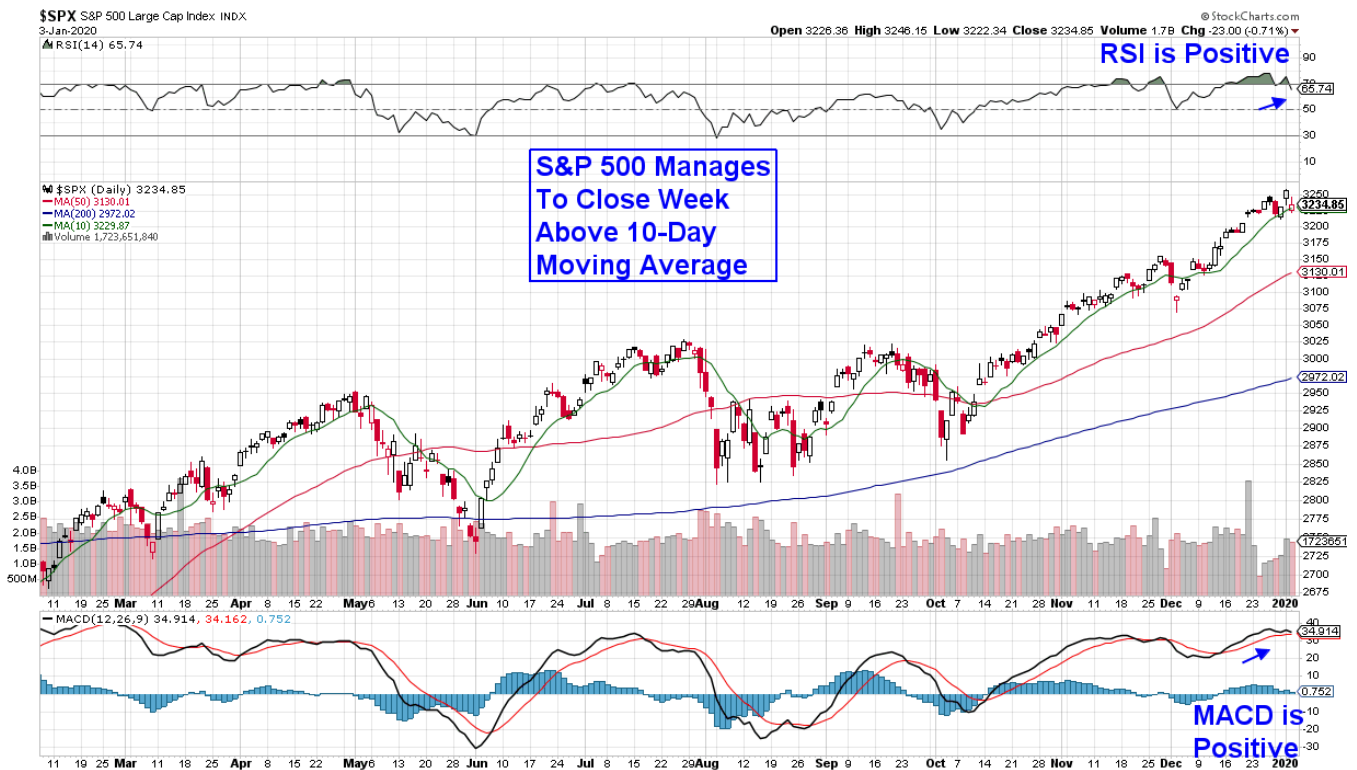




THIS WEEK'S HIGHLIGHTS

- Mideast Tensions Push Defense Related Stocks Higher
- Consumer Confidence Dips & Manufacturing Output Slows
- Federal Reserve Maintains Accommodative Stance
- Factory Orders, Jobless Claims & Non-Farm Payrolls Report Next Week

DAILY CHART OF S&P 500 INDEX



The S&P 500 was down slightly for the week in a move that keeps this Index above its key 10-day moving average. The late week pullback in the markets bullishly pulled the RSI out of an overbought position while it remains positive as is the MACD. Overall, the market's near and longer-term uptrends remain in place.

Of the major Indices, the Nasdaq fared the best again last week helped by select Tech stocks as well as heavyweight stock Apple (AAPL) which hit another new high in price. The Nasdaq was the best performer in 2019 helped by outpaced returns in Technology. A year-end move into FAANG and Biotech stocks also boosted performance.

Having the Nasdaq in a leadership position is quite bullish as continued money flows into high growth stocks exhibits confidence in a growing economy which will continue to support a higher market.

