THE MACRO SHOW

AUGUST 31, 2016

LEGAL

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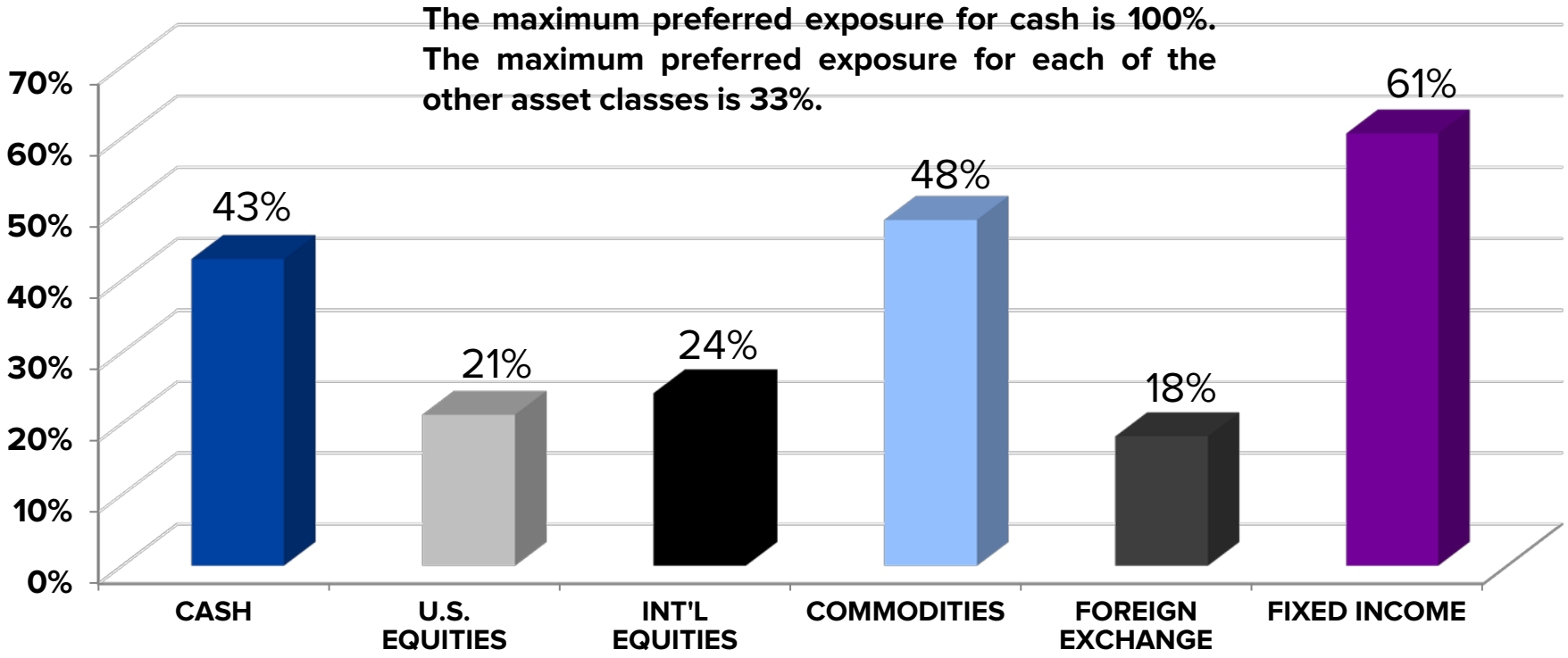
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
8/30/2016	45	6	8	15	6	20
8/31/2016	43	7	8	16	6	20

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
8/30/2016	45%	18%	24%	45%	18%	61%
8/31/2016	43%	21%	24%	48%	18%	61%

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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1 YEN

2 COMMODITIES

3 UST 10YR

YEN

It’s day 2 of USD signaling immediate-term TRADE overbought vs. both Euros and Yens. Japanese Equities love the smell of fresh burning Yen and the Nikkei closes up big for the 2nd day in 3, +1%, but remains bearish TREND @Hedgeye.

COMMODITIES

A long-term bear market in one of Bernanke's Down Dollar asset bubbles remains firmly intact. After failing the "breakout" for the technicians > 200 in June, the CRB Index is down -7% from that lower-long-term high; it's going to get decimated by Deflation's Dominoes if the Fed tightens.

UST 10YR

This is incredible to watch, really – despite all the selling in anything equity that looks like a bond, the UST 10YR has oscillated between 1.46-1.62% for the last 3 weeks. ALL of Fed policy comes down to 1 number though (nice job making this a lottery ticket, Janet) with the jobs report (which is subject to huge revisions) on Friday.

MACRO GRIND

10-YEAR U.S. TREASURY YIELD INDEX

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REUTERS/JEFFERIES CRB INDEX

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SPAIN BOLSA DE MADRID IBEX 35

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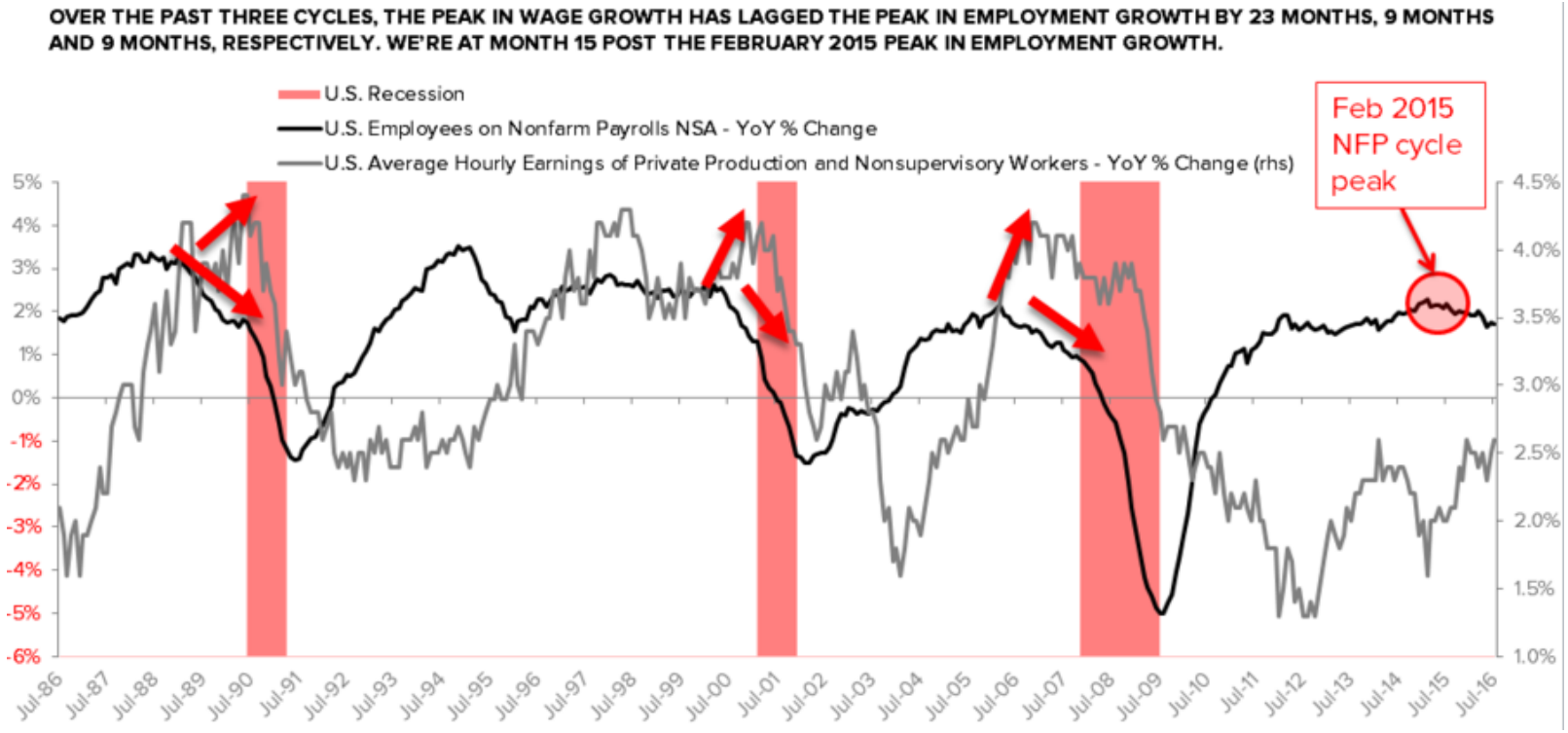
NFP: SLOWING, IN RATE OF CHANGE TERMS, SINCE PEAKING IN Q1 OF 2015



HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$80.77	-0.55%	-1.04%	3.34%
Financial Select Sector	XLF	$24.54	0.90%	3.76%	2.98%
Health Care Select Sector	XLV	$72.98	-0.34%	-2.95%	1.32%
Technology Select Sector	XLK	$47.07	-0.34%	1.33%	9.90%
Consumer Staples Select Sector	XLP	$54.31	-0.59%	-0.71%	7.57%
Industrial Select Sector	XLI	$58.92	-0.27%	1.52%	11.15%
Materials Select Sector	XLB	$49.05	-0.24%	0.74%	12.97%
The Energy Select Sector	XLE	$69.61	-0.34%	3.31%	15.40%
Utilities Select Sector	XLU	$49.03	-1.05%	-5.93%	13.29%
S&P 500	SPX	2,176.12	-0.20%	0.12%	6.47%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$80.77	-0.36%	-1.16%	-3.13%
Financial Select Sector	XLF	$24.54	1.10%	3.65%	-3.49%
Health Care Select Sector	XLV	$72.98	-0.15%	-3.07%	-5.15%
Technology Select Sector	XLK	$47.07	-0.14%	1.22%	3.43%
Consumer Staples Select Sector	XLP	$54.31	-0.39%	-0.83%	1.10%
Industrial Select Sector	XLI	$58.92	-0.08%	1.40%	4.68%
Materials Select Sector	XLB	$49.05	-0.05%	0.62%	6.50%
The Energy Select Sector	XLE	$69.61	-0.15%	3.19%	8.93%
Utilities Select Sector	XLU	$49.03	-0.85%	-6.04%	6.82%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.2%	-1.0%	-0.3%	5.1%	19.6%	11.8%
	Low Debt/EV	-0.6%	-1.3%	-0.1%	3.6%	11.4%	7.0%
SI	High Short Interest	-0.3%	-1.2%	1.1%	6.1%	13.3%	6.5%
	Low Short Interest	-0.1%	-0.2%	0.5%	2.7%	13.6%	7.9%
BETA	High Beta	0.0%	-0.1%	2.5%	5.3%	24.6%	8.9%
	Low Beta	-0.7%	-1.3%	-3.3%	2.5%	9.0%	10.4%
YIELD	High Yield	-0.3%	-0.5%	-0.8%	5.3%	12.4%	10.3%
	Low Yield	-0.2%	-1.0%	0.8%	5.2%	18.6%	8.7%
MKT CAP	MCAP Bottom 25%	-0.1%	-0.8%	0.7%	4.3%	15.0%	6.9%
	MCAP Top 25%	-0.2%	-0.5%	0.2%	3.0%	12.1%	6.1%
Sales	Top 25% Sales Growth	-0.3%	-0.9%	1.2%	4.2%	22.3%	11.2%
	Bottom 25% Sales Growth	-0.3%	-0.8%	0.0%	5.7%	13.4%	8.4%
EPS	Top 25% EPS Growth	0.0%	-0.7%	0.3%	3.3%	17.2%	7.0%
	Bottom 25% EPS Growth	-0.2%	-0.6%	0.4%	4.2%	16.2%	9.6%

**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	0.33%	1.5	1.0	7	4	-3	38	24	26
3M LIBOR	0.83%	0.8	0.8	7	15	0	52	48	47
2Y T-Note	0.80%	-0.8	3.6	14	-8	-30	31	22	35
5Y T-Note	1.18%	0.8	3.2	15	-20	-64	29	-31	-6
10Y T-Note	1.57%	0.7	0.5	11	-28	-80	25	-68	-55
30Y T-Note	2.23%	1.5	-1.8	5	-42	-91	15	-81	-82
2Y-10Y Spread, Bps	77	1.6	-2.9	-2.8	-20	-51	-5	-90	-90
IG SPREAD (AAABBB)	1.64%	1.0	1.0	-5	-15	-66	4	-6	-21
HIGH YIELD	6.26%	-0.1	-0.1	-27	-99	-307	0	-34	-49
5Y BREAKEVEN	1.30%	-1.3	-4.3	-2.5	-18.9	-34.0	44.4	-27.6	-41.9

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)	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)	(35,739)	*-2.34X*	*-2.59X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (8/30) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	1%	-6%	-15%	-24%
Total Exchange Volume**	14%	-6%	-16%	-23%
Total Traded Value (R3K)***	9%	-6%	-18%	-23%

