

OGIB INTERIM BULLETIN #441 - December 9th, 2015

PORTFOLIO PURCHASES

**POWERSECURE
POWR-NYSE
SILVER SPRING NETWORKS
SSNI-NYSE**

**PORTFOLIO SALE
ALL 500 TESORO-TSO-NYSE**

My two recent downstream picks broke out today--PowerSecure and Silver Springs. So I bought another 1000 of each--\$14.66 for POWR and \$15.70 for SSNI. Here are the charts:

Historic Chart for US:SSNI by Stockwatch.com 604 687 1500 - (c) 2015
Wed Dec 9 2015 Op=14.76 Hi=15.82 Lo=14.76 Cl=15.74 Vol=974.457 Year hi=33.822 lo=6.90





Both moved up out on news. SSNI announced an international wireless IPv6 network service for the Internet of Things (IoT) called STARFISH. In reading all the sell-side research for this company over the last two weeks I thought the Market knew this was already coming so I'm a little surprised the breakout happened today.

But it may be that management had guided the Street not to expect this until mid next year (see my earlier write up where I mentioned a forward looking catalyst--this was it). In any event, I think momentum was already gathering in the stock and was just looking for a good excuse to move up. Here's a sexy quote from the CEO in the release:

"We have entered a new era – ubiquitous connectivity of billions of devices

and real-time data across massive-scale networks are unlocking untold social and economic opportunities,” said Mike Bell, President and CEO, Silver Spring Networks. “Today, with the Starfish IoT network service, Silver Spring is opening up one of the most reliable, scalable, and secure IoT networks on the face of the earth. We want to make connecting to the potential of the Internet of Things as simple as subscribing to the plan of your choice.”

The problem is I don't know what that really means.

The **POWR** news was more simple--more new business, and again most of it from existing customers--so a lot more of those incremental dollars should flow to the bottom (or at least EBITDA) line. Having said that, \$39 million of the \$55 million in new business is in the very low margin Utility Infrastructure segment.

TESORO

I sold my 500 shares of **Tesoro** at \$109.75 today. Westcoast margins should remain elevated, but I've got a \$13,500 profit here plus dividends...it's year end and this trade has been good for me and...I just wanted to sell it. I don't really need to have a reason, except that I love selling. I should have sold it after it spent 2 days under its 10 day moving average (one of my little rules after a big run).

This leaves 1500 shares of **Northern Tier (NTI-NYSE)** as my only remaining refinery position.

It's fun having some positions go up in this energy market!

MARKETS

The oil inventory numbers were bullish today, with a big increase in imports needed to fill demand. But in Calgary, sentiment is getting more bearish. I'm hearing that relationships between boards and management teams are getting...I don't know what the right word is...frosty would be too strong. But boards want to hear every M&A proposal that comes in the door. Sellers are slowly being worn down by both the banks and the Market, so H1 2016 should see a bigger pace of M&A--and I think some of

it will surprise the Market.

In natgas, Credit Suisse came out with another report saying Marcellus production must and will peak very soon at these low prices, sending natgas higher at some point. Who knows, (they've said this before and had to eat crow) but I would say the next cold weather forecast for the US east coast--whenever that is--will send natgas up for a 10-15% trading spike; that's how negative sentiment is.

But medium term...I'm not so sure just yet. And I think the US will be the place to invest first. **(MRD-NYSE my favourite)**.

But in Canada--despite my liking for **Pine Cliff (PNE-TSX)**, **Advantage (AAV-NYSE/TSX)** and **Painted Pony (PPY-TSX)** in the junior sector....a story I should do for the blog is...there will be up to 4 bcf/d of new natural gas pipeline capacity coming out of the Western Canadian Sedimentary Basin (WCSB) by year end 2018--3 years from now.

That's a 26% increase on the current 15.29 bcf/d Canada produces. Either the Marcellus production has to fall off a cliff or the associated gas production from the Bakken and Eagle Ford must make room for that much gas. We net export about 5.5 bcf/d to the US. One could liken it to building a 6 lane highway that dead ends in the bush--unless something changes...

MISC. OGIB STOCK NOTES...

Had a brief chat this morning with **Renaissance Oil CEO Craig Steinke**--he's in Mexico City preparing for next Tuesday's auction. He says the results from the bid will be broadcast live online for maximum transparency, and everyone should know the winners late in the day on December 15. Renaissance is the best performing energy stock on earth in the last 4 weeks ;-)...**Newport (NWX-TSXv)** is suing **Beach Energy** for its overdue royalty payments...CEO Ian Rozier bought 1.4 million more shares recently..again, for new subscribers, read the Newport report in the Members Centre before blindly jumping into that stock...very interesting story there...**Enbridge** is a trade for me most likely, not an investment...

-Keith

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