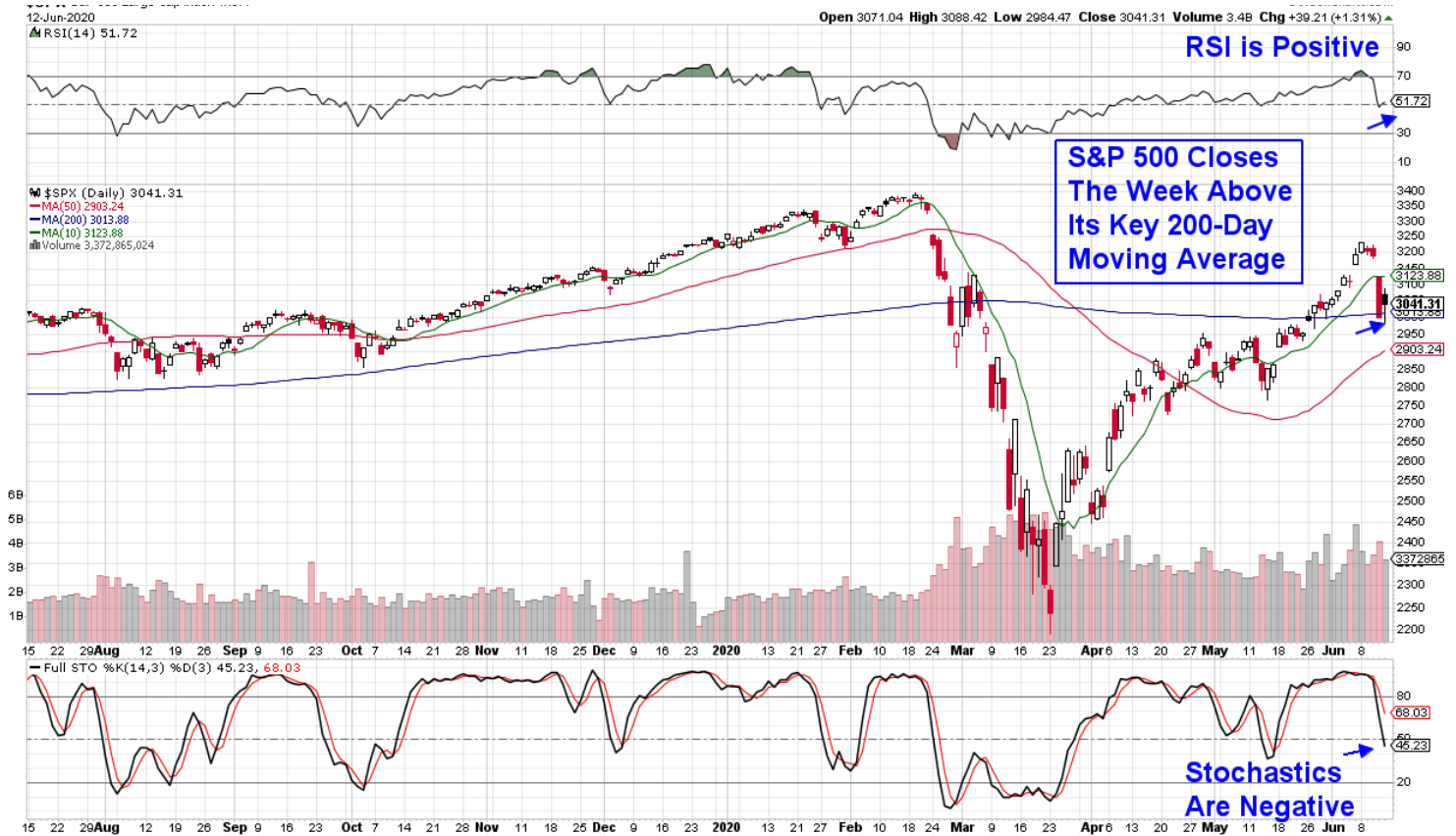




### THIS WEEK'S HIGHLIGHTS

- Federal Reserve Pledges Support While Predicting Dire Drop In GDP
- Interest Rates Due To Stay Flat Until 2023
- Resurgence Of COVID-19 Cases Globally
- 1.5 Million New Filings For Unemployment
- May Retail Sales & June Manufacturing Report Due Next Week
- Fed Chair Powell's Congressional Policy Report Due Next Week

## DAILY CHART OF S&P 500 INDEX



The S&P 500 fell 4.8% in a move that's pushed this Index down below its 10-day moving average while it closed the week above its key 200-day moving average. The RSI on the daily chart is bullish above 50 while the faster moving Stochastics turned negative. Despite mixed signals, the near-term uptrend for the markets remains in place.

We are raising some cautious yellow flags however as Thursday's sharp selloff in the markets was on above average volume and was accompanied by a sharp uptick in the Volatility Index (VIX) – better known as the fear index. In addition, Friday's recovery rally started out strong but fizzled into the close.

The good news is, the leading Nasdaq fell only 2.3% with

most FANMG stocks posting gains for the week as did select Software and other growth stocks such as those on our List.

This relative outperformance of leading areas that have pulled the markets out of bear territory is very positive as historically, the markets will hold up as long as leadership does.

