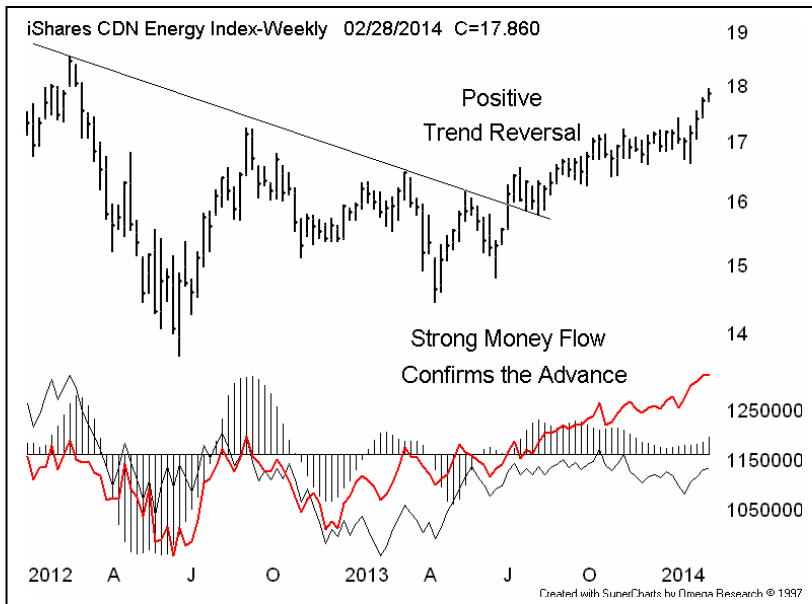


Interim Update February 25, 2014 GT1426 TSX Comp 14189 DJII 16180



The TSX Energy Sector

The iShares S&P/TSX Capped Energy Index Fund (XEG) seeks to replicate the performance of the S&P/TSX Capped Energy Index through investments in the constituent issuers of such index.

iShares XEG ETF - Top five components

Name	Sym	24-Feb-14
Suncor Energy Inc	SU	\$37.03
Canadian Natural Res	CNQ **	\$41.24
Enovus Energy Inc.	CVE	\$28.90
Encana Corporation	ECA **	\$21.39
Crescent Point Energy	CPG	\$39.11

** New 52-week high February 24, 2014

The TSX energy basket is a total of 52 issuers with a blend of gas & crude producers, oilfield service companies and integrated producer / refiner / retailers.

TSX Energy Components dominate the new 52-week high list

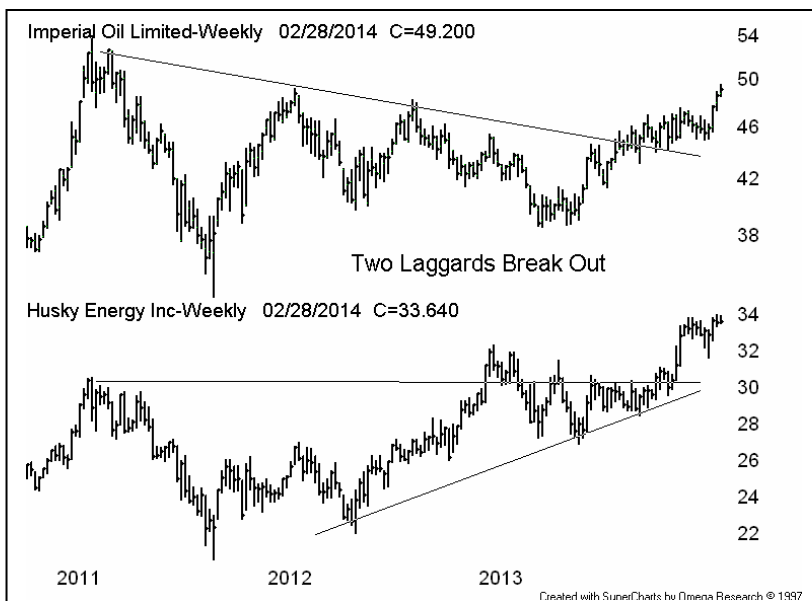
New 52-Week Hi Feb 24, 2014		24-Feb-14
ARC Resources Ltd.	ARX	\$ 30.41
BMO Junior Gas Index ETF	ZJN	\$ 28.15
Bonavista Energy Corp.	BNP	\$ 16.00
Canadian Natural Resources Ltd.	CNQ	\$ 41.24
Crew Energy Inc	CR	\$ 7.89
Encana Corporation	ECA	\$ 21.39
Imperial Oil Limited	IMO	\$ 49.37
iShares CDN TSX Energy Fund	XEG	\$ 17.86
Peyto Exploration & Development.	PEY	\$ 36.48
Ur-Energy, Inc	URE	\$ 1.65

