



TFR

# Trading Floor Research

Welcome to the  
— Trading Floor —



## This Trading Floor Research report contains:

- *Energy Stocks Go “Risk On”*. Buy Confirmation has come from the S&P SmallCap 600 Energy Index (PSCE).
- *Epsilon Energy Ltd (EPSN)*. A new Buy candidate in the **Oil & Gas US Exploration & Production** industry group.
- **Vista Oil & Gas SAB deCV (VIST)**. A new Buy candidate in the **Oil & Gas International Exploration & Production** industry group.
- **Flotek Industries Inc. (FTK)**. A new Buy candidate in the **Oil & Gas Field Services** industry group.
- The **CBOE Volatility Index (VIX)** and what it is telling me about the markets next move.
- The **United States Oil Fund (USO)** and what it is telling me about oil prices.



# Essential Lessons for Stock Market Success.

Tuesday March 8, 2022 is Class 2 at the USW New Carlisle ICD Training Center

A morning and afternoon class will be given:

9:00 am-12:00 am ET

4:00 pm-7:00 pm ET

Learn how to identify winning stocks before they move higher and short stocks before they move lower.

Invite a family member or friend

Call Darla to reserve a seat at 219-778-2287

## Sectors, Industry Groups & Leadership Stocks

*7 of the 11 market sectors are in sell signals. **Energy, Financial Services, Basic Materials, and Utilities** are the only sectors in a buy signal. This past week, utilities and Basic Materials gave a buy signal as Financial Services came very close to a sell signal. Although Bank stocks have not officially fallen into a new sell signal, they look fragile; caution is advised.*

Last week's most potent buy signal came from the **S&P SmallCap 600 Energy Index (PSCE)**. The SmallCap Energy stocks index (PSCE) broke out of a coiled spring base that started June 2021 to give a **"Risk-On"** signal in Energy Stocks. (Refer to Chart)

The significance of this **"Risk-On"** buy signal can not be understated. A **"Risk-On"** move-in Energy Stocks means we can increase our position in Energy Stocks and move from our large-cap focus on stocks like **Chevron (CVX)** to smallcap names. This week's report highlights names like **Flotek Industries Inc. (FTK)**, **Epsilon Energy (EPSN)**, and **Vista Oil & Gas (VIST)**. PSCE is short-term extended. There is potential for a pullback early next week to 9.00 before resuming the uptrend. (Refer to Chart).

The benefit of buying smallcap stocks is the upside price potential. This doesn't come without risk, and as traders, we need to also focus on our stops.

**Energy** stocks were up 2.00% on Friday as oil prices surged higher. **United States Oil Fund (USO)** spiked to a new high of 79.95. On Tuesday, the overhead trendline that acted as resistance against the persistent move higher was overtaken with a price gap. Closing above the trendline sent oil into a parabolic move higher. The Up/Down volume ratio increased to 2.72 last week as Institutional buying continued to fuel oil prices higher. USO closed above its Fibonacci 77.22 target number. If USO does not close back below 77.22, the next target is 98.12. High oil prices will continue to support the **"Risk-On"** signal in energy stocks. (Refer to USO Chart)

Hopefully, everyone had a chance to buy **Tidewater Inc. (TDW)** before the 7% move higher on Friday. TDW is under incredible institutional accumulation closing at a 2-year high. It is already benefitting from the **"Risk-On"** signal in energy stocks.



# United States Oil Fund (USO)

Up/Down Vol Ratio 2.72



## Sectors, Industry Groups & Leadership Stocks

The **CBOE Volatility Index (VIX)** continues to provide excellent clues to the beginning and end of each market selloff as the market trends lower. On Friday, the VIX gave a 30-minute buy signal and closed above the 31.20 Fibonacci number. The 30-minute signal above 31.2 confirms a move higher in the VIX to the 44.6 Fibonacci target, and a continued downtrend in the S&P 500 index. (Refer to VIX chart)

The **Technology sector** finished the week flat on its back and can't get off the mat. I will continue to avoid technology stocks until I get new industry group buy signals.

*The bears are firmly in control of the Russell 2000 and strongly indicate "Risk-Off" in the markets.*

**I continue to recommend caution and high cash levels** until the market gives more sector and industry group buy signals.