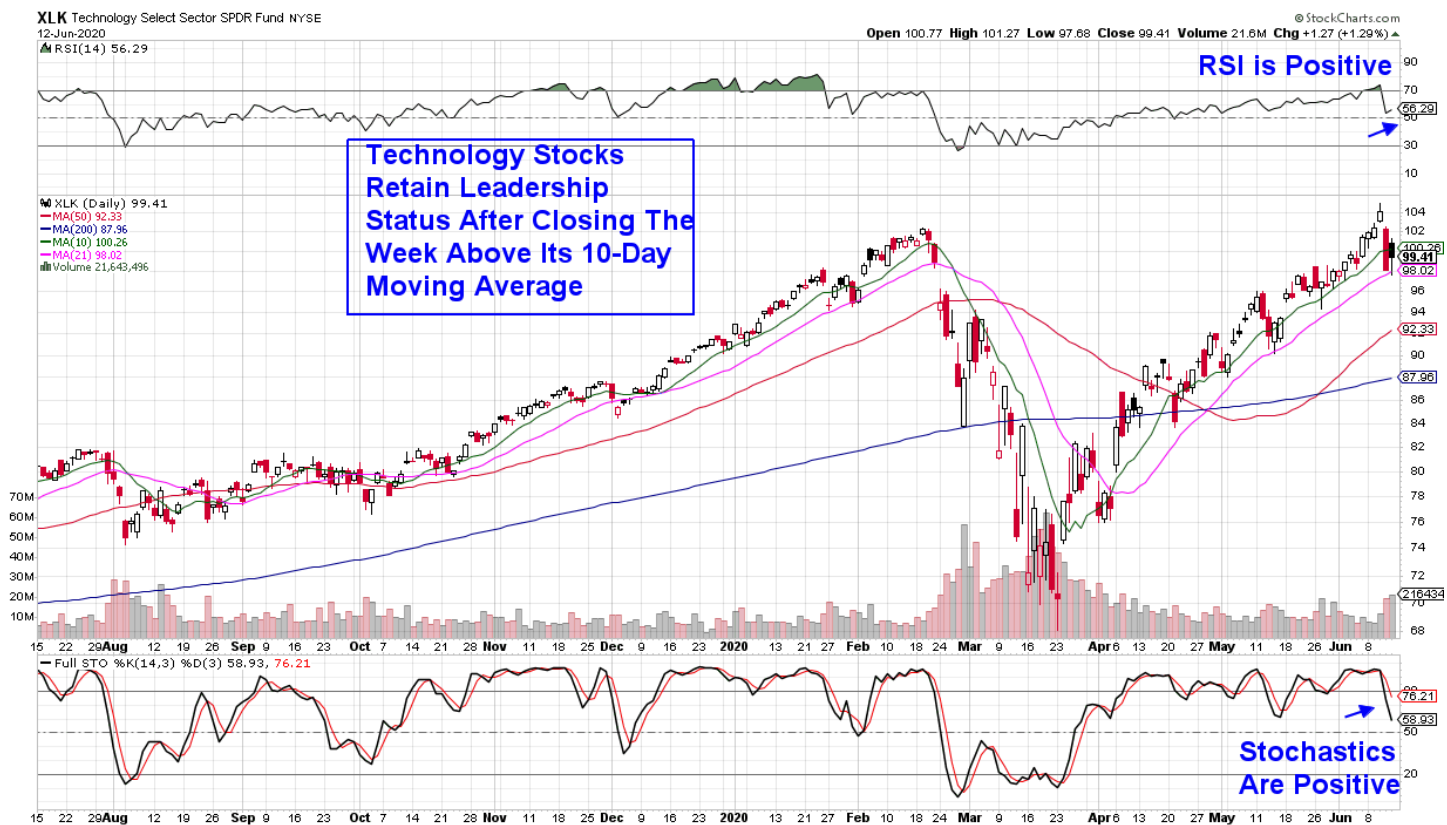
Hardest hit last week were Financials and Industrials that had experienced excessive gains of late due to optimism surrounding a reopening economy. As highlighted in our Midweek Report, these areas were the most susceptible to selling as their gains were not founded on actual reported growth.

We will continue to monitor the S&P 500's action around the 200-day moving average as a sustained break below this key level coupled with a negative RSI and Stochastics would spell trouble.

As we know, investor sentiment drives market action and

as coronavirus cases continue to flare up globally, fears of slowdown in recovery efforts could easily bring more selling. That said, there are areas of growth that have proven they can withstand selling due to reduced optimism surrounding a recovery and we'll review this below.

## Daily Chart of Technology Sector



### Technology Sector Falls The Least

The Tech sector was down only 2% last week as heavyweight stocks Apple (AAPL) and Microsoft (MSFT) both posted gains as did select, leading Software stocks such as those on our Suggested Holdings List.

While AAPL and MSFT did give back a good portion of their early-week rallies, the good news is both stocks pulled back to their shorter-term moving averages and remain in strong uptrends.

Not all areas within Tech fared as well however as Semiconductor stocks fell almost 5% for the week. Despite the drop, Semi stocks are up for the month (unlike the S&P 500) and are finding support at their 21-day moving average while keeping its uptrend firmly in place (using SOXX).

Leading Chip stocks such as those on our List have had explosive moves of late as reports of an increase in chip

sales globally has analysts raising guidance going forward.

These chips are used to power everything from much needed digital data centers to faster moving 5G networks and the fact that demand is increasing during a global shutdown, highlights how essential they are to keeping the economy running.

Last week's decline in this group was felt the most by those that had recently moved the highest. This would include Lattice Semiconductor (LSCC) from our List which gained 27% over the past three weeks. Last week's sharp drop pushed the stock back to its recent 4-month base breakout and into a strong buy zone.

Monolithic Power (MPWR) behaved in a very similar manner following its recently strong advance with last week's pullback putting the stock into a strong buy zone.

Leading chip stock Nvidia (**NVDA**) was flat for the week as it bullishly remained in a tight trading range. The stock is a strong buy as it's poised to break out of consolidation.

Inphi (**IPHI**) has more work to do as the stock continues to pullback from its triple digit gains last month. IPHI dropped much less than SOXX and did so on lighter volume. A break back above its 21-day mav on volume would be quite bullish.

Both Qualcomm (**QCOM**) and A S M L (**ASML**) pulled back to the top of recent base breakouts and into strong buy zones. Each of the Semiconductor stocks on our Suggested Holdings List have bullishly had earnings estimates revised upward for this year and next.

Software providers are another essential area that has seen sales improve during the global shutdown as cloud computing has enabled businesses and schools to remain open during a mandated lockdown.

Software stocks fared much better last week with a 1.3% drop (using IGV) as unlike the recent strong rally in Semi's, these stocks had been underperforming going into last week and were not near-term extended.

Veeva Systems (**VEEV**) from our List gained 8% as analysts raised estimates after the company's bullish earnings report and new product announcements in late May.

VEEV provides cloud computing services that help Biotech and Pharmas navigate all aspects of their clinical trial phases for new drugs. The race to uncover a COVID-19 vaccine as well as other disease remedies has pushed up demand for their products and VEEV is in a buy zone after bullishly finding support at its 10-day moving average.

Zoom (**ZM**) was another big winner last week as the stock briefly hit a new high on Thursday while most of the markets

sold off sharply. This is another company with strong growth prospects with analysts estimating a 261% increase in earnings this year. A pullback to the 10-day moving average is an ideal buy point for this stock.

Adobe (**ADBE**) reported strong earnings results on Thursday after seeing a big boost in subscriptions due to the recent lockdown. Analysts are raising estimates and the stock can be bought on any pullback after closing the week at a new high.

