THE MACRO SHOW

JUNE 28, 2016

LEGAL

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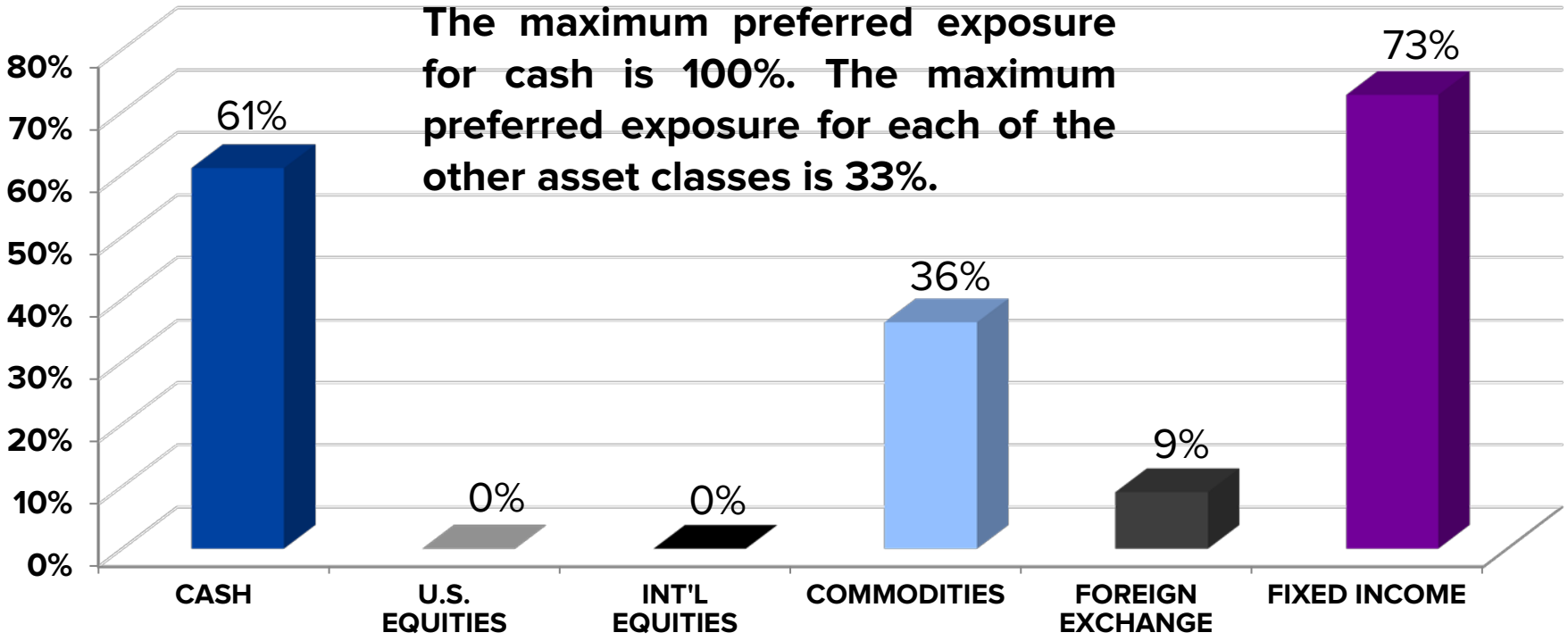
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
6/27/2016	58	0	0	13	4	25
6/28/2016	61	0	0	12	3	24

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
6/27/2016	58%	0%	0%	39%	12%	76%
6/28/2016	61%	0%	0%	36%	9%	73%

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 28, 2016

THE MACRO SHOW

HEDGEYE TV

1 EURO

2 RUSSELL 2000

3 GOLD

EURO

As we've outlined since the beginning of the year, #EuropeSlowing will become more obvious when Germany, France, Italy, Spain, etc. lap peak cycle GDP comps in Q2/Q3. #Brexit was just a preview to what Europe will look like as the causal factor (#GrowthSlowing) becomes obvious; watch out below if EUR/USD $1.05 breaks.

