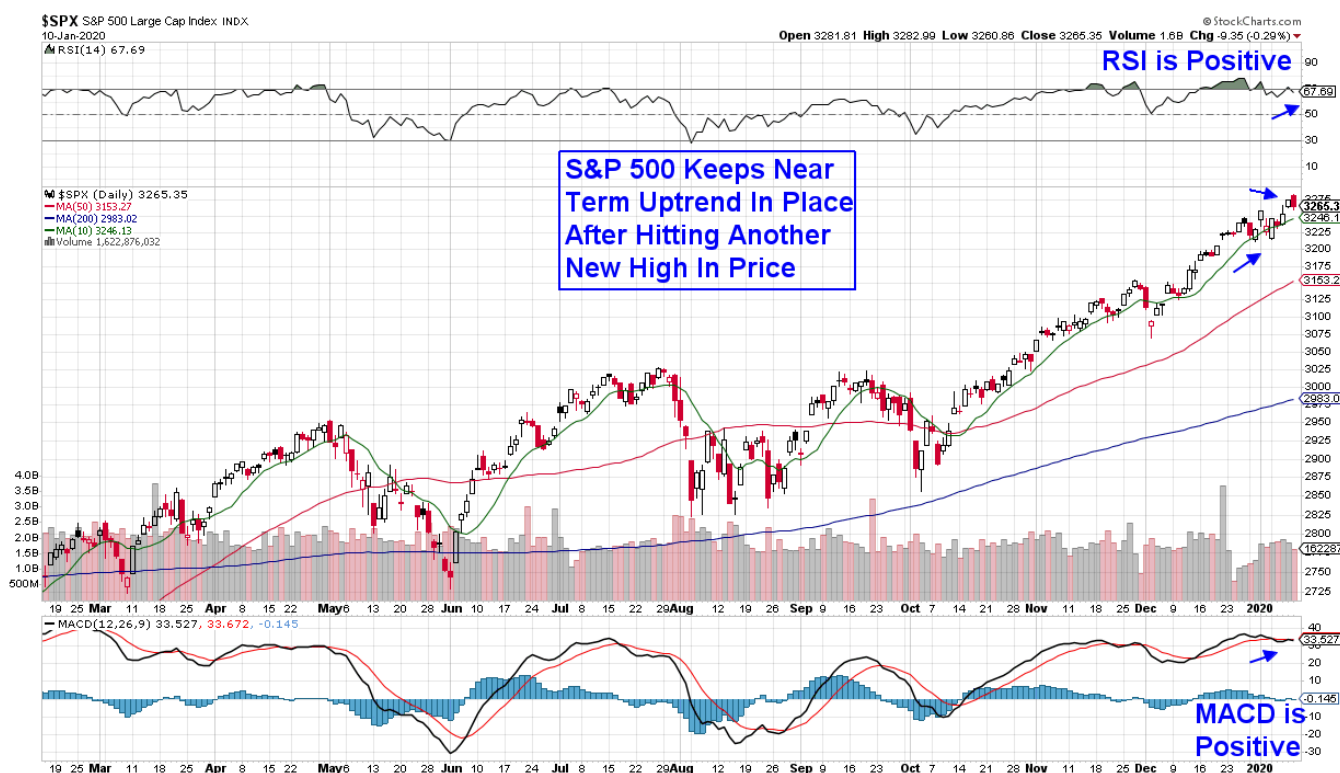




THIS WEEK'S HIGHLIGHTS

- Nonfarm Payroll Numbers Softer Than Expected
- Q4 Earnings Season Begins This Week
- JP Morgan Healthcare Conference Takes Place This Week
- Consumer & Producer Price Index, Retail Sales, Housing Starts and Industrial Production Report Next Week

DAILY CHART OF S&P 500 INDEX



The S&P 500 gained almost 1% for the week in a move that pushed this Index to another new high in price. This keeps the near-term uptrend in place with the RSI and MACD in positive positions while the S&P 500 bullishly remains above its upward trending 10-day simple moving average.

Last week's gains came amid heightened tensions with the Middle East and the fact that the markets were able to shrug off the possibility of continued conflict is quite bullish. A more uncertain market could have easily pulled back or worse on the news.

The tech-heavy Nasdaq led the markets for yet another week with returns that were double the S&P 500 Index. Outsized returns in several heavyweight FAANG stocks boosted the Nasdaq as did gains in select areas of Technology and