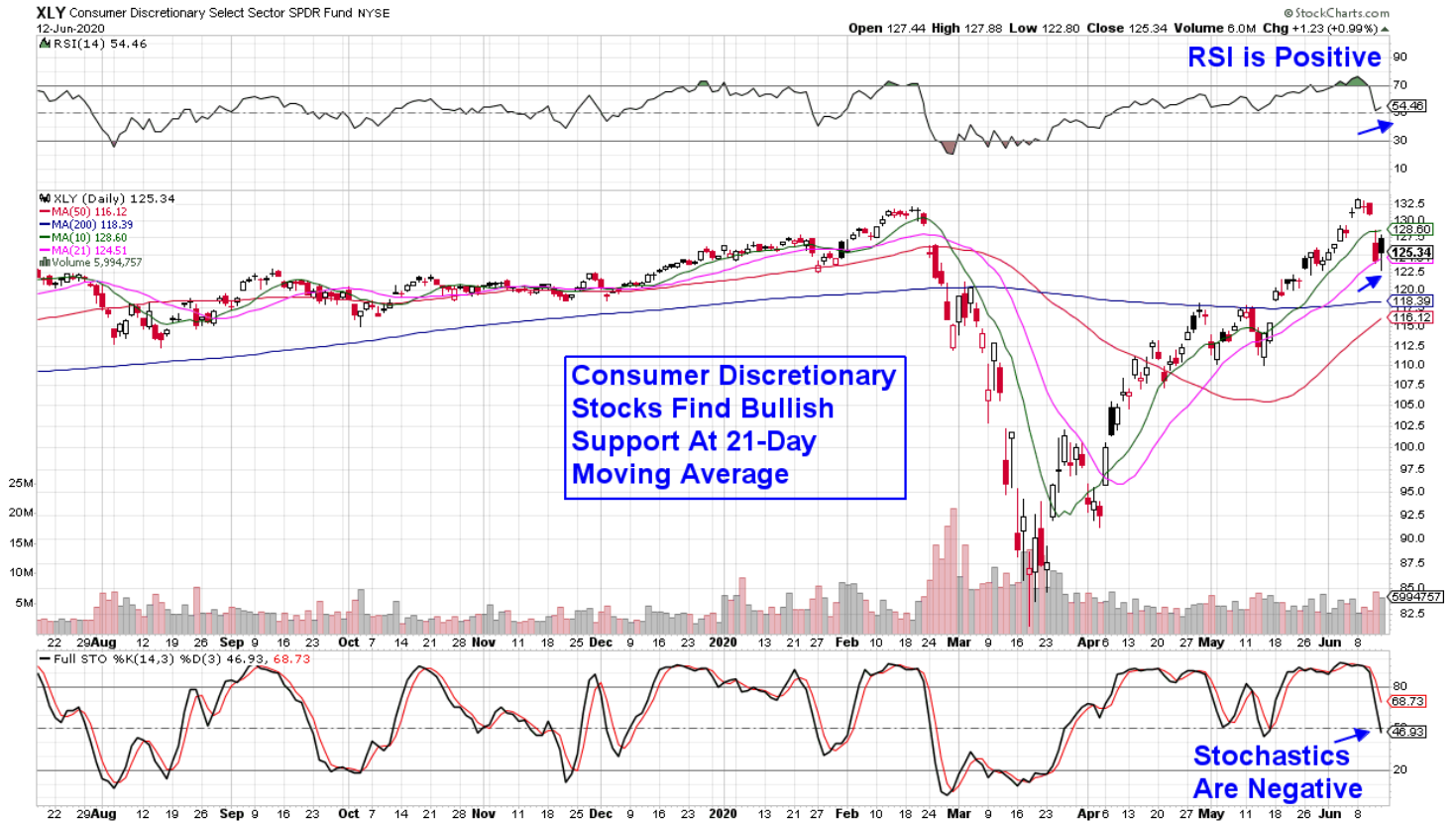
Coupa (**COUP**) and Shopify (**SHOP**) were also up for the week and both names are in bullish positions coming out of an oversold position. We'd be a buyer on any break back above their 10-day moving average. And while RingCentral (**RNG**) also had gains in the 3% range, the chart is providing mixed signals.

Cadence Design (**CDNS**) and Autodesk (**ADSK**) were the only two Software stocks on our List that declined for the week as both names were pulling back from new highs. CDNS is a strong buy following its pullback to the 21-day mav while ADSK remains a bit extended despite last week's pullback.

Software and Semis are leading the markets due to high product demand which in turn, is keeping their growth prospects intact. As cited in the past, they provide essential products and services which would classify them as defensive stocks that would be more immune to an economic slowdown.



# Daily Chart of Consumer Discretionary Sector



## Consumer Discretionary Sector Drops 4.5%

Heavyweight stock Amazon (AMZN) helped this sector slightly outperform the markets after posting a 2.5% gain for the week. This is another FANMG stock that gave back a good portion of its earlier gains, however AMZN bullishly pulled back to its 10-day moving average. Historically, a pullback to its 21-day mav is an ideal buy point for this stock.

Internet Retail stocks such as AMZN have generally been the better performers in this sector as locked-down consumers are purchasing more goods online.

Etsy (ETSY) from our List is an example and the stock was upgraded last week which helped it far outpace the sector with a 1.3% gain. Pet products provider Chewy (CHWY) also outperformed after reporting 1st quarter sales that surged. CHWY help support at the top of its 2-month base breakout and can be bought. ETSY is also in a buy zone.

Other areas of retail such as restaurants were hit hard as renewed coronavirus cases pushed down their recovery prospects. Chipotle (CMG) from our List pulled back to the top of its May base-breakout and into a buy zone.

Home Depot (HD) pulled back to the top of its cup with handle base breakout from last month and into a buy zone

as well.

