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07/11/21

This Trading Floor Research report contains:

- Sientra Inc. (SIEN). A New Buy candidate in the Medical-Products industry group.
- Eastside Distilling, Inc. (EAST). Speculative new buy in Beverages-Alcoholic industry group
- Sierra Oncology Inc. (SRRA). Confirms a 30-minute buy signal on Fridays close in the Medical Biotech industry group.
- Epsilon Energy Ltd. (EPSN). A buy candidate in the Oil & Gas US Exploration and Production industry

Momentum in the indexes

Every time we get a selloff in this market like we did on Thursday more damage is being done than most market observers realize. We clearly have upside momentum in the indexes, and the indexes going higher like they did on Friday are giving cover to the underlying deterioration of this market. What I am talking about are the sell signals that are happening in the industry groups. Last Thursday more industry groups joined the growing number of groups giving sell signals. What I find interesting is that once these groups give a sell signal and are lying flat on there back, they are not coming back. Big market up days might give you the illusion that all is well. This is not at all the case.

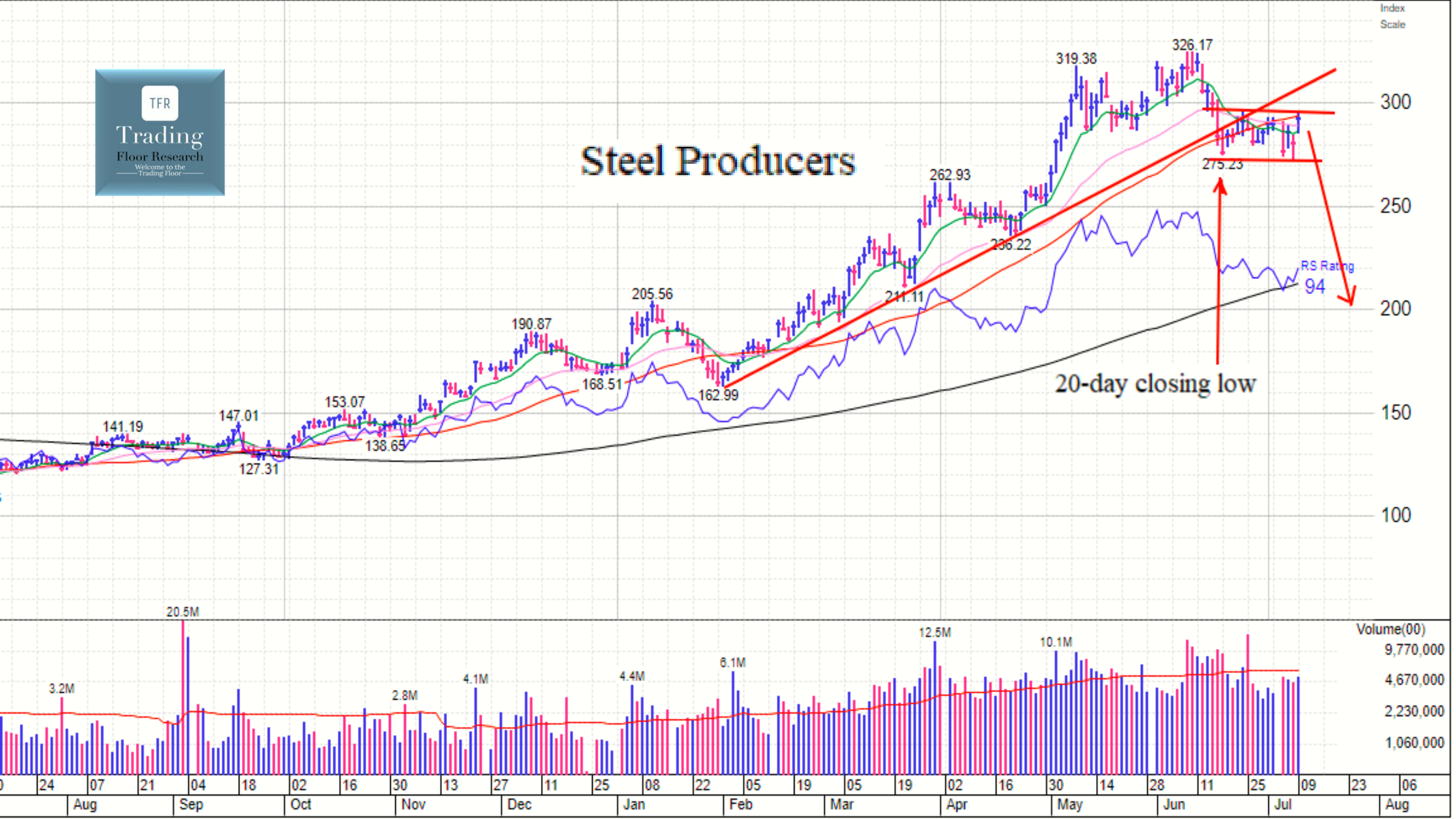
Take the steel industry group that gave a sell signal three weeks ago. The steel stocks were up 4.37% on Friday but notice the sideways movement at the lower end of the trading range this group has shown since the sell signal. (Refer to chart on next slide).

