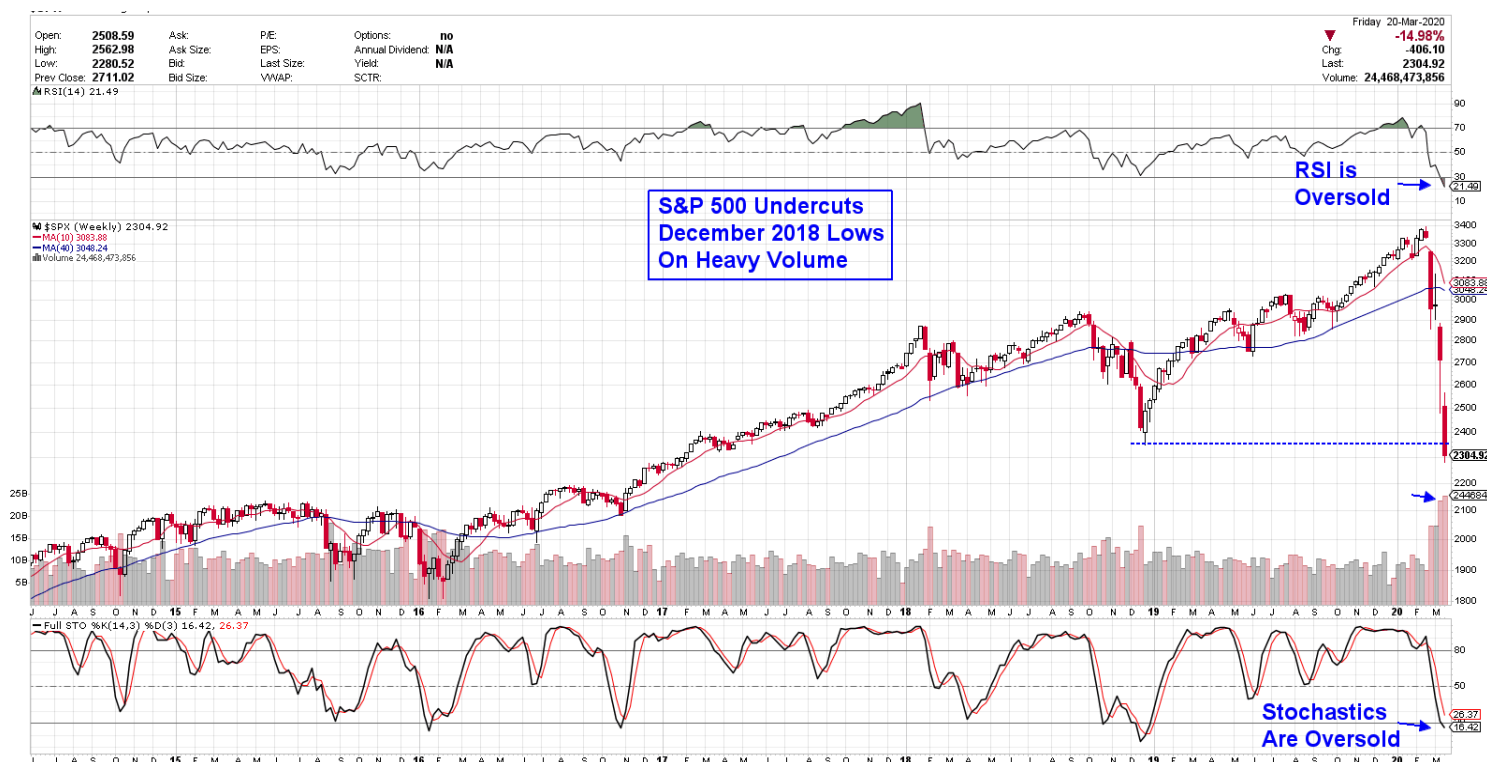




### THIS WEEK'S HIGHLIGHTS

- Intraday Volatility Hits Record Highs Last Week
- \$1.3 Trillion Stimulus Package In Jeopardy
- Federal Reserve Cuts Interest Rates Close To Zero
- China and South Korea Announce Significant Containment Of Virus
- Existing Home Sales Jump In February

## WEEKLY CHART OF S&P 500 INDEX



The S&P 500 dropped 15% last week in a move that pushed this Index below the December 2018 lows which was an expected area of support. Last week's swift decline pushed the RSI and Stochastics further into an oversold position on the weekly chart from which we can expect a downtrend reversal that would be more lasting given the longer chart timeframe.