The "**Risk On**" signal only applies to Energy Stocks!



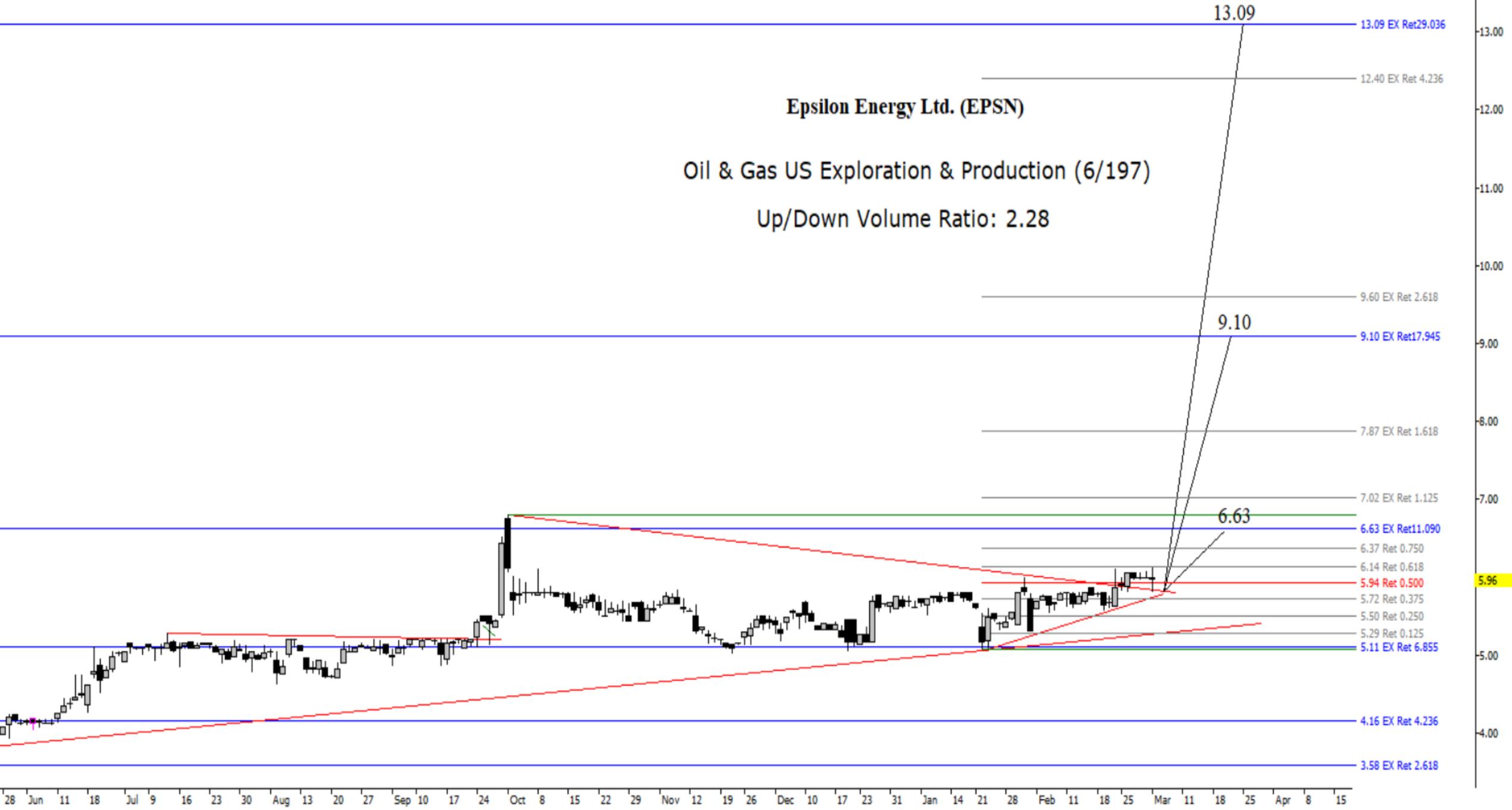
## Buy candidate: Epsilon Energy Ltd (EPSN)