*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

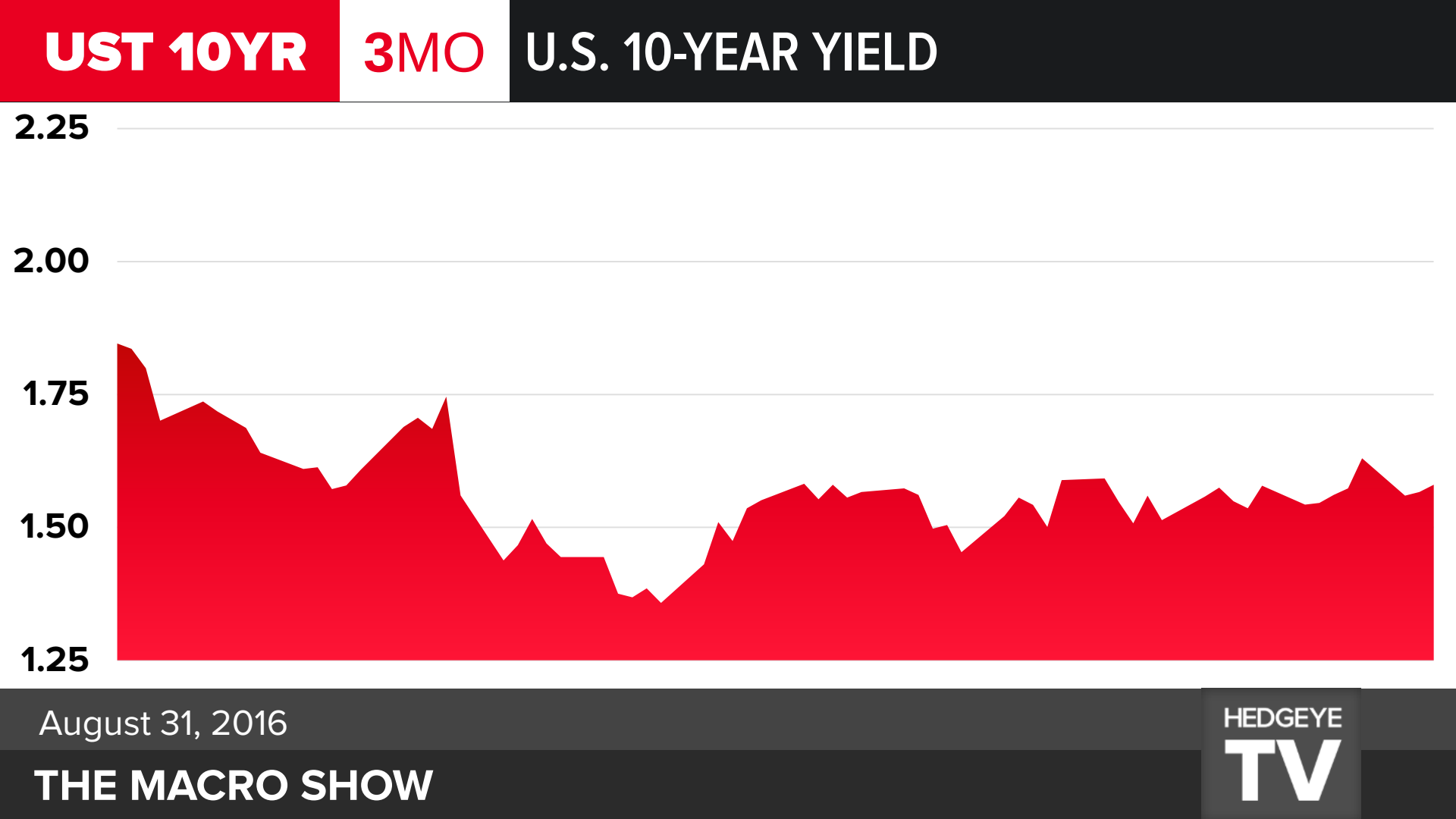
*** Total Traded Value for Russell 3000 (total mkt proxy)

Source: Bloomberg, Hedgeye

KEY $USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.19	-0.39	0.44	0.38	**-0.52**	*0.73*	*-0.91*	*55%*	*45%*
BRENT Oil	**-0.65**	-0.50	-0.35	-0.11	**-0.67**	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	**-0.68**	-0.23	**-0.56**	-0.11	**-0.82**	*0.71*	*-0.91*	*24%*	*76%*
GOLD	-0.46	-0.44	0.44	0.39	**-0.61**	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*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3MO
U.S. 10-YEAR YIELD
2.25
2.00
1.75
1.50
1.25
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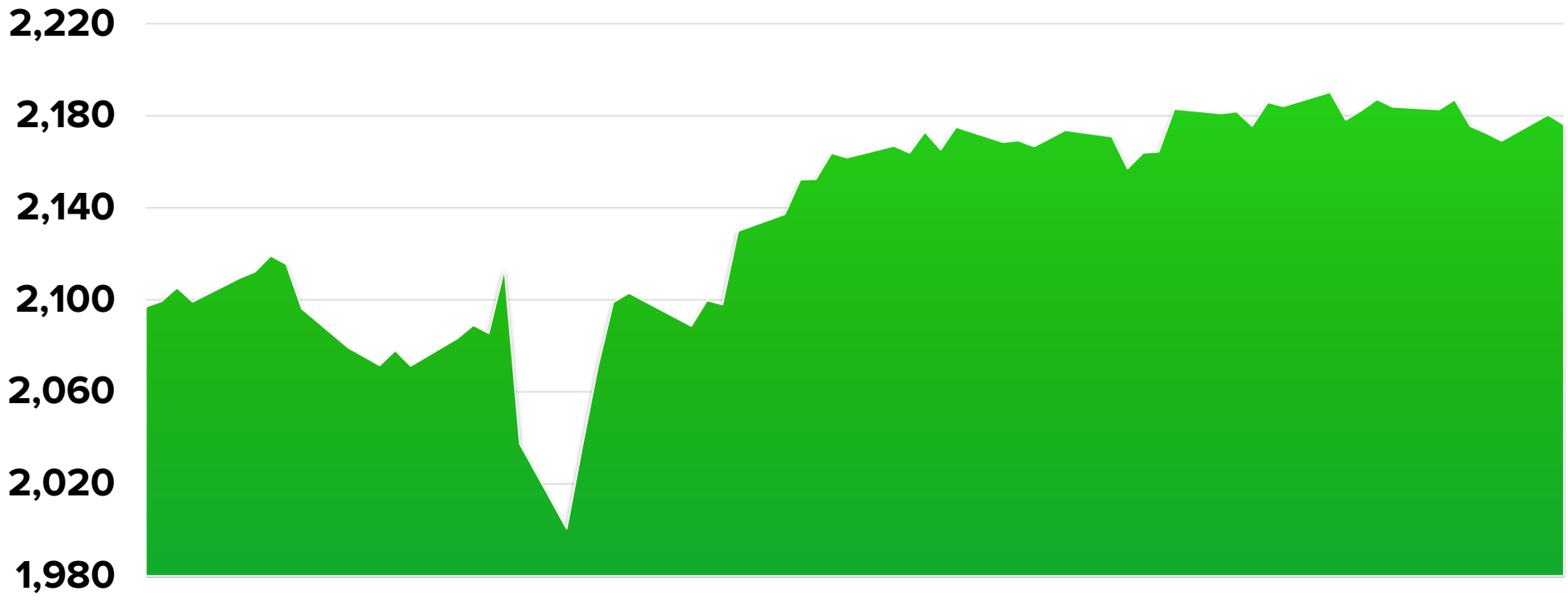
SPX 3MO S&P 500 INDEX



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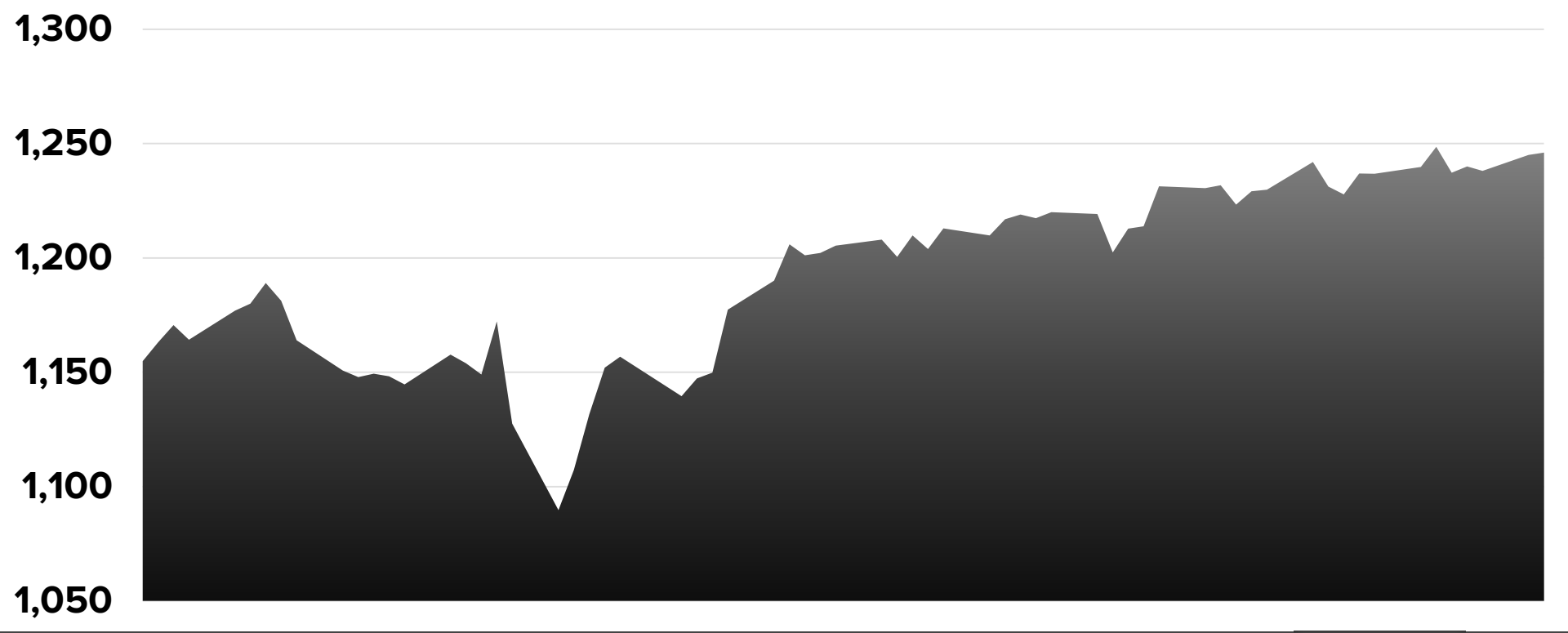
RTY 3MO RUSSELL 2000 INDEX



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NASDAQ 3MO NASDAQ COMPOSITE INDEX

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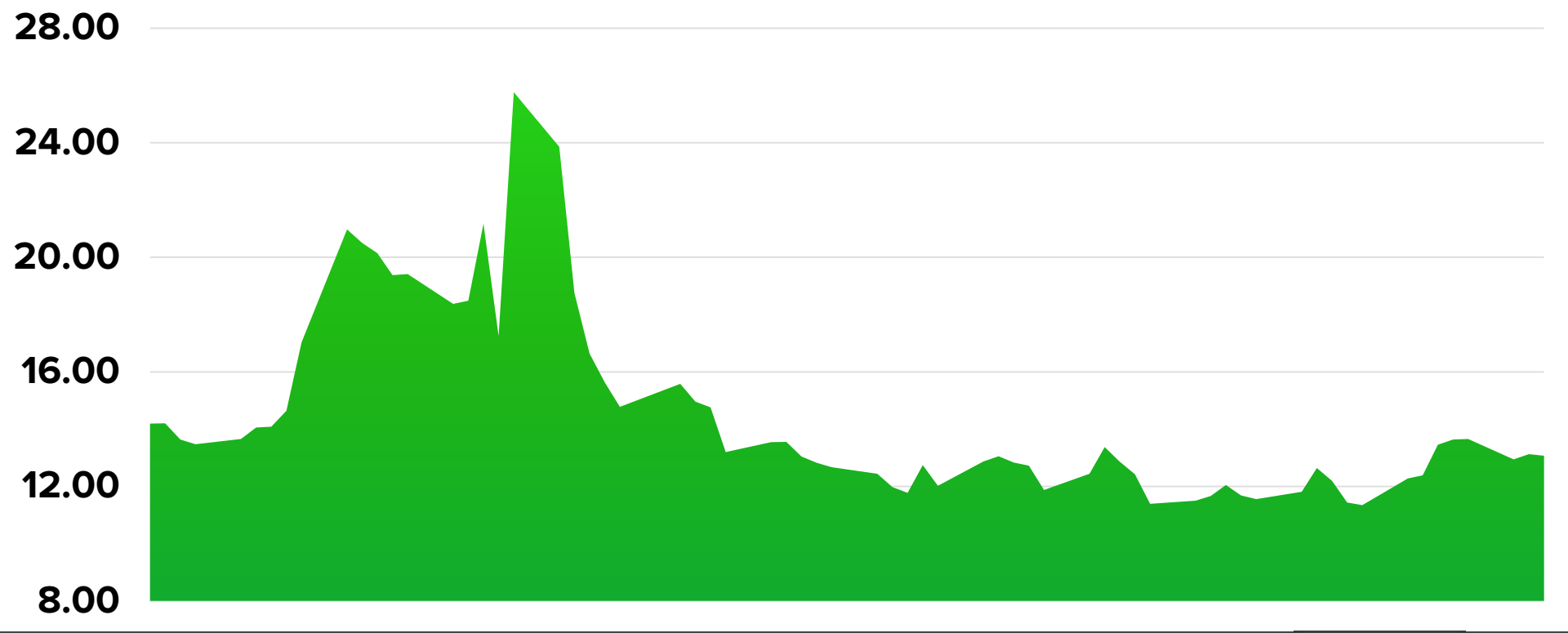
VIX 3MO VOLATILITY INDEX