Near-term, the trend for the markets is clearly down and while the 2018 lows that were viewed as support for the broader markets were undercut, several sectors are holding in above those 2018 lows as select stocks have growth prospects due to providing needed services unique to the current pandemic. Many of these companies are in the Nasdaq which fared the

best of the major Indexes as Biotech stocks involved in the fight against COVID-19 outperformed as did select high-demand Software stocks that are critical in keeping remote employees connected. Other companies holding up well provide streaming entertainment to a country in lockdown.

Last week was another highly volatile period that began with a sharp 12% selloff on Monday after an emergency Fed rate cut spooked the markets. The decline was somewhat tempered by brief relief rallies on news of a government stimulus package that may reach as high as \$1.3 trillion as well as emergency FDA approvals of coronavirus testing services.

Overall however, the uncertainty surrounding the containment of COVID-19 overrode positive news of lower interest rates and a government stimulus package. Given that we're in the beginning stages of the virus spreading within the U.S., continued news of increased cases is expected to push the markets lower.

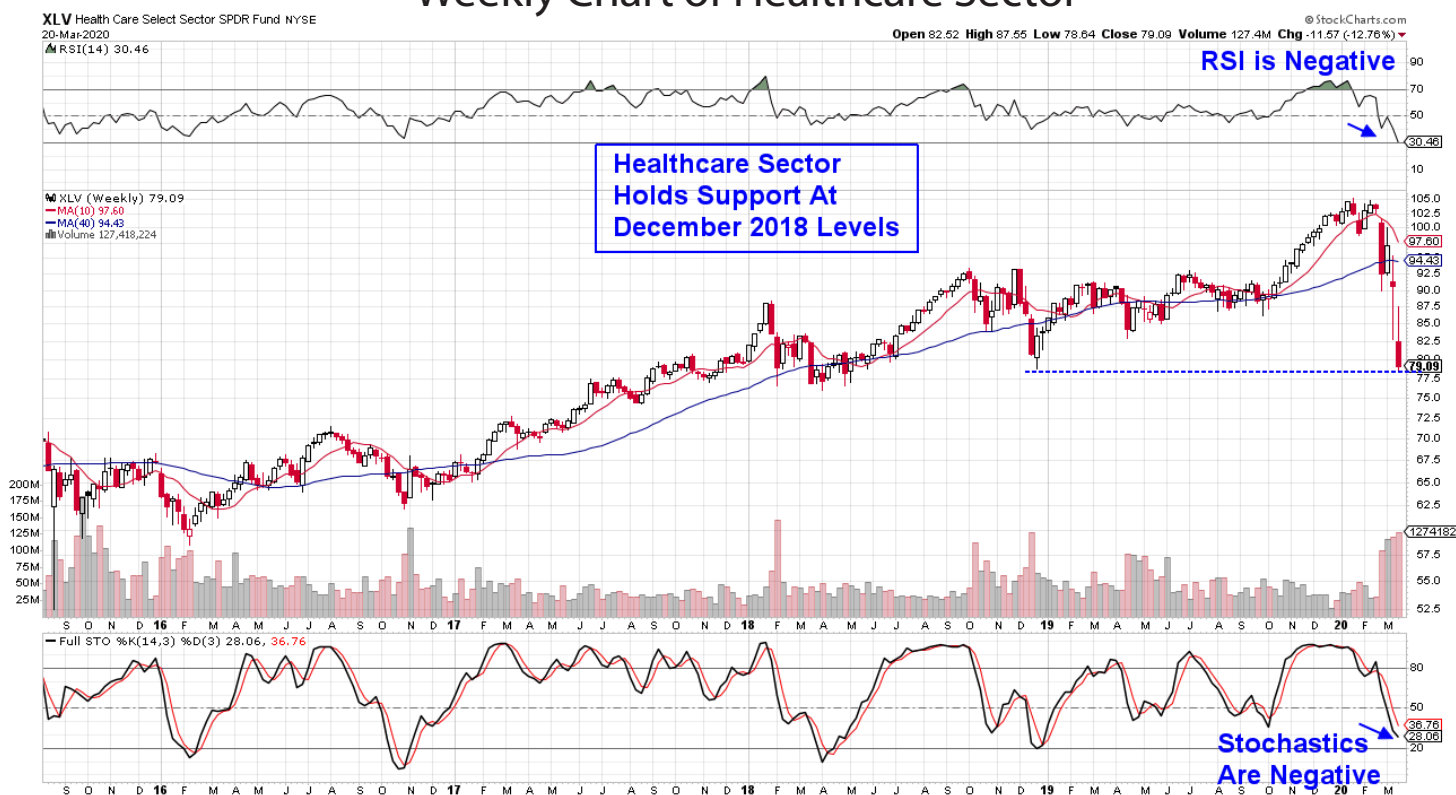
There are potential bright spots beginning to emerge however, as both China and South Korea have reported a pronounced drop in the number of new coronavirus cases while early reports out of the U.S. point to a potential containment level that could be much higher than hard hit

