THE MACRO SHOW

JUNE 27, 2016

LEGAL

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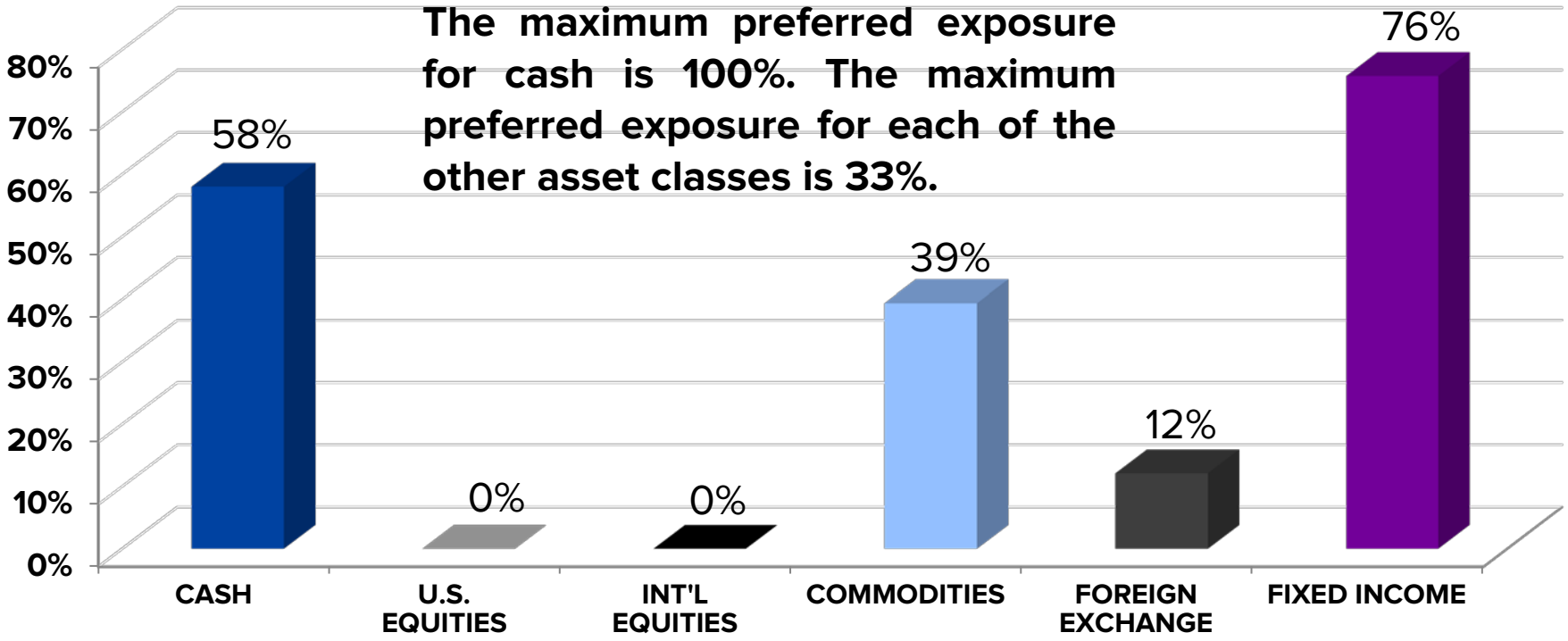
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
6/24/2016	57	0	0	13	5	25
6/27/2016	58	0	0	13	4	25

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
6/24/2016	57%	0%	0%	39%	15%	76%
6/27/2016	58%	0%	0%	39%	12%	76%

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

HEDGEYE ASSET ALLOCATION



June 27, 2016

THE MACRO SHOW

HEDGEYE TV

1 POUND

2 SPAIN

3 UST 10YR

POUND

The pound continues to crash, down another -3.4% vs. USD to $1.32 – signaling immediate-term TRADE oversold, finally. But this crash and the bearish TREND break-down in EUR/USD keeps the super-cycle (bullish) call for USD intact. There’s #Deflation risk in that.