- Industry Group: **Oil & Gas US Exploration & Production**. The group currently ranks as the 6<sup>th</sup> strongest industry group out of 197 and is up 28.64% YTD. The group gave a 20-day closing high buy signal on Friday 02/29/2022 with above-average volume.
- **Epsilon Energy Ltd (EPSN)** is a North-American independent oil and natural gas company engaged in acquisition, development, gathering, and production primarily in the Marcellus Basin in Northeast Pennsylvania and the Anadarko Basin Oklahoma.
- **Epsilon Energy Ltd (EPSN)** is ready to break out of an IPO cup-with-high handle base that started in February 2019. Once the stock can break free of Fibonacci resistance at 6.63 and the top of the handle, it could reach the Fibonacci target of 13.09.
- **Epsilon Energy Ltd (EPSN)** will confirm a buy signal with a 30-minute close above 6.12 or a retracement to the VWAP at 5.72 • **Wait for a text confirmation!**
- Initiate position at 3-star(\*\*\*)
- Under massive institutional accumulation with an Up/Down Volume ratio of 2.28.
- *Epsilon Energy Ltd (EPSN)* closed at 5.96.
- *Epsilon Energy Ltd (EPSN)* VWAP is at 5.72
- Sell target prices: 1st target is 6.63; 2<sup>nd</sup> target is 9.10; 3<sup>rd</sup> target is 13.09
- Stop sell price: Close below 5.72.

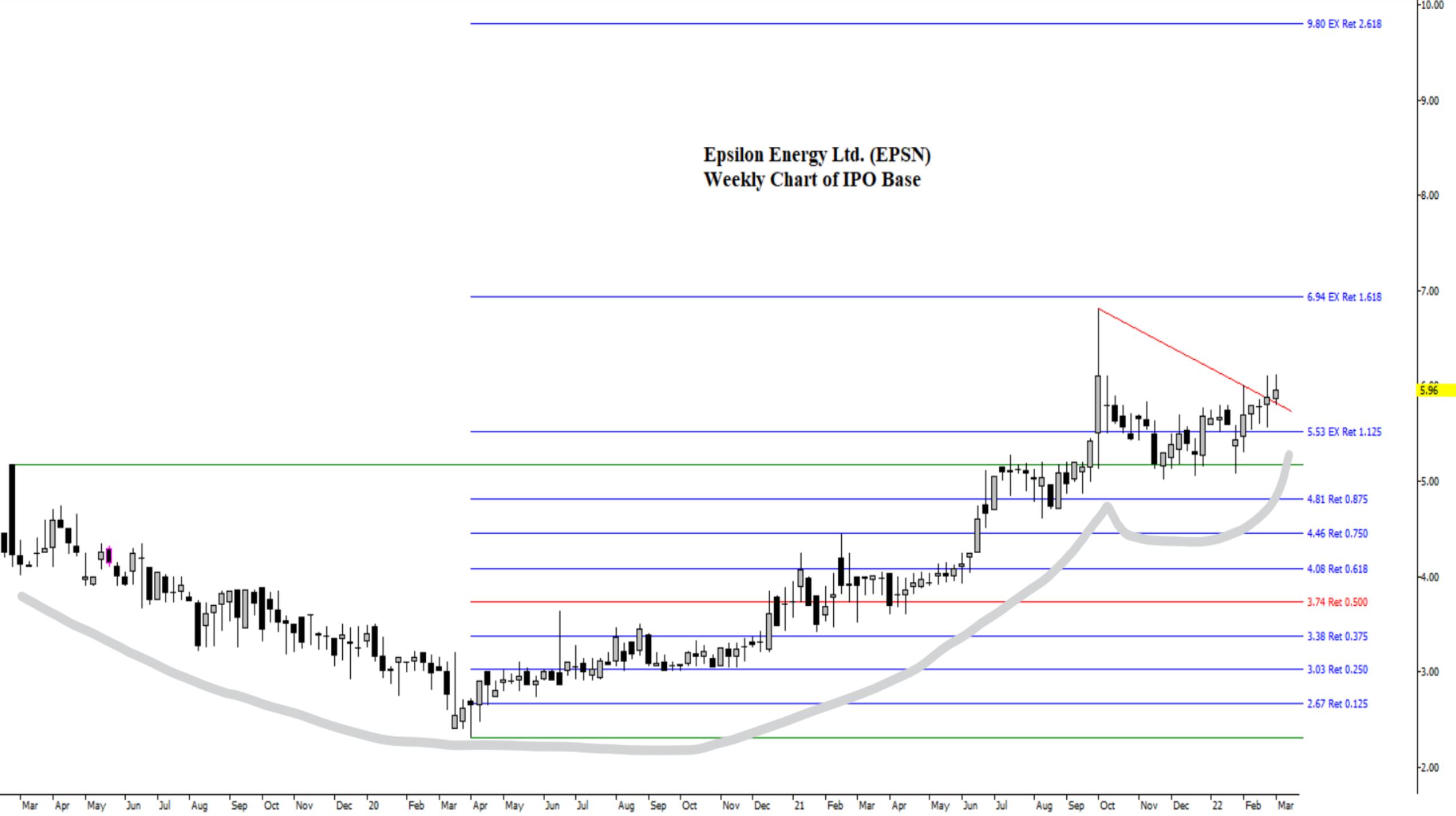
# Epsilon Energy Ltd. (EPSN)

