THE MACRO SHOW

JULY 19, 2016

LEGAL

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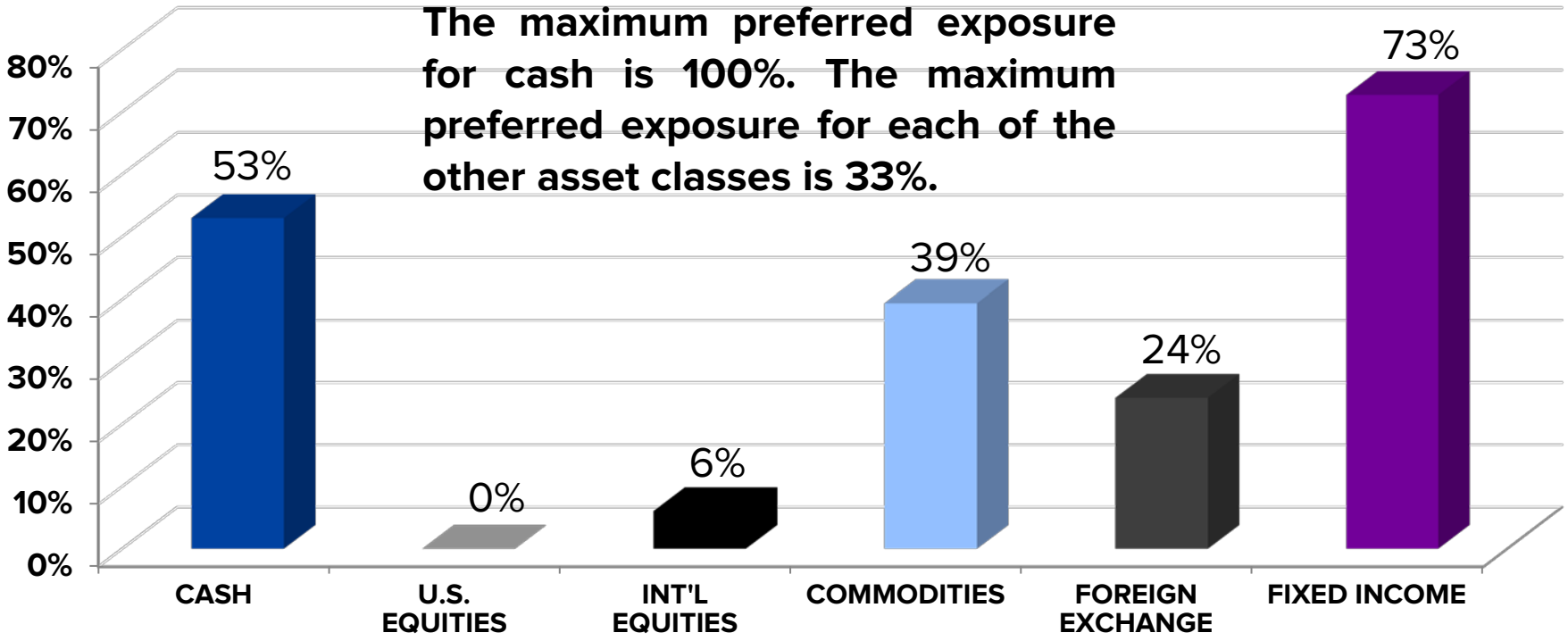
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
7/19/2016	50	0	0	13	7	30
7/20/2016	53	0	2	13	8	24

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
7/19/2016	50%	0%	0%	39%	21%	91%
7/20/2016	53%	0%	6%	39%	24%	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



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HEDGEYE TV

1 USD

2 OIL

3 UST 10YR

USD

#StrongDollar move continues as consensus remains A) bearish on USD (see net positioning in CFTC futures & options data) and B) finally too dovish on what the Fed might do in SEP – what slows this down if we’re right on the Q2 sequential GDP acceleration as European and Japanese economic data continues to slow? Still bearish on Euros.