RUSSELL 2000

Didn’t that Russell (2000) “chart look good”, before you saw the volume on down days? We’ve been bearish on small caps for over a year now and aren’t chasing head-fake charts that rally to lower-highs (vs. the all-time bubble highs) on decelerating volume. The RUT is down -15.9% from the July 2015 high, teetering on crash mode (again).

GOLD

Last chance for the consensus that missed it to “buy on the dip”? Why is it that no one markets buying dips in GLD, TLT, XLU, MUB, ZROZ, etc? Ah, right – that’s because they’d have to acknowledge that U.S. #GrowthSlowing = Lower Bond Yields and no rate hikes; risk range for Gold is now $1275-1336/oz.

MACRO GRIND

GERMAN DAX COMPOSITE

June 28, 2016

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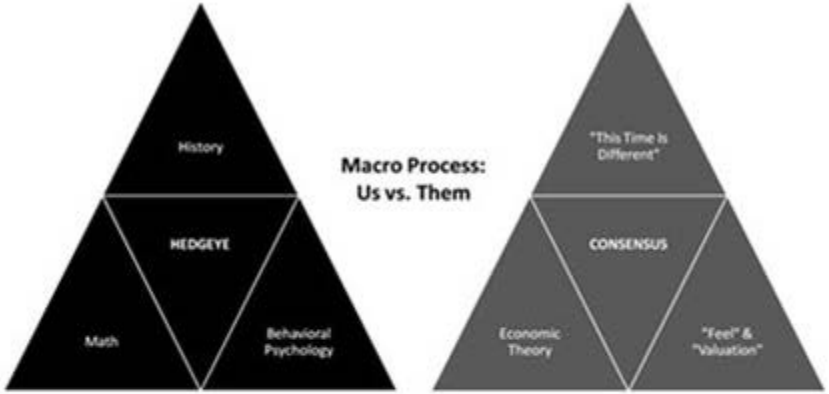
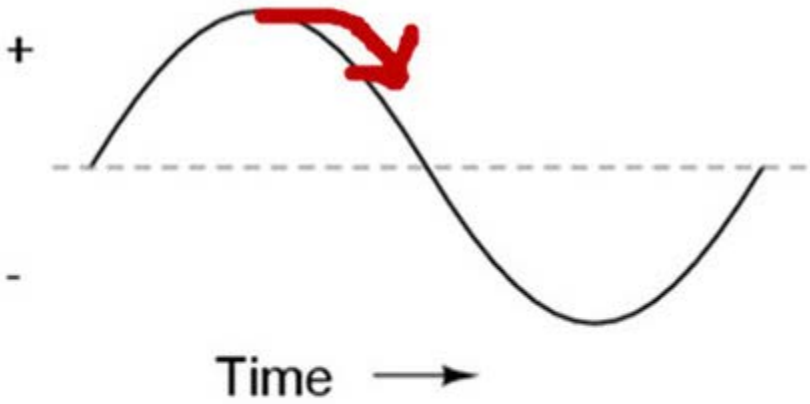
HEDGEYE TV

#EUROPESLOWING

Italy	Consumer Confidence Index	Jun	112.5	110.2	112.7
Italy	Manufacturing Confidence	Jun	102.1	102.8	102.1
Italy	Economic Sentiment	Jun	--	101.2	103.4
UK	CBI Retailing Reported Sales	Jun	--	4	7
UK	CBI Total Dist. Reported Sales	Jun	--	14	19
France	Consumer Confidence	Jun	97	97	98
Spain	Retail Sales YoY	May	--	2.80%	6.40%
Sweden	PPI YoY	May	--	-4.50%	-4.20%
Sweden	Retail Sales NSA YoY	May	3.20%	4.60%	1.70%
Finland	House Price Index YoY	May	--	0.80%	1.70%
Iceland	CPI YoY	Jun	--	1.60%	1.70%
Slovakia	PPI YoY	May	--	-5.70%	-5.60%
Slovakia	Consumer Confidence	Jun	--	-8.1	-7.7
Slovakia	Industrial Confidence	Jun	--	1.7	4

