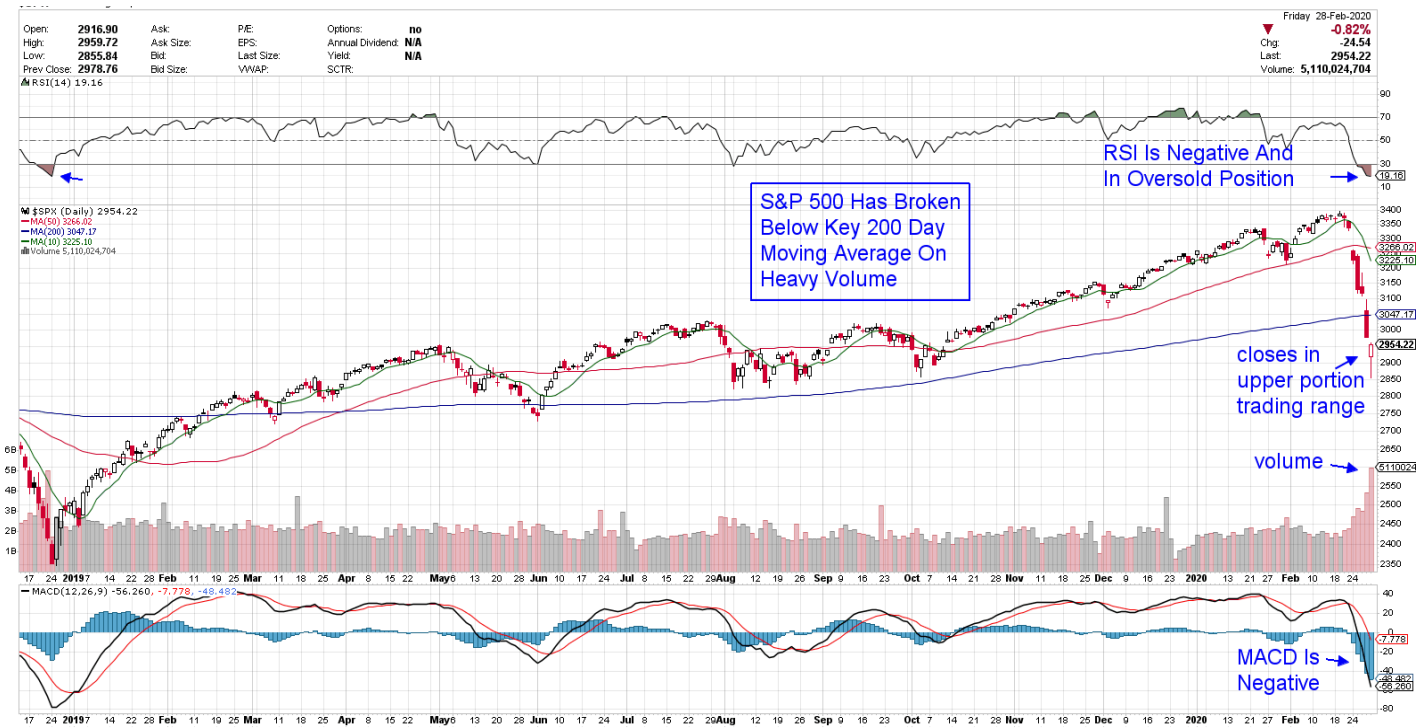




THIS WEEK'S HIGHLIGHTS

- U.S. Personal Income, Consumer Sentiment & Manufacturing Data Is Upbeat
- COVID-19 Virus Continues To Spread
- China Reports February Manufacturing Data Much Lower Than Expected
- Federal Reserve Expected To Cut Rates This Month

WEEKLY CHART OF S&P 500 INDEX



The S&P 500 fell 11.5% last week on heavy volume that pushed this Index below its key 200-day moving average. The double-digit declines came on the heels of 5 consecutive days of heavy selling that pushed the RSI and the MACD into negative territory.

