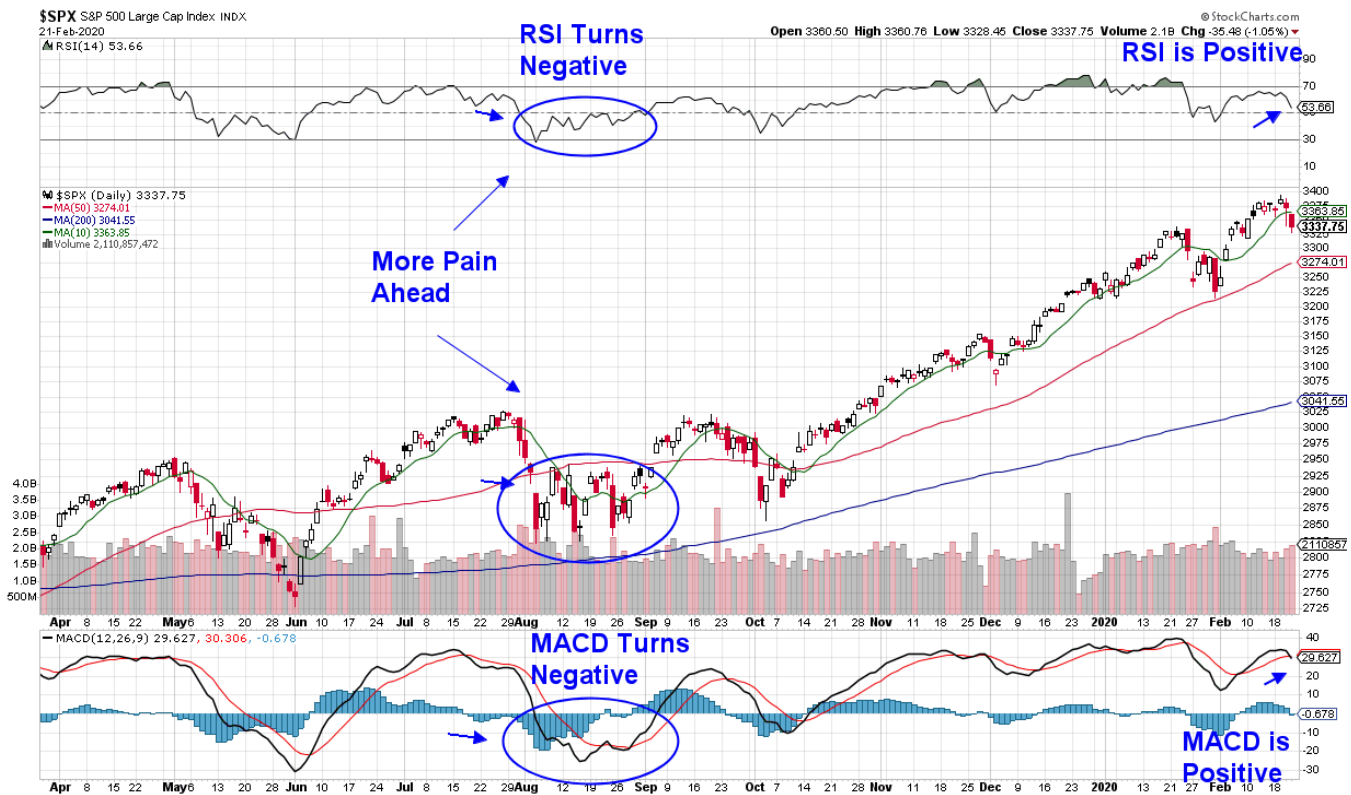




THIS WEEK'S HIGHLIGHTS

- China Reports Jump In New Coronavirus Cases While S. Korea Becomes Latest Hot Spot
- Manufacturing And Service Related Activity Softens In The U.S.
- February Purchasing Managers Reports Shows First Contraction In 7 Years
- Leading Indicators Come In Above Estimates
- Q4 GDP, Personal Income & Spending and Consumer Sentiment Report Next Week

WEEKLY CHART OF S&P 500 INDEX



The S&P 500 pulled back 1.2% for the week in a move that puts this Index below its 10-day moving average. This price break below the 10-day moving average is a yellow flag as the RSI and MACD remain in positive territory.

However, last week's move put the MACD on the cusp of crossing below the red signal line. Should this occur, it would indicate a shift in upward momentum; leading to a pause or pullback such as in late January.