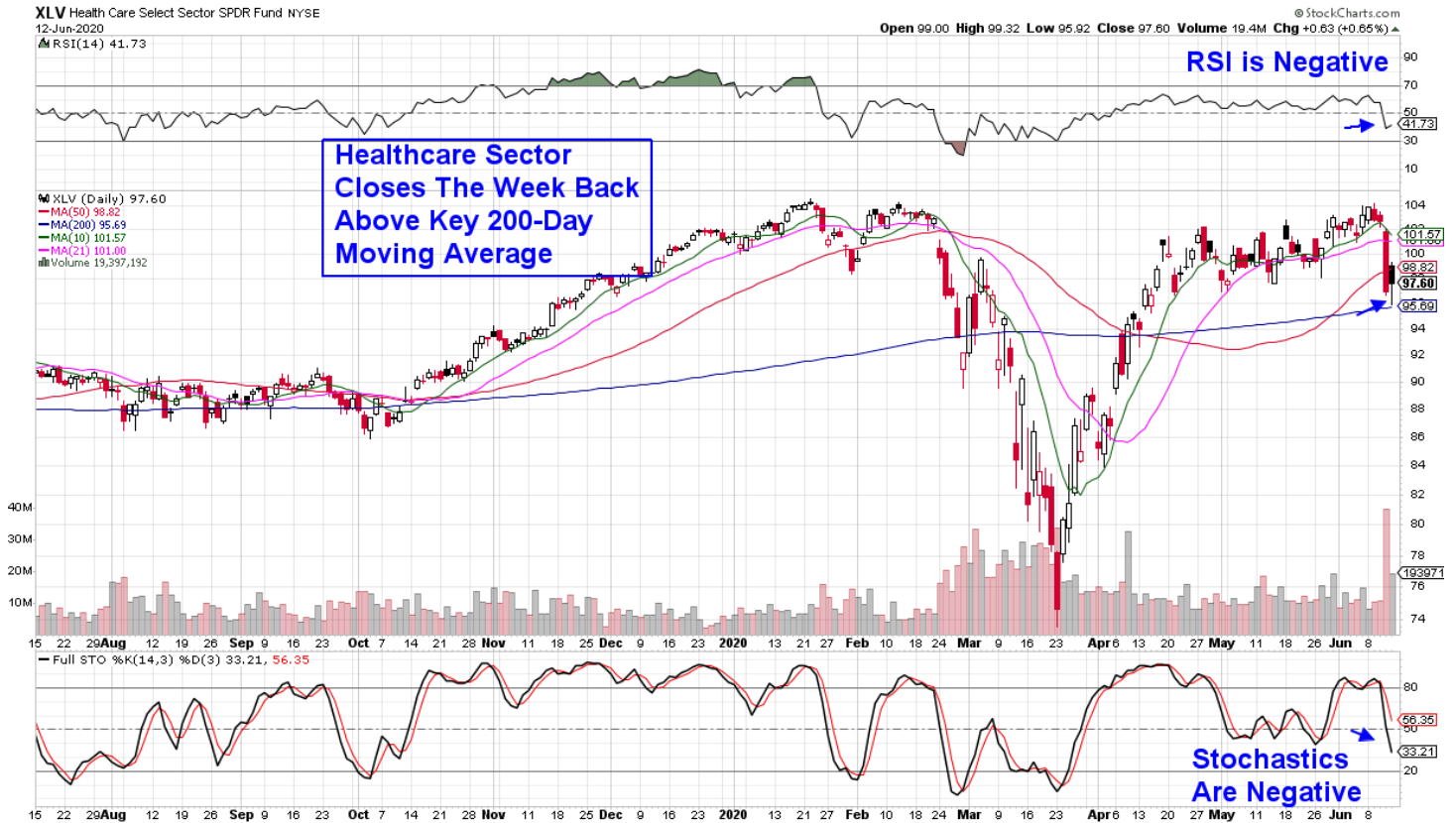
Lululemon Athletica (LULU) reported disappointing Q1 earnings on Thursday however, management's bright outlook for the future helped stem further losses. The stock pulled back right to its 21-day moving average where it found support on high volume. LULU is a buy.

While Homebuilders were hit hard last week, L G I Homes (LGIH) from our List fared better than its peers. LGIH continues to open communities in high growth areas such as Texas and Arizona and their May home closings number was within 5% of last year's report despite a national lockdown.

LGIH is in a strong buy zone however, next week's building permits and housing starts numbers may add to volatility for this and other housing stocks.

Overall, the Consumer Discretionary sector remains in a near-term uptrend with distinct pockets of strength. Preliminary Consumer Confidence numbers for June showed an improvement however, next week's Retail Sales numbers many shed more light on the outlook for this area.

# Daily Chart of Healthcare Sector



## Healthcare Stocks Post Another Weak Period

Last week, the Healthcare sector broke below its key 200-day moving average before recovering slightly. This sector (XLV) is dominated by large Pharmaceutical companies that have been greatly underperforming the markets of late.

In contrast to Pharma's 42% weight, Biotechnology stocks account for only 7% of this sector. Last week, Biotechs were down less than the broader markets and every stock in this area on our List outpaced the group (using ETF **IBB**).

As you know, we've been suggesting an underweight in Healthcare until accumulation characteristics turned positive and as highlighted in our Midweek Report, stocks on our List began seeing support on Wednesday.

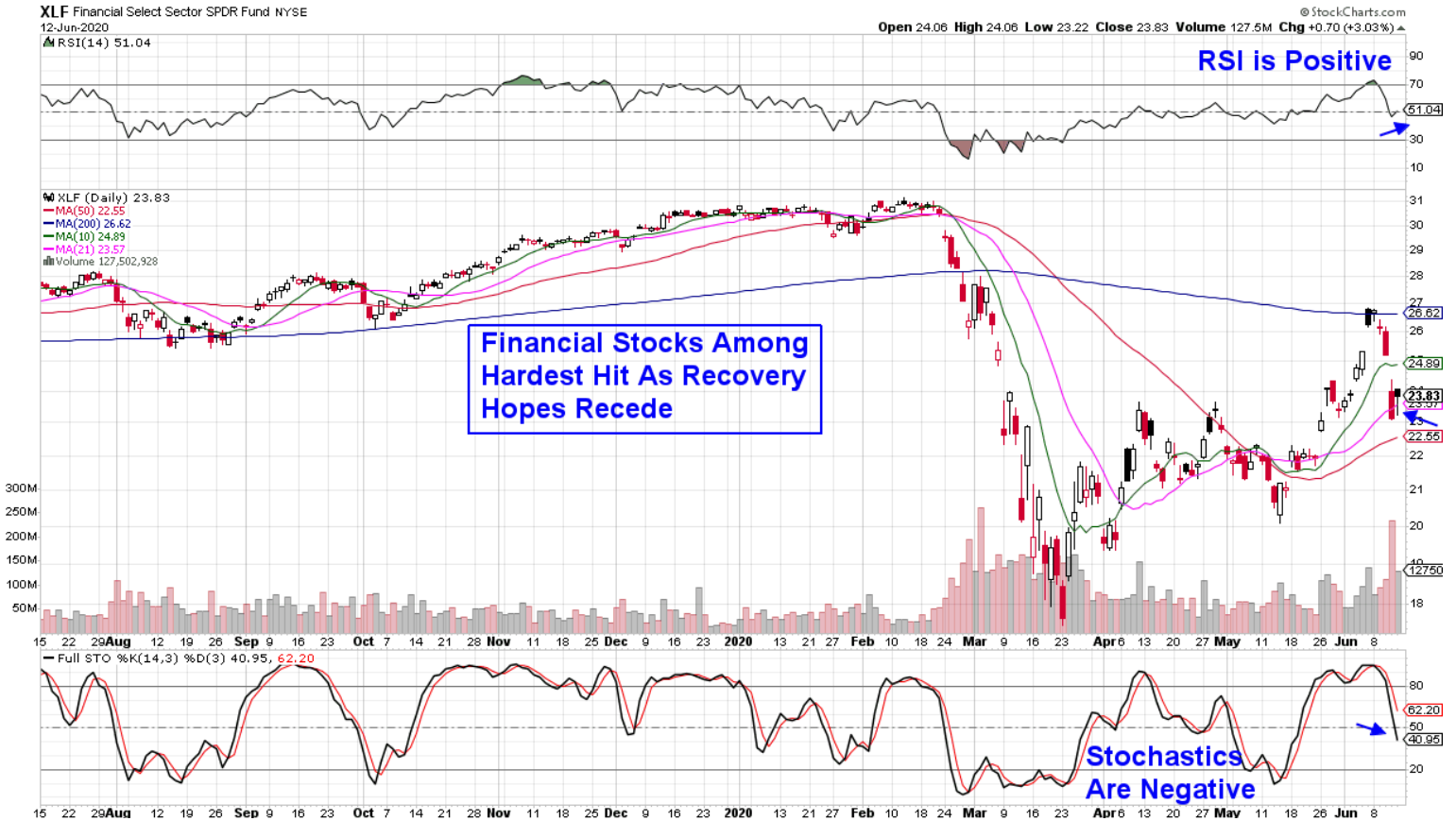
While this buying did not follow through in all stocks due to market pressures, Quidel (**QDEL**) did continue to emerge from its oversold position and has since bullishly broken back above all key simple moving averages - putting the stock into a strong buy zone.