Last week's unrelenting selling amounted to a crash where emotional selling pushed most stocks in the S&P 500 below key support, which from our work is their 50-day moving average. Every area of the markets came under selling pressure and the volume was high.

As a result of last week's selloff, the markets are now in a correction after dropping more than 10% and until we see the positive characteristics outlined on the S&P 500 daily chart

in our [Midweek Report last week](#), we would not put new money to work.

Next week's action will be very telling for the markets. If we're able to close the week flat or a bit higher, that would create a sense that stability can be attained and that the worse is somewhat behind us. That said, based on the swiftness and the amount of damage done last week, history tells us that we'll need to retest recent lows before fully emerging back into any near-term uptrend.

Should we continue to crash to further lows next week, the period of time needed to repair the damage to the markets will take longer.

In the very near-term, last week's action has put the markets into a very oversold position and we are expecting a bounce next week. How you respond to any possible bounce will depend on your style of investing as well as your investment horizon.

We would be a seller of any underperforming stocks into any strength given the prognosis that a retest of recent lows is expected. This would include stocks that were not acting well going into last week's washout. This move would help minimize overall risk to your portfolio.

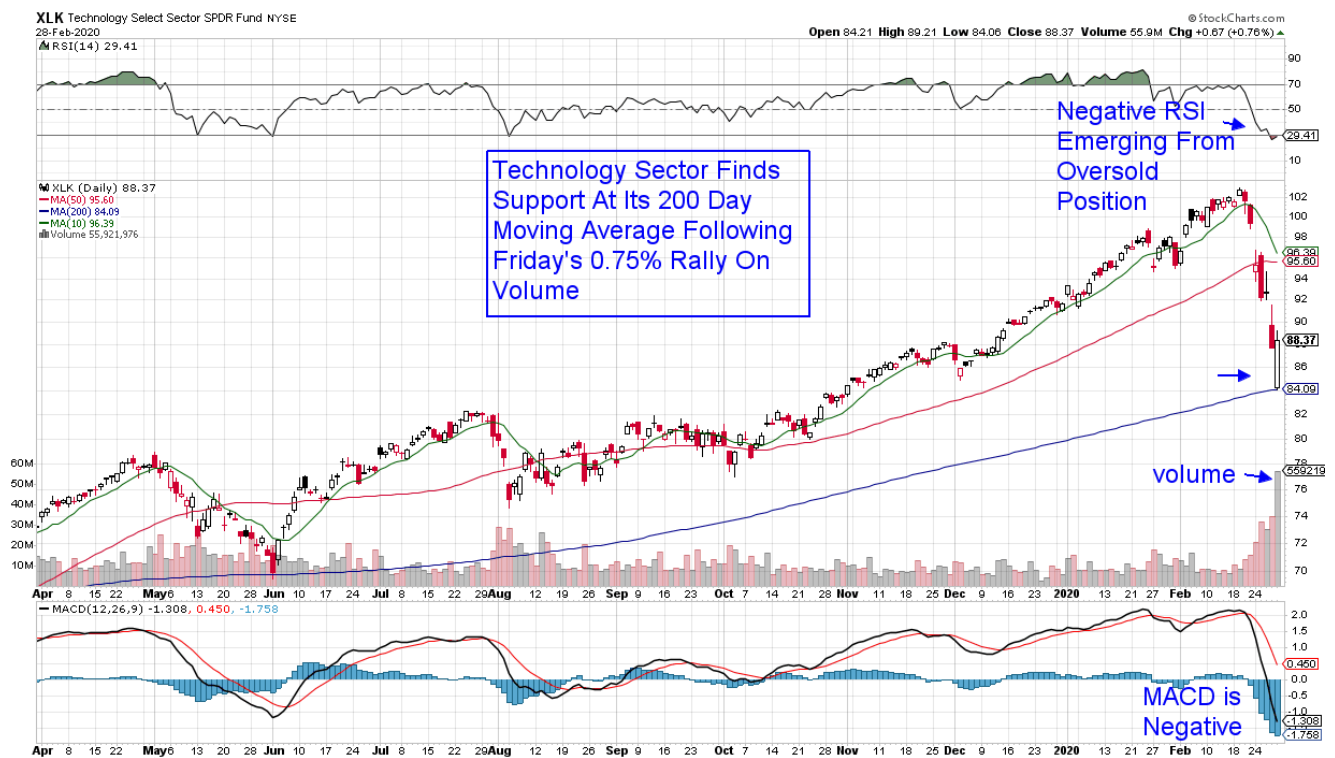
Those with investment horizons that span over several years can continue to use a monthly chart with a 6-month