Should we experience further selling that leads to a negative break of the S&P 500 below its 50-day moving average (now 1.9% away), we would have to re-evaluate our stance. The chart above highlights the signals that were present in August prior to a 6.5% pullback as a guide to events that would have

us much more concerned. As you can see, the RSI and MACD turned negative in conjunction with the Index's break below key support.

Overall in last week's market, it was those areas that have seen the highest gains since the October turn in the markets that were hit the hardest late last week and this would include select FAAMG stocks as well as Semiconductor and Software stocks.

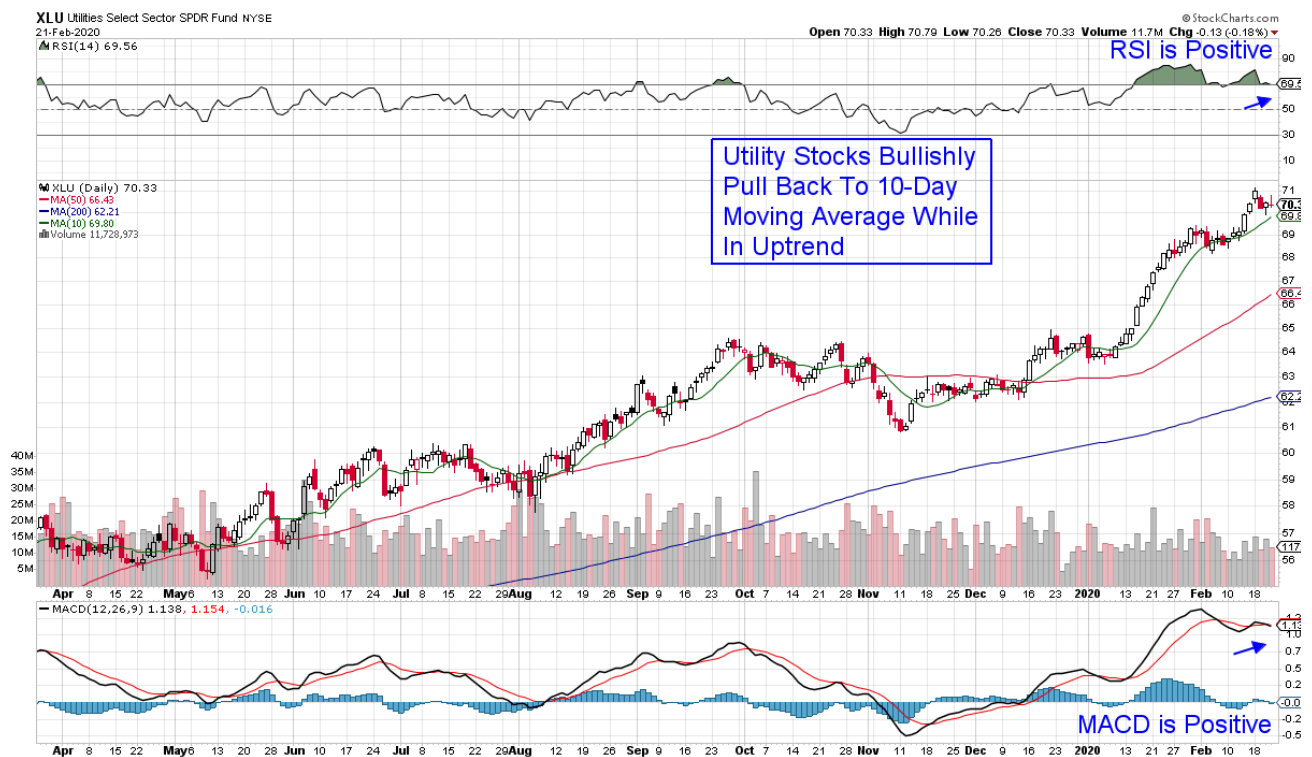
Defensive sectors held up the best with higher yielding Utility and REIT stocks remaining in confirmed uptrends. Other areas of the market also outperformed such as riskier Small Cap and Biotech stocks that rallied on strong earnings results as well as positive news.

This underlying bullish action in Small Caps and Biotechs shows that as of last week, investors were still rewarding companies with positive growth prospects by bidding up those stocks that reported earnings ahead of estimates. Whether this positive focus will continue and/or be enough to withstand any continued virus-related selloff remains to be seen.

