Keith McCullough: Tech Rally is Not Over!

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Erik: Joining me next on the program is Hedgeye founder and C.E.O. Keith McCulloch. Keith thanks so much for joining us I'm particularly keen to get your perspective on the dollar index which is where I'd like to start all of these macro interviews.

We've had a lot of guests on the program articulate a very intelligent bullish secular view on the dollar, but dude look at the chart it's not looking pretty. What do you think is happening next for the dollar?

Keith: Well first thanks for having me on, it's good to join you here. The dollar is near to my heart, I too start every day with a process that's largely dollar centric, well I think the difference if you're looking at the dollar on a – what I call – the immediate term trend basis or an intermediate term trend basis both, we would call that bearish, but from a long term perspective which is a different duration of course, the dollar to me looks fine.

But you know why did it look weak on an immediate to an intermediate term basis? I think it's pretty straightforward. Inflation expectations are as we affectionately call it reflations rollover, that's one of our big macro themes and we had it before, all consensus started talking about it but the reality is that when you pound inflation expectations you get the very obvious falling domino which is the Fed is going to be less hawkish.

So, the way that I kind of see the dollar declining into the Fed, in particular today, is that the dollar is going to selloff into the news, it's going to get dovish rate hikes, so they're going to raise rates based on the prior rate of inflation, inflation is coming down quickly and our forecast is that inflation continues to go down through at least Q1 of 2018.

We think that the CPI headline probably drops closer to 1.1% which is still actually a lot lower than what the reported inflation was this morning. I heard [inaudible 00:01:34] say it was at 1.9%.

Erik: We should let our listeners know too that we recorded this interview on Wednesday morning so we don't yet have the FOMC result which our listeners will have heard but I think it's pretty clear that the dovish hike is what's in the cards.

Let's come back to your reflation rolling over theme, the slide deck that you sent us, we've got several slides on that, our registered users can find the download link in the research roundup email. If you're not registered yet we told you earlier in the program how to get the slide deck.

Walk us through this, what you see in the reflection trick as well, I find particularly interesting is most of the people now that are all telling the same story because it's popular about the reflation trade rolling over, they're also turning into big equity bears and you've got the reflation trade rolling over theme but you're actually equity bullish. So, how does this all tie together?

Keith: Well I think if you just separate this down to two columns and you have your longs and your shorts, I mean if you want to be short reflation, the other side of that ledger is being long what we call real growth.

So, real growth accelerates, I'm pretty sure that most people that do macro should understand this, if they don't, it's a very simple calculus. When inflation slows at the rate of change basis the deflator I.E. how you calculate GDP falls.

So, the deflator falls and real GDP rises I mean it's not that complicated and I do agree that a lot of people-- I think a lot of people-- to be clear a lot of people have been bearish on the stock market for the last three, four, five, six, seven months and they just kind of wander out there like a macro tourists to the next thing that is bearish.

Now there's always going to be something that's bearish, my goal is to find it, I mean there's a bear market always somewhere in global macro, but it doesn't always have to be where you're hoping it is which most people start with, “wow that market is expensive it must be a short.”

In macro clearly cheap gets cheaper and expensive gets more expensive so I want to be uniquely long expensive because I think real growth expectations, tech and consumer discretionary they are our two favorite sectors. In the market our least favorite currently is energy so we're on the right side of the barbell and if it looks cheap on energy great I think it's going to get cheaper especially levered cheap on a bad balance sheet because again we're bearish on oil prices, we’re bear on commodity prices, we're bearish on anything that is reflation.

I think that that's the most basic way to summarize it and I think that if you go beyond just the U.S. centric view which has largely base effects I.E. where reflation came from and where the deflation came before that and where the commodity inflation bubble from Ben Bernanke came before that before that then I think that you look forward and globally actually I'm not bullish on China, I'm not bullish European growth, I’m not bullish on a lot of things.

You don't have to be either bullish or bearish on everything I think that there are certain websites that you could read to get that view but that's more of an advertising model than it is an accuracy one.

