

#### LEGAL

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#### HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
7/20/2016	53	0	2	13	8	24
7/21/2016	60	0	3	14	6	17

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
7/20/2016	53%	0%	6%	39%	24%	73%
7/21/2016	60%	0%	9%	42%	18%	52%

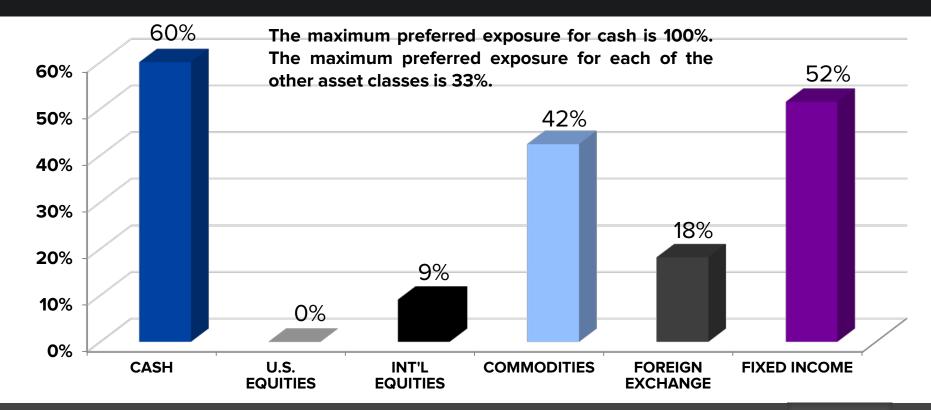
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

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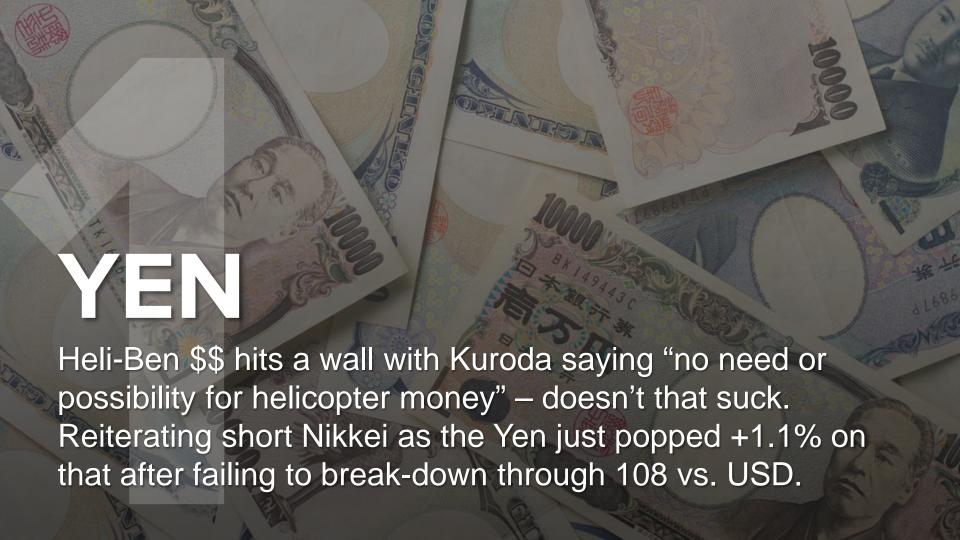
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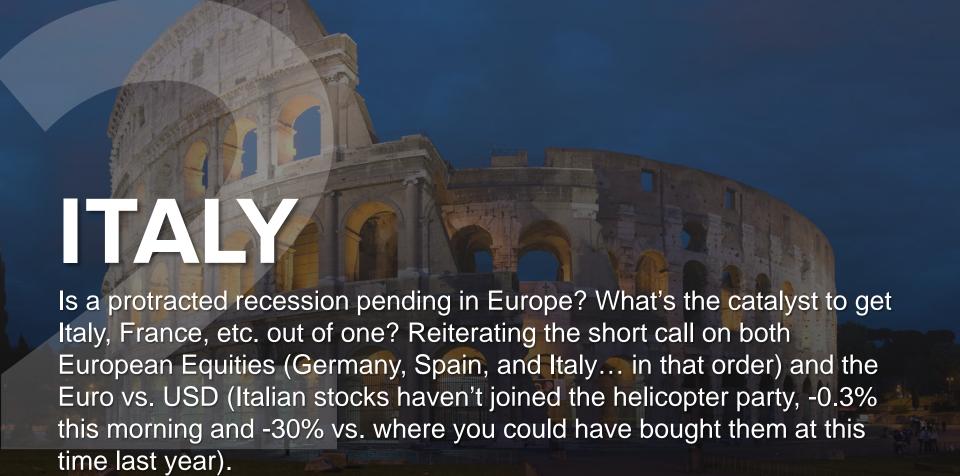


July 21, 2016



# YEN ZITALY VOLUME





# VOLUME

No all-time highs for the Nasdaq or Russell 2000, but we've got another one for SPY beta, baby! And... volume continues to crash into these consecutive highs. Yesterday's Total U.S. Equity Volume (including dark pool) was -17% and -22% vs. its 1-month and 1-year average volume, respectively.

