



THE
MACRO
SHOW

AUGUST 29, 2016

DISCLAIMER

Hedgeye Risk Management is a registered investment advisor, registered with the State of Connecticut. Hedgeye Risk Management is not a broker dealer and does not provide investment advice to individuals. This research does not constitute an offer to sell, or a solicitation of an offer to buy any security. This research is presented without regard to individual investment preferences or risk parameters; it is general information and does not constitute specific investment advice. This presentation is based on information from sources believed to be reliable. Hedgeye Risk Management is not responsible for errors, inaccuracies or omissions of information. The opinions and conclusions contained in this report are those of Hedgeye Risk Management, and are intended solely for the use of Hedgeye Risk Management's clients and subscribers. In reaching these opinions and conclusions, Hedgeye Risk Management and its employees have relied upon research conducted by Hedgeye Risk Management's employees, which is based upon sources considered credible and reliable within the industry. Hedgeye Risk Management is not responsible for the validity or authenticity of the information upon which it has relied.

TERMS OF USE

This report is intended solely for the use of its recipient. Re-distribution or republication of this report and its contents are prohibited. For more detail please refer to the appropriate sections of the Hedgeye Services Agreement and the Terms of Use at www.hedgeye.com.

HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
8/26/2016	47	5	7	14	8	19
8/29/2016	43	7	7	15	6	22

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
8/26/2016	47%	15%	21%	42%	24%	58%
8/29/2016	43%	21%	21%	45%	18%	67%

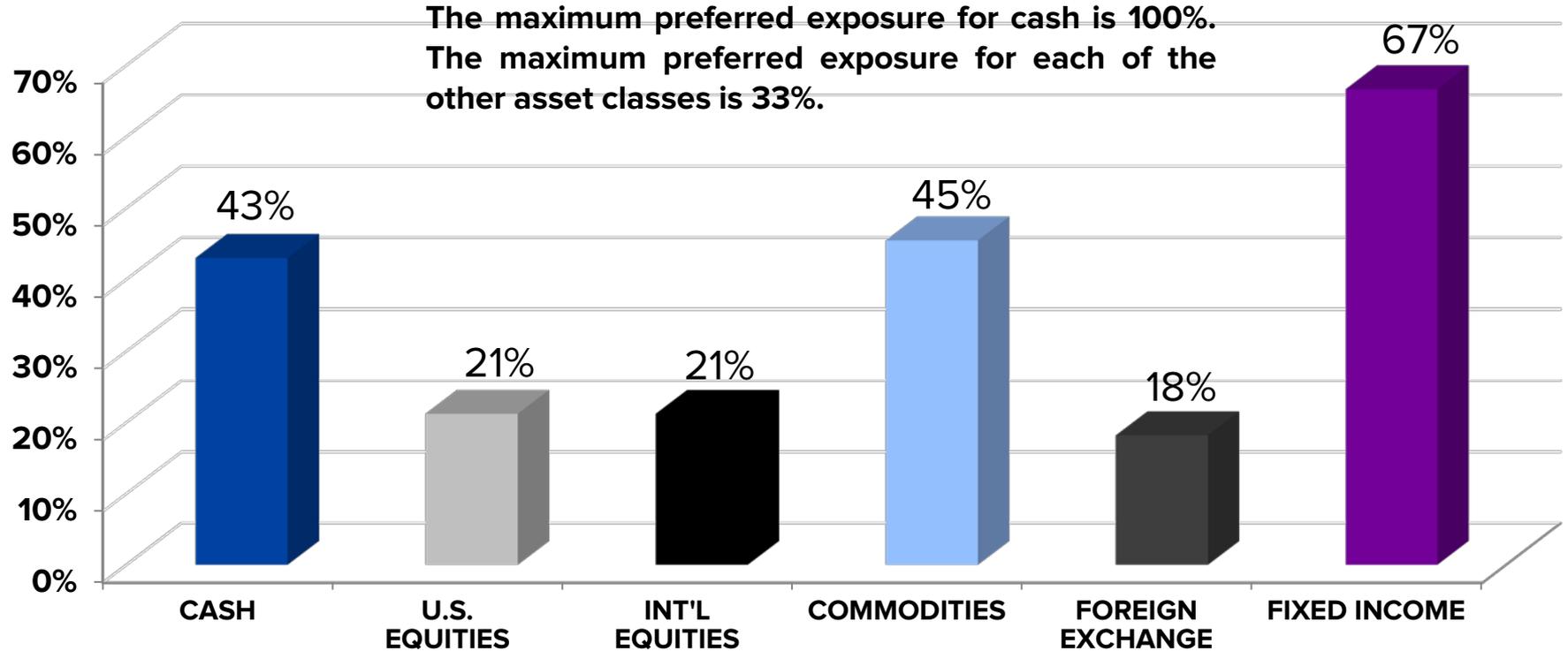
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