simple moving average as your guide. A break below this key support should have you selling your positions.

Those stocks that can retain a position above their 50-day moving average can be held.

Very short-term traders that are more speculative can use an intraday chart (60 minute) and look for a positive RSI and MACD with the price above the 5 and 8-hour simple moving average as potential trading candidates. You'll want to have strict sell rules and use the opposite signals with a price break below the mavs and a negative RSI and MACD as a sign to exit.

Daily Chart of Technology Sector



Technology Sector Outpaces Broader Markets

The Tech sector held in relatively well last week as not only did it decline less than the broader markets, on a percent basis it gave up much less of its gains since the October downtrend reversal in the markets than any other sector.

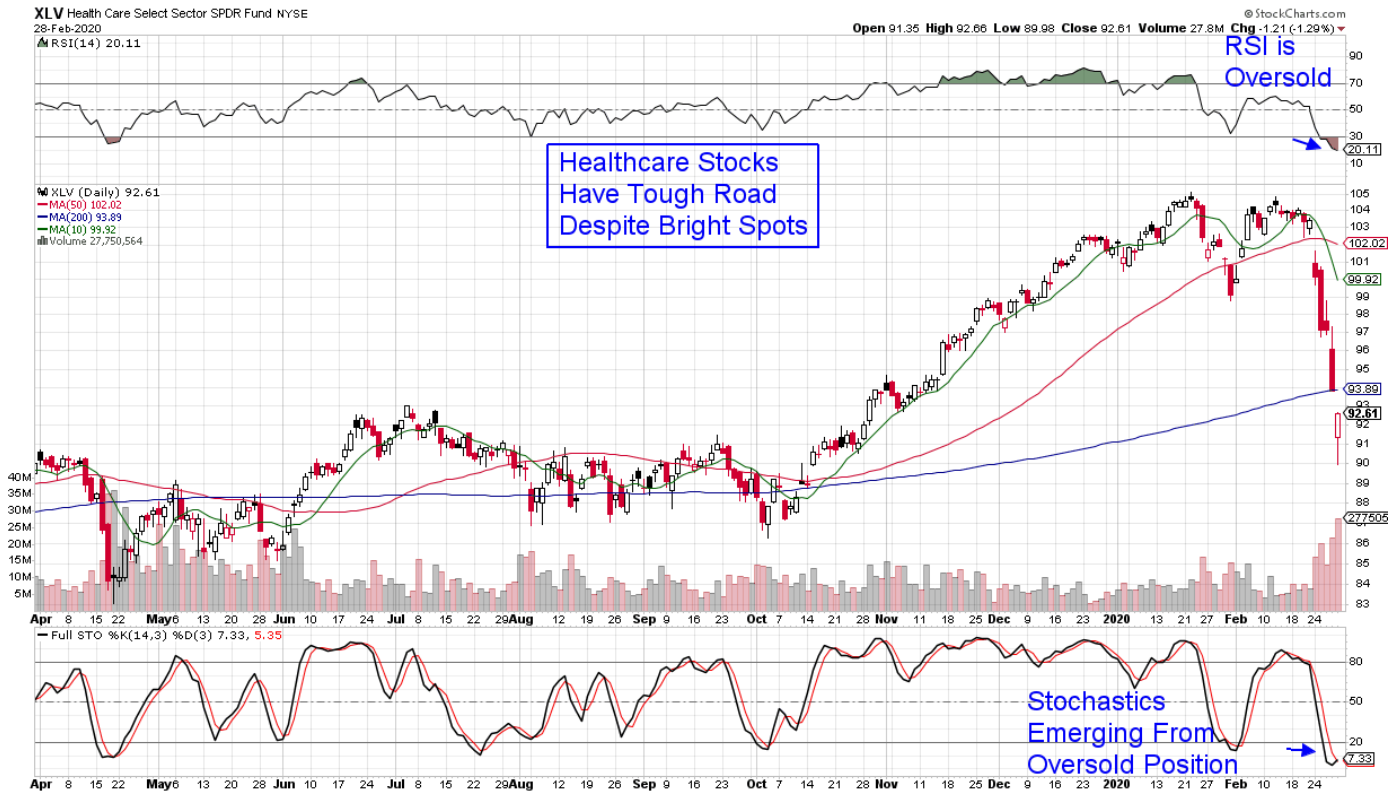
Of the underlying groups within Technology, Software and Semiconductor stocks held in the best while being one of the only industry groups to find support at their 200-day moving averages. This show of relative strength is very encouraging as it points to the continued leadership status of these areas.