Apple's lowering of revenue guidance due to closed plants in China was surprisingly shrugged off at first, but

Friday's news of increased virus cases brought selling. Since then, more corporations globally have announced negative guidance due to a standstill Chinese economy and until we see a clear signal of virus containment, the ripple effect on the broader markets could easily continue to bring downward pressure.

Daily Chart of Utilities Sector



Utilities Sector Down Slightly

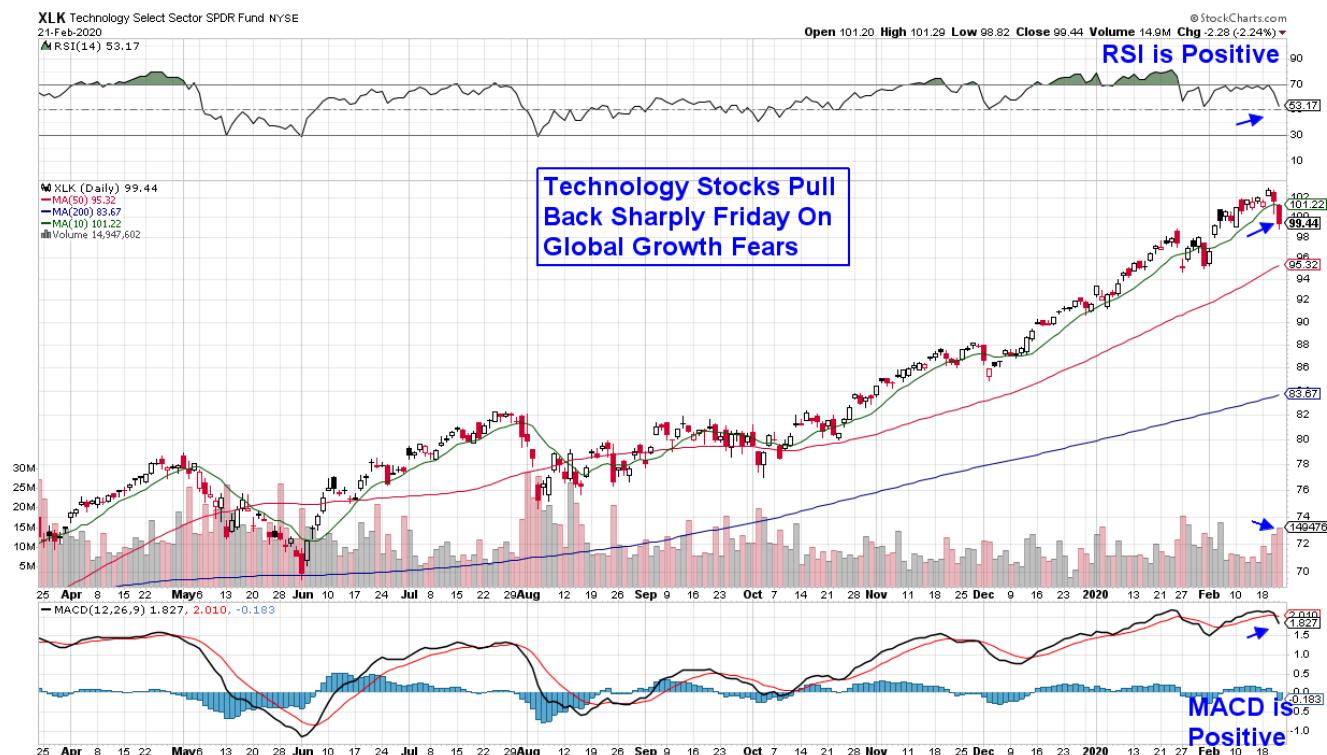
Most of the underlying groups within the Utility sector were down for the week except for Diversified Utilities which saw gains. This group contains stocks from our list such as recently added Dominion Energy (D) which gained 2.2% last week as well as Duke Energy (DUK) that added 1.2% to the stock's prior advance.

In addition to providing high yields in the 4% range, both stocks reported strong earnings due to their successful expansion into alternative energy sources. DUK and D are

a bit extended and can be bought on any pullback.

Nextera (NEE) from our List is in the same group and has a more attractive chart following its slight pullback while Sempra (SRE) has remained in a tight trading range ahead of the release of their earnings next Thursday.

Daily Chart of Technology Sector



Technology Sector Is Hit Hardest

Leading Tech stocks were down the most late last week led by Semiconductor stocks that sold off 3.3% (using SOXX). Semis are the most susceptible to any virus-induced slowdown within China as the country is one of the top consumers of memory chips.