August 29, 2016

THE MACRO SHOW

HEDGEYE
TV

HEDGEYE ASSET ALLOCATION



August 29, 2016

THE MACRO SHOW

HEDGEYE
TV



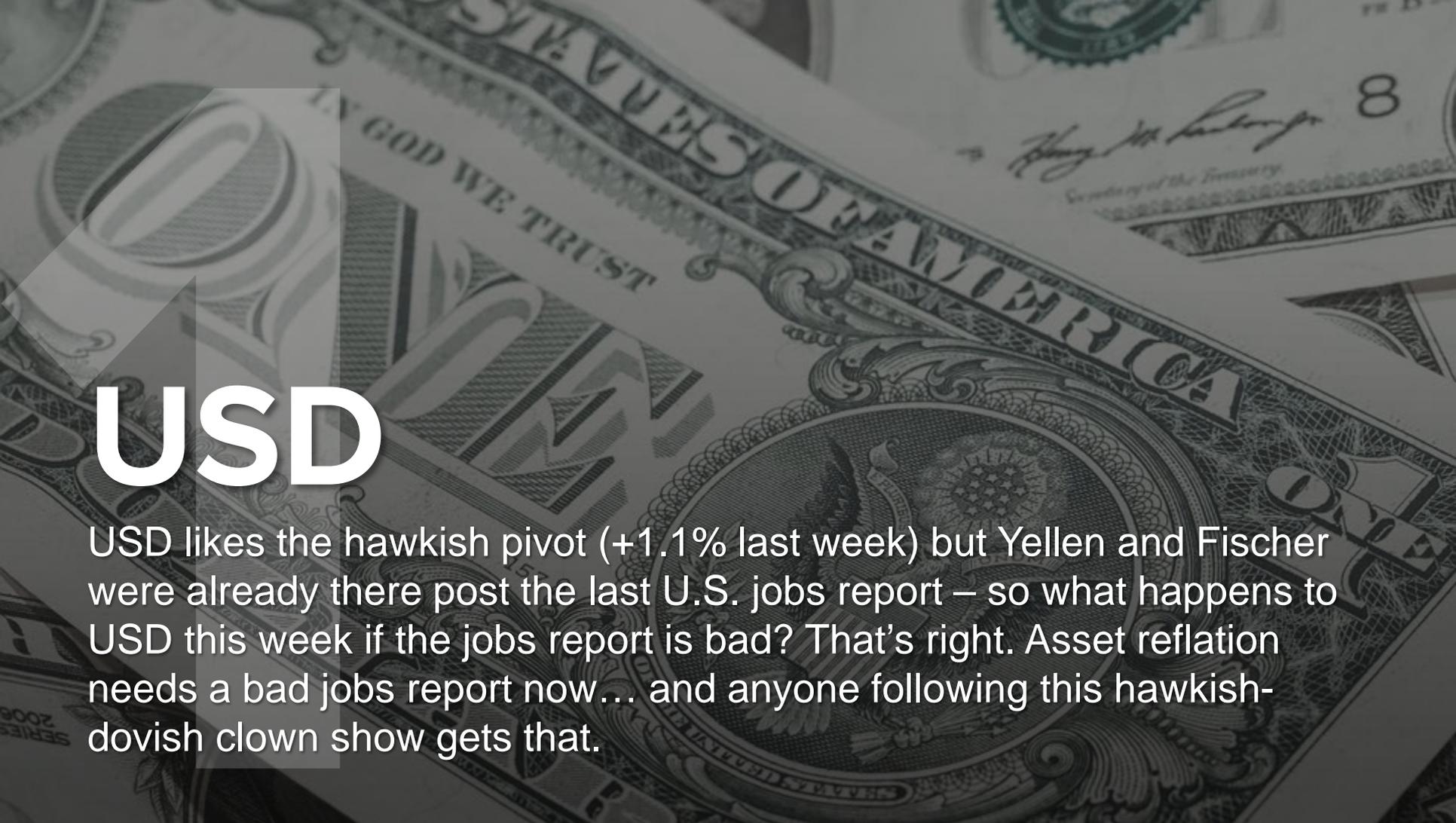
1 USD



2 UST 10YR



3 STOCKS

The background of the image is a grayscale, high-contrast photograph of US currency. It features several one-dollar bills, with the words "ONE DOLLAR" and "THE UNITED STATES OF AMERICA" visible. There are also several coins, including a quarter and a dime, scattered across the scene. The lighting is dramatic, with strong highlights and deep shadows, creating a textured, almost abstract appearance. A semi-transparent white rectangular box is overlaid on the left side of the image, containing the text.