Erik: Moving on to bond yields, the twos tens curve has been flattening and again we are taping this before the FOMC outcome, where do you see this going? Is this flattening just anticipation of a dovish hike at today's meeting on Wednesday or do you think there's more to this trend and what does it tell you about where bond yields in general are headed from here?

Keith: Well I mean naturally any kind of compression in the yields spread tends to-- you know that's bad for banks so that's one reason why the banks aren’t the place that we like to be on the long like I said I said I like to be long real growth which is tech and consumer discretionary.

What you see functionally is the Fed is going to raise rates ,unless they do what they usually don't do or rarely do which is go ahead of or against hedge fund futures expectations they're going to raise rates.

So, they raise rates, the short end of the curve has actually been rising and that's why you're getting a compression because the short end of the curve is rising as the long end of the curve is falling and the long end of the curve is falling because inflation expectations are falling.

I don't expect to see like a super type of flattening from here, I think that most of it is probably in there. I'm looking at a range on tens to twos of probably 75 by 95 basis points and I think we're right in the middle that I don't think that there's a lot to do there right now.

I think a lot of people are screaming bloody murder on the U.S. stock market – stop it from going up, stop it from going up, it's because the yield spread is compressing – it's like no just short the banks, I mean it's not that complicated.

And moreover I actually think that the better place to be short banks isn't in the US right now. It's actually going back to the to the great short call that was shorting European banks because that yield spread of course is compressing within a lower level of yields to begin with.

Erik: Let's broaden that to Europe in general. It seems like everybody's jumping for joy that all the problems in Europe are solved and everything's better. I'm not quite sure I buy that, where do you think, in terms of exit risk contagion, OK so the world did not quite come falling apart in these last couple of elections in Europe but it seems to me like the direction is kind of clear that there's a lot of trouble ahead.

Do you think that this rally in the euro is going to continue, how much farther does it have to go and where is this all headed and maybe tie that into your view on European banks particularly. where in Europe is it all of Europe is it Southern versus northern what's the view there?

Keith: I think when we started the discussion and you started with the dollar I mean you could easily go back and start all over with the euro versus the dollar that's the one that super interesting to me.

The euro versus the dollar is not only the biggest consensus net long position in all of the global macro and the biggest is only one obviously and I define it by looking at futures and options contracts, noncommercial which basically tells you where the institutional consensus is. So, you see the biggest net long position currently is in the Euro and I think there's a couple reasons for that.

One, Macron won in France and a lot of people had euro short versus dollar on coming into the year not because of Trump, but because they had to edge against Le Pen risk and Le Pen risk obviously evaporated so that net long position came unglued and then on the U.S. side of the trade you had obviously inflation expectations come down so people start to mark down their Fed fund futures expectations on a September hike and going forward.

So, I think it's kind of been the perfect storm of everyone falling in love with Europe because the stock market had been going up and now they're trying to translate that into its different this time which clearly it's not I mean European data on a sequential basis is already slowing it was already slower than U.S. growth to begin with.

The reason why you have such a great audience on Macro Voices is because these are the people that wake up in the morning and look at the cover of Barron's which said buy Europe a month ago and do that like people are the—I think you call them the financial Flintstones but it's like that was not a buy signal for Europe that was the beginning of the end for Europe I think because Europe is Europe and the reality was that France voted to remain France and I think that as we look forward we actually have perspectively our European GDP growth forecasts are the lowest on Wall Street for the third in the fourth quarter this year.

So, I think that what's going to happen is that the catalyst for the short side of the Euro and you have to be timing specific here because the dollar still has some downside and the euro still has a little bit up side but between 113, 114, 115 I think that you're shorting euro's into an outlook if you have my outlook that reflation is over, European growth slows and Draghi comes to the rescue with dovishness and of course the euro has been going up because people have been hoping that Draghi would get hawkish. So, I think Draghi by the end of the year will be dovish as any central banker that exists.

Erik: let's move back to the bond market from there Keith, you know Jeff Gundlach got a lot of attention last year with this big call saying OK one spot thirty five that's it the bottom is in forever in ten year treasury yields. We've had quite a few guests opposing that view.