areas such as Italy.

In addition, global leaders are joining forces to help stem potential economic losses while new drug developments point to a possible COVID-19 antidote as early as this summer.

The uniqueness of the current pandemic has the markets and investors trading in uncharted waters as once defensive areas of the market are being pummeled while normally higher risk areas are under accumulation. Other themes are also emerging within the markets and we'll review all this below.

## Weekly Chart of Healthcare Sector



### Healthcare Sector Posts Losses Less Than Broader Markets

The Healthcare sector was mixed as pockets of strength within Biotech were offset by weakness in Hospital and Managed Care stocks. Medical related stocks are on the front line of a country that's battling COVID-19 and while heavy demand for some products is a positive, an overload of patients will hurt hospitals and healthcare insurers.

The good news is that the government is issuing emergency FDA approval to products that diagnose, treat or prevent serious diseases or conditions when there's no adequate alternatives.

While 9 products were approved over the past week, the stocks were not bid up as the companies issuing them have not been forthcoming about any expected increase in revenues. We have these stocks on our Watch List and will

alert you should any of them provide positive fundamental data that's supported by an attractive chart.

Gilead (**GILD**) from our Suggested Holdings List is in Phase 3 trials of a drug that's being tested on COVID-19 patients in the U.S. and Asia. The stock pulled back from a Thursday high in price and is finding support at its 10-day moving average.

At this time, there are 15 companies working on coronavirus vaccines or treatments and given what we know of the disease so far, demand for these products will extend well beyond the immediate needs now. Depending on their success, companies that emerge with viable treatments may well become leadership stocks once the market resumes its uptrend.

## Daily Chart of Utilities Sector



## Daily Chart of Real Estate Sector



## Daily Chart of Consumer Staples Sector



### Utility and Real Estate Stocks Lose Defensive Status While Staples Are Mixed

Utility and REIT stocks were pummeled last week as mandated lockdowns and its expected economic impact pushed these stocks down.

