THE MACRO SHOW

JUNE 20, 2016

LEGAL

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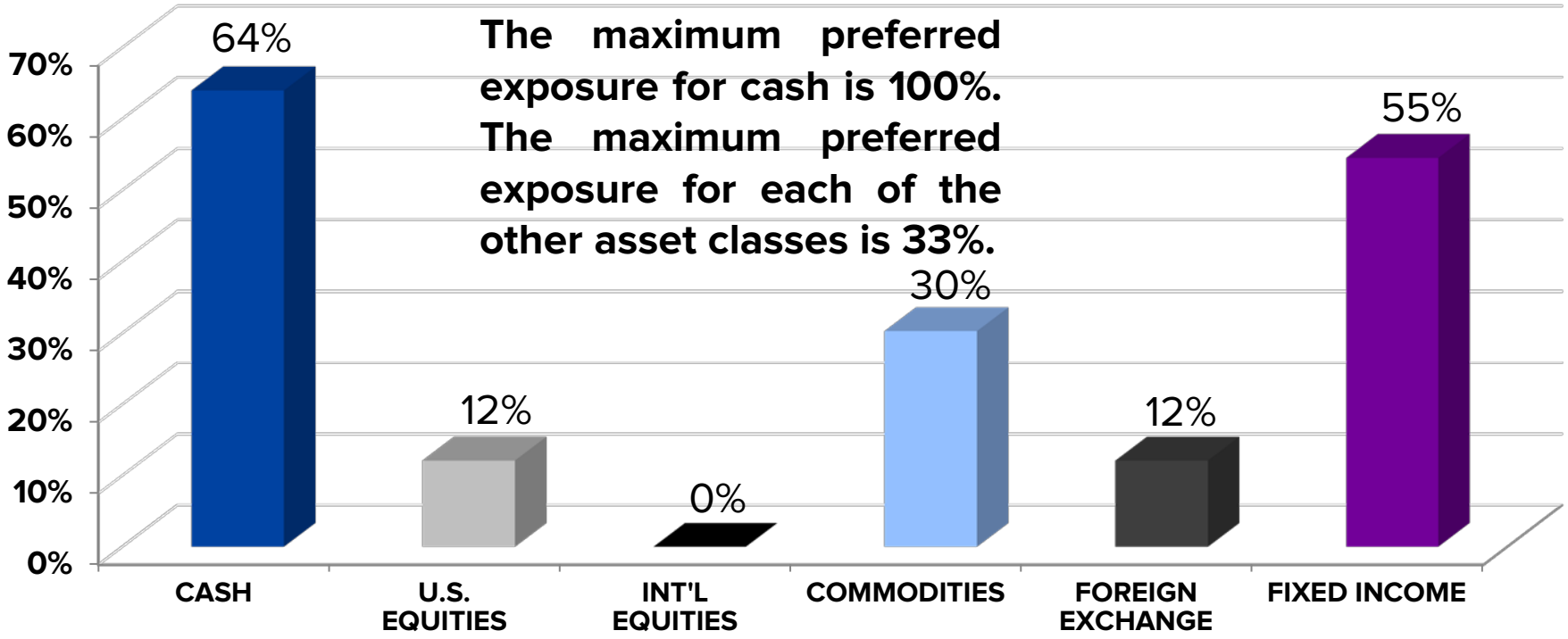
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
6/17/2016	66	2	0	8	4	20
6/20/2016	64	4	0	10	4	18

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
6/17/2016	66%	6%	0%	24%	12%	61%
6/20/2016	64%	12%	0%	30%	12%	55%

The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

HEDGEYE ASSET ALLOCATION



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1 POUND

2 FTSE

3 UST 10YR

POUND

A big pop for the Pound vs. USD of +1.8% taking it right back to where it’s been twice now (1.46-1.47) in both April and May; can it hold? Sure. Can it do this every day? Doubt it. Everything reflation should love it today regardless (Dollar Down).

FTSE

The FTSE is up +2.6% (DAX +3.3%) in a straight line to 6,172 with intermediate-term TREND line up at 6,335. Anything that isn’t closed in Global Equity markets is doing the same so they better not Brexit!

