



THE

MACRO

SHOW
WITH SPECIAL GUEST
DANIEL LACALLE

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| | CASH | U.S. EQUITIES | INT'L EQUITIES | COMMODITIES | FOREIGN EXCHANGE | FIXED INCOME |
|-----------|------|------------------|-------------------|-------------|---------------------|-----------------|
| 6/23/2016 | 61 | 3 | 0 | 12 | 3 | 21 |
| 6/24/2016 | 57 | 0 | 0 | 13 | 5 | 25 |

| | CASH | U.S. EQUITIES | INT'L EQUITIES | COMMODITIES | FOREIGN EXCHANGE | FIXED INCOME |
|-----------|------|------------------|-------------------|-------------|---------------------|-----------------|
| 6/23/2016 | 61% | 9% | 0% | 36% | 9% | 64% |
| 6/24/2016 | 57% | 0% | 0% | 39% | 15% | 76% |

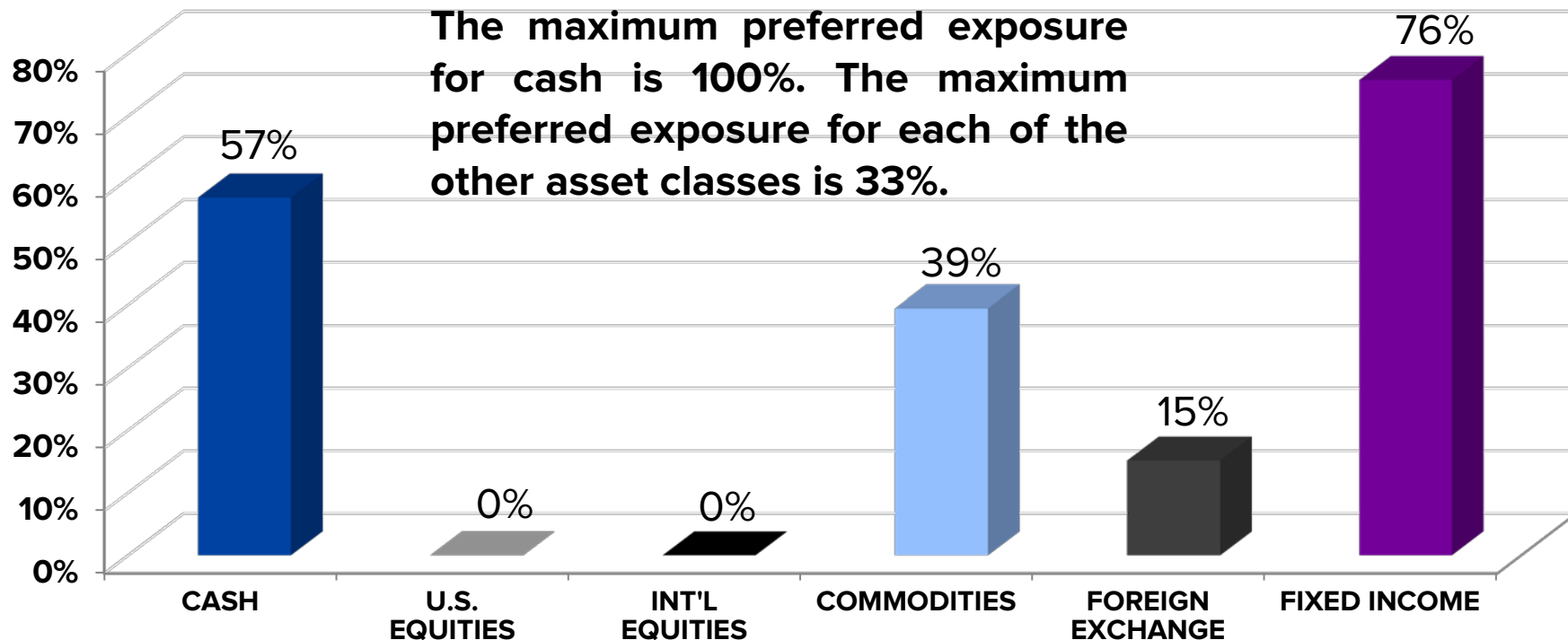
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

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1 POUND



2 STOCKS



3 BONDS



1 POUND

Not since Black Wednesday (1992) has the UK seen a FX move like this – down -7% vs. USD and one of our favorite ways to be positioned for what the central planners have to try next (devalue more?) remains long Gold +4.5% on the session to \$1310 =+24% YTD.