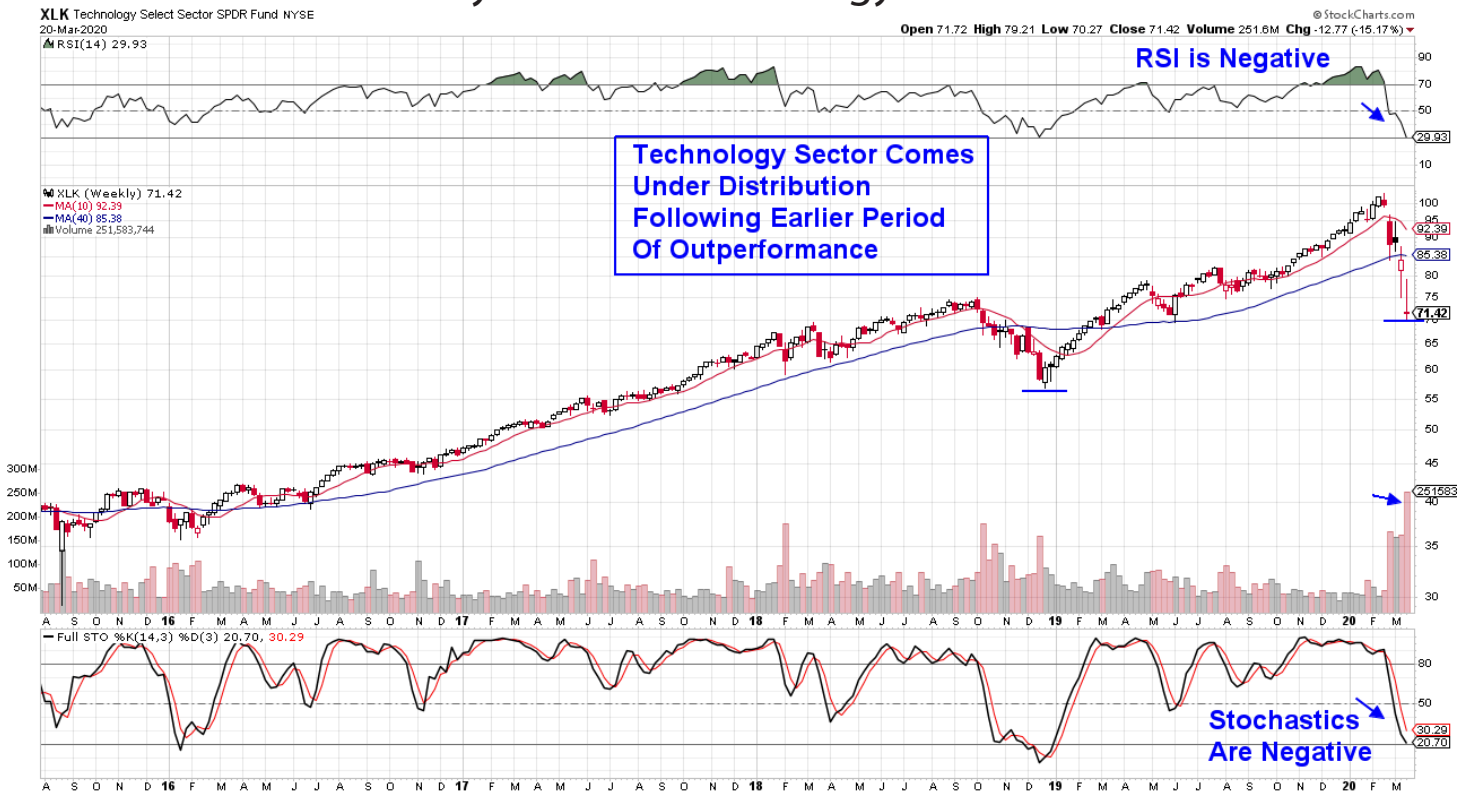
While individuals will still rely on the services provided by Utility companies, the shutdown of corporations throughout the U.S. will undoubtedly impact demand and hence lower revenues. At this time, we are removing those Utility stocks on our Suggested Holdings List as they've each broken below key support.

REIT stocks are also being negatively impacted by coronavirus related mandates that may well spur a new work from home culture which will reduce demand for corporate

office space. Hit even harder have been Lodging related REITs as all travel has ceased while Shopping related REITs are under pressure with the expected fallout from many now shuttered stores.

Consumer Staples stocks are more mixed with heavyweight major retailer Walmart (WMT) emerging as a leader after reporting massive growth in their online grocery sales. The company received 2 Wall Street upgrades as shoppers also flocked to their brick and mortar stores. Staple stock Costco (COST) is also holding up remarkably well as the retailer has been a go-to for those looking to stock up on goods during the current lockdown.

