THE MACRO SHOW

JUNE 21, 2016

LEGAL

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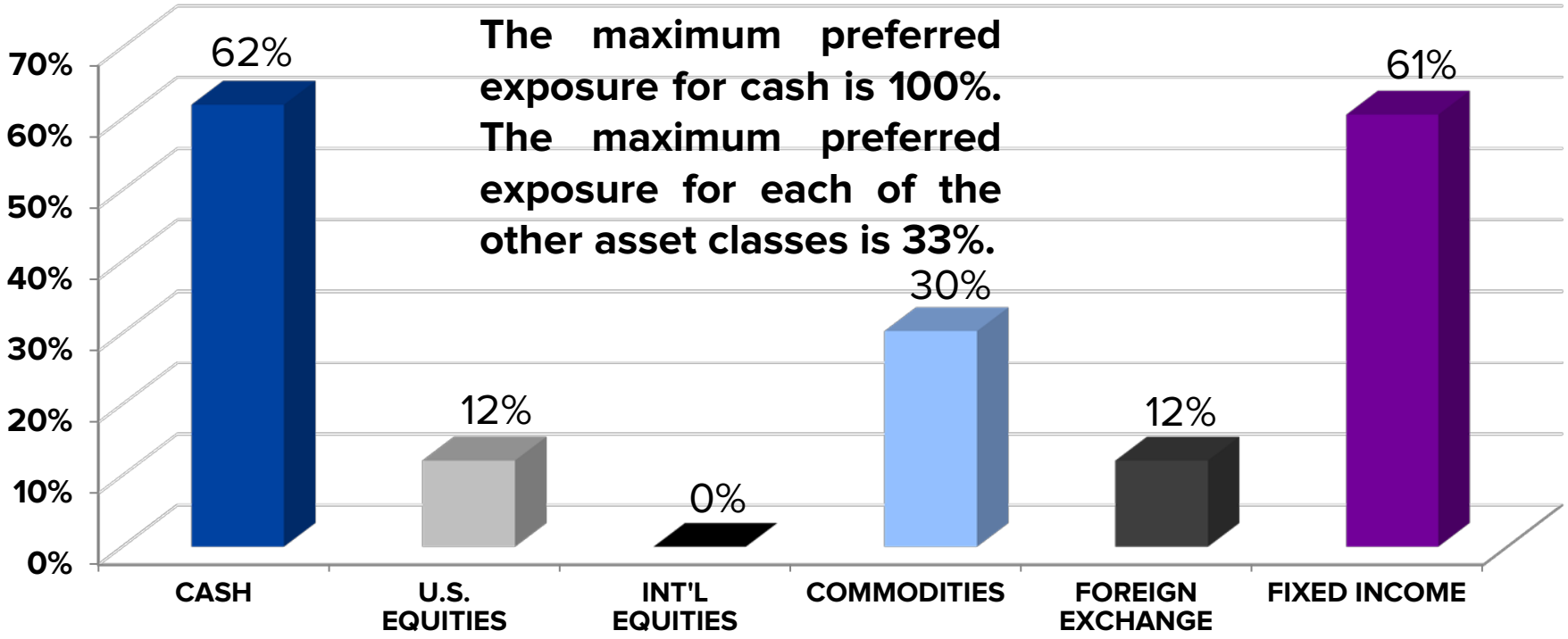
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
6/20/2016	64	4	0	10	4	18
6/21/2016	62	4	0	10	4	20

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
6/20/2016	64%	12%	0%	30%	12%	55%
6/21/2016	62%	12%	0%	30%	12%	61%

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 USD

2 COPPER

3 SPAIN

USD

Pound Up, Dollar Down gave #Reflation the nod to ramp more than most things macro yesterday (CRB Index +1.1% vs. SPY +0.58%), but now the question remains what if my $1.47 signal level is right and they sell Pounds (cover USD) on the “news”?

COPPER

The Doctor appears to be heading for the exits ahead of the crowd. Copper #Deflation resumes with a -1% decline back to $2.07/lb this morning; WTI is down -0.9% as Oil Volatility remains around 40.

SPAIN

Brexit is newsier, but this Spanish Election (June 26) still matters – as does European #GrowthSlowing. Spain's IBEX is -0.15% after the 1-day bear market bounce and remains in crash mode, down -27% from #TheCycle highs of 2015.