Oil & Gas US Exploration & Production (6/197)

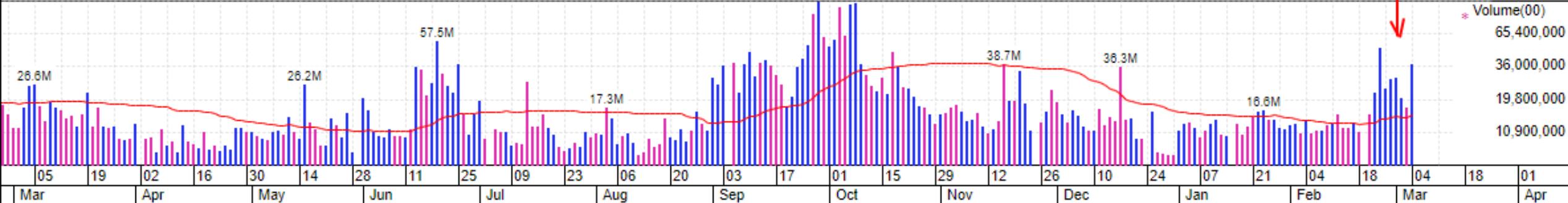
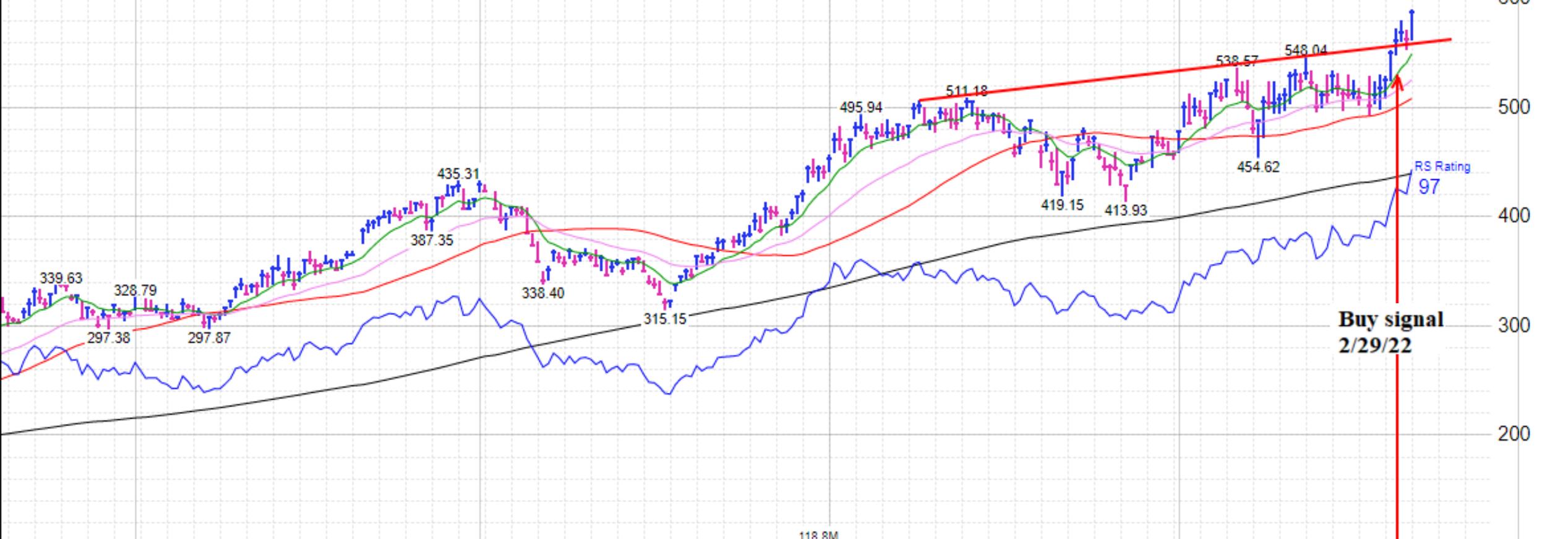
Up/Down Volume Ratio: 2.28



