

THE MACRO SHOW

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1 VIX



2 DRAGHI



3 COPPER



VIX

Front month VIX continues to signal that the volatility of volatility can indeed A) go lower and B) stay lower (if that signal changes, we'll be the 1st to let you know, we hope)... at a 9.58 close the VIX is tracking toward all-time lows (low-end of our risk range = 8.92 for now) with an implied volatility DISCOUNT of -7% vs. 30-day realized.



DRAGHI

We thought Draghi was relatively dovish yesterday (so did the bond market), but the EUR/USD didn't as it punched right back up to the top-end of our \$1.13-1.16 risk range. We've had this one wrong this week but it's not a call on the week, it's a call that in the next 3-6 months Draghi falls on the sword of having the wrong growth and inflation forecasts.




COPPER

If you're looking for disconfirming evidence of either Reflation's Rollover or **#ChinaSlowing**, this is the short-term chart for you; Copper +1.0% to the top-end of its \$2.63-2.75 risk range this morning with the top-end of the range being a lower-high vs. the \$2.80 ish level Copper failed at in FEB at ***Reflation's Peak***.

MACRO GRIND

10-YEAR GOVERNMENT BOND YIELDS

COUNTRY	YIELD	1 DAY
Germany »	0.50%	-2
United Kingdom »	1.19%	-1
France	0.74%	-3
Italy	2.07%	-3
Spain	1.42%	-3
Netherlands	0.62%	-2
Portugal	2.91%	-5
Greece	5.15%	-3
Switzerland	-0.06%	-2