Where do you see this going in terms of the big picture, it seems like there is a lot of reason to think that our economy's long in the tooth maybe at some point we get a recession, do we eventually see a new secular low or do you agree with Jeff Gundlach, I don't think you ever agree with Jeff Gundlach, do you?

Keith: We agree sometimes, we definitely haven't agreed this year, I mean he's been fighting the stock market move to the upside on valuation that's not how I roll, I mean when it comes to relative value I think that's the biggest difference between how Jeff articulates his process and how I do.

Valuation to me just doesn't matter I mean if anything like I said expensive gets more expensive it's a macro exposure when growth’s accelerating and its expensive growth gets more expensive you could have shorted the stock market in 1996, 97, 98 but the time it was 99 you're out of money because in 1996, 97 it was already at 20 times earnings, so I mean you can go all the way to 35 times earnings for God's sakes and I think that that's really the lesson if you take that valuation lesson and you turn it upside down in bond yield terms Interestingly maybe not surprising last year Gundlach and I had the exact same view that bond yields would surprise to the downside at the beginning of the year and we've been making this call for the five quarters before that and I'm not trying to pump my own tires it's just the call that we made which is U.S. growth is going to slow, the Fed's going to have to pivot back to dovish which they did multiple times in particular in March and May and that's really what drove and then you finally had kind of that pile driver move in June in bond yields to the lows that you identify largely because it was the worst U.S. jobs report since the crisis and that had Obama's name on it obviously not a lot of political pundits talk about that if they're partisan.

But so you had like this it is super low level of growth in Q2 of 2016 the year over year growth rate bottomed in GDP terms. It was at 1.3% so if I showed you just the sine curve of GDP growth it came down from 3.3% in Q1 of 2015 to 1.1% in Q2 2016. Now everyone who does macro should know where GDP is on the sine curve you had to draw a sine curve, the cycle of the sine curve and it went down 200 basis points across five quarters and bond yields went straight down and the best exposure you could have had was being long, effectively being long long term bonds and that's why you have a lot of people that are forever long long term bonds because it was such a fantastic position with no volatility and you know from here you know as growth's accelerating I don't think you're going back to the all-time low certainly not now but once we start to see a slowdown after that that's when I'll start to be talking about lower bond yields.

And it's not Jeff Gundlach that can tell you what the level is, the way I do it is they wake up two feet on the floor again God willing every morning and I measure and map the volatility price volume of the market and if we start getting to a place where I get my signal, intermediate term signal to a long term signal I can see a lower low, I'll make that call. Currently I'm not seeing anything remotely close to a lower low, I can't even get below 205 on the ten year.

So, that's the call we have, that the call we're sticking with I don't think that the bond market has any really super interesting things to do right now. We're long municipal bonds for example because we thought rates would come down into the Fed making a dovish hike.

I think the more exciting stuff is clearly to be long the Nasdaq and that's where I've been very vocal and not uncomfortably so I kind of have fun with it, I've never done this before with the Nasdaq.

Erik: Since you brought that up again let's go back to your long view on tech stocks. You know I was fascinated that so many people outright panicked on Friday, oh my God we had a crash an outright crash where everything went down by 2.5% and it's amazing to me that that's a crash. Now oil you know down from a hundred bucks a couple of years ago, everybody is used to that one now it's not newsworthy anymore.

So, do you worry at all I mean some people would say that what happened on Friday was maybe the first sign of weakness, the first – what's the analogy – the finger in the dike or something and it's all about to fall apart from here and another Nasdaq crash like we had in 2000 is just around the corner just you wait. How would you respond to that kind of viewpoint?

Keith: I think again that the manic media, the mainstream media like a lot of people in this country are very well aware that the mainstream media, the general popular media like to whatever be N.B.C. versus Fox etcetera I think a lot of people kind of get that they're being lied to I mean not lied to outright but they're just being painted a partisan version of the story.

