THE MACRO SHOW

AUGUST 23, 2016

LEGAL

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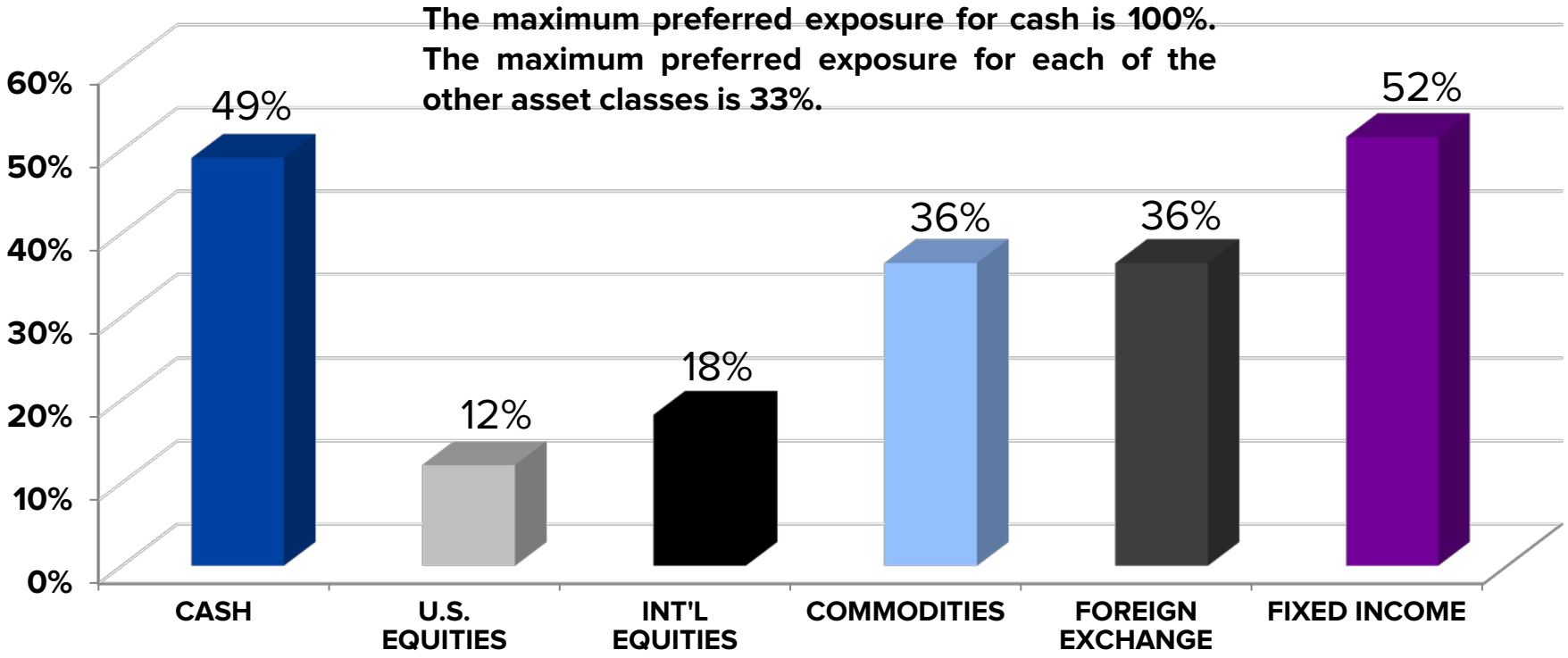
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
8/22/2016	51	3	3	11	13	19
8/23/2016	49	4	6	12	12	17

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
8/22/2016	51%	9%	9%	33%	39%	58%
8/23/2016	49%	12%	18%	36%	36%	52%

