze/cut-backs are behind the big move
- Momentum from traders/hedge funds closing their excessive short positions
- Seasonal factors drive up short-term crude prices as refineries start buying more oil to feed Q3 demand increase (Driving Season)
 - Similar to 2015 spring crude rally which started on March 17th before prices collapsed in July



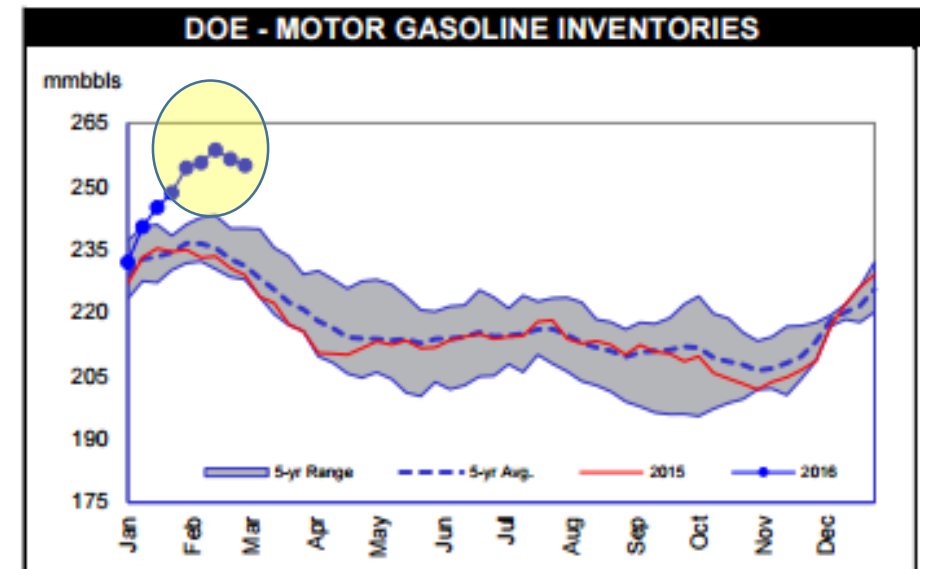
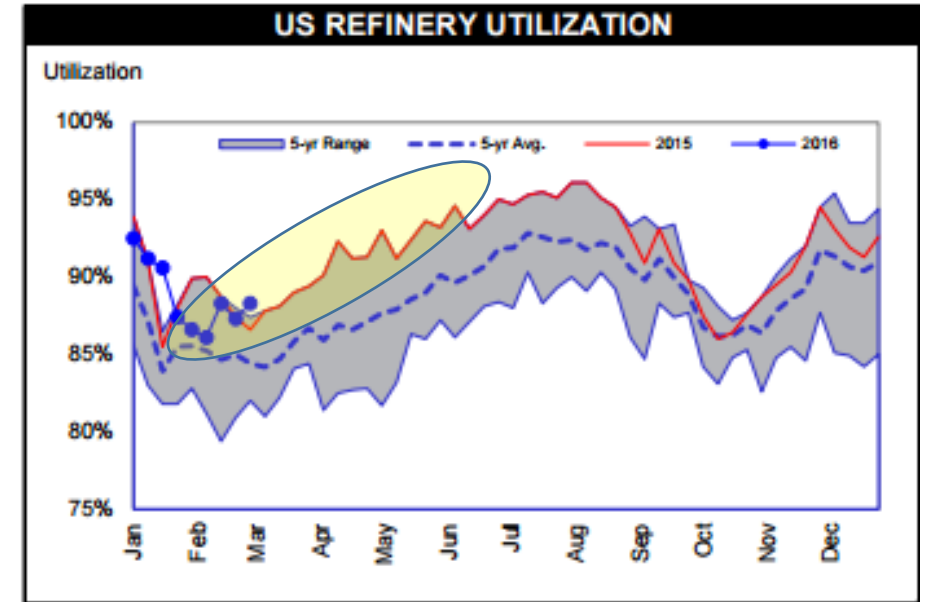
Crude Prices – Short-Term Trader's Perspective



Crude Prices – Seasonal Demand Impact



- **Every spring refineries adjust their set-up to adjust for seasonal demand rotation**
 - During winter season more Distillates (Heating Fuel) are produced....but not needed this winter!
 - Crude storage builds (100-120 Mbbls) typically from January-March as refineries are down for turnarounds
- **Refiners ramp up to ensure adequate supply**
 - Early spring refiners switch to higher production of Transport Fuels (Gasoline and Diesel)
 - Refinery utilization increases in Q2 to produce enough product to meet Q3 consumer demand
 - But is the USA running out of Gasoline stocks?????



