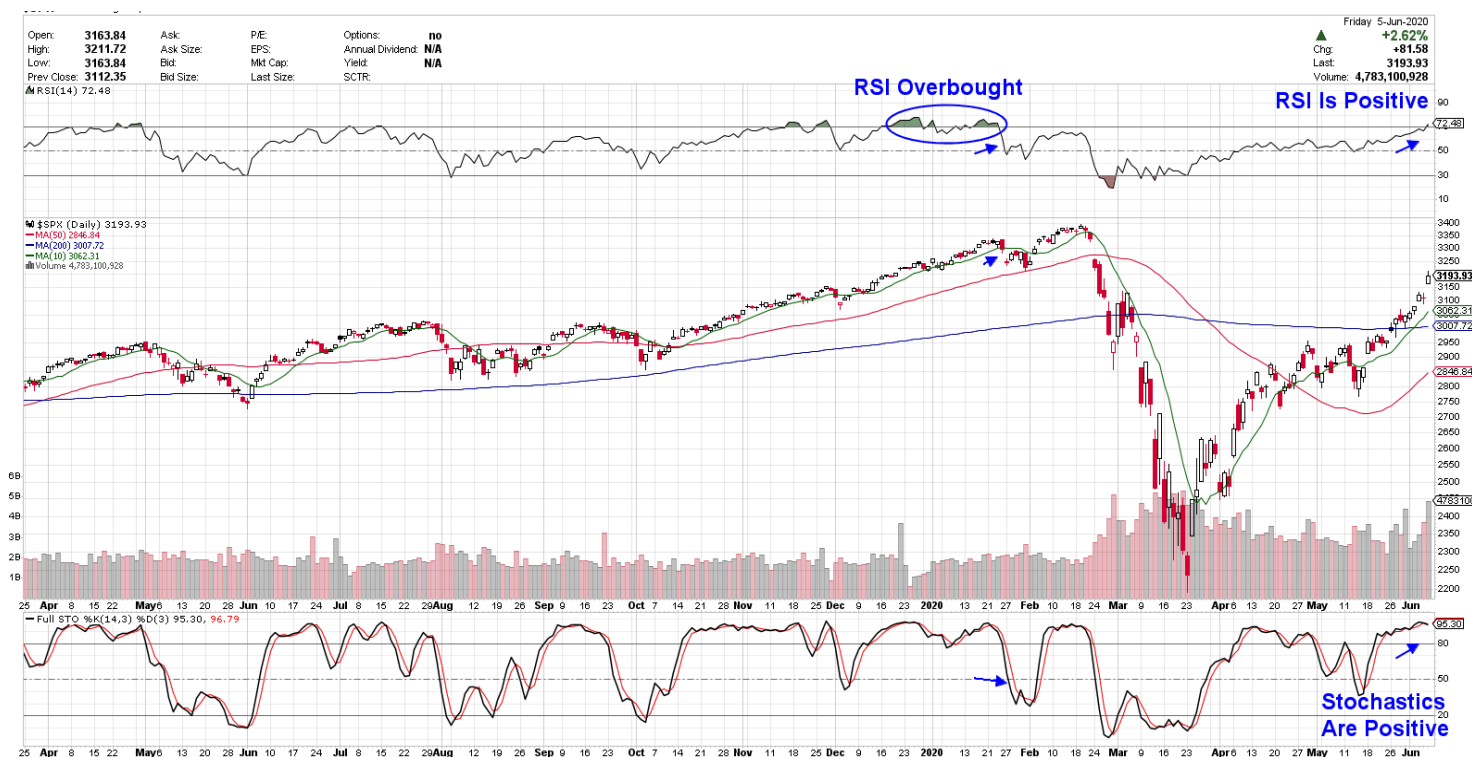




### THIS WEEK'S HIGHLIGHTS

- U. S. Economy Adds 2.5 Million Jobs In May
- Global Sales Of Semiconductor Chips Rise YOY In April
- U.S. Manufacturing Rises In May
- All 50 States Now Reopening As U.S. Covid-19 Cases Trend Downward
- Consumer Sentiment, FOMC Meeting and Inflation Data Next Week

### DAILY CHART OF S&P 500 INDEX



The S&P 500 Index rallied 4.9% for the week in a move that keeps the near-term uptrend firmly in place. The RSI and Stochastics are in positive territory and while both are in overbought positions, historically they can remain there for some time before signaling the need for a pullback.

The Dow Jones Industrial Average was the real star last week with a 6.8% rally that pushed this Index back above its key 200-day moving average and into a more bullish phase. The sharp uptick was led by beaten down Industrial stocks with Boeing (BA) posting a huge 40% gain on positive airliner order news.

Other highlights last week include the continued rotation into newer groups as Financials, Industrial and Materials sectors each gained an average of 10% as a re-opening across

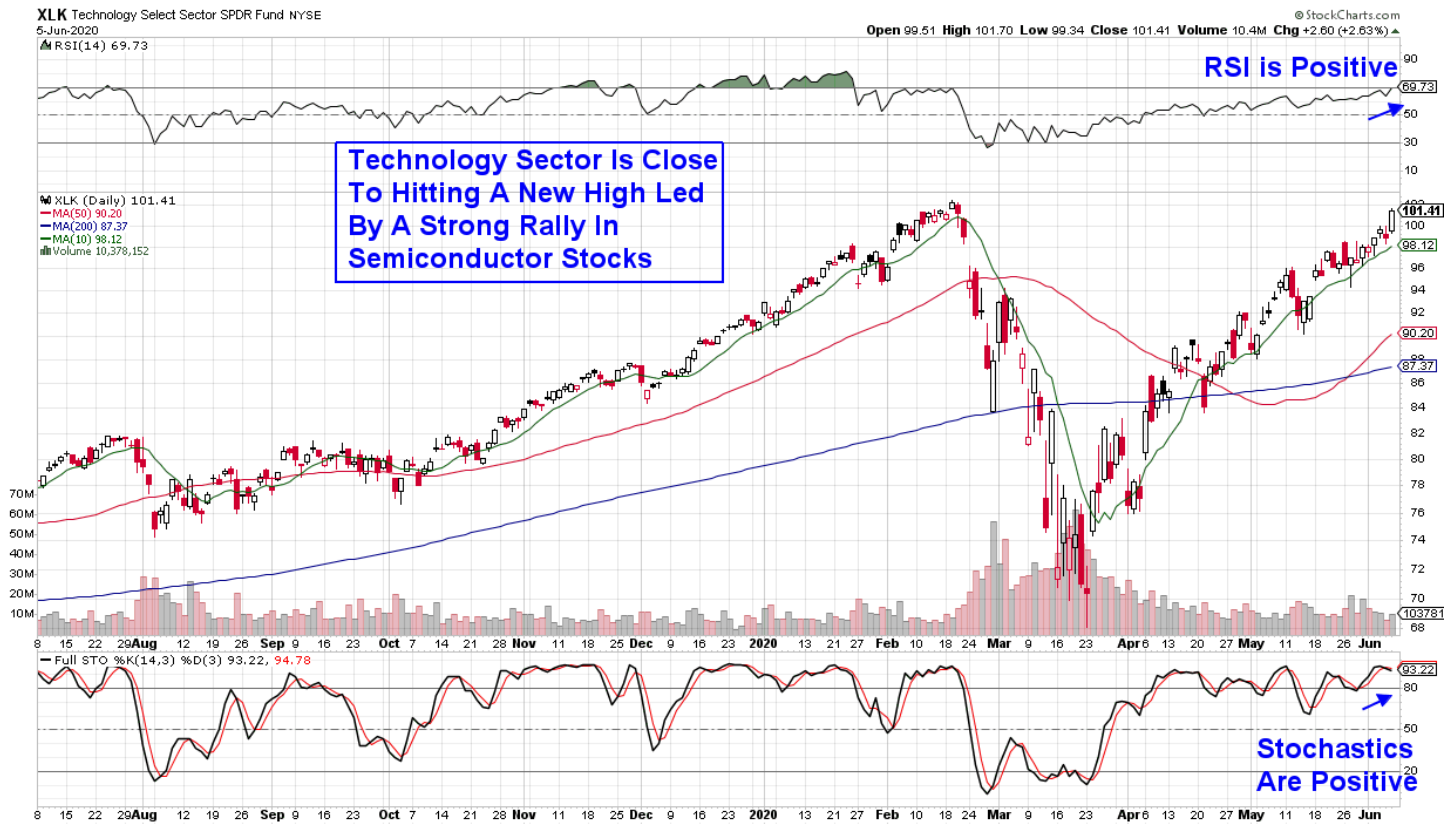
the U.S. is boosting optimism of a sooner than expected economic recovery.

