



THE
MACRO
SHOW

JULY 11, 2016

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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
7/8/2016	58	0	0	10	5	27
7/11/2016	56	0	0	12	7	25

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
7/8/2016	58%	0%	0%	30%	15%	82%
7/11/2016	56%	0%	0%	36%	21%	76%

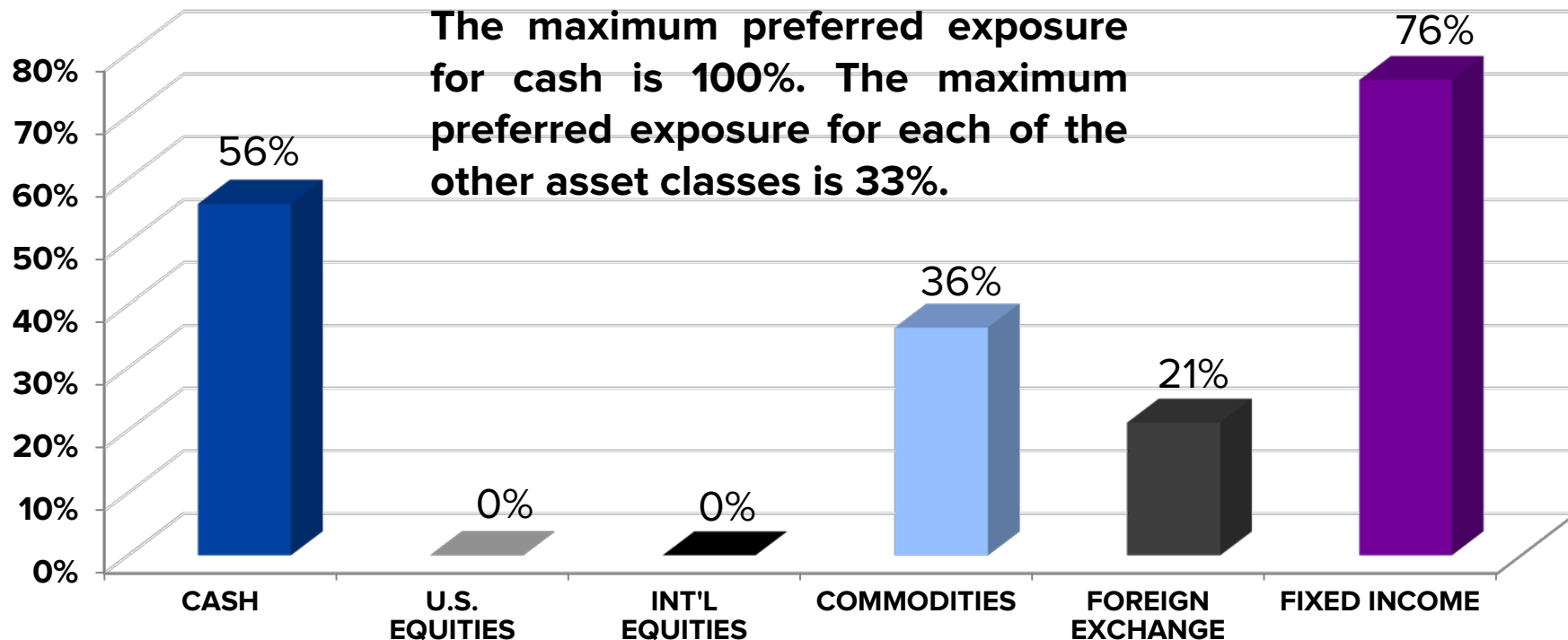
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

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A close-up photograph of a stack of gold coins on the left and a portion of a US dollar bill on the right, showing the eye of the portrait.

1 UK

A world map where the landmasses are filled with various international banknotes, including the Euro, US Dollar, and others.

2 FX

A photograph showing multiple rows of green oil barrels stacked on wooden pallets in a warehouse or storage facility.

3 OIL



UK

With most U.S. beta chasers talking “S&P 500” today, let’s stay focused on the bigger macro picture which is highly correlated to what USD is doing in the FX War. The UK 10YR Yield dives to 0.71% this morning and the Pound’s crash are to lower-lows -0.7% at \$1.28.

A world map where the landmasses are filled with a collage of various international banknotes and currency symbols. The map is set against a dark background. The collage includes US dollars, Euros, Japanese Yen, and Chinese Yuan, among others. The text 'FX' is overlaid on the left side of the map.

FX

The Yen got slammed -1.6% vs. USD (our Yen SELL signal went out late last week – let's see if it's more than a trade) and this gets interesting now with USD UP year-over-year and everyone racing the British to the bottom. The EUR/USD was a big focus of our Q3 Macro Themes Call and looks as precarious as it has in a year at \$1.10.



OIL

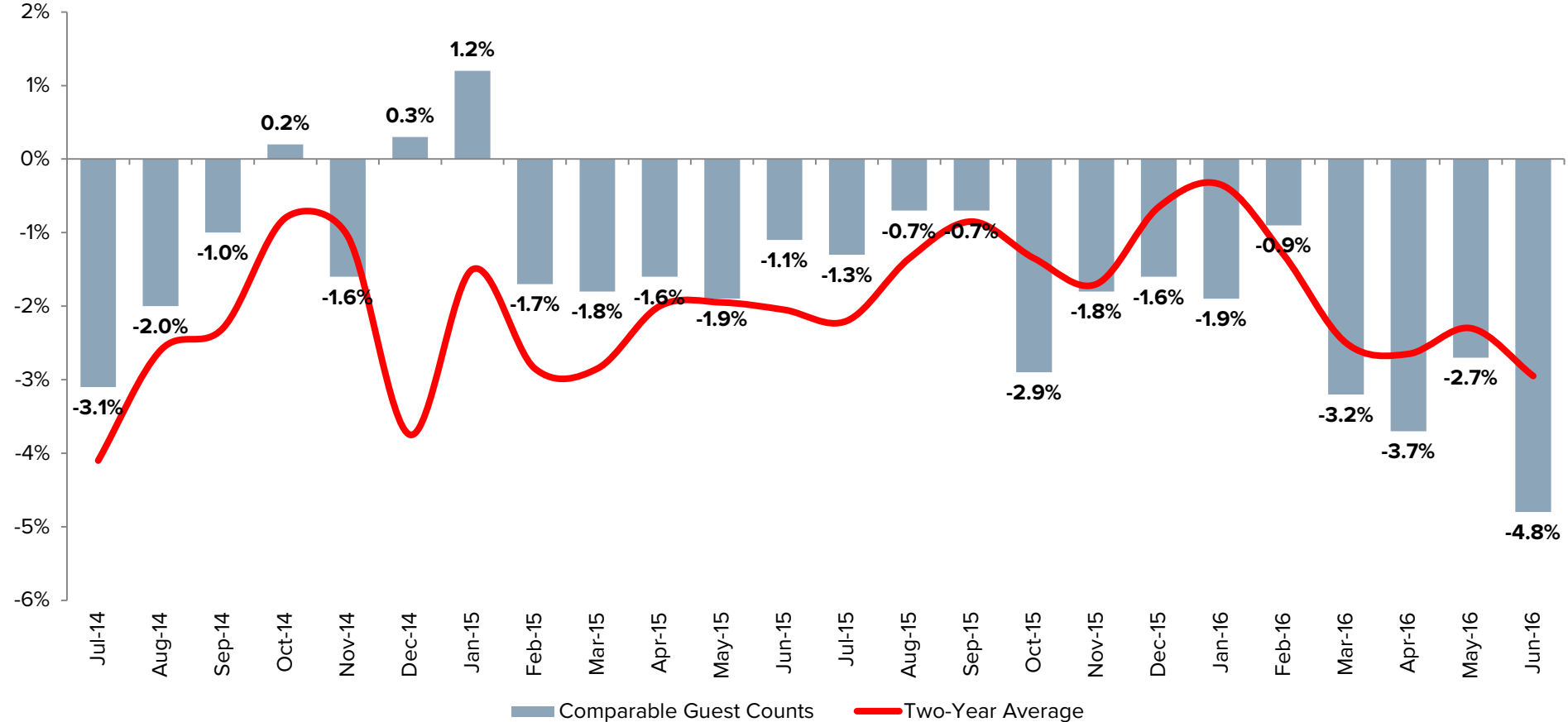
They say #StrongDollar wouldn't matter for Oil or Reflation – we say that's poppycock. The USD Index is up +3% now in the last month and WTI is down -14% (inclusive of this morning's decline) with the CRB Index down -5% in the same period. Oil's @Hedgeye TREND = \$47.53/barrel, so that's broken (for now); we still much prefer long Gold.



