THE MACRO SHOW

JULY 6, 2016

LEGAL

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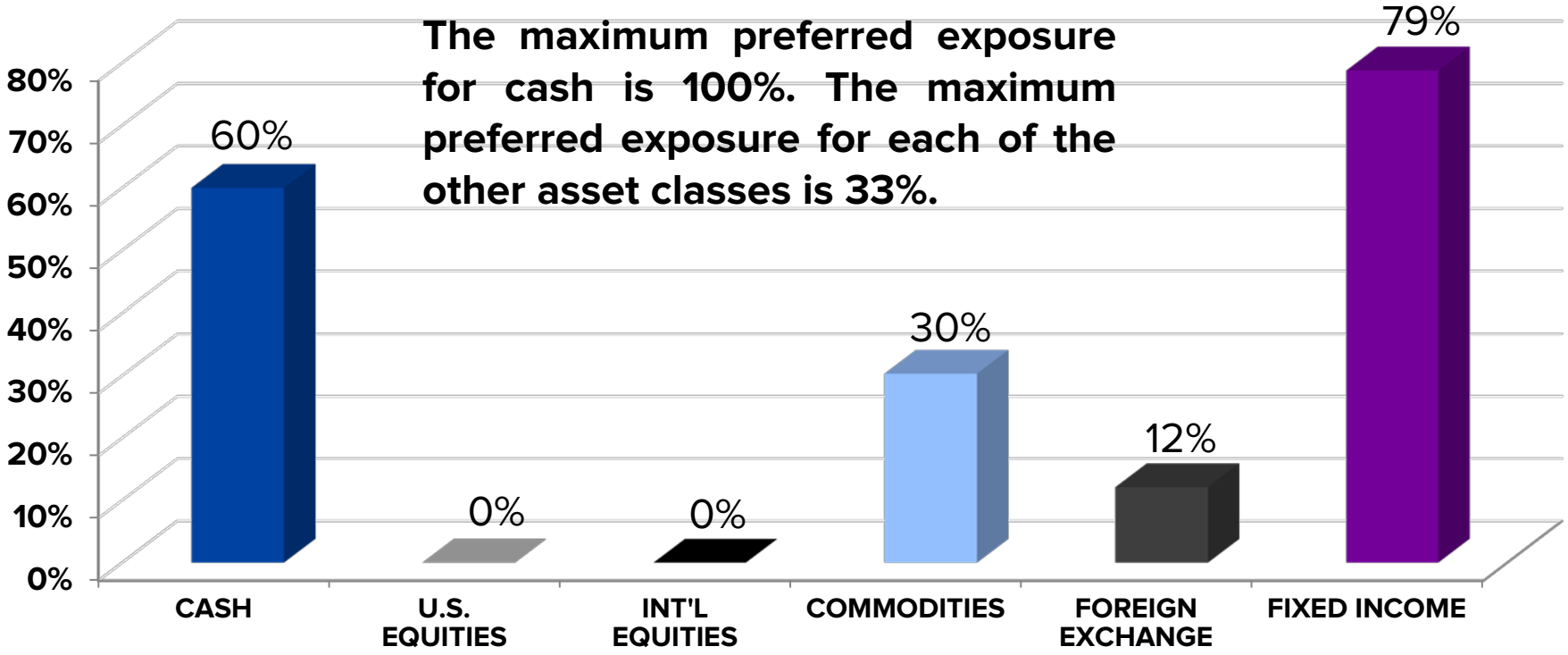
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
7/5/2016	60	0	0	10	4	26
7/6/2016	60	0	0	10	4	26

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
7/5/2016	60%	0%	0%	30%	12%	79%
7/6/2016	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



1 JAPAN

2 OIL

3 SECTORS

JAPAN

How about blaming the #BeliefSystem (that central market planners can arrest gravity) breaking down as growth slows? That is Japan. The Yen is up another +1.2% vs. USD and the Nikkei got smoked for another -1.9% loss overnight, taking it’s crash from the Global Equity #Bubble peak (2015) to -26.4%.

OIL

USD Up, Supply Up (trumping Miss Piggy), takes WTI down another -0.7% to $46ish this morning. That's down almost 4.5% in the last month as #StrongDollar emerges, once again, and correlation risk still matters (our Long Gold position is +10.5% in the last month to +29.2% YTD at $1370/oz this morning.)