With every U.S. Semiconductor company deriving a portion of their revenues from China, a slowdown of chip demand from them is of course a negative.

We've seen fear-based selling in Semiconductor stocks in the past with trade war headlines causing pullbacks in May and August of last year that pushed these stocks down 16.6% and 8.1% respectively.

While the growth prospects for Semiconductor stocks is stronger now, we would not be a buyer of these stocks until we get a clearer picture of production shutdowns and other virus-related news that may impact the Chinese appetite for Semi chips.

Also pushing the Tech sector lower was a 3.6% pullback in heavyweight stocks Microsoft (MSFT) and Apple (AAPL) which have both been big winners in the recent tech runup.

Given Apple's reduced revenue outlook due to China's woes, the stock is vulnerable to further downside. We'll

be closely watching AAPL's action around its key 50 day moving average. Longer term, we would use a monthly chart with a 6-month moving average as a guide as the growth prospects beyond any potential virus impact remain strong for this stock.

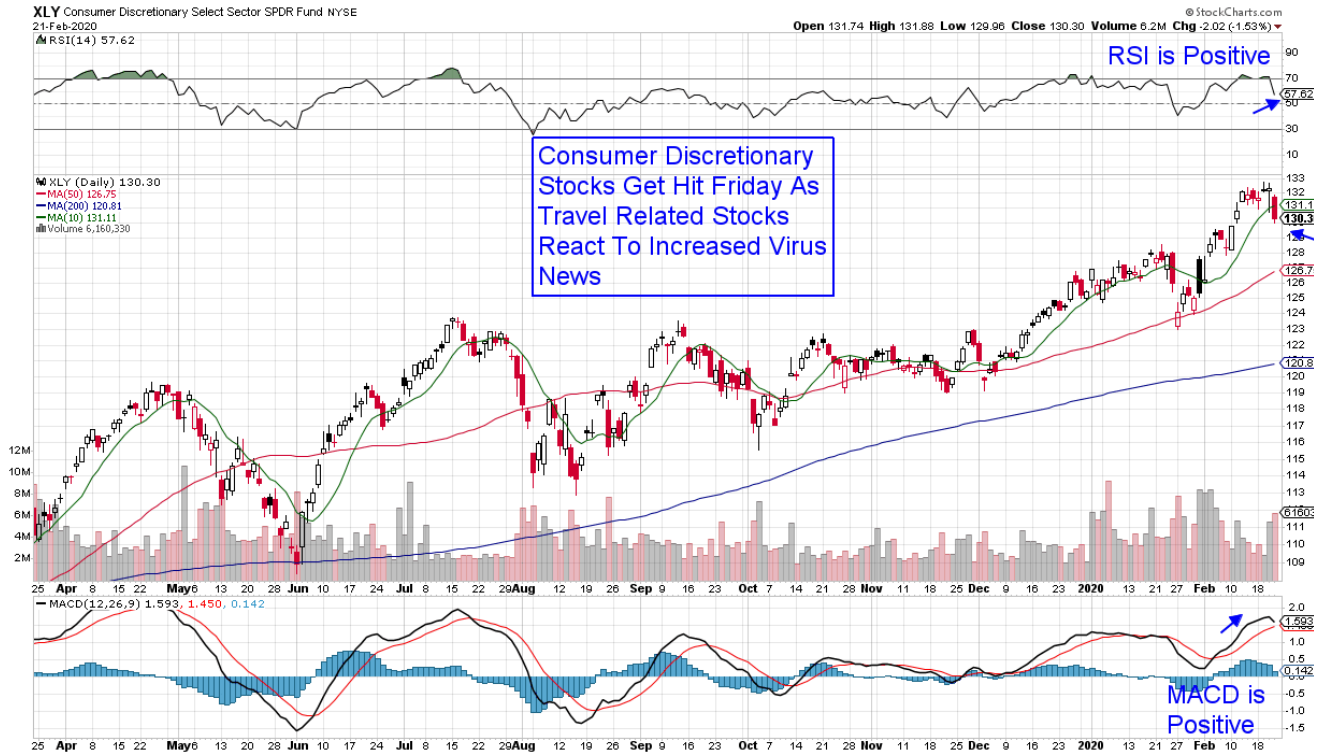
During the first wave of virus-related selling in January, Software stocks were able to withstand market pressures and last week's action points to similar behavior.