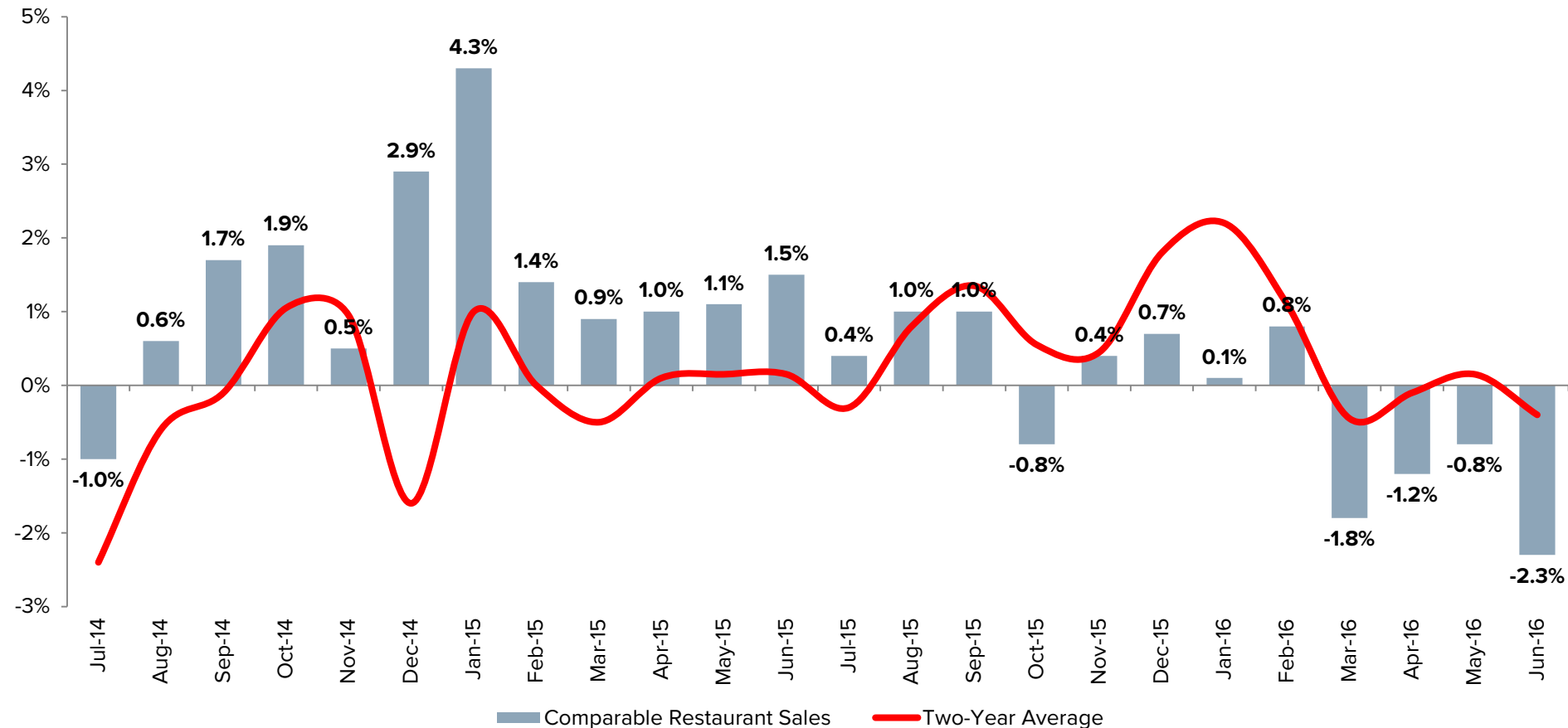
RESTAURANTS & CONSUMER STAPLES

HOWARD PENNEY

KNAPP COMPARABLE RESTAURANT TRAFFIC

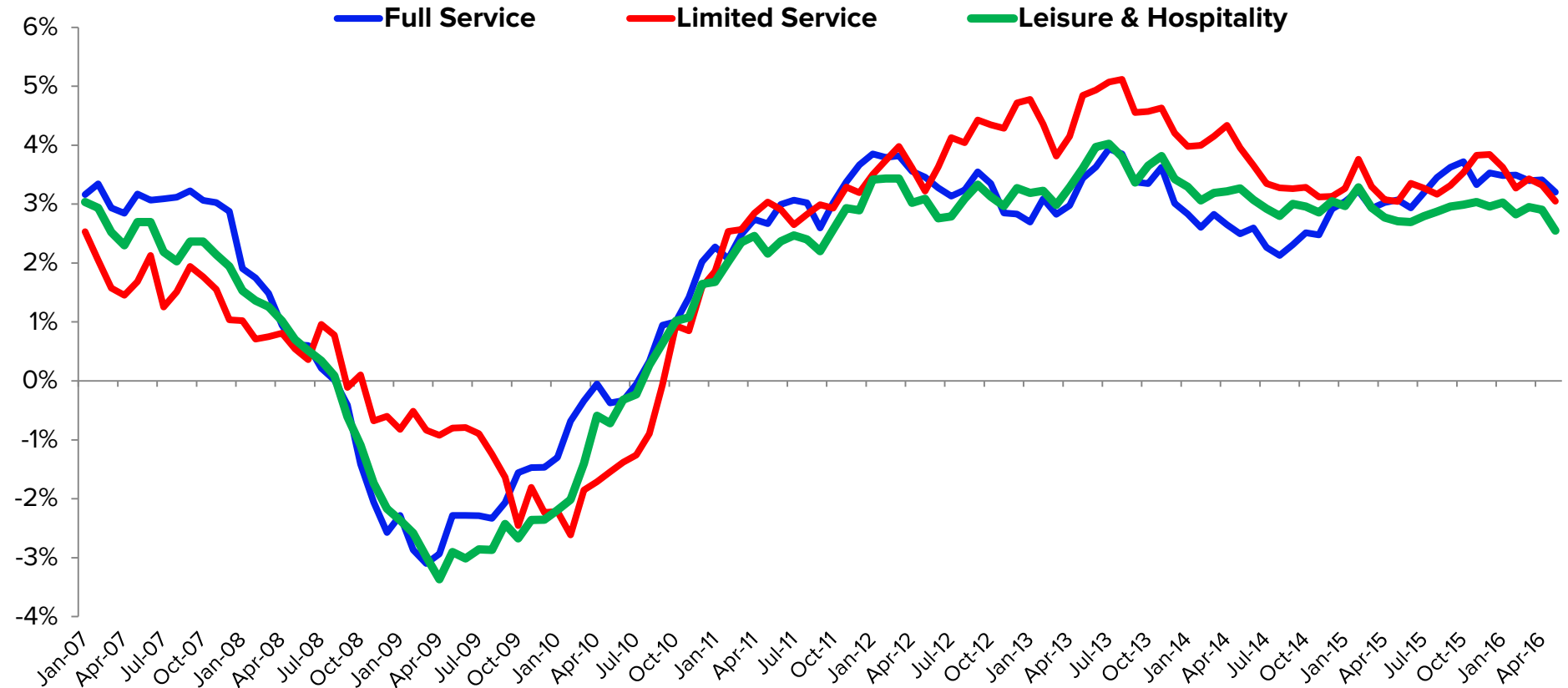


KNAPP COMPARABLE RESTAURANT SALES

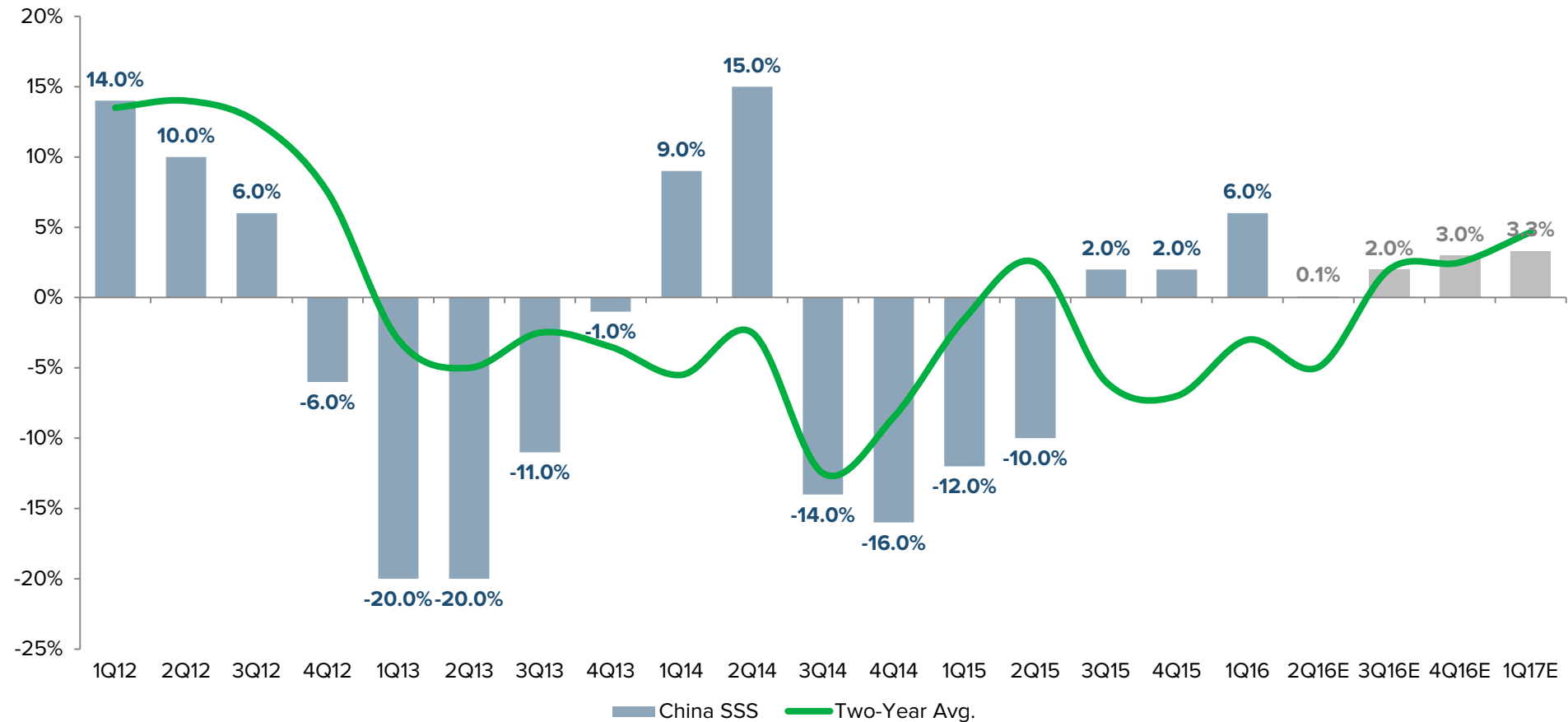


RESTAURANT EMPLOYMENT

Y/Y EMPLOYMENT GROWTH



YUM CHINA SSS



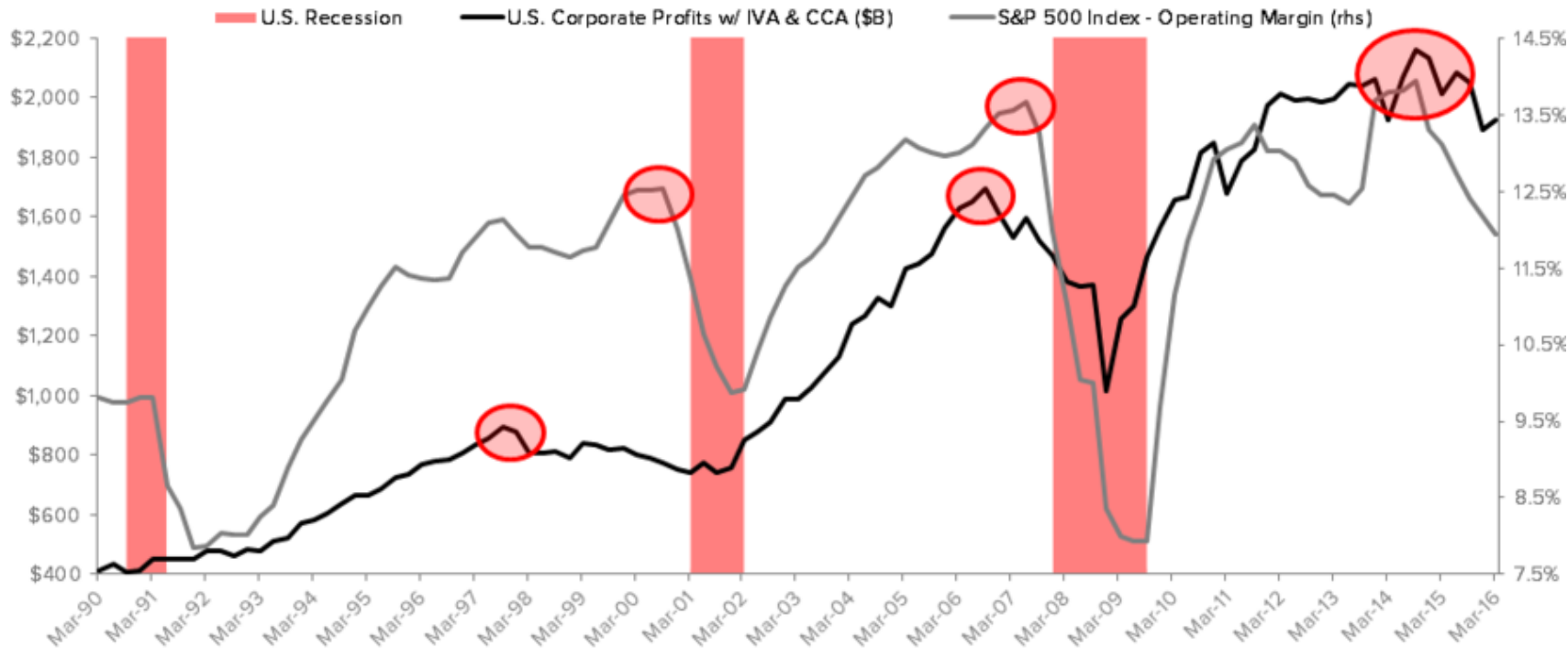
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HAIN SUM OF THE PARTS									
SEGMENT	FY17 REVENUES	FY17 EBITDA*	EBITDA Margin	MULTIPLE		ENTERPRISE VALUE			
				HIGH	LOW	HIGH	LOW		
USA	\$ 1,431.50	\$ 274.9	19.2%	14.0x	10.0x	\$3,848.1	\$2,748.6		
UK	\$ 869.90	\$ 98.0	11.3%	9.0x	6.5x	\$882.4	\$637.3		
Rest of World	\$ 322.10	\$ 29.5	9.2%	8.0x	6.5x	\$236.2	\$191.9		
HPPC	\$ 567.10	\$ 68.5	12.1%	8.0x	6.5x	\$548.1	\$445.3		
Corp Exp	\$ -	\$ (28.2)		6.5x	6.5x	(\$183.4)	(\$183.4)		
Sum	\$ 3,190.6	\$ 437.6	13.7%			\$5,331.4	\$3,839.8		
+Cash						\$125.0	\$125.0		
-Debt						\$917.0	\$917.0		
Equity Value						\$4,539.4	\$3,047.8		
Diluted Shares Out						103.5	103.5		
Hedgeye Value Per Share						\$43.88	\$29.46		
Current Share Price						\$52.41	\$52.41		
Downside						-16.3%	-43.8%		

MACRO GRIND

#PROFITCYCLE PEAK IN MID-2014

DOMESTIC CORPORATE PROFITS PEAKED IN 2H14 ALONGSIDE SPX OPERATING MARGINS AND THE RESPECTIVE DOWNTURNS REMAIN ONGOING.

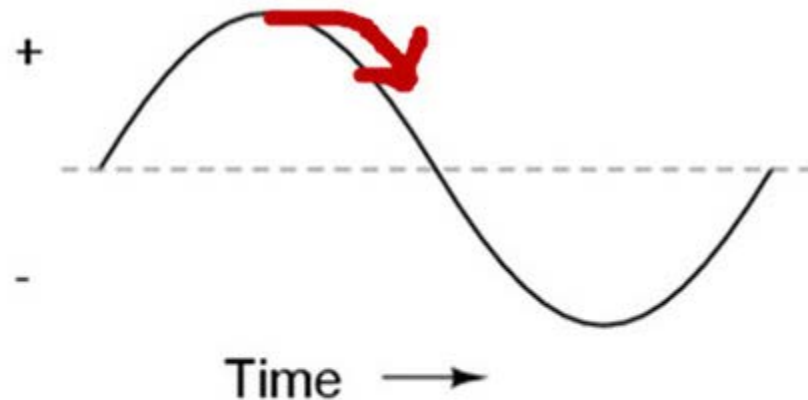
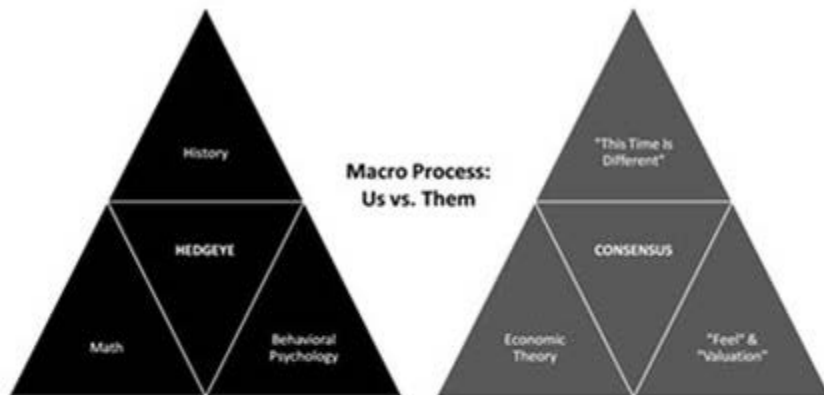


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HEDGEYE MACRO PROCESS: RATE OF CHANGE



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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KEY USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.23	-0.30	-0.42	-0.69	-0.36	0.90	-0.91	59%	41%
BRENT Oil	-0.69	-0.65	-0.26	-0.66	-0.51	0.74	-0.78	39%	61%
CRB Index	-0.80	-0.79	-0.58	-0.66	-0.87	0.71	-0.91	30%	70%
GOLD	0.85	0.50	0.06	-0.51	-0.82	0.50	-0.95	16%	84%

*Days = Trading Days

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HEDGEYE SECTOR PERFORMANCE

<u>SECTOR</u>	<u>Ticker</u>	<u>Price</u>	<u>1-Day %</u> <u>Chg</u>	<u>MTD %</u> <u>Chg</u>	<u>YTD %</u> <u>Chg</u>
Consumer Discretionary	XLY	\$80.62	1.74%	3.28%	3.15%
Financial Select Sector	XLF	\$22.92	1.91%	0.28%	-3.82%
Health Care Select Sector	XLV	\$73.69	1.24%	2.77%	2.30%
Technology Select Sector	XLK	\$44.13	1.57%	1.75%	3.04%
Consumer Staples Select Sector	XLP	\$55.69	1.00%	0.98%	10.30%
Industrial Select Sector	XLI	\$57.23	2.00%	2.18%	7.96%
Materials Select Sector	XLB	\$46.96	2.49%	1.34%	8.15%
The Energy Select Sector	XLE	\$67.71	1.33%	-0.78%	12.25%
Utilities Select Sector	XLU	\$52.54	1.04%	0.13%	21.40%
S&P 500	SPX	2,129.90	1.53%	1.48%	4.21%

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HEDGEYE SECTOR RELATIVE PERFORMANCE

	<u>Ticker</u>	<u>Price</u>	<u>1-Day %</u> <u>Chg</u>	<u>MTD %</u> <u>Chg</u>	<u>YTD %</u> <u>Chg</u>
Consumer Discretionary	XLY	\$80.62	0.22%	1.80%	-1.06%
Financial Select Sector	XLF	\$22.92	0.39%	-1.19%	-8.02%
Health Care Select Sector	XLV	\$73.69	-0.29%	1.29%	-1.90%
Technology Select Sector	XLK	\$44.13	0.04%	0.27%	-1.17%
Consumer Staples Select Sector	XLP	\$55.69	-0.53%	-0.50%	6.09%
Industrial Select Sector	XLI	\$57.23	0.47%	0.70%	3.76%
Materials Select Sector	XLB	\$46.96	0.96%	-0.14%	3.95%
The Energy Select Sector	XLE	\$67.71	-0.19%	-2.26%	8.05%
Utilities Select Sector	XLU	\$52.54	-0.49%	-1.35%	17.19%

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HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	2.1%	1.4%	-0.7%	7.0%	17.7%	10.5%
	Low Debt/EV	1.7%	2.2%	0.7%	3.0%	11.7%	4.8%
SI	High Short Interest	2.2%	2.0%	-0.9%	4.0%	13.5%	5.4%
	Low Short Interest	1.6%	1.2%	-0.6%	4.5%	11.1%	4.5%
BETA	High Beta	2.5%	1.3%	-4.6%	4.6%	12.2%	1.7%
	Low Beta	1.2%	1.0%	4.5%	6.5%	17.7%	15.1%
YIELD	High Yield	1.8%	0.9%	0.6%	4.5%	13.9%	8.0%
	Low Yield	2.0%	2.3%	-1.3%	4.7%	12.2%	4.8%
MKT CAP	MCAP Bottom 25%	2.4%	1.8%	-2.7%	2.8%	10.4%	2.6%
	MCAP Top 25%	1.6%	1.5%	0.5%	4.4%	10.8%	4.6%
Sales	Top 25% Sales Growth	1.8%	1.6%	-1.2%	6.1%	15.4%	7.1%
	Bottom 25% Sales Growth	1.9%	1.6%	1.1%	4.9%	14.0%	7.3%
EPS	Top 25% EPS Growth	1.9%	1.6%	-1.0%	5.0%	13.5%	5.5%
	Bottom 25% EPS Growth	1.9%	1.2%	-0.1%	5.7%	16.3%	9.9%