MACRO GRIND

COPPER – CONTINUOUS CONTRACT

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SPAIN BOLSA DA MADRID IBEX 35

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LONDON FINANCIAL TIMES INDEX

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SHANGHAI STOCK EXCHANGE INDEX

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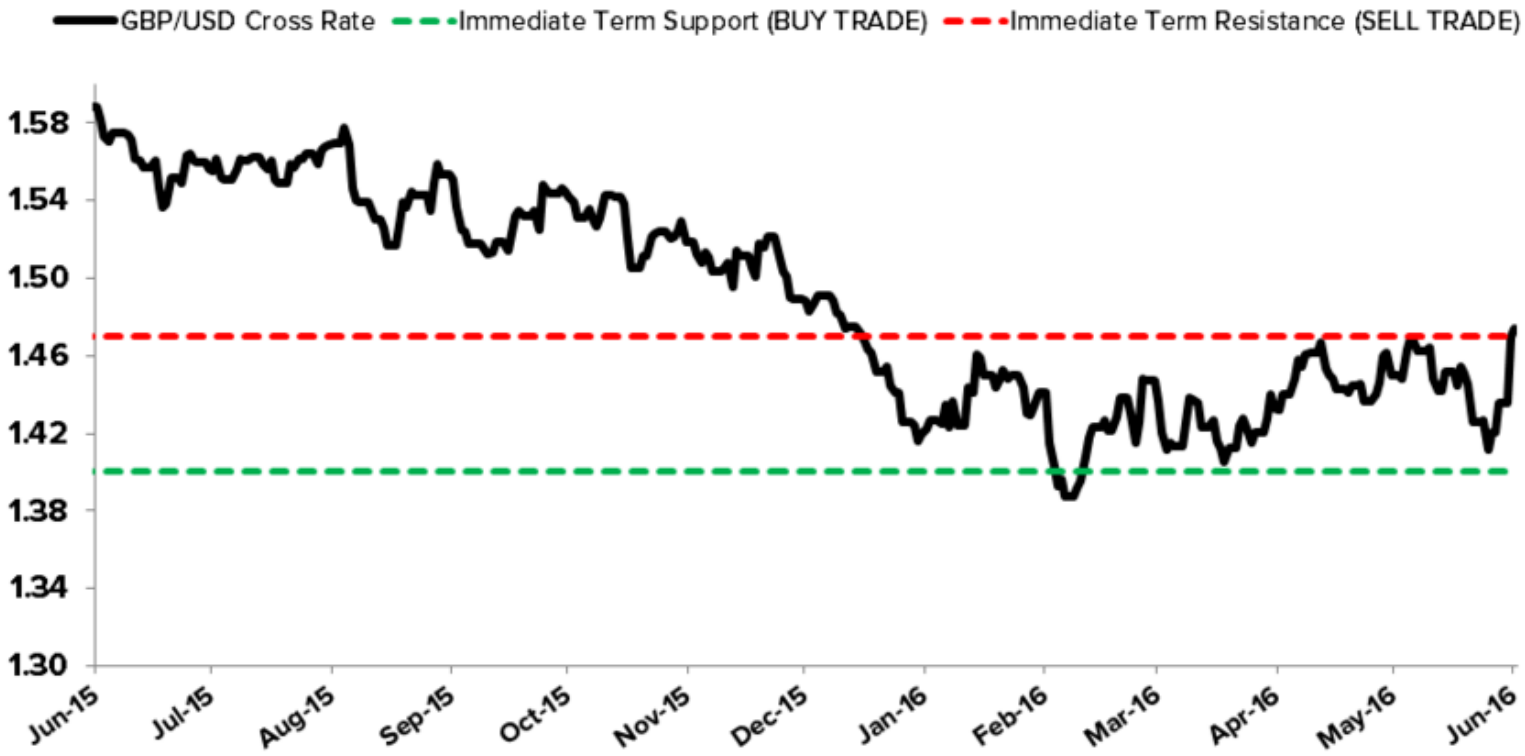
POUND/DOLLAR – HEDGEYE QUANTITATIVE SET-UP



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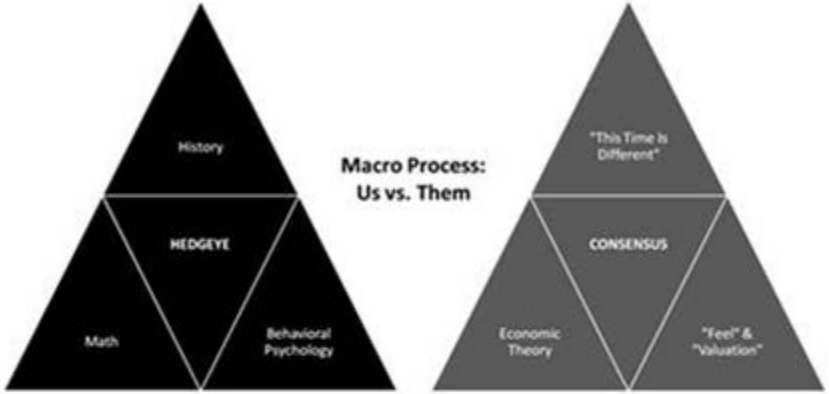
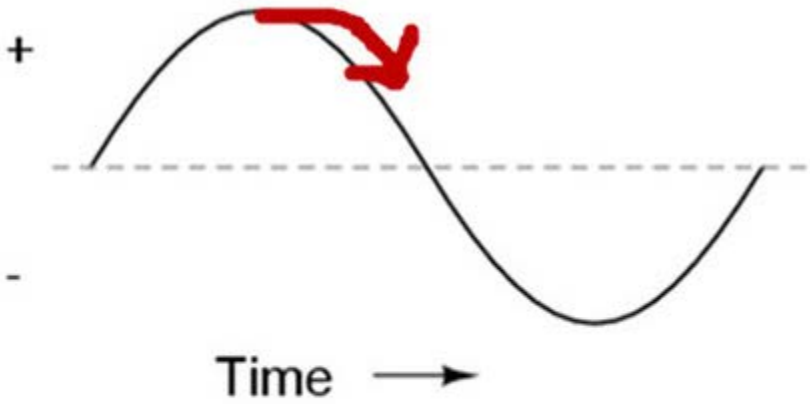
HEDGEYE MACRO PROCESS: RATE OF CHANGE