Seattle Genetics (**SGEN**) gained almost 2% for the week however a break back above its 10 and 21-day moving averages would put the stock in a bullish buy zone. Vertex (**VRTX**) is in a very similar position following its 1% gain for the week.

Neurocrine Biosciences (**NBIX**) and West Pharma (**WST**) both pulled back much less than the markets and may be close to setting up for an advance, however they each have negative signals on their daily chart (WST – its RSI and NBIX – its stochastics) and we will alert you when a positive setup emerges.

The outperformance of riskier Biotechs is bullish for the markets and we'll be on the prowl for continued bullish action as these stocks also have a defensive nature as well.

# Daily Chart of Financial Sector



## Financial Stocks Suffer

The Financial sector was one of the worst performers last week led by a sharp drop in Bank stocks. While their 12% decline was painful (using ETF KRE), the group did not give up all of last week's 17% gain.

Larger Bank stock Morgan Stanley (MS) from our List fared much better on a relative basis after dropping 6.5% for the week. It was the best performer in its group following comments from their CEO that the worse is behind the company as they are setting aside less in loan loss reserves. MS pulled back to its 200-day moving average and into a

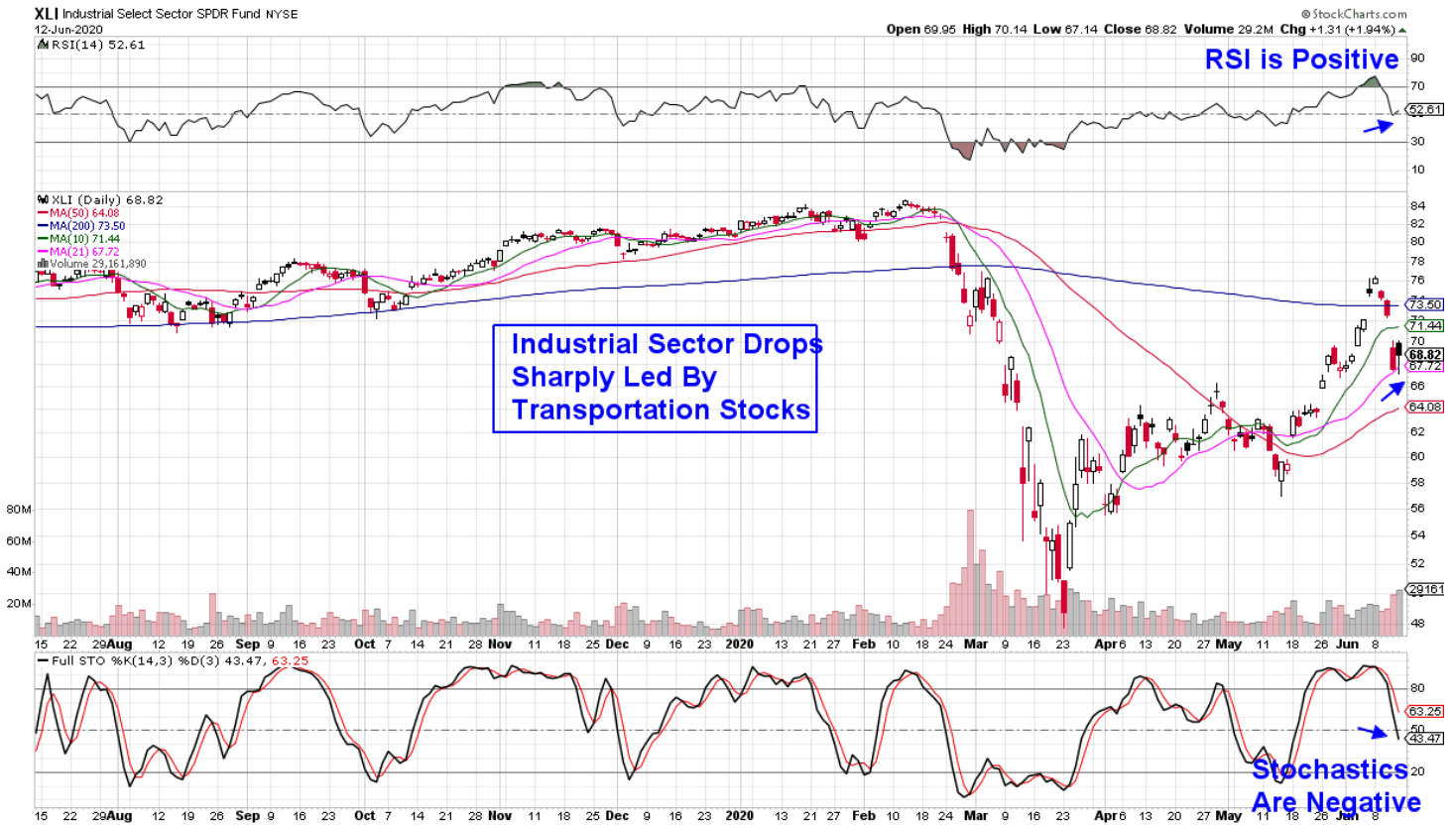
buy zone.

S I V B Financial (SIVB) did not fare as well with a solid break below key support that has us concerned. The stock did find support at its 21-day moving average however and can be held.

Payment Processor Paypal (PYPL) is in a very bullish position after losing less than 1/2% last week. The stock is in a buy zone as analysts raise estimates.