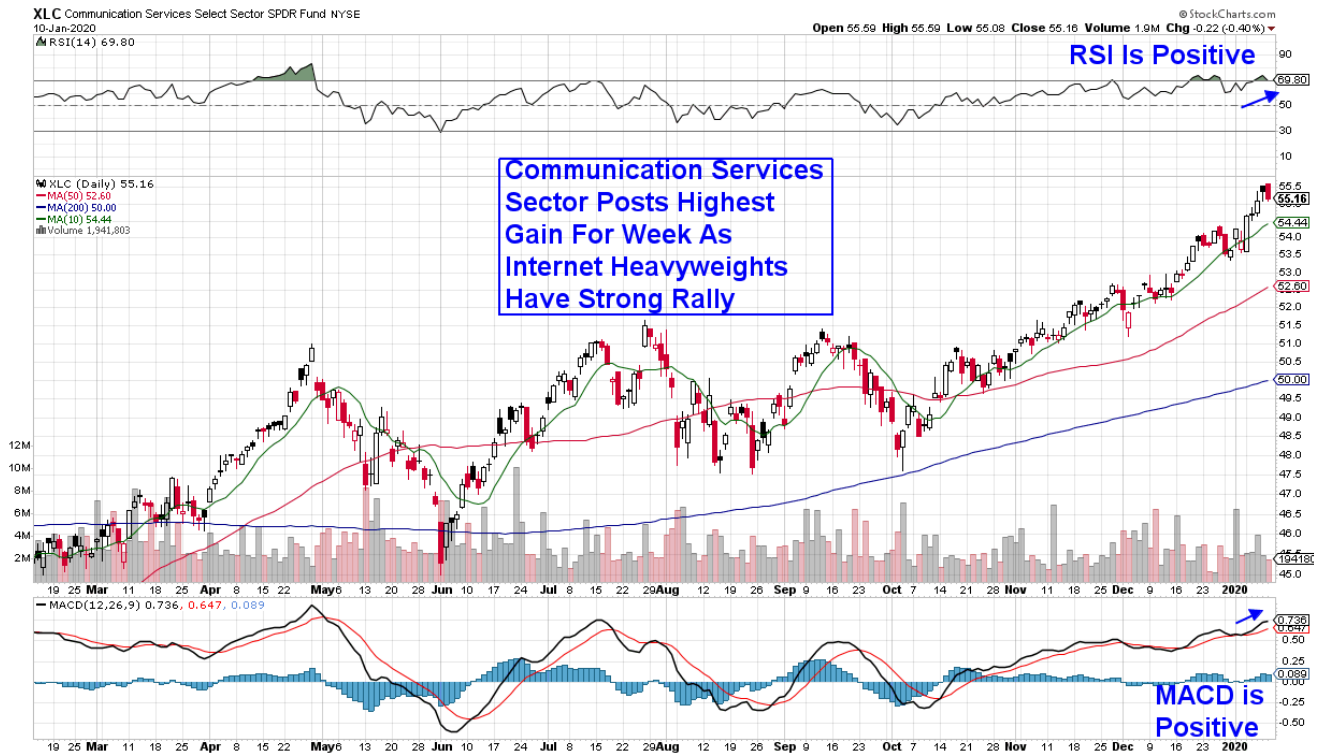
Biotech. As mentioned in the past, leadership in the high growth Nasdaq is bullish for the markets as it points to investor confidence in economic and corporate growth.

This confidence will be tested next week as the all-important earnings season begins. First up reporting their 4th quarter results will be several major Money Center Banks as well as other names. Not only will corporate results be closely watched for signs of continued growth, investor's response to those earnings will be closely watched.

An ability for the markets to shrug off any tepid results would be bullish while a sell off despite solid numbers would be a negative.

Overall, the markets appear poised to present positive results

Daily Chart of Communication Services Sector



Communication Services Sector Posts Largest Gains For Week

While this sector posted mixed results overall, it was huge gains in heavyweight stock Alphabet (**GOOGL**) from our List as well as Facebook (**FB**) that pushed this sector higher. These 2 stocks account for a 40% weighting for XLC and with both names up over 4%, Communication Services outperformed the markets despite a drop in Telecommunications stocks such as Verizon (**VZ**) from our List.

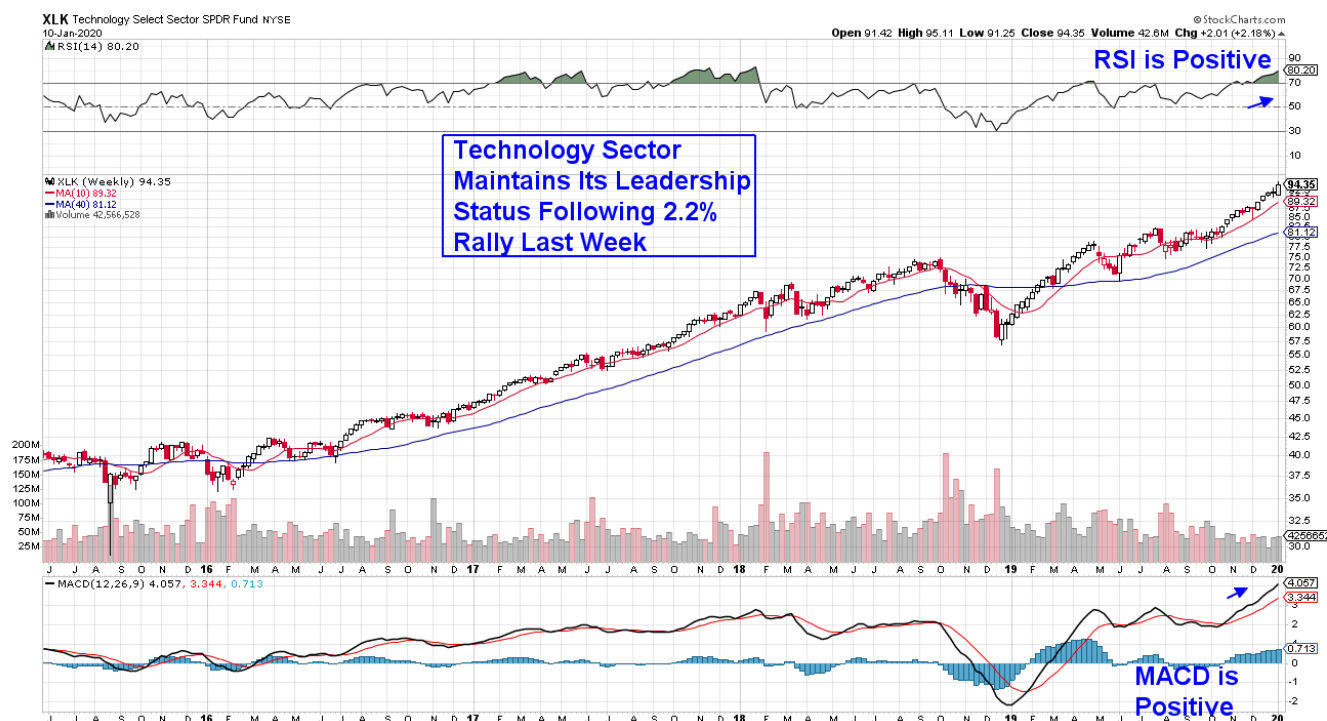
VZ broke below its 50-day moving average on volume last week and while the stock may find support at its 200-day mav, we're removing it from our Suggested Holdings List with the potential to add VZ back should it reverse its current downtrend.

