THE MACRO SHOW

JULY 5, 2016

LEGAL

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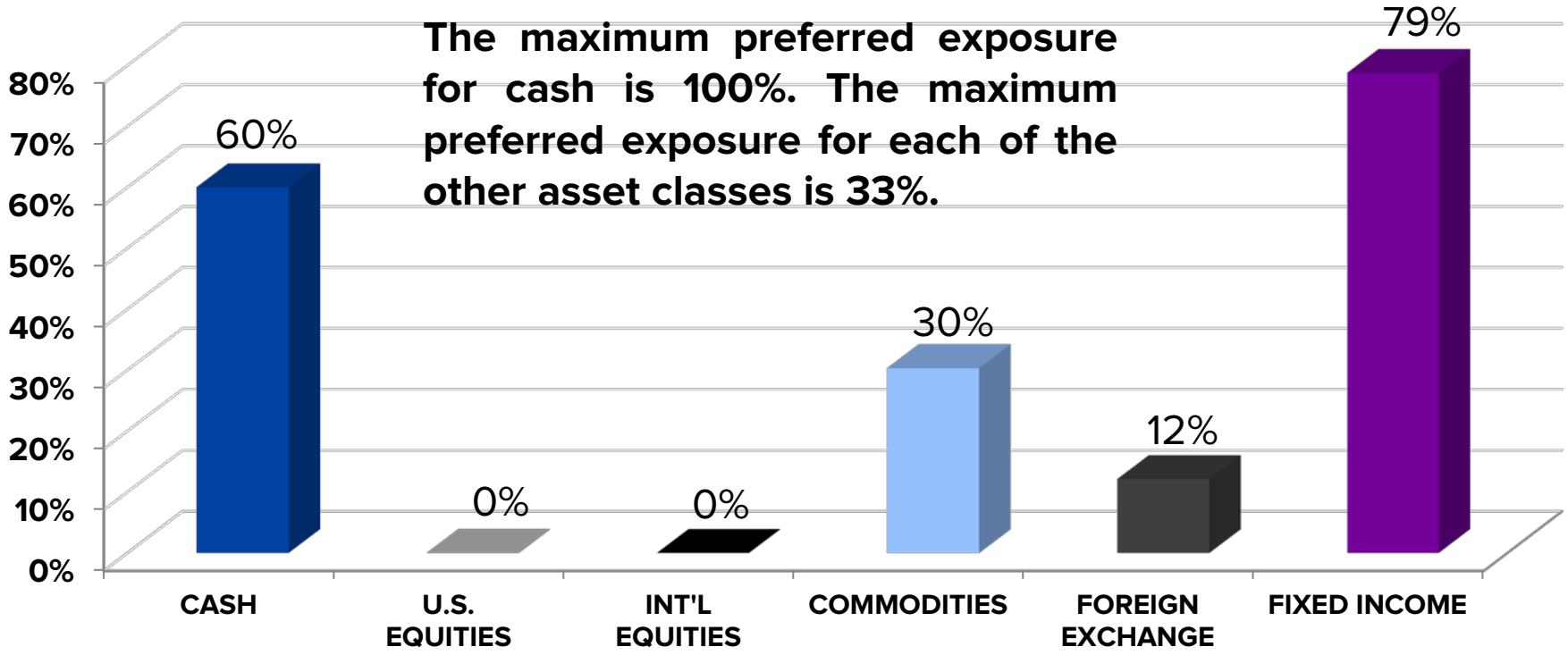
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
7/1/2016	58	0	0	12	4	26
7/5/2016	60	0	0	10	4	26

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
7/1/2016	58%	0%	0%	36%	12%	79%
7/5/2016	60%	0%	0%	30%	12%	79%

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 POUND

2 EUROPE

3 UST 10YR

POUND

Getting pounded to new post Brexit lows of $1.31 this morning and the UK 10yr Gilt Yield is down another -4bps to a new low of 0.79%... *burning your currency and breaking the mechanism by which banks make money doesn't work, in the end.