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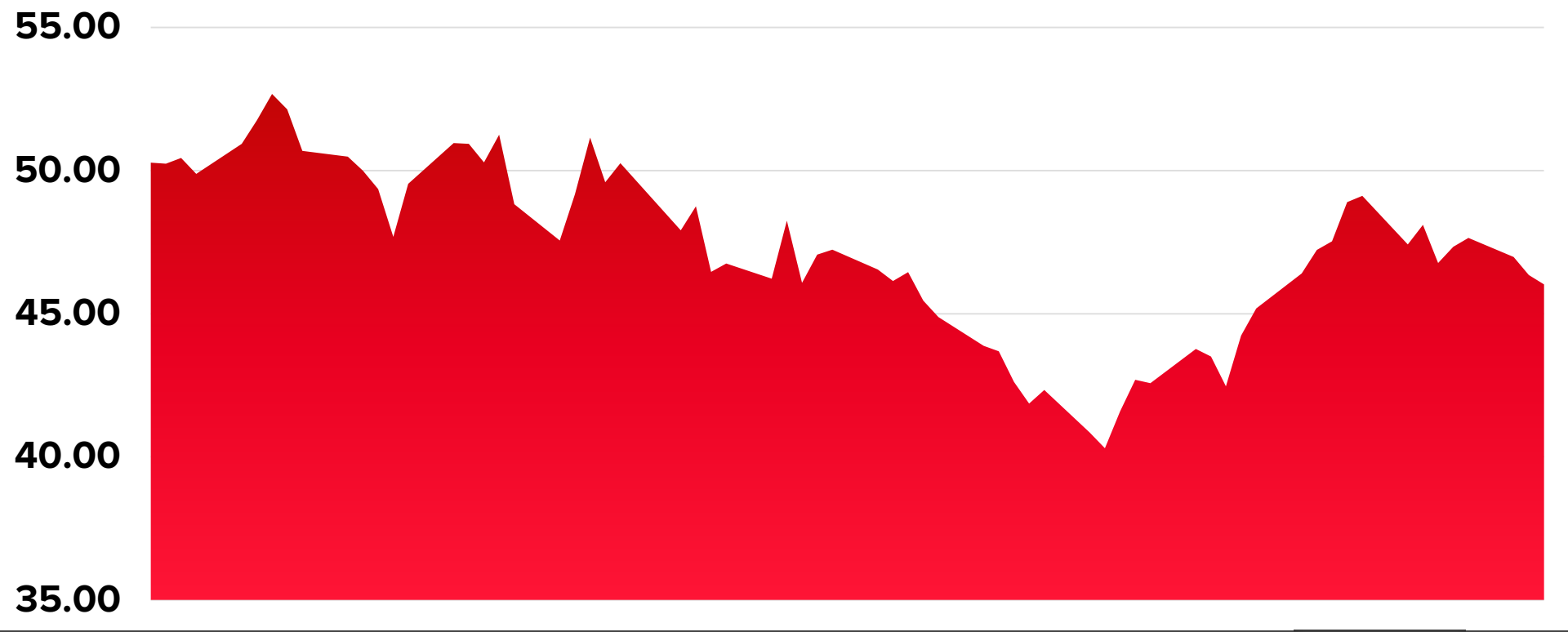
CLA 3MO WTI CRUDE OIL



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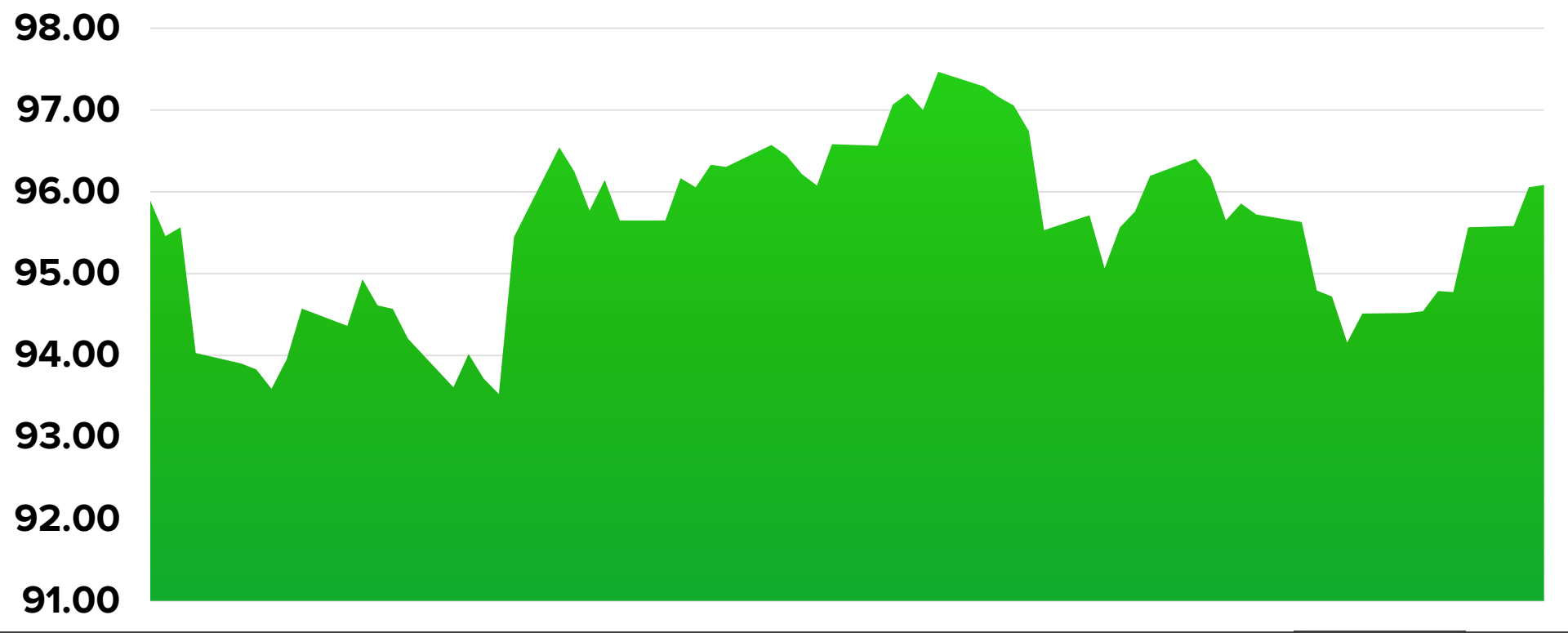
DXY 3MO U.S. DOLLAR INDEX SPOT



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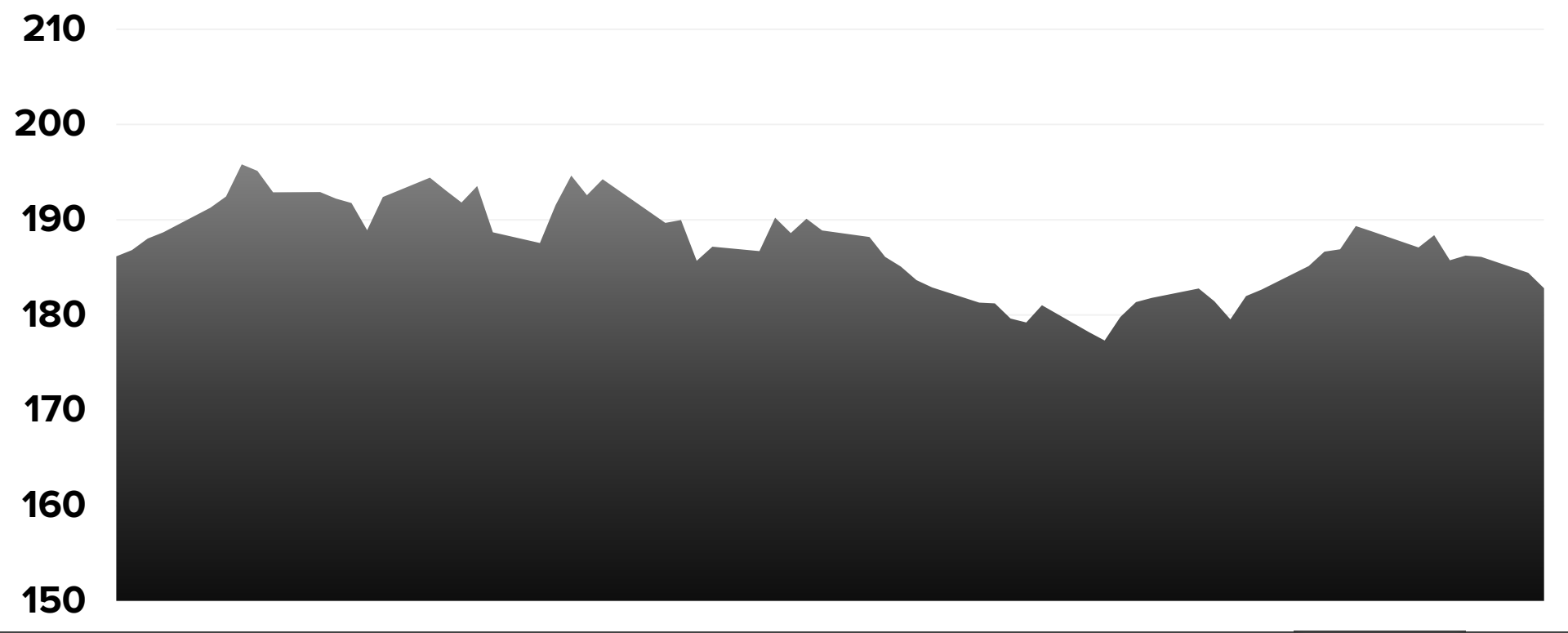
CRY

3MO

TR/CC CRB COMMODITY INDEX



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GOLD 3MO GOLD SPOT

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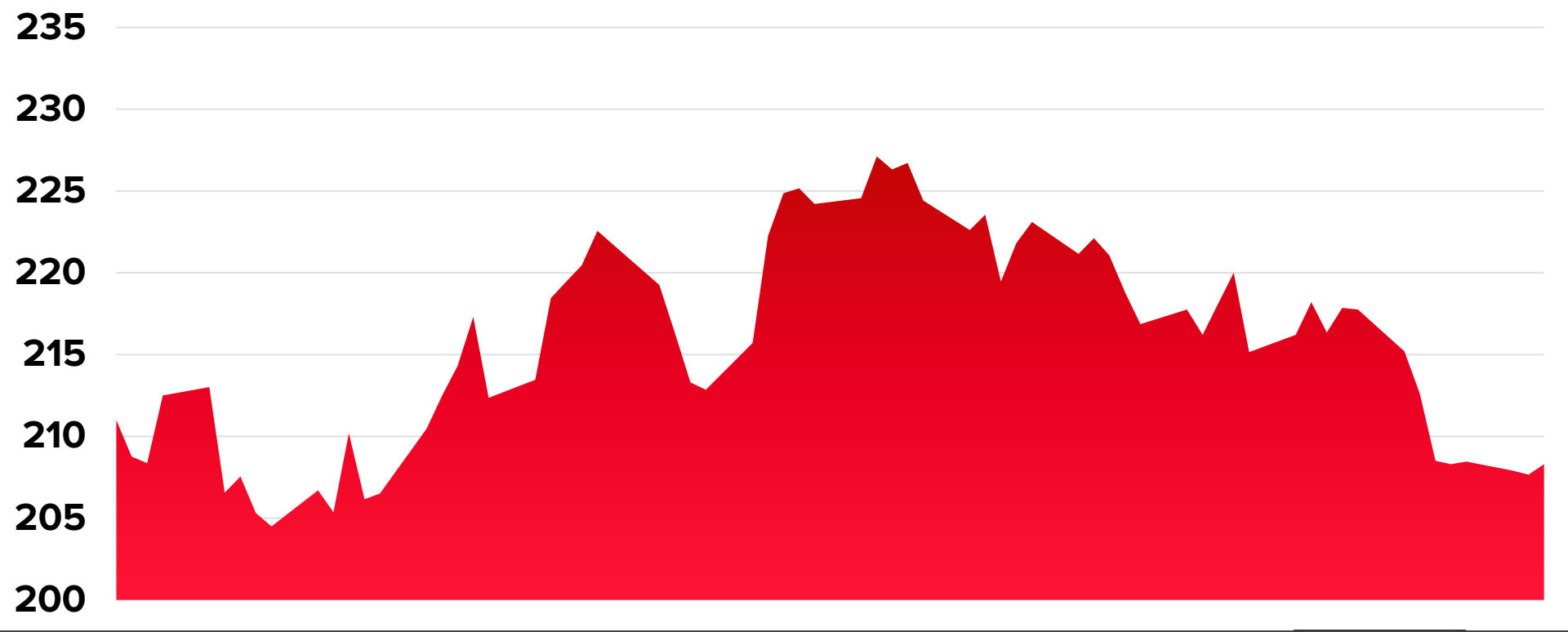
HGA

3MO COPPER



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NGA 3MO NATURAL GAS SPOT

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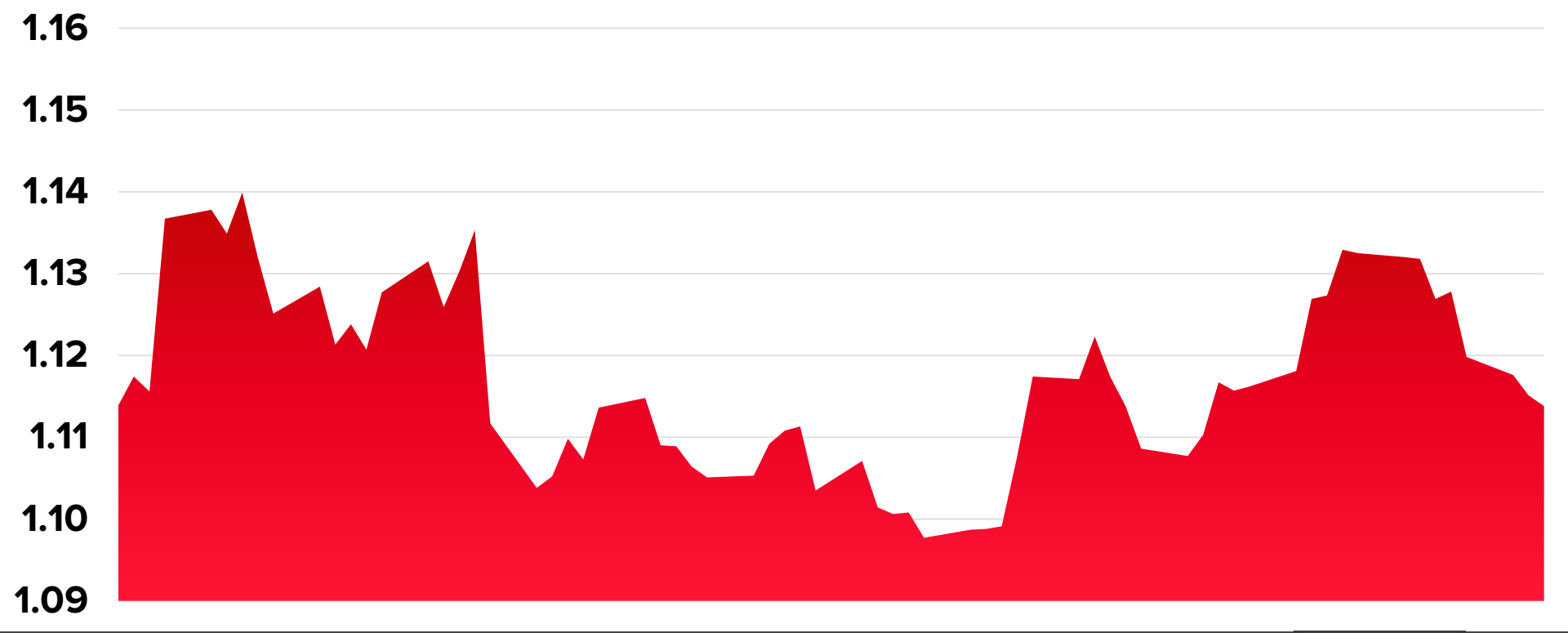
EURO 3MO EURO SPOT