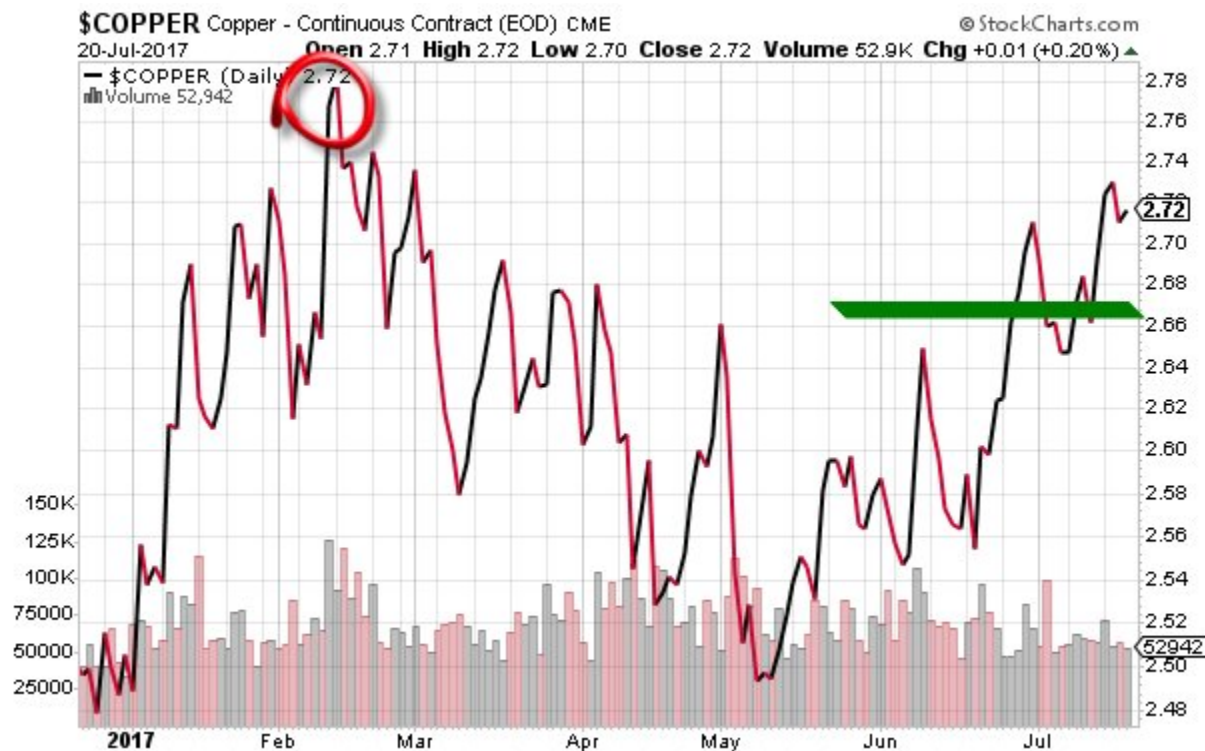


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FRENCH CAC 40 INDEX



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SOUTH KOREA SEOUL COMPOSITE



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FAKE NEWS?

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Index	Value	Change	Time
Dow Jones mini	21575.00	-6.00	4:42 AM
S&P 500 mini	2473.50	+2.25	4:43 AM
FTSE 100	7501.08	+13.21	4:38 AM
Nikkei 225	20070.00	+100.00	4:32 AM

The Latest

Euro's Rally Eyes 2015 High as Traders Reload Long Positions
23 minutes ago

Dollar Weakens on U.S. Politics; Equities Falter:

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NASDAQ COMPOSITE INDEX



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THE STOCK MARKET IS A LEADING INDICATOR