If you go to our world, financial media has not only more mediocre minds but far less accurate and competent I guess reporting of what is actually going on in the macro market. At least in the popular media where you're talking about some popular things that are undebatable like maybe even the weather they probably still have a partisan view of that but when it comes to our world it is laughable you know what people describe as these market risks and these market moves, I mean that morning to your point the mainstream media whether it be Bloomberg or C.N.B.C or whatever like you called it Freddy Flintstone, I mean they're talking about a rout, a rout is what was happening in Pakistan, Russia and to your point in oil, the oil down 19% I mean that's a rout and of course when you get those you get tremendous buying opportunities-- I'm a huge fan of sand pile theory, complexity theory however you want to define it there's always grains of sand that will knock that sand pile down. When everybody and their brother on kind of mainstream financial or as I call it old wall media T.V. is telling you that that's it, it's probably not it. That's the point.

What I'm really looking for is data to support that the thing that drove what is becoming just a parabolic move in a fantastic return for being long low growth I.E. tech stocks and big cap in size and balance sheets these are all style factors that are working of course you have to tell me how growth is going to stop accelerating for me to get out of that way.

If you can't show me that and we run a predictive tracking algorithm with 30 data points for a month, 90 data points for a quarter I think it's as accurate as anything you can find buying side or selling side and I don't want it to come across the wrong way, but I have worked on it for years and we have a lot of pride in that process I'm going to buy every dip and we have and thank God I have because that's what's really made for the year.

So you have the big names, you have the valuation experts they're overvalued but history has told us that overvalued gets more overvalued until you can tell me how growth slows in 2000 coming out of the 1999 bubble it was a clean cut deep deceleration in the economy in the first half of 2000 we currently have a clean acceleration in the economy in the first part of 2017 that will see actually the fastest growth rate that we're going to see we think it will be in Q3.

That's what I think the best economist in the market has right and I'm aligned with him his name is Mr. Market.

Erik: Since you're a tech friendly kind of guy let's touch on Bitcoin in theory and all these crypto currencies. I've been very skeptical, I think it's cool technology, I'm a technology guy at heart, but you know these are designed to undermine the ability of governments to do what governments want to do which is control everything.

So I'm really skeptical that they'll be allowed to really take hold in any meaningful way. What's your view we saw this Putin meeting with the Ethereum guy last week, where is this headed if anywhere is there any real news here?

Keith: Well Bitcoin's a fun story just like the tulip bulb story was a fun story and tulips you know God knows they're still tulips working right now. it's not to say that technology or new ideas it becomes bubbly in price isn't fascinating and exciting and angry with you, I'm not against technology but Bitcoin as a currency, I got two very big problems with this as a macro manager of big risk, one liquidity and a two way market and two transparency of the market.

I mean I have no transparency on who runs this thing, at least with the central bankers and the rigged system that we have I can see them, they have to speak to me, they have to give me their model, they have to give me their reasoning.

So, those are the big problems that I have I mean I remember going to a Bitcoin conference "fintech" conference because don't forget the dealer side of this too and I'm sure this is going to offend people who love Bitcoin but it won't offend people who sold Bitcoin before it crashed last time.

I went to a fintech and I just raised my hand in a couple meetings and I said so how do I short this? and obviously I wasn't invited back to the conference but the reality is that to have a real currency, if you believe the Bitcoin is the second coming of God when it comes to currencies, then you've got to be able to short the thing and you've got to give some transparency on a two way market, so for me that's kind of how I look at it. I actually don't spend a lot of time, I think I've probably just spent the most amount of time I've spent thinking about Bitcoin all year long in that breath but that's all I think about.

Erik: Let's move on to emerging markets in general you seem to have a view that the weakness in the U.S. dollar is probably transitory with everything going on in Europe and that eventually the dollar rally will resume in earnest if that happens is EM going to get crushed the way a lot of people have predicted?

Keith: EM generally we've not had a call on this year and I try to focus my eggs into the basket that I'm making a call on. So, our two big calls have been U.S. real growth accelerating and the reflation rollover there's plenty of ways you can play that in global macro. If you want to play it that way then we'll why you know spin your wheels on EM.