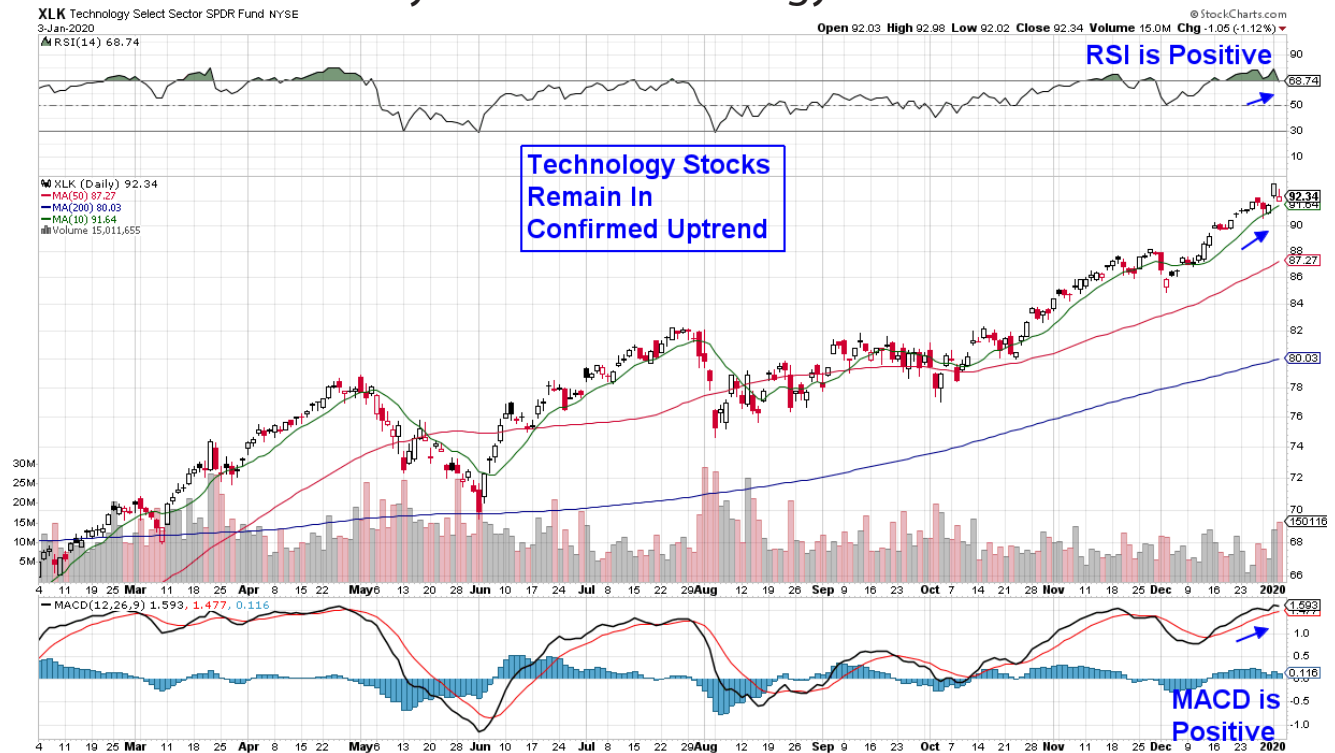
Last week's holiday shortened period began on a strong note, helped by positive news of a January 15th trade agreement signing for Phase 1 as well as talk of a follow up trip to discuss Phase 2 of a possible deal. The bullishness in the markets was cut short however, by Friday's U.S. airstrike on Iranian military leader Suleimani. The news pushed bond prices higher as investors sought their relative safety.

Worries over escalating tensions in the Middle East also pushed stocks down however, the impact was muted and improved throughout the day. Generally, the effect of geopolitical events on the markets tend to be short-lived and Friday's action was no exception.

Within the markets, one notable reaction to events in the

Mideast was a pronounced move into defense related stocks which helped push the recently lackluster Industrial sector to a new high while a drop in Treasury yields pushed Bank stocks and Financials lower. We'll review this as well as activity among other sectors below.

Daily Chart of Technology Sector



Technology Stocks Outpace Markets

Tech stocks were exhibiting considerable strength going into Friday's selloff with the Semiconductor and Software groups each hitting a new high in price. (using SOXX and IGV etfs).

Friday's pullback put most of the Semi stocks on our Suggested Holdings List into solid buy zones as A S M L (ASML) and Lam Research (LRCX) both pulled back to their 10-day mavs after hitting a new high in price earlier in the week. Applied Materials (AMAT), Nvidia (NVDA) and Inphi (IPHI) also found support at their upward trending 10 day moving averages while each of these stocks is bullishly poised to break out of a base.

Taiwan Semiconductor (TSM) was hit a bit harder as were many Chinese ADR stocks. While TSM remains a leader in Semi's the very near-term dynamics may have shifted a bit. Monitoring the action in China's market using etf MCHI will help gauge TSM's outlook but we would definitely hold onto this stock for the longer term – certainly as long as Semis remain bullish.

Software stocks were up for the week as participation in this group's rally is expanding beyond leadership names

such as those on our List. This is bullish for the group and we'll be adding a newer name this week.