STOCKS

Since the crash in European stocks was already in motion, this is really just an extension of what risk managers should have been proactively preparing for – reiterating the 0% asset allocation to Japanese, European, and Emerging market Equities with stock markets like Spain and Italy down -11%, on the day.



BONDS

Reiterating our all-time lows in the UST 10YR Yield call as the causal factor behind most of this is #GrowthSlowing – not new because The People rose up against the Establishment and/or being centrally planned by Eurocrats. 1.52% on the UST 10YR now with an immediate-term risk range of 1.49-1.72%

MACRO GRIND

10-YEAR U.S. TREASURY YIELD INDEX



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GERMAN DAX COMPOSITE



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LONDON FINANCIAL TIMES INDEX



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TOKYO NIKKEI 225 AVERAGE INDEX



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VOLATILITY INDEX – NEW METHODOLOGY

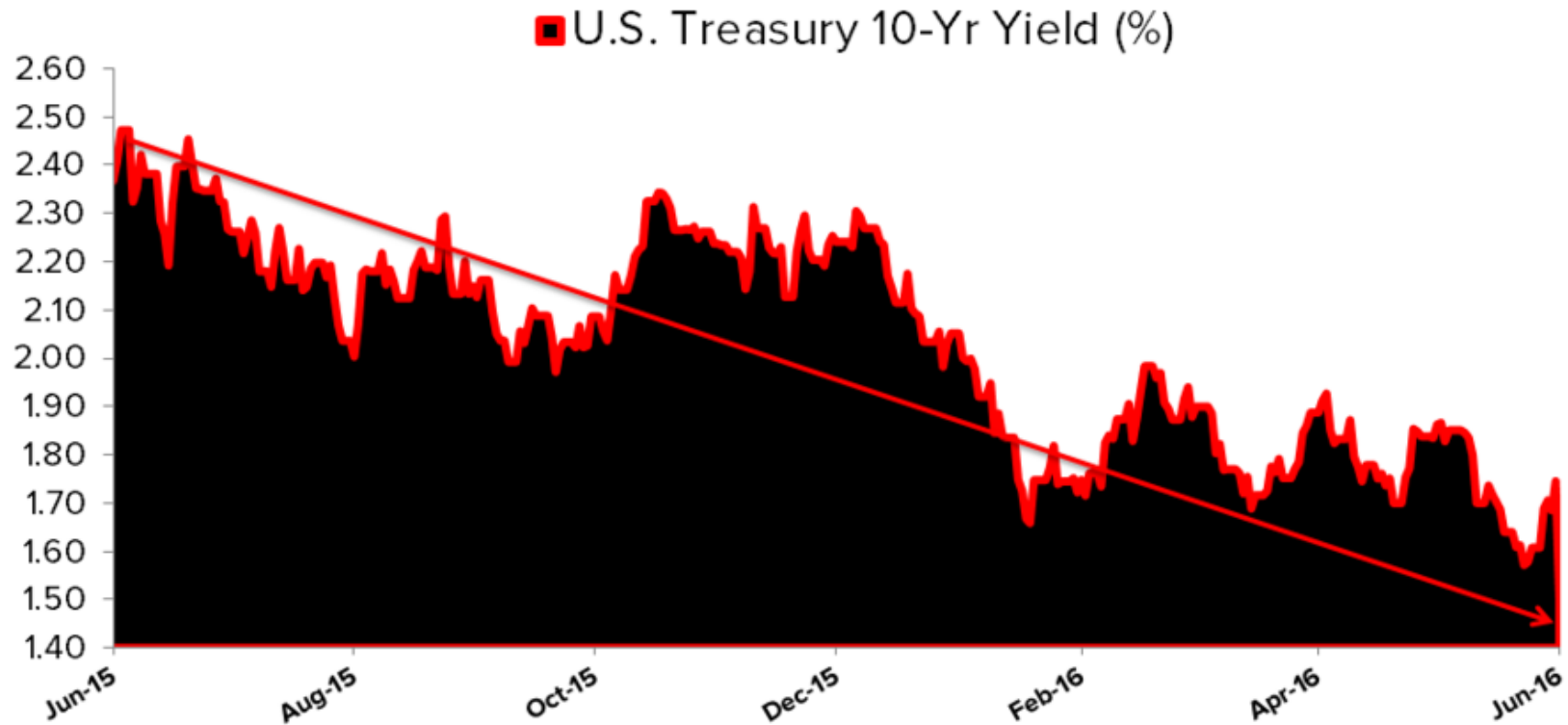


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THE BOND MARKET HAS NEVER STOPPED TELLING THE REAL STORY

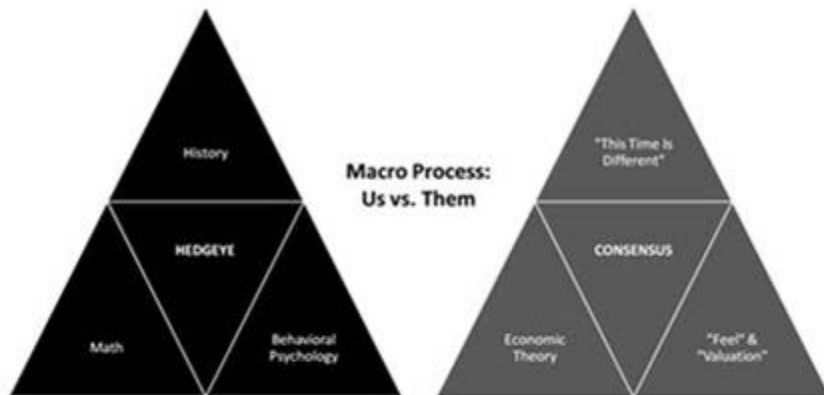


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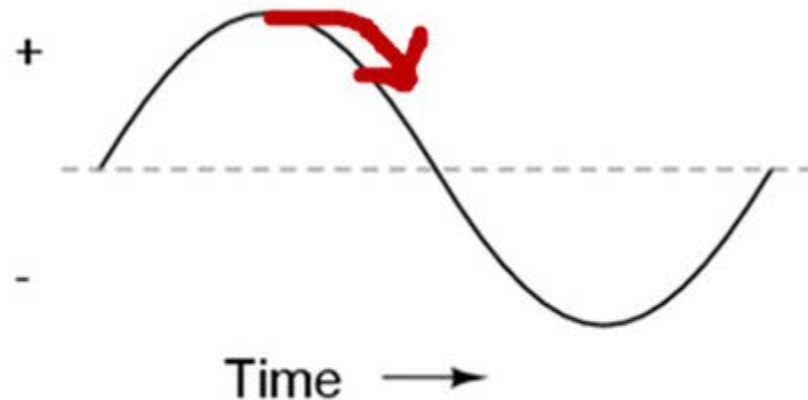
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HEDGEYE MACRO PROCESS: RATE OF CHANGE



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