I realize EM has had a good move but also I realize that EM has had a good move to highly correlated to the inverse of EM which is U.S. dollars and you know again I just still can't see until the Fed really-- for me it's a timing catalyst thing we actually have a GDP number by the second and third quarter of this year going to 2.5 to 2.8% the question is going to be, will the Fed get hawkish on real growth accelerating historically they wait because they're kind of like sitting there watching inflation falling and getting nervous because the biggest fear of the Fed of course is deflation.

So, the dollar to me and the euro I mean these things are just kind of going to hover and trade sides I don't think that there's some big bang risk, I could obviously be wrong on that that's why on the Macro Show every morning I reserve the inalienable right, until some central banker takes it away from me, to change my mind. But for now we just don't really have a high conviction call if you will on the emerging markets.

Erik: Let's touch on precious metals next I know that you sent to your subscribers a buy call on gold I think on Tuesday afternoon as we're speaking on Wednesday you're definitely in the money on that trade so congratulations on getting that call right but tell us a little bit more about the rationale behind it why do you see precious metals as a short term call just based on today's FOMC meeting or is there more to the picture?

Keith: It was a short term catalyst call, not all my calls are like that in fact few of them are. Most of our calls intermediate term trend calls effectively with intermediate term catalyst.

So, this is a call that the Fed would make a dovish rate hike but in between now and when Q3 GDP gets reported which is sometime in Q4 you really can't have this vacuum of nothingness where the Fed is getting nervous and talking about it and on an ongoing basis you're seeing further and further declines being reported things like consumer price inflation.

So, I think, provided that interest rates and this is really the way that I risk manage gold from a short term to an intermediate term perspective, I just go with my real rate view. So, whenever I think real interest rates are going that's where I'm going with gold. So, in other words if I see real interest rates falling I'm going to buy gold, if I see real interest rates rising I'm going to book deals in gold and get out and maybe even short it. Some people get upset when I short it, some people get upset when you short anything but the reality is that I go both ways and I kind of like it.

So, that's the point you know get real rates right you're going to get gold right and I do think globally actually the biggest threat to bond yields globally is the demographic kind of sort of Damocles that is hanging over in particular Europe, the south of Europe, in Japan's head when it comes to the aging of the population.

They unlike us they do not have a millennial population which is accelerating and I do think that that's going to equate to lower and lower bond yields again and again and again in Japan and in Germany and in Switzerland and I think that that's really-- you know if you're buying gold in those currencies I think that that's even a better idea because the demographic case there is different than what it is here which is by the way another thing I disagree with Gundlach on, I don't think that he's doing the math great if he's saying that demographics here in the U.S. are the same problem that I've identified them being for the last decade and I've been on the same side of him as this in the U.S. what you actually have is the 35 to 54 year old age bucket which is the biggest spending bucket in the U.S. generation that actually bottomed and accelerated for the next three to five years.

So, that's the differentiation between U.S. growth or at least partly between U.S. real growth and the southern European growth where the 35 to 54 year old population is basically falling off the face of the earth in rate of change terms.

Erik: Kyle Bass and a number of other notable people have asserted a view that essentially says that the credit expansion that's occurred in China since 2009 is a ticking time bomb and eventually what's going to happen is it's going to cripple the banking system they're going to have to recant their banks that's going to force the PPOC whether they want to or not to dramatically devalue the Juan possibly overnight that's going to send a wave of deflation around the world and the world's coming to an end as a result of all this. What do you think about that view?

Keith: I don't know if the globe is going to come to an end, we're bearish on China but for very different reasons. I mean we're bearish on Chinese growth just decelerating. Chinese growth as you know last year in rate of change terms accelerated fabulously because they had one of the bigger stimuli that they've ever had. Now that obviously was a big problem for the end of the world China view and the difference between China on that view and the view that I have is, China is not like-- you can't really think of China like you might think of the Thai Baht crisis or you think of any other emerging market because China has what we call closed capital account so you don't really have all that foreign money that can come in and come out as fast as it does. This is dramatically different and the extension of that which is runs on banks.