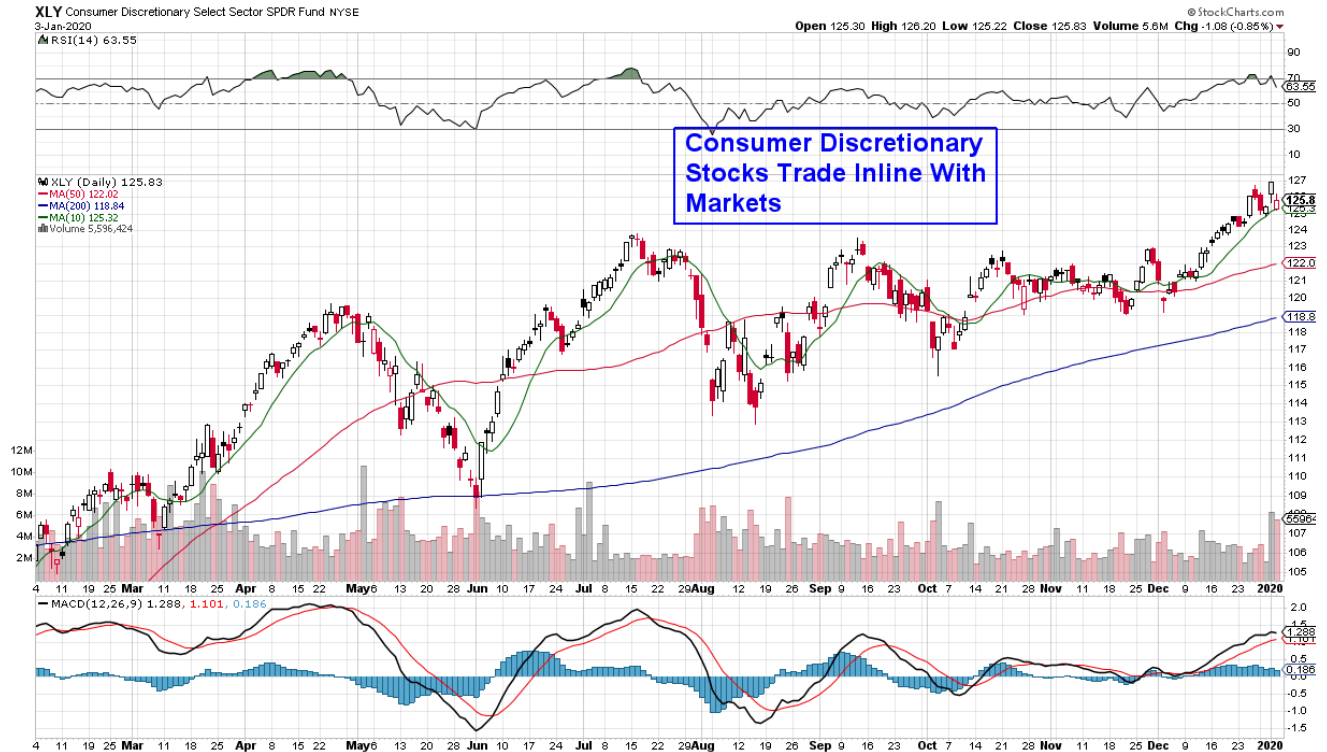
Heavyweight Software stock Microsoft (MSFT) can be bought following a pullback to its 10-day mav after hitting a new high while Shopify (SHOP) also remains in a solid uptrend.

Of the other Software stocks on our List, Paylocity (PCTY) is very attractive following last week's base breakout on heavy volume followed by buying on Friday's pullback. Autodesk (ADSK) is also a strong buy after a pull back to its 10- day mav following Thursday's bullish engulfing candlestick action.

The growth prospects for both of Semiconductor and Software stocks remain high and we expect continued outperformance going into this year.

Small Cap stock Perficient (PRFT) from our List partners with several well-known Software companies while offering consulting services. The stock is in a confirmed uptrend as it continues to hit a new high in price as analyst raise earnings estimates.

Daily Chart of Consumer Discretionary Sector



Consumer Discretionary Stocks

Discretionary stocks pulled back slightly following the sectors prior week break out of a 5-month base that was spurred by a big move in heavyweight stock Amazon (AMZN). Over the past 3 months, this sector has greatly underperformed stronger areas such as Technology and Healthcare.

This underperformance despite record online holiday sales in select retailers is disappointing and we may well see continued lackluster trade in most retailers until these companies report 4th quarter earnings next month.

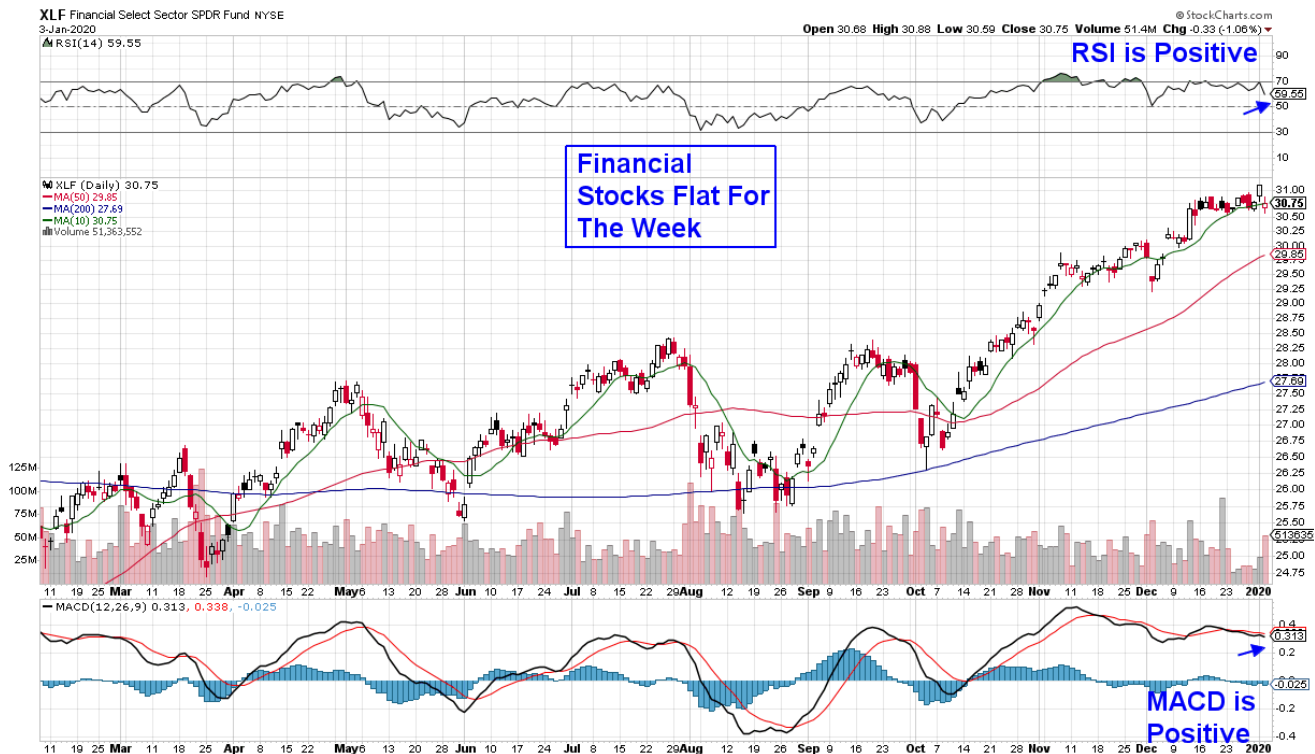
Of those on our List, Target (TGT) pulled back last week and is now close to being in an oversold position on its daily chart. Historically, this can present an ideal buying opportunity for the stock and we will alert you should it

enter a strong buy zone.