OIL

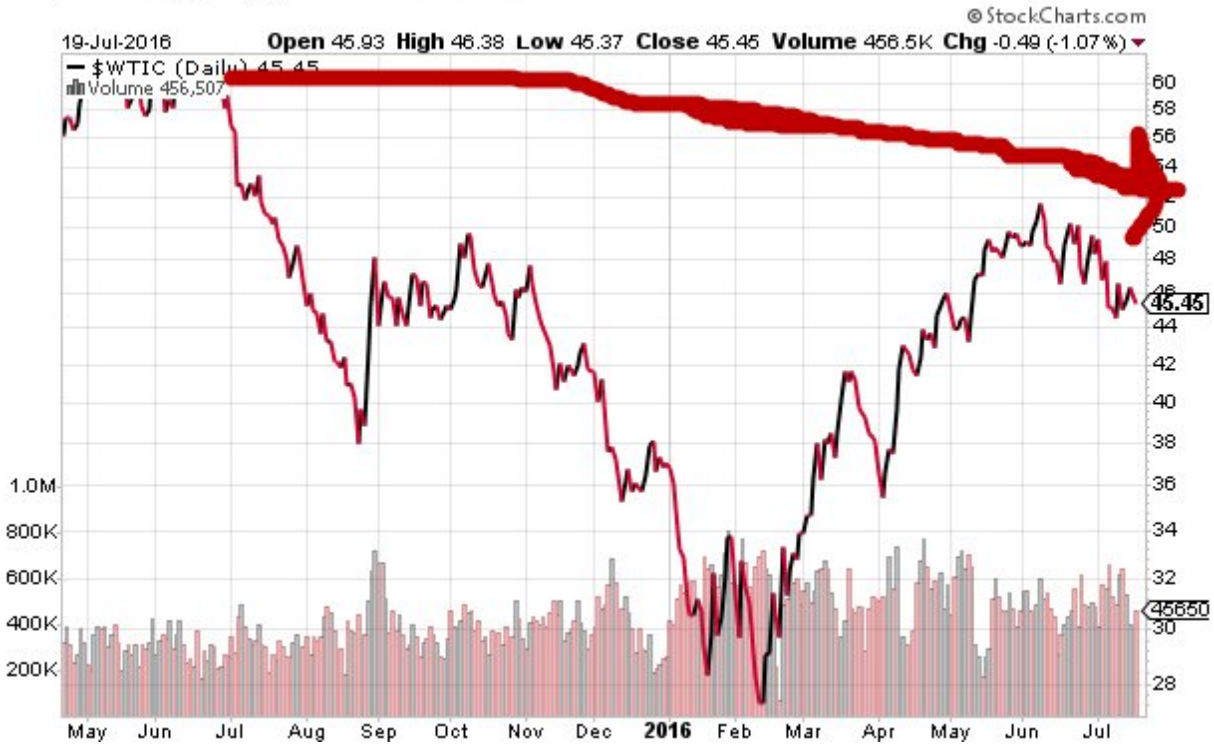
Oil continues to break-down as the USD continues to threaten a breakout. WTI is down -1.4% yesterday and takes it down -7.1% in the last month as the inverse USD correlation there remains as real as it is for the CRB Index (down -1.1% yesterday to 186 and signaling bearish TREND @Hedgeye). WTI immediate-term risk range is now $43.91-46.65.

UST 10YR

We signaled sell some on Zeroes (ZROZ) in Real-Time Alerts yesterday and we'll keep taking down our asset allocation to Fixed Income (booking gains) on rallies until we see this U.S. Q2 GDP print. Consensus is very much long the Long Bond now (after being bearish on it for the last 6-12 months) and we don't like being levered long consensus after an epic move in rates.