So, we don't think that there's going to run on Chinese deposits. We don't think that there's a huge international slow position to be concerned of that is going to all the sudden wake me up one morning as opposed to some Trump tweet and yet change my life but the beauty of macro is that I could be completely wrong on that. The beauty of macro also is that people can come up with grandiose theories that sound like Big Bang Theories and lose a lot of money for a long period of time while we make money on the other side. So, that's why it's such a beautiful game to play, there's Big Bang Theories and then there's reality and then there's just risk managing the macro market every single day.

If I do come up with any kind of—and I generally don't come up with theories Erik, it comes up with the measuring and mapping of data, measuring and mapping of data, economic data and market data if those two things or one of those two things starts to say to me that the end of the world is nigh, then I'm probably going to pack up and find some other part of the world to go to.

Erik: Alright, that’s a very succinct view to say the least I want to shift gears here now Keith because--and I want to share with our listeners how this particular interview came about. I was talking on the phone with a prospective investor in my fund who asked me, he said “Erik you know I love your macro voices podcast but I'm having a lot of trouble finding a lot of similar quality content elsewhere on the web what else should I be listening to or paying attention to?”

And I said you know there's thousands if are hundreds anyway of great podcast for the retail audience but as far as professional level serious investors I really only know of three which is Macro Voices, Real Vision and Hedgeye.

He immediately said, “well what's Hedgeye, you talk about Real Vision on Macro Voices all the time you've never mentioned Hedgeye, I have listened to every episode what are you talking about?”

So I told him what Hedgeye is and he said great and after I got off the phone with him, I thought he’s right we've never talked about Hedgeye on Macro Voices. So, we normally leave the give you a chance to promote your stuff till the end of the interview I'm going to make an exception here because I honestly believe that it is newsworthy for our audience who have been asking if you want to get something that's as high quality as Macro Voices if you want more of it really Hedgeye and Real Vision are the only things that I know about that fit the bill. Our listeners already know all about Real Vision because we've given them a lot of free promotion. So, please tell us in your own words what is Hedgeye, who is it for, what is it about?

Keith: Well thanks for that I mean that's the humbling suffice to say because I would have never dreamt that maybe nine or ten years ago when I came up with the idea that is Hedgeye. Hedgeye actually start with me getting fired Erik. I was a hedge fund manager at Carlisle and at the end of the day our credit guys blew up the fund so in the end everybody got fired but I was really in [inaudible 00:26:10] I couldn't go back to run a hedge fund any time soon and I thought to myself why not create a real research product that doesn't have any banking, any conflicts of interest, advertising, broker dealer nothing.

I've been a consumer of institutional research my whole career and as I'm sure you and many would you would acknowledge the quality and the deterioration of the quality of the sell side research is terrible. So, I decided to start something that would compete with that research.

So, we started selling what bystanders would care on which are long and short ideas and that's why we called it Hedgeye. I wanted to create some transparency around the word hedge so hence the eye part and I want to make sure that people didn't think of the word hedge was a bad thing.

So, over the years I really worked hard at making it a transparent accountable and trustworthy brand and platform where people can look at it and see that we’re real people were not trying to impose some kind of a manipulative view on markets with assets under management, pushing a book or anything like that or trying to sell you a banking dealer to a broker dealer kind of a commission and that's really been the genesis of the of the property.

So, I think the one thing that looks like a little bit like what you do and what Real Vision does is we have a thing called real conversations. So, real conversations you can look at the whole archive and any new one, we basically do it for free, you know I told my mom a long time ago, I said look the goal here is to change the world a little bit not just run a hedge fund and make money, not that people that run hedge funds don't change the world, you can do it however you want to do it, but I want to do it out in the open and that's what Hedgeye really is.

You can see me every day on Twitter or whatever in the morning some godforsaken hour, I apologize for that but you'll see me there you can see me with the real conversations which we have a podcast product for which is free and then of course we have like subscription products which are for both. Institutions and individuals. Institutions business is like 95% of our business so that's another thing we've already validated our work and research with the best investors in the world who effectively I'd say circle trillions of dollars under management at this point.