**Mean Performance of Top Quartile vs. Bottom Quartile, S&P500 Companies*

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HEDGEYE RATES & SPREADS

		1D	5D	1M	3M	vs. 52-Wk, Bps		vs.	vs.
	Price	Bps Chg	Bps Chg	Bps Chg	Bps Chg	High	Low	3Y Ave	5Y Ave
3M T-Bill	0.27%	0.5	2.0	4	5	-8	32	20	21
3M LIBOR	0.66%	0.3	1.1	1	3	-2	38	33	31
2Y T-Note	0.61%	2.8	1.6	-17	-9	-49	11	4	16
5Y T-Note	0.94%	0.1	-5.0	-29	-21	-88	5	-56	-30
10Y T-Note	1.35%	-1.4	-9.0	-35	-36	-111	4	-95	-80
30Y T-Note	2.10%	-4.2	-13.0	-41	-46	-115	0	-102	-100
2Y-10Y Spread, Bps	75	-4.1	-10.5	-17.8	-27	-62	-7	-99	-96
IG SPREAD (AAABBB)	1.79%	0.0	-2.0	-3	-17	-51	3	9	-6
HIGH YIELD	6.75%	-7.8	-5.9	-21	-118	-258	12	16	-4
5Y BREAK EVEN	1.41%	-2.8	-3.3	-14.9	-4.3	-23.3	55.9	-18.6	-31.9

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CFTC NON-COMMERCIAL NET LONG POSITIONING

METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	Z-Score	
						1Y	3Y
SPX (Index + E-mini)	57,817	(8,783)	25,176	(75,605)	(108,150)	1.68X	0.81X
Russell 2000 (mini)	(38,465)	(4,148)	(39,970)	(49,201)	(42,842)	0.30X	-0.54X
10Y Treasury	86,861	37,198	(29,782)	(13,954)	(8,504)	1.64X	1.91X
CRUDE OIL	346,062	(207)	379,053	329,117	299,328	0.80X	0.10X
GOLD	286,921	13,742	216,400	156,680	88,089	2.12X	3.38X
COPPER	(19,487)	382	(27,065)	(24,162)	(23,066)	0.29X	-0.16X
USD	12,505	80	10,755	20,479	33,763	-1.20X	-0.75X
JPY	54,781	2,278	51,002	49,155	2,010	1.00X	1.99X
EUR	(81,673)	(15,607)	(44,504)	(60,524)	(86,106)	0.10X	-0.06X
GBP	(47,269)	(6,019)	(43,732)	(39,602)	(26,321)	-1.20X	-1.31X

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

<u>INDEX/SECURITY</u>	VOLUME: (7/8) vs.			
	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	6%	-8%	-9%	-11%
Total Exchange Volume**	5%	-7%	-2%	-5%

*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)

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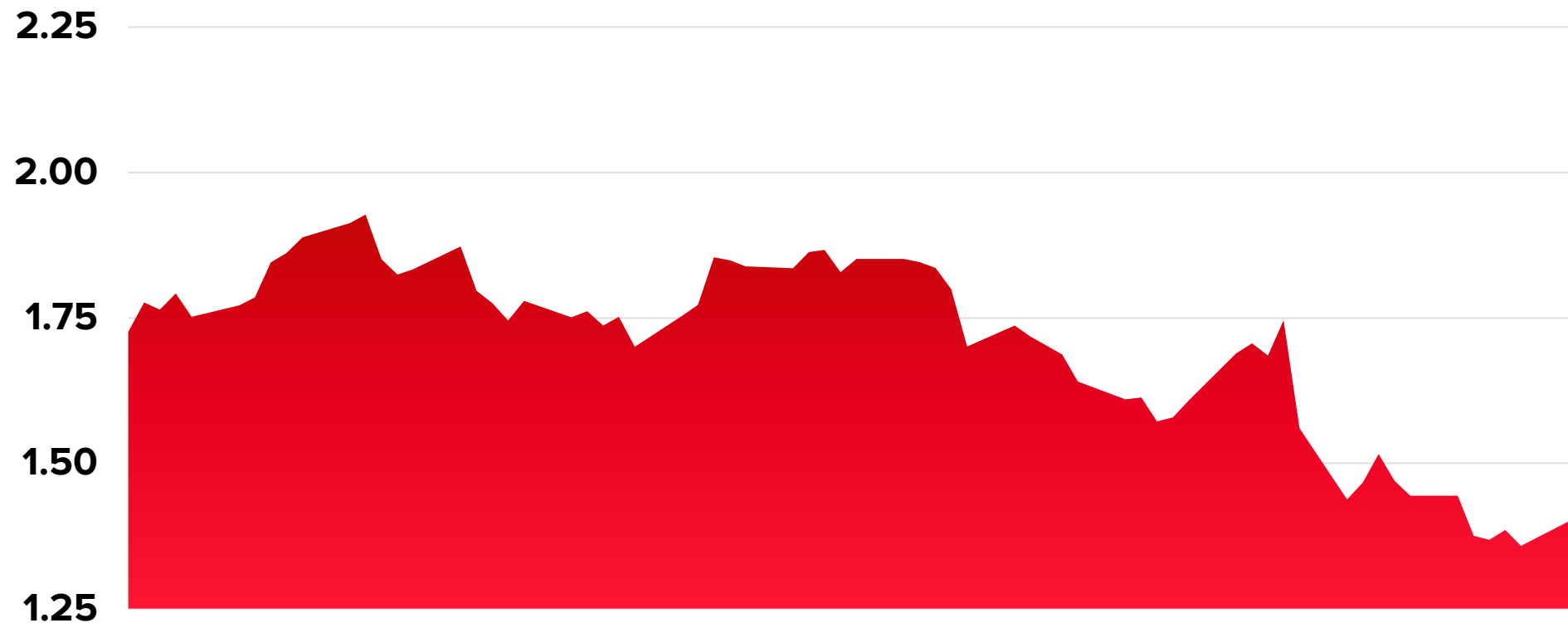
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U.S. 10-YEAR YIELD



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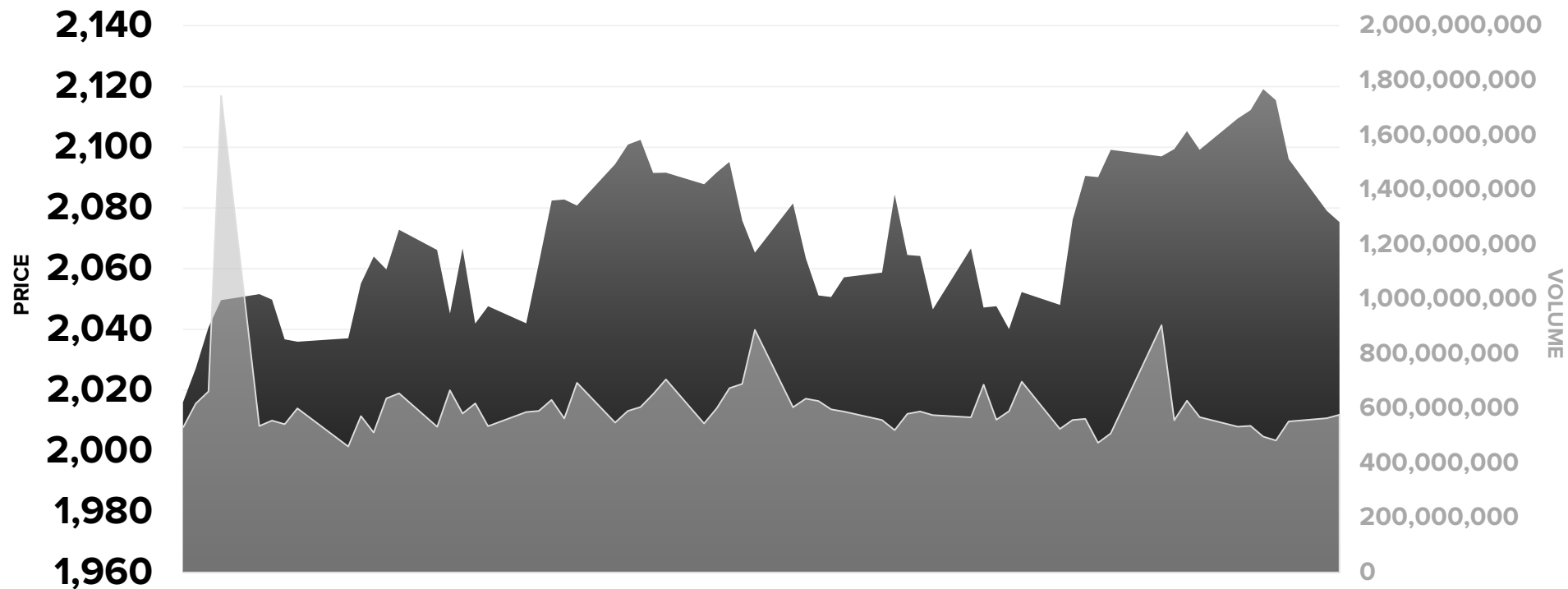
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S&P 500 INDEX



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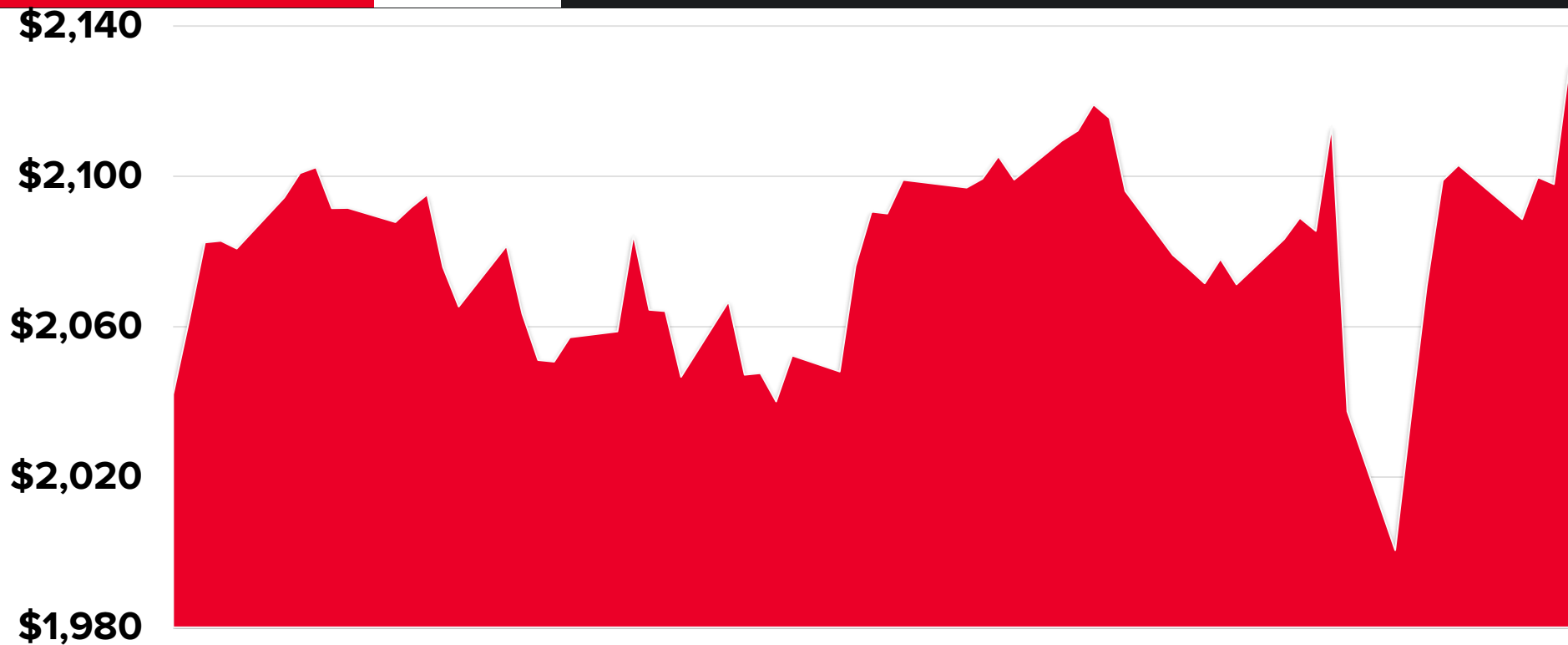
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S&P 500 INDEX



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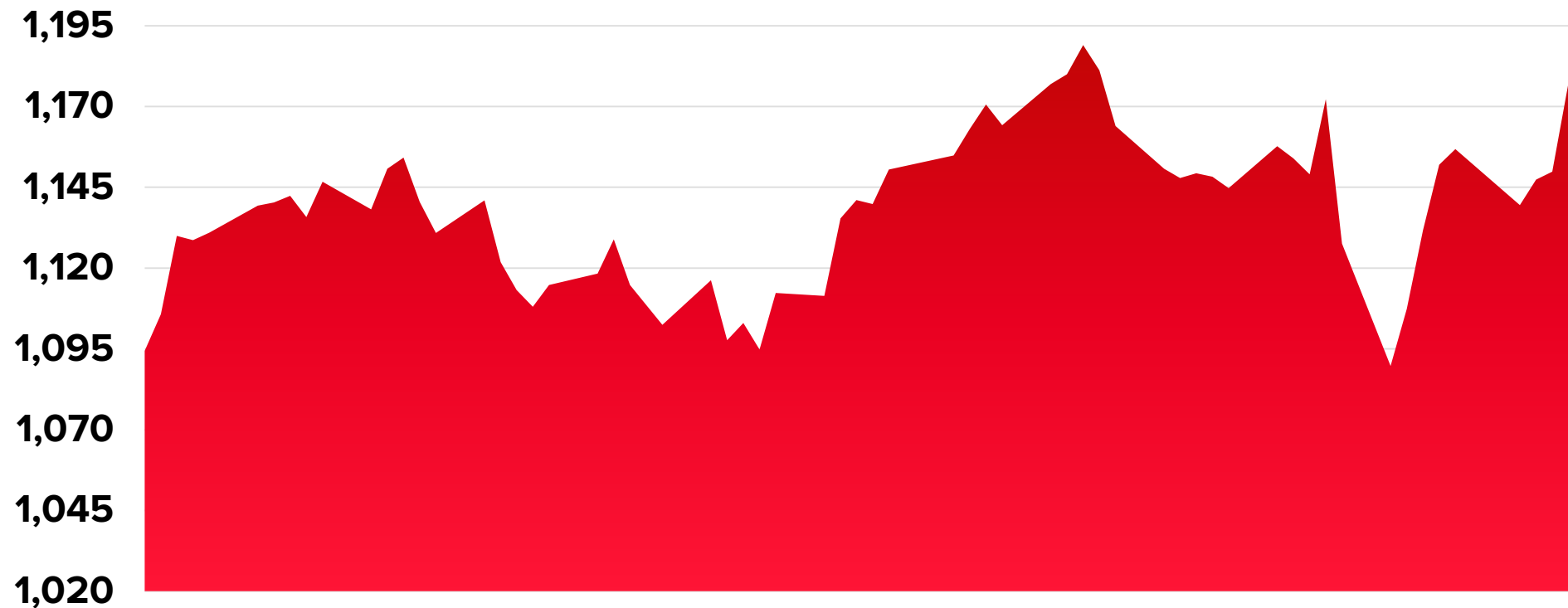
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RUSSELL 2000 INDEX