GOOGL's large gain last week was sparked by a Wall Street

upgrade that focused on the company's management change as its founders are stepping back while newer but seasoned executives are taking over. The company also announced several new products this past week that has analysts raising estimates. GOOGL is in a confirmed uptrend, however a pullback to its 10 or 21-day moving average is historically an ideal buy point.

Disney (**DIS**) struggled last week as the stock pulled back to its 50-day moving average as streaming competition intensified with the introduction of Tivo into the space. While it was encouraging that last week's drop was on light volume, we would need to see DIS hold support at its 50-day moving average to remain bullish.

Daily Chart of Technology Sector



Technology Sector Remains In Leadership Position

Heavyweight Tech stock Apple (AAPL) charged to another new high with a 4.4% rally on reports of better than expected iPhone sales. The news has analysts raising their price targets to the \$350 range which is 12% above its current level. AAPL is extended and can be purchased on any pullback.

Another big boost for Tech last week was a 3.3% rally in Software stocks (using etf IGV) with each of the Software stocks from our List (excluding Microsoft (MSFT), rallying up to 2x higher.

The leadership names on our List not only have positive charts with base breakouts after hitting new highs, each of these Software stocks have strong fundamentals that will continue to propel them higher than their peers as long as we continue to see money flows into this group.

Shopify (SHOP) is a prime example as estimates call for 385% earnings growth this year vs last year with last week's 6% rally pushing the stock out of a 4-month base and to new highs. SHOP is in an overbought position and we'd be a buyer on any pullback to its 10-day moving average.

Coupa (COUP) from our List was also up over 6% for the week with a breakout to new highs. The move came on

above average volume which is even more constructive. The stock can be bought on a pullback as analysts are calling for 100% earnings growth this year.

Autodesk (ADSK) and Paylocity (PCTY) both broke out to new highs while recently added Ring Central (RNG) broke out of 3-month base on volume. Each of these stocks are extended and can be bought on any pullback while Intuit (INTU) continues to form the right side of a base and can be bought.