USD

USD likes the hawkish pivot (+1.1% last week) but Yellen and Fischer were already there post the last U.S. jobs report – so what happens to USD this week if the jobs report is bad? That's right. Asset reflation needs a bad jobs report now... and anyone following this hawkish-dovish clown show gets that.

The background of the image is a dark, textured surface with a large, semi-transparent seal of the United States Treasury Department. The seal features an eagle with wings spread, perched on a shield, with the words "UNITED STATES" and "TREASURY DEPARTMENT" visible around the perimeter. The text "UST 10YR" is overlaid in large, white, bold letters on the left side of the seal.

UST 10YR

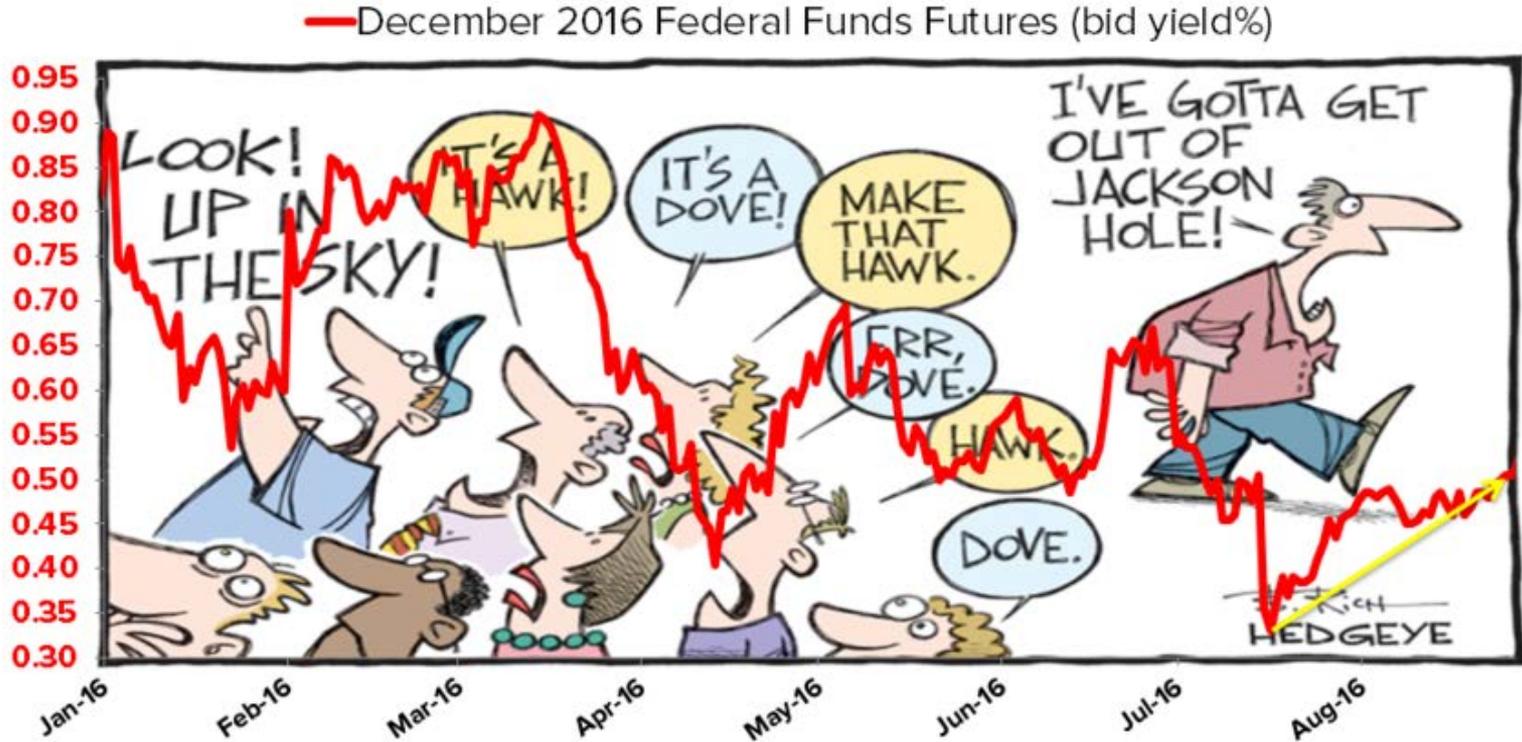
The UST 10YR Yield ramped right back to the top-end of our immediate-term 1.50-1.62% risk range, but now what? Hate to remind Long Bond Bears about this, but the last hike into a slow-down (the hawkish pivot in DEC) was THE catalyst for both Deflation's Dominoes and rates to crash (and the Fed to go back to dovish again).