Friday's surprising increase in employment for the month of May proved to be the biggest boost for the markets.

Small Cap stocks also put in a bullish week with an 8% gain that was capped off by a break above the 200-day moving average for the Russell 2000 Index. This move into risky, smaller companies coupled with a continued broadening out to newer sectors, is bullish for the prospects for the markets as it underscores the positive sentiment among investors.

Not all areas were bright last week however, as Healthcare stocks were flat and select areas of leading growth stocks pulled back. We'll review all this in more detail below.

# Daily Chart of Technology Sector



## Technology Sector Underperforms For The Week

The Tech sector relinquished its top performer status for the week due to a lack of interest in many of the Larger Cap stocks in this sector. Heavyweight Microsoft (**MSFT**) is a prime example as its 2% gain on generally low volume left it behind.

Other heavyweight underperformers in this sector include Intel (**INTC**), Visa (**V**) and Nvidia (**NVDA**) which was flat for the week. NVDA is on our List and the stock can be held as its uptrend remains in place.

Software stocks were up 0.3% (using IGV) as this leading area hit the pause button. There were definite bright spots within the group however as stocks such as Zoom (**ZM**) and Autodesk (**ADSK**) from our Suggested Holdings surged to new highs following recent earnings reports that showed robust growth.

ZM can be bought on a pullback to its 10-day moving average as Friday's action shows the stock is under continued accumulation. ADSK is also due a pullback as its recent, non-stop advance has put the stock into an overbought position. Both stocks are in strong uptrends following an average 13% gain last week.

In other Software stocks on our List, Shopify (**SHOP**) had a

pullback which is natural following its huge 75% return over past 7 weeks. SHOP may need more time as it consolidates however, the stock has bullishly entered an oversold position from which it can emerge.

Veeva Systems (**VEEV**) bullishly found support at its 21-day moving average while Cadence Design (**CDNS**) is in a confirmed uptrend. A look at the daily chart shows that a pullback to its 10-day mav is an ideal buy point.

We're removing underperformer Intuit Software (**INTU**) to make room for more dynamic Tech stocks.

Semiconductor stocks had a very robust week with an 8% return (using SOXX) that was dominated by gains in Small and Mid-Cap Chip stocks such as Lattice Semiconductor (**LSCC**) from our List had a 15% return. While the large gain put the stock outside of a standard buy point, the high-volume characteristics clearly point to further near-term upside.

Monolithic Power (**MPWR**) is another smaller Chip company that had outsized returns as it hit new highs. A look at the daily chart of LSCC and MPWR shows that a pullback to their 10-day moving average is an ideal buy point.

Inphi (IPHI) had a significant pullback last week and while there was no news, we'd suggest that it was profit taking following the stocks triple digit returns since its bear market lows.

That said, the RSI on IPHI's daily chart is just poised to turn negative and Friday's selloff was on big volume. We would not be a buyer at this time as the current dynamics are not constructive.

Semiconductor stocks hit a new, all-time high last week following a report of a 6% increase in year over year global chip sales for the month of April. This news was followed by heavyweight chip company Microchip (MCHP) raising their earnings guidance.

The result was a slew of Wall Street upgrades for the group as well as select stocks such as LSCC and MPWR to name a few. The positive growth prospects for Semiconductor stocks is another bullish signal for the markets as these chips are an integral part in increasing productivity across many industries.

We're adding Semi stocks Lam Research (LRCX) and Qualcomm (QCOM) to our Suggested Holdings List as analysts are raising estimates for these 5G chip providers.

Mega Cap stock Apple (AAPL) broke out of a 4-month base last week and into a strong buy zone as analysts raise estimates.

## Daily Chart of Financial Sector



### Financial Stocks Come On Strong

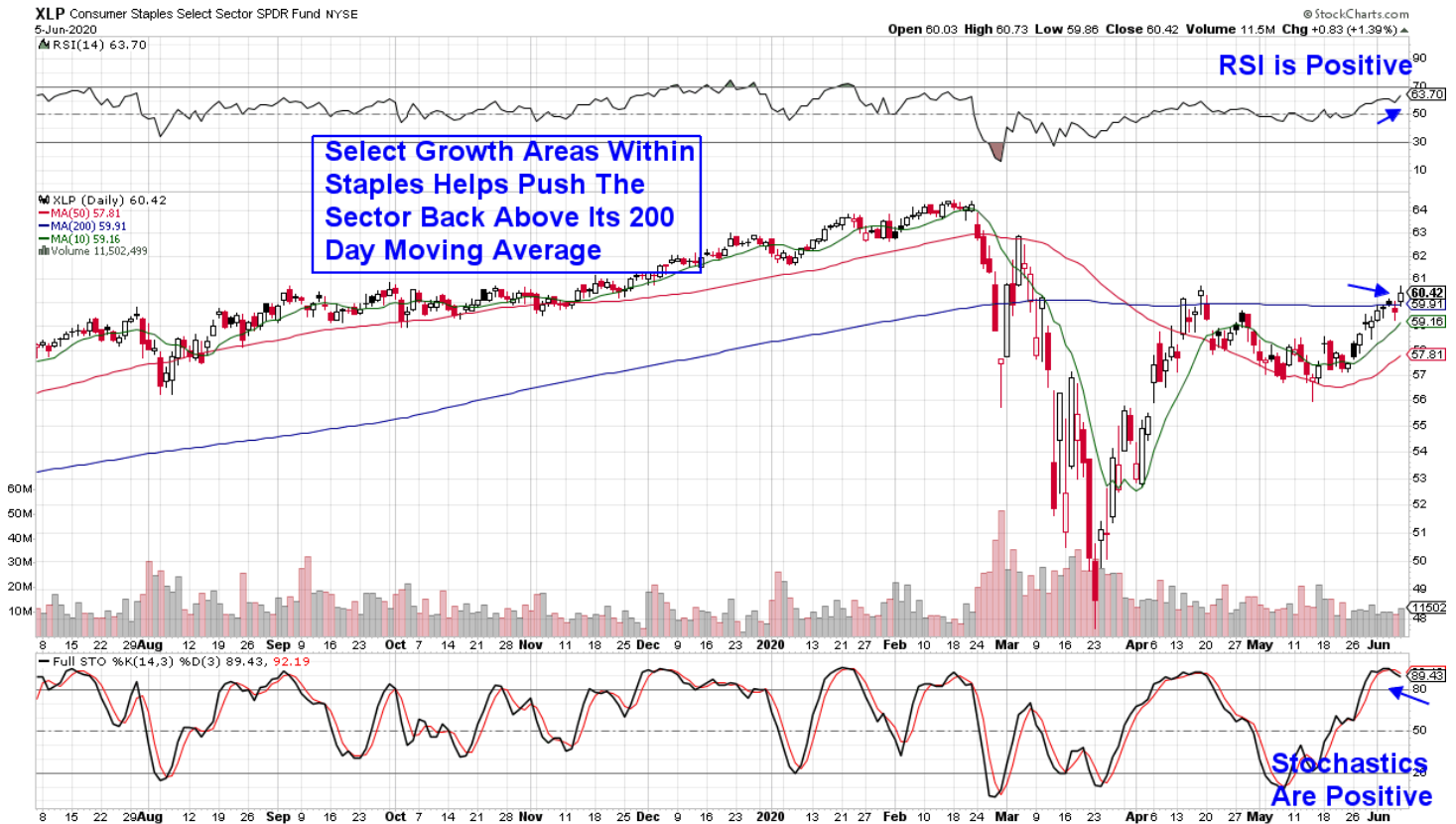
Bank stocks had a strong rally last week as optimism surrounding a reopening economy helped reduce the fear of loan defaults. The Financial sector closed the week just below its key 200-day moving average following relatively soft action on Friday.