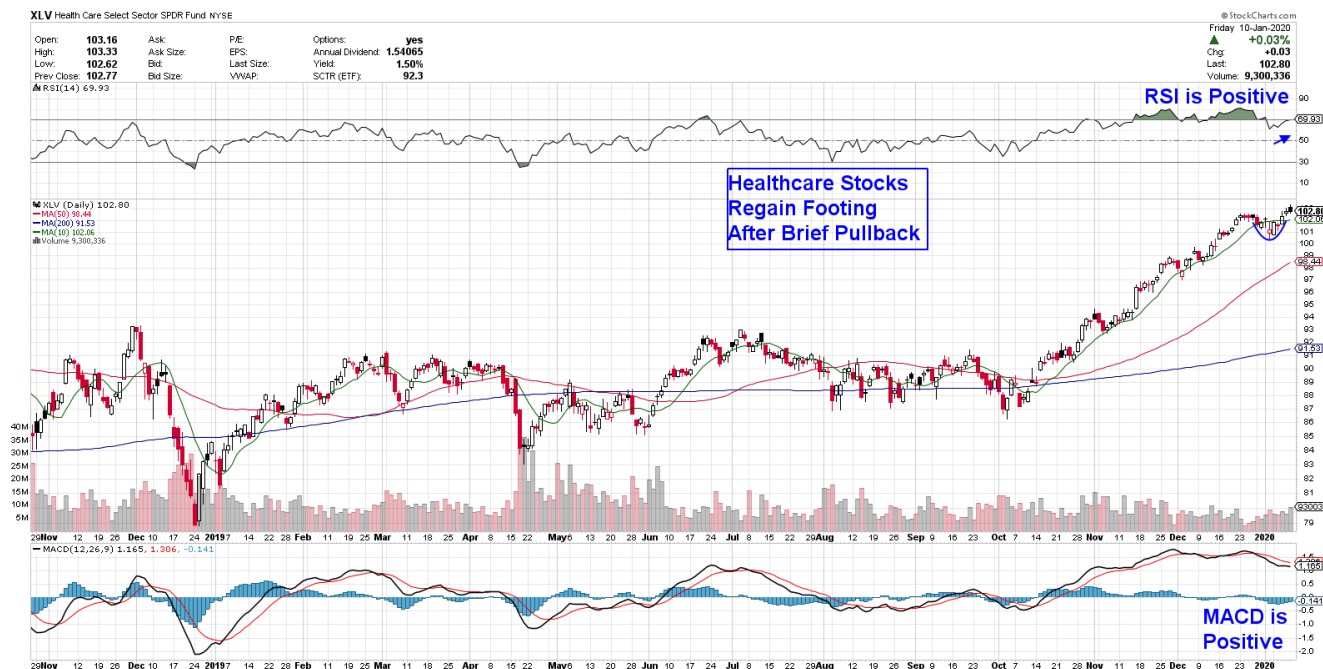
Semiconductor stocks underperformed for the week (using etf SOXX) as the group continues to digest last month's strong gains. There were several outperformers however such as Inphi (IPHI) from our List which rallied 7% as it broke out of a 1-month base. The move was on heavy volume and the stock is still in a buy zone and can be bought.

Semi stock Nvidia (NVDA) is also in a bullish position following a 3-week base breakout while Lam Research (LRCX) A S M L (ASML) and Applied Materials (AMAT) each pulled back from recent breakouts and can be held. Taiwan Semi (TSM) is more attractive as the stock recovered from a pullback and resumed its uptrend.

Perficient (**PRFT**) provides platforms for many of these Software companies and will continue to benefit from strength in these stocks. PRFT is extended however and can be bought on any pullback. Jabil (**JBL**) is very attractive as the stock regained its 10-day moving average on its way to reaching its recent high in price.

As noted over the past several months, Software and Semiconductor stocks are the leadership areas of the market. We expect this dynamic to continue as strong demand for their products will continue to drive these stocks higher.

Daily Chart of Healthcare Sector



Healthcare Sector Recovers From Pullback

Healthcare stocks regained their uptrend helped by a 1.8% rally in Biotech stocks. Biotechs experienced a sharp selloff the prior week (using etf IBB) and we were on the lookout for a bullish reversal following support. Monday's rally in Vertex (**VRTX**) provided that signal and the stock went on to gain 5% for the week. ([You can read Monday's alert here](#)).

VRTX is currently forming a bullish high tight flag formation and the stock can be bought as it consolidates. Regeneron (**REGN**) is also in a bullish position as the stock is a hair away from a bullish 1-month base breakout. IBB (**IBB**) is also in a strong buy zone as the ETF emerges from an oversold position.

Large Cap Pharma Bristol Myers (**BMJ**) from our List broke out of a 1-month base following a 4% rally. The stock can be bought on any pullback.

Intuitive Surgical (**ISRG**) broke out of a 6-week base following the company's bullish pre-announcement of

Q4 results. The stock closed in the lower portion of its trading range for the day however so sentiment is mixed. A resumption of Friday's rally would be bullish.

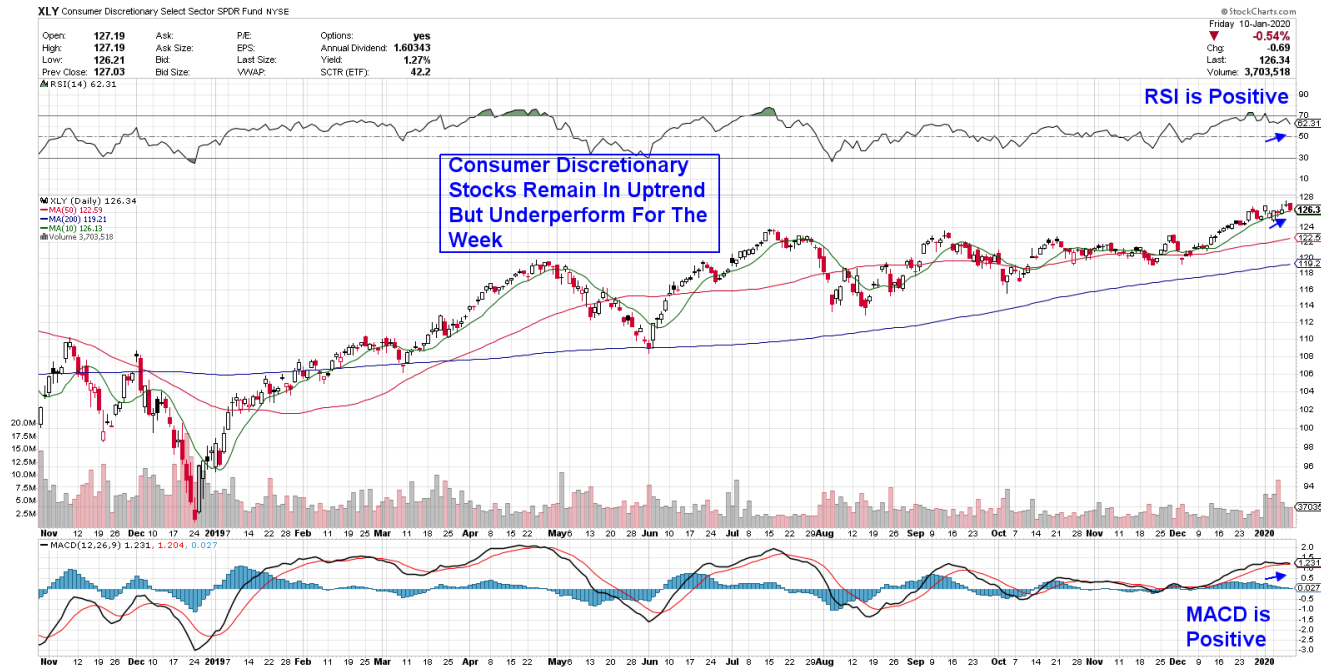
Lastly, Small Cap Medical stock West Pharmaceutical (**WST**) quietly broke out of a 4-month base on volume putting it into a strong buy zone.