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

HEDGEYE ASSET ALLOCATION



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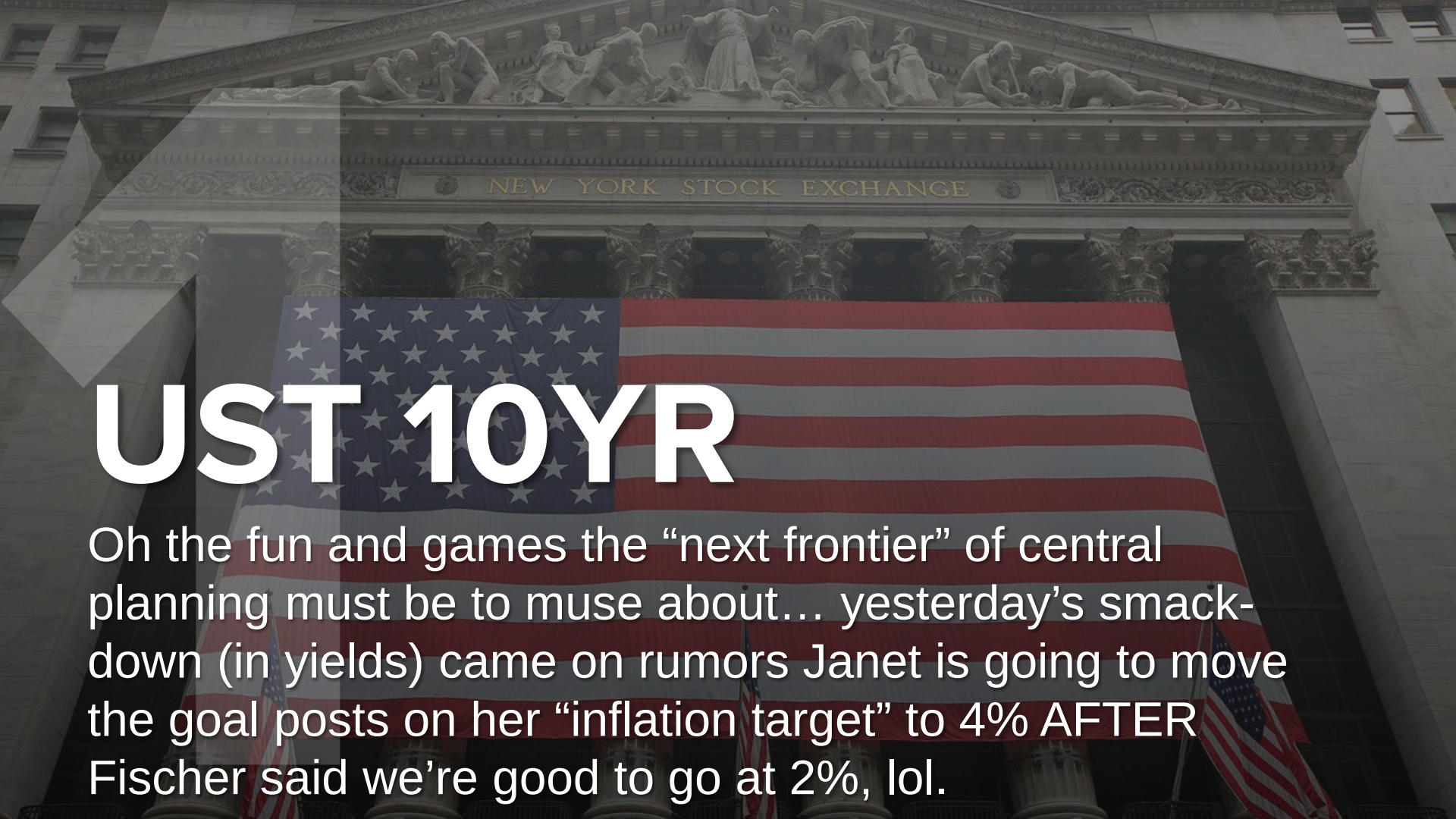
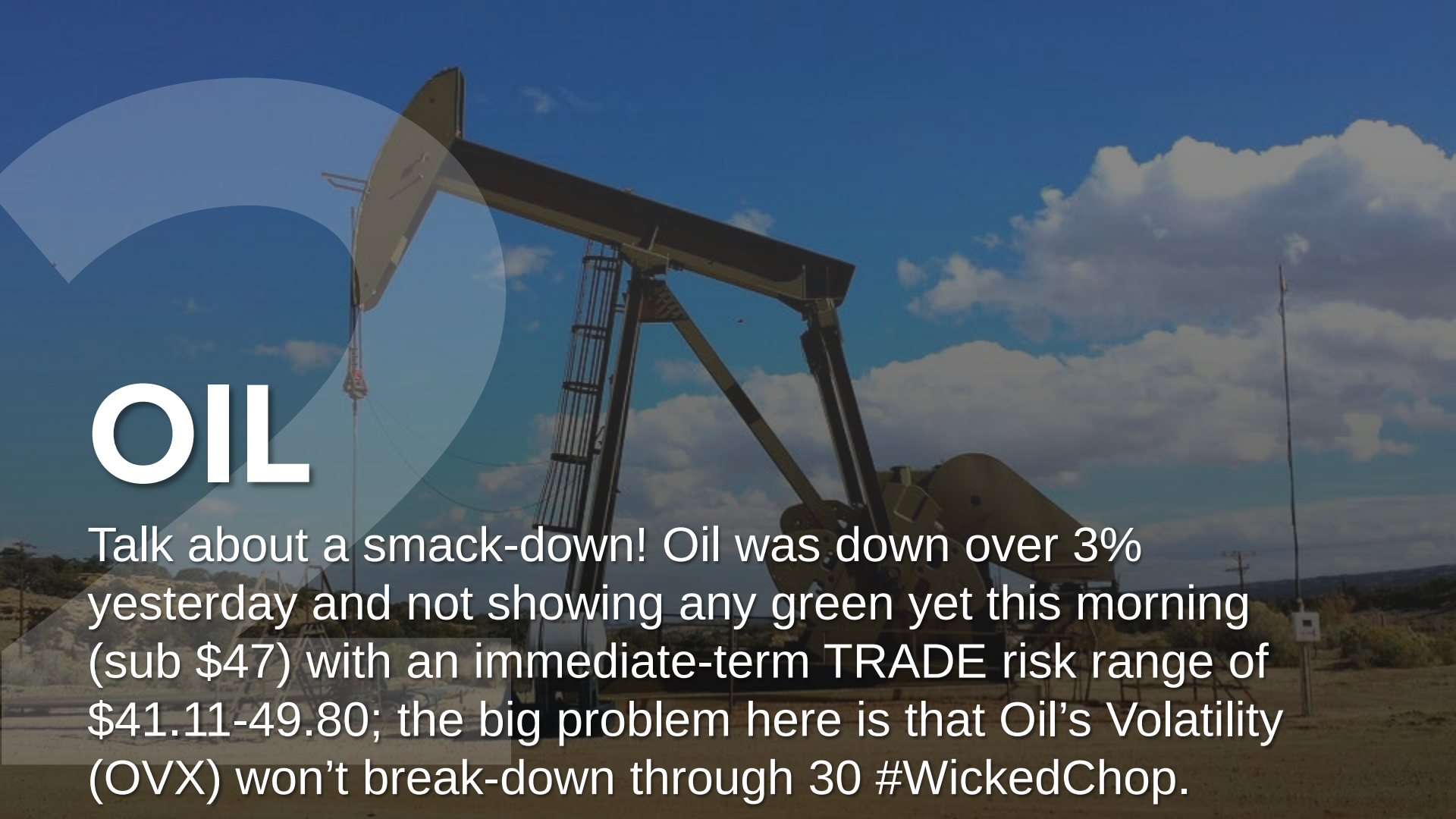
HEDGEYE TV