We're anticipating a pullback in Bank stocks into next week and have several stocks on our Watch List that we'll add as they approach their shorter-term moving averages. This would include GS as well as SNV which have ideal buy points at their 10-day moving average.

Of those Bank stocks on our List, Morgan Stanley (MS) posted a 12% gain in line with the group. The stock is extended and can be bought on a pullback to its 10-day moving average. SVB Corp (SIVB) is also extended following its 1-week base breakout and can be bought on a pullback.

Payment Processor Paypal (PYPL) is consolidating following its recently strong advance and remains in a strong uptrend. PYPL can be bought on a pullback to its 10-day moving average.

# Daily Chart of Consumer Staples Sector



## Consumer Staples Among Worst Performers

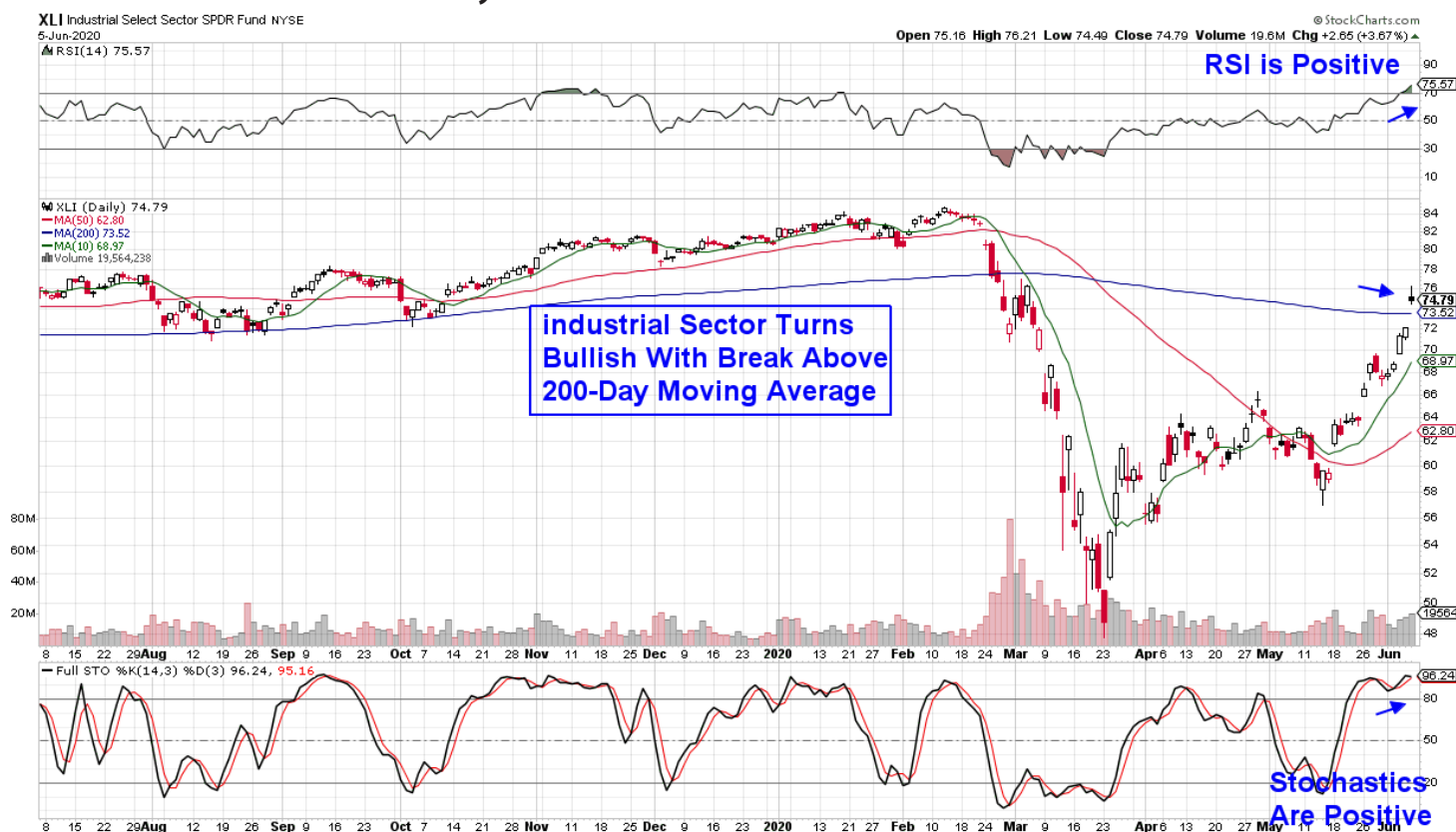
While the overall sector underperformed the markets, both Staples names on our Suggested Holdings List fared very well last week as they provide products that are seeing a pickup in demand.

Freshpet (**FRPT**) has seen a pickup in sales of its fresh pet food as consumers continue to dote on their pets. Estimates for FRPT have been revised upward with analysts calling for

184% earnings growth next year. The stock is in a buy zone following a pullback to its 21-day moving average.

Beyond Meat (**BYND**) has even larger growth prospects for next year as analysts are calling for 287% earnings growth. The company unveiled news that they'll be providing products to YUM China which will be a big boost to sales. BYND is in a strong buy zone.