# MACRO GRIND

#### U.S. DOLLAR TO JAPANESE YEN



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#### GOLD - CONTINUOUS CONTRACT



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## REUTERS/JEFFERIES CRB INDEX



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# FTSE MIB (MILAN) INDEX

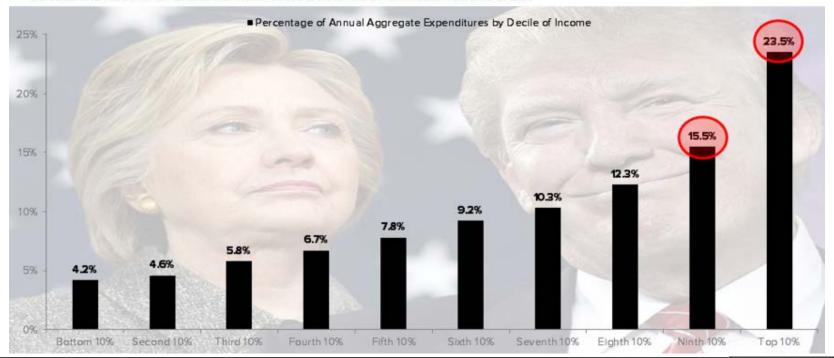


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#### THE HIGH-END MATTERS; GAS PRICES DON'T

THE TOP 20% OF HOUSEHOLDS ACCORDING TO ANNUAL INCOME ACCOUNT FOR ALMOST TWO-FIFTHS OF CONSUMER SPENDING. THAT'S DOUBLE THE AMOUNT OF SPENDING THEIR UNITS WOULD IMPLY ON A LIKE-FOR-LIKE BASIS.



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# **Q2 S&P REVENUE & EARNINGS COMPS**

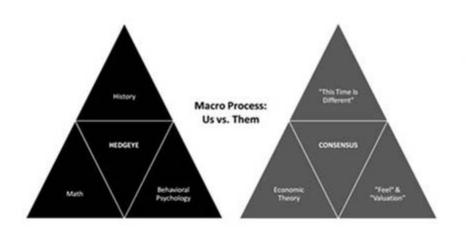
Q2 2016 QTD

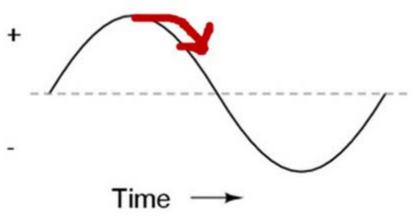
Q2 2010 Q 1D			
SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	1.3%	-3.9%	81 / 500
Energy	-26.6%	-70.8%	3 / 37
Materials	-7.0%	-6.3%	3 / 27
Industrials	2.3%	-2.2%	13 / 68
Consumer Discretionary	3.9%	6.7%	13 / 83
Consumer Staples	0.2%	1.6%	8 / 36
Healthcare	18.5%	6.0%	5 / 57
Financials	-1.1%	-5.1%	20 / 92
Information Technology	-2.0%	-6.4%	16 / 67
Telecom	0.0%	0.0%	0 / 5
Utilities	0.0%	0.0%	0 / 28

Source: BBG

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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.

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## HEDGEYE SECTOR PERFORMANCE

			1-Day %	MTD %	YTD %
SECTOR	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	Chg	<u>Chg</u>
Consumer Discretionary	XLY	\$81.48	0.42%	4.38%	4.25%
Financial Select Sector	XLF	\$23.65	0.17%	3.48%	-0.76%
Health Care Select Sector	XLV	\$74.62	0.91%	4.07%	3.60%
Technology Select Sector	XLK	\$45.80	1.31%	5.60%	6.93%
Consumer Staples Select Sector	XLP	\$55.40	-0.36%	0.45%	9.72%
Industrial Select Sector	XLI	\$58.78	0.19%	4.95%	10.88%
Materials Select Sector	XLB	\$48.83	0.04%	5.37%	12.46%
The Energy Select Sector	XLE	\$68.79	-0.14%	0.81%	14.04%
Utilities Select Sector	XLU	\$51.76	-0.58%	-1.35%	19.59%
S&P 500	SPX	2,173.02	0.43%	3.53%	6.32%

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#### HEDGEYE SECTOR RELATIVE PERFORMANCE