While Microsoft had a sharp pullback, the stock is bullishly finding support at its 21-day moving average and elsewhere, recently strong names such as Shopify (SHOP) and RingCentral (RNG) are bullishly finding support at their 10-day moving averages. Veeva Systems (VEEV) – also on our List – is in a similarly positive position at its 10-day moving average as it forms the right side of a base.

ServiceNow (NOW) is finding support at its 21-day moving average putting it in a buy zone following an orderly pullback while Autodesk (ADSK) is due to report earnings on Thursday and Intuit (INTU) will report on Monday.

Perficient (PRFT) which is closely associated to Software stocks is due to report earnings on Tuesday.

Daily Chart of Consumer Discretionary Sector



Consumer Discretionary Stocks Mixed

Excluding Amazon (AMZN), most of the stocks on our List from this group were flat or up for the week buoyed by either recently strong earnings (CMG and WING), strong growth prospects (LULU) or an analyst's upgrade (COST).

U.S. centric restaurants may be able to weather any coronavirus fears and Wingstop (WING) from our List looks particularly attractive after finding support at its upward trending 10-day moving average while Chipotle (CMG) would need to pullback a bit more as it's still 1.2% above its optimal 10-day moving average.

And among apparel retailers, LULU has been able to withstand prior China related selloffs despite having products manufactured there as investors have instead focused on their strong growth prospects. Last week, the stock pulled back to its 10-day moving average after

hitting a new high earlier in the week and LULU is now in a buy zone.

Overall, the Consumer Discretionary sector has been buoyed by continued strength in Housing stocks that are benefitting from the low interest rate environment. Home Improvement stocks are also remaining strong with names such as Home Depot (HD) in a clear uptrend ahead of the release of their earnings next week.

Costco (COST) hit a new high earlier in the week before pulling back and while it's in a confirmed uptrend, we'd look for the stock to come in a bit more before being a buyer.

Heavyweight stock Amazon (AMZN) appears poised for further downside after breaking below its 10-day moving average on volume.

Daily Chart of Healthcare Sector



Healthcare Sector Holds Up Relatively Well

Healthcare stocks declined much less than the broader markets as gains in Biotech stocks helped support the sector.

This would include recently added Alnylam Pharmaceutical (**ALNY**) which is in a buy zone after pulling back to its upward trending 10-day moving average. The company announced their enrollment in Phase 3 trials of a major drug that the company is expecting will produce topline numbers early next year.

Vertex Pharmaceuticals (**VRTX**) from our List also posted gains for the week as it continues to find support at its upward trending 10 day moving average. The Biotech stock is in a buy zone.

Bristol Myers (**BMJ**) has been struggling of late despite

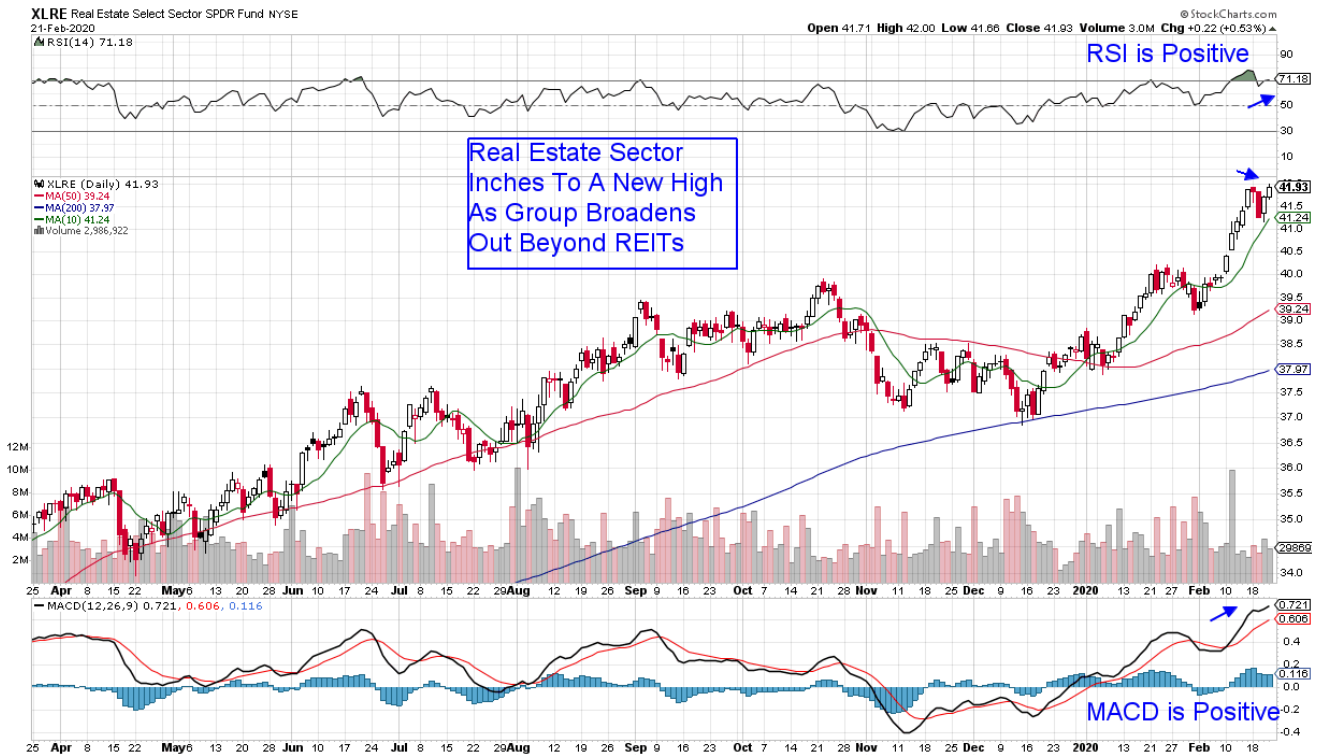
Japan's approval of their esophageal cancer drug on Friday. The stock has pulled back to its 50-day moving average which has recently been an ideal buy point.