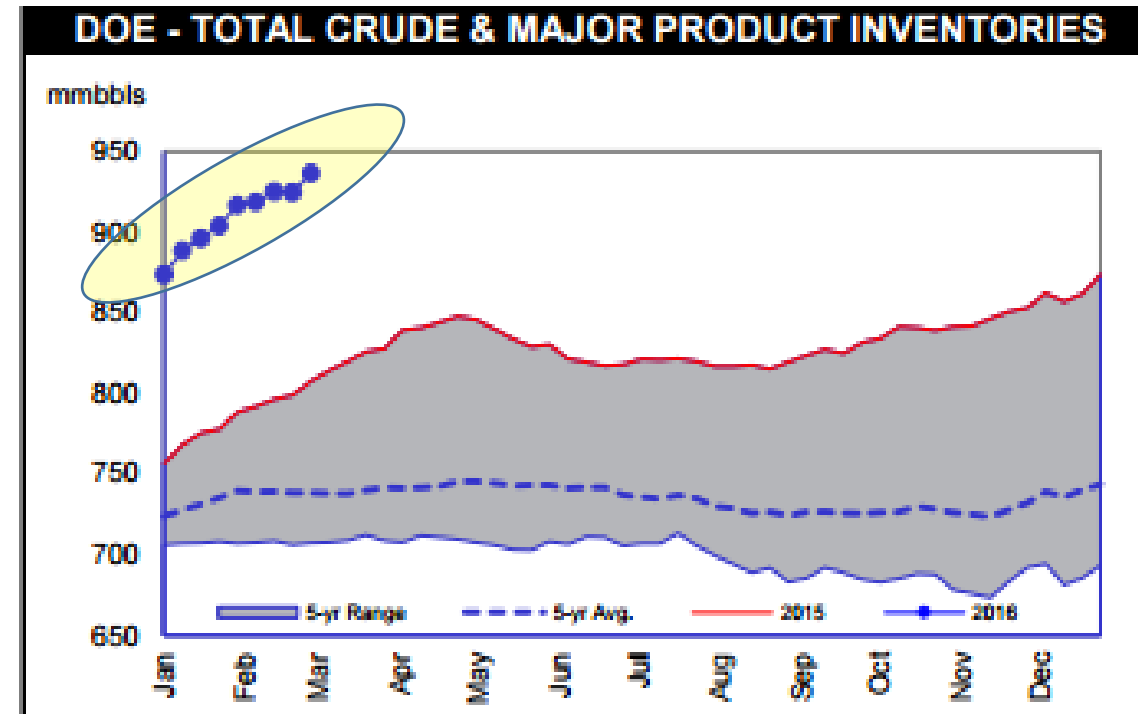
Sector Spotlight— Long Term Fundamental Outlook

Is the start of a new long-term bull market for Crude and Energy related stocks
....or another blip of short-term volatility?



Bearish market signals:

- \$750 mm of bought deal equity financings completed in energy space over the past month....is this a good sign?
- Market remains in steep-contango and storage continues to set new records every week!
- **IF PRICE holds up for a few months**.....Production declines will evaporate as DUC's (drilled but uncompleted wells) are completed and put on production
 - Over 4,500 wells in the US shale oil plays waiting to be completed
→ Could add significant new supply quickly



Sector Spotlight— Energy Market Update



In the past month \$750 mm of recent equity financings in Canada's energy sector
....does that mean its all up from here?