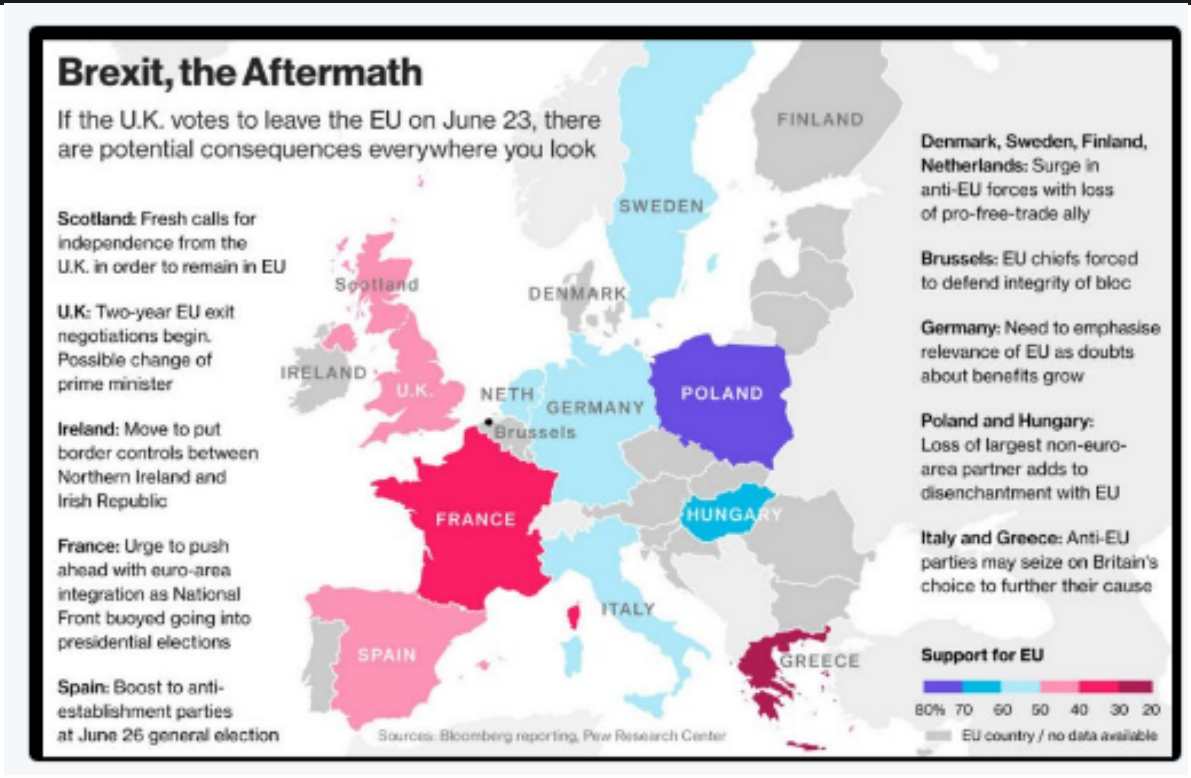
UST 10YR

The UST 10YR Yield was up +5 basis points to 1.66% on the potential of no-Brexit news or were bond yields oversold on #GrowthSlowing realities in U.S. employment data? It shouldn’t take macro markets long to differentiate between the two once we get through today; UST 10YR Gilt +6 basis points to 1.21% vs. Spanish 10YR down -8 basis points to 1.43%.

FINANCIALS

JONATHAN CASTELEYN

BREXIT, THE AFTERMATH



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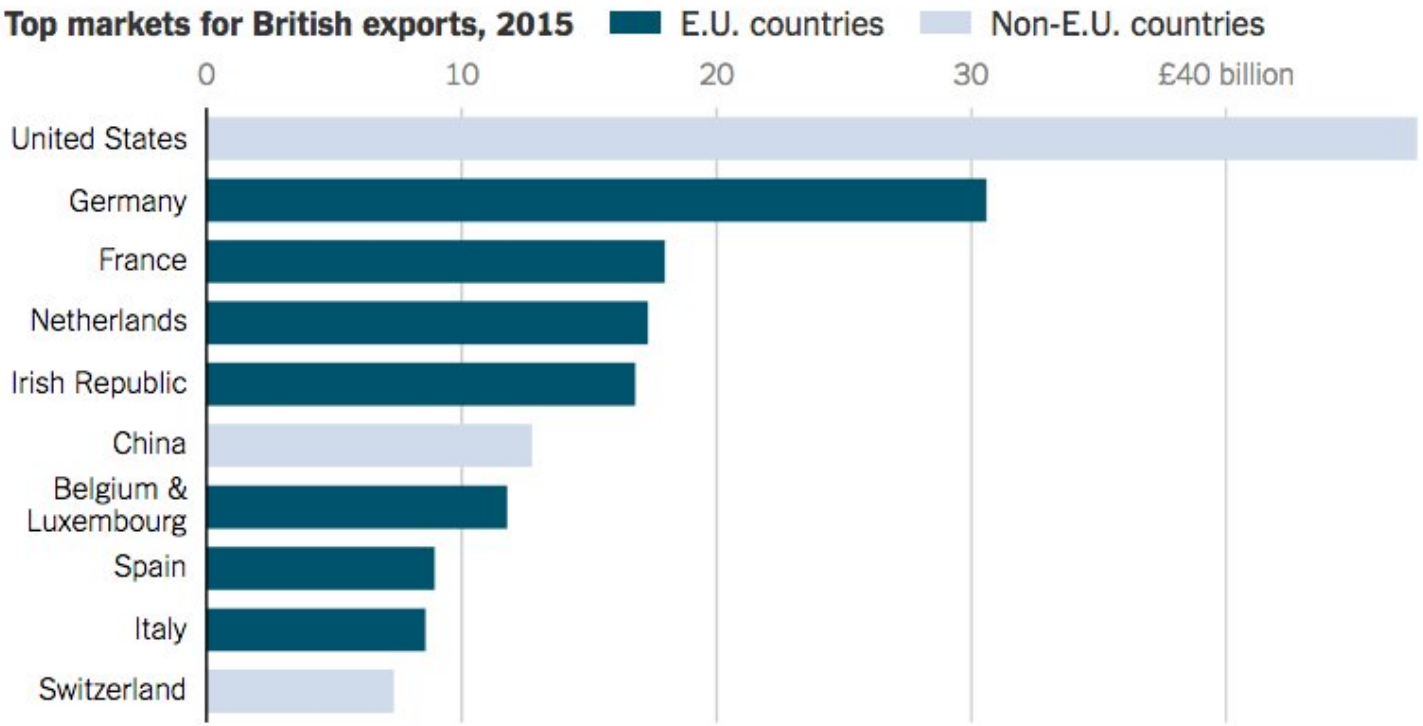
TOP MARKETS FOR BRITISH EXPORTS