This is the typical price behavior I am seeing. Yet the indexes keep moving higher. Parking some money in the indexes until they give a sell signal might be a way to take advantage of the momentum in the indexes. My only warning is when the indexes do finally get hit, it will be ugly. Until then, this appears to be the last stand of this market.





Steel Producers



- New buy candidate: **Sientra Inc. (SIEN)**
- Industry Group: **Medical Products**. The group currently ranks as the 91st strongest industry group in the market out of 197 and is down 11.32% YTD. Medical Products closed at a 20-day high with above average volume on June 10, 2021. It wasn't until Friday the group closed above its declining trendline to complete the buy signal.
- SIEN develops medical aesthetics products.
- SRRA is breaking out of a cup-with-handle pattern that started 1/10/2020.
- SIEN closed above its Fibonacci resistance at 8.15 Friday on volume 400% above average. This was a catalyst day.
- **Buy confirmation on SIEN with a 30-minute close above 8.58 on above average volume.**
- Initiate position with at 2-star(**).
- Under institutional accumulation with an Up/Down Volume ratio of 1.5.
- SIEN closed at **8.42 on Friday**.
- SIEN VWAP is at 7.60.
- Sell target prices: **1st target is 11.14; 2nd target is 15.99**
- Stop sell price: **Close** below 7.60.





Sientra Inc. (SIEN)



(5) 11.14 11.14 EX Ret29.036

8.58 (30-minute confirmation) 8.58

8.15 8.15 EX Ret17.945

7.60 7.60

(2) 6.29 EX Ret11.090

5.15 EX Ret 6.855

4.44 EX Ret 4.236

4.01 EX Ret 2.618

3.74 EX Ret 1.618

3.60 EX Ret 1.125

3.39 EX Ret 0.648

3.33 EX Ret 0.129

- New Speculative buy candidate: **Eastside Distilling Inc. (EAST)**
- Industry Group: **Beverages-Alcoholic**. The group currently ranks as the 184th strongest industry group in the market out of 197 and is up 1.60% YTD. The big market cap weighted stocks like Constellation Brands (STZ) and Brown Forman (BFB) are keeping the industry group down, but it is the micro caps like Eastside Distilling (EAST) that are giving the group potential. This makes the stock purchase more speculative.
- **Only for speculative cash positions**
- Portland Oregon producer and marketer of hand-crafted spirits. This includes bourbons and single malt whiskies.
- EAST is setting up nicely in a cup-with-handle pattern. The cup-with-handle started in February 2021, and the stock is trading at the same price it was in November 2019.
- EAST has a tiny float at 10.8 million shares, and averages less than 200,000 shares of trading a day. This could lead to some big upside moves but could also be difficult to purchase without overpaying. Be very careful and don't chase this stock. Let it come to you.
- **Two ways to buy this stock depending on how it trades next week.**
- **1) Buy on a pullback to the 3.27 Fibonacci support.**
- **2) Buy on 30-minute close above 3.49 Fibonacci resistance with increased volume.**
- Initiate position with at 1-star(*).
- Under institutional accumulation with an Up/Down Volume ratio of 2.1.
- EAST closed at **3.39 on Friday**.
- EAST VWAP is at 2.65.
- Sell target prices: **1st target is 4.29-4.36; 2nd target is 6.12-6.29**
- Stop sell price: **Close** below **3.06**.