Next week the largest Biotech and Medical industry conference hosted by J.P. Morgan will take place. Historically, this event has been a catalyst for many Healthcare stocks as analysts sort through presentations where managements discuss progress with drug and product development. In prior years, merger activity has also been announced.

Discussions from BMJ surrounding their Celgene takeover as well as REGN and VRTX drug developments are widely anticipated.

We are adding Insulet Corporation (**PODD**) to our Suggested Holdings List.

Daily Chart of Consumer Discretionary Sector



Consumer Discretionary Stocks Underperform

It was a mixed week for the Consumer Discretionary sector with heavyweight stock Amazon (AMZN) trading mostly flat for the week while remaining in an uptrend. Overall, retailers have had an uphill battle over the past 6 months with select leadership stocks such as those on our List being relative outperformers in a tough sector.

Lululemon (LULU) is a prime example as the stock has hit another new high in price following a 1% rally, however the chart points to continued market performance. Target (TGT) may get interesting if it can break back above its 10-day moving average on any volume while Nike (NKE) pulled back in lackluster trading.

Each of these 4 stocks mentioned have been highlighted as being among a select group of Retailers who posted outsized sales this holiday season due to superb digital sales efforts as well as improved product expansion. Unfortunately, these stocks may continue to trade in a

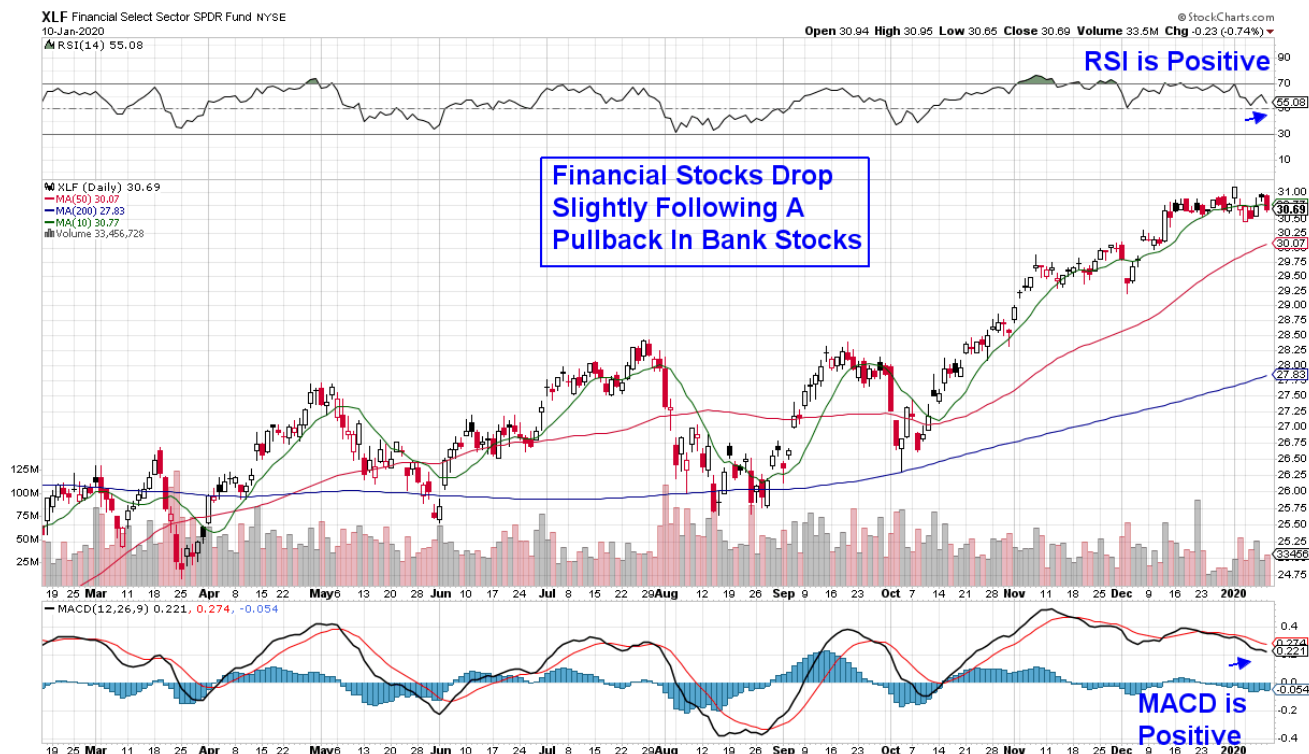
sluggish fashion until they report earnings, which is not for another couple of months.