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YEN

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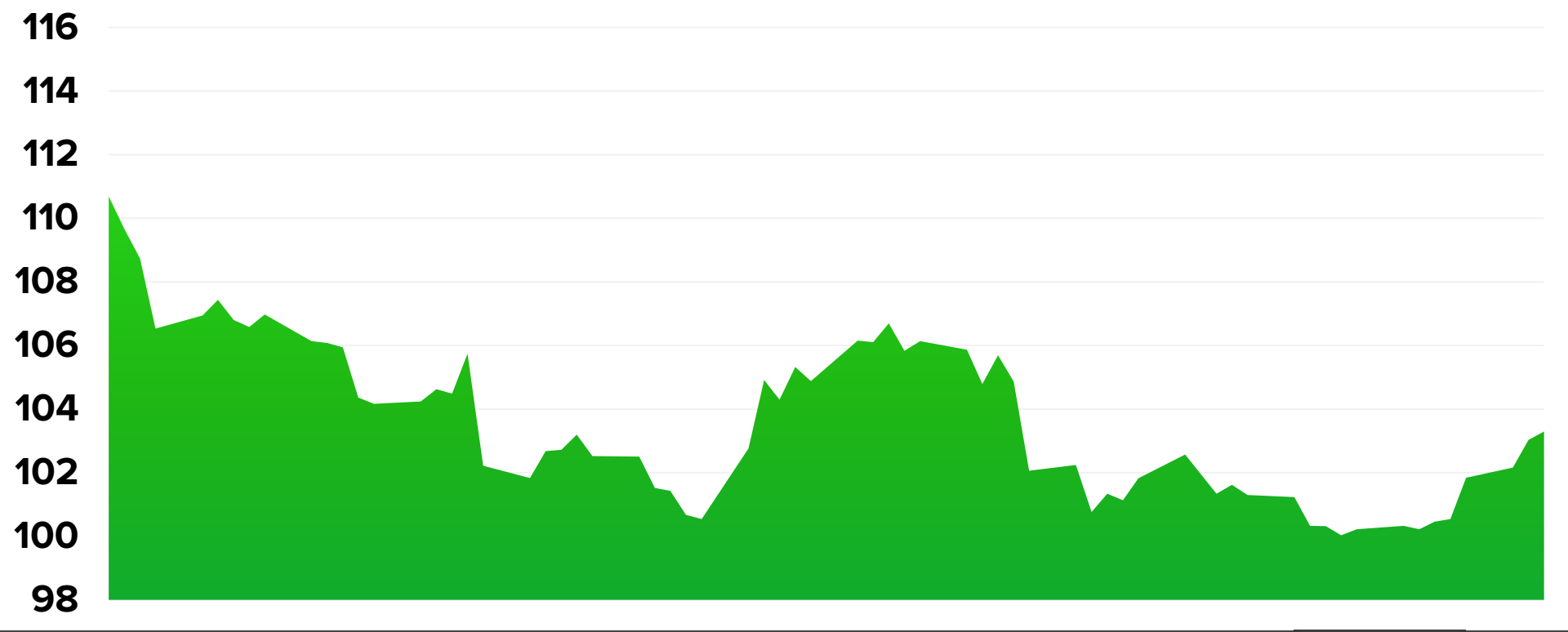
JAPANESE YEN SPOT



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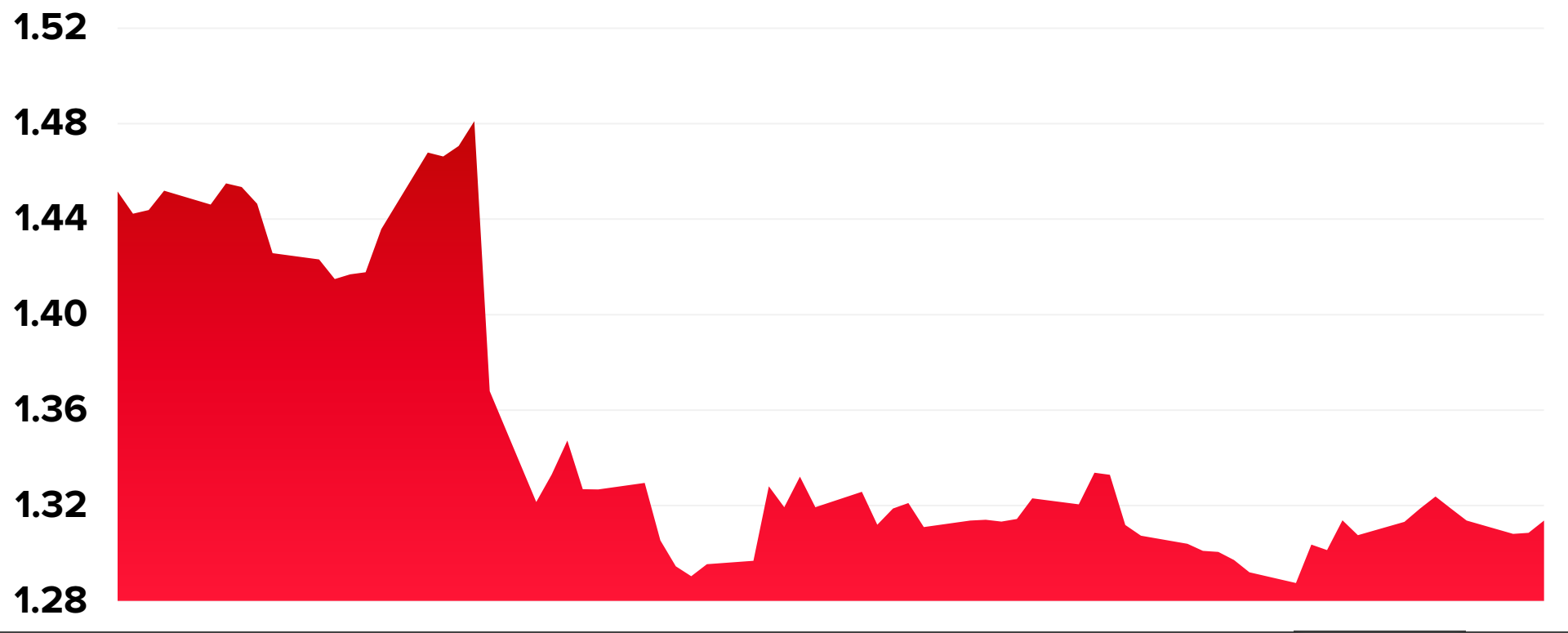
POUND 3MO BRITISH POUND SPOT



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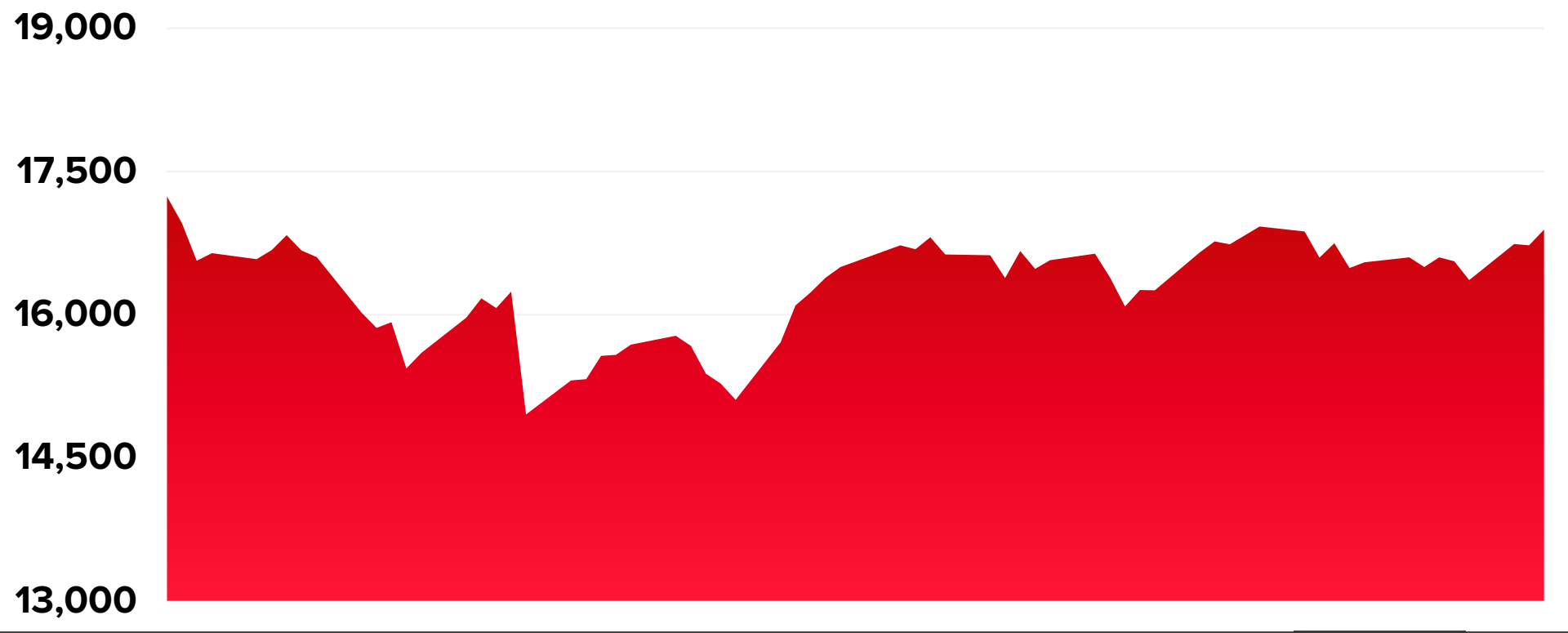
NKY 3MO NIKKEI-225 STOCK AVERAGE



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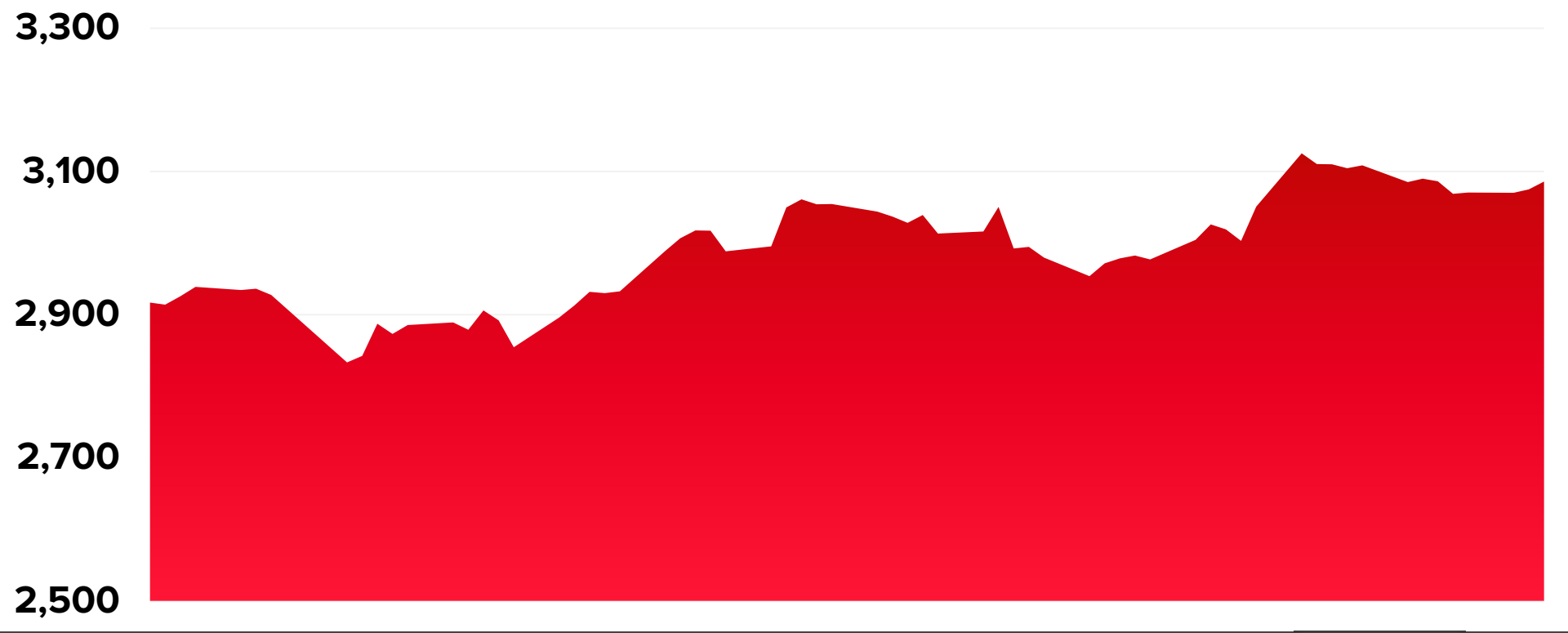
SHCOMP 3MO SHANGHAI COMPOSITE INDEX