Using historical precedence, once the market pressures lift, these Software and Semi stocks will continue to outperform the broader markets.

At this time, Software stocks RingCentral (RNG), ServiceNow (NOW) and Shopify (SHOP) as well as Semiconductor stock Nvidia (NVDA) are the only names that remain on our Suggested Holdings List as they are trading above their key 50-day moving averages.

Bellwether Software stock Microsoft (MSFT) was knocked down after lowering their 2nd quarter outlook due to a slower number of re-openings among their supply chain operations in China. The stock did rally 2.4% on Friday however as analysts raised estimates going out further into 2021. The anticipation is that MSFT will regain its leadership status once it overcomes what may be a speed bump on their path to outsized growth.

Daily Chart of Healthcare Sector



Healthcare Stocks At Most Risk Despite Bright Spots

This is another sector that relatively outperformed the broader markets despite steep drops in several areas. The outperformance was led by Biotech stocks that dropped the least for the week with 7.5% decline that helped keep the group above its 200-day moving average.

Some of the biggest movers in Biotech were companies that announced progress in the development of either a treatment or a vaccine for the coronavirus. While promising, the volatility in these stocks has been tremendous as efforts in this area are purely speculative at this time.

Given several factors, the outlook for Healthcare stocks is very murky. Drug makers rely heavily on ingredients made in Chinese factories and the current disruption to the pharmaceutical supply chain is a major worry. Virus related fears also hit Hospital stocks as epidemic fears had investor's questioning the readiness of these Institutions to handle any possible overload of patients.