EUROPE

European stocks had their bear market bounce last wk (EuroStoxx600 +3.2% on the wk), but have given back a large % of those gains already this wk and mostly remain in crash mode, with France's CAC40 re-entering that risk zone at -1.7% this am (-20.5% from the 2015 Global Equity #Bubble high); Spain -2% to -32% from its 2015 cycle high

UST 10YR

While “stocks” have these 1wk ramps, you have to take on a lot of volatility to time those returns – with the Long Bond and it’s proxies, both absolute and volatility adjusted returns have been awesome. All-time low this am for the US 10yr of 1.38% ahead of the Friday jobs report and the ***Q2 Earnings Recession*** season

MACRO GRIND

NIKKEI TOKYO AVERAGE

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FRENCH CAC 40 INDEX

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WTIC LIGHT CRUDE OIL

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10-YEAR U.S. TREASURY YIELD

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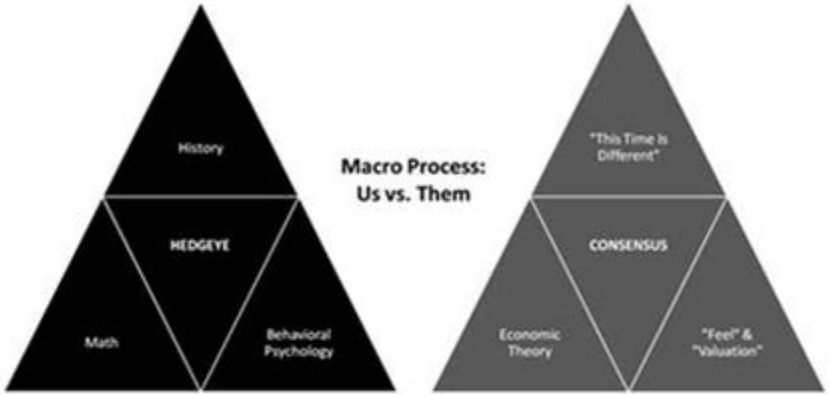
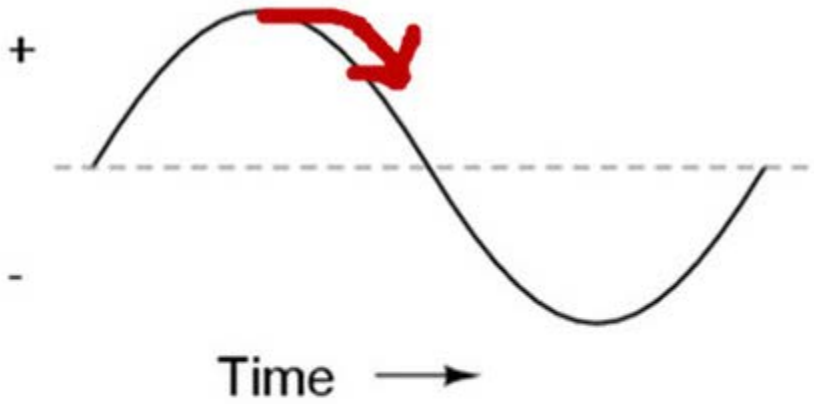
HEDGEYE MACRO PROCESS: RATE OF CHANGE





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	$78.87	1.04%	1.04%	0.91%
Financial Select Sector	XLF	$22.74	-0.50%	-0.50%	-4.57%
Health Care Select Sector	XLV	$72.16	0.63%	0.63%	0.18%
Technology Select Sector	XLK	$43.47	0.23%	0.23%	1.49%
Consumer Staples Select Sector	XLP	$54.89	-0.47%	-0.47%	8.71%
Industrial Select Sector	XLI	$56.19	0.32%	0.32%	6.00%
Materials Select Sector	XLB	$46.36	0.04%	0.04%	6.77%
The Energy Select Sector	XLE	$68.60	0.53%	0.53%	13.73%
Utilities Select Sector	XLU	$52.48	0.02%	0.02%	21.26%
S&P 500	SPX	2,102.95	0.19%	0.19%	2.89%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$78.87	0.84%	0.84%	-1.98%
Financial Select Sector	XLF	$22.74	-0.70%	-0.70%	-7.46%
Health Care Select Sector	XLV	$72.16	0.44%	0.44%	-2.71%
Technology Select Sector	XLK	$43.47	0.04%	0.04%	-1.39%
Consumer Staples Select Sector	XLP	$54.89	-0.67%	-0.67%	5.83%
Industrial Select Sector	XLI	$56.19	0.13%	0.13%	3.11%
Materials Select Sector	XLB	$46.36	-0.15%	-0.15%	3.88%
The Energy Select Sector	XLE	$68.60	0.33%	0.33%	10.84%
Utilities Select Sector	XLU	$52.48	-0.18%	-0.18%	18.37%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.7%	3.5%	0.5%	5.1%	10.0%	10.0%
	Low Debt/EV	0.4%	3.6%	-0.2%	-0.5%	2.9%	2.9%
SI	High Short Interest	0.9%	3.4%	0.1%	0.8%	4.3%	4.3%
	Low Short Interest	0.0%	2.9%	-1.1%	1.8%	3.3%	3.3%
BETA	High Beta	0.5%	2.7%	-2.7%	2.7%	1.1%	1.1%
	Low Beta	0.0%	3.7%	4.0%	4.5%	14.0%	14.0%
YIELD	High Yield	0.2%	3.1%	1.3%	2.3%	7.4%	7.4%
	Low Yield	0.3%	2.8%	-1.8%	1.9%	2.7%	2.7%
MKT CAP	MCAP Bottom 25%	0.8%	2.9%	-1.8%	-0.8%	1.4%	1.4%
	MCAP Top 25%	0.2%	3.2%	0.0%	2.3%	3.6%	3.6%
Sales	Top 25% Sales Growth	0.4%	3.0%	-0.9%	4.8%	5.7%	5.7%
	Bottom 25% Sales Growth	0.6%	3.8%	1.3%	1.6%	6.0%	6.0%
EPS	Top 25% EPS Growth	0.3%	3.1%	-1.3%	2.4%	3.5%	3.5%
	Bottom 25% EPS Growth	0.6%	3.3%	1.4%	4.4%	9.6%	9.6%