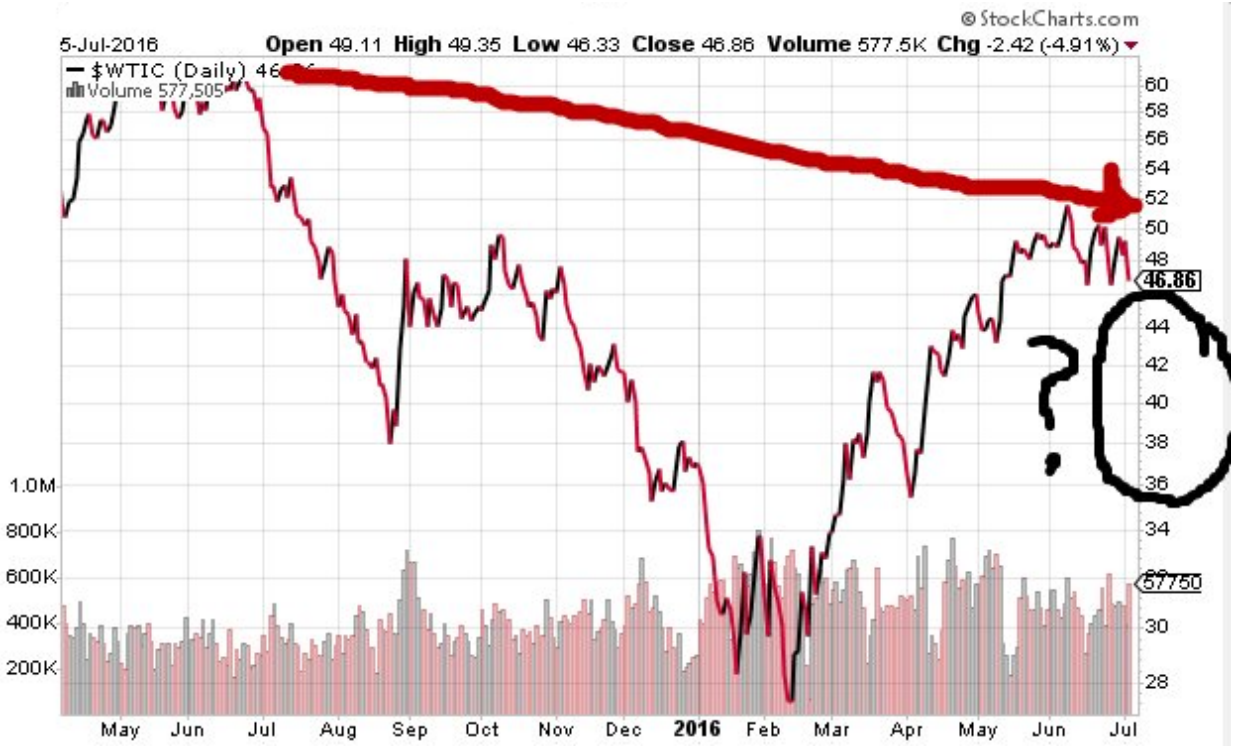
SECTORS

Our Q3 Macro Themes Call is tomorrow and we're staying long "expensive" (Utes, XLU +22.1% YTD) vs. short "cheap" (using the wrong bond yields, spreads, etc.) Financials (XLF -6% YTD); interesting immediate-term TRADE break-down signal in Basic Materials (XLB) yesterday – we'll see if there's follow through on deflating the "reflation".