# Epsilon Energy Ltd. (EPSN) Weekly Chart of IPO Base



### Oil & Gas US Exploration & Production (6/197)



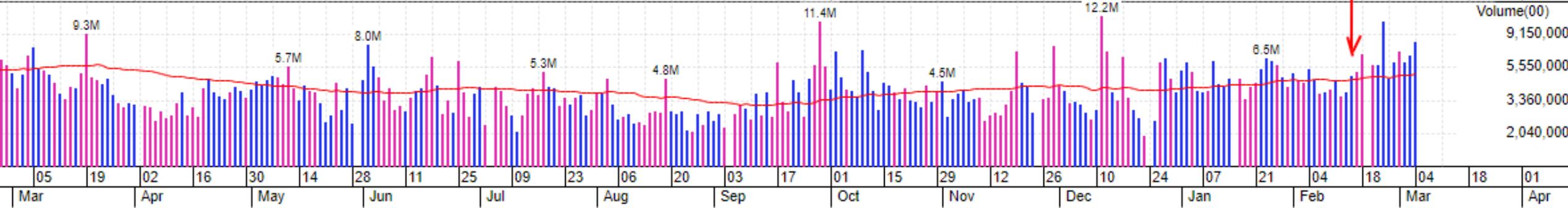
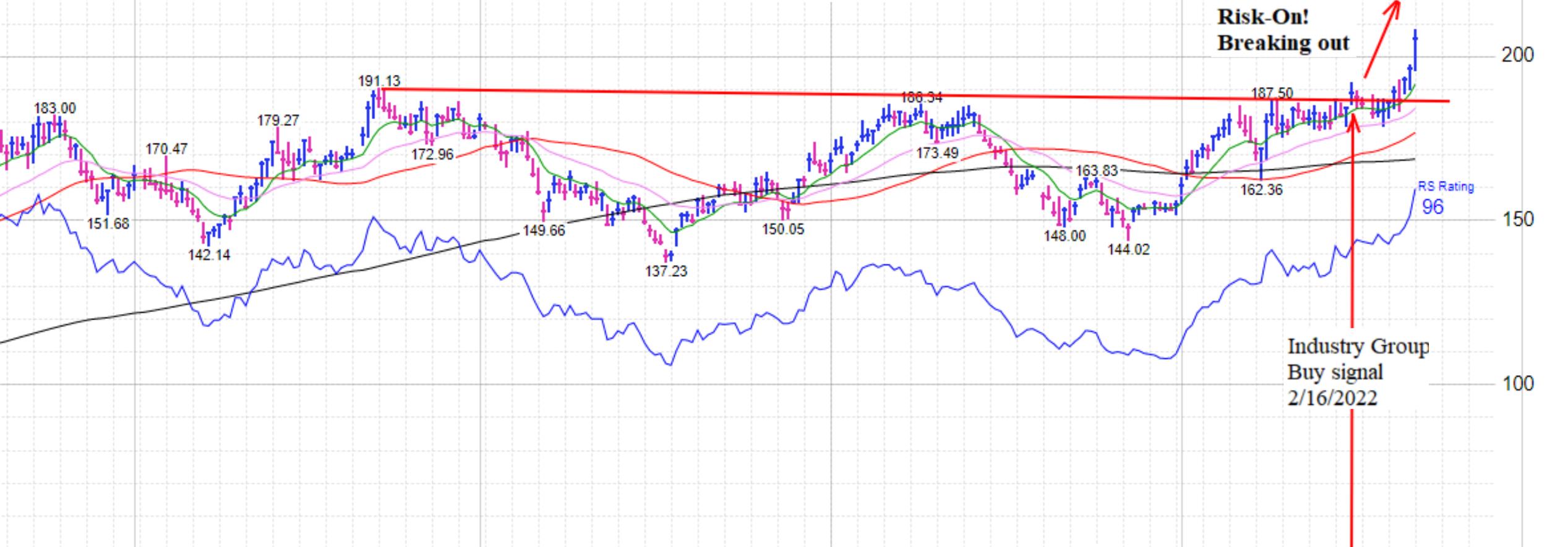
**Buy candidate: Flotek Industries Inc. (FTK)**