There were bright spots within Discretionary stocks on our List last week however as Wingstop (WING) posted a 4.3% rally on Friday following a bullish Wall Street upgraded outlook. The move was on volume and puts the stock a hair away from a 3-week breakout. We'd be a buyer. Restaurant stock Chipotle (CMG) also had a bullish week on news of an expanded menu. The stock broke out of a 4- month base on volume and can be bought.

Both Nike (NKE) and Lululemon (LULU) remain in leadership positions among retailers and both are in strong uptrends. Amazon (AMZN) is in a strong buy zone and can be bought as the stock remains above its recent breakout area.

Daily Chart of Financial Sector



Financial Stocks Have Mixed Results

The Financial sector was mostly flat for the week as mixed performance results kept this group in its recently tight trading range. Given this sector's relative outsized performance since October, a period of consolidation is natural.

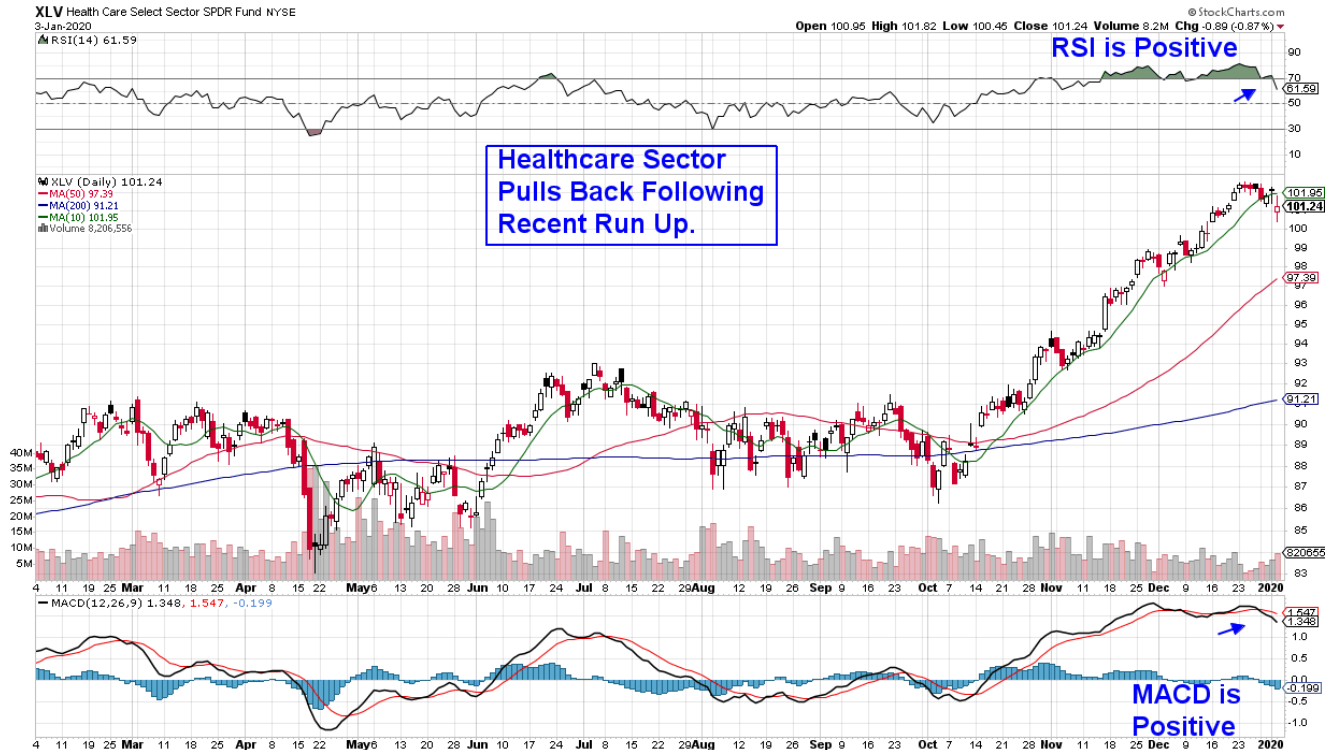
Bank stocks pulled back the most last week led by a significant drop in Treasury yields as investors bought safe haven bonds following Friday's news of an Iran airstrike.

Also pushing the group down was a Wall Street downgrade of Bank of America (BAC) on our Suggested Holdings List. The subsequent drop in BAC pushed it below its 10-day mav however, we expect the stock to find support at its 21-day mav. J P Morgan Chase (JPM) held in well following a pullback to its 21-day mav and can be bought.

Bank stocks are the first companies to begin reporting their 4th quarter results and BAC and JPM both will both release their numbers the week after next. Any new positions in these stocks should bear this in mind as the recently strong rally in this group has left some stocks "priced for perfection". We will elaborate on this more next week.

Payment Processing stocks are a growth area among Financials as these companies are rolling out digital payment options that are expanding beyond Retailers. Global Payments (GPN) broke out of a 1-month base on volume last week putting the stock into a strong buy zone while Mastercard (MA) remains in a confirmed uptrend and can be bought.