**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%	-0.5	0.5	-4	3	-10	30	18	19
3M LIBOR	0.65%	0.0	3.1	-3	3	-3	37	32	30
2Y T-Note	0.59%	0.8	-3.8	-31	-13	-51	9	3	15
5Y T-Note	0.99%	-0.5	-7.7	-39	-22	-83	10	-52	-25
10Y T-Note	1.44%	-2.6	-11.6	-39	-33	-102	7	-87	-71
30Y T-Note	2.23%	-5.9	-18.5	-39	-37	-102	4	-90	-88
2Y-10Y Spread, Bps	85	-3.3	-7.8	-8.2	-19	-51	-3	-89	-86
IG SPREAD (AAABBB)	1.81%	-2.0	-6.0	2	-20	-49	5	11	-4
HIGH YIELD	6.81%	-23.6	-36.5	-44	-111	-252	18	22	2
5Y BREAKEVEN	1.45%	4.7	6.3	-4.6	-6.0	-24.1	59.2	-15.6	-28.8

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)	66,600	9,480	12,796	(82,215)	(112,386)	1.86X	0.89X
Russell 2000 (mini)	(34,317)	(15,166)	(41,894)	(49,662)	(42,221)	0.51X	-0.37X
10Y Treasury	49,663	(63,482)	(43,077)	(16,501)	(10,203)	1.06X	1.45X
CRUDE OIL	346,269	(26,965)	379,313	324,201	298,777	0.81X	0.10X
GOLD	273,179	16,281	206,913	145,122	82,717	2.11X	3.30X
COPPER	(19,869)	13,045	(26,333)	(24,632)	(23,180)	0.26X	-0.18X
$USD	12,425	3,089	11,117	21,560	34,664	-1.25X	-0.76X
JPY	52,503	5,049	50,931	46,986	(300)	1.00X	1.99X
EUR	(66,066)	(3,736)	(42,031)	(63,376)	(86,459)	0.47X	0.13X
GBP	(41,250)	9,515	(43,466)	(38,904)	(25,870)	-0.89X	-1.10X

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (6/30) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-13%	-3%	-4%	-5%
Total Exchange Volume**	-23%	-11%	-6%	-10%
Total Traded Value (R3K)***	-39%	-18%	-11%	-14%

*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)

LOWEST OF "ALL-TIME" IS A LONG TIME

THE MARCH LOWER IN SOVEREIGN YIELDS

10YR Yields	Yield	D/D chg (bps)	W/W chg (bps)	M/M chg (bps)	Y/Y chg (bps)
GREECE	8.03%	11	(57)	73	(1006)
PORTUGAL	3.03%	4	(12)	(14)	(16)
SPAIN	1.19%	4	(12)	(28)	(118)
ITALY	1.27%	2	(13)	(6)	(112)
GERMANY	-0.16%	(2)	(4)	(22)	(92)
FRANCE	0.16%	(0)	(8)	(25)	(108)
UK	0.81%	(2)	(15)	(47)	(120)
SWEDEN	0.13%	(4)	(23)	(28)	(75)
SWITZERLAND	-0.61%	(4)	(11)	(20)	(71)
NORWAY	0.92%	(4)	(13)	(36)	(86)

DATA SOURCE: BLOOMBERG

WHERE'D EVERBODY GO?
U.S. 10-YR YIELD
GERMAN 10-YR YIELD
B. Rich
HEDGEYE