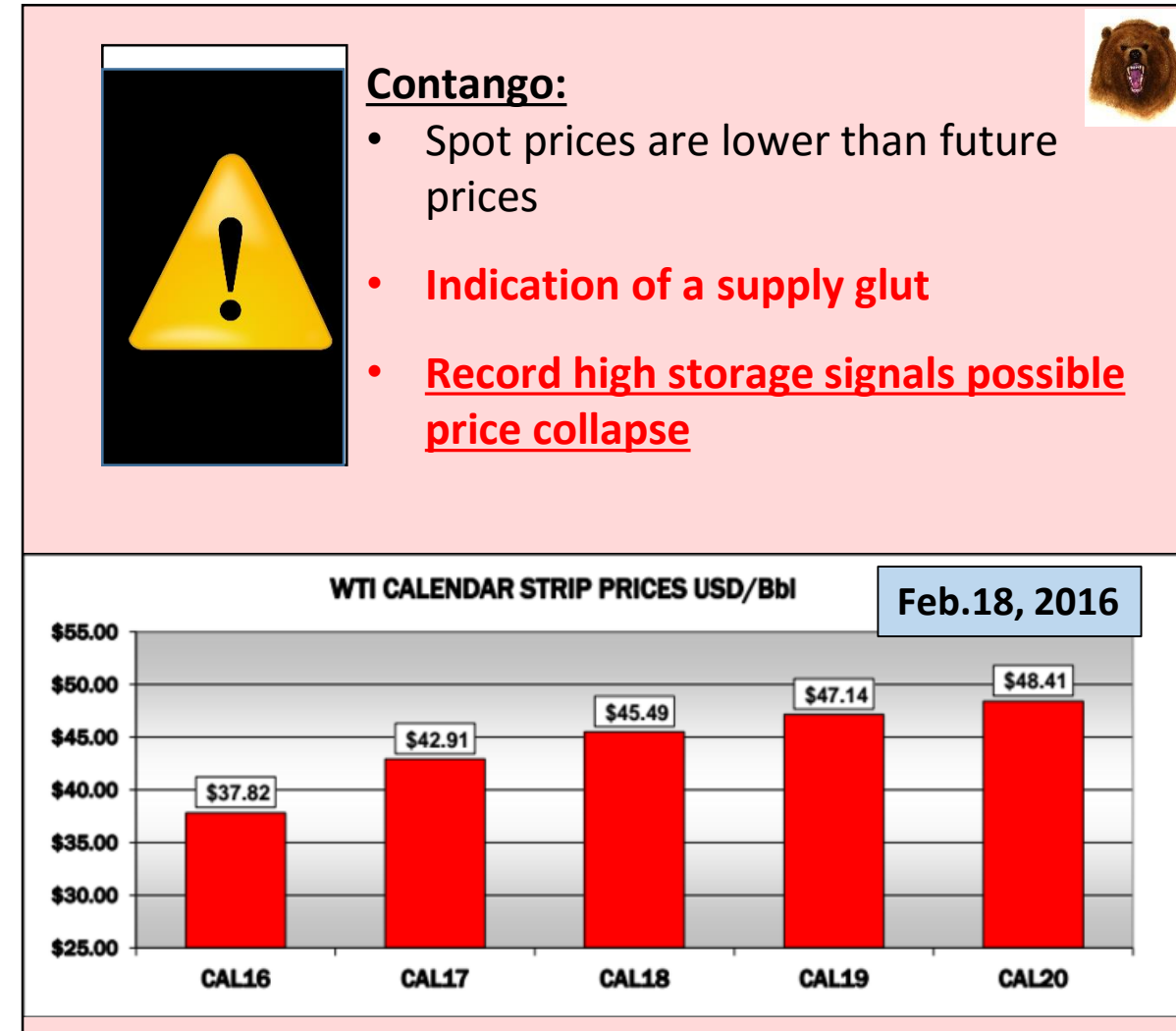
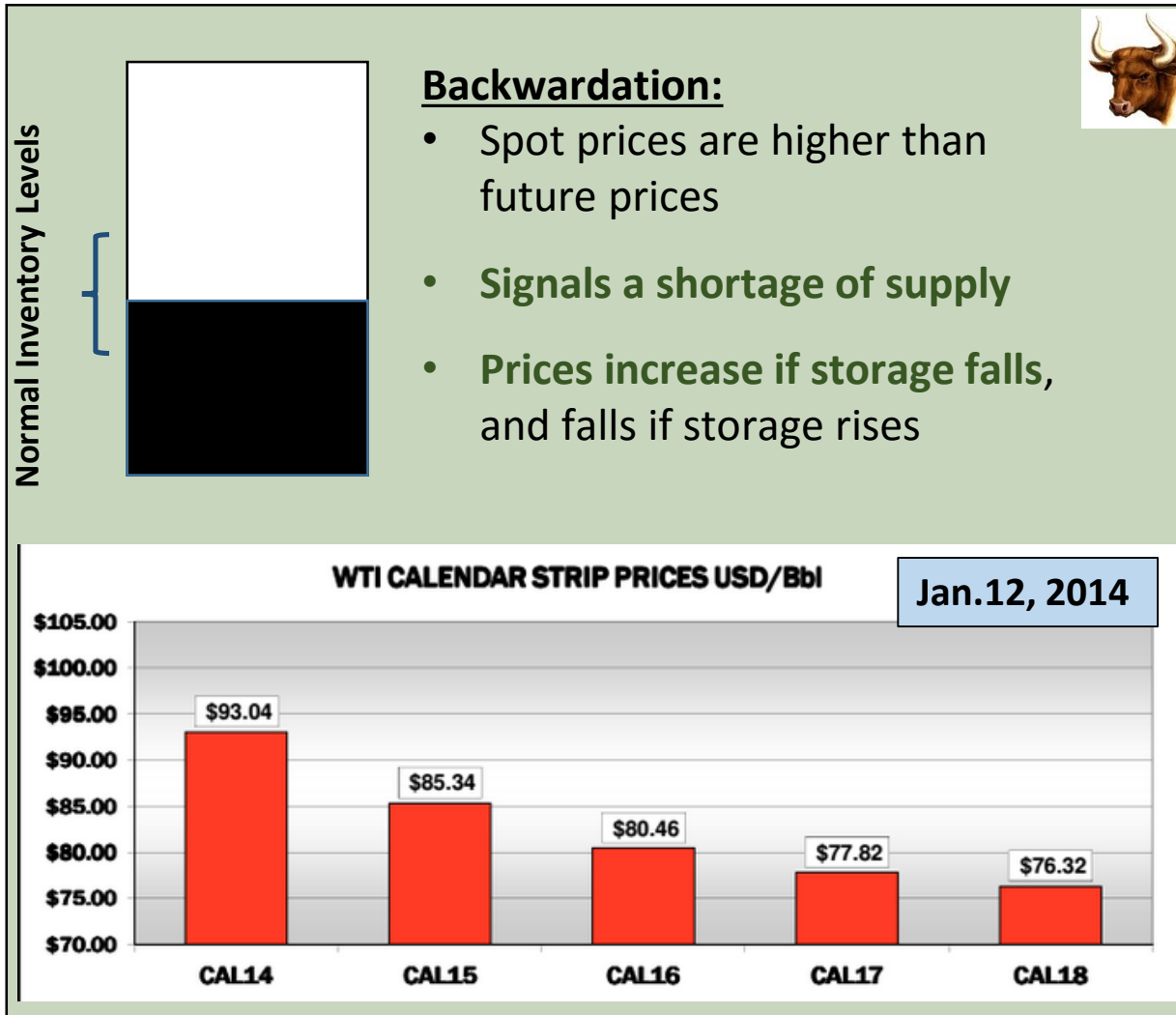
These companies represent the “Best-in-Breed” in Canadian management teams featuring strong asset bases and relatively strong balance sheets