MACRO GRIND

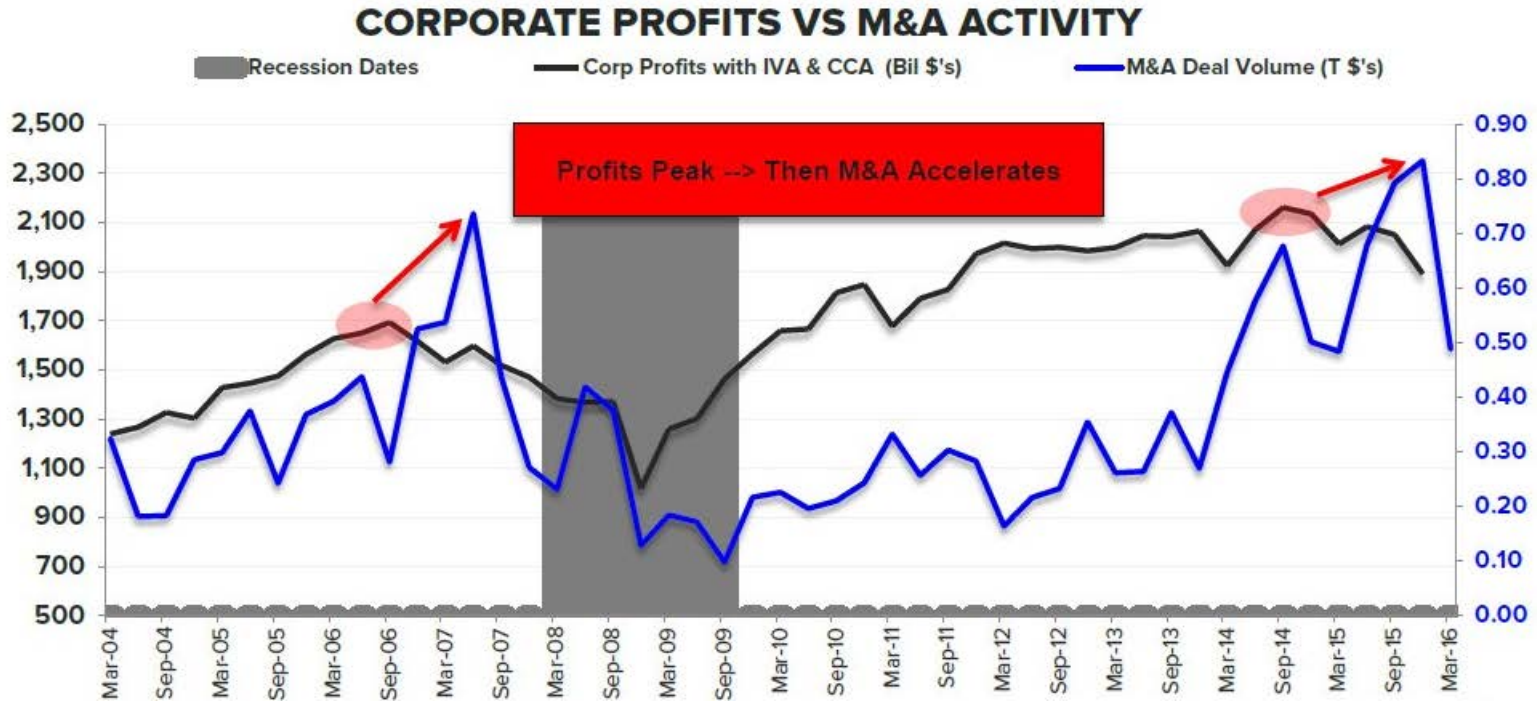
LONG BOND BEARS BLASTED

WTIC LIGHT CRUDE OIL



4Q15: M&A PEAKS (THEN PANICS)

WITH GROWTH SLOWING AND PROFITABILITY PAST PEAK, THE LATE-CYCLE PLAYBOOK SAYS TO BUY ACCRETION.



GERMAN DAX COMPOSITE

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HONG KONG HANG SENG INDEX

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TOKYO NIKKEI 225 AVERAGE INDEX

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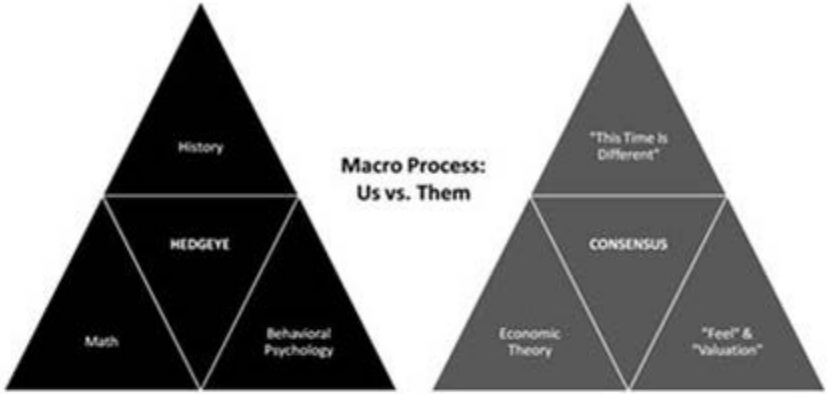
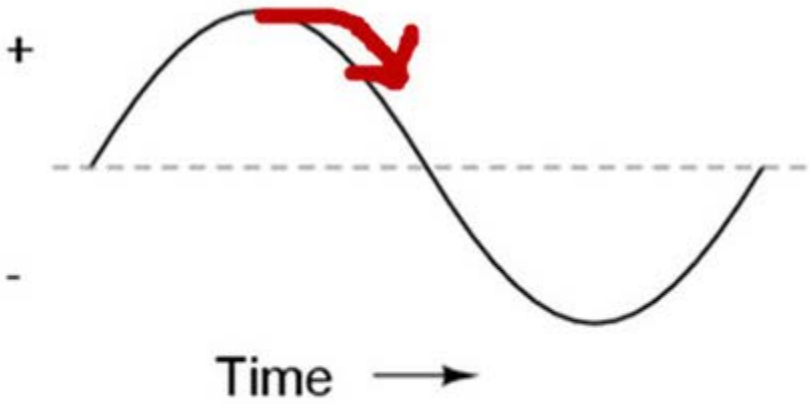
HEDGEYE MACRO PROCESS: RATE OF CHANGE