NEW YORK STOCK EXCHANGE
1 UST 10YR
2 OIL
3 TAIWAN



UST 10YR

Oh the fun and games the “next frontier” of central planning must be to muse about… yesterday’s smack-down (in yields) came on rumors Janet is going to move the goal posts on her “inflation target” to 4% AFTER Fischer said we’re good to go at 2%, lol.



OIL

Talk about a smack-down! Oil was down over 3% yesterday and not showing any green yet this morning (sub $47) with an immediate-term TRADE risk range of $41.11-49.80; the big problem here is that Oil's Volatility (OVX) won't break-down through 30 #WickedChop.

TAIWAN

Yep. Long Taiwan (TAIEX Index or EWT). We added that to our Global Equity LONG list last week. Standard Hedgeye GIP Model process reasoning as Taiwan moves into what we call Quad 1 (or 2) in the back half of 2016. Not many countries are…

MACRO GRIND

SALES & EARNINGS GROWTH

Q2 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	-0.2%	-3.7%	479 / 500
Energy	-24.2%	-81.6%	37 / 37
Materials	-7.3%	-9.1%	27 / 27
Industrials	-1.3%	-2.1%	68 / 68
Consumer Discretionary	6.3%	9.9%	74 / 83
Consumer Staples	0.8%	-0.1%	32 / 36
Healthcare	9.0%	5.0%	55 / 57
Financials	0.9%	-5.2%	92 / 92
Information Technology	0.3%	-1.0%	61 / 67
Telecom	9.6%	3.5%	5 / 5
Utilities	-2.4%	8.9%	28 / 28