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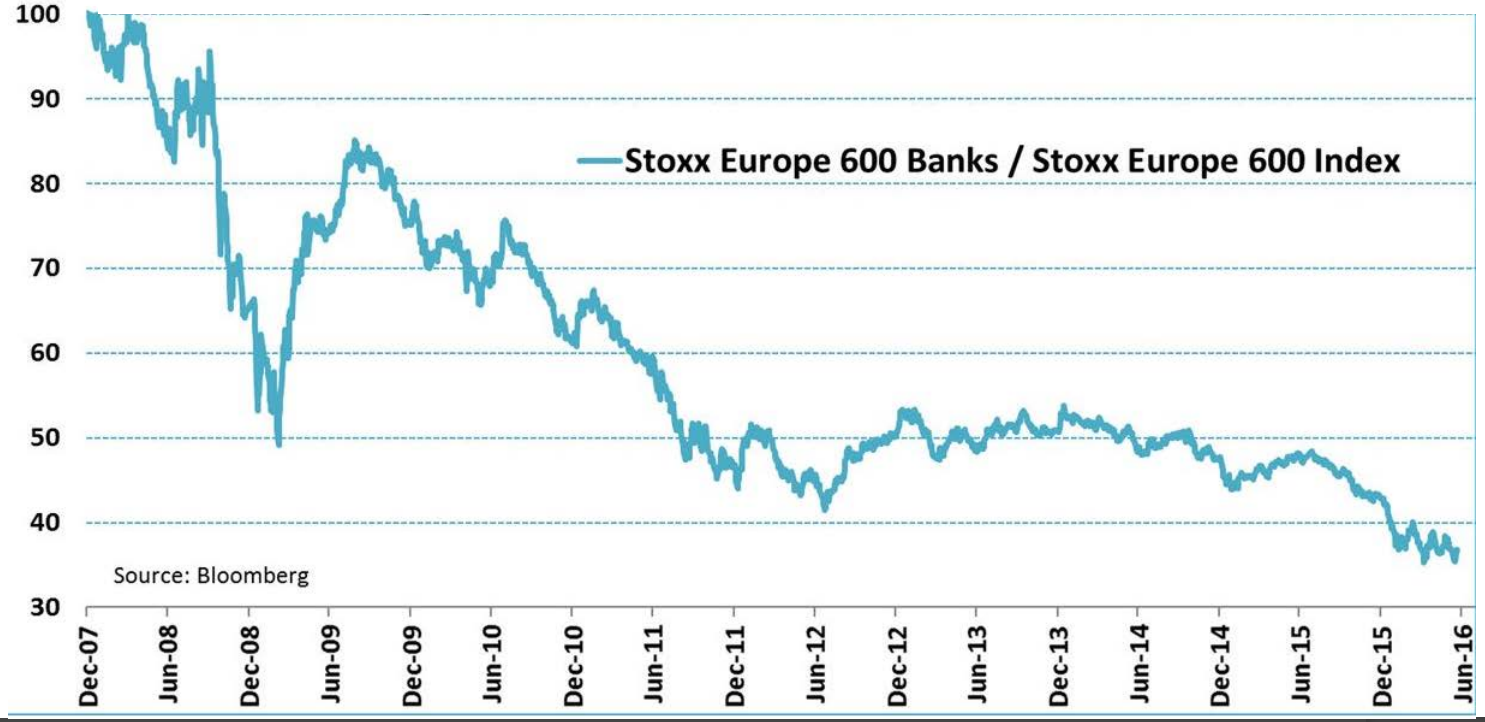
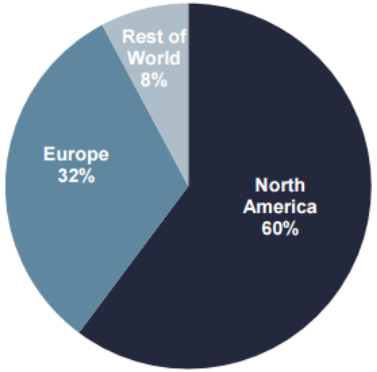
EUROPEAN BANKS – RELATIVE PERFORMANCE

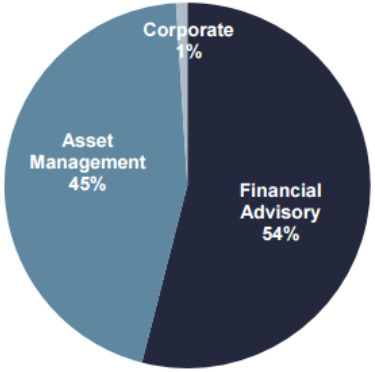


OPERATING REVENUE

LTM[1] Operating Revenue by Geography



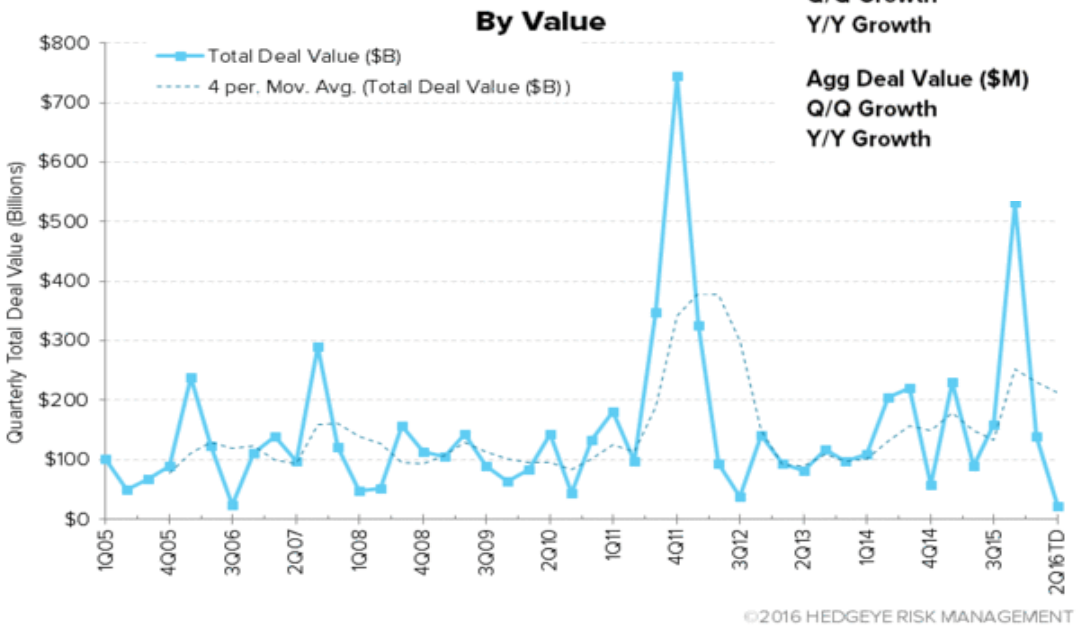
LTM[1] Operating Revenue by Business Segment



LAZARD

[1] Last twelve months ended March 31, 2016.