MACRO GRIND

LIGHT CRUDE OIL



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HEDGEYE TV

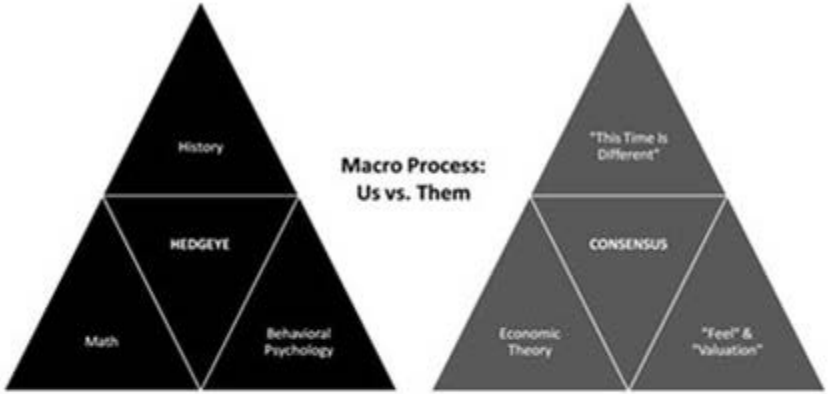
Q2 S&P REVENUE & EARNINGS COMPS

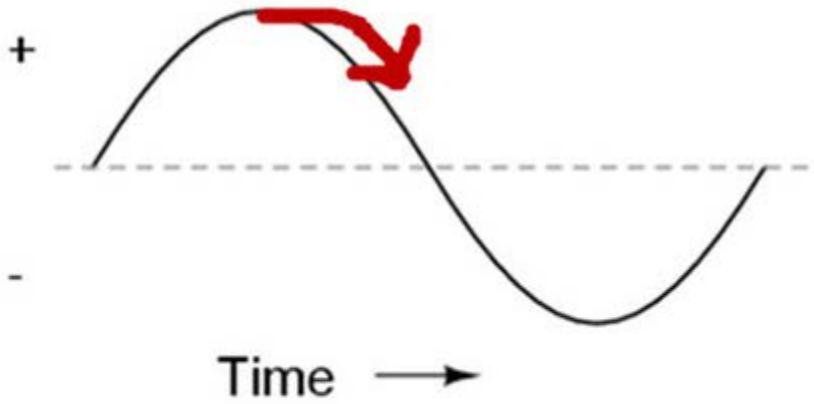
Q2 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	2.7%	-5.7%	54 / 500
Energy	0.0%	0.0%	0 / 37
Materials	-9.5%	-15.8%	2 / 27
Industrials	4.1%	5.3%	9 / 68
Consumer Discretionary	4.0%	7.4%	11 / 83
Consumer Staples	0.2%	1.6%	8 / 36
Healthcare	20.2%	5.7%	2 / 57
Financials	-1.1%	-8.9%	13 / 92
Information Technology	-1.6%	-15.4%	9 / 67
Telecom	0.0%	0.0%	0 / 5
Utilities	0.0%	0.0%	0 / 28