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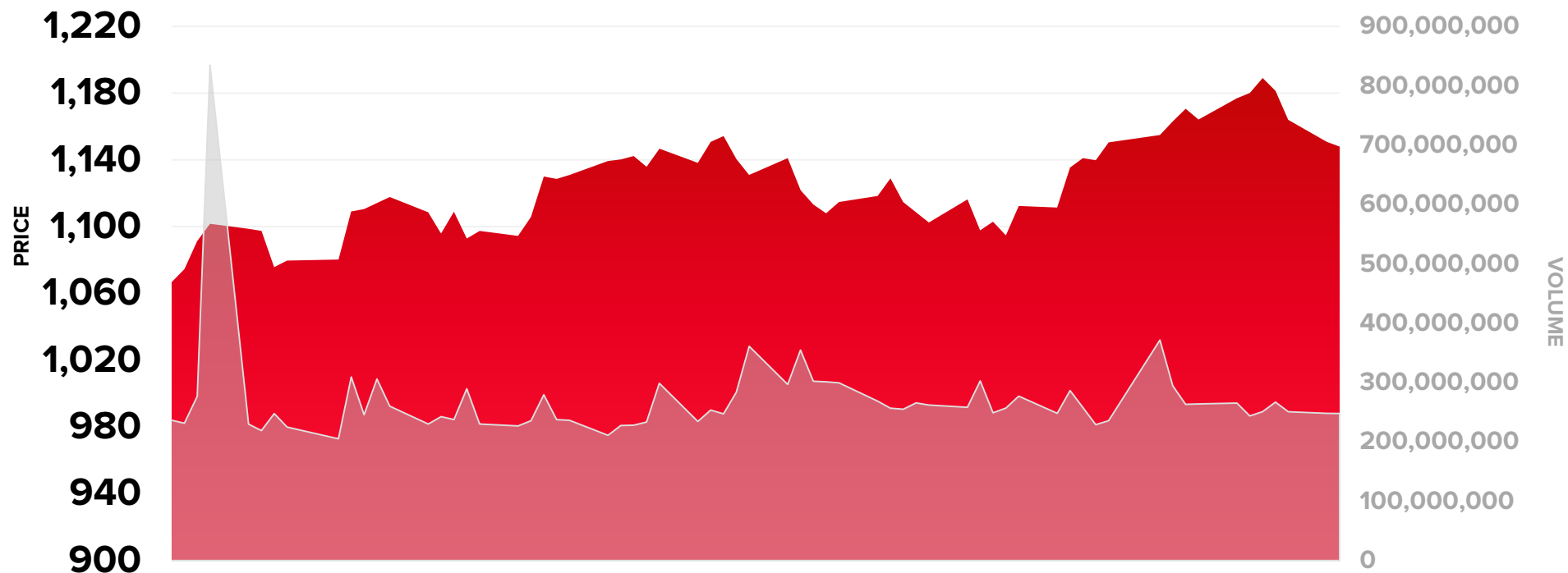
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RUSSELL 2000 INDEX



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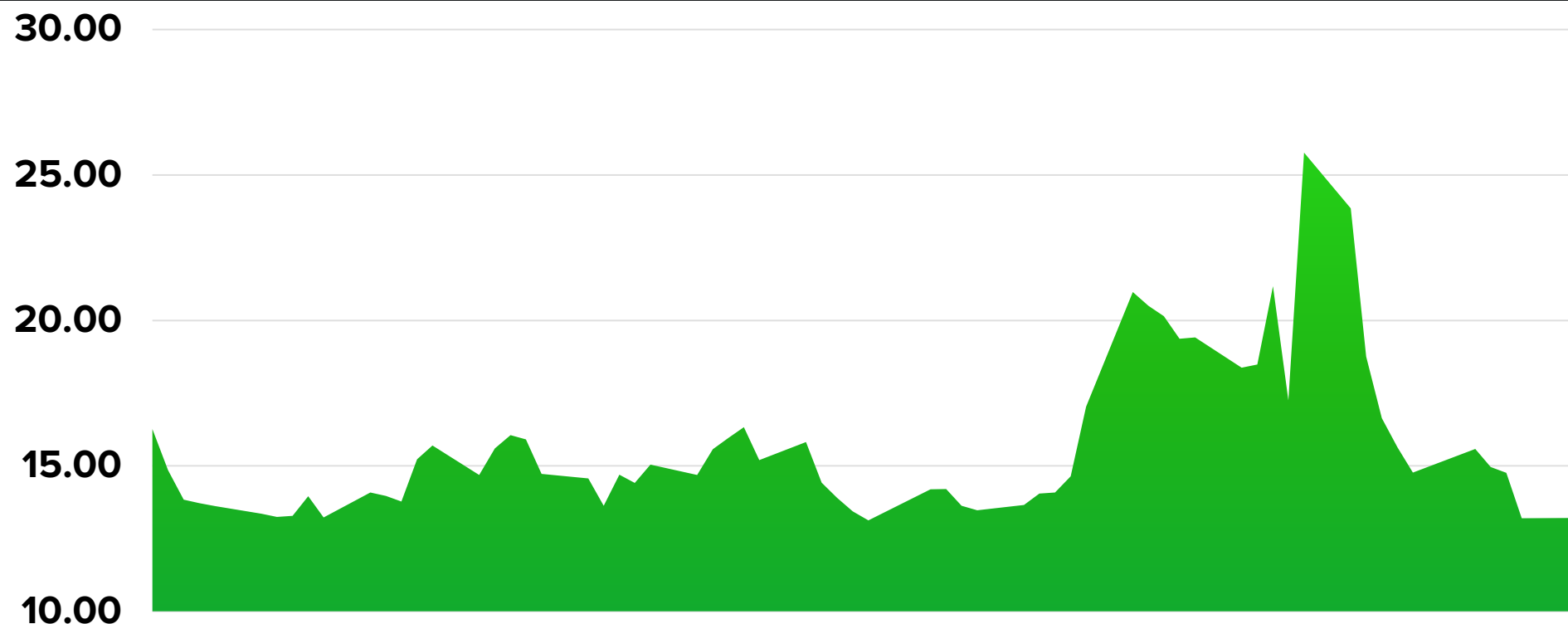
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VOLATILITY INDEX



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WTI CRUDE OIL



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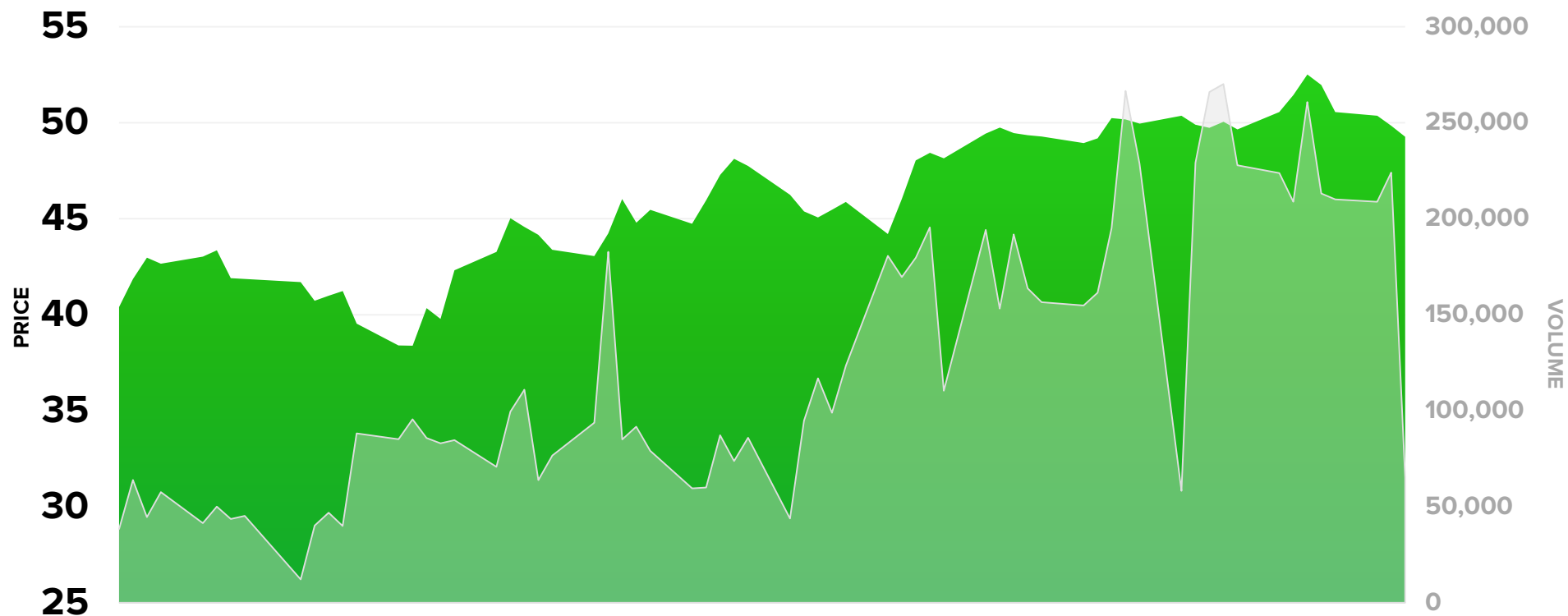
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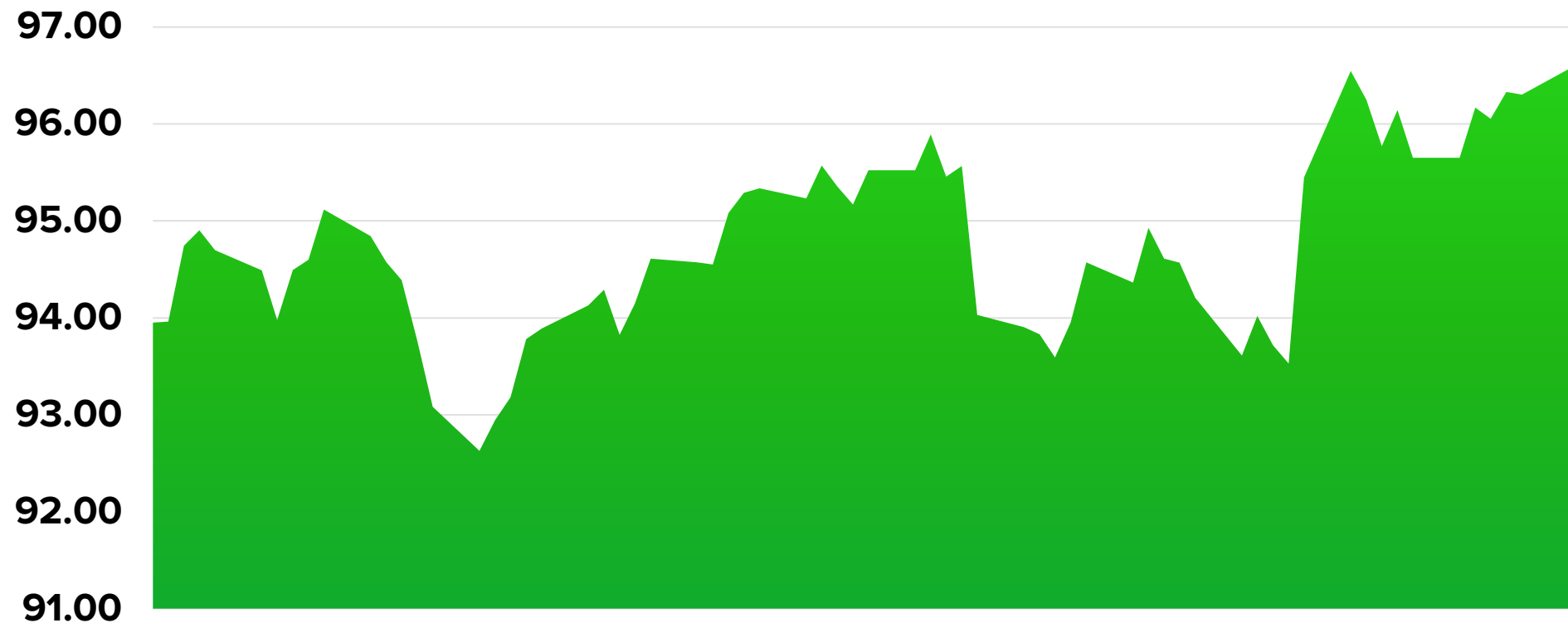
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U.S. DOLLAR INDEX SPOT