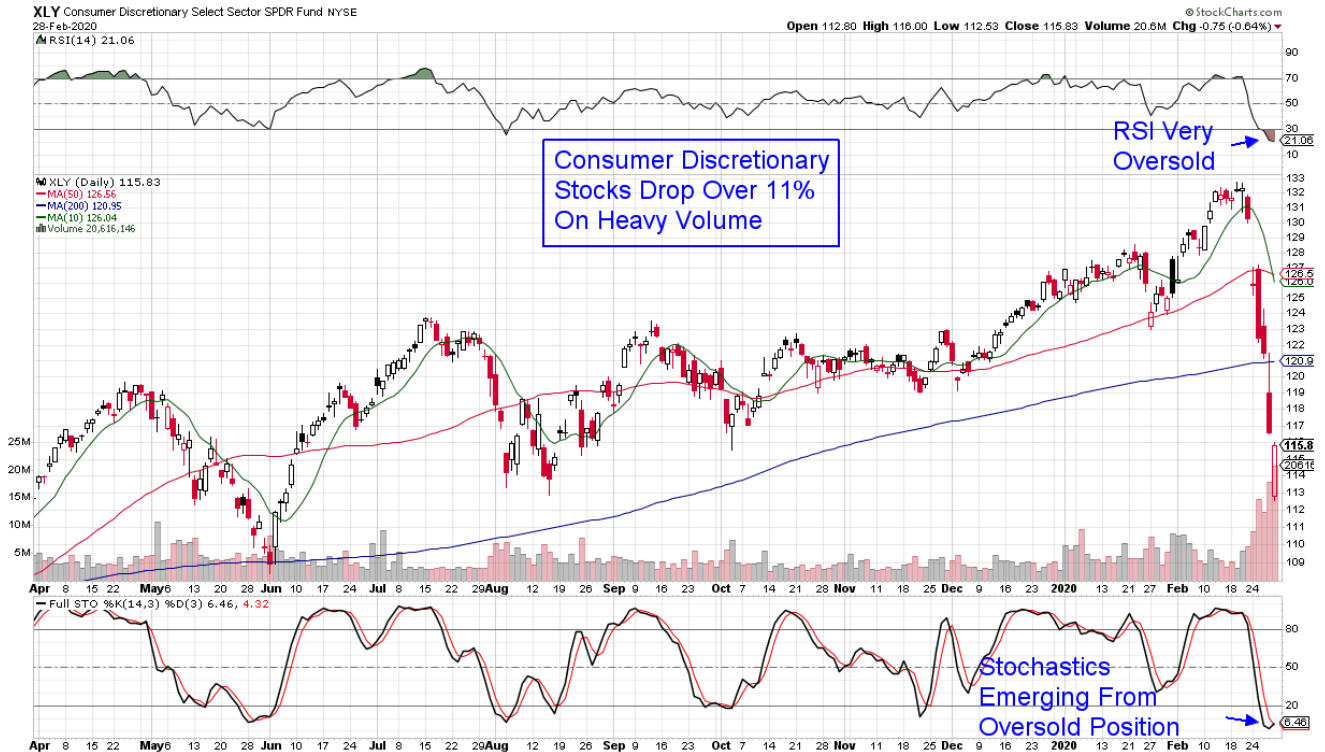
Managed care stocks were hit the hardest last week and while speculation may center around their ability to withstand an overload of patient claims in the face of a virus outbreak in the U.S., it was more Sander's political

ascension that brought the group down almost 15%. Political risk has impacted other areas of healthcare as well as candidates have proposed lower pricing mandates for Medical products.

While political risk as well as supply chain and epidemic concerns are a negative, we can't forget the defensive nature of Healthcare stocks with names such as Insulet (**PODD**) finding support at its 50-day moving average. The company provides insulin delivery products to diabetics and demand for their products will remain regardless of any global growth slowdown. PODD announced that one of their major manufacturing plants in China was reopened after only being shuttered for 2 weeks.

At this time, there is a dearth of other defensive plays in this sector outside of Biotech stocks that are making their way through clinical trial phases with the FDA. A close look at attractive stocks in this group shows that most of these companies are developing cutting edge treatments for cancer. Unfortunately, their earnings profiles are negative until they bring their products to market.

Daily Chart of Consumer Discretionary Sector



Consumer Discretionary Stocks Suffer

With many Retailers relying on China for product production, Discretionary stocks were hit hard last week as most factories remain closed. Most U.S. Retailers rely on China for goods and the expected supply disruption is hard to determine until we see a return to full manufacturing capacity.

Recently leading stock Lululemon (**LULU**) broke below its 50-day moving average after announcing closures of most of their stores in China. Sales there have grown tremendously over the past year and until the mandated closures have ended, uncertainty over the financial impact may keep this stock down.