Eastside Distilling, Inc. (EAST)



- Buy confirmation: **Sierra Oncology Inc. (SRRA)**
- SRRA Confirmed a 30-minute buy signal in the last 30-minutes of Fridays trading.
- SRRA can be bought on Monday morning.
- Caution: Use a limit order. The bid to offer spread is very wide. Try to price between the bid and offer and don't chase.
- Caution entering the position: Average volume is 13,000 shares per day and has a very thin float of 9.3 million shares
- Initiate position with 1-star(*)
- Industry Group: **Medical Biotech**. The group currently ranks as the 122nd strongest industry group in the market out of 197 and is down -5.30% YTD. Even though the Biotech's haven't given a buy signal, Biotech subgroups are moving higher. SRRA is in the Oncology Biotech subgroup.
- SRRA is a Canadian developer of DNA based therapeutics for the treatment of cancer and other genetic diseases.
- SRRA closed at a 20-day high on big volume Friday June 25, 2021. This is the first 20-day closing high since SRRA made its first impulse move higher and topped out at 20.43 in March 2021.
- SRRA broke its trendline making a 20-day closing high and closing back above its **Fibonacci resistance at 19.30**. It has completed an Over-Under-Over four month basing pattern.
- **Buy confirmation on SRRA with a 30-minute close above 19.88 on above average volume.**
- Under institutional accumulation with an Up/Down Volume ratio of 1.8.
- SRRA closed at **19.75**.
- SRRA VWAP is at 59.64.
- Sell target prices: **1st target is 31.05; 2nd target is 50.05**
- Stop sell price: **Close** below **19.30**.





SRRA

Sierra Oncology Inc

Healthcare Sector(D)

Biotechnology

24.00

22.00

20.50

19.30

18.00

16.00

14.00

Arith =

400.0K

200.0K

5.4K

Buy Sell

Volume Moving Average 21



Sierra Oncology Inc. (SRRA)



- Buy candidate: **Epsilon Energy Ltd. (EPSN)**
- **Still waiting for buy confirmation with a 30-minute close above 5.11**
- Industry Group: **Oil & Gas US Exploration & Production**. The group currently ranks as the strongest industry group in the market out of 197 and is up 86.85% YTD.
- EPSN is engaged in oil and gas exploration and production primarily in Pennsylvania and Oklahoma.
- First quarter earnings were up 1000%. This could be the beginning of great earning to come on this stock. The analyst's consensus estimate is an increase of 1000% in earnings for 2021. That is the kind of accelerating earning that could launch this stock much higher.
- EPSN is ready to break out to all time highs. It has been in a Cup-with-handle IPO base since March 2019.
- On Wednesday EPSN was up 3.73% on a catalyst day. A catalyst day is an up day with volume that is at least 400% above average. I call these catalyst days because they act as a catalyst to launch a stock much higher.
- **EPSN buy is confirmed with a 30-minute close above 5.11 on above average volume.**
- Initiate position with at 2-star(**).
- Under institutional accumulation with an Up/Down Volume ratio of 2.4.
- EPSN closed at **5.10**.
- ESPN VWAP is at 3.46
- Sell target prices: **1st target is 6.63; 2nd target is 9.10**
- Stop sell price: **Close** below **4.16**.





Epsilon Energy Ltd. (EPSN)





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