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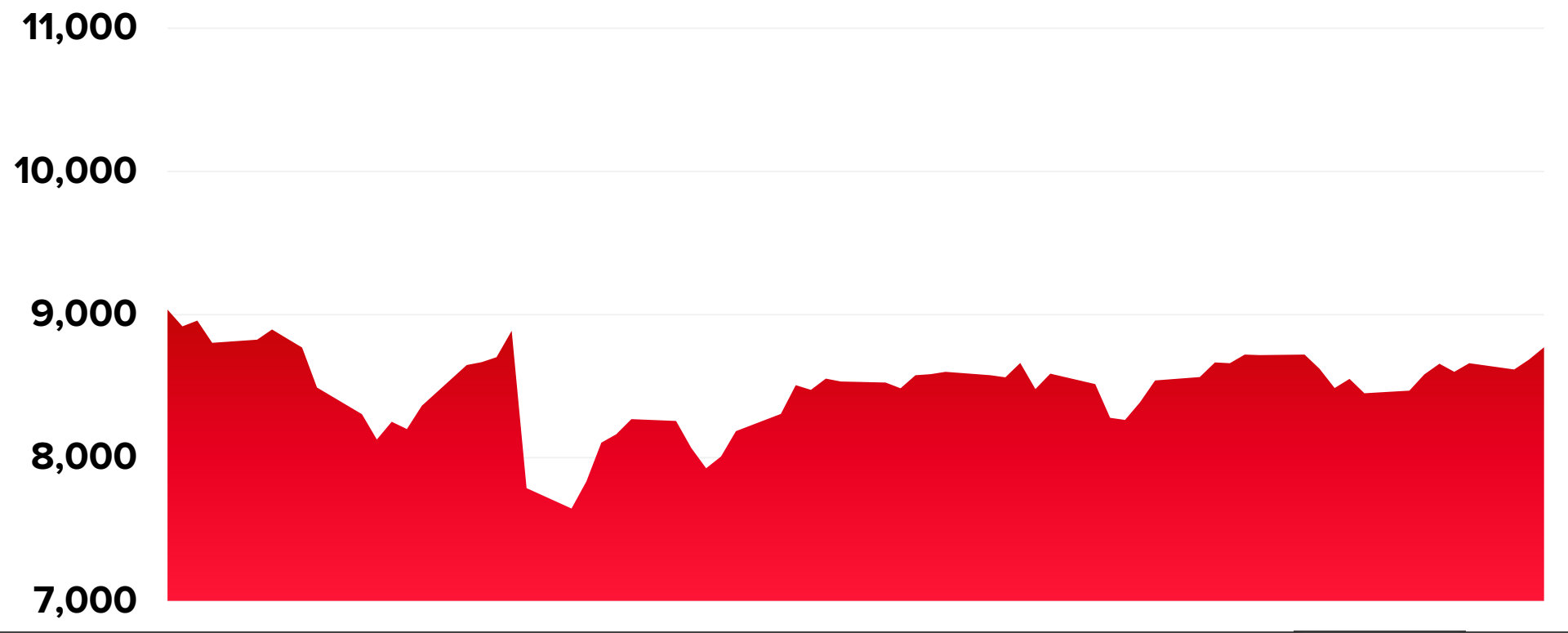
IBEX 35 3MO SPANISH CONTINUOUS MARKET



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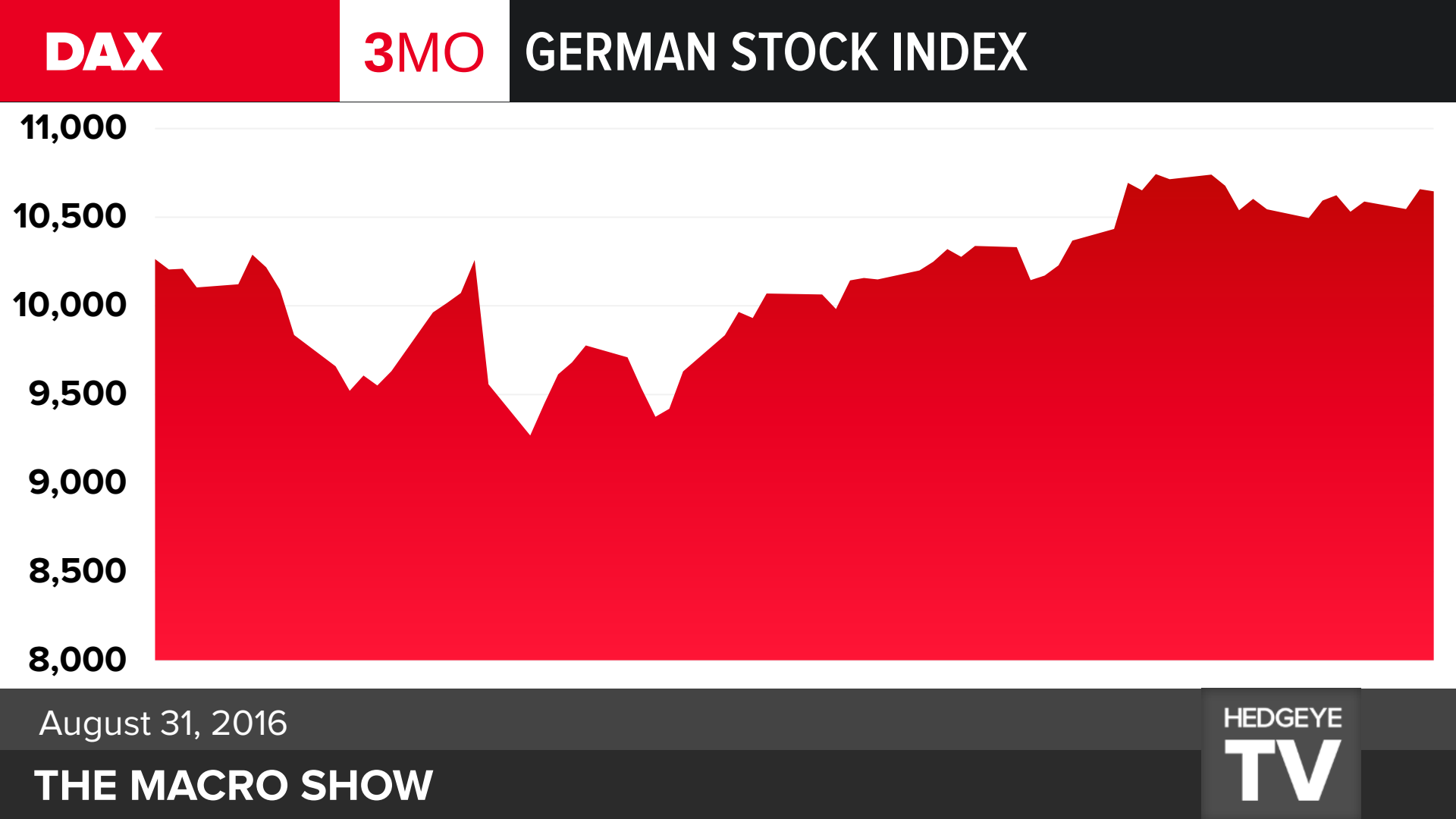
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UST 2YR

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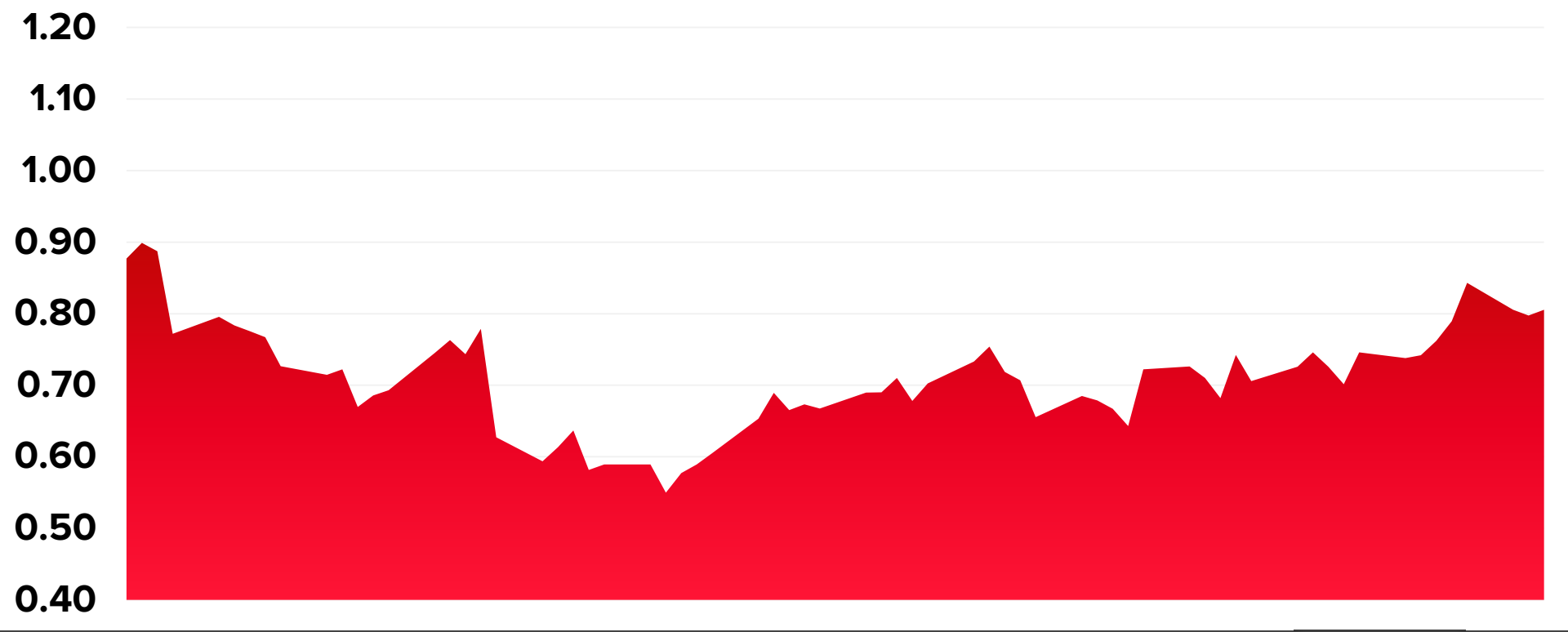
U.S. GENERIC GOVT 2-YEAR YIELD



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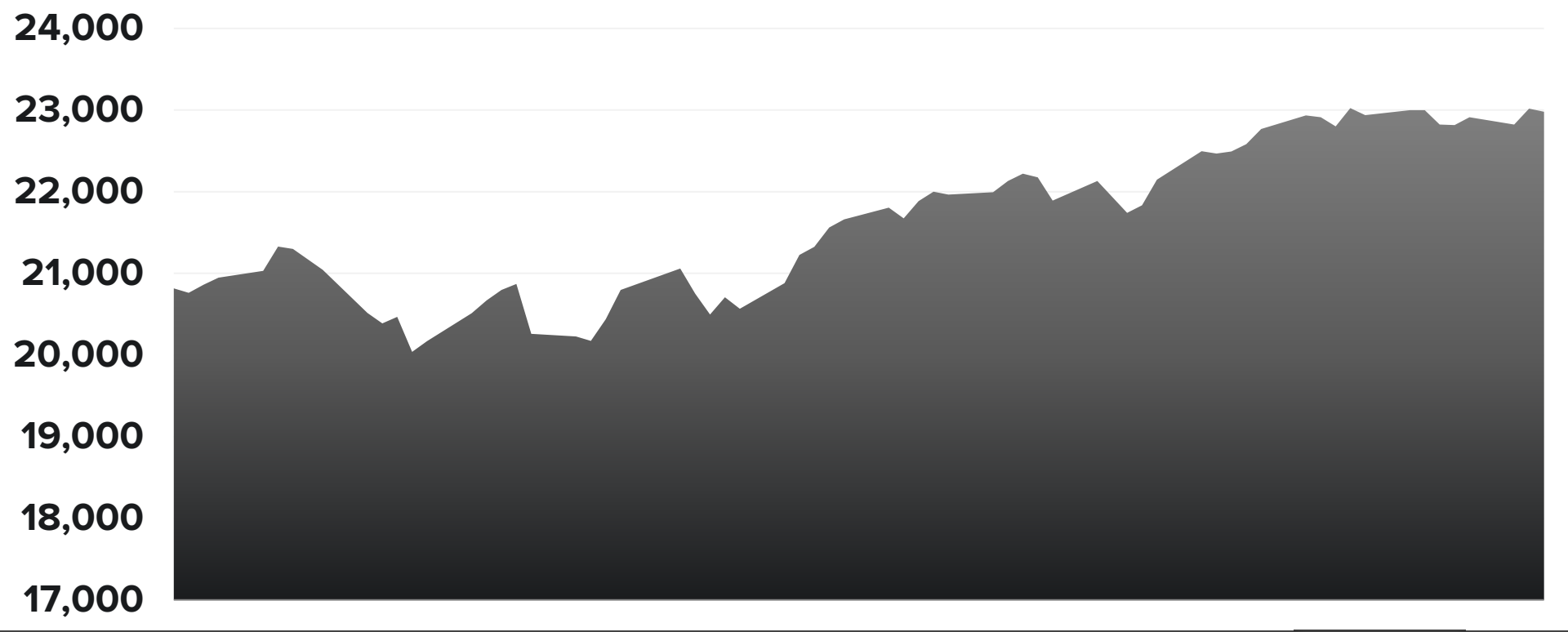
HSI 3MO HONG KONG HANG SENG INDEX



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SENSEX 3MO BSE INDIAN SENSEX INDEX

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KOSPI 3MO SOUTH KOREA KOSPI INDEX