Both the sector and many Bank stocks within it, bullishly found support at their 21-day moving averages and we will

# Daily Chart of Industrial Sector



## Industrial Stocks Get Hit

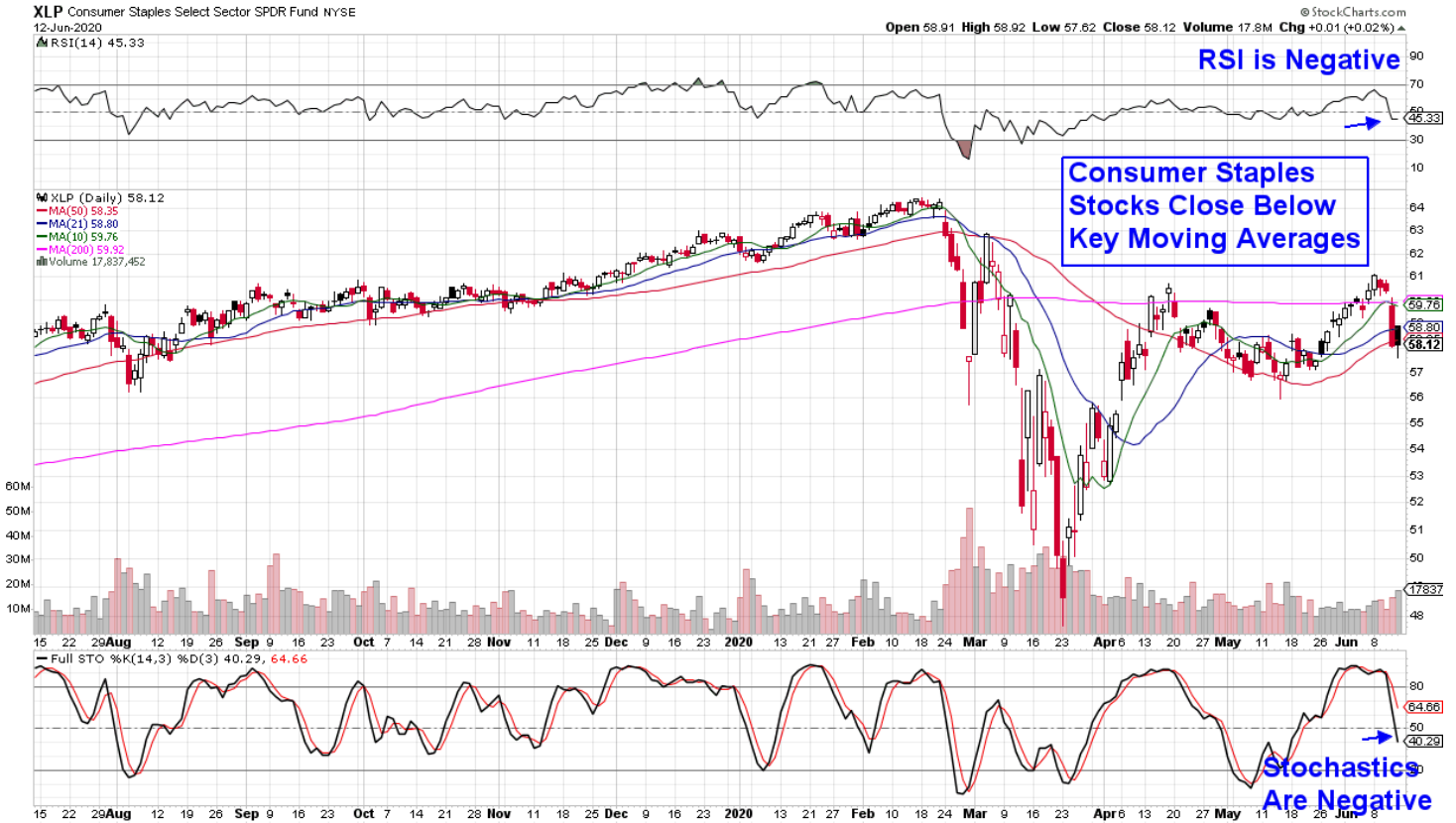
Last week, this sector lost 8% and not surprisingly, it was led by Airline stocks. Not all transports fared worse than the markets however as Hunt Transportation (**JBHT**) from our List pulled back to its 21-day moving average where it bullishly found support. The stock is in a buy zone as analysts raise estimates for this year.

Defense related stocks also posted sharp pullbacks and Lockheed Martin (**LMT**) was not immune. The stock dropped despite being awarded a \$9 Billion contract from a

Senate bill in addition to another \$1 Billion missile contract. While LMT outperformed most of its peers, we will be watching the stock closely as it would need to remain above its 50-day moving average to remain on our List.

Lastly C A E (**CAE**) also pulled back sharply in line with its peers however, the stock bullishly closed the week above its key 10-day moving average and can be held.

# Daily Chart of Consumer Staples Sector



## Consumer Staples Sector Outperforms

Staples stocks dropped less than the broader markets however, the sector closed below each of its key moving averages with a negative RSI and Stochastics. A lack of broader participation in these higher yielding, defensive stocks

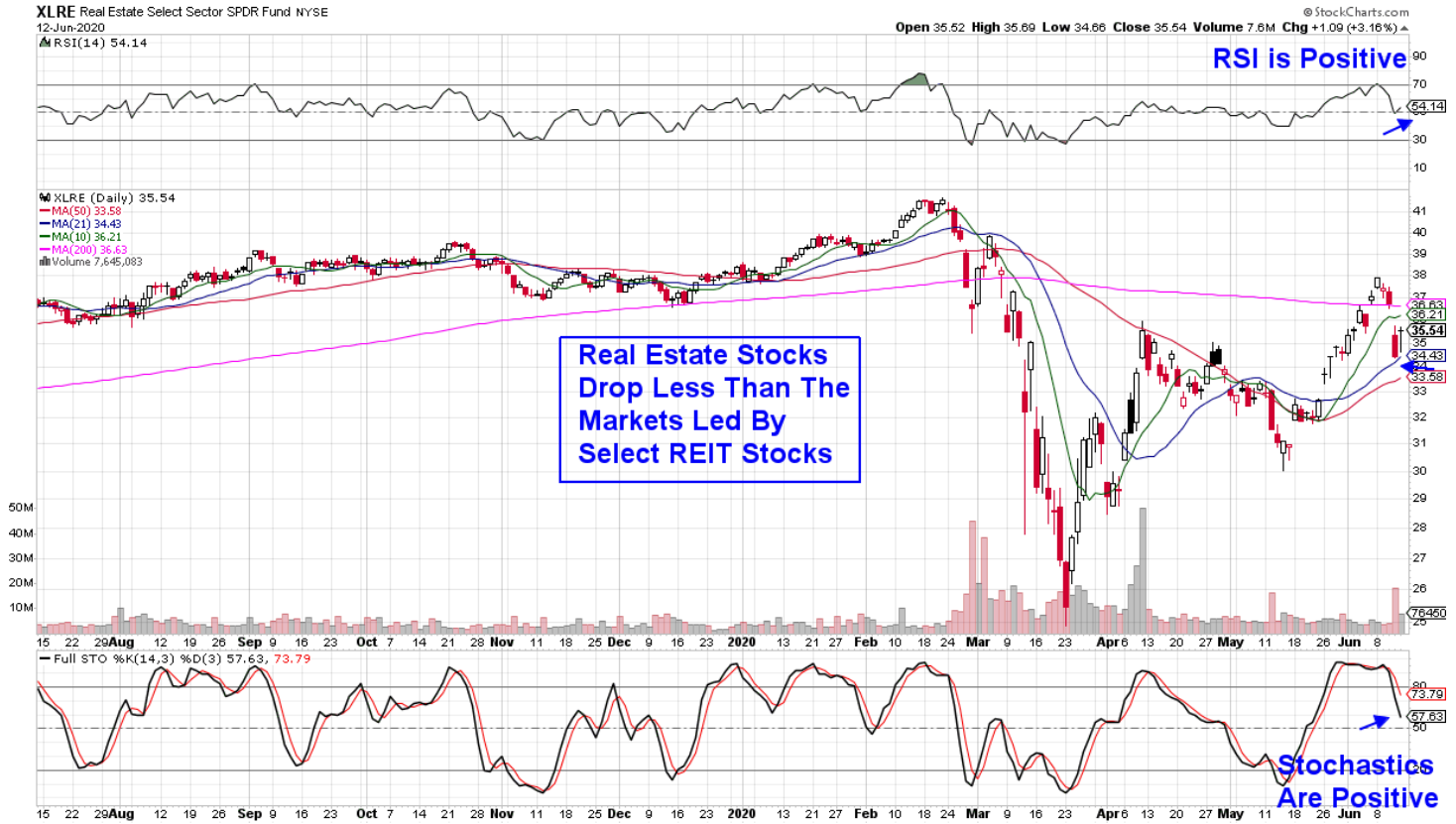
The specialty Staple stocks on our List fared much better with plant-based food manufacturer Beyond Meat (**BYND**) closing the week up over 8% on news of expansion plans into China. While the stock pulled back from larger gains at