TSX Energy Sector is has been a relative laggard from the peak of early 2011.

In mid 2013 the energy sector displayed a positive trend change in response to an improvement in crude and natural gas prices.

See chart top left

Two recent new 52-week highs are **Husky Energy (HSE)** and **Imperial Oil (IMO)** – see lower chart left



Husky Energy (HSE) \$33.64 is a component of our - Essential Commodity Selections for Out Perform through 2014 – refer to GT letter April 27 2012 GT1374.

Both Imperial Oil and Husky are large Canadian integrated components of the TSX Energy Index

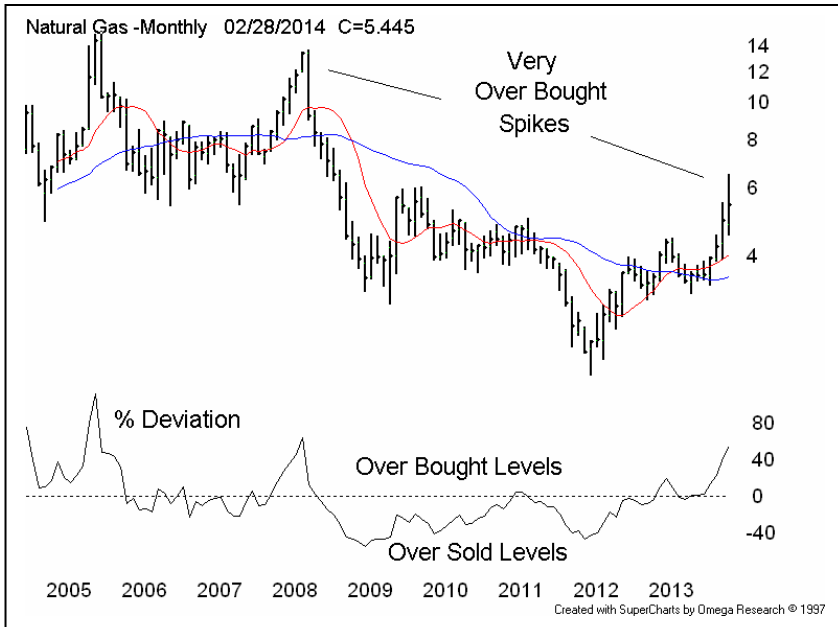
Both have been sector laggards since early 2011 and are now breaking out of long periods of bullish congestion.

Analysis: Strong money flow numbers (not shown) suggest Imperial Oil and Husky have been under accumulation for 24+ months.

The downside risk is low because the long transition of the shares from weak to strong hands is now completed -

Last December - Interim Update December 6, 2013 GT1418 we observed that colder weather helped raise the price of the **front-month natural gas futures** contract, which increased on ten consecutive trading days from November 19 to December 4. This has pushed near CME contract above the February through June 2014 contracts suggesting a short term over-bought condition - AND – we assumed that futures prices for natural gas could become significantly tighter in December and January, when natural gas demand for residential and commercial heating increases.