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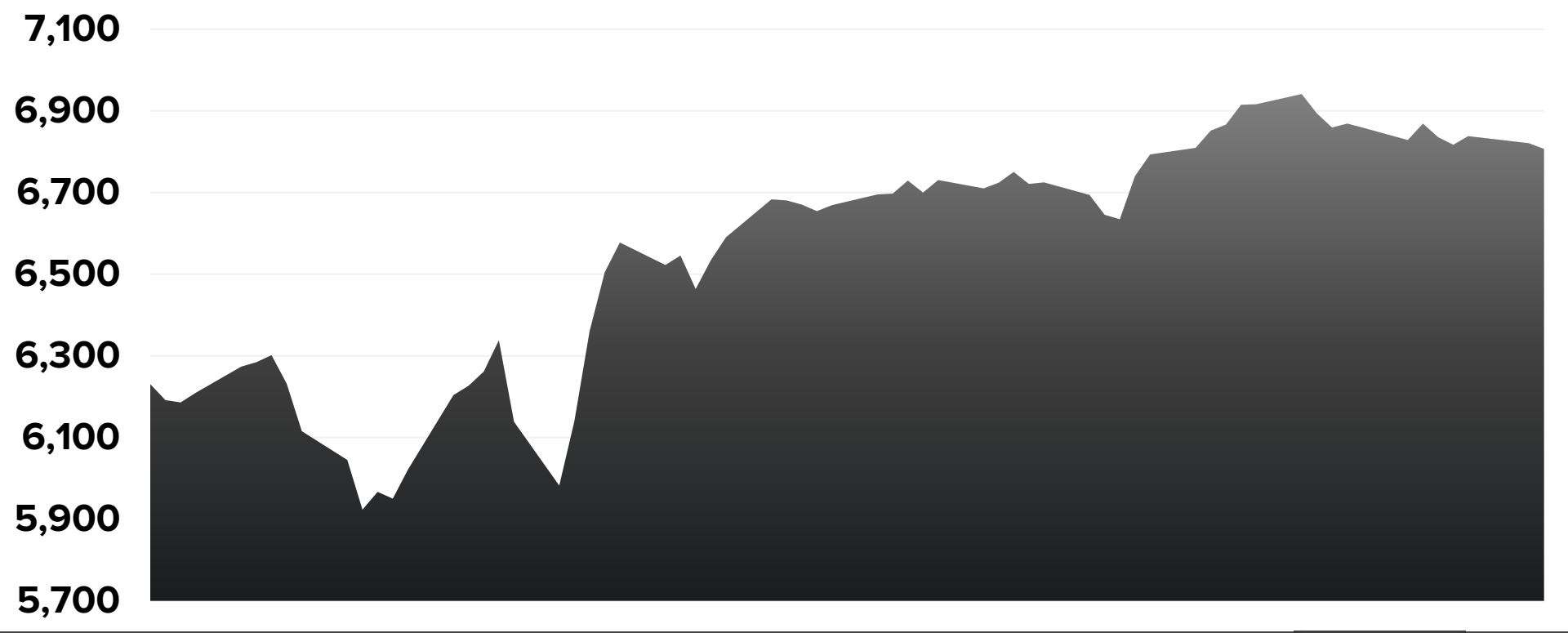
UKX 3MO UK FTSE 100 INDEX



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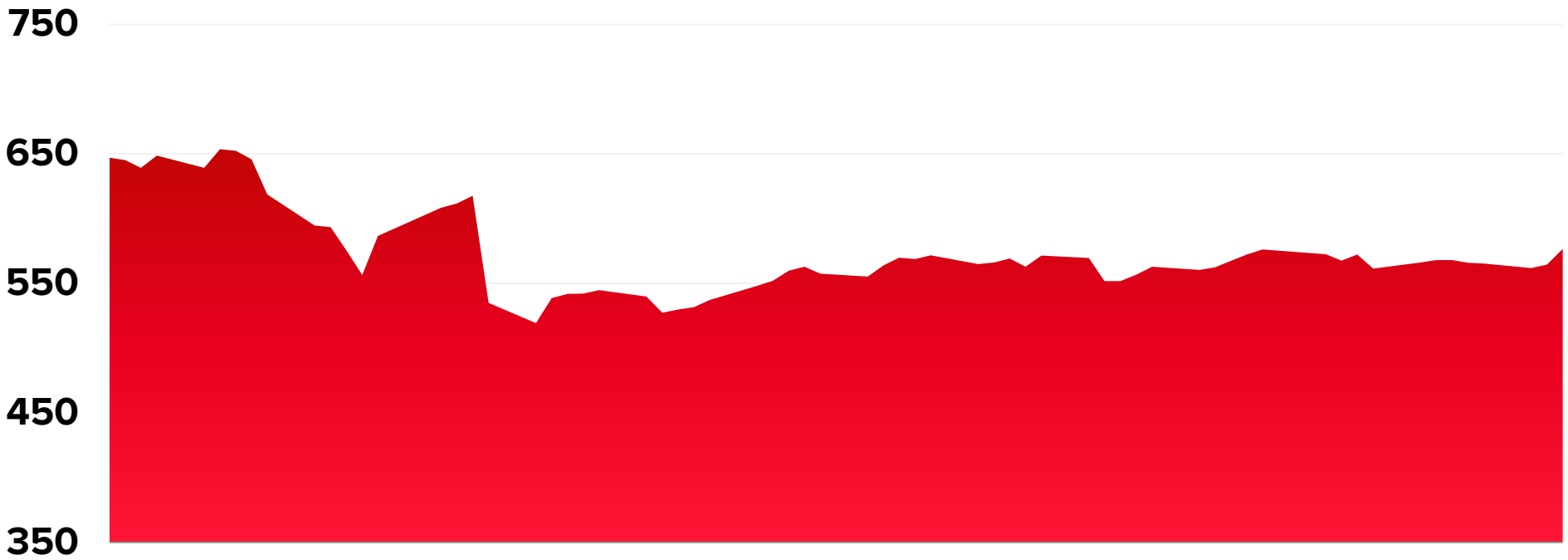
ASE 3MO ATHENS STOCK EXCHANGE GENERAL



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RTS

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RUSSIAN RTS INDEX

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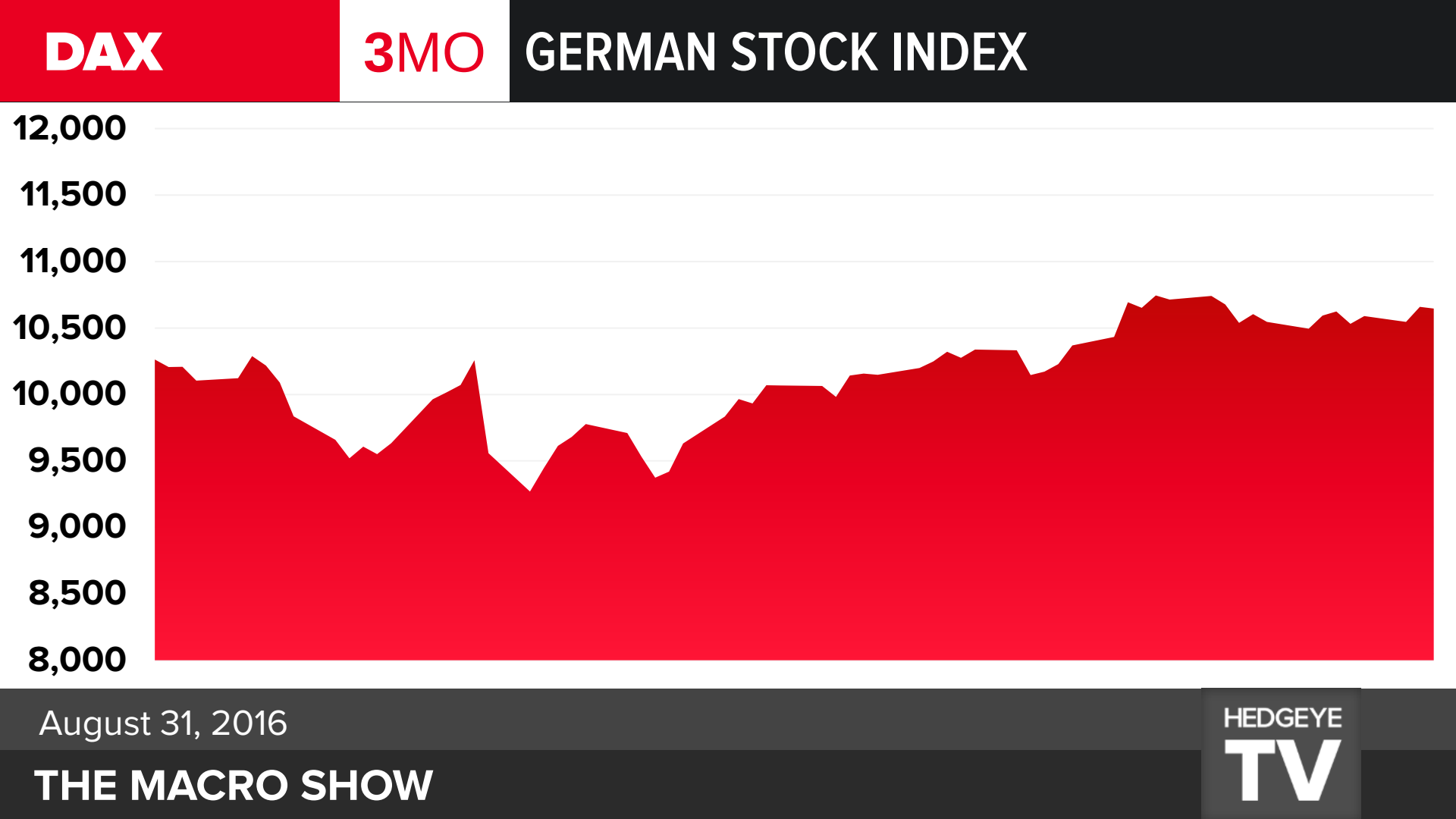
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GERMAN STOCK INDEX
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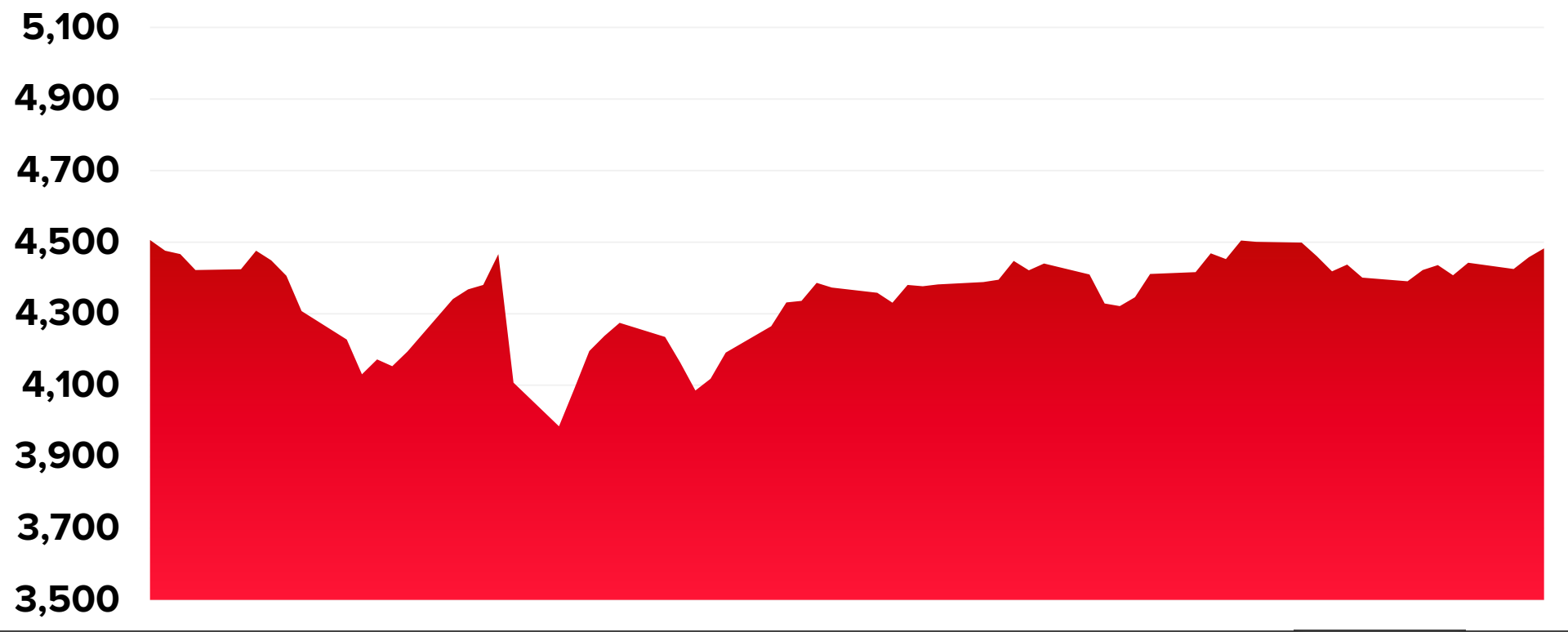
CAC

3MO

FRANCE CAC 40 INDEX



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FTSE MIB 3MO BORSA ITALIANA INDEX