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TR/CC CRB COMMODITY INDEX

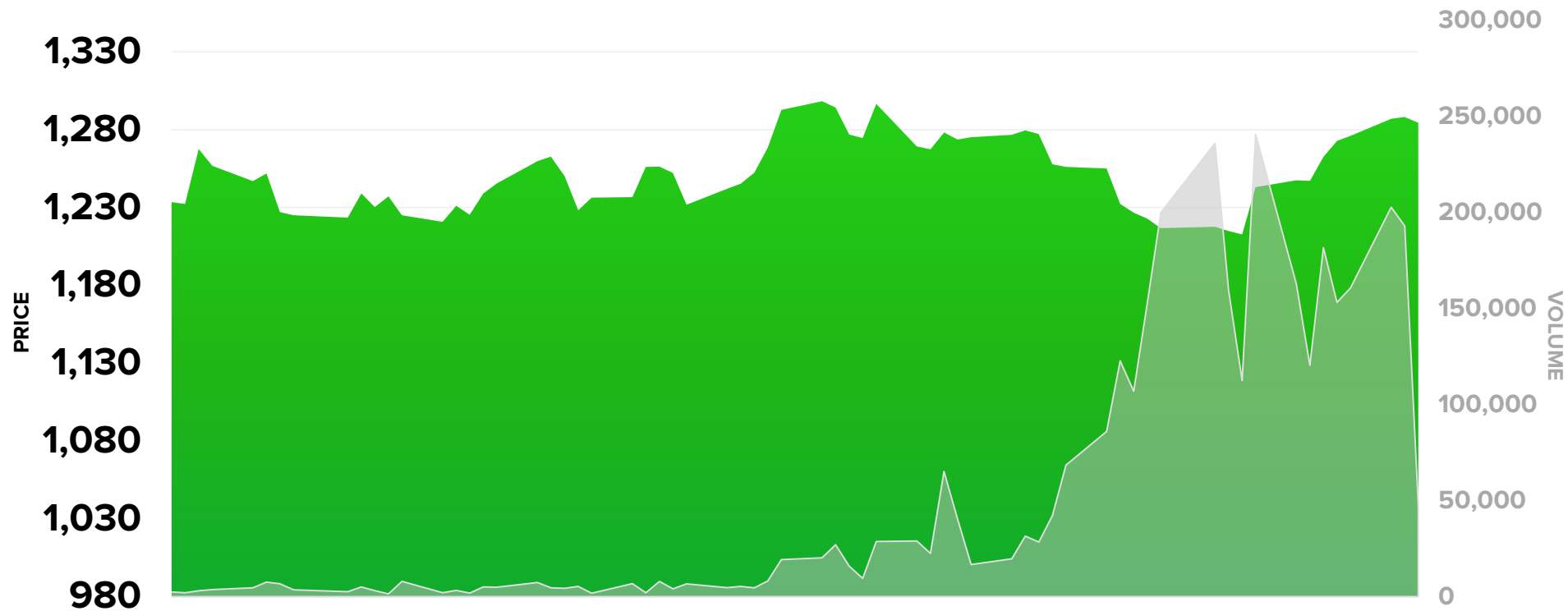


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GOLD SPOT

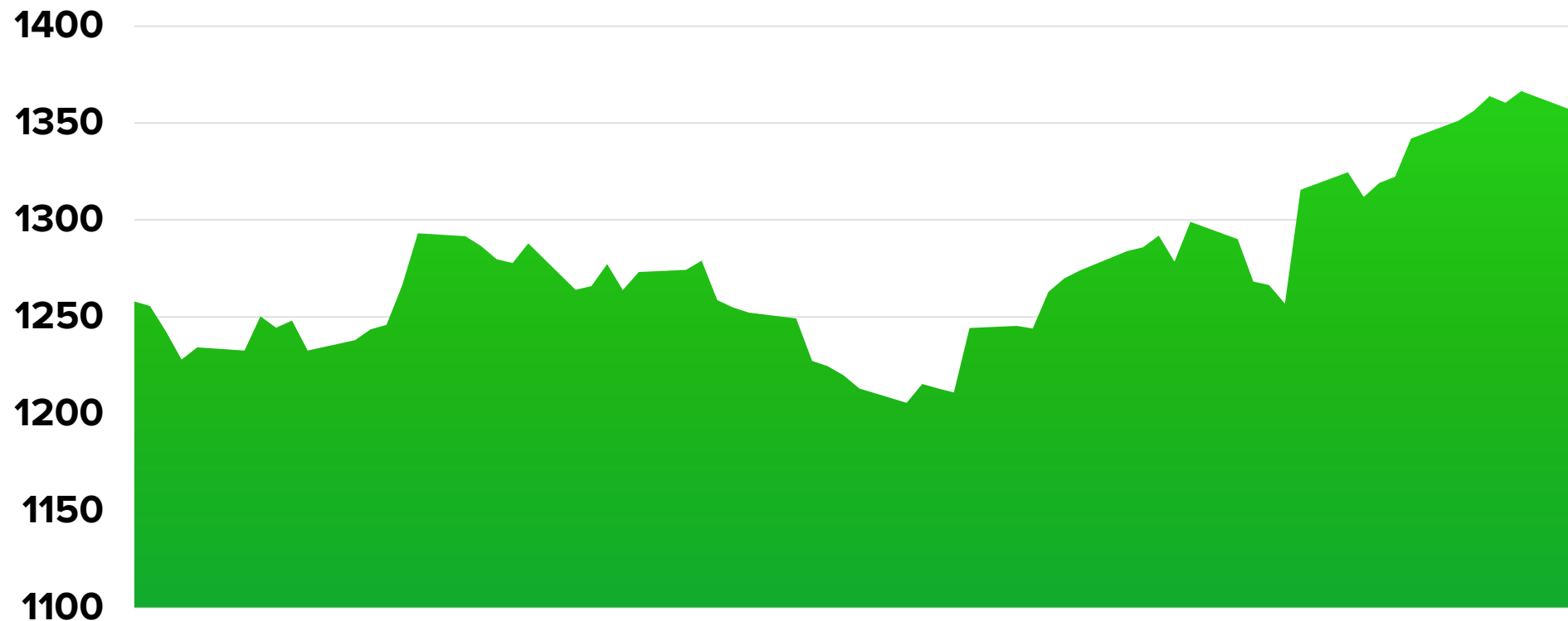


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GOLD SPOT



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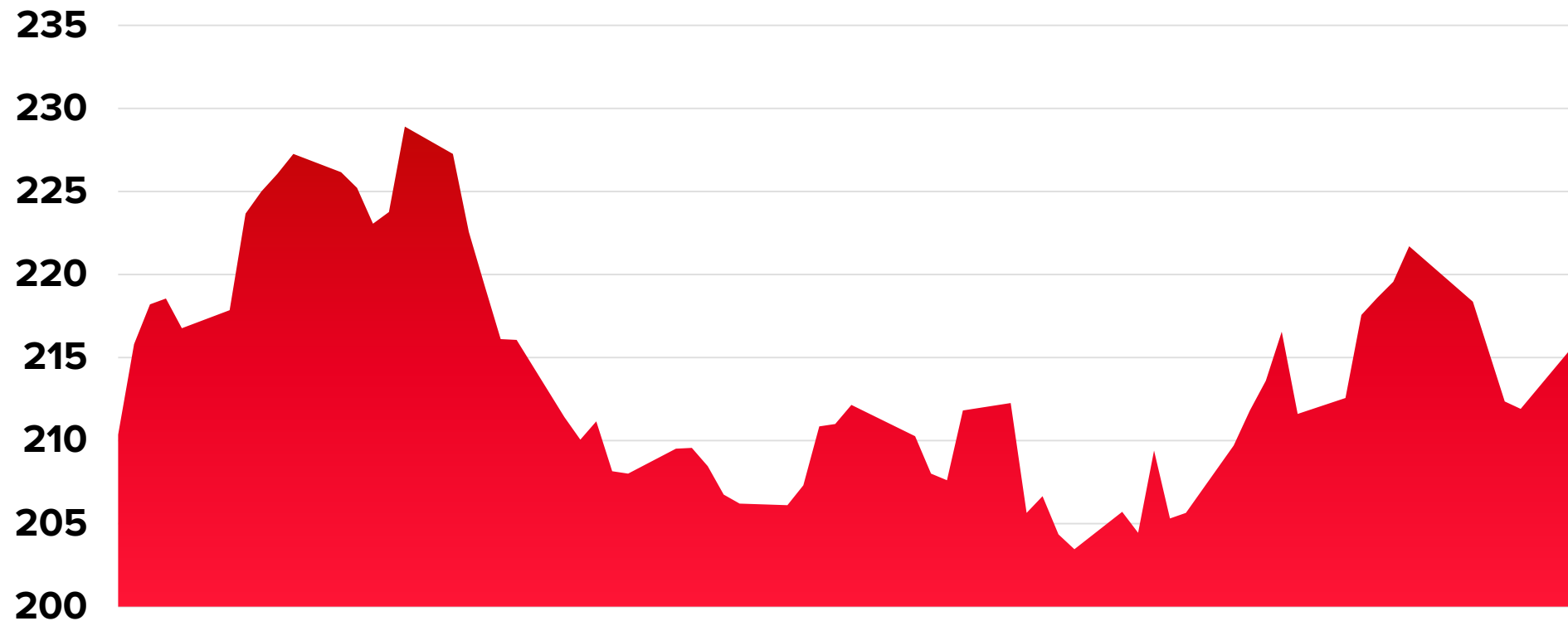
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NATURAL GAS SPOT



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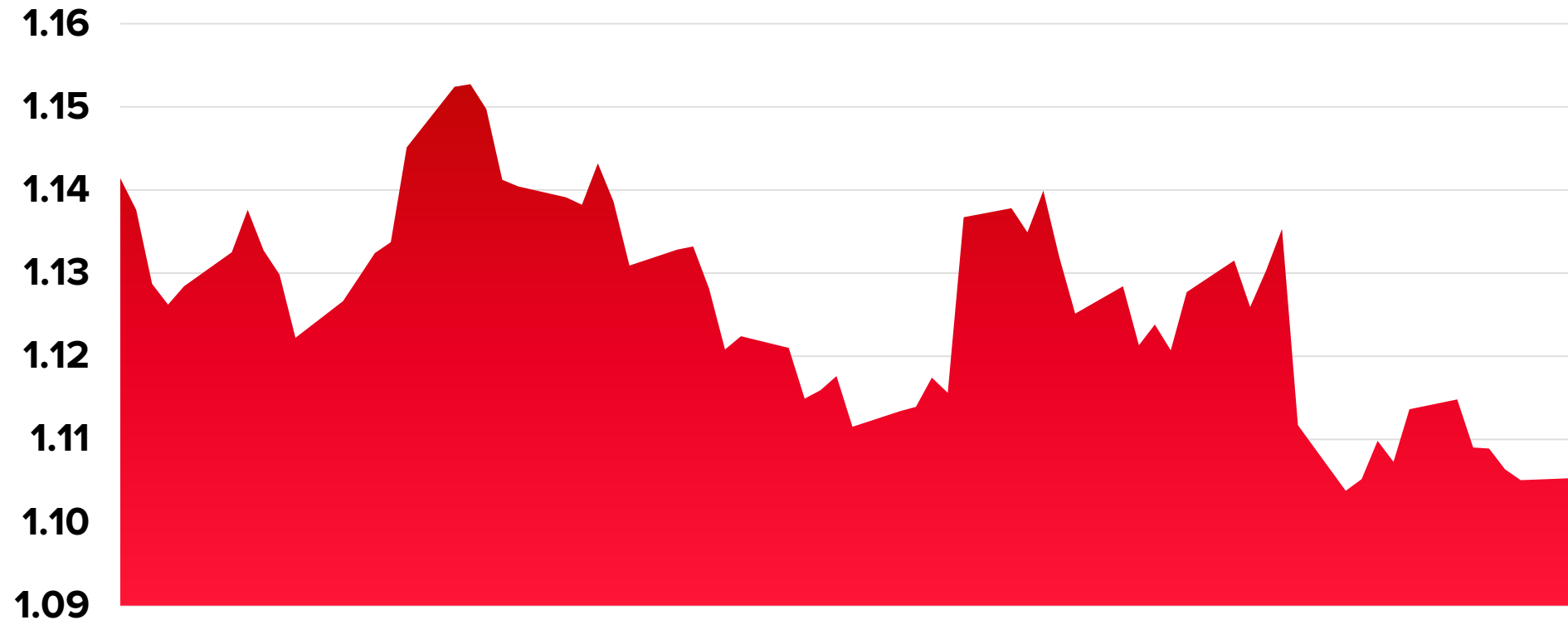
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EURO SPOT



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JAPANESE YEN SPOT



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BRITISH POUND SPOT



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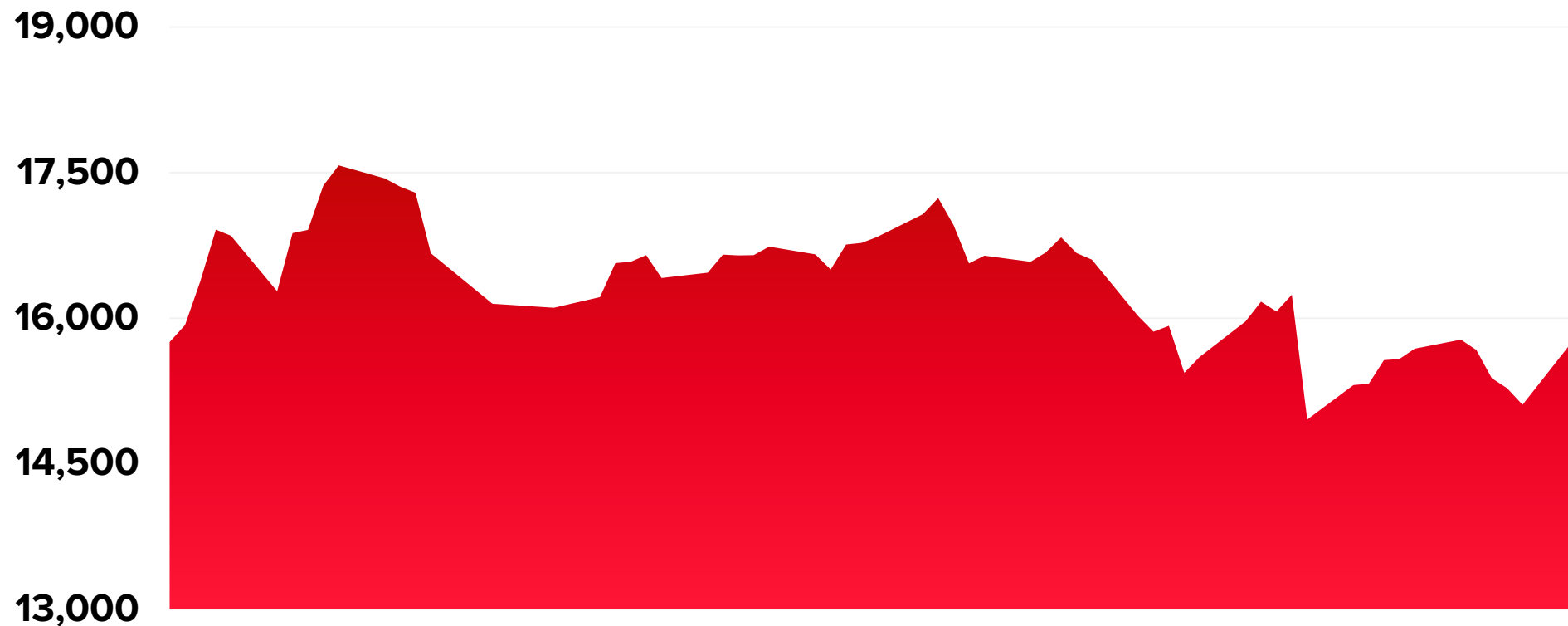
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NIKKEI-225 STOCK AVERAGE