Insulet Corp. (**PODD**) remains in a strong uptrend ahead of the release of their earnings this Tuesday while West Pharmaceutical (**WST**) is in a buy zone following a pullback to its 10-day moving average.

The recent move back into Biotech stocks (using IBB) has pushed this group out of a 5-week base however, the volume characteristics were not dynamic enough to support a continuation upward at this time.

We have several Biotech stocks from our Watch List that we'll add should we see a more momentous shift into the group.

Daily Chart of Real Estate Sector



Real Estate Sector Remains In Strong Uptrend

While most REIT stocks were flat for the week, those with strong growth prospects such as the names on our List saw gains.

Real Estate Investment Trust (REIT) stocks have been reporting their financial results over the past couple of weeks and the numbers are highlighting specific areas that are benefitting not only from a low interest rate environment but also industry shifts.

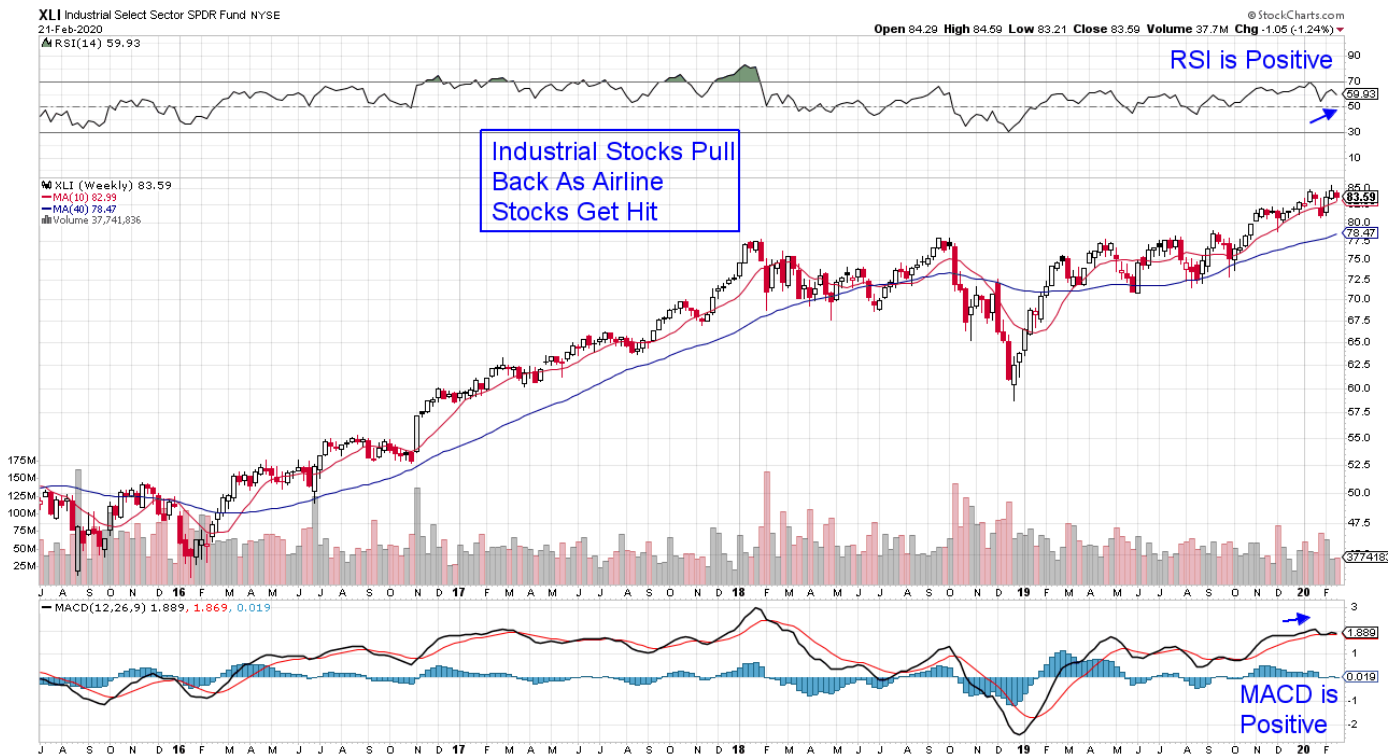
Crown Castle (CCI) is a prime example as the 2.9% yielder came in ahead of estimates during their Q3 report and they are expected to do the same when they report 4th quarter results this Wednesday. The stock added to last week's 10% gain following a mandate that telecom giant T-Mobile expand coverage to 97% of the U.S. in 3 years. CCI leases cell towers which are a key component of this