LAZ QUARTERLY DEAL VOLUME



LAZ DEAL GROWTH

	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16TD
Deal Count	64	66	57	61	66	78	61	38
Q/Q Growth	-21.0%	3.1%	-13.6%	7.0%	8.2%	18.2%	-21.8%	-37.7%
Y/Y Growth	-15.8%	-5.7%	-3.4%	-24.7%	3.1%	18.2%	7.0%	-37.7%
Agg Deal Value ($M)	220,154	58,541	230,144	88,777	158,212	531,693	139,190	22,888
Q/Q Growth	7.4%	-73.4%	293.1%	-61.4%	78.2%	236.1%	-73.8%	-83.6%
Y/Y Growth	87.1%	-39.8%	112.0%	-56.7%	-28.1%	808.2%	-39.5%	-74.2%

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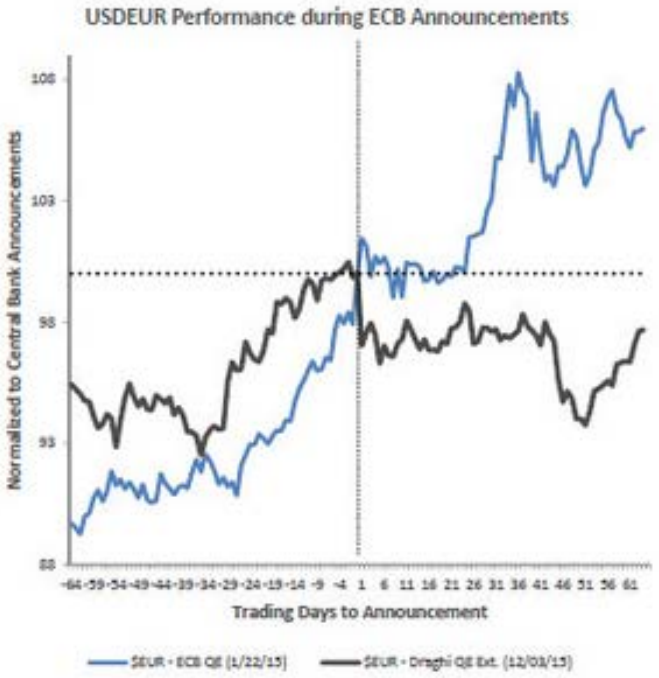
PERFORMANCE DURING ECB ANNOUNCEMENTS

(3 months Leading Up to and 3 months Proceeding Central Bank Announcements)