- If these top energy CEO's believed that oil prices were at the rock bottom, why would they issue stock at the bottom of the cycle?



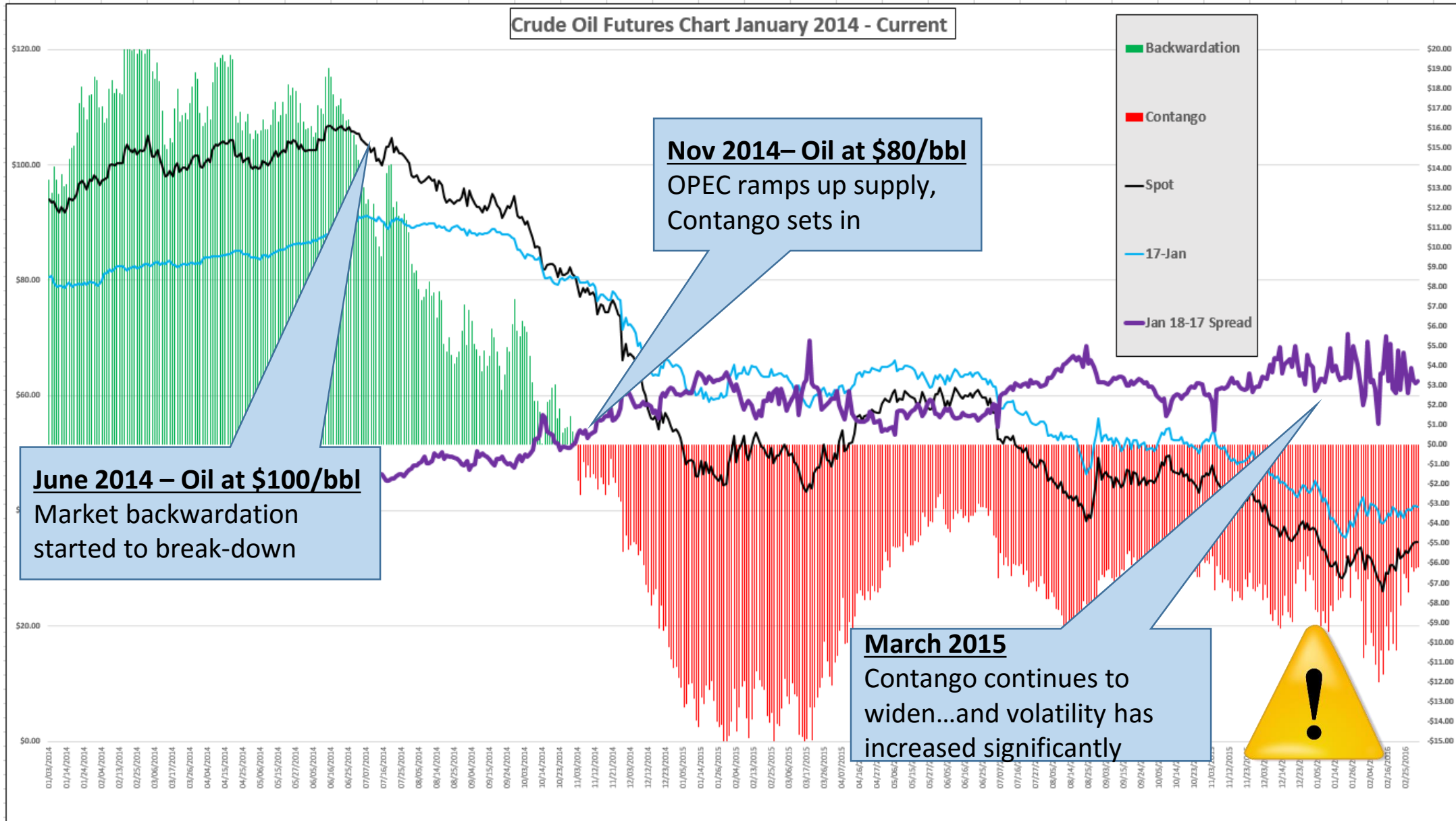
- This is about survival, companies raise equity at low share prices in order to survive long-term price challenges

Sector Spotlight– What are the Crude Futures Suggesting?