Source: BBG

SALES & EARNINGS SURPRISE

Q2 2016 QTD

SECTOR	SALES SURPRISE (% CHG)	EARNINGS SURPRISE (% CHG)	#REPORTED
S&P 500 (Aggregate)	0.6%	4.2%	479 / 500
Energy	2.0%	-9.5%	37 / 37
Materials	-0.7%	2.2%	27 / 27
Industrials	0.9%	6.8%	68 / 68
Consumer Discretionary	1.3%	5.2%	74 / 83
Consumer Staples	-0.4%	3.5%	32 / 36
Healthcare	1.1%	3.2%	55 / 57
Financials	0.1%	2.0%	92 / 92
Information Technology	1.6%	7.3%	61 / 67
Telecom	-0.6%	-0.2%	5 / 5
Utilities	-5.3%	6.2%	28 / 28

Source: BBG

10-YEAR U.S. TREASURY YIELD

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TAIWAN WEIGHTED INDEX

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TOKYO NIKKEI 225 AVERAGE INDEX

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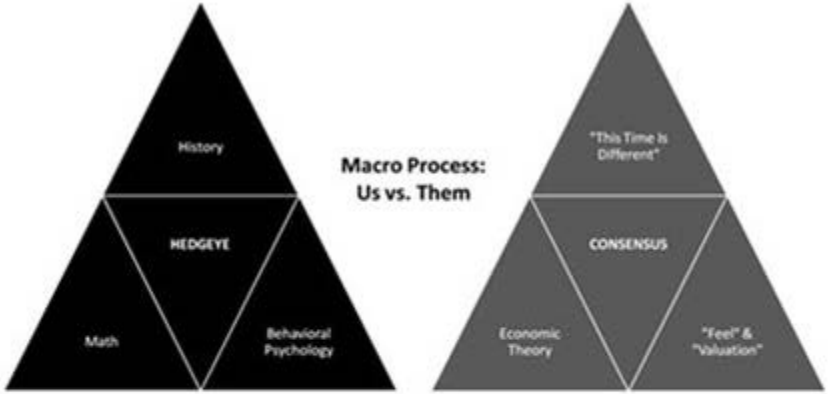
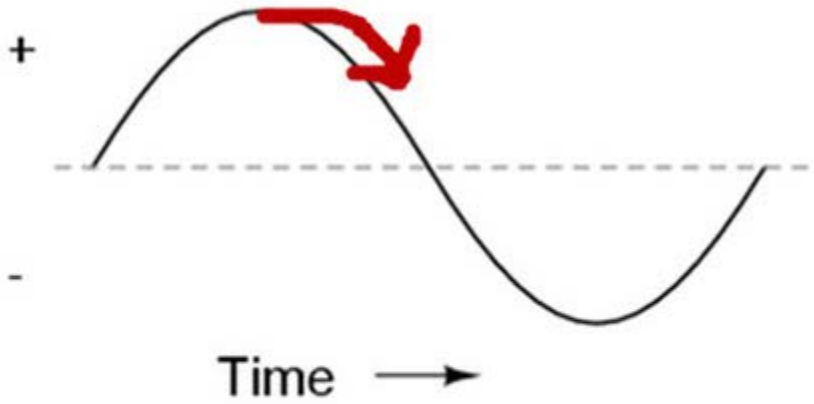
HEDGEYE MACRO PROCESS: RATE OF CHANGE