- **Industry Group: Oil & Gas Field Services.** The group currently ranks as the 8<sup>th</sup> strongest industry group out of 197 and is up 32.10% YTD. The group gave a 20-day closing high buy signal on 02/16/2022 with above-average volume.
- With the difficulty of getting permits to start new wells under the current administration, getting the most production out of a well will be very important.
- **Flotek Industries Inc. (FTK)** provides well services like stimulation & cementing chemistry to increase efficiency and production of wells. FTK also provides improved oil recovery services, drilling fluid additives, and logistics management services.
- **Flotek Industries Inc. (FTK)** broke the trendline of the handle to a cup-with-handle base that started December 31, 2021. Volume poured into the stock on February 17 & 18 as FTK started forming its high handle. Since September last year, insiders have been purchasing shares, institutional accumulation has followed.
- **Flotek Industries Inc. (FTK)** will confirm a buy signal with a 30-minute and daily close above Fibonacci resistance at 1.78 or a pullback to Fibonacci support at 1.36.
- **Wait for a text confirmation!**
- **Initiate position at 3-star(\*\*\*)**
- **Under massive institutional accumulation** with an Up/Down Volume ratio of 3.32.
- **Flotek Industries Inc. (FTK)** closed at 1.62.
- **Flotek Industries Inc. (FTK)** VWAP is at 4.87.
- **Sell target prices: 1st target is 2.46 ; 2<sup>nd</sup> target is 3.56.**
- **Stop sell price: Close below 1.26.**