# Daily Chart of Technology Sector



## Technology Sector Has Bright Spots

The Tech sector dropped in line with the markets led by heavyweight stock Apple (AAPL) which sold off sharply with a 17.5% loss. Semiconductor stocks also had a tough week with the group falling over 15%.

There were pockets of strength within this sector however, as the mandated lockdown has highlighted the need for technologies that can allow individuals to function and work effectively without leaving their homes.

Software stocks showed relative strength after dropping a third less than the entire sector and we have a number of stocks from this area on our Watch List as their consistent revenue streams and conversion to cloud based services will

keep demand high.

Video conferencing software are seeing the highest demand currently with stocks such as RingCentral (RNG) from our Suggested Holdings List beginning to reverse its recent downtrend. RNG provides a cloud-based web-conferencing solution and a break of this stock above its 50- day moving average would make it compelling.

In essence, recent advances in Technology are what's allowing our economy to remain afloat and we expect this sector to resume its leadership position once the markets resume their uptrend.

**SUMMARY:** The broader markets remain in a negative downtrend and while we've highlighted several stocks as looking compelling, at this time we would be cautious about putting any new money to work.

Headlines over the weekend are highlighting the increased number of COVID-19 cases in the U.S. which will inevitably cause more downside in the markets. In addition, the government at this time appears to have hit a speed bump on its way to passing a coronavirus stimulus bill.

At some point, the virus will be brought under control and the markets will realize that and move on as in past periods of a crisis however, until we get a sense

that the coronavirus can be contained, the uncertainties surrounding its impact will continue to create excessive volatility as well as downward pressure in the markets.

On the bright side, we're seeing accelerated FDA passage of testing kits as well as treatments for COVID-19 with Kaiser Hospital in Washington state administering a trial vaccine that may be rolled out universally.

Any continued selling in the markets over the next several days will easily put the markets into a near-term oversold position from which short-term rally will eventually emerge. We will alert you to this as well as any other developments regarding the markets throughout the week.

# 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
<b>CONSUMER DISCRETIONARY</b>						
AMZN	Amazon.com Inc.	1,785.00	919.00 B	12/29/2019	-1.50%	Retail - Internet
<b>HEALTHCARE</b>						
GILD	Gilead Sciences Inc.	98.04	92.57 B	03/18/2020	-8.00%	Biotechnology
IBB	Biotechnology Index	98.04	6.21 B	03/04/2020	-19.50%	Biotechnology
LLY	Eli Lilly and Co.	122.40	117.06 B	03/04/2020	-13.00%	Pharmaceuticals
PODD	Insulet Corporation	142.60	8.96 B	1/12/2020	-22.00%	Medical Products
VRTX	Vertex Pharmaceuticals	206.00	53.41 B	03/04/2020	-16.00%	Biotechnology
WST	West Pharmaceutical Services, Inc.	130.65	9.65 B	06/05/2019	11.50%	Medical Supplies
<b>UTILITIES</b>						
D	Dominion Energy Inc.	67.22	56.33 B	03/04/2020	-24.50%	Utilities - MultiUtilities
DUK	Duke Energy Corporation	68.40	50.14 B	03/04/2020	-32.50%	Utilities - Diversified
NEE	NextEra Energy Inc.	191.75	93.76 B	03/04/2020	-32.00%	Electric Services
<b>TECHNOLOGY</b>						
MSFT	Microsoft Corp.	158.83	1.04 T	06/16/2019	3.50%	Software - Desktop
NOW	ServiceNow, Inc.	254.70	48.34 B	02/06/2020	-25.50%	Computer Software-Enterprise
NVDA	NVIDIA Corporation	205.75	125.92 B	12/18/2019	-10.50%	Semiconductor - Graphics
RNG	RingCentral Inc.	183.86	16.02 B	01/06/2020	4.00%	Software - Cloud Based
SHOP	Shopify Inc.	346.06	40.40 B	12/01/2019	3.00%	Computer Software-Enterprise
<b>REAL ESTATE</b>						
SBAC	SBA Communications Corporation	229.33	25.67 B	03/15/2020	-18.50%	Real Estate - REIT

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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