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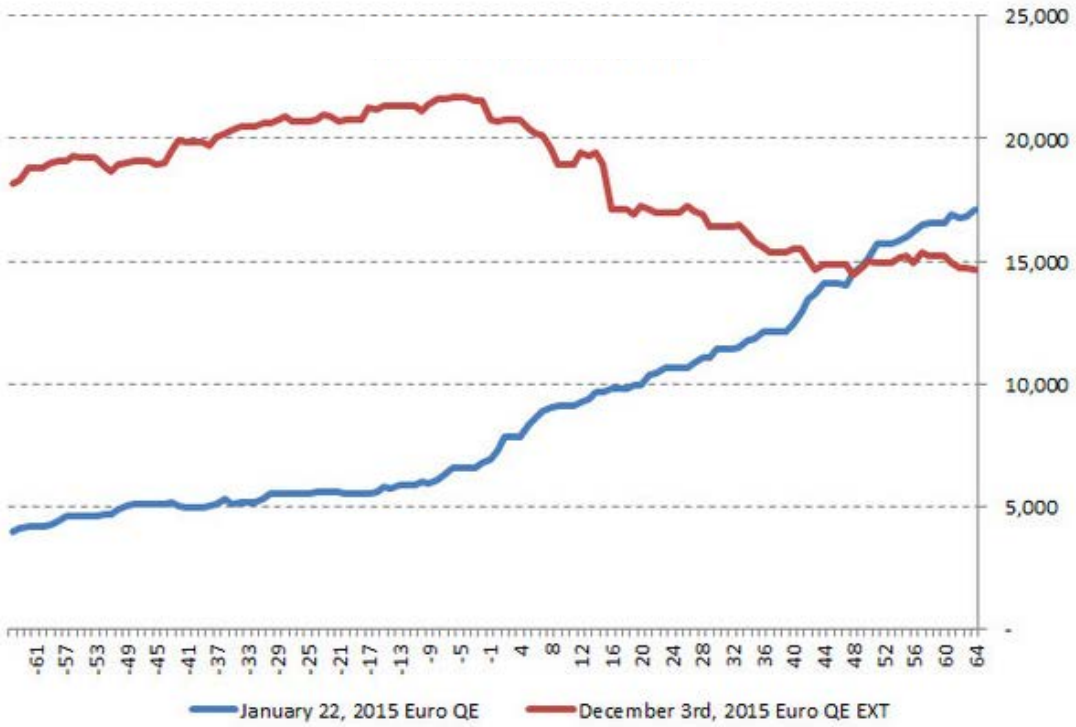
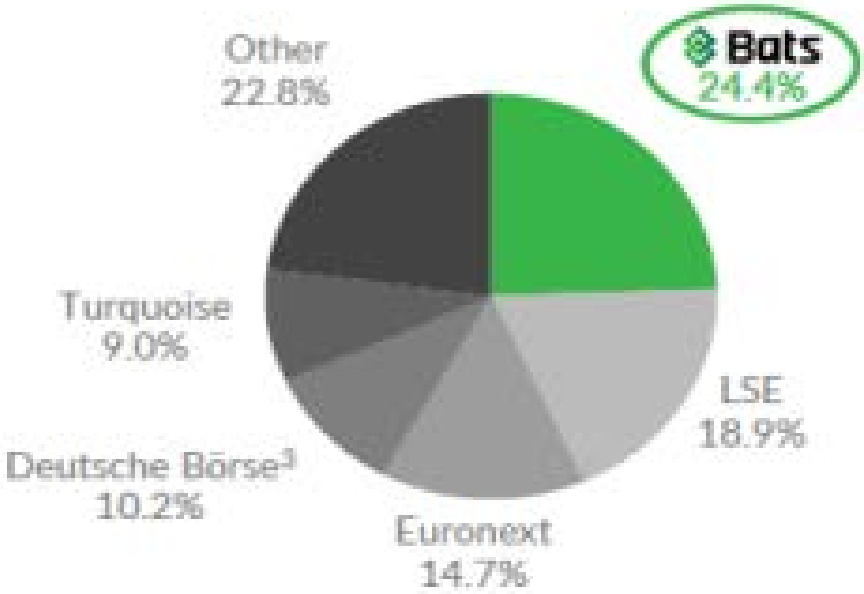
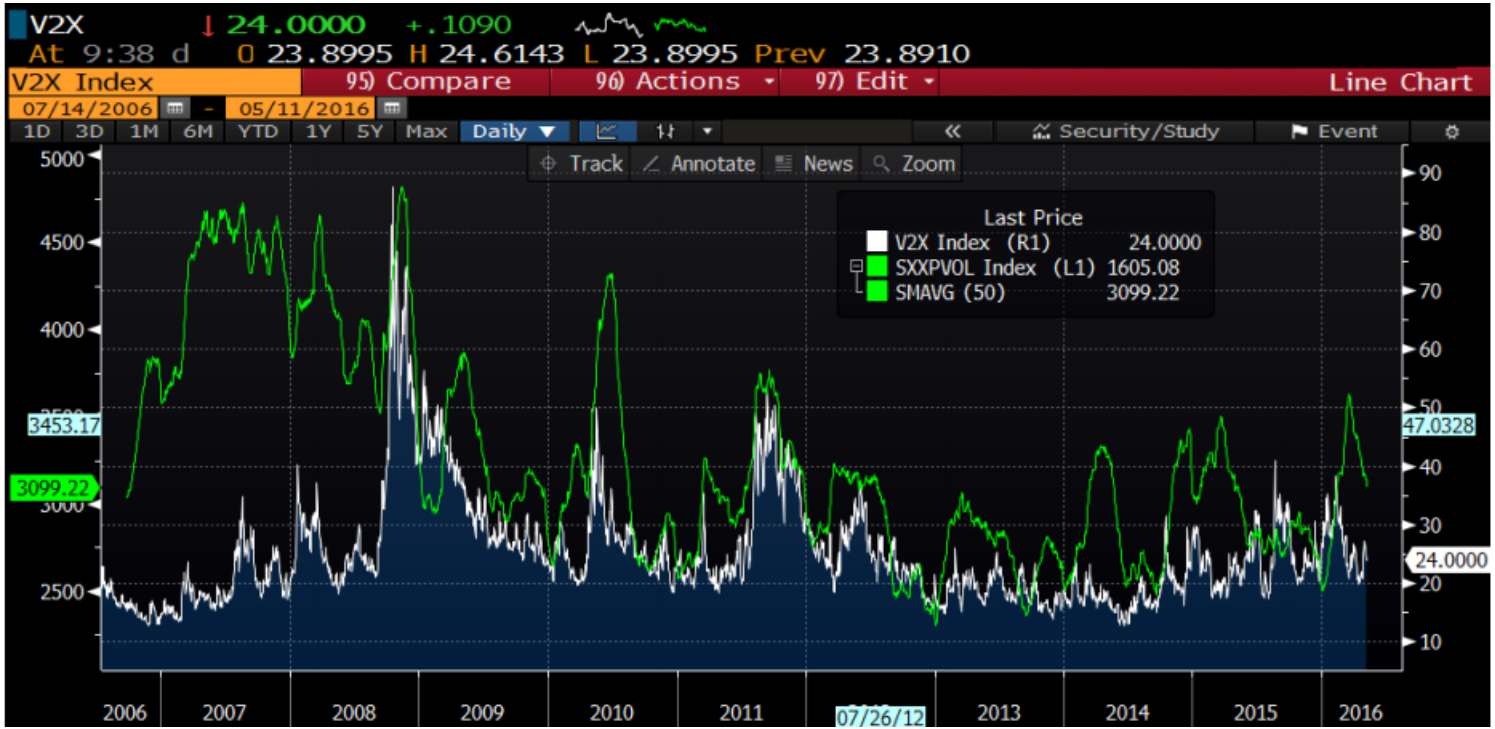


EUROPEAN EQUITIES MARKET SHARE[1,3]



V2X INDEX



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MACRO GRIND

EUROPEAN EQUITY INDICES

Major Indices	D/D Change (%)	W/W Change (%)	M/M Change (%)	Y/Y Change (%)	YTD Change (%)
U.K.	3.11%	2.59%	0.74%	-6.77%	-0.93%
Germany	3.42%	3.15%	0.46%	-9.77%	-7.28%
France	3.45%	2.63%	-0.36%	-9.91%	-6.44%
Russia	3.01%	1.41%	4.99%	-3.02%	23.86%
Spain	2.98%	3.70%	-1.83%	-21.32%	-9.78%
Italy	2.64%	4.50%	-2.49%	-23.48%	-18.90%
Netherlands	3.58%	2.03%	0.58%	-8.11%	-1.12%
Switzerland	2.63%	1.73%	-1.01%	-10.72%	-10.22%

Positive Divergences	D/D Change (%)	W/W Change (%)	M/M Change (%)	Y/Y Change (%)	YTD Change (%)
Greece	5.40%	-5.19%	-8.28%	-14.66%	-7.10%
Ireland	4.17%	2.57%	0.20%	-0.47%	-8.10%
Netherlands	3.58%	2.03%	0.58%	-8.11%	-1.12%
France	3.45%	2.63%	-0.36%	-9.91%	-6.44%
Germany	3.42%	3.15%	0.46%	-9.77%	-7.28%
Negative Divergences					
Ukraine	-0.52%	-0.26%	0.15%	-37.35%	-8.57%
Serbia	-0.38%	-1.29%	-0.89%	-8.35%	-4.12%
Bosnia	-0.11%	-0.02%	2.40%	0.94%	0.21%
Croatia	0.06%	-0.30%	-0.79%	-4.04%	-0.29%
Luxembourg	0.20%	2.60%	2.85%	-11.79%	5.26%