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Index/Security	REALIZED VOLATILITY				IMPLIED VOLATILITY*				IMPLIED** VS. REALIZED VOLATILITY									
	Duration of Realized (%)				At-The-Money %				30 Day		60 Day		3 Month					
									Z-Score		Z-Score		Z-Score					
	Ticker	30D	60D	90D	Current	v 1M Avg	v 3M Avg	v 6M Avg	Ticker	Premium	TTM	3Yr	Premium	TTM	3Yr	Premium	TTM	3Yr
S&P 500	SPX	7.5%	7.3%	7.4%	7.0%	-14.6%	-17.3%	-23.6%	SPX	-6.7%	-0.92	-0.58	14.1%	-0.49	0.04	23.9%	-0.31	0.33
Russell 2000	RTY	11.1%	12.3%	13.1%	11.2%	-13.1%	-18.3%	-23.9%	RTY	2.5%	-0.25	-0.18	2.1%	-0.43	-0.37	3.1%	-0.77	-0.49
Nasdaq 100	NDX	16.0%	13.3%	11.8%	12.8%	-12.1%	0.4%	6.1%	NDX	-19.3%	-1.33	-0.98	2.0%	-0.97	-0.41	19.0%	-0.51	0.21
USD Index	UUP	6.2%	6.0%	6.3%	7.0%	7.8%	2.3%	-6.7%	UUP	9.3%	-0.10	-0.01	21.1%	0.47	0.49	13.2%	0.08	0.10
Euro	FXE	8.1%	7.6%	7.8%	7.0%	6.1%	-4.1%	-15.1%	FXE	-12.4%	-0.92	-0.83	-1.7%	-0.50	-0.39	-2.8%	-0.66	-0.48
Yen	FXV	6.7%	8.0%	8.3%	7.6%	-5.4%	-12.0%	-21.7%	FXV	16.8%	0.72	0.38	2.3%	0.36	-0.23	2.4%	0.75	-0.19
Pound	FXB	9.4%	7.8%	8.5%	7.3%	-4.8%	-8.1%	-15.7%	FXB	-22.4%	-0.93	-0.83	-1.7%	0.38	-0.18	-4.7%	0.45	-0.34
Consumer Discret.	XLY	9.3%	9.2%	8.8%	10.4%	-7.6%	-1.7%	-3.9%	XLY	11.5%	-0.43	-0.03	17.4%	-0.38	0.19	32.7%	0.33	0.96
Financials	XLF	11.8%	12.7%	14.3%	12.1%	-16.8%	-18.4%	-22.4%	XLF	1.2%	-0.34	-0.16	1.2%	-0.28	-0.17	-5.5%	-0.90	-0.55
Healthcare	XLV	9.8%	8.7%	8.7%	10.0%	-9.9%	-6.4%	-11.9%	XLV	3.3%	-0.72	-0.14	20.8%	0.12	0.69	28.1%	0.64	1.18
Technology	XLK	15.7%	13.2%	11.7%	11.8%	-18.1%	-6.4%	-1.8%	XLK	-17.8%	-1.15	-0.88	1.5%	-0.81	-0.33	16.9%	-0.32	0.27
Consumer Staples	XLP	8.9%	7.7%	7.3%	8.0%	-16.3%	-14.3%	-16.0%	XLP	-8.0%	-0.95	-0.64	14.7%	-0.20	0.29	31.3%	0.55	1.06
Utilities	XLU	8.3%	8.0%	8.5%	8.9%	-19.0%	-19.1%	-26.8%	XLU	8.8%	-0.06	0.32	21.9%	0.82	1.46	23.6%	1.58	2.19
Energy	XLE	16.6%	15.6%	15.0%	15.0%	-12.0%	-10.0%	-9.9%	XLE	-9.1%	-0.78	-0.60	-1.8%	-0.56	-0.23	8.8%	0.35	0.38
Energy	XOP	32.4%	30.7%	28.8%	27.8%	-9.7%	-6.3%	-2.1%	XOP	-13.8%	-0.86	-0.84	-8.9%	-0.79	-0.52	3.2%	0.11	0.32
Materials	XLB	11.9%	11.4%	11.6%	11.6%	-10.5%	-8.4%	-11.1%	XLB	-3.0%	-0.80	-0.45	5.7%	-0.48	-0.09	9.9%	-0.32	0.10