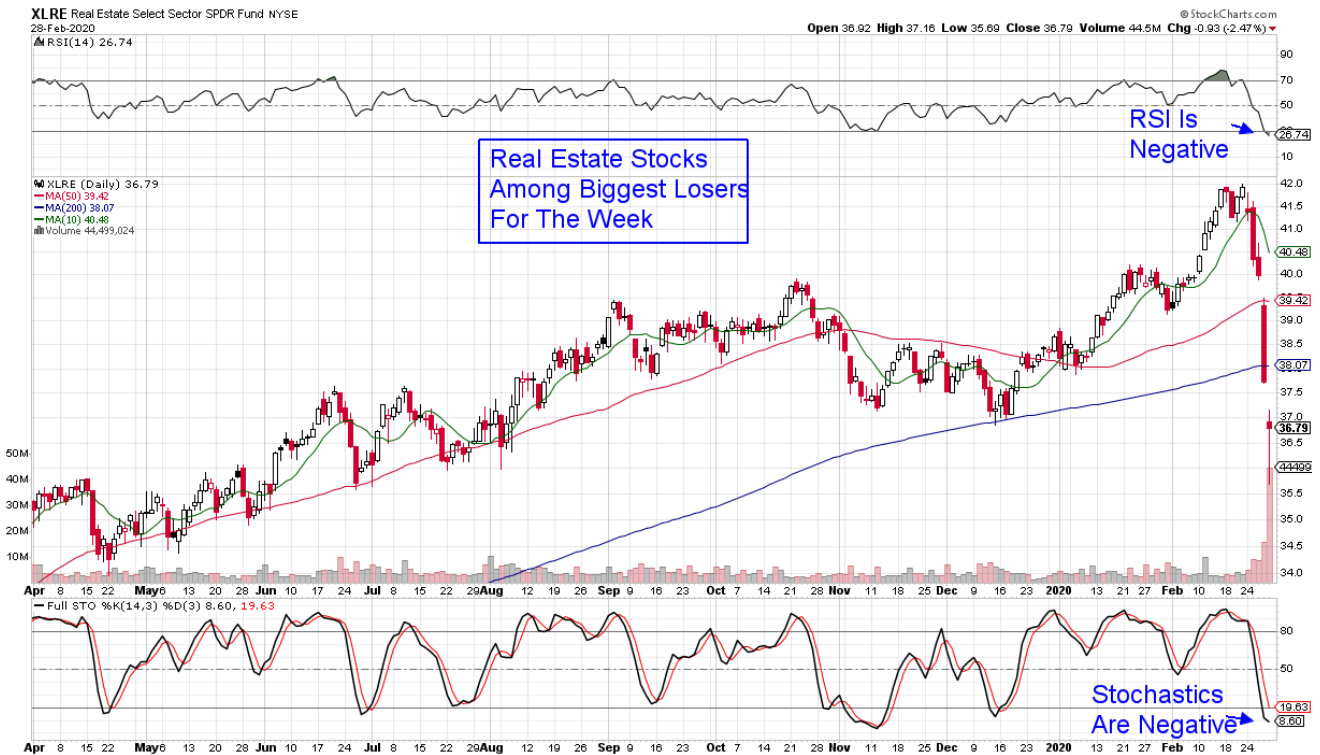
Travel related stocks were hit the hardest as corporations worldwide are beginning to restrict employee travel while major conferences are being postponed. Hotel and travel

related websites are down the most.

Other recently strong consumer related stocks were also hit with major Retailer Costco (**COST**) having a sharp break ahead of their earnings report next week as well as Home Depot (**HD**).

Restaurant stocks were also hurt as any spread of the coronavirus is expected to reduce traffic in these public stores. Wingstop (**WING**) joined Chipotle (**CMG**) by selling off on above average volume and it's now trading below its key 50-day moving average.

Daily Chart of Real Estate Sector



Real Estate Stocks Among Worst Performers

REIT stocks were clobbered last week despite their ability to provide yields that are much higher than the now historically low Treasury yields.