One positive event last week was a downtrend reversal in heavyweight Consumer stocks McDonalds (MCD), Home Depot (HD) and Costco (COST). Each of these stocks had been on our Suggested Holdings List before peaking in price last fall and a move back into these former leaders may be the spark this group needs.

Wingstop (WING) from our List was an exception last week as its 3% rally points to further upside as the stock continues to reverse its recent downtrend while bullishly emerging from an oversold position on its weekly chart. Chipotle (CMG) remains in an uptrend and can be held.

Recently added stock Yeti (YETI) is being removed from our List following its break below the 50-day moving average while both the RSI and MACD turned negative.

Daily Chart of Financial Sector



Financial Stocks Struggle As Banks Fall Ahead Of Earnings

The Financial sector was down for the week led by a 1.5% decline in Regional Banks (using etf KRE). The group was hurt by a drop in Treasury yields following Friday's weak data surrounding wage growth. Lower rates can push profit margins down for these Banks who lend capital.

Of those Bank stocks on our List, leading names JP Morgan (**JPM**) and Bank of America (**BAC**) both pulled back below their 10-day moving averages. Both stocks are set to report their earnings on Thursday and last week's decline was healthy as BAC and JPM were overbought by every metric following their recent advances.

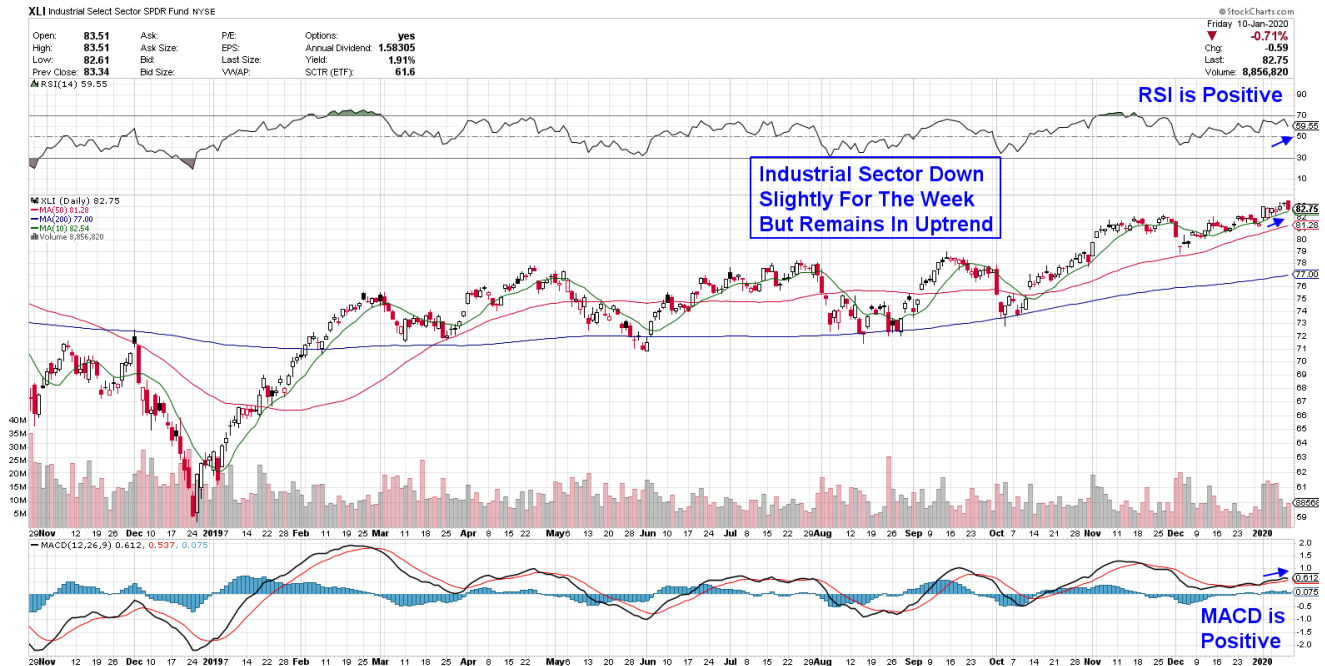
Stocks that go into earnings at a new high in price such as JPM and BAC prior to their pullback, may be setting

themselves up for disaster should their results not be above estimates.

The markets will be closely watching these as well as other large banks that are due to report their 4th quarter results as these first reports can easily set the tone going forward with earnings season.