DATA SOURCE: FACTSET, BETFAIR

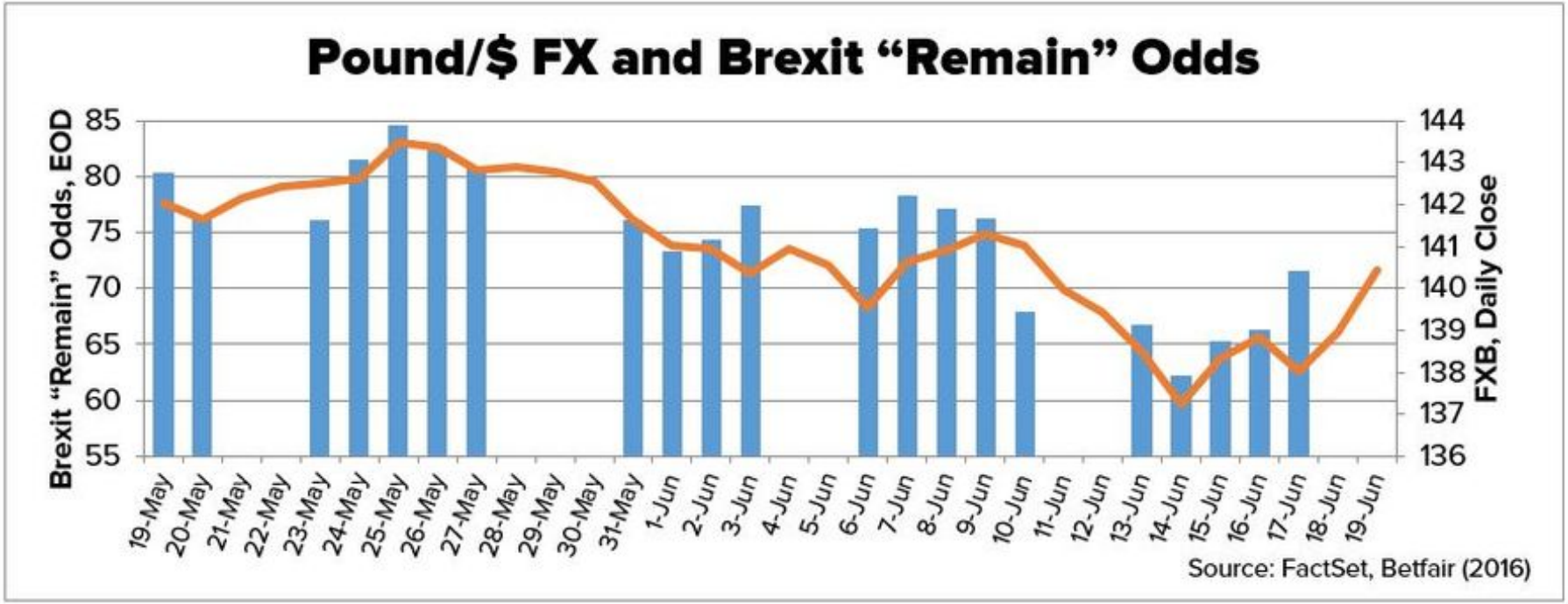
CURRENCY MARKETS

FX Pairs	Spot	D/D Change (bps)	W/W Change (bps)	M/M Change (bps)	Y/Y Change (bps)	YTD Change (bps)
EUR/USD	1.1333	50	36	97	(7)	434
EUR/GPB	0.7737	151	228	(1)	(737)	(474)
EUR/CHF	1.0882	(54)	7	213	(397)	0
GPB/USD	1.4649	203	266	101	(743)	(59)
USD/RUB	63.9009	134	269	460	(1559)	1350
USD/Hryvnia	24.8979	(1)	(11)	61	(1254)	(349)

DATA SOURCE: FINANCIAL TIMES

THE VOLATILE BREXIT CRAPSHOOT

WE CHOOSE TO FOCUS ON #THE(SLOWING)CYCLE GLOBALLY



A LOOK AT BREXIT POLLS

Remain %	Leave %	Undecided %	Date	Pollster	Sample
45	42	13	Jun 18, 2016	Survation	-
44	44	12	Jun 17, 2016	Opinium	2,006
42	44	14	Jun 17, 2016	YouGov	1,694
44	43	13	Jun 16, 2016	Yougov	1,734
46	43	11	Jun 15, 2016	BMG Research	1,064
42	45	13	Jun 15, 2016	Survation	1,104
43	49	3	Jun 14, 2016	Ipsos MORI	1,257
40	47	12	Jun 13, 2016	TNS	2,497
44	49	7	Jun 13, 2016	ICM	2,001
45	50	6	Jun 13, 2016	ICM	1,000
39	46	11	Jun 13, 2016	YouGov	1,905
46	45	9	Jun 13, 2016	Comres	1,002
48	49	3	Jun 12, 2016	ORB	800
44	42	13	Jun 10, 2016	Opinium	2,009
42	43	15	Jun 10, 2016	YouGov	1,671
45	55	0	Jun 9, 2016	ORB	2,052
43	42	11	Jun 6, 2016	YouGov	2,001
52	40	8	Jun 5, 2016	ORB	800
43	48	9	Jun 5, 2016	ICM	2,047
41	45	11	Jun 3, 2016	YouGov	3,500
43	41	16	Jun 3, 2016	Opinium	2,007
41	41	17	May 31, 2016	YouGov	1,735
44	47	9	May 30, 2016	ICM	2,052
42	45	13	May 29, 2016	ICM	1,004
51	42	7	May 29, 2016	ORB	800
44	45	12	May 25, 2016	BMG Research	1,638
44	38	18	May 24, 2016	Survation	1,013
41	41	17	May 24, 2016	YouGov	1,500
41	43	16	May 23, 2016	TNS	1,213
45	45	10	May 22, 2016	ICM	2,003
58	38	4	May 22, 2016	ORB	800
44	40	16	May 19, 2016	Opinium	2,008
52	41	7	May 19, 2016	ComRes	1,000
44	40	12	May 17, 2016	YouGov	1,648
48	35	14	May 16, 2016	Ipsos MORI	1,002
47	39	14	May 15, 2016	ICM	1,002
51	45	4	May 15, 2016	ORB	800