			1-Day %	MTD %	YTD %
	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	Chg	<u>Chg</u>
Consumer Discretionary	XLY	\$81.48	-0.01%	0.85%	-2.07%
Financial Select Sector	XLF	\$23.65	-0.26%	-0.05%	-7.07%
Health Care Select Sector	XLV	\$74.62	0.48%	0.53%	-2.72%
Technology Select Sector	XLK	\$45.80	0.88%	2.07%	0.62%
Consumer Staples Select Sector	XLP	\$55.40	-0.79%	-3.08%	3.41%
Industrial Select Sector	XLI	\$58.78	-0.24%	1.41%	4.57%
Materials Select Sector	XLB	\$48.83	-0.39%	1.84%	6.14%
The Energy Select Sector	XLE	\$68.79	-0.57%	-2.73%	7.73%
Utilities Select Sector	XLU	\$51.76	-1.00%	-4.89%	13.28%

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#### HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Ħ	High Debt/EV	0.4%	0.6%	4.1%	4.2%	29.4%	13.1%
Debt	Low Debt/EV	0.7%	0.9%	4.7%	3.0%	16.8%	6.6%
- IS	High Short Interest	0.7%	0.6%	4.3%	2.2%	24.5%	7.2%
	Low Short Interest	0.4%	1.1%	3.8%	3.7%	18.0%	7.3%
BETA	High Beta	0.8%	1.6%	3.8%	2.0%	28.8%	6.0%
8	Low Beta	-0.1%	-0.3%	4.2%	6.7%	19.6%	14.6%
YIELD	High Yield	0.2%	0.6%	4.1%	4.2%	23.3%	11.0%
¥	Low Yield	1.0%	1.3%	4.2%	4.3%	20.5%	7.1%
MKT	MCAP Bottom 25%	0.8%	1.0%	3.5%	1.3%	21.8%	6.2%
Σδ	MCAP Top 25%	0.4%	1.0%	4.0%	3.3%	16.8%	6.4%
Sales	Top 25% Sales Growth	0.7%	0.6%	3.6%	4.2%	25.5%	9.4%
Sa	Bottom 25% Sales Growth	0.4%	0.8%	4.7%	4.4%	23.5%	9.9%
EPS	Top 25% EPS Growth	0.6%	1.1%	4.5%	4.4%	24.3%	8.9%
<u> </u>	Bottom 25% EPS Growth	0.3%	0.2%	3.3%	3.2%	24.4%	10.2%

<sup>\*</sup>Mean Performance of Top Quartile vs. Bottom Quartile, S&P500 Companies

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#### **HEDGEYE RATES & SPREADS**

		1D	5D	1M	3M	vs. 52-V	Vk, Bps	vs.	vs.
	Price	Bps Chg	Bps Chg	Bps Chg	Bps Chg	High	Low	3Y Ave	5Y Ave
3M T-Bill	0.32%	1.0	2.0	7	10	-4	37	24	25
3M LIBOR	0.70%	0.0	1.7	5	6	0	40	36	34
2Y T-Note	0.71%	2.0	4.5	-4	-8	-39	21	14	26
5Y T-Note	1.13%	2.4	7.5	-5	-18	-69	24	-37	-11
10Y T-Note	1.58%	2.7	10.6	-11	-26	-82	26	-71	-56
30Y T-Note	2.30%	3.1	12.6	-20	-36	-84	21	-80	-79
2Y-10Y Spread, Bps	87	0.7	6.1	-7.4	-18	-43	5	-85	-83
IG SPREAD (AAABBB)	1.69%	0.0	-1.0	-15	-13	-61	3	-1	-16
HIGH YIELD	6.43%	0.0	-2.7	-68	-98	-290	7	-17	-35
5Y BREAKEVEN	1.41%	-0.1	-2.5	-4.2	-7.9	-22.6	55.8	-18.2	-31.6
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#### **CFTC NON-COMMERCIAL NET LONG POSITIONING**

						Z-Score	
METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	1Y	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	1.8 <u>5X</u>	3.02X
COPPER	(14,251)	5,236	(26,445)	(23,100)	(22,940)	0.69X	0.21X
\$U\$D	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

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#### **MARKET SHARE VOLUME & TOTAL VALUE TRADED**

INDEX/SECURITY	VOLUME: (7/19) vs.							
	Prior Day	1M Ave	3M ave	1Y Ave				
Total Market Volume*	2%	-17%	-19%	-22%				
Total Exchange Volume**	11%	-15%	-13%	-17%				

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

<sup>\*\*</sup>Tape A+B+C volume = total US exchange volume

<sup>\*\*\*</sup> Total Traded Value for Russell 3000 (total mkt proxy)