Payment Processing stocks were a bright spot within the markets last week with both Global Payments (**GPN**) and Mastercard (**MA**) from our List rallying over 3%. These processing stocks are the growth area of Financials and while the bullish rally confirms the near-term uptrend in both GPN and MA stocks, we'd be a buyer on any pullback.

Daily Chart of Industrial Sector



Industrial Stocks Flat For Week

The recent move into Aerospace and Defense stocks flattened out as Mideast tensions subsided over the week. That said, Lockheed Martin (LMT) remains in a bullish uptrend following its prior week, base breakout. The company is due to report earnings in just over a week and analysts are bullish, raising estimates for this 2.3% yielder. C A E Inc. (CAE) was a big winner last week following

its 11% rally on big volume. [As mentioned in last week's Midweek report](#), the stock was poised for more upside following its break out of a base. We feel the stock has even more near-term upside and would use the intraday chart as a guide. The bullish action is following news that Boeing (BA) will be calling on CAE's flight training services.

SUMMARY: While the near and longer-term uptrend for the markets remains firmly in place, a look at the weekly charts of the S&P 500 and Nasdaq show that these Indices are overbought with the Nasdaq being the most extended following its recent strength. This overbought condition is simply a signal that we may see a pullback at some point in the near future.

Next week, earnings season will begin, and any negative surprises could be the impetus for a pause of this current uptrend. That said, recent pullbacks have not only been relatively minor, they've been ideal buying

opportunities of select stocks such as those on our Suggested Holdings List.

Until we see clear cut signs of distribution, complete with a break below the Indices 10-day moving averages, we are bullish on the prospects for the markets. Over the weekend, news that the U.S. and China have agreed to resume semi-annual economic and trade talks should help boost the markets while any positive news surrounding Retail Sales or Industrial Production next week would be constructive as well.

BUY: INSULET CORPORATION

| SYMBOL | COMPANY | PRICE | MARKET CAP | INDUSTRY |
|--------|---------------------|----------|---------------|-------------------|
| PODD | Insulet Corporation | \$182.53 | 11.28 Billion | Meduical Products |

Daily Chart of Insulet Corporation (PODD)



Insulet Corporation (PODD) develops, manufactures, and sells insulin delivery systems for people with insulin-dependent diabetes. The company is a leader in tubeless insulin-pump technology with its Omnipod pump. Unfortunately, diabetes

is a growth space, as the global incidence of the disease -- both types 1 and 2 -- has been rising for some time and is expected to continue to increase. PODD is on track to report 340% annual growth for 2019 and 227% earnings growth for 2020. The

stock is on track to break out of a 1-month base as analysts continue to raise earnings estimates.

MEM Edge Report Suggested Holdings

Stocks With Emerging Leadership Characteristics

\$ = Earnings Due

Buy Zone

Strong Buy

Buy on Pullback

Removed From List

| SYMB | COMPANY | PRICE | MKT CAP | DATE ADDED | PERFORMANCE | INDUSTRY GROUP |
|-------------------------------|---|---------------|-----------------|-------------------|----------------|----------------------------------|
| CONSUMER DISCRETIONARY | | | | | | |
| AMZN | Amazon.com Inc. | 1,883.16 | 933.67 B | 12/29/2019 | 0.50% | Retail - Internet |
| CMG | Chipotle Mexican Grill | 857.77 | 23.84 B | 12/01/2019 | 5.50% | Retail - Restaurants |
| LOW | Lowe's Companies, Inc. | 121.00 | 92.74 B | 09/05/2019 | 6.00% | Retail - Home Improvement |
| LULU | Lululemon Athletica | 234.84 | 30.60 B | 09/08/2019 | 15.50% | Retail - Apparel |
| NKE | Nike, Inc. | 100.90 | 125.35 B | 12/08/2019 | 4.00% | Apparel - Shoes |
| TGT | Target Corporation | 124.73 | 63.21 B | 09/05/2019 | 15.00% | Retail - General |
| WING | Wingstop Inc. | 90.91 | 2.68 B | 12/12/2019 | 4.50% | Retail - Restaurants |
| YETI | Yeti Holdings Inc. | 31.31 | 2.69 B | 12/29/2019 | -10.50% | Leisure Products |
| INDUSTRIAL | | | | | | |
| CAE | CAE Inc. | 29.64 | 7.87 B | 11/03/2019 | 15.50% | Aerospace & Defense |
| LMT | Lockheed Martin Corp. | 413.83 | 116.73 B | 01/05/2020 | 0.00% | Aerospace & Defense |
| HEALTHCARE | | | | | | |
| BMJ | Bristol-Myers Squibb | 65.23 | 152.91 B | 12/08/2019 | 9.00% | Medical - Drugs |
| IBB | iShares NASDAQ Biotechnology Index | 120.45 | 7.83 B | 11/10/2019 | 9.00% | Biotechnology Index |
| ISRG | Intuitive Surgical Inc. | 598.72 | 69.20 B | 10/27/2019 | 9.00% | Medical Systems |
| REGN | Regeneron Pharmac. | 381.41 | 41.17 B | 11/26/2019 | 5.00% | Biotechnology |
| VRTX | Vertex Pharmaceuticals | 228.95 | 58.87 B | 12/22/2019 | 3.50% | Biotechnology |
| WST | West Pharmaceutical Services, Inc. | 152.63 | 11.29 B | 06/05/2019 | 30.00% | Medical Supplies |
| CONSUMER STAPLES | | | | | | |
| LFVN | LifeVantage Corp. | 15.62 | 218.35 M | 09/22/2019 | 12.00% | Cosmetics - Personal Care |
| FINANCE | | | | | | |
| BAC | Bank of America Corp. | 34.74 | 312.49 B | 11/24/2019 | 4.50% | Money Center Bank |
| GPN | Global Payments Inc. | 190.44 | 57.24 B | 11/10/2019 | 12.00% | Finance - Payments Processor |
| JPM | JP Morgan Chase | 136.07 | 426.78 B | 09/18/2019 | 13.50% | Money Center Bank |
| MA | Mastercard Inc. | 311.17 | 310.38 B | 12/15/2019 | 5.00% | Finance - Payments Processor |