buildout.

Medical Properties (MPW) also came in ahead of estimates earlier this month after reporting record acquisitions in 2019. Industry dynamics have shifted in this area as well as outpatient medical procedures that come with reduced insurance scrutiny has greatly increased the demand for medical buildings such as those that are in MPW's portfolio. The 4.5% yielder is in a confirmed uptrend and is poised for further upside.

Sun Communities (SUI) announced positive results last week that helped push the stock further out of its 10-week base breakout. The company provides planned communities for an aging population and is in a confirmed uptrend. The stock can be bought on a pullback following last week's 2.8% advance.

Weekly Chart of Industrial Sector



Industrial Stocks Pull Back For The Week

Industrial stocks were mixed last week as possible coronavirus effects impacted the group. Airline stocks were hit the hardest as the cancellation of major conferences underscored traveler's fears of contracting the illness by being in close quarters whether on airplanes or at an event.

Trucking stocks on the other hand rallied as analysts suggested a possible squeeze in demand later next month should shipping activity be increased following a virus induced slowdown.

Defense stocks pulled back despite increased military contracts with Lockheed Martin (LMT) just above its 50-day moving average. Historically, a pullback to this key area of support has been an ideal buy point for this 2.2% yielder.

Daily Chart of Communication Services Sector



Communication Services Sector Falls

Heavyweight stocks Alphabet (**GOOGL**) and Facebook (**FB**) account for a 40% weighting for this sector and a decline in both stocks brought the group down for the week.

Other areas held in quite well including stocks such as Netflix (**NFLX**) from our List which bullishly held support

at its upward trending 10-day moving average following a slight pullback on low volume. This puts the stock in an attractive position.

SUMMARY: Last week's action points to a market that's on edge as coronavirus headlines continue to dominate daily price action. And as investors sort out the latest news, we expect volatility to remain high until we see a clearer picture of the true economic impact from this historical epidemic.

At this time, defensive areas of the market remain attractive as yields on safe haven Treasuries continue to drop to new lows. And while we've highlighted non-defensive stocks from our List as being attractive, market uncertainty has us cautious on the near-term prospects for the market.

So far, investors reaction to coronavirus news has been fairly muted however, fear-based selling will historically move the markets lower and faster and until we reduce the uncertainty surrounding China's potential impact on global growth, the possibility of a more pronounced selloff remains.

As usual, we'll be monitoring price action as well as volume characteristics around the 50-day moving average for the markets as well as individual stocks and will alert you to any shifts in sentiment as they take place.