Industrials	XLI	8.9%	9.0%	9.7%	10.0%	-11.8%	-12.7%	-16.6%	XLI	13.9%	-0.12	0.19	22.4%	0.44	0.68	23.2%	0.50	0.79
Transports	IYT	12.5%	13.1%	13.7%	14.0%	-3.4%	-7.4%	-12.1%	IYT	13.3%	-0.14	0.18	16.7%	0.02	0.40	18.9%	0.11	0.55
Biotech	IBB	21.1%	18.4%	17.4%	19.4%	-7.1%	3.0%	-1.9%	IBB	-8.1%	-0.99	-0.72	6.8%	-0.07	0.17	17.6%	0.94	1.04
Russell 2000 ETF	IWM	11.3%	12.4%	13.2%	11.5%	-16.7%	-22.7%	3.0%	IWM	3.0%	-0.27	-0.21	2.3%	-0.48	-0.41	1.2%	-1.02	-0.62
Russell 2000 Growth	IWO	12.4%	13.0%	13.2%	12.1%	-8.5%	-12.9%	-19.9%	IWO	-0.7%	-0.73	-0.52	5.4%	-0.62	-0.32	6.7%	-0.87	-0.35
Russell 2000 Value	IWN	12.2%	13.0%	14.0%	10.9%	-22.8%	-26.3%	-30.9%	IWN	-9.0%	-0.80	-0.78	-3.6%	-0.69	-0.68	-7.3%	-1.48	-1.00
Facebook	FB	21.5%	18.7%	16.2%	28.6%	12.8%	34.2%	36.1%	FB	30.8%	-0.23	0.08	35.0%	-0.23	0.43	51.9%	0.58	1.29
Amazon	AMZN	21.3%	18.2%	17.0%	27.4%	3.5%	25.4%	28.6%	AMZN	27.0%	-0.20	0.10	35.0%	-0.08	0.80	41.7%	0.34	1.27
Apple	AAPL	20.9%	19.3%	17.1%	23.3%	3.0%	20.5%	27.8%	AAPL	10.5%	-0.18	-0.10	17.8%	0.27	0.35	31.8%	1.27	1.20
Netflix	NFLX	49.5%	37.3%	33.8%	31.2%	-19.6%	-5.7%	-6.1%	NFLX	-37.0%	-1.03	-0.97	-14.0%	-1.04	-0.66	5.1%	-0.34	0.21
Google	GOOGL	21.0%	18.6%	16.9%	24.0%	1.8%	27.7%	35.1%	GOOGL	13.0%	-0.37	-0.02	15.0%	-0.57	0.17	24.5%	-0.09	0.73
WTI Crude Oil	USO	27.6%	30.8%	27.9%	27.6%	-7.0%	-8.2%	-3.2%	USO	-7.0%	-0.22	-0.31	-8.0%	-0.76	-0.71	4.8%	0.09	-0.04
Natural Gas	UNG	31.4%	30.2%	29.6%	30.6%	-8.8%	-9.3%	-15.2%	UNG	-0.6%	-0.39	-0.42	7.3%	0.19	-0.16	10.1%	0.57	-0.01
Gold	GLD	9.1%	10.1%	10.1%	9.5%	-7.3%	-12.7%	-20.0%	GLD	4.8%	-0.47	-0.20	1.4%	-0.63	-0.36	6.2%	-0.19	-0.12
Silver	SLV	17.2%	16.9%	16.3%	18.0%	-2.1%	-2.4%	-7.0%	SLV	4.9%	-0.14	-0.37	10.6%	0.57	-0.09	18.5%	1.74	0.38
Copper	JJC	14.0%	18.8%	19.5%	13.1%	-18.3%	-28.7%	-37.2%	JJC	-5.0%	-0.27	-0.34	-21.9%	-0.74	-0.98	-21.6%	-0.91	-1.14
Coffee	JO	30.0%	28.0%	27.4%	28.8%	1.5%	4.6%	4.0%	JO	-4.3%	-0.68	-0.66	1.8%	-0.06	-0.11	5.8%	0.41	0.46
Corn	CORN	24.2%	20.9%	18.6%	27.1%	6.6%	14.6%	28.8%	CORN	10.7%	-0.34	-0.47	19.6%	0.04	-0.08	31.0%	0.46	0.42
Soybeans	SOYB	21.9%	17.2%	14.9%	21.4%	8.9%	8.1%	6.7%	SOYB	-3.4%	-1.13	-0.96	16.1%	-0.43	-0.47	31.3%	-0.21	-0.25
Wheat	WEAT	34.9%	29.0%	25.3%	29.9%	-11.9%	-7.2%	-1.8%	WEAT	-14.6%	-1.58	-0.97	-0.1%	-1.37	-0.80	13.3%	-1.19	-0.60