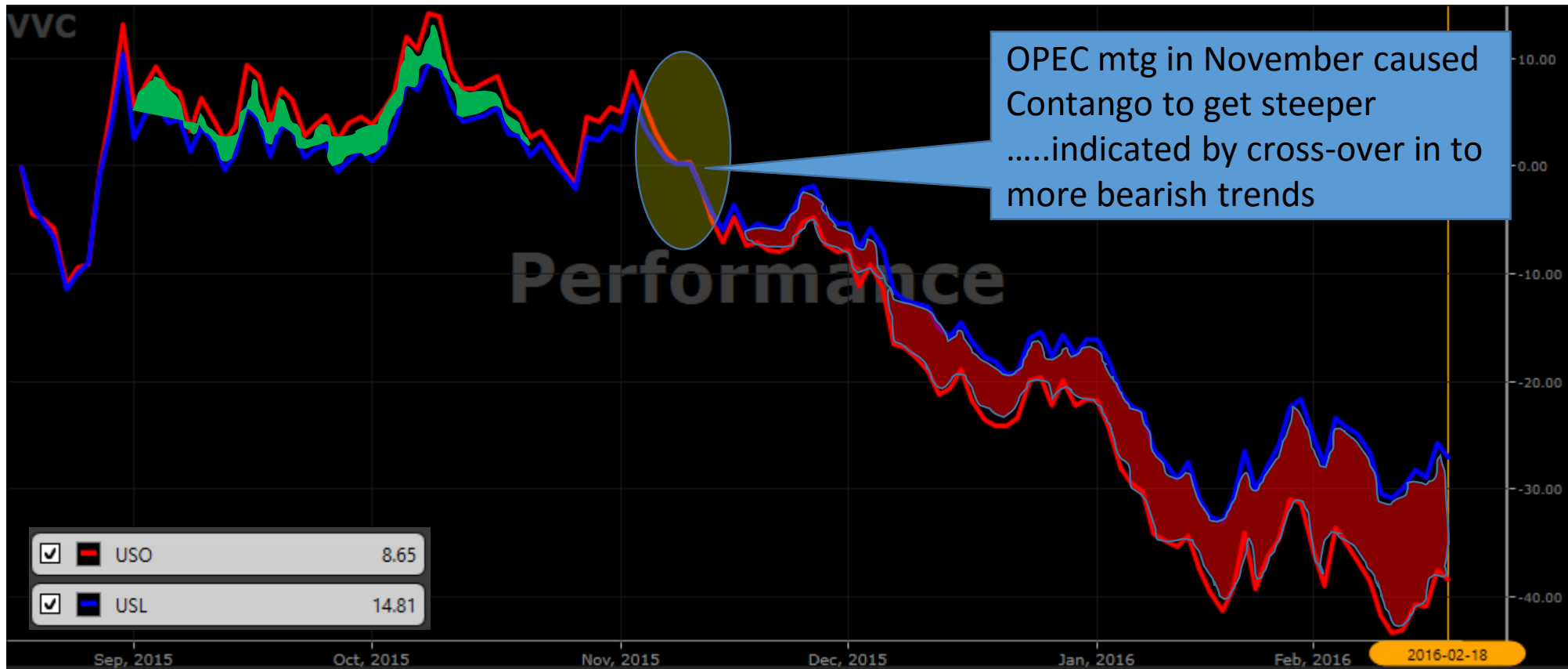


Contango currently exceeds the cost of storage so oil is being stuffed anywhere.....literally a licence to print money

Sector Spotlight– Super Contango Updated Chart!