Daily Chart of Healthcare Sector



Healthcare Stocks Underperform For The Week

The Healthcare sector dropped following weakness in all areas of this recently strong area. Hit hardest were Biotech stocks as negative news of late stage trial results from heavyweight stock Incyte (**INCY**) reminded investors of the uncertainty that can surround new drug development.

The drop in Biotechs pushed etf IBB (**IBB**) down below both its 10 and 21-day moving averages with the RSI also turning negative. The next area of downside support is at \$116 which is its previous breakout level and is also close to the critical 50 day moving average. IBB is entering an oversold position and we expect the ETF to find support.

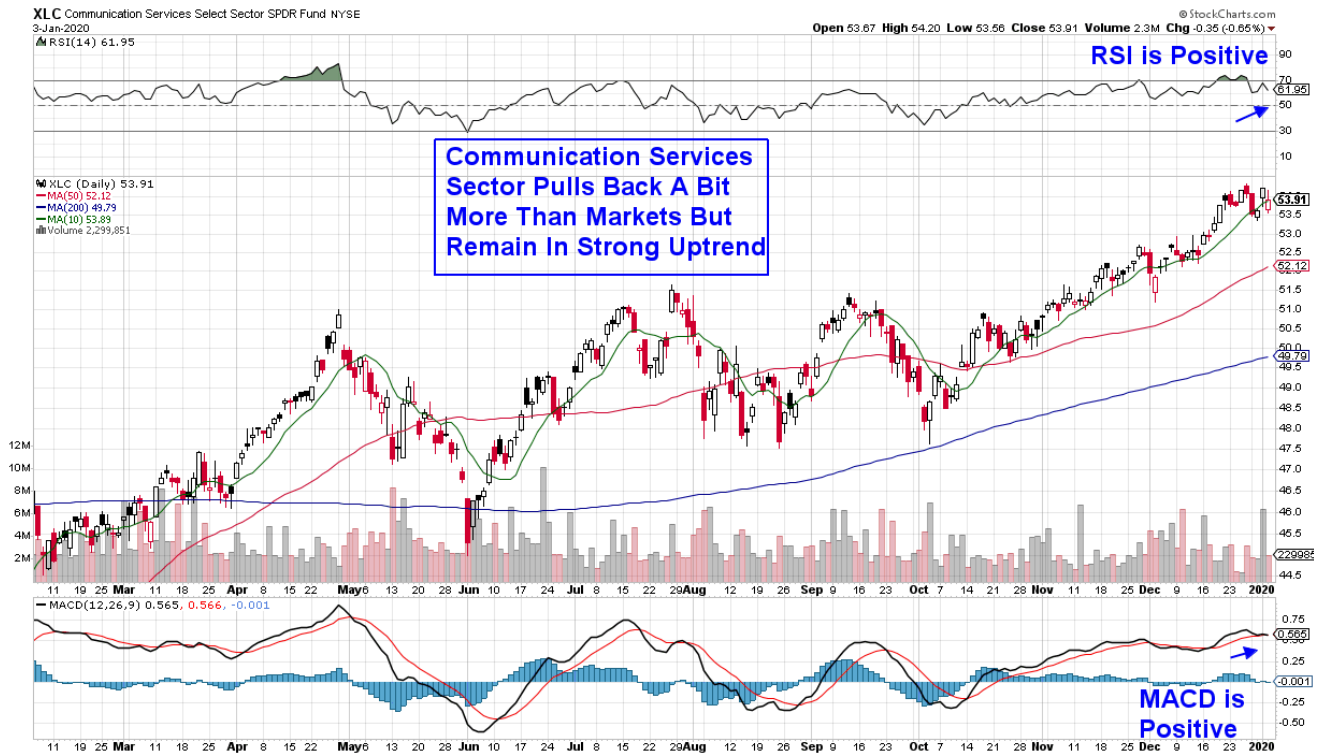
The other Biotech stocks on our List have also seen shift in their near-term dynamics and while Vertex (**VRTX**) and Regeneron (**REGN**) are not quite negative yet, we would not be a buyer at this time.

Bristol Myers (**BMJ**) pulled back last week on news that the company will be raising drug prices this year. We are looking for the stock to find support at its 21 day mav which is an area where Intuitive Surgical (**ISRG**) from our List did bullishly break back above.

West Pharmaceutical (**WST**) is the other Medical Product stock on our List and it bullishly broke back above its 10 day moving average and to new highs following last week's 1% rally.

While last week's potential sentiment shift in Biotechs clouds our near-term bullish view, the groups recently strong advance subdues the impact the pullback. We will of course monitor and alert you to any shift in sentiment.

Daily Chart of Communication Services Sector



Communication Services Remains In Uptrend

This sector has been boosted by a heavyweight stock Alphabet (**GOOGL**) from our List which has been in a confirmed uptrend since its base breakout in late October. Since then, the company has announced a change in management as the company continues to expand into newer areas of technology. The stock bullishly broke back above its 10 day mav and can be bought.