*Implied volatility on at-the-money front month contracts

**Implied volatility of at-the-money options expiring in the given duration vs. realized volatility over the given duration

Q2 2017 QTD			
S&P 500	SALES GROWTH (YY%)	EARNINGS GROWTH (YY%)	#REPORTED
S&P 500 (Aggregate)	5.4%	11.8%	84 / 500
Energy	7.1%	-3.1%	1 / 34
Materials	7.8%	0.5%	4 / 25
Industrials	8.1%	8.3%	17 / 67
Consumer Discretionary	7.0%	6.9%	10 / 81
Consumer Staples	2.0%	5.0%	8 / 36
Healthcare	5.3%	9.1%	5 / 61
Financials	5.0%	7.4%	23 / 66
Information Technology	6.9%	28.1%	13 / 67
Telecom	0.0%	0.0%	0 / 4
Utilities	0.0%	0.0%	0 / 28
Real Estate	0.9%	2.4%	3 / 31

Nasdaq	SALES GROWTH (YY%)	EARNINGS GROWTH (YY%)	#REPORTED
Nasdaq (Aggregate)	9.1%	41.2%	17 / 102
Industrials	10.7%	15.0%	4 / 7
Consumer Discretionary	32.3%	69.8%	1 / 29
Consumer Staples	2.1%	12.1%	1 / 5
Healthcare	12.9%	3.7%	1 / 19
Information Technology	12.6%	45.5%	9 / 40
Telecom Services	10.8%	173.0%	1 / 2

Dow Jones	SALES GROWTH (YY%)	EARNINGS GROWTH (YY%)	#REPORTED
Dow Jones (Aggregate)	4.5%	13.3%	10 / 30
Energy	0.0%	0.0%	0 / 2
Materials	0.0%	0.0%	0 / 1
Industrials	0.0%	0.0%	0 / 5
Consumer Discretionary	5.3%	19.4%	1 / 4
Consumer Staples	0.0%	0.0%	0 / 3
Healthcare	6.0%	10.1%	2 / 4
Financials	2.4%	0.1%	4 / 4
Information Technology	4.4%	27.8%	3 / 6
Telecom	0.0%	0.0%	0 / 1

Russell 2000	SALES GROWTH (YY%)	EARNINGS GROWTH (YY%)	#REPORTED
Russell 2000 (Aggregate)	9.7%	-2.7%	159 / 1975
Energy	0.0%	0.0%	0 / 110
Materials	10.3%	2.1%	9 / 76
Industrials	3.7%	-10.2%	20 / 276
Consumer Discretionary	8.1%	9.9%	16 / 270
Consumer Staples	3.5%	15.1%	2 / 57
Healthcare	20.0%	123.9%	5 / 326
Financials	8.7%	-4.2%	89 / 401
Information Technology	18.3%	-12.2%	13 / 290
Telecom	0.0%	0.0%	0 / 21
Utilities	32.9%	-1.0%	1 / 41
Real Estate	-4.7%	-6.6%	4 / 107

Source: Bloomberg

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	\$91.07	-0.21%	1.61%	11.88%
Financial Select Sector	XLF	\$24.80	-0.04%	0.53%	6.67%
Health Care Select Sector	XLV	\$81.08	0.66%	2.32%	17.61%
Technology Select Sector	XLK	\$57.54	0.21%	5.15%	18.98%
Consumer Staples Select Sector	XLP	\$54.99	0.02%	0.09%	6.34%
Industrial Select Sector	XLI	\$68.91	-0.56%	1.17%	10.75%
Materials Select Sector	XLB	\$55.25	-0.74%	2.68%	11.17%
The Energy Select Sector	XLE	\$65.76	-0.30%	1.29%	-12.69%
Utilities Select Sector	XLU	\$52.91	0.72%	1.83%	8.94%
S&P 500	SPX	2,473.45	-0.02%	2.06%	10.48%

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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	\$91.07	-0.19%	-0.46%	1.40%
Financial Select Sector	XLF	\$24.80	-0.02%	-1.54%	-3.81%
Health Care Select Sector	XLV	\$81.08	0.67%	0.26%	7.13%
Technology Select Sector	XLK	\$57.54	0.22%	3.09%	8.50%
Consumer Staples Select Sector	XLP	\$54.99	0.03%	-1.97%	-4.14%
Industrial Select Sector	XLI	\$68.91	-0.55%	-0.89%	0.27%
Materials Select Sector	XLB	\$55.25	-0.72%	0.61%	0.69%
The Energy Select Sector	XLE	\$65.76	-0.29%	-0.77%	-23.17%
Utilities Select Sector	XLU	\$52.91	0.74%	-0.24%	-1.54%