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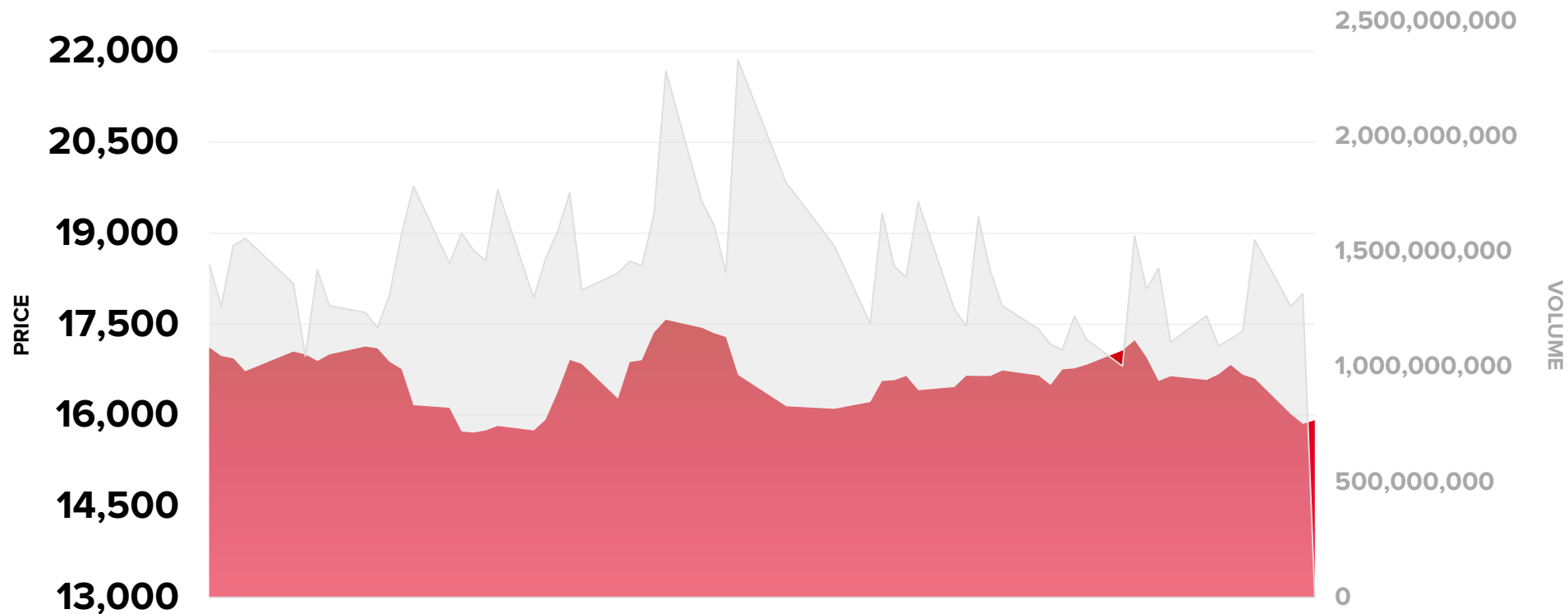
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NIKKEI-225 STOCK AVERAGE



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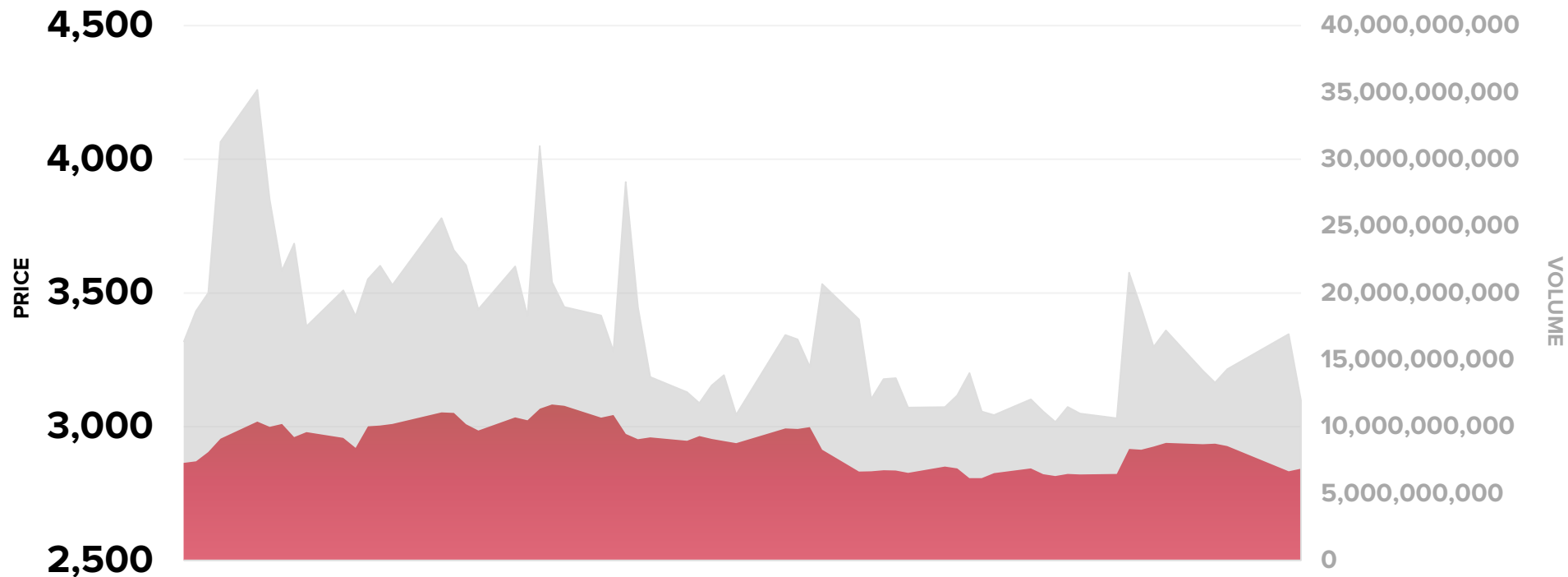
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SHANGHAI COMPOSITE INDEX



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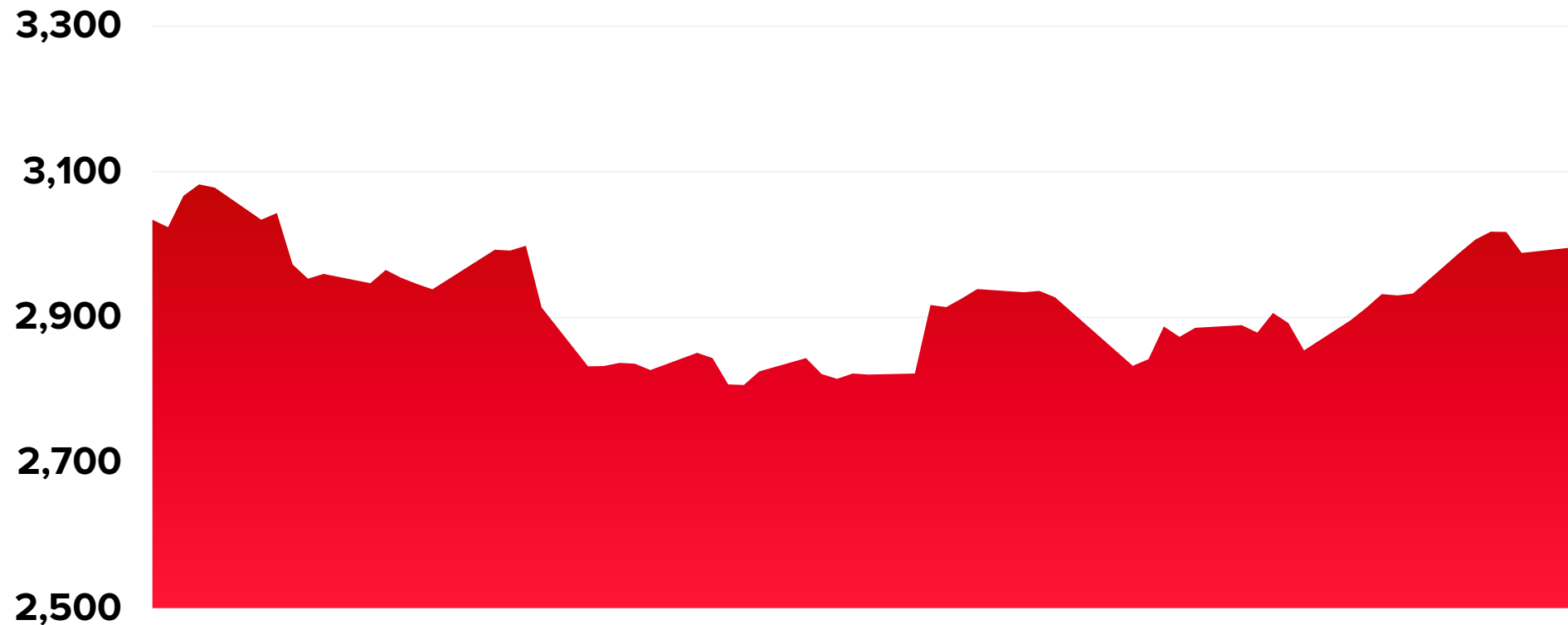
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SPANISH CONTINUOUS MARKET



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GERMAN STOCK INDEX



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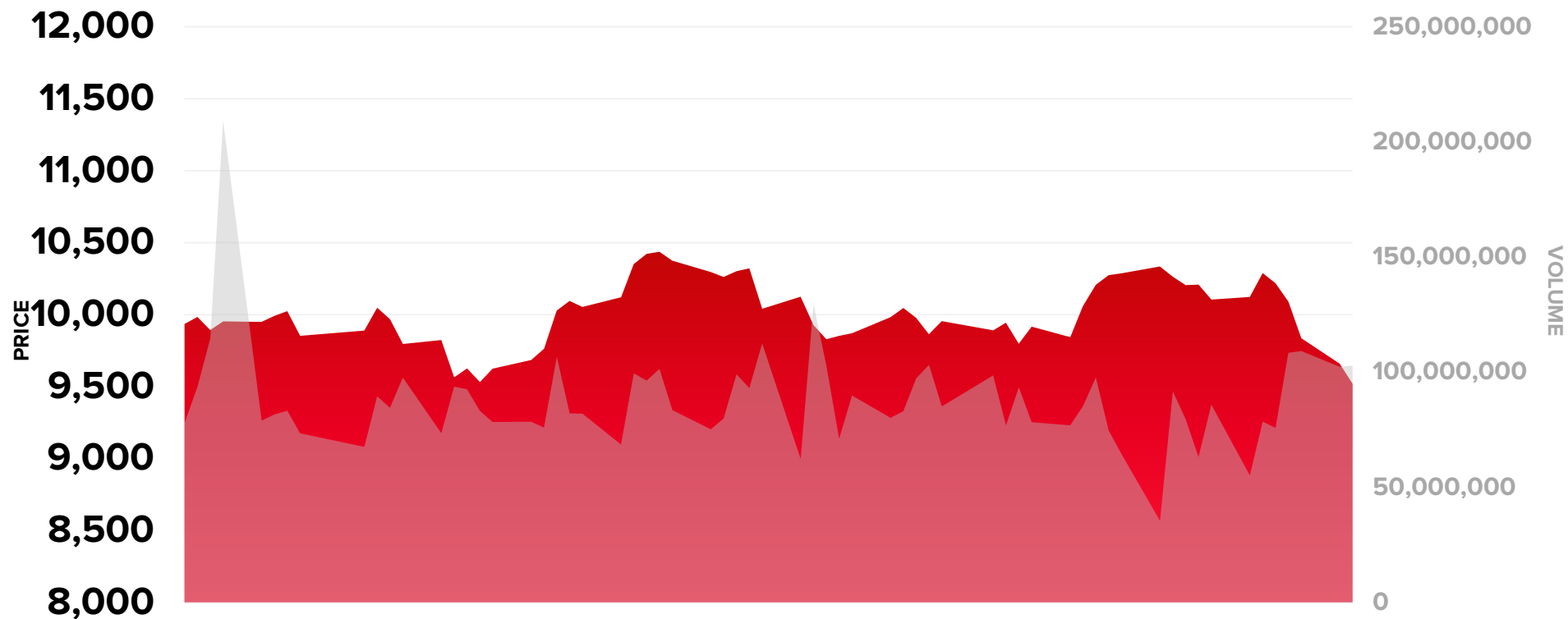
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GERMAN STOCK INDEX



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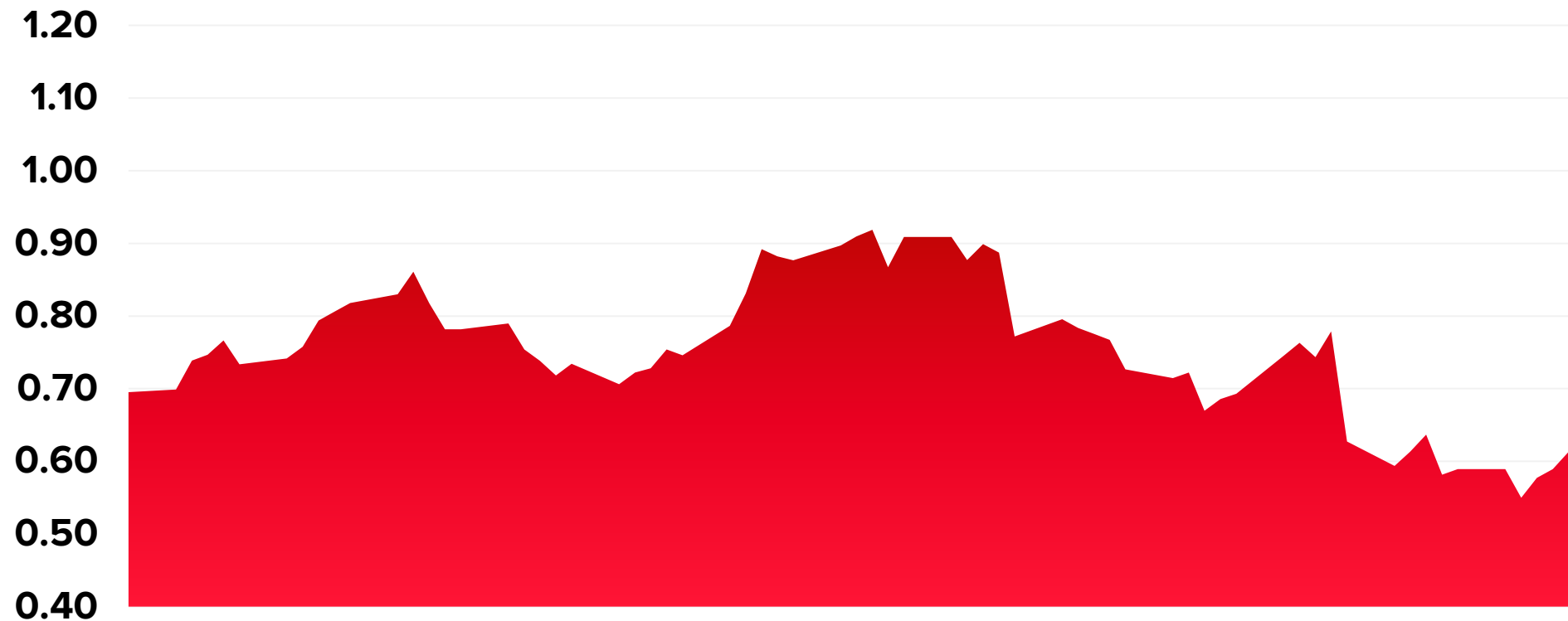
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U.S. GENERIC GOVT 2-YEAR YIELD