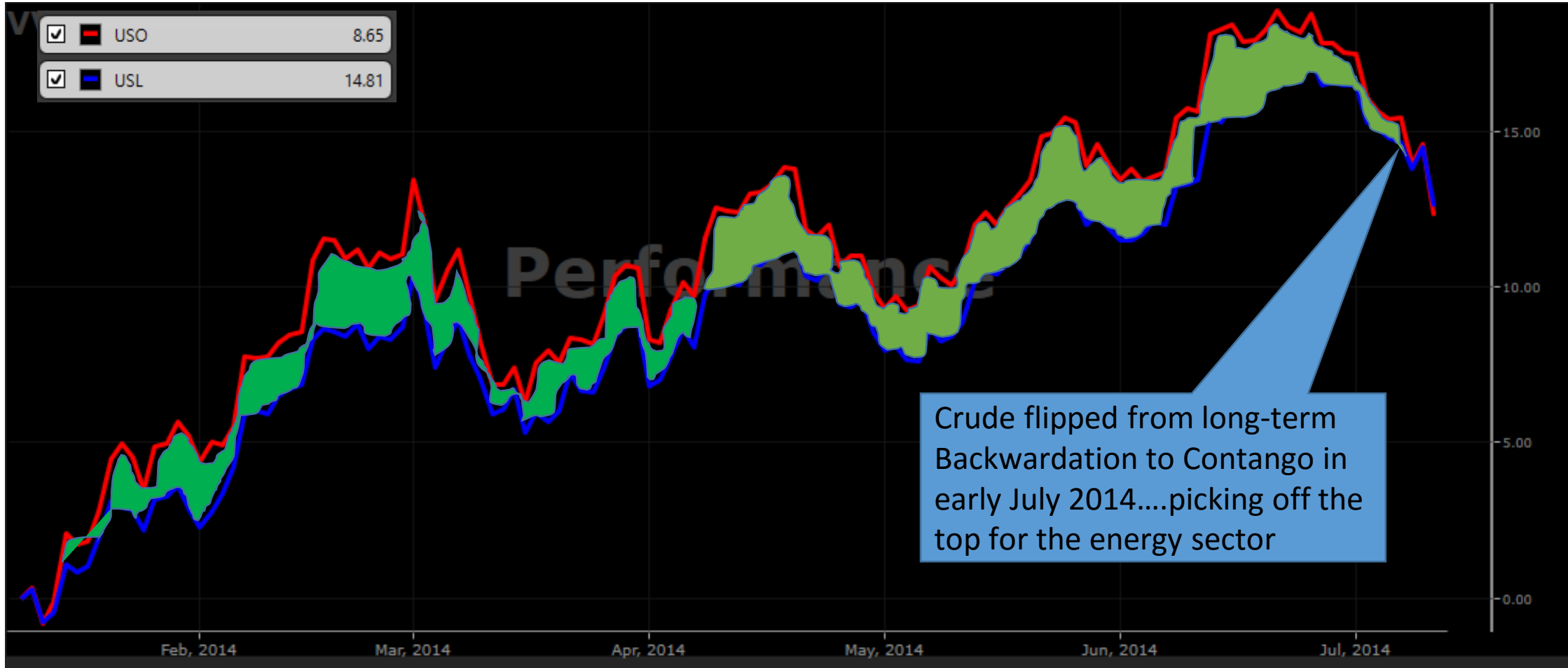
Using ETF's to determine Backwardation/Contango



We can use high volume ETF's to track whether we are in contango or backwardation mode.

- USO: Tracks WTI crude prices tied to the front-month futures contract for Nymex crude oil delivers
- USL: Tracks changes over 12-months of futures prices for crude deliver to Cushing OK storage
- Contango – $USL > USO$ implies longer term prices are higher than current front month
 - implies bearish short-term prices for crude, signals production to be shut-in as storage fills

Using ETF's to determine Backwardation/Contango



- Backwardation: $USO > USL$ implies near-term pricing is higher than longer-term contracts
 - implies a market signal to increase production and build inventory
 - XLE up 22% over this time period