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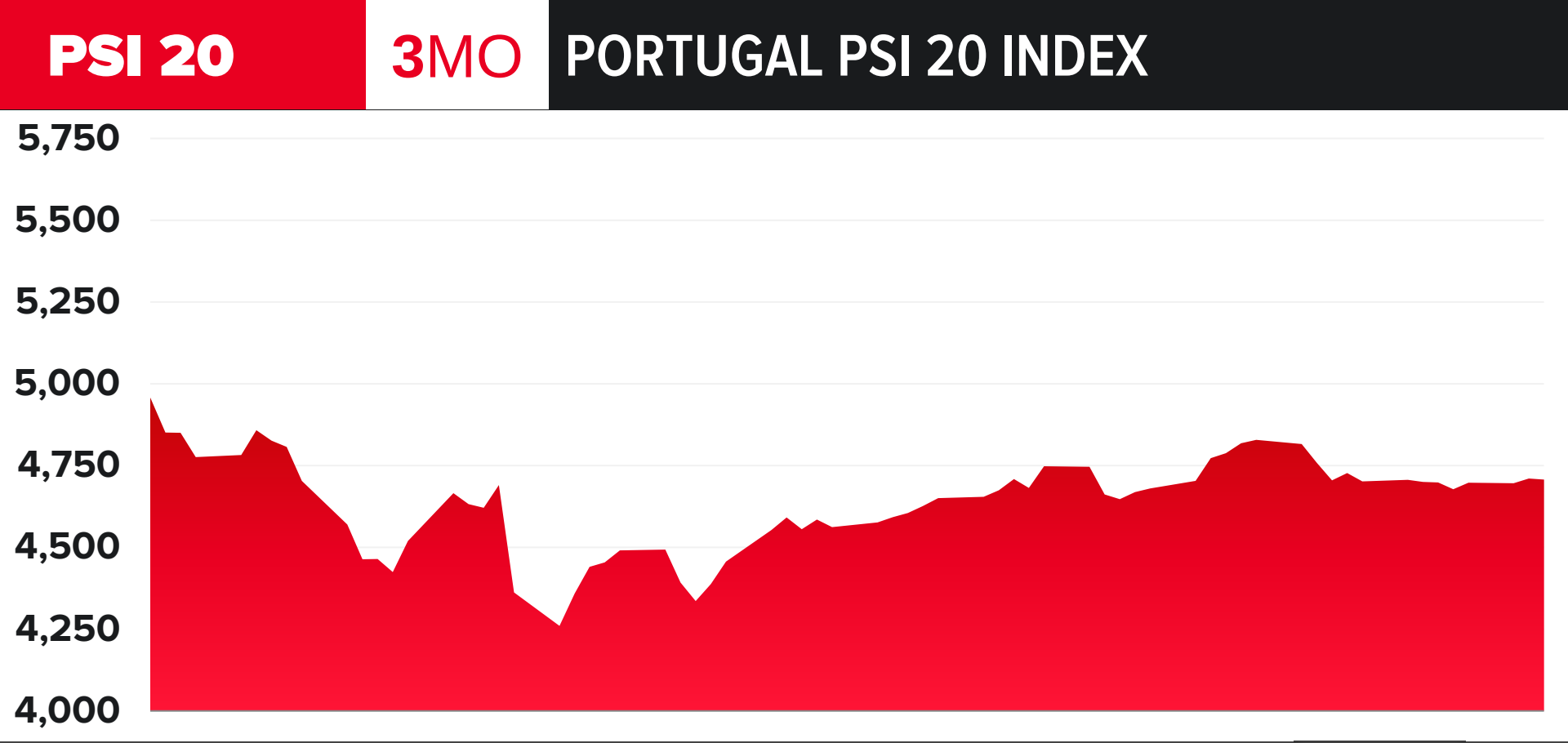
PSI 20
3MO
PORTUGAL PSI 20 INDEX
5,750
5,500
5,250
5,000
4,750
4,500
4,250
4,000
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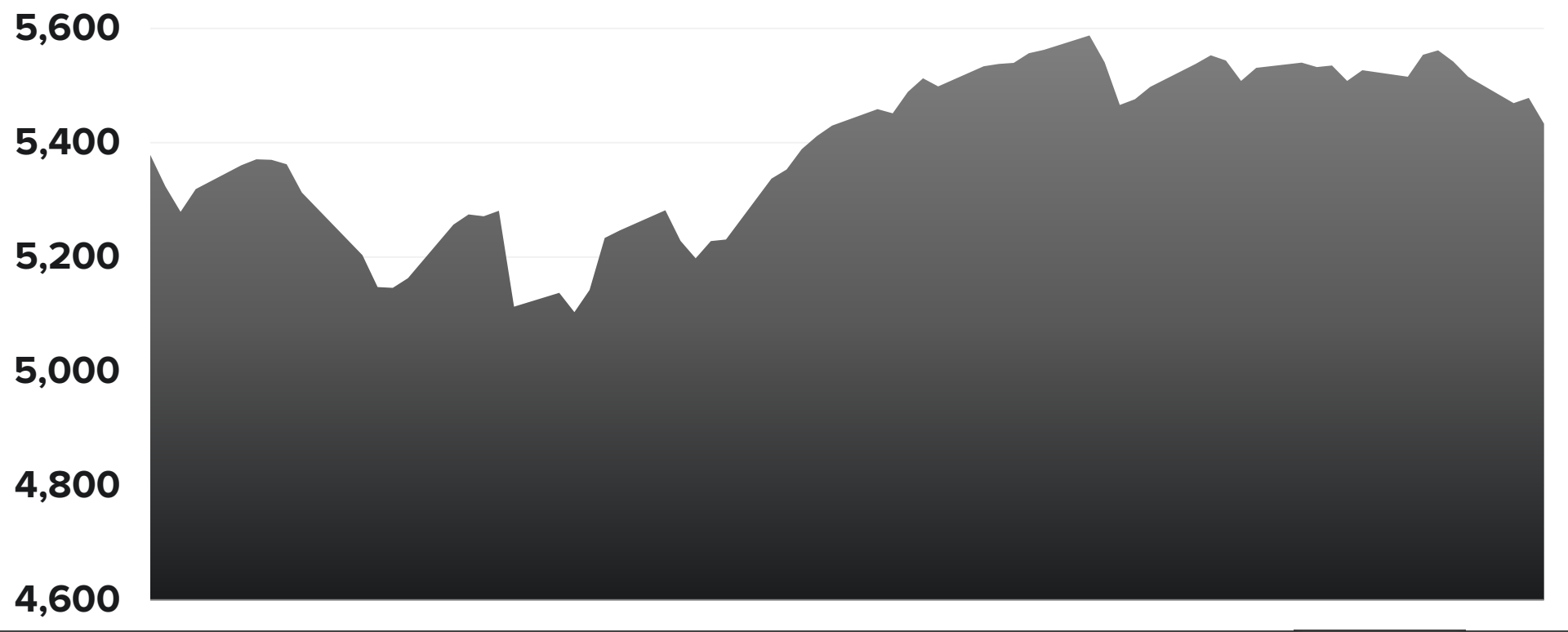
THE MACRO SHOW
HEDGEYE
TV

AS51 | 3MO | AUSTRALIA'S S&P/ASX 200 INDEX



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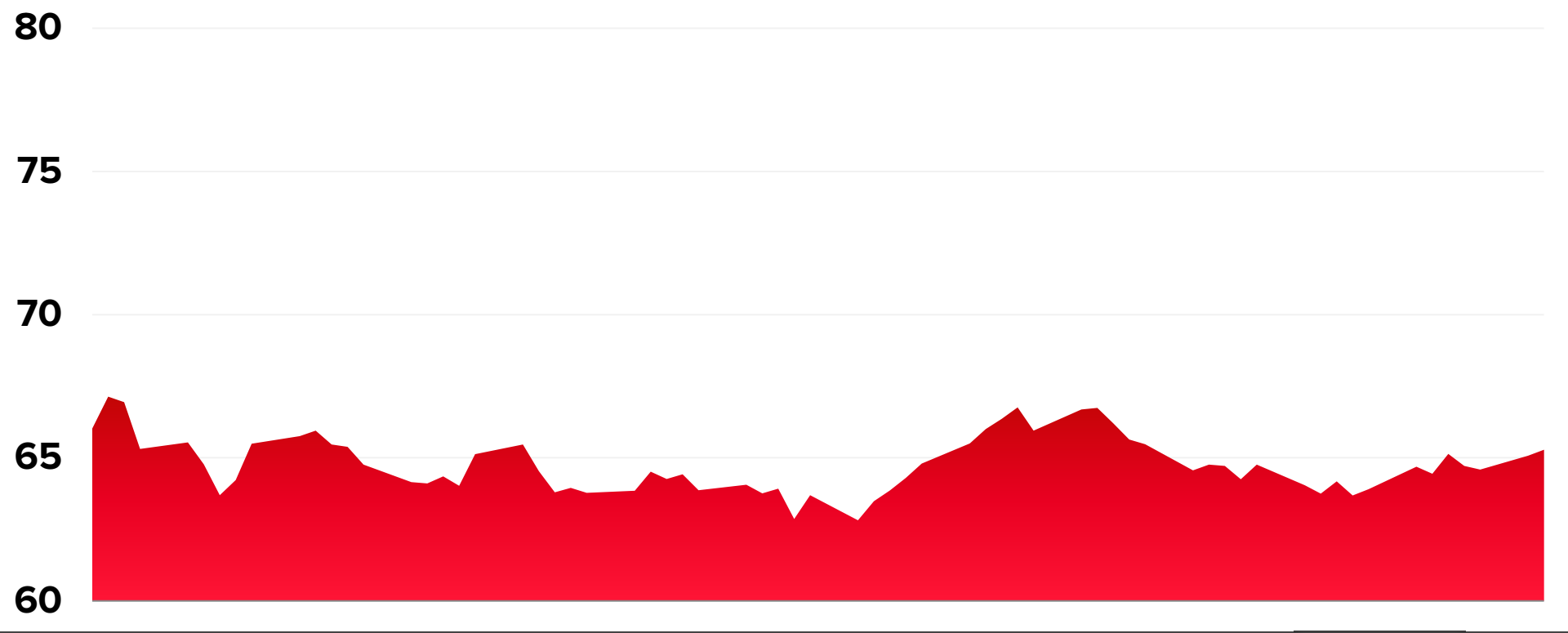
HEDGEYE TV

RUB

3MO

RUSSIAN RUBLE SPOT



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HEDGEYE TV

COA

3YR

BRENT CRUDE OIL FUTURE

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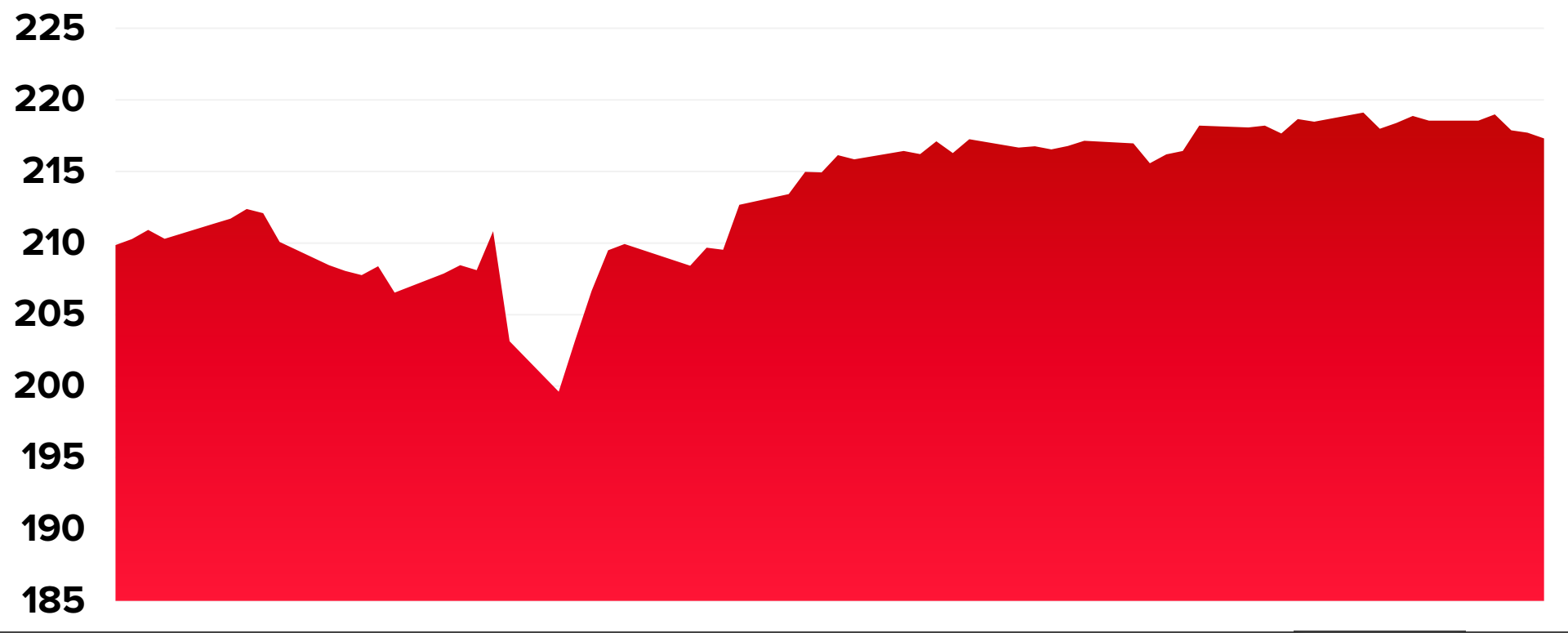
HEDGEYE TV

SPY

3YR

SPDR S&P 500 ETF TRUST



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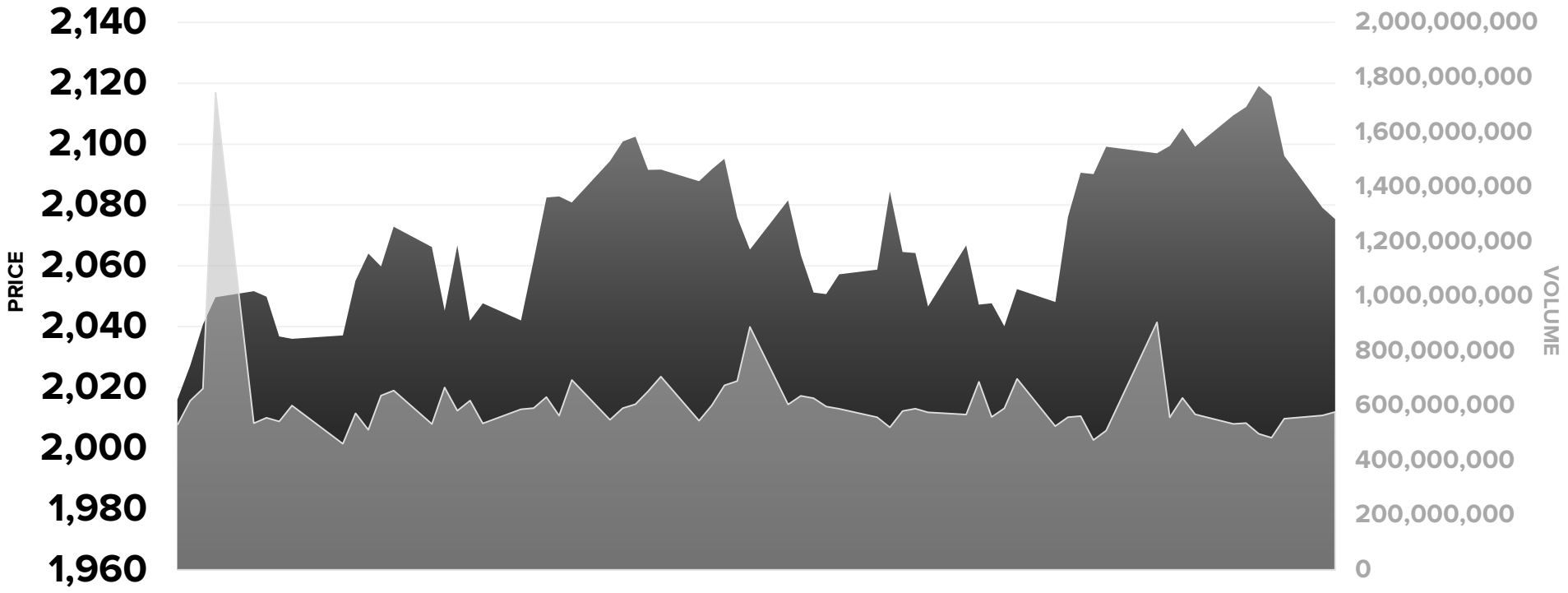
SPX | 3MO | S&P 500 INDEX