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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	0.1%	1.4%	2.1%	3.3%	6.0%	7.9%
	Low Debt/EV	0.0%	1.4%	1.6%	5.6%	11.0%	14.0%
SI	High Short Interest	-0.2%	1.2%	2.0%	-1.7%	-2.0%	-0.9%
	Low Short Interest	-0.1%	0.9%	1.7%	6.4%	11.7%	13.7%
BETA	High Beta	-0.2%	1.3%	4.6%	5.6%	8.9%	11.5%
	Low Beta	0.2%	1.4%	-0.9%	2.4%	7.6%	8.8%
YIELD	High Yield	0.0%	1.3%	-0.1%	-0.3%	0.7%	0.9%
	Low Yield	-0.1%	1.4%	3.4%	6.6%	11.7%	15.7%
MKT CAP	MCAP Bottom 25%	-0.2%	1.0%	2.3%	-0.1%	0.7%	2.3%
	MCAP Top 25%	0.1%	1.0%	1.7%	6.1%	10.6%	13.0%
Sales	Top 25% Sales Growth	-0.2%	1.7%	3.3%	6.1%	10.5%	14.2%
	Bottom 25% Sales Growth	0.1%	1.2%	1.0%	-0.1%	0.8%	1.9%
EPS	Top 25% EPS Growth	-0.2%	1.4%	2.9%	5.6%	9.4%	13.1%
	Bottom 25% EPS Growth	0.1%	1.6%	0.9%	0.5%	2.1%	2.4%

**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	1.13%	3.1	10.2	12	35	-3	97	87	96
3M LIBOR	1.31%	0.0	0.4	2	15	0	61	71	84
2Y T-Note	1.35%	-0.4	-1.1	1	17	-8	71	54	74
5Y T-Note	1.82%	-0.8	-7.5	5	5	-33	80	27	42
10Y T-Note	2.26%	-1.1	-8.5	10	3	-38	81	15	8
30Y T-Note	2.83%	-2.4	-9.0	9	-5	-39	65	1	-20
2Y-10Y Spread, Bps	91	-0.7	-7.4	9.4	-14	-30	10	-39	-66
IG SPREAD (AAABBB)	1.36%	0.0	-2.0	-9	-17	-39	0	-35	-34
HIGH YIELD	5.62%	0.0	2.8	7	-5	-113	20	-105	-82
5Y BREAK-EVEN	1.65%	-3.3	-2.1	8.3	-14.8	-42.9	39.6	11.2	-6.6

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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)	77,562	12,377	64,771	72,371	66,043	0.15X	0.84X
Russell 2000 (mini)	(37,433)	(19,533)	(35,150)	(12,891)	6,062	-0.99X	-0.41X
10Y Treasury	223,553	(41,530)	240,126	7,980	(11,123)	1.05X	1.76X
CRUDE OIL	405,935	19,753	409,472	464,100	425,204	-0.24X	0.69X
GOLD	27,100	(10,676)	113,132	99,044	136,014	-1.45X	-0.96X
COPPER	11,854	(4,367)	13,336	25,398	20,064	-0.35X	0.73X
\$USD	2,303	(3,485)	25,449	35,926	35,403	-1.97X	-1.99X
JPY	(114,074)	(41,360)	(53,253)	(55,835)	(19,797)	-1.77X	-1.49X
EUR	85,333	7,465	43,868	3,942	(48,747)	2.04X	2.73X
GBP	(22,246)	5,019	(46,628)	(64,407)	(71,141)	2.05X	0.49X

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

<u>INDEX/SECURITY</u>	<u>VOLUME: (7/20) vs.</u>			
	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	15%	14.6%	9%	25%
Total Exchange Volume**	2%	-8%	-12%	-13%

*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)

Source: Bloomberg, Hedgeye

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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	-0.83	-0.42	-0.87	-0.80	-0.73	0.95	-0.76	45%	55%
BRENT Oil	-0.43	-0.68	0.63	0.72	0.67	0.81	-0.74	59%	41%
CRB Index	0.56	-0.56	-0.82	0.72	-0.65	0.83	-0.90	36%	64%
GOLD	-0.78	0.48	0.27	-0.13	-0.59	0.55	-0.97	20%	80%

**Days = Trading Days*

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