the beginning of the week, **BYND** bullishly found support at its 10-day moving average and is in a strong buy zone.

Freshpet (**FRPT**) also provides fresh meat products however, they cater to dog owners who are increasingly spending more on their pets. The stock pulled back far less than the markets and right to the top of its recent base breakout. **FRPT** can be bought.



# Daily Chart of Real Estate Sector



## Real Estate Stocks Relatively Outperform

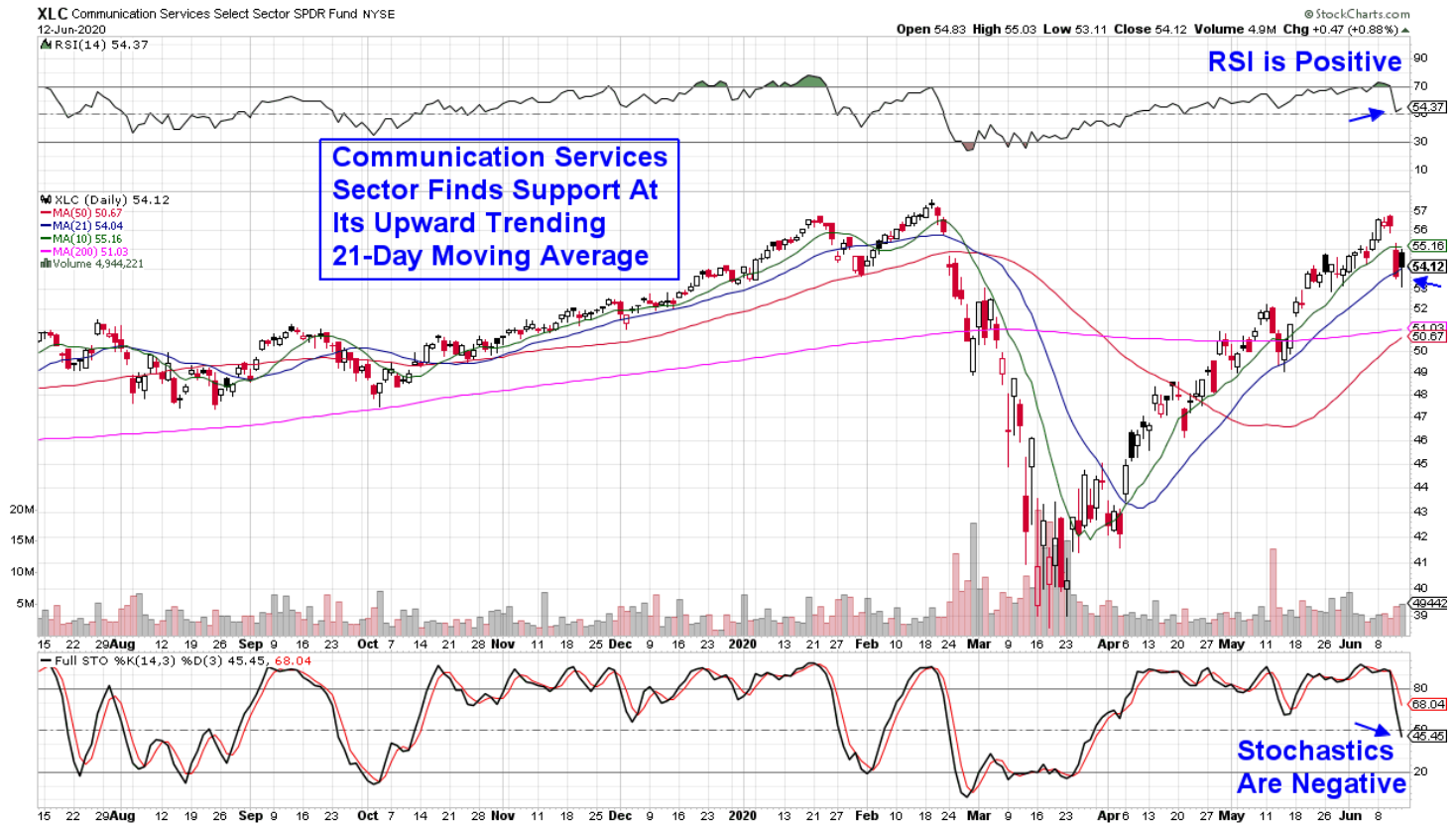
Recently strong REIT stocks dropped less than the markets in a surprising move as these stocks were part of the “optimistic reopening” rally that boosted lagging areas of the market.

The Fed’s announcement that they’re expecting to keep historically low interest rates at current levels appears to have overridden fears of coronavirus spreading and both Crown Castle (CCI) and Store Capital (STOR) are in strong buy zones. Both stocks broke back above shorter-term moving

averages after a pull back to longer term mavs.