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HONG KONG HANG SENG INDEX



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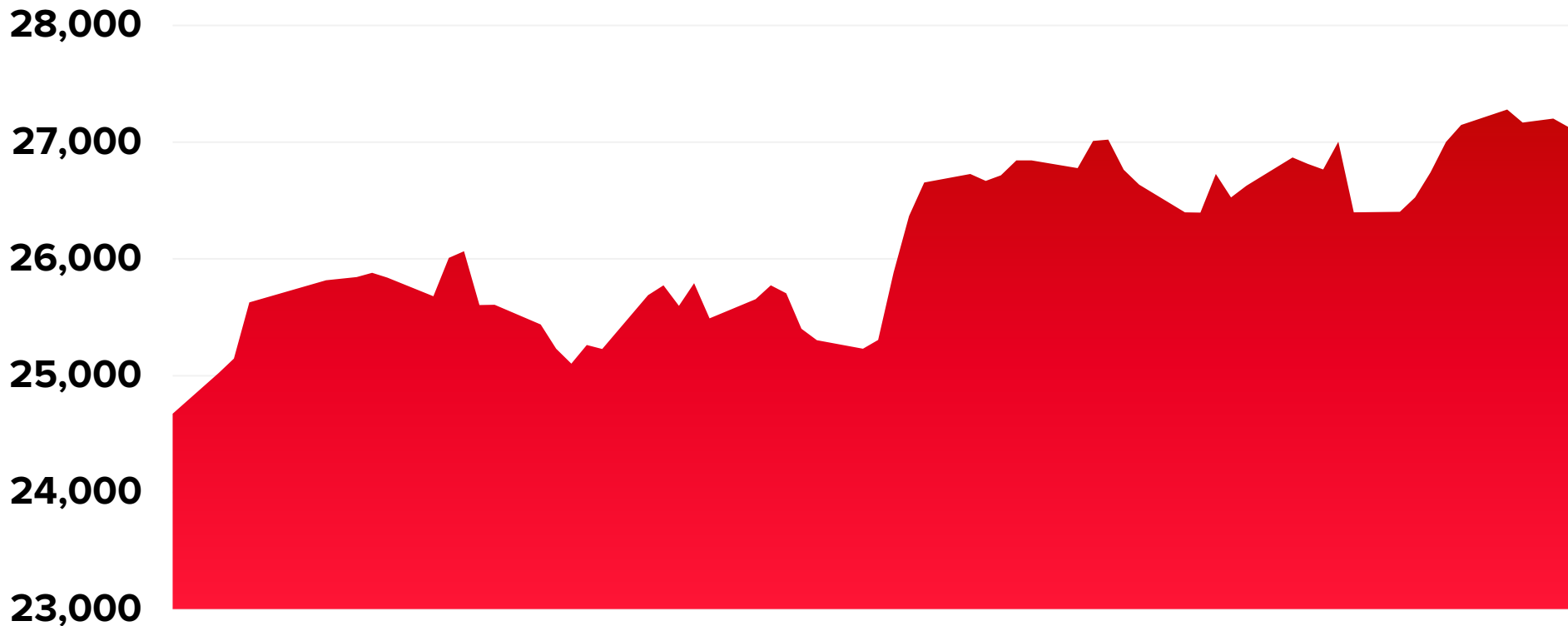
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BSE INDIAN SENSEX INDEX



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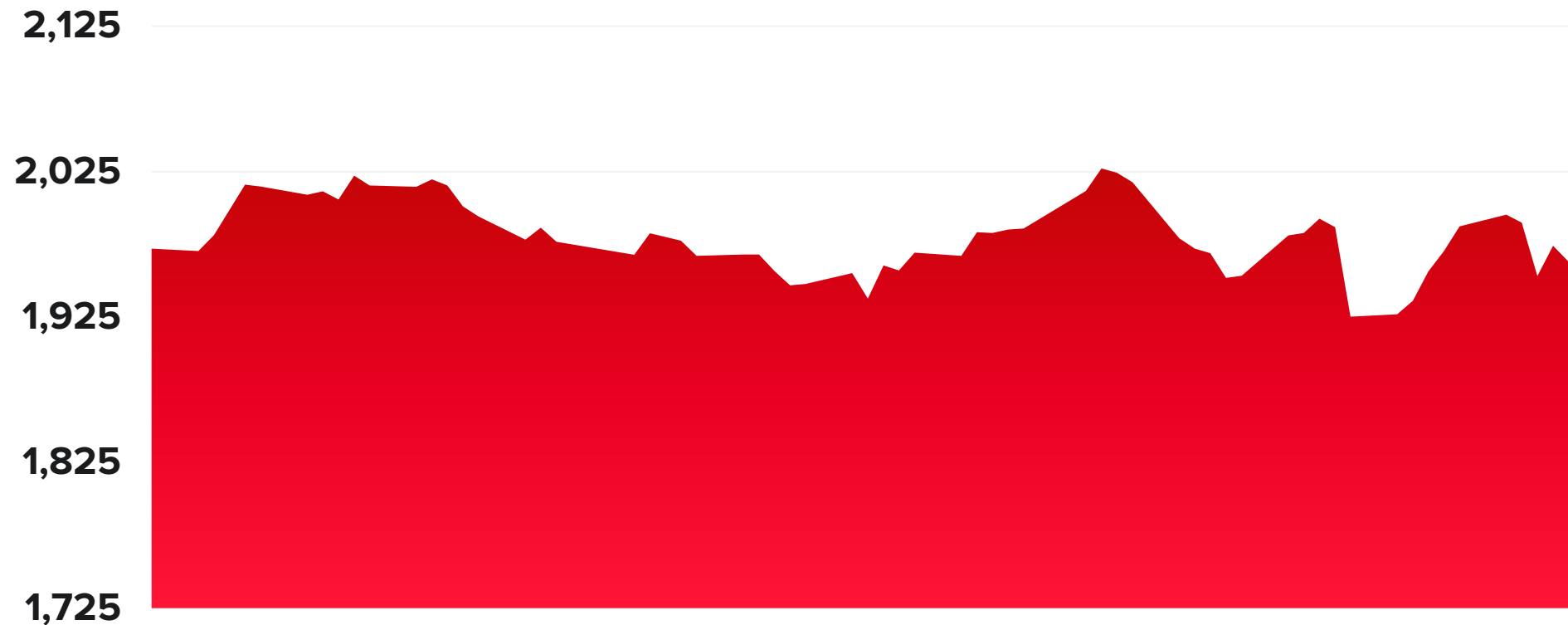
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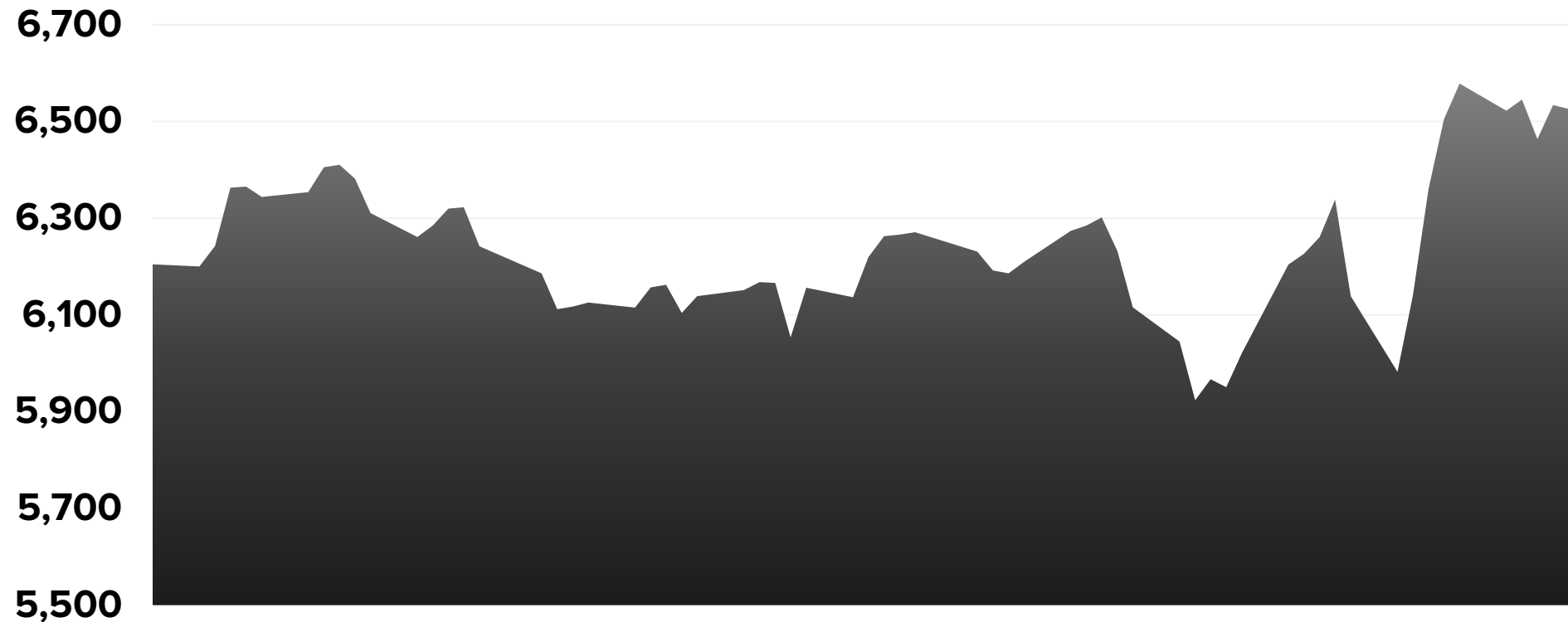
SOUTH KOREA KOSPI INDEX



UKX

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UK FTSE 100 INDEX



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ATHENS STOCK EXCHANGE GENERAL