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	$81.42	-0.10%	-0.25%	4.17%
Financial Select Sector	XLF	$24.01	0.00%	1.52%	0.76%
Health Care Select Sector	XLV	$74.51	0.20%	-0.92%	3.44%
Technology Select Sector	XLK	$47.02	0.00%	1.23%	9.78%
Consumer Staples Select Sector	XLP	$55.00	0.15%	0.55%	8.93%
Industrial Select Sector	XLI	$58.97	-0.08%	1.60%	11.24%
Materials Select Sector	XLB	$48.92	-0.14%	0.47%	12.67%
The Energy Select Sector	XLE	$69.60	-1.15%	3.29%	15.38%
Utilities Select Sector	XLU	$50.40	0.26%	-3.30%	16.45%
S&P 500	SPX	2,182.64	-0.06%	0.42%	6.79%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$81.42	-0.04%	-0.66%	-2.62%
Financial Select Sector	XLF	$24.01	0.06%	1.11%	-6.03%
Health Care Select Sector	XLV	$74.51	0.26%	-1.33%	-3.34%
Technology Select Sector	XLK	$47.02	0.06%	0.81%	3.00%
Consumer Staples Select Sector	XLP	$55.00	0.20%	0.13%	2.15%
Industrial Select Sector	XLI	$58.97	-0.03%	1.19%	4.46%
Materials Select Sector	XLB	$48.92	-0.09%	0.06%	5.88%
The Energy Select Sector	XLE	$69.60	-1.09%	2.88%	8.60%
Utilities Select Sector	XLU	$50.40	0.31%	-3.72%	9.67%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.4%	0.0%	-0.5%	8.6%	19.8%	12.5%
	Low Debt/EV	0.0%	0.1%	1.3%	7.1%	12.5%	8.0%
SI	High Short Interest	-0.2%	0.0%	1.6%	10.0%	14.9%	7.1%
	Low Short Interest	0.0%	-0.2%	0.1%	4.9%	12.6%	7.7%
BETA	High Beta	-0.6%	0.0%	2.1%	8.5%	23.4%	8.3%
	Low Beta	0.2%	-0.4%	-2.7%	5.8%	11.2%	12.6%
YIELD	High Yield	-0.1%	-0.3%	-1.0%	7.7%	12.7%	10.2%
	Low Yield	0.0%	-0.2%	1.7%	9.0%	19.0%	9.7%
MKT CAP	MCAP Bottom 25%	-0.2%	0.0%	0.5%	7.0%	15.3%	6.9%
	MCAP Top 25%	0.0%	-0.3%	0.3%	5.7%	11.9%	6.5%
Sales	Top 25% Sales Growth	-0.2%	0.0%	1.6%	7.4%	21.9%	11.1%
	Bottom 25% Sales Growth	-0.1%	-0.2%	0.3%	9.1%	14.0%	9.7%
EPS	Top 25% EPS Growth	0.0%	-0.4%	0.6%	5.8%	16.8%	6.8%
	Bottom 25% EPS Growth	-0.3%	0.0%	0.4%	7.3%	16.3%	10.5%

**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	0.29%	-1.0	0.4	-3	-2	-7	34	21	22
3M LIBOR	0.82%	0.0	1.3	10	16	0	50	46	45
2Y T-Note	0.74%	-0.8	1.2	4	-14	-36	24	16	28
5Y T-Note	1.13%	-2.9	0.0	2	-23	-69	24	-36	-11
10Y T-Note	1.54%	-3.4	-1.4	-2	-29	-83	23	-71	-58
30Y T-Note	2.24%	-4.9	-4.5	-5	-39	-90	15	-82	-82
2Y-10Y Spread, Bps	81	-2.6	-2.5	-5.7	-16	-47	-2	-87	-87
IG SPREAD (AAABBB)	1.63%	0.0	-3.0	-4	-16	-67	0	-7	-22
HIGH YIELD	6.27%	0.0	-1.9	-13	-115	-306	0	-33	-49
5Y BREAKEVEN	1.34%	-1.1	3.1	-3.0	-16.5	-29.6	48.8	-23.6	-37.7

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)	172,135	56,200	94,912	(1,762)	(80,292)	2.00X	1.95X
Russell 2000 (mini)	7,514	4,590	(19,005)	(38,637)	(41,016)	2.78X	1.56X
10Y Treasury	22,286	(86,469)	45,659	3,850	(2,229)	0.37X	0.91X
CRUDE OIL	327,808	49,193	345,706	347,176	304,097	0.41X	-0.15X
GOLD	253,676	(2,097)	241,491	208,239	118,629	1.32X	2.36X
COPPER	(4,737)	(89)	(19,235)	(16,555)	(20,208)	1.10X	0.84X
$USD	16,326	675	13,088	15,083	28,477	-0.82X	-0.58X
JPY	52,871	6,652	41,555	49,595	15,492	0.83X	1.78X
EUR	(105,737)	5,075	(81,479)	(63,508)	(86,494)	-0.44X	-0.32X
GBP	(93,051)	(4,842)	(59,693)	(49,114)	(33,888)	-2.50X	-2.65X

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (8/22) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	8%	-1%	-8%	-18%
Total Exchange Volume**	-7%	-16%	-22%	-29%

*Total Market Volume = Total US exchange volume plus OTC and OTCBB trading volume for all security types. Calculated by Bloomberg.