SPAIN

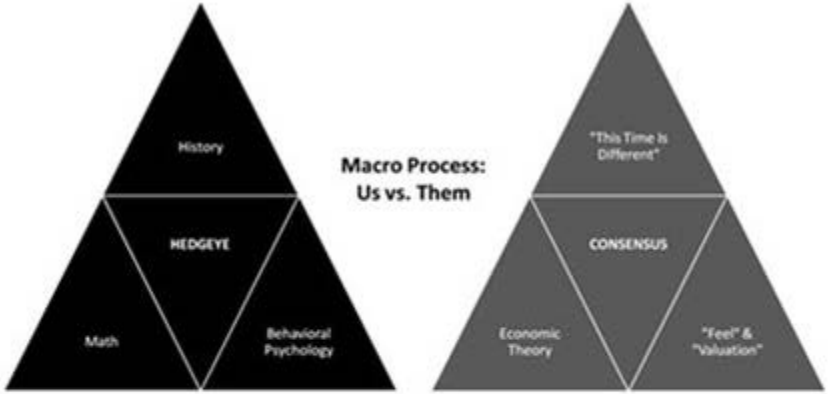
Mariano Rajoy wins a minority government with 137 seats, and Spanish stocks continue to crash down another -0.9% after dropping -6.9% last week, taking the crash in the IBEX to -35% from the 2015 cycle-peak. The DAX is down -1.6% this morning, down -24% from its 2015 cycle-peak.

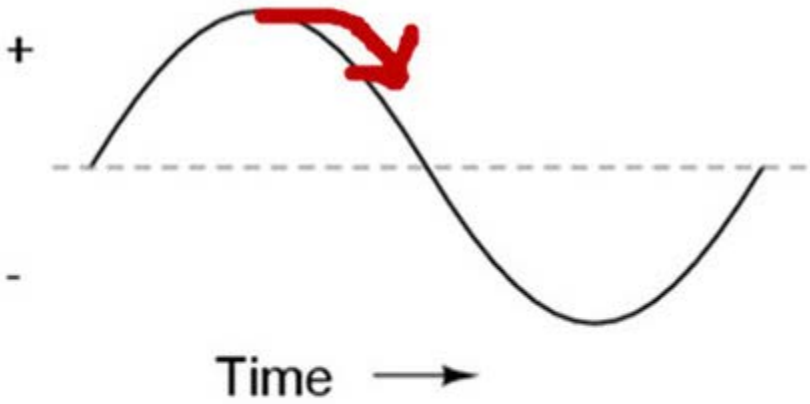
UST 10YR

Our favorite ways to play both U.S. and Global #GrowthSlowing in 2016 continues to be the Long Bond, Gold, and Safe Equity Yields (like Utilities) that look like bonds. The UST 10YR hit all-time lows this morning at 1.46% as the UK 10YR drops another -13 basis points breaking 1.0% at 0.96%.