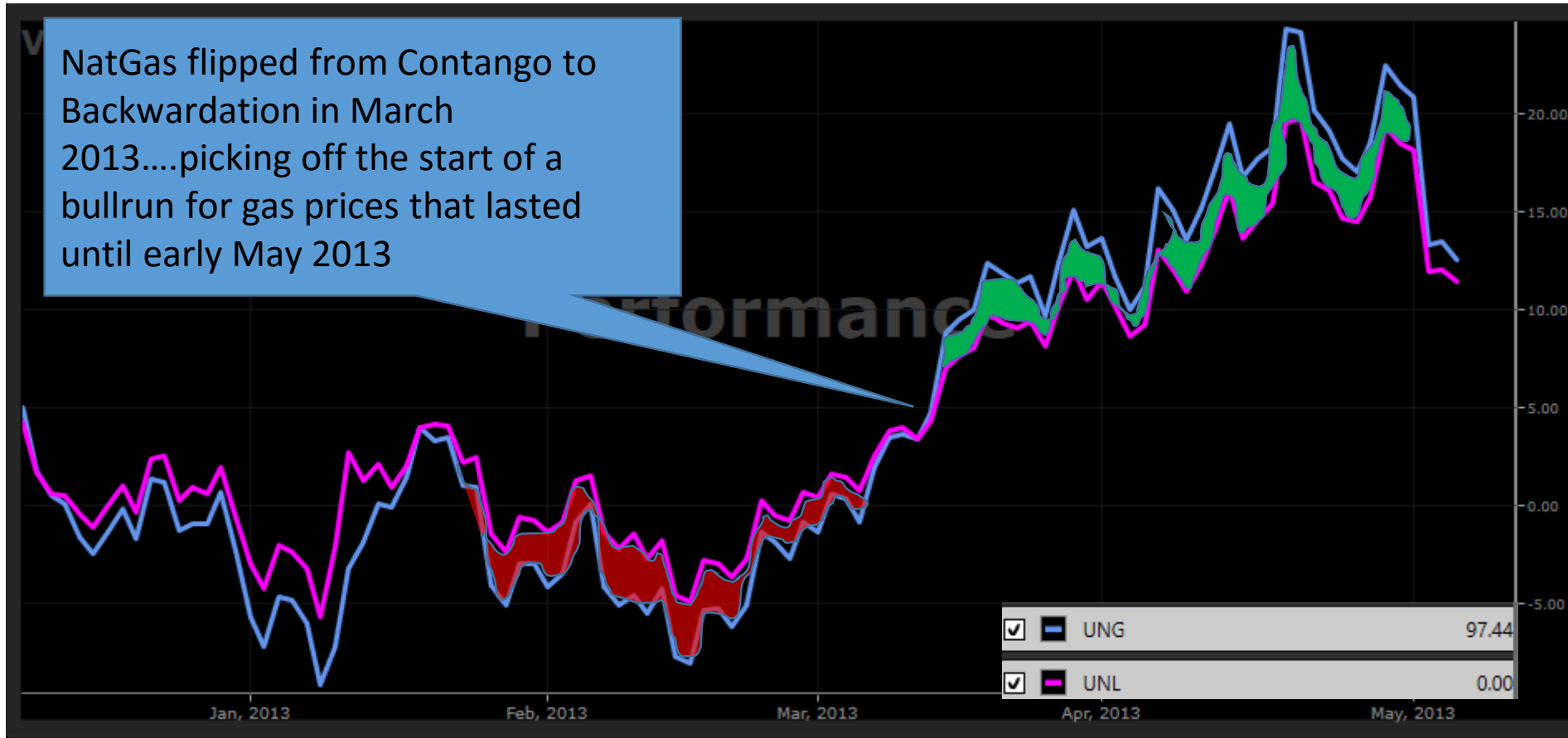
Natural Gas ETF's for Backwardation/Contango



We can use high volume ETF's to track whether we are in contango or backwardation mode.

- UNG: Tracks NatGas prices tied to the front-month futures contract for Nymex natural gas deliveries
- UNL: Tracks changes over 12-months of futures prices for NatGas deliveries priced at Henry Hub
- Contango – $UNL > UNG$ implies longer term prices are higher than current front month
 - implies bearish short-term prices for natgas, signals market of over-supply conditions

Using ETF's to determine Backwardation/Contango



- Watch for a narrowing of the gap to signal a pending switch from Contango to Backwardation
 - Long-term investors though can look for Backwardation as a time to increase energy equity exposure and have the underlying commodity be moving in the right direction and with lower volatility!!

Agenda

12:10 Trending Stocks Spotlight (15 min.)

- Focus on WATCHLISTS – Where to find top CA and US WatchLists – Stan Heller, Consultant, VectorVest Canada
- Top Searches for Retirement

Favourite Canada WatchLists:

Special WatchLists

 DRIPS

 W-O-W Dividends

 W-O-W Value and Growth

Cherry Picking

 Midas Touch Stocks

Favourite US WatchLists:

Dividend Payers

 DRIP 10-24 Years

 DRIP 25+ Years

 DRIP 5-9 Years

Cherry Picking

 Midas Touch Stocks

Special WatchLists

 US-CA Interlisted Stocks

 W-O-W

Next Meeting

Thanks for attending!

Comments, Questions, Stock Ideas and What's Working for You:

Let's share you methods and ideas at our next Forum!

Contact me with your ideas: E-mail: stan.heller@vectorvest.ca

Next Meeting: Saturday, April 2@ 11:00 AM ET

Views/UserGroups/Canada Online User Group Forum