# Daily Chart of Industrial Sector



## Industrial Stocks Post Big Gains

Beaten down Airline stocks posted the largest gains last week as a pick-up in air travel within the U.S. has investors sensing that the worse is behind these companies.

C A E Inc. (CAE) from our List provides training solutions to the aviation industry and the stock posted strong gains last week. CAE is extended beyond its \$17.5 base breakout point and can be bought on a pullback to this area.

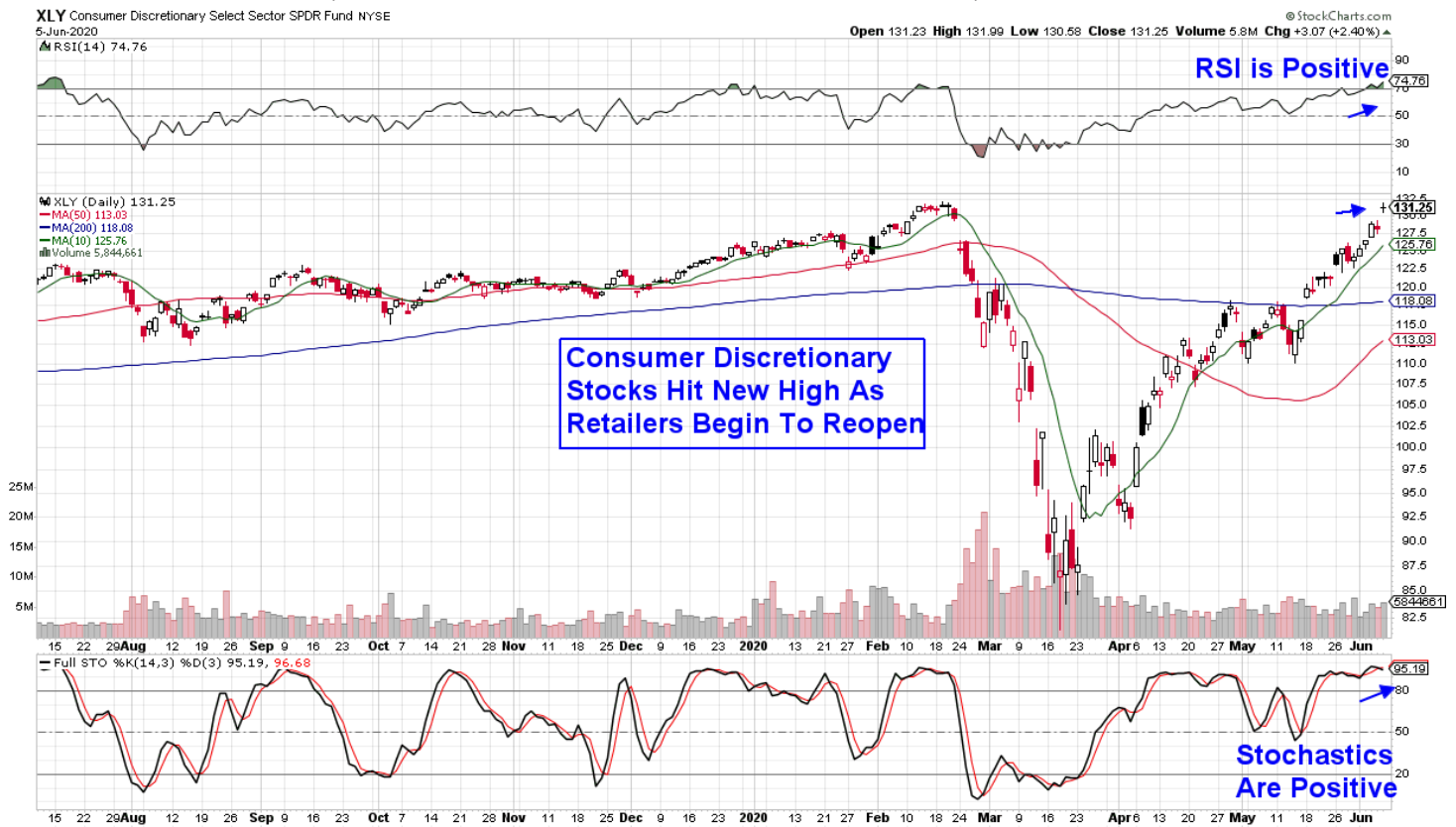
Other areas of transportation also fared well last week

which in turn helped push the Dow Jones Transportation Index bullishly up above its 200-day moving average. We're adding trucking company J B Hunt (JBHT) to our Suggested Holdings List.

Lockheed Martin (LMT) had a bullish breakout of a 6-week base last week following news of their new \$1 Billion contract with the military of New Zealand. The stock is in a strong buy zone as analysts raise earnings estimates.



# Daily Chart of Consumer Discretionary Sector



## Consumer Discretionary Sector Near New Highs

Discretionary stocks came on strong last week as Retailers continue to reopen stores. Increased Consumer Sentiment coupled with reports that the U.S. savings rate in April was the highest in 39 years is also boosting the outlook for these stocks.

Lululemon (**LULU**) has been a top performer as it heads into the release of their earnings on Thursday. The company has managed to stay connected to its customers with its online yoga classes which has spurred digital sales to new levels. That said, management is expecting store closures to negatively impact results.

Chewy (**CHWY**) from our List is another retailer that's hitting a new high going into their earnings report. Analysts are raising estimates ahead of the release which is a bullish signal. Both LULU and CHWY have benefitted from the lockdown as pet owners have doted on their stay-at-home buddies while sporting high-end athleisure wear.

Close attention will be paid to management's outlook for growth going forward as both stocks are currently priced for perfection.

Chipotle (**CMG**) from our List continues to be in a confirmed uptrend following last week's 5% advance. The move came after a Wall Street upgrade that puts the price target for CMG