In any event – money was flowing into the natural gas producers – we should have some exposure



Natural gas and the producers

Last December we observed the natural gas continual price was currently pushing above 5-years of price congestion at the \$3.90 level

The next target was resistance at the \$4.55 level

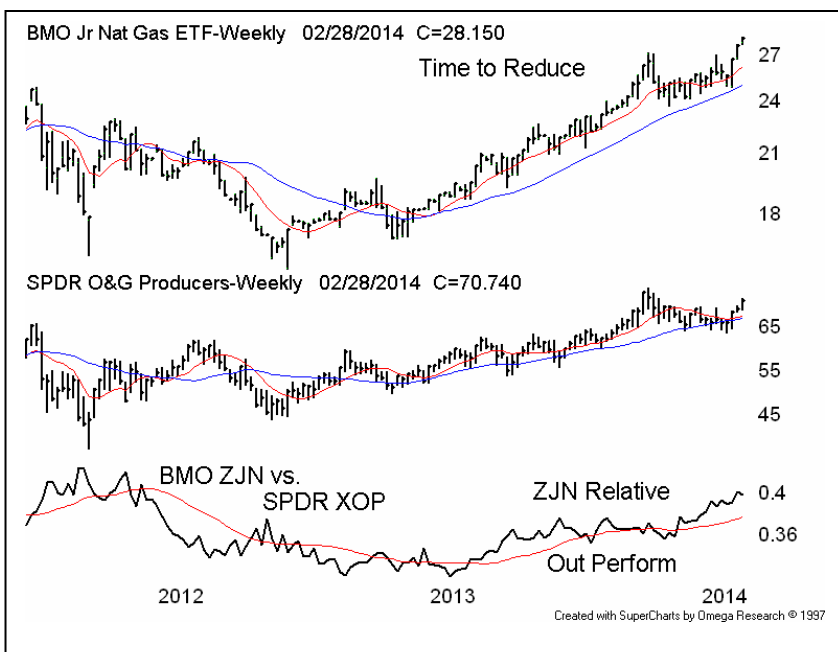
See chart left - now with a sudden breakout to over \$6 the natural gas contract has printed an over-bought spike as confirmed by the %Deviation study – we would reduce exposure the natural gas complex

In the US markets the NYSE ARCA NATURAL GAS INDEX (^XNG) is a basket of natural gas producers

Top five names by weight

- APA Apache Corp.
- APC Anadarko Petroleum
- CHK Chesapeake Energy
- COG Cabot Oil & Gas
- DVN Devon Energy
- ECA.TO Encana Corp

Lower chart – The **BMO Junior Gas Index ETF (ZJN)** has completed a 5-wave count (not shown) and is now over-extended – we would reduce at these levels



The CDN investable clone is the TSX listed **BMO Junior Gas Index ETF (ZJN)** which is a basket of North American gas producers

Some TSX listed components

- Advantage Oil & Gas Ltd AAV
- Angle Energy Inc NGL
- Birchcliff Energy Ltd BIR
- Crew Energy Inc CR

See chart lower left - the **BMO (ZJN)** vs. above the broader **SPDR Oil & Gas ETF (XOP)**

While the BMO product has been a relative out perform since early 2013 we would now reduce at these levels

TSX listed gassy producers - Update
Refer to Interim Update December 6, 2013 GT1418

Gassy Producers		5-Dec-13	21-Feb-14	Net
Advantage Oil & Gas Ltd	AAV	\$ 4.51	\$ 4.48	-1%
Angle Energy Inc. *	NGL	\$ 3.54	\$ 3.62	2%
ARC Resources Ltd	ARX	\$ 29.28	\$ 29.98	2%
Bankers Petroleum Ltd.	BNK	\$ 4.03	\$ 4.75	18%
Bellatrix Exploration	BXE	\$ 7.26	\$ 8.10	12%
Birchcliff Energy Ltd.	BIR	\$ 7.69	\$ 10.05	31%
Bonavista Energy Corp	BNP	\$ 13.85	\$ 15.68	13%
Crew Energy Inc.	CR	\$ 6.03	\$ 7.86	30%
Crocotta Energy Inc	CTA	\$ 2.89	\$ 3.21	11%
DeeThree Exploration	DTX	\$ 9.08	\$ 8.89	-2%
Delphi Energy Corp.	DEE	\$ 1.73	\$ 2.57	49%
EnCana Corporation	ECA	\$ 20.45	\$ 21.03	3%
Enerplus Corporation	ERF	\$ 19.80	\$ 21.49	9%
Long Run Exploration Ltd	LRE	\$ 5.14	\$ 5.15	0%
Niko Resources	NKO	\$ 1.70	\$ 3.05	79%
NuVista Energy	NVA	\$ 7.20	\$ 9.07	26%
Painted Pony Petroleum	PPY	\$ 6.89	\$ 8.33	21%
Penn West Energy	PWT	\$ 9.07	\$ 8.83	-3%
Peyto Energy	PEY	\$ 32.49	\$ 35.32	9%
Questerre Energy	QEC	\$ 1.25	\$ 1.23	-2%
Renegade Petroleum	RPL	\$ 0.93	\$ 1.44	55%
RMP Energy Inc	RMP	\$ 5.90	\$ 6.62	12%
Rock Energy Inc	RE-T	\$ 3.02	\$ 4.31	43%
Surge Energy Inc	SGY	\$ 6.74	\$ 6.17	-8%
Talisman Energy Inc.	TLM	\$ 12.71	\$ 11.65	-8%
Tourmaline Oil Corp.	TOU	\$ 44.41	\$ 50.58	14%
Trilogy Energy Corp	TET	\$ 27.42	\$ 26.68	-3%
Twin Butte Energy	TBE	\$ 2.26	\$ 2.29	1%
Whitecap Resources	WCP	\$ 12.76	\$ 11.74	-8%
				14%
TSX Comp		13200	14206	8%