Continued on next page

MEM Edge Report Suggested Holdings

Stocks With Emerging Leadership Characteristics

\$ = Earnings Due

Buy Zone

Strong Buy

Buy on Pullback

Removed From List

| SYMB | COMPANY | PRICE | MKT CAP | DATE ADDED | PERFORMANCE | INDUSTRY GROUP |
|-------------------|---------------------------|--------|----------|------------|-------------|------------------------------|
| TECHNOLOGY | | | | | | |
| AAPL | Apple Inc. | 310.33 | 1.36 T | 10/06/2019 | 36.50% | Phones & Hardware |
| ADSK | Autodesk Inc. | 192.36 | 42.33 B | 11/17/2019 | 19.00% | Computer Software - Design |
| AMAT | Applied Materials, Inc. | 61.47 | 56.26 B | 09/05/2019 | 22.00% | Semiconductor |
| ASML | ASML Holding N.V. | 296.18 | 126.52 B | 07/28/2019 | 28.50% | Semiconductor |
| COUP | Coupa Software Inc. | 169.60 | 10.82 B | 01/05/2020 | 6.50% | Software - Enterprise |
| INTU | Intuit Inc. | 275.25 | 71.65 B | 01/08/2020 | 4.00% | Software - Financial |
| IPHI | INPHI Corporation | 80.86 | 3.69 B | 11/10/2019 | 12.00% | Semiconductor |
| JBL | Jabil Inc. | 41.92 | 6.38 B | 10/06/2019 | 18.00% | Contract Manufacturing |
| LRCX | Lam Research Corp. | 294.34 | 42.70 B | 09/08/2019 | 29.00% | Semiconductor |
| MSFT | Microsoft Corp. | 161.34 | 1.23 T | 06/16/2019 | 22.00% | Software - Desktop |
| NVDA | NVIDIA Corporation | 244.32 | 149.52 B | 12/19/2019 | 6.50% | Semiconductor - Graphics |
| PCTY | Paylocity Holding Corp. | 132.36 | 7.08 B | 12/19/2019 | 9.00% | Computer Software |
| PRFT | Perficient Corp. | 47.55 | 1.55 B | 06/16/2019 | 45.50% | Computer - Tech Services |
| RNG | RingCentral Inc. | 183.48 | 15.40 B | 01/06/2020 | 3.50% | Software - Cloud Based |
| SHOP | Shopify Inc. | 429.17 | 46.85 B | 12/01/2019 | 27.50% | Computer Software-Enterprise |
| TSM | Taiwan Semiconductor Mfg. | 58.86 | 289.73 B | 12/12/2019 | 0.50% | Semiconductor |

| | | | | | | |
|-------------------------------|-----------------------------|----------|----------|------------|--------|--------------------|
| COMMUNICATION SERVICES | | | | | | |
| DIS | Walt Disney Co. | 144.62 | 260.66 B | 11/07/2019 | 8.50% | Entertainment |
| GOOGL | Alphabet Inc. | 1,428.96 | 985.55 B | 07/10/2019 | 25.00% | Internet - Content |
| VZ | Verizon Communications Inc. | 58.99 | 243.97 B | 12/22/1019 | -5.00% | Telecom Services |

Continued on next page

Glossary of Terms Used From Our Suggested Holdings List

Buy Zone – This means the stock is in a confirmed uptrend and is finding support at its upward-trending key moving averages and can be bought. If you own the stock, stay with it.

Strong Buy – This means we have slightly more conviction in the ability of this stock to outperform the markets over the next week. The stock may be poised to break out of a base, it may be in a strong industry group or there may be recent good news. In other words, the stock has some edge that should help propel the stock higher.

Buy on Pullback – In this case, the stock is a bit over-bought (or extended) and may need to come in a little before buying. This is usually following a particularly strong week where the stock was up a lot. We would look for a pullback to the stock's upward-trending 10-day moving average as an optimal entry point.

Not Highlighted – These are stocks that remain positive and can be held if you own them. However, they currently do not appear poised to have an upward move. The stock may be consolidating after a large advance or be in an industry group that is not in favor. The longer-term uptrend remains in place however.

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