| <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 | \$79.11 | 0.98% | -0.16% | 1.21% |
| Financial Select Sector | XLF | \$23.33 | 2.10% | -1.77% | -2.10% |
| Health Care Select Sector | XLV | \$71.38 | 1.31% | 0.04% | -0.90% |
| Technology Select Sector | XLK | \$43.97 | 1.36% | -0.50% | 2.66% |
| Consumer Staples Select Sector | XLP | \$54.14 | 0.61% | 2.81% | 7.23% |
| Industrial Select Sector | XLI | \$56.69 | 1.16% | 1.38% | 6.94% |
| Materials Select Sector | XLB | \$48.12 | 1.54% | 2.51% | 10.82% |
| The Energy Select Sector | XLE | \$69.01 | 1.65% | 3.20% | 14.41% |
| Utilities Select Sector | XLU | \$50.33 | 0.28% | 2.40% | 16.29% |
| S&P 500 | SPX | 2,113.32 | 1.34% | 0.78% | 3.39% |

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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 | \$79.11 | -0.35% | -0.94% | -2.18% |
| Financial Select Sector | XLF | \$23.33 | 0.76% | -2.55% | -5.49% |
| Health Care Select Sector | XLV | \$71.38 | -0.03% | -0.74% | -4.30% |
| Technology Select Sector | XLK | \$43.97 | 0.02% | -1.28% | -0.73% |
| Consumer Staples Select Sector | XLP | \$54.14 | -0.72% | 2.03% | 3.83% |
| Industrial Select Sector | XLI | \$56.69 | -0.18% | 0.60% | 3.55% |
| Materials Select Sector | XLB | \$48.12 | 0.20% | 1.73% | 7.43% |
| The Energy Select Sector | XLE | \$69.01 | 0.31% | 2.42% | 11.01% |
| Utilities Select Sector | XLU | \$50.33 | -1.06% | 1.62% | 12.89% |