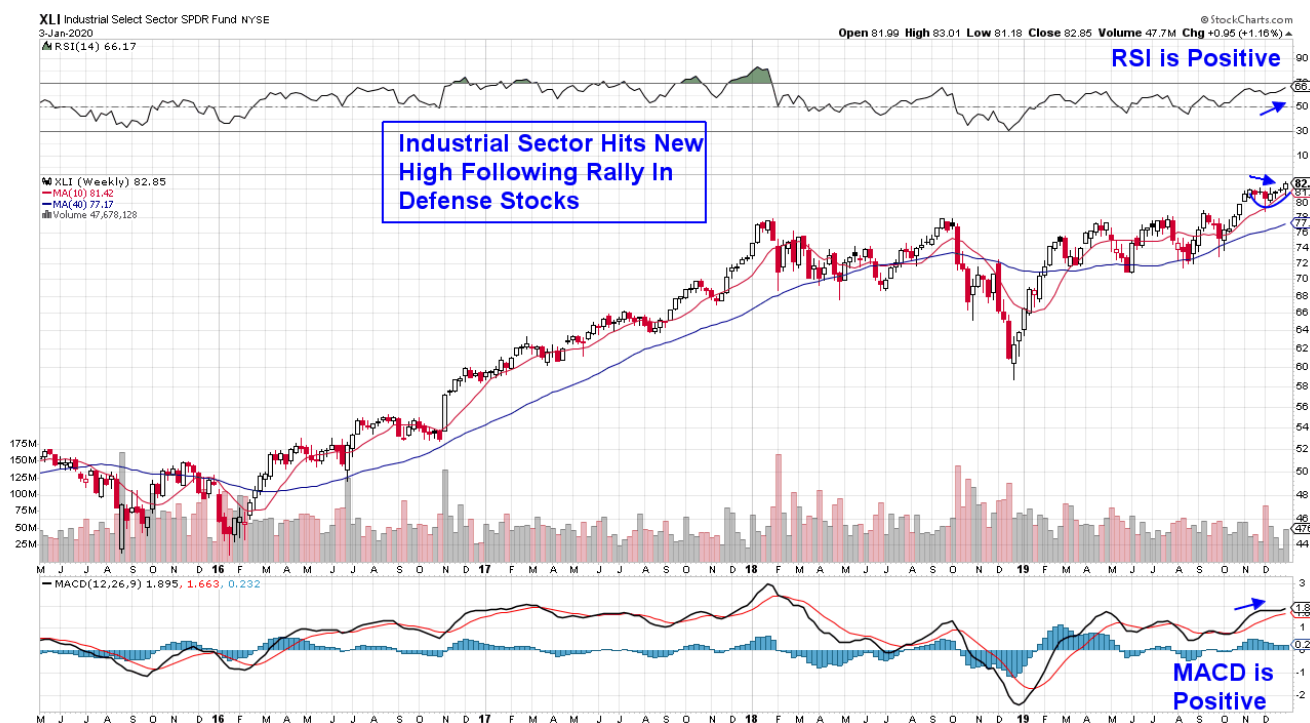
Our other holding in this sector is Disney (**DIS**) and the stock looks particularly attractive following its bullish break back above its shorter term 10 and 21 day moving averages. The stock is also emerging from an oversold

position and is in a strong buy zone.

Verizon (**VZ**) pulled back last week on no apparent news. The 4.1% yielder was upgraded last week by analyst as the company continues to roll out their 5G network. VZ found support at its 50-day mav however, the near-term outlook is cloudy as it approaches an oversold position.

Internet stocks Match.com (**MTCH**) and Snap (**SNAP**) are both on our Watch list as they're poised to break out of 5 month bases. We will alert you should they enter strong buy zones.

Weekly Chart of Industrial Sector



Industrial Sector Hits New High

Industrials were given a big boost following a rally in Defense Related stocks as tensions in the Middle East heated up. While most stocks in this area got a boost, it was leading stock Lockheed Martin (**LMT**) as well as those defense companies that supply to LMT that are the most attractive to us.

We're adding LMT back to our Suggested Holding List as

last week's action pushed the stock out of a 3 ½ month base on volume.

C A E (CAE) is another stock in this area that's on our List however, the company provides training services to the Airline industry and its recently lackluster trade has us less interested.

SUMMARY: Despite last Friday's fear induced pullback, the broader markets remain in an uptrend for both the near and longer term. That said, next week we'll see a return of traders back at their desks following a holiday reprieve. Historically, this can lead to swings in the market that are typical of January volatility.

With an accommodative Federal Reserve as the backdrop to unemployment that's at historically low levels and corporate earnings that are expected to grow

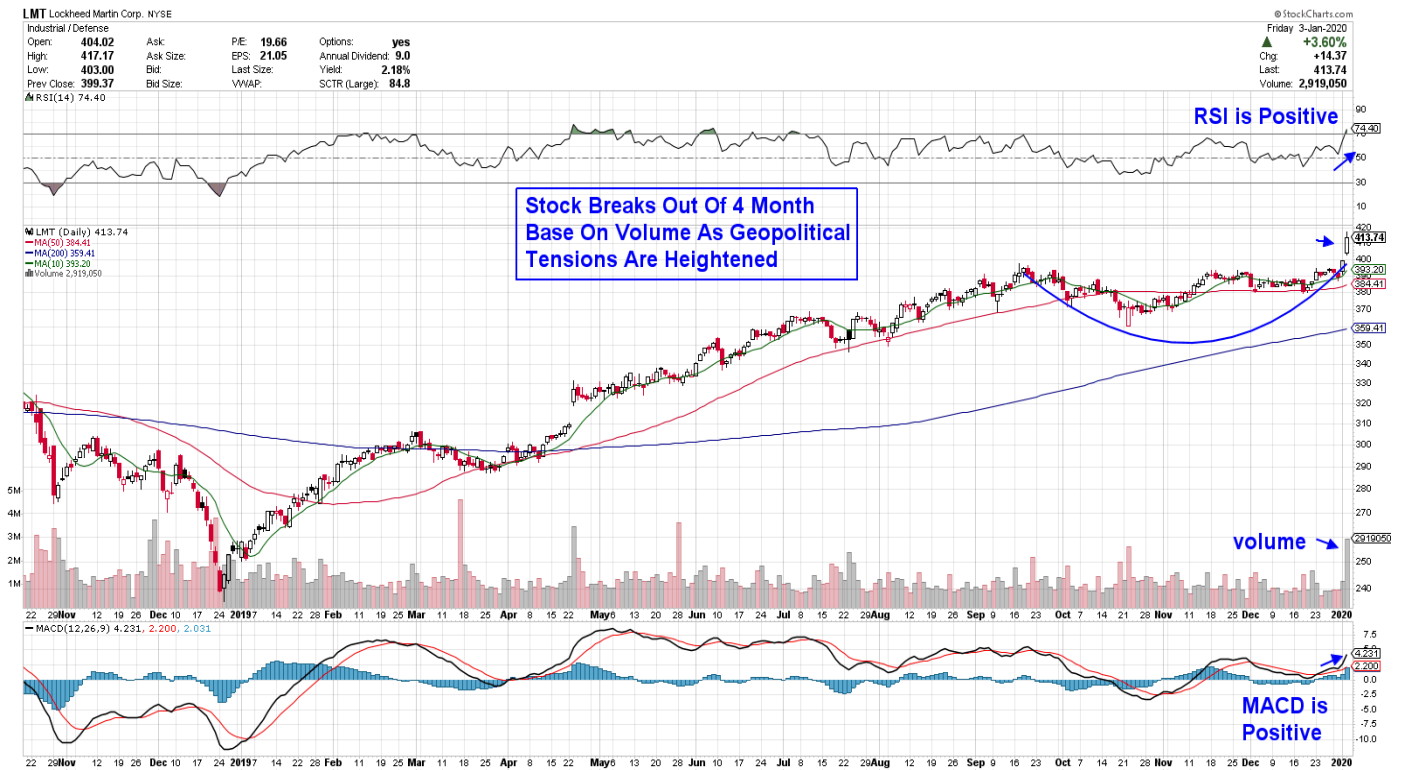
at a modestly strong rate, our outlook for 2020 is bullish. The anticipated growth globally – especially in China – is another positive factor.