So our views have already been vetted if you will by the world's best investors and by the time we create a product called the retail investor, the high net worth investor we feel that if you know what they're doing they're going to know what to get which is a lot of value for not a lot.

Erik: I wanted to let you put it in your own words to start with but I'm just going to add my words which is you know the way I think of what you do is you provide a research department to people that can't afford to have a research department, whether that be a high net worth individual investor who's serious about their investing, a guy like myself who runs a small hedge fund you know I have fantasies in my head about how I walk into the office and I there's like this team of 80 or so ass kissing underlings that have all analyzed the market and they handed me as I walk in what the day's trading ranges are, you do that, well actually you don't do that really you totally knock it out of the park with sending me the day's trading range Keith. As far is you delivering on the ass kissing underling part of it I don't think I feel that energy from you but the important part of it though, you provide that and you also I think are set up, I think of Macro Voices and Real Vision as what professionals and serious investors listen to at night, at the gym on the treadmill you're really what people tune into in the morning in order to find out what's going on the market today. Your team has been up getting things ready and unlike Macro Voices or Real Vision that are producing content that's more timeless you're really doing a show every morning which is about today's market what's happening right now for people who are tied into the market.

Keith: And that unlike our real conversations podcasts which are free, that that's called the Macro Show and that's a subscription product. It's like 40 bucks a month and what we do, we do it at nine o'clock every day nine to nine thirty we take your questions actually, the questions come from guys like you, they come from big institutional managers, small ones, big ones, tall ones and they come from individuals.

It's amazing, this is kind of an interesting statistic, the average annual income of our subscribers is over four hundred thousand, so we have people who have made money that don't want to lose their money and we have people who want to work and that's what we're doing every morning. You can save yourself the entire day of watching these nonsensical channels by just simply watching for thirty minutes to tell you what's actually going on in the world without a political bias, I'm not a Republican, I'm not a Democrat, I am a Canadian with a Green Card so we don't we don't start every day with whether Trumps' is going to be impeached, impaled or imprisoned that's not what we talk about.

We talk about the restraints of the market, what the catalysts are fundamentally, what the current data is, to that really get you in thirty minutes and you can watch it on replay too obviously anytime you want. If you're going to get ready to risk manage or engaged in the market every day that's why I created that.

It's kind of like the morning meeting you know what I mean? The morning meeting at any good fund if you have a research team you go through what the plan is and what the catalyst are, what the risks are etcetera so I just kind of opened that up and made it transparent.

Erik: I think it's a fantastic product I had hoped what you do on that morning show, the Macro Show is you always have the top three ideas of the day that you talk through and I know we've got those three ideas from Wednesday's macro show in this slide deck that you sent us, unfortunately I know you've got a hard time stop here that we're coming up against so we're not going to be on the dive into that.

I'll tell you what though since we didn't have time for that any chance we can get our listeners maybe a week long free trial I know you have a flagship product which is basically everything that you do for non-institutional customers can we hook our Macro Voices listeners up with that?

Keith: Yeah for sure actually we'll give you a whole free month that's a thanks for having me on the show, that's definitely something we would be very happy to do.

Erik: That's fantastic. One thing we do have to disclose is that Hedgeye is not free, Macro Voices is free, you get what you pay for folks and if you want a Macro Voices quality content every single morning produced in live video obviously it costs money but Keith I was glad to get a week, we got a month so we'll get a link to that – we'll hold you to that one dude – we'll get a link to that offer into the research roundup email.

Unfortunately as much as I would love to pick your brain on all of the hot topics you've had this week you've been talking about crude oil you've been talking about the ten year you've been talking about all-time highs and stock markets and what it means everybody can get that by taking advantage of the free trial so we'll do that. We have to close that there. I cannot thank you enough for your time today Patrick Ceresna and I will be back as Macro Voices continues right here at macrovoices.com.