**Flotek Industries Inc. (FTK)**  
**Oil & Gas Field Services (8/197)**  
**Up/Down Volume Ratio 3.32**



# Oil&Gas-Field Services



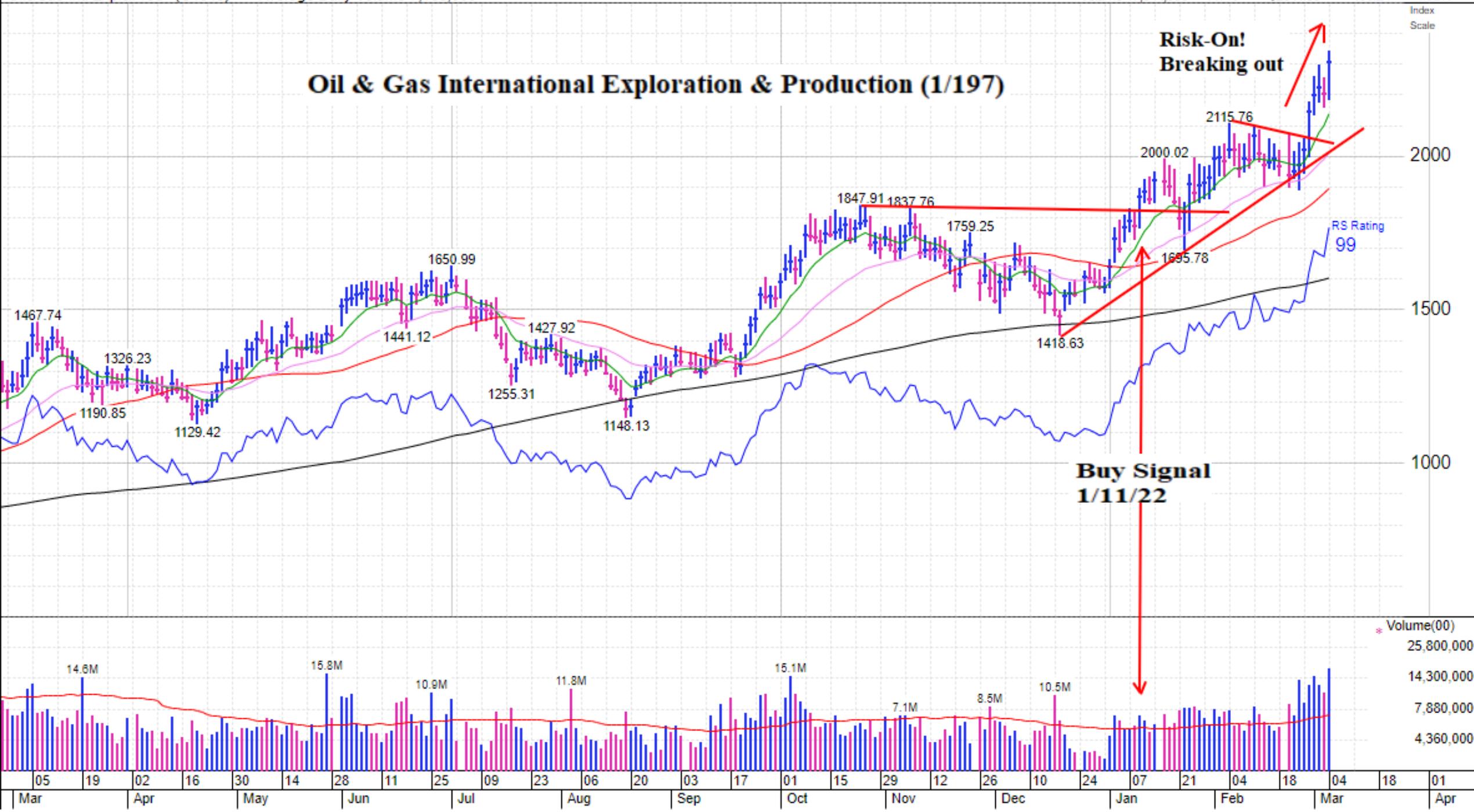
## Buy candidate: Vista Oil & Gas SAB deCV (VIST)

- **Industry Group: Oil & Gas International Exploration & Production.** The group currently ranks as the strongest industry group out of 197 and is up 46.53% YTD. The group gave a 20-day closing high buy signal on 01/11/2022 with above-average volume.
- **Vista Oil & Gas SAB deCV (VIST)** is a Mexican-based company engaged in exploring oil and natural gas in Latin America and Argentina.
- **Vista Oil & Gas SAB deCV (VIST)** broke out of its IPO cup-with-handle base on February 23, 2022. Over the last three trading sessions, the stock has pulled back to a 10-day moving average and Fibonacci support at 8.20.
- **Vista Oil & Gas SAB deCV (VIST)** will confirm a buy signal with a 30-minute close above 8.36.
- **Wait for a text confirmation!**
- **Initiate position at 3-star (\*\*\*)**
- **Under massive institutional accumulation** with an Up/Down Volume ratio of 2.34.
- **Vista Oil & Gas SAB deCV (VIST)** closed at 8.13.
- **Vista Oil & Gas SAB deCV (VIST)** VWAP is at 4.73.
- **Sell target prices: 1st target is 10.56; 2<sup>nd</sup> target is 12.06**
- **Stop sell price: Close below 7.50.**

Vista Oil & Gas S.A.B. deC.V. (VIST)  
Oil & Gas International Exploration & Production (1/197)  
Up/Down Vol Ratio 2.34



# Oil & Gas International Exploration & Production (1/197)





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