Gassy Screen - Update

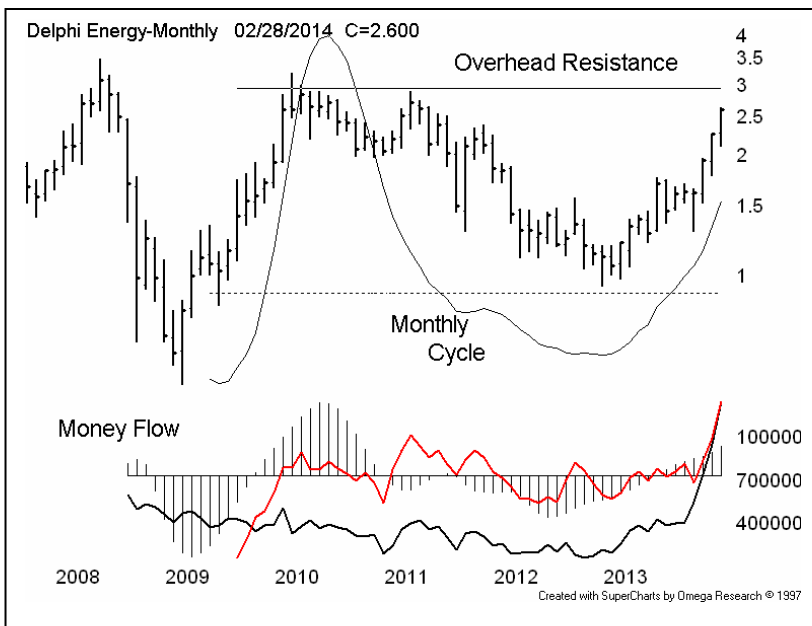
The table to the left is a list of TSX listed gassy producers along with prices near the close of December 5, 2013 as published in a Getting Technical Interim Update December 6, 2013 GT1418

The **BOLD** names were displaying both positive money flow numbers and relative out perform vs. their peek group

Note the summary of eight (**BOLD**) selections on page 4

At the close February 21, 2014 all of the gassy selections returned 14% vs. the TSX Composite return of 8% over the same time period.

Strategy: We would sell the gassy selections and switch to the broader **iShares S&P/TSX Capped Energy Index Fund (XEG)** – or – just acquire the lower risk **Husky Energy (HSE)** and **Imperial Oil (IMO)**



On December 5, 2013 - **Delphi Energy Corp.** (DEE) at \$1.70 was just below a 52-week high of \$1.76

We were bullish because of a youthful long term monthly cycle and the strong money flow numbers