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	$74.77	-1.81%	-5.64%	-4.34%
Financial Select Sector	XLF	$21.45	-2.85%	-9.68%	-9.99%
Health Care Select Sector	XLV	$68.38	-1.31%	-4.16%	-5.07%
Technology Select Sector	XLK	$41.43	-2.01%	-6.25%	-3.27%
Consumer Staples Select Sector	XLP	$52.99	-0.22%	0.62%	4.94%
Industrial Select Sector	XLI	$53.10	-2.35%	-5.04%	0.17%
Materials Select Sector	XLB	$44.47	-3.37%	-5.26%	2.42%
The Energy Select Sector	XLE	$64.64	-3.20%	-3.33%	7.16%
Utilities Select Sector	XLU	$51.03	0.83%	3.83%	17.91%
S&P 500	SPX	2,000.54	-1.81%	-4.60%	-2.12%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$74.77	0.00%	-1.04%	-2.21%
Financial Select Sector	XLF	$21.45	-1.04%	-5.09%	-7.86%
Health Care Select Sector	XLV	$68.38	0.50%	0.44%	-2.94%
Technology Select Sector	XLK	$41.43	-0.20%	-1.65%	-1.15%
Consumer Staples Select Sector	XLP	$52.99	1.59%	5.22%	7.06%
Industrial Select Sector	XLI	$53.10	-0.54%	-0.44%	2.29%
Materials Select Sector	XLB	$44.47	-1.56%	-0.66%	4.54%
The Energy Select Sector	XLE	$64.64	-1.39%	1.26%	9.29%
Utilities Select Sector	XLU	$51.03	2.64%	8.42%	20.03%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-2.8%	-5.4%	-4.6%	-0.2%	1.8%	2.9%
	Low Debt/EV	-2.2%	-4.6%	-5.7%	-3.6%	-3.5%	-2.7%
SI	High Short Interest	-3.4%	-6.2%	-5.6%	-4.5%	-4.2%	-3.1%
	Low Short Interest	-2.3%	-4.7%	-6.1%	-1.4%	-2.7%	-1.9%
BETA	High Beta	-4.8%	-8.9%	-9.9%	-4.1%	-8.5%	-6.9%
	Low Beta	-0.1%	-0.4%	1.5%	3.0%	9.2%	9.8%
YIELD	High Yield	-2.7%	-4.9%	-3.7%	-2.4%	-0.2%	0.8%
	Low Yield	-3.1%	-5.9%	-6.7%	-1.4%	-3.7%	-3.1%
MKT CAP	MCAP Bottom 25%	-4.1%	-7.7%	-8.1%	-6.6%	-7.5%	-6.6%
	MCAP Top 25%	-1.6%	-3.9%	-4.5%	-1.0%	-2.4%	-1.5%
Sales	Top 25% Sales Growth	-3.2%	-5.7%	-6.4%	0.4%	-1.7%	-0.6%
	Bottom 25% Sales Growth	-2.6%	-5.0%	-4.2%	-3.5%	-2.0%	-0.9%
EPS	Top 25% EPS Growth	-3.0%	-5.9%	-6.9%	-0.9%	-3.2%	-2.4%
	Bottom 25% EPS Growth	-2.4%	-4.7%	-3.3%	-0.9%	2.0%	3.2%

**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	0.24%	-0.5	-0.6	-7	-4	-11	29	17	18
3M LIBOR	0.62%	0.0	-2.3	-5	-1	-6	34	30	27
2Y T-Note	0.60%	-3.0	-14.8	-31	-27	-50	10	4	15
5Y T-Note	0.99%	-8.5	-19.5	-40	-39	-84	10	-53	-26
10Y T-Note	1.45%	-11.2	-24.1	-40	-45	-102	4	-87	-72
30Y T-Note	2.27%	-13.6	-22.1	-37	-40	-97	1	-86	-84
2Y-10Y Spread, Bps	85	-8.3	-9.3	-9.2	-18	-52	-6	-90	-87
IG SPREAD (AAABBB)	1.87%	0.0	3.0	10	-13	-43	11	17	2
HIGH YIELD	7.18%	0.0	6.2	-12	-72	-215	70	59	38
5Y BREAKEVEN	1.29%	-9.6	-16.8	-23.6	-15.1	-42.7	43.2	-31.8	-45.0

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: (6/27) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-14%	36%	33%	30%
Total Exchange Volume**	-30%	42%	48%	41%

*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)