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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 | 1.6% | 3.1% | 5.1% | 7.1% | 8.5% | 9.9% |
| | Low Debt/EV | 1.3% | 1.7% | 2.5% | 2.1% | 2.1% | 3.1% |
| SI | High Short Interest | 1.8% | 3.6% | 5.2% | 3.1% | 3.5% | 5.1% |
| | Low Short Interest | 1.5% | 2.0% | 2.4% | 4.7% | 3.7% | 4.6% |
| BETA | High Beta | 2.3% | 4.3% | 4.8% | 7.9% | 2.8% | 4.8% |
| | Low Beta | 0.6% | 0.8% | 4.5% | 3.9% | 10.0% | 10.6% |
| YIELD | High Yield | 1.4% | 2.6% | 5.4% | 3.9% | 7.4% | 8.7% |
| | Low Yield | 1.7% | 2.6% | 3.7% | 6.4% | 3.3% | 4.0% |
| MKT CAP | MCAP Bottom 25% | 1.7% | 3.3% | 4.1% | 2.9% | 2.9% | 3.9% |
| | MCAP Top 25% | 1.4% | 1.7% | 3.0% | 4.4% | 2.7% | 3.9% |
| Sales | Top 25% Sales Growth | 1.8% | 2.9% | 3.7% | 8.2% | 5.6% | 6.9% |
| | Bottom 25% Sales Growth | 1.5% | 2.7% | 5.2% | 3.2% | 4.7% | 5.8% |
| EPS | Top 25% EPS Growth | 1.9% | 2.8% | 3.4% | 7.1% | 4.0% | 5.1% |
| | Bottom 25% EPS Growth | 1.3% | 2.9% | 5.4% | 5.6% | 7.9% | 9.3% |

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

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HEDGEYE RATES & SPREADS

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 | 0.28% | 2.0 | 3.0 | -4 | -2 | -7 | 33 | 21 | 22 |
| 3M LIBOR | 0.64% | 0.0 | -0.6 | -2 | 1 | -5 | 36 | 31 | 29 |
| 2Y T-Note | 0.78% | 3.6 | 9.3 | -12 | -7 | -32 | 24 | 22 | 34 |
| 5Y T-Note | 1.26% | 5.8 | 16.7 | -11 | -10 | -57 | 28 | -26 | 1 |
| 10Y T-Note | 1.75% | 6.1 | 16.7 | -9 | -13 | -74 | 23 | -57 | -42 |
| 30Y T-Note | 2.55% | 5.5 | 15.8 | -7 | -10 | -70 | 21 | -58 | -56 |
| 2Y-10Y Spread, Bps | 97 | 2.5 | 7.4 | 2.9 | -6 | -42 | -1 | -79 | -76 |
| IG SPREAD (AAABBB) | 1.80% | 0.0 | -3.0 | 0 | -22 | -50 | 4 | 10 | -5 |
| HIGH YIELD | 7.00% | -6.1 | -34.2 | -43 | -75 | -233 | 69 | 41 | 21 |
| 5Y BREAK-EVEN | 1.50% | 6.9 | 5.0 | -0.2 | 3.5 | -22.9 | 64.0 | -11.1 | -24.3 |

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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) | 117,566 | 143,861 | (19,362) | (93,620) | (118,407) | 2.63X | 1.37X |
| Russell 2000 (mini) | (15,270) | 9,599 | (47,376) | (51,327) | (40,890) | 1.42X | 0.43X |
| 10Y Treasury | 31,472 | 32,766 | (59,322) | (23,034) | (14,372) | 0.86X | 1.25X |
| CRUDE OIL | 373,451 | (11,470) | 379,968 | 314,008 | 298,986 | 1.27X | 0.55X |
| GOLD | 240,862 | 54,300 | 191,257 | 123,228 | 73,853 | 2.02X | 2.99X |
| COPPER | (44,710) | (5,500) | (22,544) | (24,917) | (23,042) | -1.74X | -1.94X |
| \$USD | 4,681 | (5,112) | 12,145 | 23,296 | 36,238 | -1.81X | -1.08X |
| JPY | 52,285 | 11,120 | 51,218 | 41,017 | (5,464) | 1.06X | 2.06X |
| EUR | (57,257) | 13,079 | (41,635) | (70,122) | (87,789) | 0.70X | 0.23X |
| GBP | (33,972) | 30,719 | (42,204) | (37,495) | (24,854) | -0.54X | -0.87X |

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

| <u>INDEX/SECURITY</u> | VOLUME: (6/23) vs. | | | |
|-------------------------|---------------------------|---------------|---------------|---------------|
| | <u>Prior Day</u> | <u>1M Ave</u> | <u>3M ave</u> | <u>1Y Ave</u> |
| Total Market Volume* | -7% | -7% | -13% | -17% |
| Total Exchange Volume** | 1% | -5% | -8% | -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)

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