Source: BBG

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	$81.14	-0.18%	3.95%	3.81%
Financial Select Sector	XLF	$23.61	0.04%	3.30%	-0.92%
Health Care Select Sector	XLV	$73.95	-0.22%	3.13%	2.67%
Technology Select Sector	XLK	$45.21	-0.22%	4.24%	5.56%
Consumer Staples Select Sector	XLP	$55.60	-0.07%	0.82%	10.12%
Industrial Select Sector	XLI	$58.67	0.05%	4.75%	10.68%
Materials Select Sector	XLB	$48.81	-0.59%	5.33%	12.41%
The Energy Select Sector	XLE	$68.89	-0.56%	0.95%	14.21%
Utilities Select Sector	XLU	$52.06	-0.17%	-0.78%	20.29%
S&P 500	SPX	2,163.78	-0.14%	3.09%	5.86%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$81.14	-0.04%	0.85%	-2.05%
Financial Select Sector	XLF	$23.61	0.19%	0.21%	-6.79%
Health Care Select Sector	XLV	$73.95	-0.07%	0.04%	-3.20%
Technology Select Sector	XLK	$45.21	-0.08%	1.15%	-0.31%
Consumer Staples Select Sector	XLP	$55.60	0.07%	-2.28%	4.26%
Industrial Select Sector	XLI	$58.67	0.19%	1.66%	4.81%
Materials Select Sector	XLB	$48.81	-0.45%	2.24%	6.55%
The Energy Select Sector	XLE	$68.89	-0.42%	-2.14%	8.34%
Utilities Select Sector	XLU	$52.06	-0.03%	-3.87%	14.42%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.6%	0.2%	4.4%	3.8%	27.4%	12.8%
	Low Debt/EV	-0.3%	-0.1%	4.9%	2.4%	15.5%	5.9%
SI	High Short Interest	-0.8%	-0.6%	4.7%	1.9%	23.3%	6.6%
	Low Short Interest	-0.1%	0.8%	4.0%	3.4%	16.0%	6.9%
BETA	High Beta	-0.8%	0.3%	4.2%	2.1%	26.6%	5.3%
	Low Beta	0.0%	0.2%	4.5%	5.6%	17.9%	14.8%
YIELD	High Yield	-0.3%	0.5%	4.4%	3.6%	20.9%	10.7%
	Low Yield	-0.4%	0.0%	4.3%	3.8%	19.3%	6.2%
MKT CAP	MCAP Bottom 25%	-0.5%	-0.1%	3.7%	0.9%	20.3%	5.5%
	MCAP Top 25%	-0.2%	0.6%	4.2%	3.1%	14.8%	6.1%
Sales	Top 25% Sales Growth	-0.5%	-0.5%	3.9%	4.0%	23.7%	8.5%
	Bottom 25% Sales Growth	-0.3%	0.3%	5.1%	3.9%	21.6%	9.6%
EPS	Top 25% EPS Growth	-0.4%	0.3%	4.8%	4.3%	22.6%	8.4%
	Bottom 25% EPS Growth	-0.5%	-0.4%	3.8%	2.6%	22.5%	10.0%

**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	0.31%	0.9	2.0	6	10	-5	36	23	24
3M LIBOR	0.70%	0.8	2.2	5	6	0	40	36	34
2Y T-Note	0.69%	2.2	0.1	0	-7	-41	19	12	24
5Y T-Note	1.11%	0.6	2.4	0	-14	-72	22	-40	-13
10Y T-Note	1.55%	0.2	4.3	-6	-23	-85	23	-74	-59
30Y T-Note	2.27%	0.1	4.3	-15	-33	-87	18	-84	-82
2Y-10Y Spread, Bps	86	-2.1	4.2	-5.2	-16	-44	4	-86	-84
IG SPREAD (AAABBB)	1.71%	2.0	1.0	-14	-18	-59	5	1	-14
HIGH YIELD	6.42%	0.8	2.4	-84	-107	-291	6	-17	-36
5Y BREAKEVEN	1.41%	-3.8	-5.2	-3.2	-5.1	-22.5	55.9	-18.2	-31.6

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)	59,573	1,756	36,940	(67,712)	(104,697)	*1.62X*	*0.84X*
Russell 2000 (mini)	(30,196)	8,269	(37,142)	(48,246)	(43,277)	*0.94X*	*-0.18X*
10Y Treasury	114,702	27,841	(21,166)	(9,463)	(6,260)	*2.00X*	*2.23X*
CRUDE OIL	341,182	(4,880)	378,391	334,736	300,140	*0.70X*	*0.02X*
GOLD	271,529	(15,392)	223,116	167,088	93,222	*1.85X*	*3.02X*
COPPER	(14,251)	5,236	(26,445)	(23,100)	(22,940)	*0.69X*	*0.21X*
USD	13,913	1,408	10,768	19,374	32,903	*-1.08X*	*-0.69X*
JPY	44,986	(9,795)	49,556	49,897	3,796	*0.78X*	*1.77X*
EUR	(93,993)	(12,320)	(48,176)	(58,641)	(85,846)	*-0.19X*	*-0.21X*
GBP	(59,456)	(12,187)	(44,392)	(40,666)	(26,994)	*-1.79X*	*-1.72X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (7/19) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	0.2%	-19%	-21%	-24%
Total Exchange Volume**	0.2%	-24%	-21%	-25%

*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)