DATA SOURCE: FINANCIAL TIMES

BRITISH POUND TO U.S. DOLLAR INDEX

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LONDON FINANCIAL TIMES INDEX

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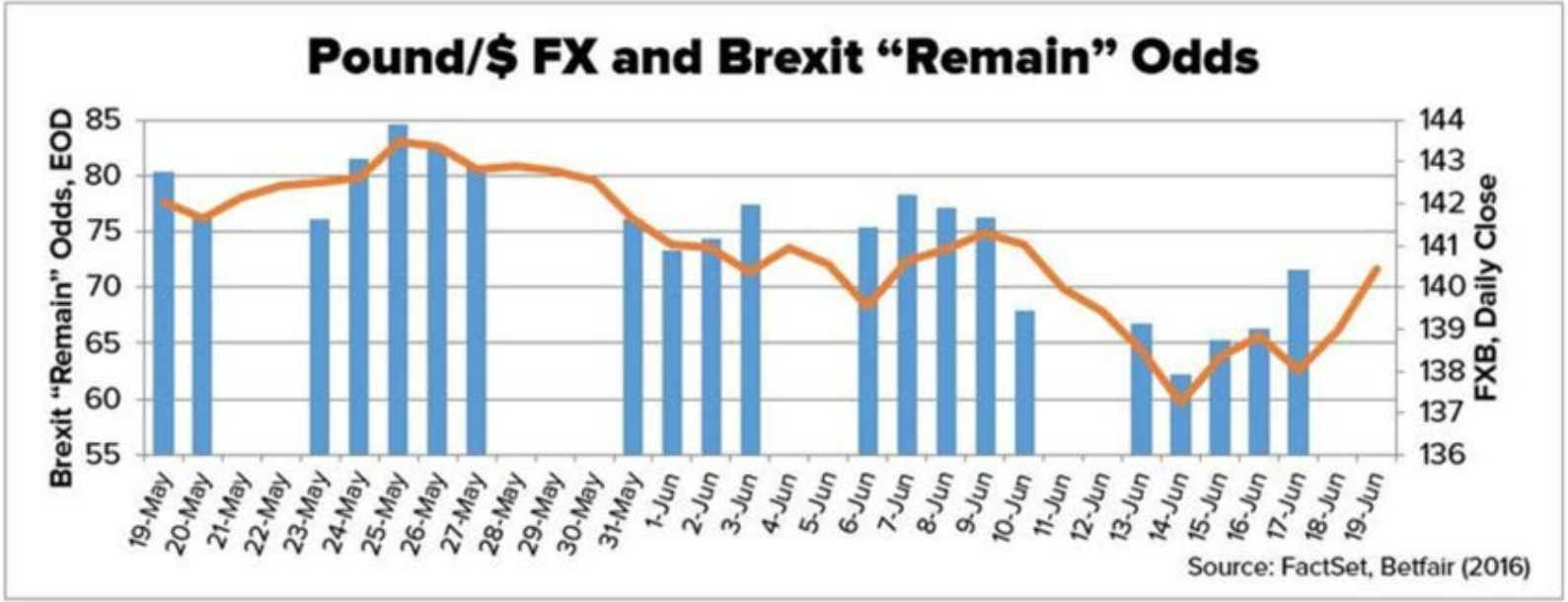
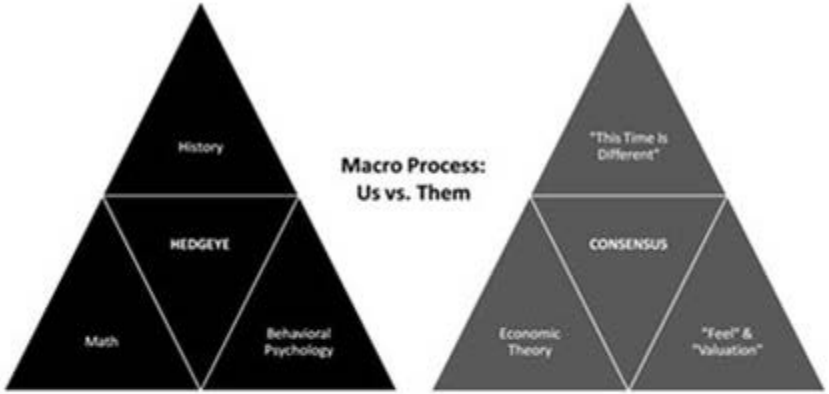
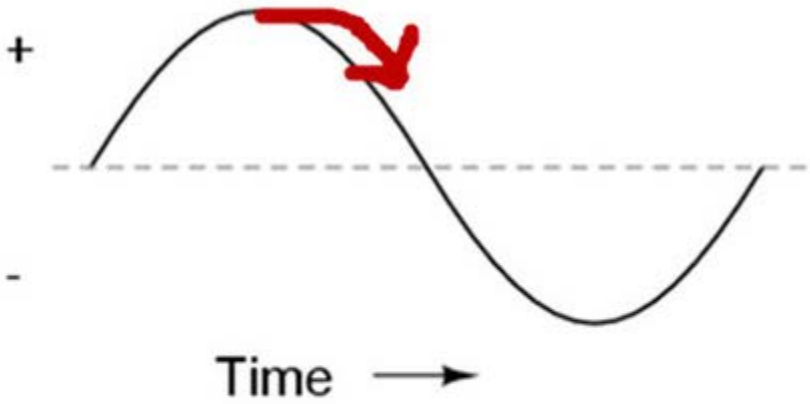


HEDGEYE MACRO PROCESS: RATE OF CHANGE





DIFFERENTIATED FROM THE HERD

Macroeconomics and Global Macro Risk Management are two very different fields. We specialize in the latter.

WE FOCUS ON THE SLOPES

Everything that matters in Global Macro occurs on the margin.

HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$77.93	-0.16%	-1.65%	-0.30%
Financial Select Sector	XLF	$22.61	-0.08%	-4.80%	-5.12%
Health Care Select Sector	XLV	$70.06	-1.04%	-1.81%	-2.73%
Technology Select Sector	XLK	$43.05	-0.67%	-2.58%	0.51%
Consumer Staples Select Sector	XLP	$53.47	-0.40%	1.54%	5.90%
Industrial Select Sector	XLI	$55.73	0.08%	-0.34%	5.13%
Materials Select Sector	XLB	$47.20	0.44%	0.55%	8.71%
The Energy Select Sector	XLE	$66.89	1.02%	0.03%	10.89%
Utilities Select Sector	XLU	$50.55	0.36%	2.85%	16.80%
S&P 500	SPX	2,071.22	-0.33%	-1.23%	1.33%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$77.93	0.17%	-0.43%	-1.63%
Financial Select Sector	XLF	$22.61	0.24%	-3.57%	-6.45%
Health Care Select Sector	XLV	$70.06	-0.71%	-0.58%	-4.07%
Technology Select Sector	XLK	$43.05	-0.34%	-1.35%	-0.82%
Consumer Staples Select Sector	XLP	$53.47	-0.08%	2.77%	4.57%
Industrial Select Sector	XLI	$55.73	0.41%	0.89%	3.80%
Materials Select Sector	XLB	$47.20	0.76%	1.78%	7.37%
The Energy Select Sector	XLE	$66.89	1.35%	1.26%	9.56%
Utilities Select Sector	XLU	$50.55	0.69%	4.08%	15.46%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.9%	-0.4%	3.4%	2.1%	11.8%	7.6%
	Low Debt/EV	-0.4%	-1.5%	1.0%	-0.4%	2.6%	0.9%
SI	High Short Interest	0.8%	-0.9%	3.6%	-1.8%	5.5%	2.2%
	Low Short Interest	-0.3%	-1.4%	0.6%	1.5%	4.7%	2.3%
BETA	High Beta	0.7%	-1.2%	2.7%	1.3%	5.0%	1.3%
	Low Beta	-0.2%	-0.2%	3.3%	2.4%	11.4%	9.5%
YIELD	High Yield	0.6%	0.0%	4.0%	0.0%	9.3%	6.1%
	Low Yield	-0.1%	-1.6%	1.9%	2.7%	4.1%	1.4%
MKT CAP	MCAP Bottom 25%	0.7%	-1.2%	2.4%	-1.6%	4.3%	0.7%
	MCAP Top 25%	-0.3%	-1.1%	1.4%	1.4%	3.5%	1.6%
Sales	Top 25% Sales Growth	0.2%	-1.4%	2.0%	3.2%	6.5%	3.2%
	Bottom 25% Sales Growth	0.5%	-0.3%	3.8%	-0.1%	6.8%	4.0%
EPS	Top 25% EPS Growth	-0.1%	-1.2%	1.7%	2.8%	5.0%	2.0%
	Bottom 25% EPS Growth	0.8%	-0.6%	3.5%	1.1%	10.3%	6.8%

**Mean Performance of Top Quartile vs. Bottom Quartile, S&P500 Companies*

HEDGEYE RATES & SPREADS

	Price	1D Bps Chg	5D Bps Chg	1M Bps Chg	3M Bps Chg	vs. 52-Wk, Bps High	vs. 52-Wk, Bps Low	vs. 3Y Ave	vs. 5Y Ave
3M T-Bill	0.25%	0.0	1.1	-3	-3	-10	31	19	19
3M LIBOR	0.64%	0.0	-0.9	2	2	-4	36	32	30
2Y T-Note	0.69%	0.7	-3.4	-14	-17	-41	16	13	25
5Y T-Note	1.11%	2.2	-5.4	-19	-26	-71	14	-40	-14
10Y T-Note	1.61%	2.9	-3.3	-16	-29	-88	9	-71	-56
30Y T-Note	2.42%	2.3	-3.1	-18	-27	-84	8	-72	-70
2Y-10Y Spread, Bps	92	2.2	0.1	-2.6	-12	-47	-7	-85	-81
IG SPREAD (AAABBB)	1.85%	2.0	2.0	6	-24	-45	9	15	0
HIGH YIELD	7.26%	-8.0	15.0	-9	-52	-207	95	67	47
5Y BREAKEVEN	1.45%	0.1	-6.7	-11.5	-4.6	-27.8	59.1	-16.1	-29.3

CFTC NON-COMMERCIAL NET LONG POSITIONING

METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	Z-Score 1Y	Z-Score 3Y
SPX (Index + E-mini)	117,566	143,861	(19,362)	(93,620)	(118,407)	*2.63X*	*1.37X*
Russell 2000 (mini)	(15,270)	9,599	(47,376)	(51,327)	(40,890)	*1.42X*	*0.43X*
10Y Treasury	31,472	32,766	(59,322)	(23,034)	(14,372)	*0.86X*	*1.25X*
CRUDE OIL	373,451	(11,470)	379,968	314,008	298,986	*1.27X*	*0.55X*
GOLD	240,862	54,300	191,257	123,228	73,853	*2.02X*	*2.99X*
COPPER	(44,710)	(5,500)	(22,544)	(24,917)	(23,042)	*-1.74X*	*-1.94X*
$USD	4,681	(5,112)	12,145	23,296	36,238	*-1.81X*	*-1.08X*
JPY	52,285	11,120	51,218	41,017	(5,464)	*1.06X*	*2.06X*
EUR	(57,257)	13,079	(41,635)	(70,122)	(87,789)	*0.70X*	*0.23X*
GBP	(33,972)	30,719	(42,204)	(37,495)	(24,854)	*-0.54X*	*-0.87X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (6/17) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	11%	19%	10%	5%
Total Exchange Volume**	23%	34%	31%	23%
Total Traded Value (R3K)***	151%	119%	125%	106%

*Total Market Volume = Total US exchange volume plus OTC and OTCBB trading volume for all security types. Calculated by Bloomberg.

**Tape A+B+C volume = total US exchange volume

*** Total Traded Value for Russell 3000 (total mkt proxy)