Over the near-term, we would like to see a move back into riskier Biotech and Small Cap stocks which would point to investor confidence however, there are enough other strong areas within the market to support a continued uptrend.

BUY: LOCKHEED MARTIN CORP.

SYMBOL	COMPANY	PRICE	MARKET CAP	INDUSTRY
LMT	Lockheed Martin Corporation	\$413.74	116.70 Billion	Aerospace - Defense

Daily Chart of Lockheed Martin Corp. (LMT)



Lockheed Martin Corporation (LMT), a security and aerospace company, engages in the research, design, development, manufacture, integration, and sustainment of technology systems, products, and services worldwide. Lockheed Martin

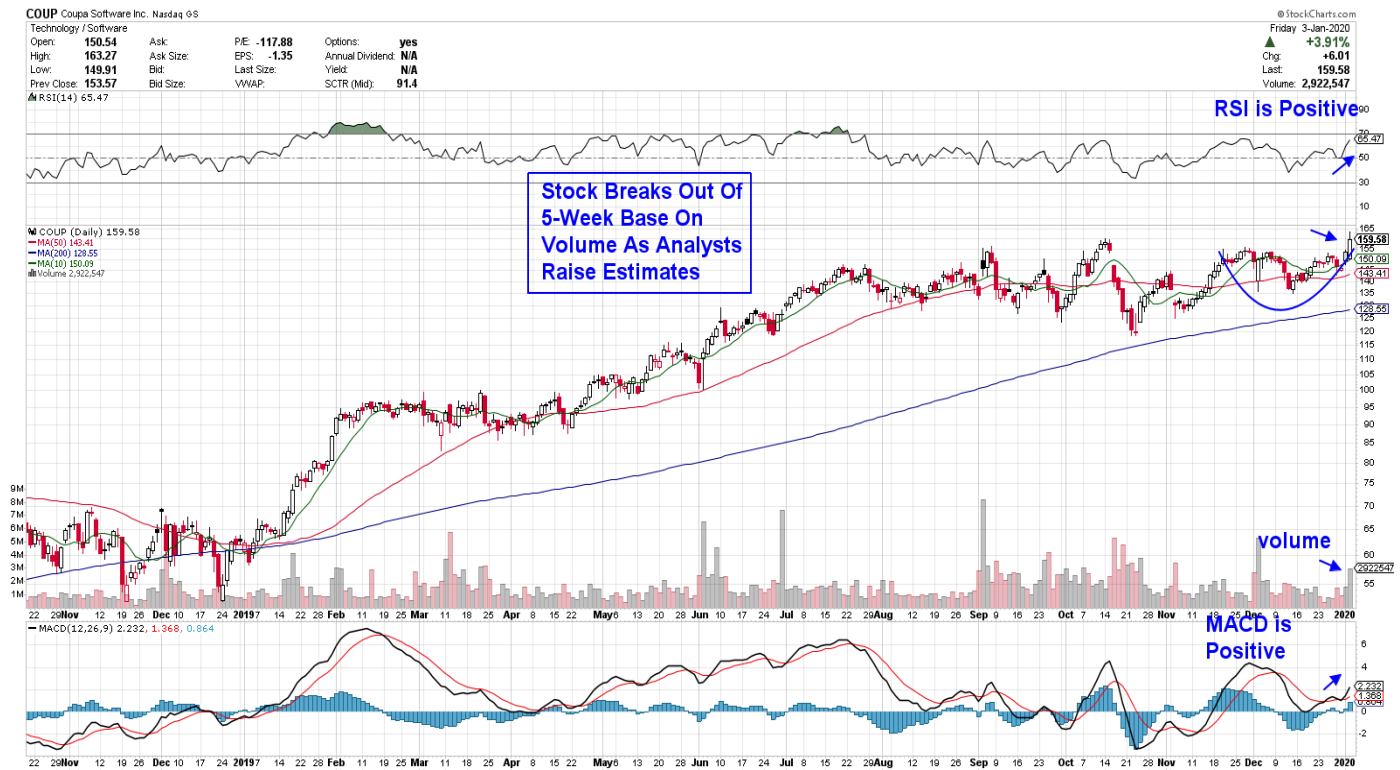
(LMT) has seen new order bookings that have substantially outpaced their peers. Last month, the Pentagon ordered \$35 billion worth of the company's fifth generation stealth jet – the F35 - which helped push earnings estimates into the 25% range for

this year. In addition to a bullish growth outlook, defense related stocks historically perform well during an election year. LMT is a bit extended near-term and can be bought on any weakness.