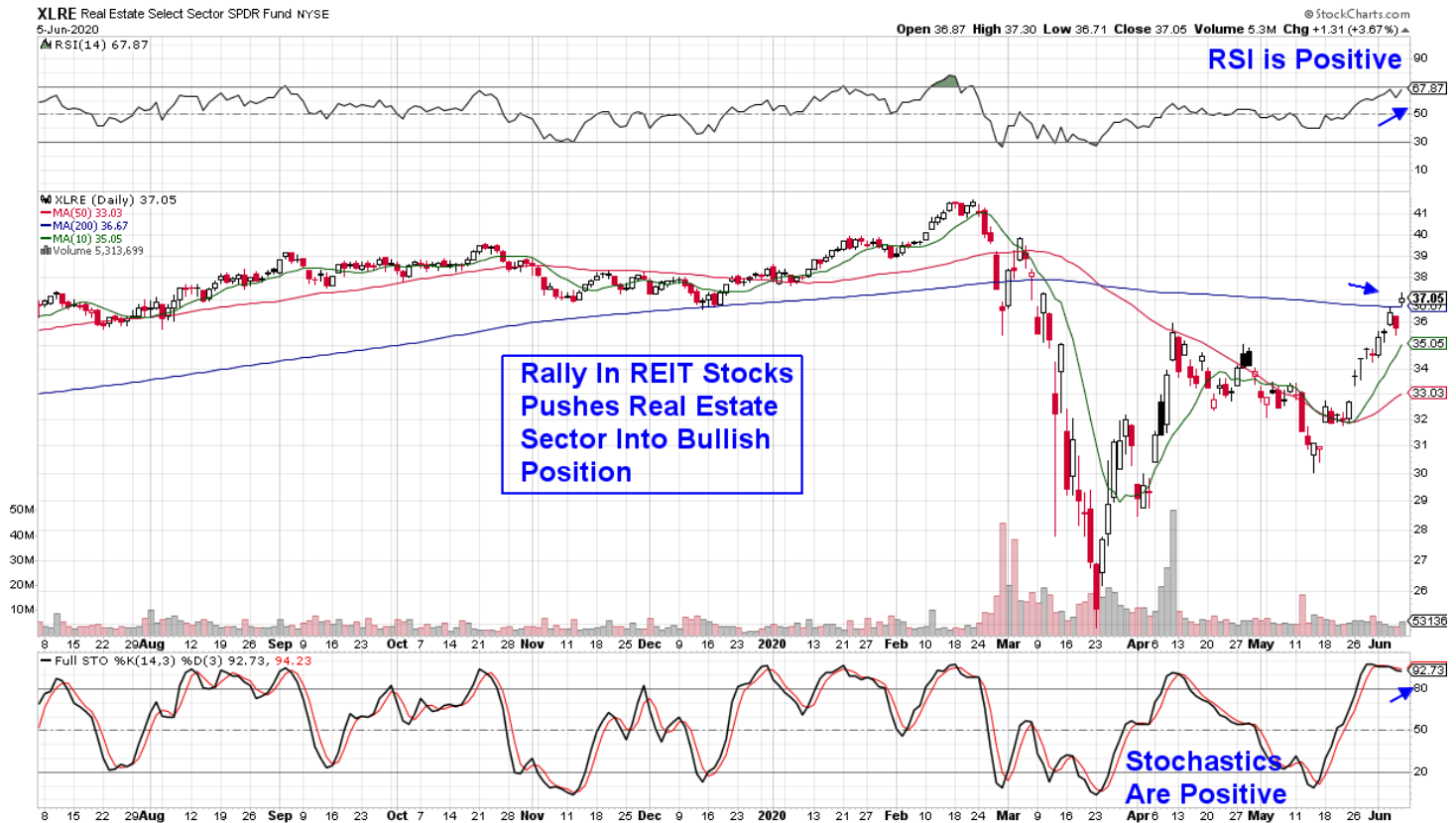
at \$1200 and pushes estimates for next year higher to 110%. The stock is in a buy zone.

Online retailer Etsy (**ETSY**) has pulled back to its 10-day moving average which is historically a good buy point. And while Home Depot (**HD**) and Amazon (**AMZN**) remain in uptrends, their recent underperformance highlights a move away from mega-cap growth stocks as newer areas are getting more play. HD and AMZN can be held.

Home Builders turned bullish with a break above the 200-day moving average as these stocks continue to advance. Growth prospects for this group are quite positive as new home sales unexpectedly rose in April despite the COVID-19 lockdown. Historically low interest rates and lower home prices spurred demand while quarantine measures are said to have home buyers seeking larger living quarters.

Analysts are raising estimates for select builders who are in growth areas such as LGI Homes (**LGIH**) which rallied 9% last week. The company announced that despite coronavirus headwinds, home closings year-to-date are up 22% compared to the same period last year. A look at the daily chart for LGIH shows that a pullback to its 10-day moving average is an ideal buy point.

# Daily Chart of Real Estate Sector



## Real Estate Sector Has Big Week

While REIT stocks overall had a strong week, it was mixed for those names on our Suggested Holdings List.

REIT stocks were hit hard during the bear market as uncertainty surrounding lockdown timelines greatly lowered the outlook for corporate real estate while historically high unemployment brought fears of lease non-payments for residential RE.

Recent optimism surrounding a recovery and reopening of the economy has brought these stocks roaring back. Recently added Store Capital (**STOR**) is a prime example as the leading retail lease operator posted a strong week. The company manages stand alone, outdoor properties and as such analysts are anticipating a faster recovery than indoor mall operators.

STOR broke out of a 6-week base on volume and while bullish, the stock is extended out of a buy zone. A pullback

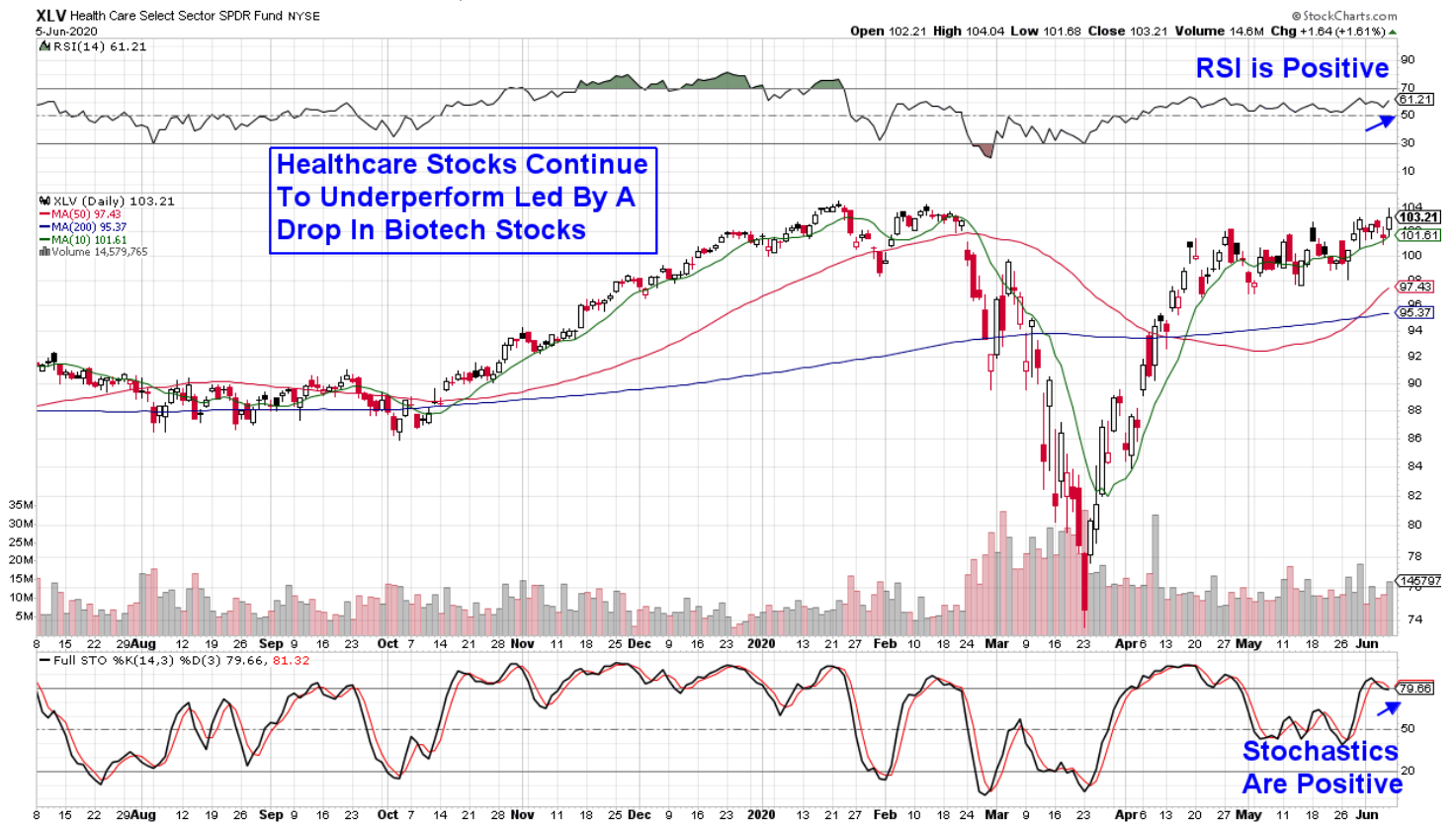
to its 10-day moving average would be ideal.