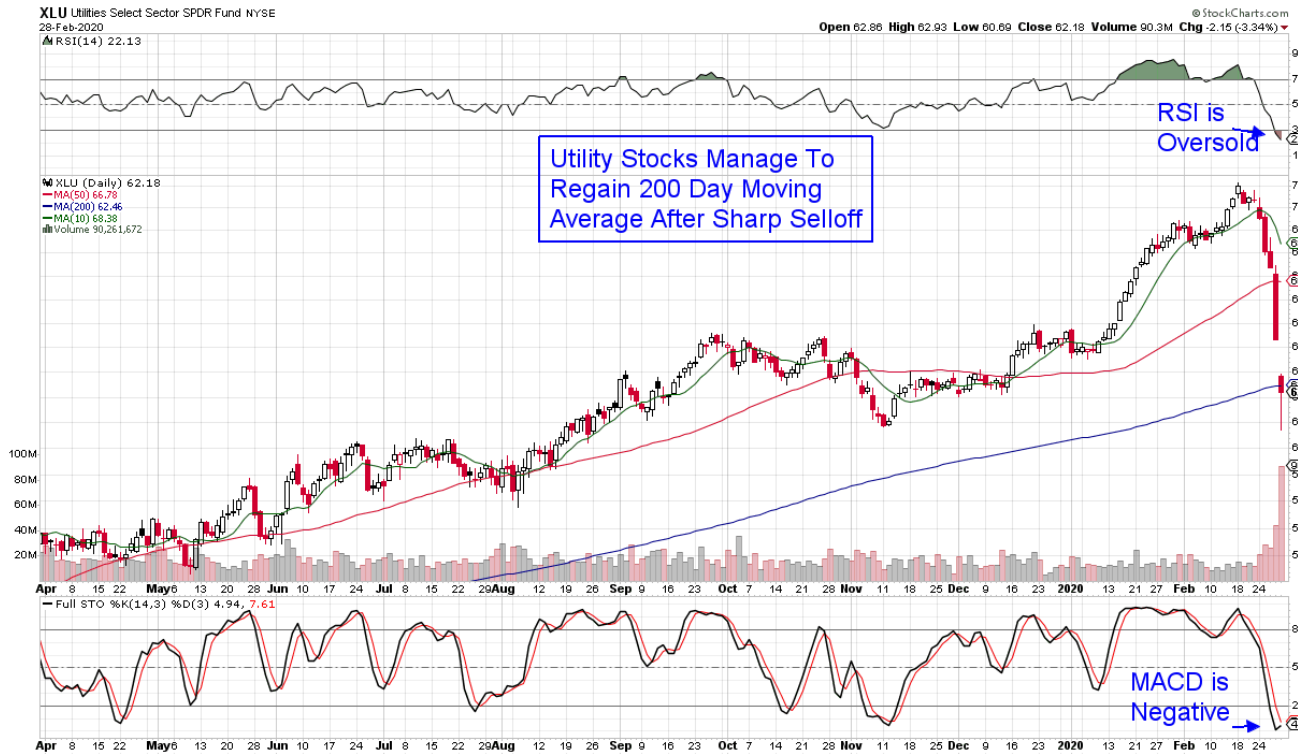
Hardest hit were Hotel and Lodging as well as Office REITs; particularly companies that have operations globally and are in countries that are currently under siege by recent COVID-19 outbreak. Lowered occupancy rates would negatively impact these stocks should we see a prolonged fallout from the virus.

Crown Castle (CCI) saw a sharp drop after the company reported 4th quarter results that were below estimates. In addition, the company restated prior quarterly results which is of course a negative.

Selling in REITs spread to other areas such as Hospital and Medical REITs despite a potential increase in needs for their services. Medical Properties Trust (MPW) found support following heavy buying on Friday after a pullback to its 200-day moving average. While this is bullish action, the stock is below its key 50 day moving average which is a negative.

Sun Communities (SUI) is in a similar position after finding support at its 200-day mav but now below its 50 day moving average.

Daily Chart of Utilities Sector



Utilities Stocks Trade In Line With Markets

It was a tough week for higher yielding Utility stocks as the selling pressures within the broader markets reached this normally defensive area of the markets as well.

Dominion (D) from our List fell even further than its peers following an SEC filing of fraud against the company's recently purchased South Carolina Utility subsidiary amid corporate lying. The selling spread to fellow South Carolina energy provider Duke (DUK) which fell less but still lost 10% for the week.