BUY: COUPA SOFTWARE INC.

SYMBOL	COMPANY	PRICE	MARKET CAP	INDUSTRY
COUP	Coupa Software Inc.	\$159.58	10.18 Billion	Software - Enterprise

Daily Chart of Coupa Software Inc. (COUP)



Coupa Software Inc. (COUP), provides a cloud-based business spend management platform. The company's platform connects organization with suppliers globally; and provides visibility into and control over how

companies spend money, as well as enables businesses to achieve savings that drive profitability. COUP reported strong earnings and sales for its 3rd quarter with management guiding higher for the 4th quarter and beyond. The

stock broke out of a 5-week base on volume last week as analysts raised their forecast to a 100% yoy earning growth for 2019 and 31% growth for 2020.

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.	1,874.97	929.60 B	12/29/2019	0.50%	Retail - Internet
CMG	Chipotle Mexican Grill	865.13	24.05 B	12/01/2019	6.50%	Retail - Restaurants
LOW	Lowe's Companies, Inc.	119.60	91.67 B	09/05/2019	4.50%	Retail - Home Improvement
LULU	Lululemon Athletica	232.64	29.97 B	09/08/2019	14.50%	Retail - Apparel
NKE	Nike, Inc.	101.92	127.00 B	12/08/2019	5.00%	Apparel - Shoes
TGT	Target Corporation	124.76	63.22 B	09/05/2019	15.00%	Retail - General
WING	Wingstop Inc.	88.42	2.60 B	12/12/2019	1.50%	Retail - Restaurants
YETI	Yeti Holdings Inc.	33.78	2.90 B	12/29/2019	-3.50%	Leisure Products
INDUSTRIAL						
CAE	CAE Inc.	26.68	7.09 B	11/03/2019	4.00%	Aerospace & Defense
HEALTHCARE						
BMJ	Bristol-Myers Squibb	62.78	141.14 B	12/08/2019	4.50%	Medical - Drugs
IBB	iShares NASDAQ Biotechnology Index	118.36	7.44 B	11/10/2019	7.00%	Biotechnology Index
ISRG	Intuitive Surgical Inc.	593.34	68.57 B	10/27/2019	8.00%	Medical Systems
REGN	Regeneron Pharmac.	369.16	39.85 B	11/26/2019	1.50%	Biotechnology
VRTX	Vertex Pharmaceuticals	217.98	56.05 B	12/22/2019	-1.00%	Biotechnology
WST	West Pharmaceutical Services, Inc.	152.14	11.26 B	06/05/2019	29.50%	Medical Supplies
CONSUMER STAPLES						
LFVN	LifeVantage Corp.	15.34	214.44 M	09/22/2019	10.00%	Cosmetics - Personal Care
FINANCE						
BAC	Bank of America Corp.	34.90	314.00 B	11/24/2019	5.00%	Money Center Bank
GPN	Global Payments Inc.	184.40	55.42 B	11/10/2019	8.50%	Finance - Payments Processor
JPM	JP Morgan Chase	138.34	433.90 B	09/18/2019	15.50%	Money Center Bank
MA	Mastercard Inc.	300.43	299.66 B	12/15/2019	1.50%	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.	297.43	1.32 T	10/06/2019	31.00%	Phones & Hardware
ADSK	Autodesk Inc.	184.95	40.70 B	11/17/2019	14.50%	Computer Software - Design
AMAT	Applied Materials, Inc.	61.21	56.03 B	09/05/2019	21.50%	Semiconductor
ASML	ASML Holding N.V.	297.95	126.48 B	07/28/2019	29.00%	Semiconductor
IPHI	INPHI Corporation	75.76	3.46 B	11/10/2019	5.00%	Semiconductor
JBL	Jabil Inc.	41.45	6.35 B	10/06/2019	16.50%	Contract Manufacturing
LRCX	Lam Research Corp.	294.69	42.75 B	09/08/2019	29.50%	Semiconductor
MSFT	Microsoft Corp.	158.62	1.21 T	06/16/2019	20.00%	Software - Desktop
NVDA	NVIDIA Corporation	236.07	144.47 B	12/19/2019	3.00%	Semiconductor - Graphics
PCTY	Paylocity Holding Corp.	125.67	6.72 B	12/19/2019	3.50%	Computer Software
PRFT	Perficient Corp.	46.69	1.52 B	06/16/2019	43.00%	Computer - Tech Services
SHOP	Shopify Inc.	404.29	46.85 B	12/01/2019	20.00%	Computer Software-Enterprise
TSM	Taiwan Semiconductor Mfg.	58.06	284.21 B	12/12/2019	-1.00%	Semiconductor
COMMUNICATION SERVICES						
DIS	Walt Disney Co.	146.50	264.05 B	11/07/2019	10.00%	Entertainment
GOOGL	Alphabet Inc.	1,361.52	938.58 B	07/10/2019	19.50%	Internet - Content
VZ	Verizon Communications Inc.	60.40	249.80 B	12/22/1019	-2.50%	Telecom Services

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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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