Not all REITs had a bullish week however, as Hotel and select Retail names were hit hard.

# Daily Chart of Communication Services Sector



## Communication Services Sector

Netflix (NFLX) and Facebook (FB) account for 25% of this sector and both stocks held up remarkably well despite pulling back from gains earlier in the week.

FB has bullishly found support at its 21-day moving average while NFLX closed the week just below its key 50-day

moving average. While this break in NFLX would normally be viewed as a sell signal, a look at the daily chart shows that this stock can undercut this key mav and bounce back.

**SUMMARY:** Currently, we have a tale of two markets as recently strong growth stocks remain in strong uptrends and appear poised for further upside. In addition, those growth stocks that suffered losses last week had strong runups that warranted a pullback.

On the other side are economically sensitive stocks which appear to have gotten ahead of themselves and remain susceptible to further downside should optimism surrounding a swift recovery continue to recede.

While we've highlighted stocks from our Suggested Holdings List as being in buy zones, the action in the

overall markets will trump these recommendations as any continued selling pressures will impact all areas of the markets over the near term

Early reports show that the number of new coronavirus cases is expanding globally and if investors show signs of being able to shrug this off, then we would wade into the markets. Until then, we would stay with stocks that continue to find support above their key moving averages and hold off on any new purchases until more evidence is in.

As always, we'll alert you to any shift in sentiment.

## 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.	2,545.02	1.27 T	12/29/2019	36.00%	Retail - Internet
CHWY	Chewy Inc.	48.13	19.33 B	05/25/2019	12.50%	Retail - Internet
CMG	Chipotle Mexican Grill	991.83	27.66 B	04/26/2020	12.50%	Retail - Restaurant
ETSY	Etsy, Inc.	79.76	9.47 B	05/31/2020	-1.50%	Retail - Internet
HD	Home Depot Inc.	242.45	260.76 B	05/10/2020	3.50%	Retail - Building Products
LGIH	LGI Homes, Inc.	85.05	2.13 B	05/31/2020	2.00%	Home Builder
LULU	Lululemon Athletica Inc.	296.36	38.58 B	05/10/2020	24.50%	Retail - Apparel
<b>CONSUMER STAPLES</b>						
BYND	Beyond Meat Inc.	144.74	9.01 B	04/17/2020	8.00%	Food - Meat Substitute
FRPT	Freshpet, Inc.	79.13	3.19 B	05/31/2020	2.50%	Food - Packaged
<b>FINANCIALS</b>						
MS	Morgan Stanley	46.28	72.92 B	05/27/2020	-1.50%	Money Center Bank
PYPL	Paypal Holdings Inc.	155.26	182.30B	04/12/2020	46.50%	Payment Processor
SIVB	SVB Financial Group	208.53	10.74 B	06/03/2020	-5.00%	Bank Holding Company
<b>HEALTHCARE</b>						
IBB	Biotechnology Index	128.08	8.54 B	03/04/2020	5.50%	Biotechnology
NBIX	Neurocrine Biosciences	114.82	10.66 B	05/25/2020	-8.00%	Medical - Biotechnology
QDEL	Quidel Corporation	171.80	7.22 B	05/31/2020	-2.00%	Medical - Diagnostic
REGN	Regeneron Pharmaceuticals	588.39	66.21 B	03/29/2020	24.50%	Biotechnology
SGEN	Seattle Genetics Inc.	151.16	26.17 B	04/17/2020	-5.50%	Medical- Biotechnology
VRTX	Vertex Pharmaceuticals	268.56	69.63 B	03/04/2020	9.50%	Biotechnology
WST	West Pharmaceutical Services, Inc.	200.73	14.77 B	03/26/2020	38.00%	Medical Supplies

*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
<b>TECHNOLOGY</b>						
AAPL	Apple Inc.	338.80	1.47 T	04/06/2020	29.00%	Phones & Hardware
ADBE	Adobe Inc.	406.54	195.87 B	04/26/2020	18.00%	Computer Software-Desktop
ADSK	Autodesk Inc.	222.96	48.87 B	04/19/2020	23.00%	Computer Software-Design
AMD	Advanced Micro Devices Inc.	53.50	62.66 B	06/09/2020	-5.00%	Semiconductors
ASML	ASML Holding NV	343.07	149.82 B	04/08/2020	23.00%	Semiconductors
CDNS	Cadence Design Systems Inc.	89.46	24.98 B	04/29/2020	9.00%	Computer Software - Design
COUP	Coupa Software Inc.	224.01	15.03 B	04/19/2020	35.00%	Computer Software-Enterprise
IPHI	Inphi Corporation	109.22	5.27 B	04/06/2020	25.00%	Semiconductors
LRCX	LAM Research Corp.	284.52	41.30 B	06/07/2020	-6.50%	Semiconductor Equipment
LSCC	Lattice Semiconductor	26.10	3.51 B	04/29/2020	17.00%	Semiconductors
MPWR	Monolithic Power Systems	214.00	9.57 B	04/29/2020	5.00%	Semiconductors
MSFT	Microsoft Corp.	187.74	1.42 T	06/16/2019	41.50%	Software - Desktop
NVDA	NVIDIA Corporation	357.30	219.74 B	12/18/2019	55.50%	Semiconductor - Graphics
QCOM	QUALCOMM Inc.	85.24	95.89 B	06/07/2020	-3.50%	Semiconductor
RNG	RingCentral Inc.	252.88	23.02 B	01/06/2020	43.00%	Software - Cloud Based
SHOP	Shopify Inc.	742.58	87.05 B	12/01/2019	120.50%	Computer Software-Enterprise
VEEV	Veeva Systems Inc.	216.68	32.53 B	4/12/2020	33.50%	Computer Software-Medical
ZM	Zoom Video Communications Inc.	219.52	61.93 B	4/13/2020	61.50%	Software - Communications
<b>REAL ESTATE</b>						
CCI	Crown Castle International	164.37	68.50 B	05/27/2020	1.00%	REIT
STOR	Store Capital Corp.	23.55	5.76 B	06/03/2020	3.50%	REIT
<b>INDUSTRIALS</b>						
CAE	CAE Inc.	17.86	4.74 B	06/03/2020	2.50%	Aerospace
JBHT	J.B. Hunt Transport Services	114.10	12.03 B	06/07/2020	-5.50%	Transportation - Truck
LMT	Lockheed Martin Corporation	381.87	107.09 B	05/27/2020	-4.00%	Aerospace - Defense

# 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>COMMUNICATION SERVICES</b>						
FB	Facebook, Inc.	228.58	651.25 B	05/27/2020	-2.50%	Internet - Content
NFLX	Netflix, Inc.	418.07	183.87 B	06/09/2020	-3.50%	Internet - Entertainment

### 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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