Crown Castle (**CCI**) pulled back last week in line with other leadership REIT stocks that had already posted gains over the past couple of weeks. The stock is in a strong buy zone as its found support at its 10 day mav.

SBA Communications (**SBAC**) pulled back as well however, the decline was not only sharper, it was on heavy volume. Last week, insiders initiated heavy selling in the stock which is unusual at this stage given the more promising economic outlook.

We're removing SBAC from our buy list as the last time there was insider selling of this magnitude was in September 2019, just before a 15% selloff in the stock. In addition, there are better candidates in this sector at this time.

# Daily Chart of Healthcare Sector



## Healthcare Stocks Continue To Underperform

It was another tough week for Healthcare stocks as this recently strong area has currently lost its allure. As you may recall, areas of this sector were the first to turn positive as select stocks such as Vertex (VRTX) turned bullish in early March, which was well before the broader market's bottom later that month.

Healthcare stocks are defensive in nature and the growing optimism in the market's recovery has reduced demand for these stocks. This type of rotation away from the first movers out of a bear market is not uncommon and we'll continue to monitor the action closely.

At this time, we would not put new money to work in this

area.

Of keen interest will be how stocks such as Vertex (VRTX) behave following a pullback to their 50-day moving average. A break below this level will not only have us removing the stock from our List, it may dictate the action in other Biotechs as this leadership stock is continuing to drop despite its strong earnings estimates being revised higher.

Among Biotechs, Regeneron (REGN) is the most bullish as its uptrend is intact following a pullback from a new high in price. West Pharmaceutical (WST) is also holding up well as analysts raise earnings estimates.

**SUMMARY:** Last week was quite constructive for the markets as the continued broadening out into lagging areas was buoyed by gains in select growth areas elsewhere. The net result is a Nasdaq Index that's at new highs and a now bullish Dow Jones Industrial Average that's joining an S&P 500 Index that's in a strong uptrend.

The market's recent ability to rise despite seemingly insurmountable worries is classic behavior in rallies coming out of a bear market. As the need to climb the wall of worry recedes, we may see a pause in the current

uptrend but until then we'd be a buyer of stocks as they pull back to key areas of support.

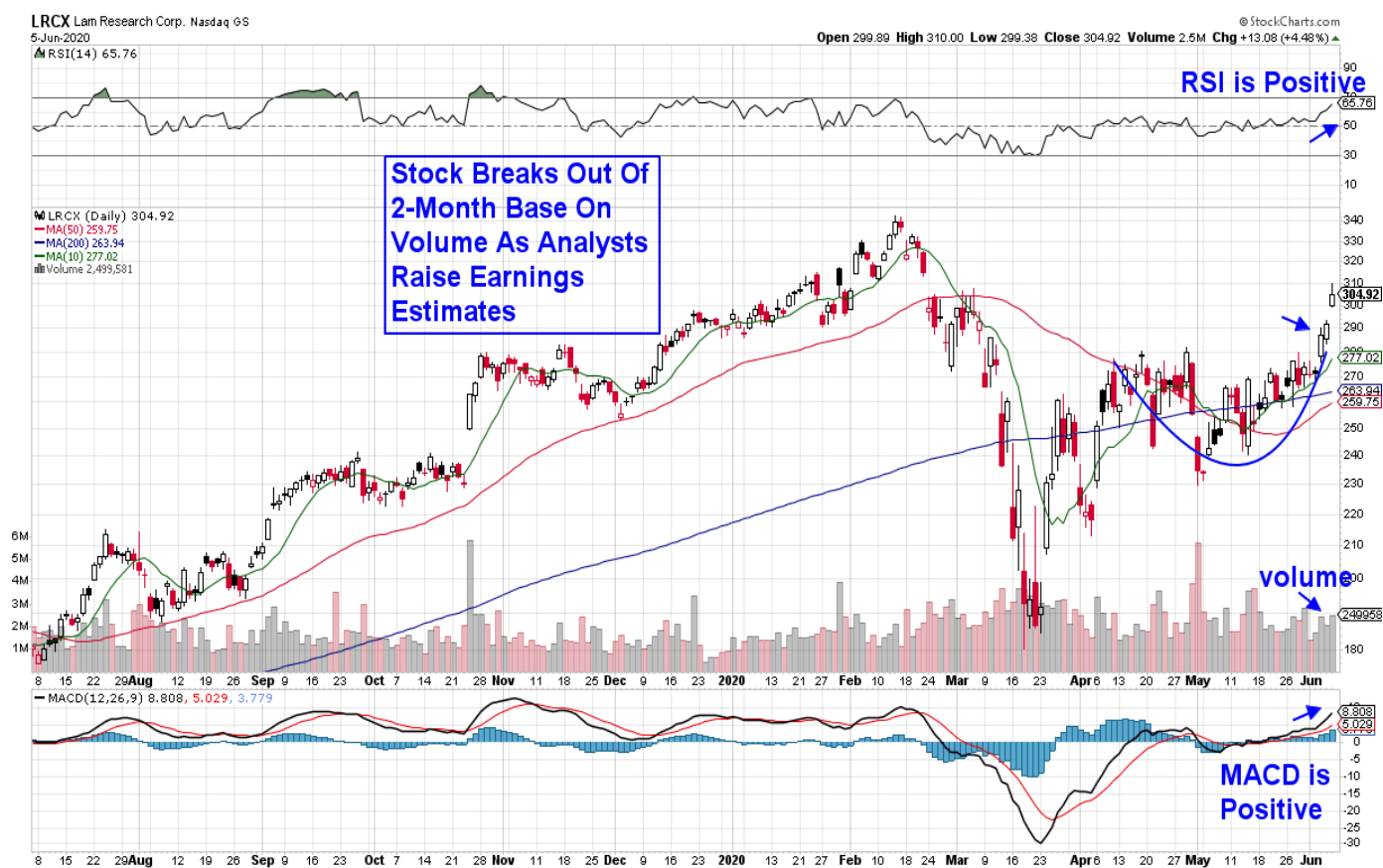
Next week, the Federal Reserve will be holding their FOMC meeting with notes to be released on Wednesday. Close attention will be paid to comments relating to policy procedures going forward as the economy attempts to regain its footing. Other notable reports will be next week's employment report for any signs that last Friday's surprise number is not sustainable



# BUY: LAM RESEARCH CORPORATION

SYMBOL	COMPANY	PRICE	MARKET CAP	INDUSTRY
LRCX	Lam Research Corporation	\$304.92	44.26 Billion	Semiconductor - Equipment