MACRO GRIND

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	$76.15	-3.74%	-3.90%	-2.57%
Financial Select Sector	XLF	$22.08	-5.36%	-7.03%	-7.34%
Health Care Select Sector	XLV	$69.29	-2.93%	-2.89%	-3.80%
Technology Select Sector	XLK	$42.28	-3.84%	-4.32%	-1.28%
Consumer Staples Select Sector	XLP	$53.10	-1.92%	0.84%	5.17%
Industrial Select Sector	XLI	$54.38	-4.07%	-2.75%	2.58%
Materials Select Sector	XLB	$46.02	-4.36%	-1.96%	5.99%
The Energy Select Sector	XLE	$66.78	-3.23%	-0.13%	10.71%
Utilities Select Sector	XLU	$50.61	0.56%	2.97%	16.94%
S&P 500	SPX	2,037.41	-3.59%	-2.84%	-0.32%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$76.15	-0.15%	-1.06%	-2.25%
Financial Select Sector	XLF	$22.08	-1.77%	-4.19%	-7.02%
Health Care Select Sector	XLV	$69.29	0.66%	-0.05%	-3.48%
Technology Select Sector	XLK	$42.28	-0.25%	-1.48%	-0.96%
Consumer Staples Select Sector	XLP	$53.10	1.67%	3.68%	5.49%
Industrial Select Sector	XLI	$54.38	-0.48%	0.09%	2.90%
Materials Select Sector	XLB	$46.02	-0.77%	0.88%	6.31%
The Energy Select Sector	XLE	$66.78	0.36%	2.71%	11.03%
Utilities Select Sector	XLU	$50.61	4.15%	5.81%	17.26%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-4.1%	-2.1%	-1.6%	2.6%	4.4%	5.6%
	Low Debt/EV	-3.7%	-1.7%	-3.2%	-1.6%	-1.5%	-0.7%
SI	High Short Interest	-4.5%	-2.0%	-2.0%	-1.2%	-1.1%	0.2%
	Low Short Interest	-4.1%	-2.0%	-3.7%	0.9%	-0.6%	0.2%
BETA	High Beta	-6.4%	-3.0%	-5.2%	1.1%	-3.5%	-1.7%
	Low Beta	-1.1%	-0.2%	2.2%	2.8%	8.9%	9.4%
YIELD	High Yield	-3.4%	-1.4%	-0.1%	0.4%	3.4%	4.4%
	Low Yield	-4.4%	-1.9%	-3.2%	1.9%	-0.5%	0.2%
MKT CAP	MCAP Bottom 25%	-5.1%	-2.7%	-3.7%	-2.2%	-2.7%	-1.9%
	MCAP Top 25%	-3.6%	-1.8%	-2.8%	0.7%	-0.8%	0.1%
Sales	Top 25% Sales Growth	-4.4%	-1.7%	-3.1%	3.7%	1.4%	2.4%
	Bottom 25% Sales Growth	-4.1%	-1.9%	-1.2%	-0.9%	0.6%	1.7%
EPS	Top 25% EPS Growth	-4.8%	-2.2%	-3.7%	2.0%	-0.7%	0.2%
	Bottom 25% EPS Growth	-3.5%	-1.6%	-0.7%	1.6%	4.3%	5.5%

**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%	-3.6	-0.6	-10	-3	-11	30	18	18
3M LIBOR	0.64%	0.0	-0.4	-3	1	-5	36	31	29
2Y T-Note	0.63%	-15.2	-6.6	-28	-24	-47	13	7	18
5Y T-Note	1.07%	-18.6	-4.1	-33	-31	-75	18	-44	-18
10Y T-Note	1.56%	-18.6	-4.8	-30	-34	-93	16	-76	-61
30Y T-Note	2.41%	-14.5	-1.0	-23	-26	-84	13	-72	-71
2Y-10Y Spread, Bps	93	-3.4	1.8	-2.1	-10	-46	2	-82	-79
IG SPREAD (AAABBB)	1.87%	-13.0	2.0	8	-13	-43	11	17	2
HIGH YIELD	7.18%	17.6	-8.6	-21	-72	-215	82	58	38
5Y BREAKEVEN	1.38%	-11.1	-6.2	-12.9	-5.8	-33.0	52.9	-22.2	-35.4

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)	57,120	(60,446)	(2,546)	(88,215)	(115,689)	*1.86X*	*0.80X*
Russell 2000 (mini)	(19,151)	(3,881)	(44,163)	(50,249)	(41,454)	*1.32X*	*0.27X*
10Y Treasury	113,145	81,673	(48,326)	(17,488)	(11,128)	*2.22X*	*2.33X*
CRUDE OIL	373,234	(217)	380,633	319,711	299,119	*1.26X*	*0.54X*
GOLD	256,898	16,036	198,587	133,682	77,877	*2.07X*	*3.16X*
COPPER	(32,914)	11,796	(25,136)	(25,023)	(23,218)	*-0.78X*	*-1.10X*
$USD	9,336	4,655	11,516	22,373	35,412	*-1.48X*	*-0.88X*
JPY	47,454	(4,831)	50,939	44,137	(2,874)	*0.94X*	*1.93X*
EUR	(62,330)	(5,073)	(41,663)	(66,682)	(87,096)	*0.57X*	*0.18X*
GBP	(50,765)	(16,793)	(43,349)	(38,467)	(25,365)	*-1.48X*	*-1.44X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (6/24) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	82%	65%	56%	51%
Total Exchange Volume**	137%	112%	115%	103%
Total Traded Value (R3K)***	179%	140%	156%	141%

*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)