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	$78.23	-0.81%	0.22%	0.09%
Financial Select Sector	XLF	$22.40	-1.50%	-1.99%	-6.00%
Health Care Select Sector	XLV	$72.09	-0.10%	0.54%	0.08%
Technology Select Sector	XLK	$43.15	-0.74%	-0.51%	0.75%
Consumer Staples Select Sector	XLP	$55.20	0.56%	0.09%	9.33%
Industrial Select Sector	XLI	$55.68	-0.91%	-0.59%	5.04%
Materials Select Sector	XLB	$45.52	-1.81%	-1.77%	4.84%
The Energy Select Sector	XLE	$67.22	-2.01%	-1.49%	11.44%
Utilities Select Sector	XLU	$52.87	0.74%	0.76%	22.16%
S&P 500	SPX	2,088.55	-0.68%	-0.49%	2.18%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$78.23	-0.13%	0.71%	-2.09%
Financial Select Sector	XLF	$22.40	-0.81%	-1.50%	-8.18%
Health Care Select Sector	XLV	$72.09	0.59%	1.03%	-2.10%
Technology Select Sector	XLK	$43.15	-0.05%	-0.02%	-1.44%
Consumer Staples Select Sector	XLP	$55.20	1.25%	0.58%	7.15%
Industrial Select Sector	XLI	$55.68	-0.22%	-0.10%	2.85%
Materials Select Sector	XLB	$45.52	-1.13%	-1.28%	2.65%
The Energy Select Sector	XLE	$67.22	-1.33%	-1.00%	9.26%
Utilities Select Sector	XLU	$52.87	1.43%	1.25%	19.98%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-1.9%	4.6%	-2.5%	4.4%	11.0%	8.0%
	Low Debt/EV	-0.7%	5.1%	-1.4%	-1.1%	5.0%	2.2%
SI	High Short Interest	-2.1%	4.8%	-3.1%	-0.3%	5.9%	2.1%
	Low Short Interest	-0.9%	4.3%	-2.4%	1.3%	5.1%	2.4%
BETA	High Beta	-2.7%	4.8%	-7.1%	0.6%	3.2%	-1.8%
	Low Beta	0.4%	4.3%	4.6%	5.5%	14.9%	14.5%
YIELD	High Yield	-1.3%	4.6%	-0.9%	2.0%	8.0%	5.8%
	Low Yield	-1.3%	4.8%	-3.8%	0.3%	4.9%	1.3%
MKT CAP	MCAP Bottom 25%	-2.4%	4.7%	-5.4%	-1.9%	2.3%	-1.4%
	MCAP Top 25%	-0.6%	4.3%	-1.1%	1.5%	5.1%	2.7%
Sales	Top 25% Sales Growth	-1.5%	4.8%	-3.2%	3.0%	7.9%	3.9%
	Bottom 25% Sales Growth	-1.4%	5.0%	-0.6%	1.6%	7.5%	4.8%
EPS	Top 25% EPS Growth	-1.3%	4.9%	-3.1%	1.4%	5.6%	2.4%
	Bottom 25% EPS Growth	-1.5%	4.5%	-1.1%	3.9%	11.0%	7.9%

**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%	-1.0	-1.5	-2	1	-10	30	18	19
3M LIBOR	0.66%	0.3	1.0	0	3	-3	37	33	30
2Y T-Note	0.55%	-4.0	-8.7	-25	-18	-55	5	-2	10
5Y T-Note	0.91%	-5.6	-11.9	-31	-26	-91	2	-60	-33
10Y T-Note	1.34%	-6.9	-14.1	-36	-38	-113	0	-96	-81
30Y T-Note	2.12%	-7.1	-16.4	-40	-43	-113	0	-100	-98
2Y-10Y Spread, Bps	80	-5.9	-8.3	-14.6	-23	-57	-5	-95	-92
IG SPREAD (AAABBB)	1.83%	2.0	5.0	1	-13	-47	7	13	-2
HIGH YIELD	6.81%	-0.3	-32.7	-39	-114	-252	18	21	2
5Y BREAKEVEN	1.40%	-5.0	0.8	-11.5	-7.1	-29.1	54.2	-20.5	-33.7

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

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)	(112,38[illegible])	*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*