## Daily Chart of Lam Research Corporation (LRCX)



**Lam Research Corporation (LRCX)**, is a Semiconductor Equipment Company that manufactures equipment that's critical for making leading-edge semiconductor chips for

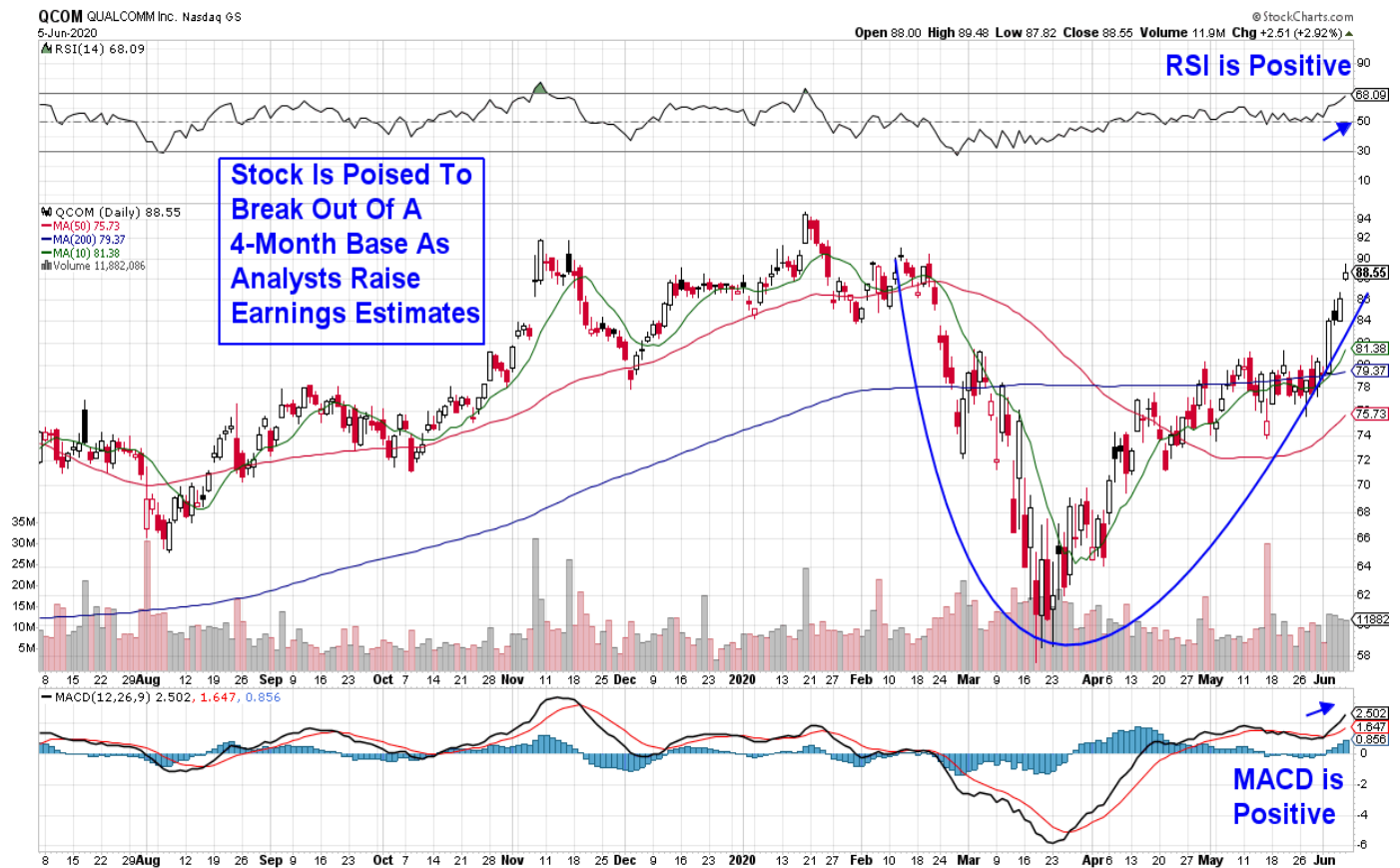
high demand industries such as 5G and artificial intelligence processing as well as stacking NAND flash memory modules which is critical for data storage technology. Analysts raised

estimates last week for both this year and next. LRCX can be bought on a pullback.

# BUY: QUALCOMM, INC.

SYMBOL	COMPANY	PRICE	MARKET CAP	INDUSTRY
QCOM	QUALCOMM Inc.	\$88.55	99.61 Billion	Semiconductor

## Daily Chart of QUALCOMM, Inc. (QCOM)



**QUALCOMM Incorporated (QCOM)** designs, develops, manufactures, and markets digital communication products worldwide. QCOM currently has a near-monopoly on the smartphone chipsets that power

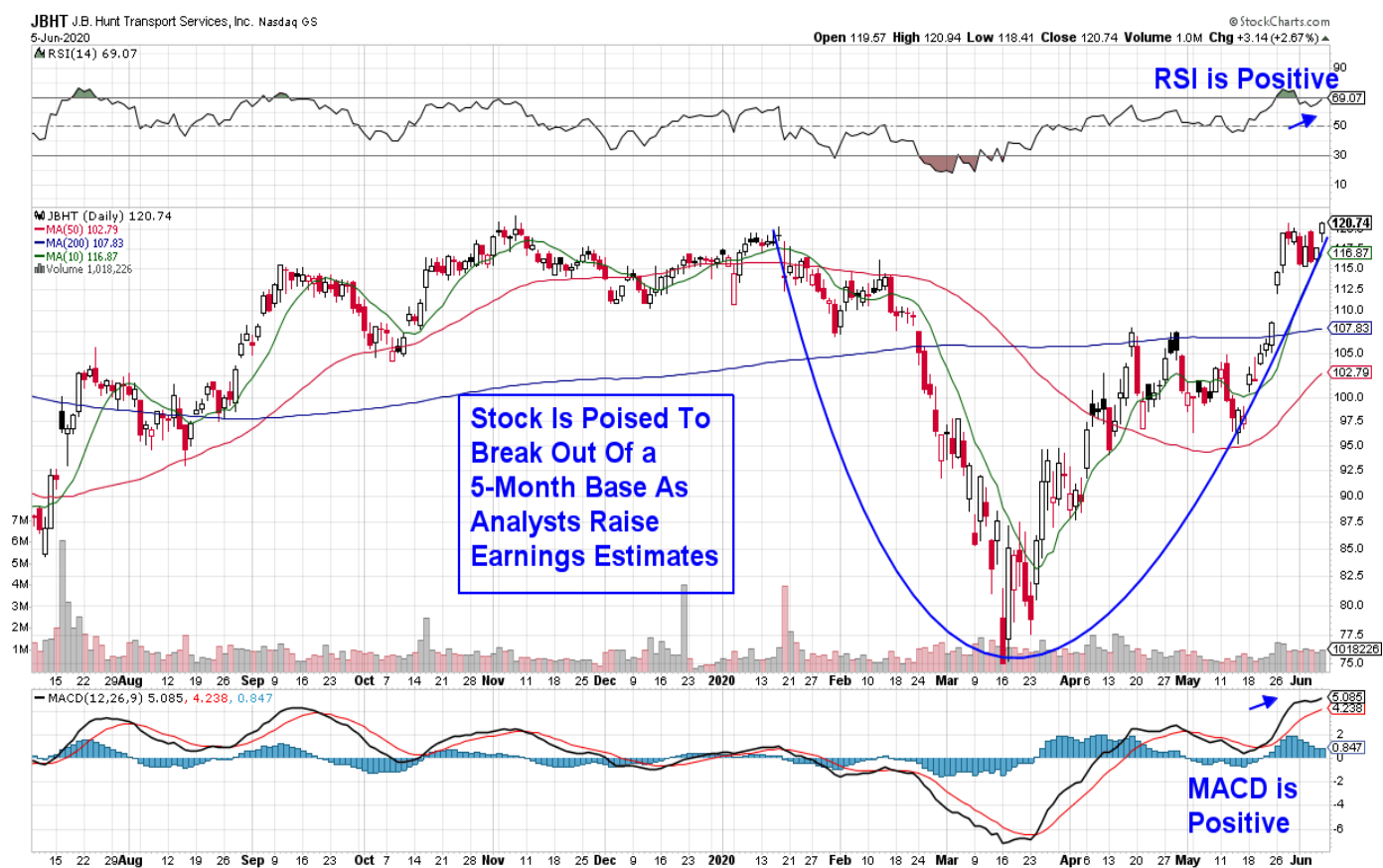
5G service and analysts are forecasting revenue increases as consumers upgrade to 5G phones. The company announced a 42% increase in 1st quarter earnings recently which was 38% above estimates. Analysts are raising