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.	2,095.97	1.04 T	12/29/2019	12.00%	Retail - Internet
CMG	Chipotle Mexican Grill	920.14	25.55 B	12/01/2019	13.00%	Retail - Restaurants
COST	Costco Wholesale Corporation	321.95	142.22 B	01/19/2010	5.50%	Retail - Major Chains
HD \$	The Home Depot Inc.	245.34	267.62 B	01/19/2020	6.00%	Retail - Building Products
LULU	Lululemon Athletica	255.90	33.34 B	09/08/2019	26.00%	Retail - Apparel
WING	Wingstop Inc.	99.67	2.94 B	12/12/2019	14.50%	Retail - Restaurants
INDUSTRIAL						
CAE	CAE Inc.	30.20	8.04 B	11/03/2019	18.00%	Aerospace & Defense
LMT	Lockheed Martin Corp.	427.80	120.61 B	01/05/2020	3.50%	Aerospace & Defense
HEALTHCARE						
ALNY	Alnylam Pharmaceuticals, Inc.	131.03	14.75 B	12/18/2020	2.00%	Biotechnology
BMJ	Bristol-Myers Squibb	65.63	153.85 B	12/08/2019	9.50%	Medical - Drugs
PODD \$	Insulet Corporation	212.31	13.13 B	1/12/2020	16.50%	Medical Products
VRTX	Vertex Pharmaceuticals	246.29	63.86 B	12/22/2019	11.50%	Biotechnology
WST	West Pharmaceutical Services, Inc.	170.16	12.59 B	06/05/2019	45.00%	Medical Supplies
FINANCE						
GPN	Global Payments Inc.	204.39	61.36 B	11/10/2019	20.00%	Finance - Payments Processor
MA	Mastercard Inc.	339.70	337.76 B	12/15/2019	14.50%	Finance - Payments Processor
REAL ESTATE						
CCI \$	Crown Castle International Corp.	168.06	69.87 B	01/15/2020	16.50%	Real Estate - REIT
MPW	Medical Properties Trust, Inc.	24.15	12.50 B	01/15/2020	10.50%	Real Estate - REIT
SUI	Sun Communities, Inc.	172.66	16.00 B	01/21/2020	10.00%	Real Estate - REIT

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.	313.05	1.37 T	10/06/2019	38.00%	Phones & Hardware
ADSK \$	Autodesk Inc.	201.91	44.43 B	11/17/2019	25.00%	Computer Software - Design
AMAT	Applied Materials Inc.	64.27	59.04 B	02/04/2020	2.00%	Semiconductor
ASML	ASML Holding NV	306.00	129.16 B	02/05/2020	0.00%	Semiconductor
INTU \$	Intuit Inc.	297.57	77.46 B	01/08/2020	9.00%	Software - Financial
IPHI	INPHI Corporation	82.53	3.77 B	11/10/2019	14.50%	Semiconductor
LRCX	Lam Research Corp.	316.80	46.11 B	09/08/2019	39.00%	Semiconductor
MSFT	Microsoft Corp.	178.59	1.36 T	06/16/2019	35.00%	Software - Desktop
NOW	ServiceNow, Inc.	344.48	64.97 B	02/06/2020	1.00%	Computer Software-Enterprise
NVDA	NVIDIA Corporation	294.07	179.97 B	12/18/2019	28.00%	Semiconductor - Graphics
PCTY	Paylocity Holding Corp.	138.72	7.44 B	12/19/2019	14.50%	Computer Software
PRFT \$	Perficient Corp.	50.59	1.65 B	06/16/2019	54.00%	Computer - Tech Services
RNG	RingCentral Inc.	235.91	19.80 B	01/06/2020	33.00%	Software - Cloud Based
SHOP	Shopify Inc.	520.66	60.79 B	12/01/2019	54.50%	Computer Software-Enterprise
VEEV	Veeva Systems Inc.	159.82	23.75 B	02/04/2020	3.50%	Computer Software - Medical

COMMUNICATION SERVICES

GOOGL	Alphabet Inc.	1,483.46	1.02 T	07/10/2019	30.00%	Internet - Content
NFLX	Netflix, Inc.	380.07	166.78 B	02/09/2020	3.50%	Leisure - Movies

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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
UTILITIES						
D	Dominion Energy Inc.	89.38	73.57 B	06/17/2020	2.00%	Utilities - MultiUtilities
DUK	Duke Energy Corporation	102.43	75.08 B	01/19/2020	9.50%	Utilities - Diversified
NEE	NextEra Energy Inc.	277.59	135.73 B	01/15/2020	10.50%	Electric Services
SRE \$	Sempra Energy	158.43	44.66 B	02/02/2020	-1.50%	Utilities - MultiUtilities

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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