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RTS

3MO

RUSSIAN RTS INDEX

1,000

950

900

850

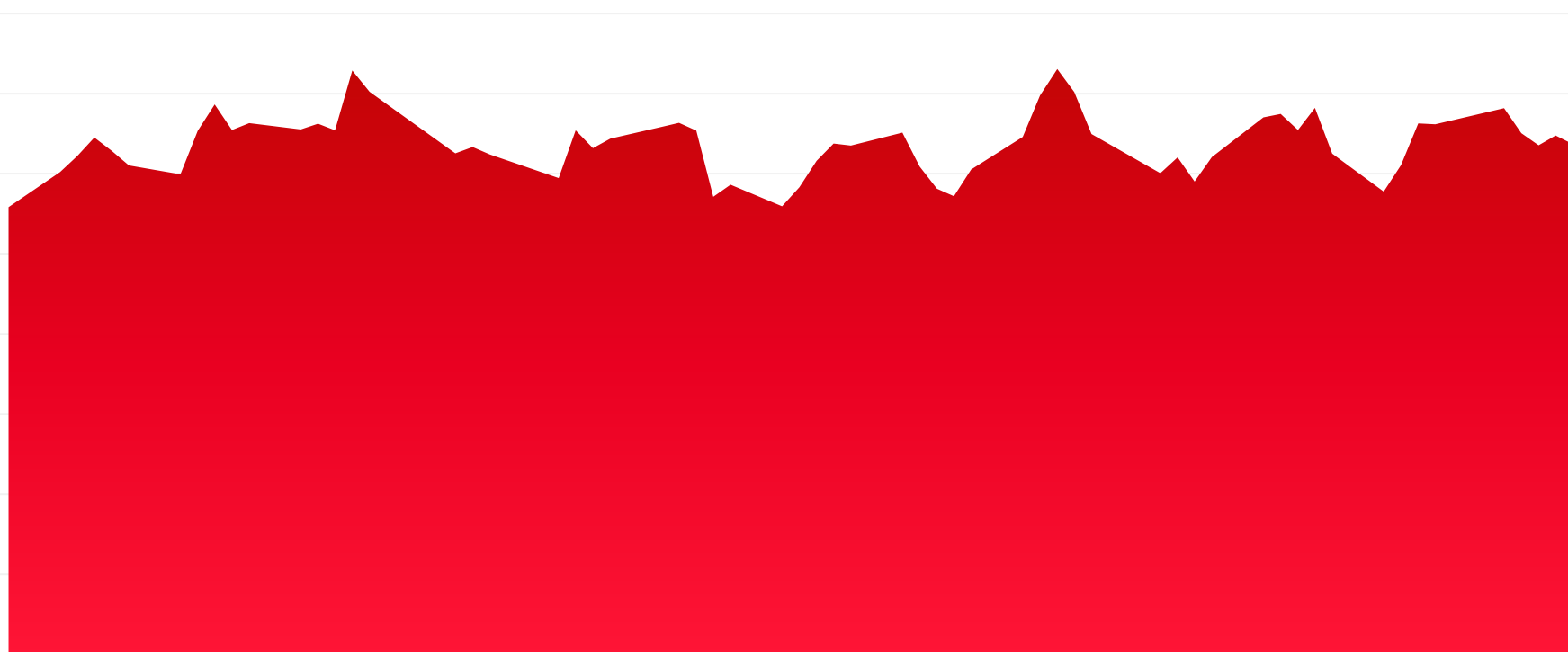
800

750

700

650

600



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THE MACRO SHOW

HEDGEYE
TV

DAX

3MO

GERMAN STOCK INDEX



July 11, 2016

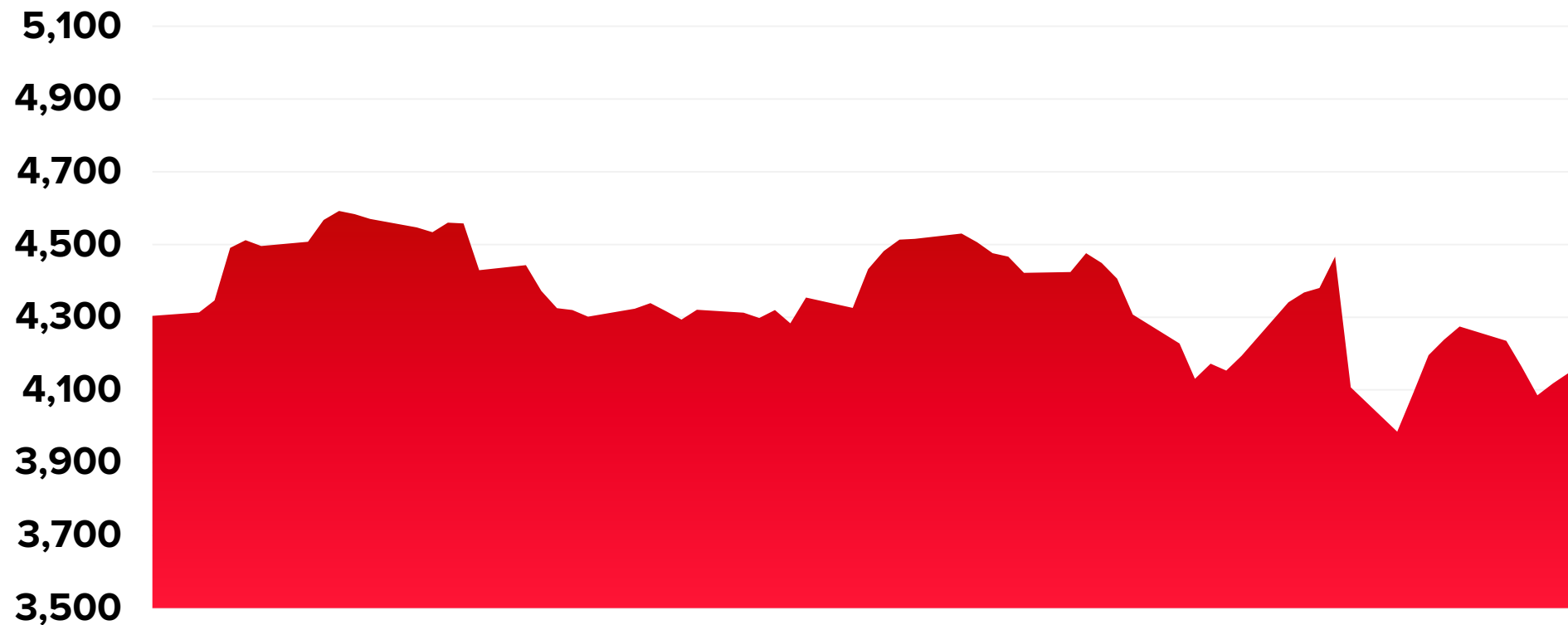
THE MACRO SHOW

HEDGEYE
TV

CAC

3MO

FRANCE CAC 40 INDEX



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THE MACRO SHOW

HEDGEYE
TV

FTSE MIB

3MO

BORSA ITALIANA INDEX



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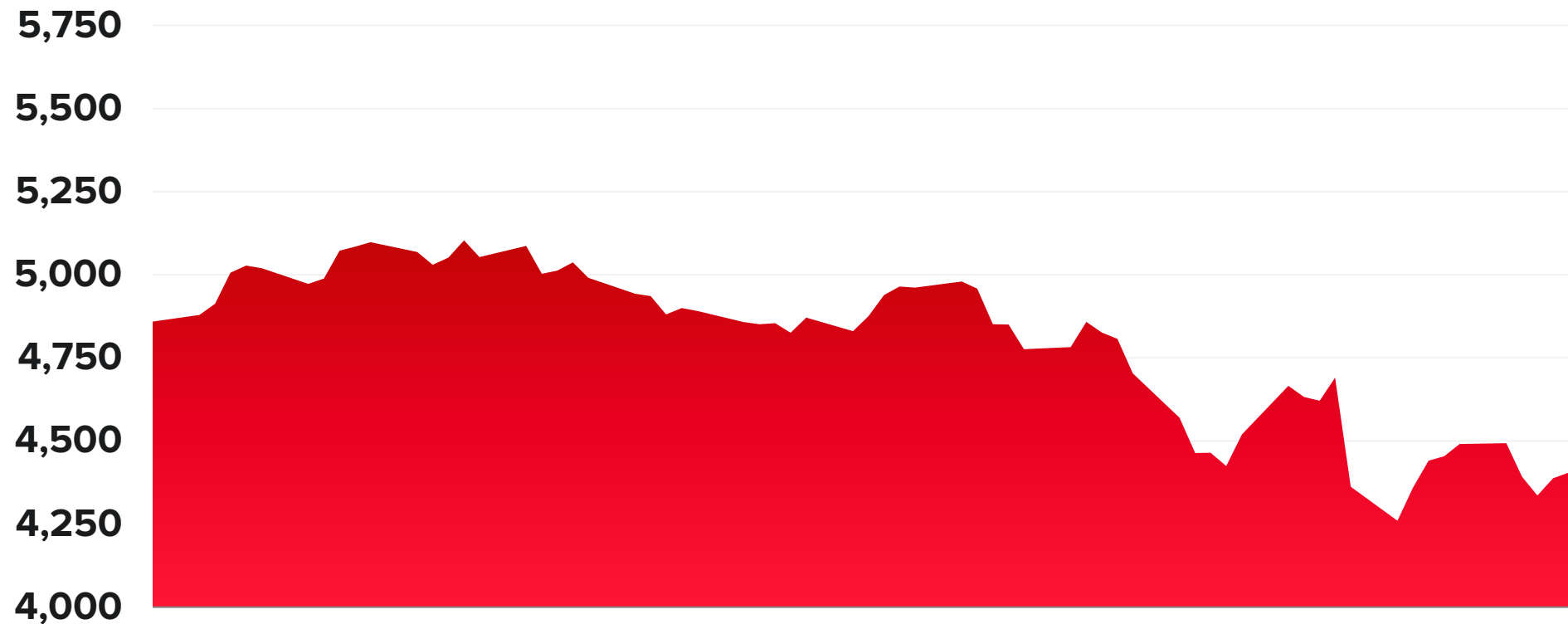
THE MACRO SHOW

HEDGEYE
TV

PSI 20

3MO

PORTUGAL PSI 20 INDEX



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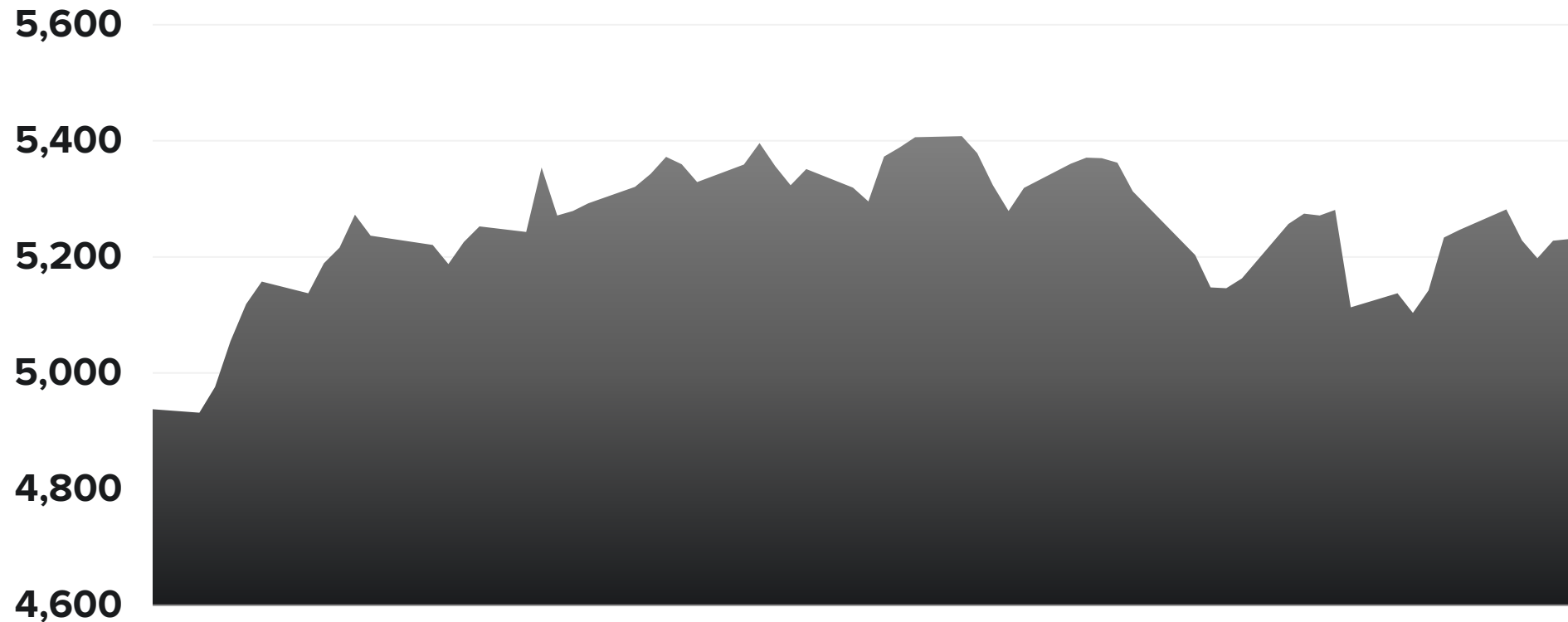
THE MACRO SHOW

HEDGEYE
TV

AS51

3MO

AUSTRALIA'S S&P/ASX 200 INDEX



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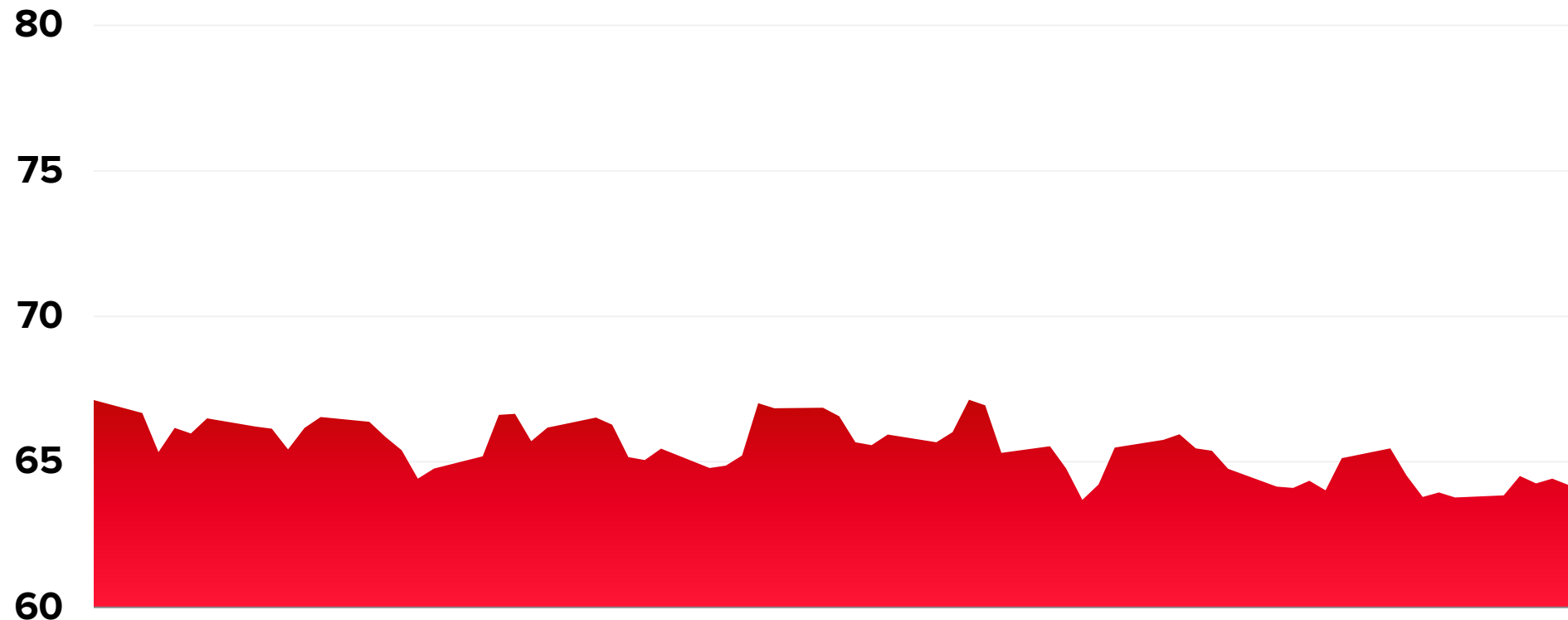
THE MACRO SHOW

HEDGEYE
TV

RUB

3MO

RUSSIAN RUBLE SPOT



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THE MACRO SHOW

HEDGEYE
TV

COA

3YR

BRENT CRUDE OIL FUTURE



July 11, 2016

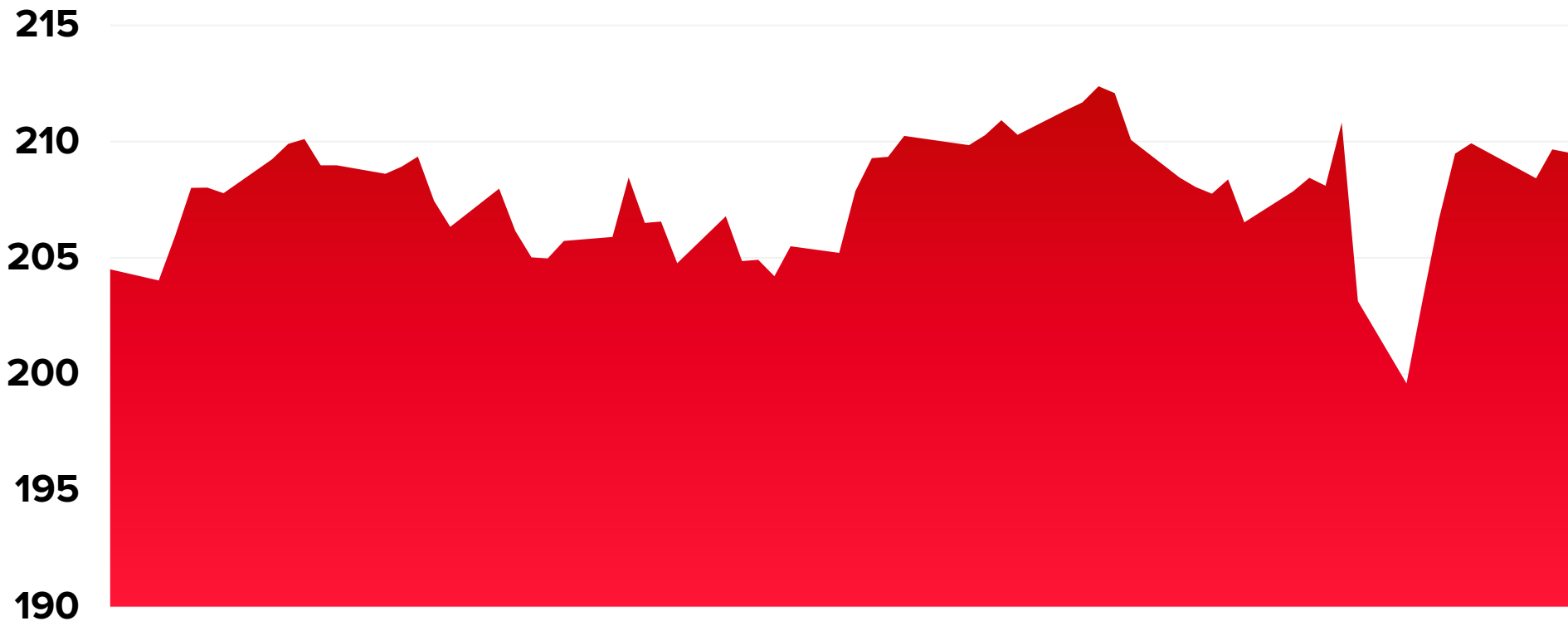
THE MACRO SHOW

HEDGEYE
TV

SPY

3YR

SPDR S&P 500 ETF TRUST



July 11, 2016

THE MACRO SHOW

HEDGEYE
TV