DUK gave back all of its gains from the past 5 weeks and while this 4.1% yielder is deeply oversold, it would need to break back above its 50-day moving average before being a buy candidate again.

Nextera (NEE) fell less than other Utility stocks however, it is also negatively trading below its key 50 day moving average. We fully expect NEE to regain its upward momentum but for now it is not a buy candidate.

SUMMARY: Unfortunately, the uncertainty surrounding the COVID-19 virus that caused last week's panic selling remains in place and until investors have a quantifiable outlook on its overall impact, we expect downward pressure to remain.

One event that may help stem selling would be intervention from the Federal Reserve who announced they are on hand to support the markets with a rate cut. Continued re-openings of factories in China would also help curb investor's fears.

As you'll see in our Suggested Holdings List, quite a few stocks are marked 'Removed from List' although in fact they were actually removed on Thursday. Our remarks in the report released that day discussed the fact that many stocks had broken below their key 50-day moving average but as some readers had questions, we are specifying again those stocks earmarked for removal.

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.	1,883.75	937.75 B	12/29/2019	1.00%	Retail - Internet
COST	Costco Wholesale Corporation	281.14	124.20 B	01/19/2010	-7.50%	Retail - Major Chains
HD	The Home Depot Inc.	217.84	237.63 B	01/19/2020	-6.00%	Retail - Building Products
LULU	Lululemon Athletica	217.41	28.33 B	09/08/2019	7.00%	Retail - Apparel
WING	Wingstop Inc.	84.45	2.49 B	12/12/2019	-3.00%	Retail - Restaurants
INDUSTRIAL						
CAE	CAE Inc.	26.81	7.13 B	11/03/2019	4.50%	Aerospace & Defense
HEALTHCARE						
ALNY	Alnylam Pharmaceuticals, Inc.	117.66	13.25 B	12/18/2020	-8.50%	Biotechnology
PODD	Insulet Corporation	189.97	11.94 B	1/12/2020	4.00%	Medical Products
VRTX	Vertex Pharmaceuticals	224.03	58.08 B	12/22/2019	1.50%	Biotechnology
WST	West Pharmaceutical Services, Inc.	150.56	11.12 B	06/05/2019	28.00%	Medical Supplies
REAL ESTATE						
CCI	Crown Castle International Corp.	143.29	59.55 B	01/15/2020	-0.50%	Real Estate - REIT
MPW	Medical Properties Trust, Inc.	21.13	10.94 B	01/15/2020	-3.50%	Real Estate - REIT
SUI	Sun Communities, Inc.	152.88	14.27 B	01/21/2020	-2.50%	Real Estate - REIT
UTILITIES						
D	Dominion Energy Inc.	78.18	64.35 B	06/17/2020	-10.50%	Utilities - MultiUtilities
DUK	Duke Energy Corporation	91.70	67.22 B	01/19/2020	-2.00%	Utilities - Diversified
NEE	NextEra Energy Inc.	252.76	123.59 B	01/15/2020	0.50%	Electric Services

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						
INTU	Intuit Inc.	265.85	69.25 B	01/08/2020	-2.50%	Software - Financial
MSFT	Microsoft Corp.	162.01	1.23 T	06/16/2019	22.50%	Software - Desktop
NOW	ServiceNow, Inc.	326.09	61.89 B	02/06/2020	-4.50%	Computer Software-Enterprise
NVDA	NVIDIA Corporation	270.07	165.28 B	12/18/2019	17.50%	Semiconductor - Graphics
PCTY	Paylocity Holding Corp.	129.52	6.94 B	12/19/2019	7.00%	Computer Software
RNG	RingCentral Inc.	235.75	20.53 B	01/06/2020	33.00%	Software - Cloud Based
SHOP	Shopify Inc.	463.31	54.09 B	12/01/2019	37.50%	Computer Software-Enterprise
VEEV	Veeva Systems Inc.	141.97	23.75 B	02/04/2020	-8.00%	Computer Software - Medical

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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