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	$78.63	0.90%	-0.77%	0.60%
Financial Select Sector	XLF	$22.74	0.57%	-4.25%	-4.57%
Health Care Select Sector	XLV	$70.50	0.63%	-1.19%	-2.12%
Technology Select Sector	XLK	$43.23	0.42%	-2.17%	0.93%
Consumer Staples Select Sector	XLP	$53.64	0.32%	1.86%	6.24%
Industrial Select Sector	XLI	$56.24	0.92%	0.57%	6.09%
Materials Select Sector	XLB	$47.47	0.57%	1.13%	9.33%
The Energy Select Sector	XLE	$67.47	0.87%	0.90%	11.85%
Utilities Select Sector	XLU	$50.36	-0.38%	2.46%	16.36%
S&P 500	SPX	2,083.25	0.58%	-0.65%	1.92%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$78.63	0.32%	-0.12%	-1.32%
Financial Select Sector	XLF	$22.74	-0.01%	-3.60%	-6.50%
Health Care Select Sector	XLV	$70.50	0.05%	-0.54%	-4.05%
Technology Select Sector	XLK	$43.23	-0.16%	-1.52%	-0.99%
Consumer Staples Select Sector	XLP	$53.64	-0.26%	2.51%	4.32%
Industrial Select Sector	XLI	$56.24	0.33%	1.23%	4.17%
Materials Select Sector	XLB	$47.47	-0.01%	1.78%	7.40%
The Energy Select Sector	XLE	$67.47	0.29%	1.55%	9.93%
Utilities Select Sector	XLU	$50.36	-0.96%	3.12%	14.44%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.7%	1.0%	3.3%	3.1%	11.6%	8.3%
	Low Debt/EV	0.8%	0.1%	1.1%	0.3%	2.7%	1.7%
SI	High Short Interest	1.0%	1.2%	3.4%	-0.7%	5.7%	3.3%
	Low Short Interest	0.6%	0.0%	0.5%	2.1%	4.4%	2.9%
BETA	High Beta	1.3%	1.1%	2.5%	2.5%	5.3%	2.5%
	Low Beta	0.2%	0.5%	3.3%	2.9%	11.1%	9.7%
YIELD	High Yield	0.6%	1.4%	3.9%	1.0%	9.3%	7.0%
	Low Yield	1.1%	0.4%	1.9%	3.7%	4.6%	2.6%
MKT CAP	MCAP Bottom 25%	1.0%	0.9%	2.3%	-0.5%	5.0%	2.2%
	MCAP Top 25%	0.6%	0.2%	1.4%	2.1%	3.5%	2.3%
Sales	Top 25% Sales Growth	1.0%	0.4%	1.8%	4.4%	6.8%	4.5%
	Bottom 25% Sales Growth	0.7%	1.3%	3.6%	0.3%	6.3%	4.2%
EPS	Top 25% EPS Growth	0.9%	0.6%	1.4%	3.6%	4.7%	2.8%
	Bottom 25% EPS Growth	0.8%	1.1%	3.9%	2.3%	11.0%	8.1%

**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	0.26%	-0.5	-1.5	-6	-5	-9	31	20	20
3M LIBOR	0.64%	0.0	-1.0	-2	2	-4	36	32	30
2Y T-Note	0.74%	5.2	2.3	-13	-13	-36	20	18	30
5Y T-Note	1.16%	7.0	4.5	-18	-20	-67	18	-36	-9
10Y T-Note	1.67%	8.1	7.6	-15	-23	-82	15	-65	-50
30Y T-Note	2.48%	7.6	7.2	-13	-22	-78	14	-66	-64
2Y-10Y Spread, Bps	93	1.2	3.6	-3.5	-12	-46	-5	-83	-80
IG SPREAD (AAABBB)	1.85%	0.0	0.0	6	-17	-45	9	15	0
HIGH YIELD	7.11%	-14.8	-17.4	-30	-55	-221	80	52	32
5Y BREAKEVEN	1.45%	0.7	-0.8	-5.5	-7.7	-27.1	59.8	-15.4	-28.6

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: (6/20) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-11%	6%	-2%	-6%
Total Exchange Volume**	-27%	-1%	-4%	-10%
Total Traded Value (R3K)***	-56%	-2%	0%	-8%

*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)