See chart left

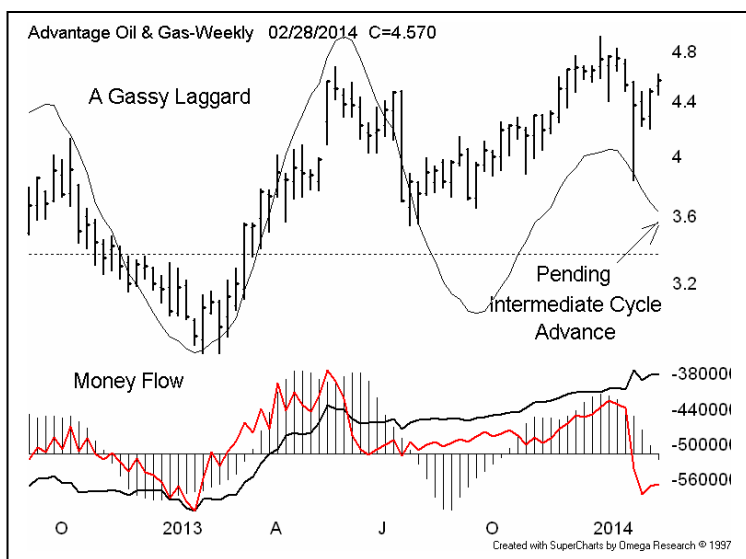
Now at the \$2.60 level and close to much overhead resistance at the \$2.90 lever we back out of this name with a view to re-acquire in about 6-months.

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CDN Gassy Producers GT Interim Update December 6, 2013 GT1418
Eight Jr. BOLD gassy names selected for out perform through February 2014

Name	Symbol	5-Dec-13	21-Feb-14	Net%
Advantage Oil & Gas Ltd	AAV	\$4.51	\$4.48	-1%
Bonavista Energy Corp	BNP	\$13.85	\$15.68	13%
Crew Energy Inc.	CR	\$6.03	\$7.86	30%
Delphi Energy Corp.	DEE	\$1.73	\$2.57	49%
Enerplus Corporation	ERF	\$19.80	\$21.49	9%
NuVista Energy	NVA	\$7.20	\$9.07	26%
Peyto Energy	PEY	\$32.49	\$35.32	9%
Twin Butte Energy	TBE	\$2.26	\$2.29	1%
Selections				17%

This group is liquidated and monitored for re-entry in early Q4 2014 – note the exception AAV below



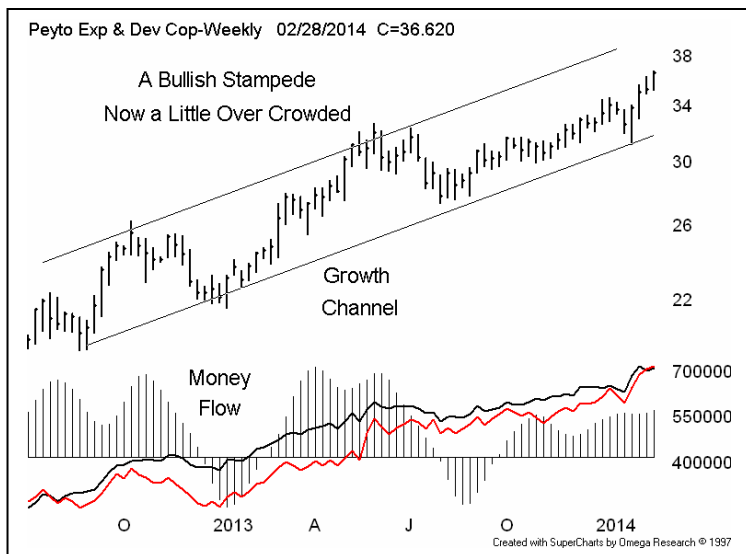
On December 5, 2013 **Advantage Oil & Gas Ltd. (AAV)** at \$4.53 was just below a new 52-week high of \$4.68

AAV subsequently tumbled in early February due to production worries

Note the pending bullish intermediate cycle and the strong money flow numbers

If currently long this gassy laggard has little downside risk

Weekly data – see chart left



On December 5, 2013 **Peyto Exploration & Development Corp. (PEY)** at \$32.60 just printed a new 52-week high

There was a pending high risk buy on the long term cycle and the strong money flow numbers

Weekly data – see chart left

This is now a high risk name that could drive to the upper price channel – but some reduction would be prudent

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