estimates for earnings going forward. The stock is 4 points away from a bullish 4-month base breakout.

# BUY: J.B. HUNT TRANSPORT SERVICES INC.

SYMBOL	COMPANY	PRICE	MARKET CAP	INDUSTRY
JBHT	J.B. Hunt Transport Services Inc,	\$120.74	12.73 Billion	Transportation - Truck

## Daily Chart of J.B. Hunt Transport Services Inc. (JBHT)



**J.B. Hunt Transport Services, Inc. (JBHT)**, together with its subsidiaries, provides surface transportation and delivery services in the continental United States, Canada, and Mexico. The

company reported 1st quarter earnings 2 months ago and while earnings were below estimates due to COVID related headwinds, the company reported sales that were ahead of estimates due to

increased load counts. Analysts have been revising estimates higher lately in anticipation of further increases due to a reopening economy.

# 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.	2,443.00	1.24 T	12/29/2019	33.00%	Retail - Internet
CHWY \$	Chewy Inc.	48.44	19.45 B	05/25/2019	13.50%	Retail - Internet
CMG	Chipotle Mexican Grill	1,053.46	29.38 B	04/26/2020	19.50%	Retail - Restaurant
ETSY	Etsy, Inc.	78.72	9.34 B	05/31/2020	-3.00%	Retail - Internet
HD	Home Depot Inc.	254.90	274.15 B	05/10/2020	8.50%	Retail - Building Products
LGIH	LGI Homes, Inc.	90.33	2.26 B	05/31/2020	8.50%	Home Builder
LULU \$	Lululemon Athletica Inc.	319.78	41.63 B	05/10/2020	34.50%	Retail - Apparel
<b>CONSUMER STAPLES</b>						
BYND	Beyond Meat Inc.	133.53	8.31 B	04/17/2020	-0.50%	Food - Meat Substitute
FRPT	Freshpet, Inc.	80.05	3.22 B	05/31/2020	3.50%	Food - Packaged
<b>FINANCIALS</b>						
MS	Morgan Stanley	49.53	78.04 B	05/27/2020	5.50%	Money Center Bank
PYPL	Paypal Holdings Inc.	156.00	183.17 B	04/12/2020	47.50%	Payment Processor
SIVB	SVB Financial Group	235.20	12.12 B	06/03/2020	7.00%	Bank Holding Company
<b>COMMUNICATION SERVICES</b>						
FB	Facebook, Inc.	230.77	657.49 B	05/27/2020	-2.00%	Internet - Content
<b>HEALTHCARE</b>						
IBB	Biotechnology Index	131.35	8.74 B	03/04/2020	8.00%	Biotechnology
NBIX	Neurocrine Biosciences	115.86	10.76 B	05/25/2020	-7.00%	Medical - Biotechnology
REGN	Regeneron Pharmaceuticals	597.00	67.18 B	03/29/2020	26.00%	Biotechnology
SGEN	Seattle Genetics Inc.	148.39	25.69 B	04/17/2020	-7.50%	Medical- Biotechnology
VRTX	Vertex Pharmaceuticals	265.69	68.89 B	03/04/2020	8.50%	Biotechnology
WST	West Pharmaceutical Services, Inc.	205.73	15.14 B	03/26/2020	41.50%	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
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TECHNOLOGY						
AAPL	Apple Inc.	331.50	1.44 T	04/06/2020	26.50%	Phones & Hardware
ADBE \$	Adobe Inc.	392.90	189.30 B	04/26/2020	14.00%	Computer Software-Desktop
ADSK	Autodesk Inc.	233.71	51.23 B	04/19/2020	29.00%	Computer Software-Design
ASML	ASML Holding NV	357.22	150.08 B	04/08/2020	28.00%	Semiconductors
CDNS	Cadence Design Systems Inc.	91.40	25.52 B	04/29/2020	11.50%	Computer Software - Design
COUP \$	Coupa Software Inc.	216.94	14.46 B	04/19/2020	30.50%	Computer Software-Enterprise
INTU	Intuit Inc.	288.11	75.13 B	04/29/2020	5.50%	Computer Software-Financial
IPHI	Inphi Corporation	111.72	5.39 B	04/06/2020	27.50%	Semiconductors
LSCC	Lattice Semiconductor	28.54	3.84 B	04/29/2020	28.00%	Semiconductors
MPWR	Monolithic Power Systems	235.15	10.52 B	04/29/2020	15.50%	Semiconductors
MSFT	Microsoft Corp.	187.20	1.42 T	06/16/2019	41.50%	Software - Desktop
NVDA	NVIDIA Corporation	356.80	219.43 B	12/18/2019	55.50%	Semiconductor - Graphics
RNG	RingCentral Inc.	252.88	22.23 B	01/06/2020	43.00%	Software - Cloud Based
SHOP	Shopify Inc.	727.77	78.20 B	12/01/2019	116.00%	Computer Software-Enterprise
VEEV	Veeva Systems Inc.	202.80	30.35 B	4/12/2020	25.00%	Computer Software-Medical
ZM	Zoom Video Communications Inc.	207.60	58.53 B	4/13/2020	52.50%	Software - Communications

REAL ESTATE						
CCI	Crown Castle International	168.60	70.26 B	05/27/2020	3.50%	REIT
SBAC	SBA Communications	297.18	33.17 B	05/31/2020	-5.50%	REIT
STOR	Store Capital Corp.	24.91	6.09 B	06/03/2020	9.50%	REIT

INDUSTRIALS						
LMT	Lockheed Martin Corporation	410.75	115.19 B	05/27/2020	3.50%	Aerospace - Defense
CAE	CAE Inc.	19.27	5.12 B	06/03/2020	10.50%	Aerospace



### 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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