STOCKS

Dollar Up, Yen Down (Pound Down) = Nikkei and FTSE Up! The Nikkei was up +2.3% overnight so the Japanese Government Pension Fund loves the idea of Yellen making another policy mistake whereas the Australians (-0.8% All Orders overnight) and Russians (RTSI -1.7% this morning) loathe its commodity deflation implications.

MACRO GRIND

RENEWED RATE HIKE EXPECTATIONS



August 29, 2016

THE MACRO SHOW

HEDGEYE
TV

10-YEAR U.S. TREASURY YIELD INDEX



August 29, 2016

THE MACRO SHOW

HEDGEYE
TV

GOLD CONTINUOUS CONTRACT



August 29, 2016

THE MACRO SHOW

HEDGEYE
TV

FTSE MIB (MILAN) INDEX



August 29, 2016

THE MACRO SHOW

HEDGEYE
TV

AUSTRALIA ASX ALL ORDERS INDEX



August 29, 2016

THE MACRO SHOW

HEDGEYE
TV

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	\$80.94	-0.28%	-0.83%	3.56%
Financial Select Sector	XLF	\$24.11	0.12%	1.95%	1.17%
Health Care Select Sector	XLV	\$73.07	0.38%	-2.83%	1.44%
Technology Select Sector	XLK	\$47.05	0.04%	1.29%	9.85%
Consumer Staples Select Sector	XLP	\$54.31	-0.51%	-0.71%	7.57%
Industrial Select Sector	XLI	\$58.66	-0.29%	1.07%	10.66%
Materials Select Sector	XLB	\$48.73	-0.57%	0.08%	12.23%
The Energy Select Sector	XLE	\$69.38	-0.34%	2.97%	15.02%
Utilities Select Sector	XLU	\$49.15	-2.07%	-5.70%	13.56%
S&P 500	SPX	2,169.04	-0.16%	-0.21%	6.12%

August 29, 2016

THE MACRO SHOW

HEDGEYE
TV

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	\$80.94	-0.13%	-0.62%	-2.56%
Financial Select Sector	XLF	\$24.11	0.28%	2.15%	-4.95%
Health Care Select Sector	XLV	\$73.07	0.54%	-2.62%	-4.68%
Technology Select Sector	XLK	\$47.05	0.20%	1.50%	3.73%
Consumer Staples Select Sector	XLP	\$54.31	-0.36%	-0.50%	1.45%
Industrial Select Sector	XLI	\$58.66	-0.13%	1.28%	4.54%
Materials Select Sector	XLB	\$48.73	-0.41%	0.29%	6.11%
The Energy Select Sector	XLE	\$69.38	-0.19%	3.18%	8.90%
Utilities Select Sector	XLU	\$49.15	-1.91%	-5.49%	7.44%

August 29, 2016

THE MACRO SHOW

HEDGEYE
TV

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
DEBT	High Debt/EV	-0.6%	-1.2%	-0.6%	4.6%	18.4%	11.4%
	Low Debt/EV	-0.2%	-0.7%	0.5%	4.0%	10.8%	7.3%
SI	High Short Interest	-0.3%	-0.7%	1.0%	6.0%	12.4%	6.4%
	Low Short Interest	-0.1%	-0.5%	0.0%	2.2%	11.9%	7.3%
BETA	High Beta	0.2%	-0.4%	2.4%	4.8%	23.1%	8.4%
	Low Beta	-1.0%	-1.4%	-2.6%	2.5%	8.7%	10.6%
YIELD	High Yield	-0.7%	-0.6%	-0.9%	4.7%	11.5%	9.6%
	Low Yield	0.1%	-0.7%	1.1%	5.0%	16.9%	8.6%
MKTCAP	MCAP Bottom 25%	-0.3%	-0.6%	0.4%	3.9%	13.5%	6.6%
	MCAP Top 25%	-0.1%	-0.7%	0.0%	2.7%	10.9%	5.8%
Sales	Top 25% Sales Growth	0.0%	-0.7%	1.9%	4.1%	20.9%	11.1%
	Bottom 25% Sales Growth	-0.4%	-0.8%	-0.1%	5.5%	12.4%	8.2%
EPS	Top 25% EPS Growth	-0.1%	-0.7%	0.0%	2.6%	15.4%	6.3%
	Bottom 25% EPS Growth	-0.5%	-0.8%	0.6%	3.9%	15.2%	9.2%