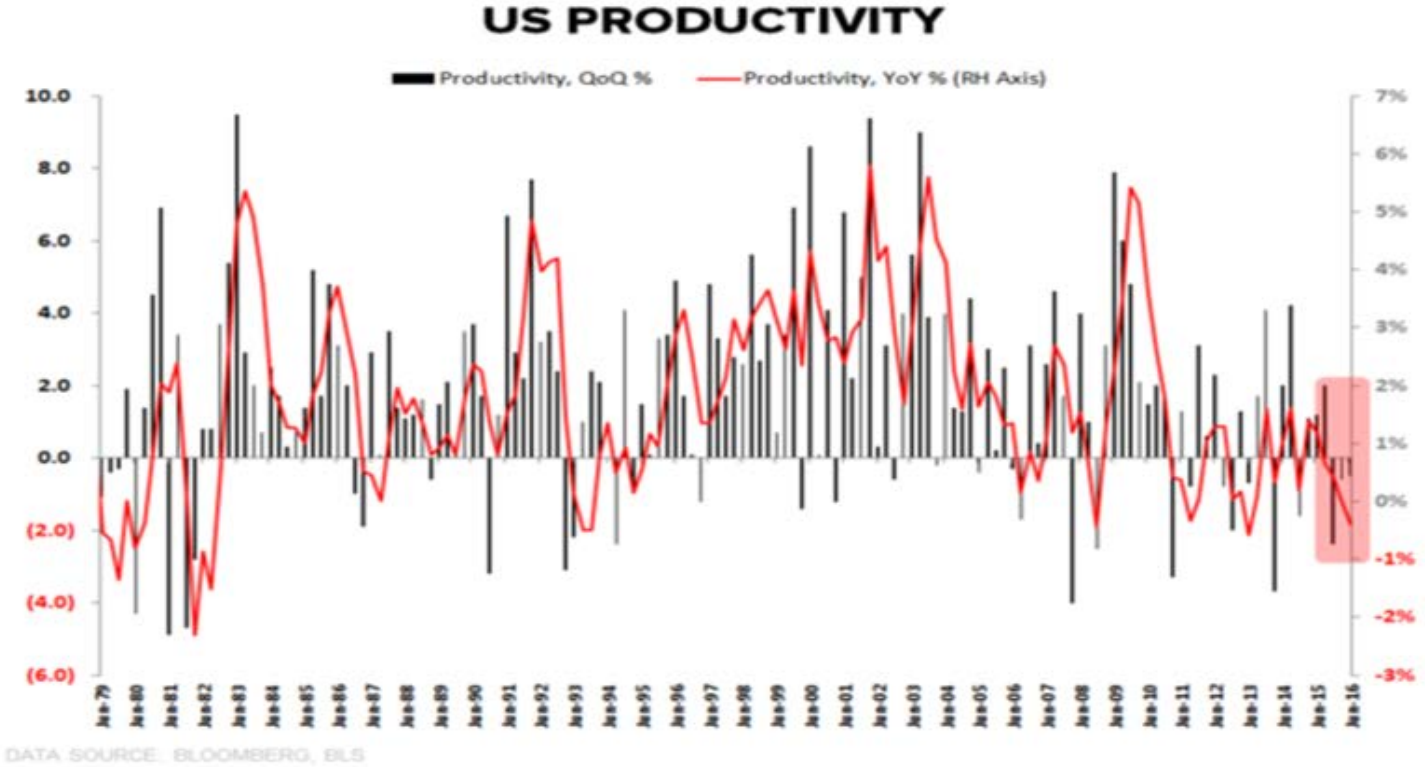
**Tape A+B+C volume = total US exchange volume

*** Total Traded Value for Russell 3000 (total mkt proxy)

Source: Bloomberg, Hedgeye

KEY $USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.06	-0.42	0.47	0.22	-0.50	*0.73*	*-0.91*	*56%*	*44%*
BRENT Oil	-0.69	-0.30	-0.28	-0.22	-0.67	*0.73*	*-0.78*	*36%*	*64%*
CRB Index	-0.47	-0.06	-0.60	-0.22	-0.83	*0.71*	*-0.91*	*24%*	*76%*
GOLD	-0.31	-0.71	0.46	0.33	-0.64	*0.90*	*-0.95*	*24%*	*76%*

**Days = Trading Days*

BENDING & SMOOTHING = GENERATIONAL LOWS IN PRODUCTIVITY