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

August 29, 2016

THE MACRO SHOW

HEDGEYE
TV

HEDGEYE RATES & SPREADS

	Price	1D Bps Chg	5D Bps Chg	1M Bps Chg	3M Bps Chg	vs. 52-Wk, Bps		vs. 3Y Ave	vs. 5Y Ave
						High	Low		
3M T-Bill	0.31%	-0.5	1.5	1	3	-4	37	23	24
3M LIBOR	0.83%	0.0	1.2	9	16	0	51	47	46
2Y T-Note	0.84%	5.3	9.7	9	-2	-26	35	26	39
5Y T-Note	1.24%	7.6	7.2	10	-11	-59	35	-26	-1
10Y T-Note	1.63%	5.6	5.1	7	-20	-75	31	-62	-50
30Y T-Note	2.29%	2.4	0.0	0	-35	-85	20	-76	-77
2Y-10Y Spread, Bps	79	0.3	-4.5	-2.0	-17	-49	-4	-88	-88
IG SPREAD (AAABBB)	1.60%	-4.0	-3.0	-5	-20	-70	0	-10	-25
HIGH YIELD	6.28%	-1.5	1.0	-18	-102	-305	2	-32	-47
5Y BREAK EVEN	1.34%	-1.5	-1.8	-0.6	-18.7	-30.4	48.0	-24.1	-38.4

August 29, 2016

THE MACRO SHOW

HEDGEYE
TV

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)	204,966	32,831	103,351	13,910	(75,565)	2.12X	2.23X
Russell 2000 (mini)	15,958	8,444	(14,931)	(35,779)	(39,911)	2.91X	1.93X
10Y Treasury	59,194	36,908	57,403	3,372	(1,062)	0.90X	1.35X
CRUDE OIL	384,230	56,422	344,981	352,449	306,577	1.32X	0.77X
GOLD	264,954	11,278	248,834	213,677	122,873	1.37X	2.45X
COPPER	(5,718)	(981)	(16,509)	(15,889)	(19,870)	0.99X	0.77X
USD	15,833	(493)	13,445	14,564	27,780	-0.82X	-0.60X
JPY	56,970	4,099	44,225	49,896	17,429	0.88X	1.82X
EUR	(89,425)	16,312	(85,875)	(65,562)	(87,075)	0.05X	-0.10X
GBP	(93,175)	(124)	(64,328)	(51,727)	(35,719)	-2.34X	-2.59X

August 29, 2016

THE MACRO SHOW

HEDGEYE
TV

MARKET SHARE VOLUME & TOTAL VALUE TRADED

<u>INDEX/SECURITY</u>	VOLUME: (8/26) vs.			
	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	17%	0%	-7%	-18%
<hr/>				
Total Exchange Volume**	20%	6%	-3%	-10%
Total Traded Value (R3K)***	8%	-4%	-14%	-18%

*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

August 29, 2016

THE MACRO SHOW

HEDGEYE
TV

KEY \$USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.08	-0.44	0.44	0.32	-0.52	0.73	-0.91	55%	45%
BRENT Oil	-0.84	-0.47	-0.33	-0.16	-0.67	0.73	-0.78	34%	66%
CRB Index	-0.40	-0.12	-0.57	-0.16	-0.83	0.71	-0.91	24%	76%
GOLD	-0.18	-0.49	0.44	0.35	-0.62	0.90	-0.95	23%	77%

*Days = Trading Days

August 29, 2016

THE MACRO SHOW

HEDGEYE
TV

OTHER KEY METRICS

METRIC	PRICE	1D	5D	1M	3M	MTD	YTD	vs. 52-Wk	
		% Chg	% Chg	% Chg	% Chg	% Chg	% Chg	High	Low
Brent Oil	\$49.92	0.50%	-1.89%	11.25%	0.67%	14.5%	28.6%	-8%	84%
Gold	\$1,321	-0.06%	-1.51%	0.07%	8.31%	-2.2%	24.5%	-4%	26%
VIX	\$13.65	0.15%	20.37%	4.60%	1.64%	15.0%	-25.0%	-60%	24%

August 29, 2016

THE MACRO SHOW

HEDGEYE
TV