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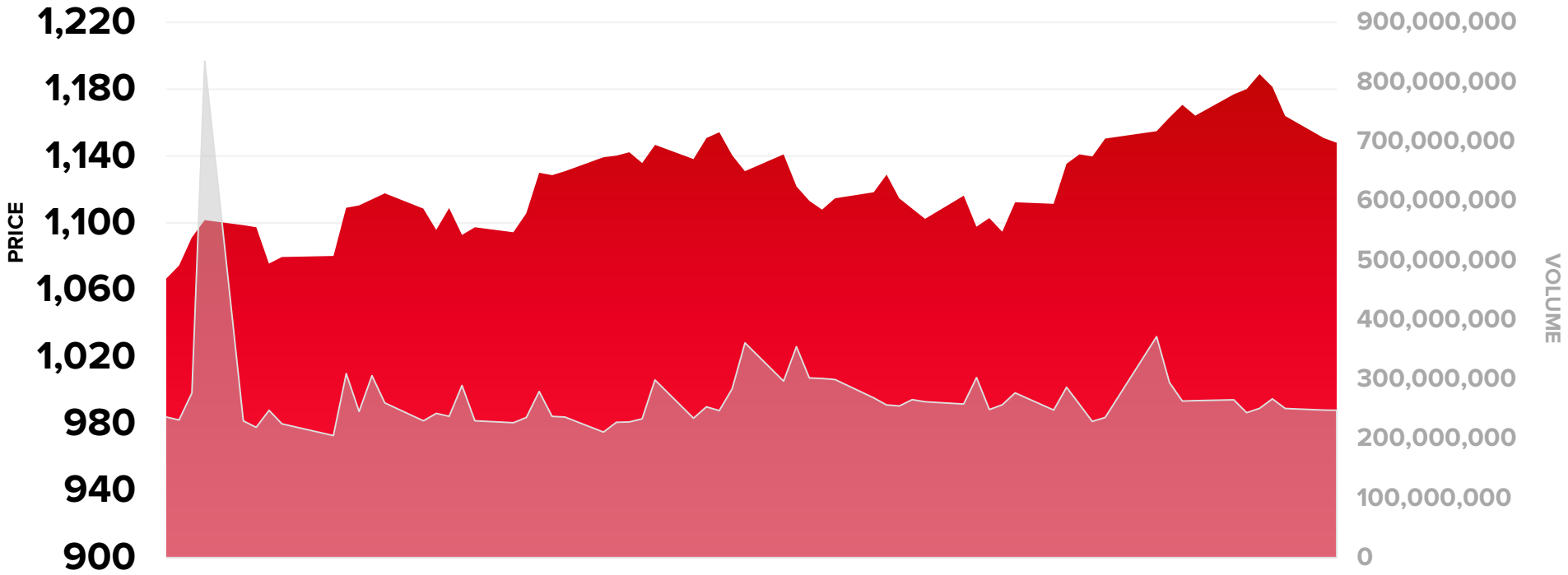
RTY 3MO RUSSELL 2000 INDEX



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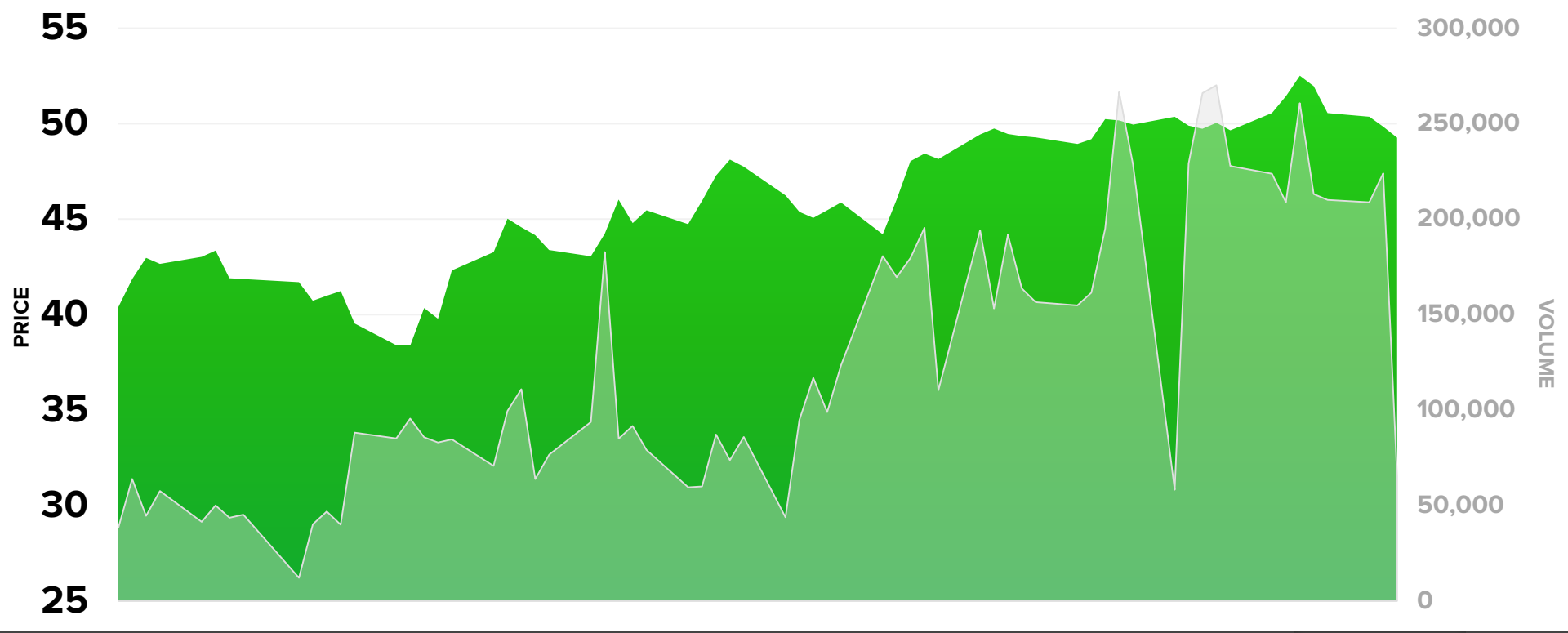
HEDGEYE TV

CLA 3MO WTI CRUDE OIL



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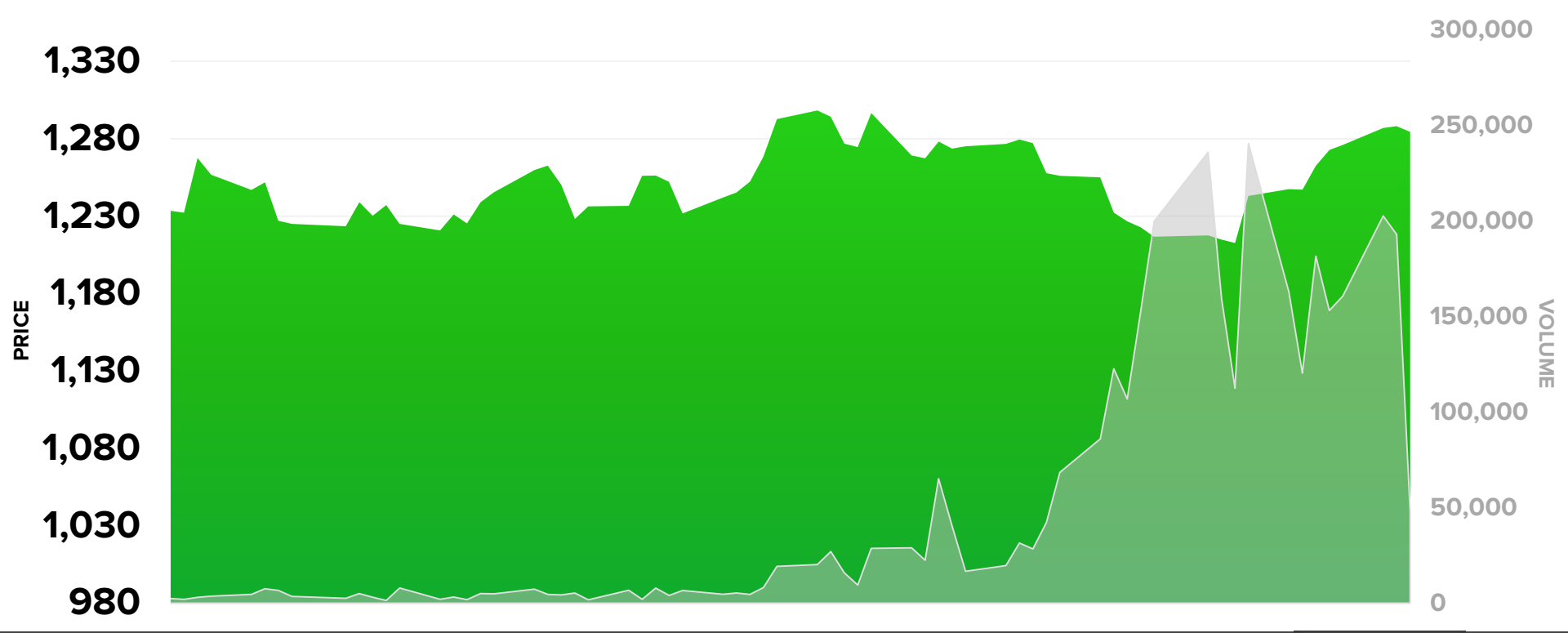
HEDGEYE TV

GOLD 3MO GOLD SPOT



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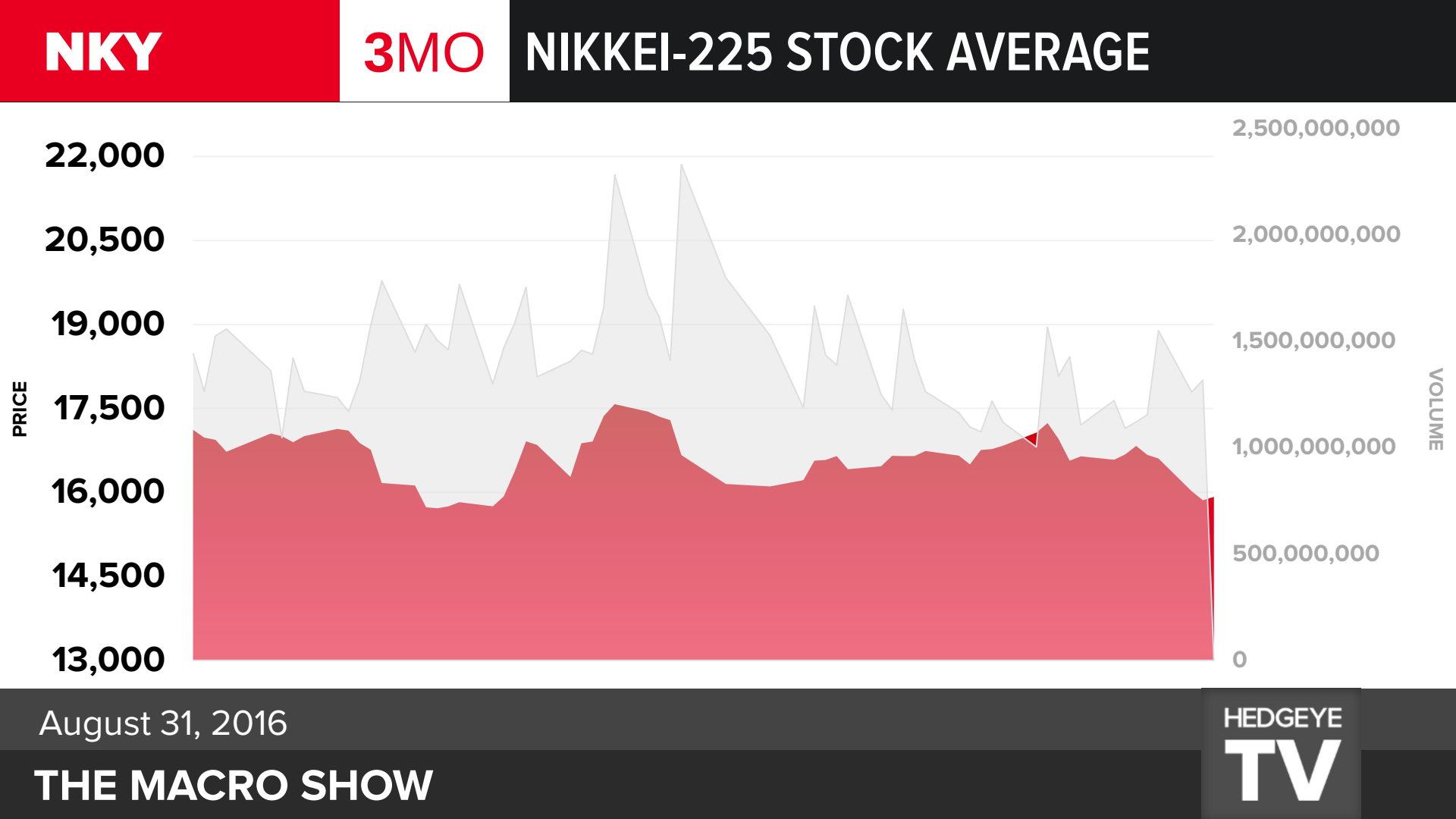
HEDGEYE TV


NKY
3MO
NIKKEI-225 STOCK AVERAGE
22,000
20,500
19,000
17,500
16,000
14,500
13,000
PRICE
2,500,000,000
2,000,000,000
1,500,000,000
1,000,000,000
500,000,000
0
VOLUME
August 31, 2016
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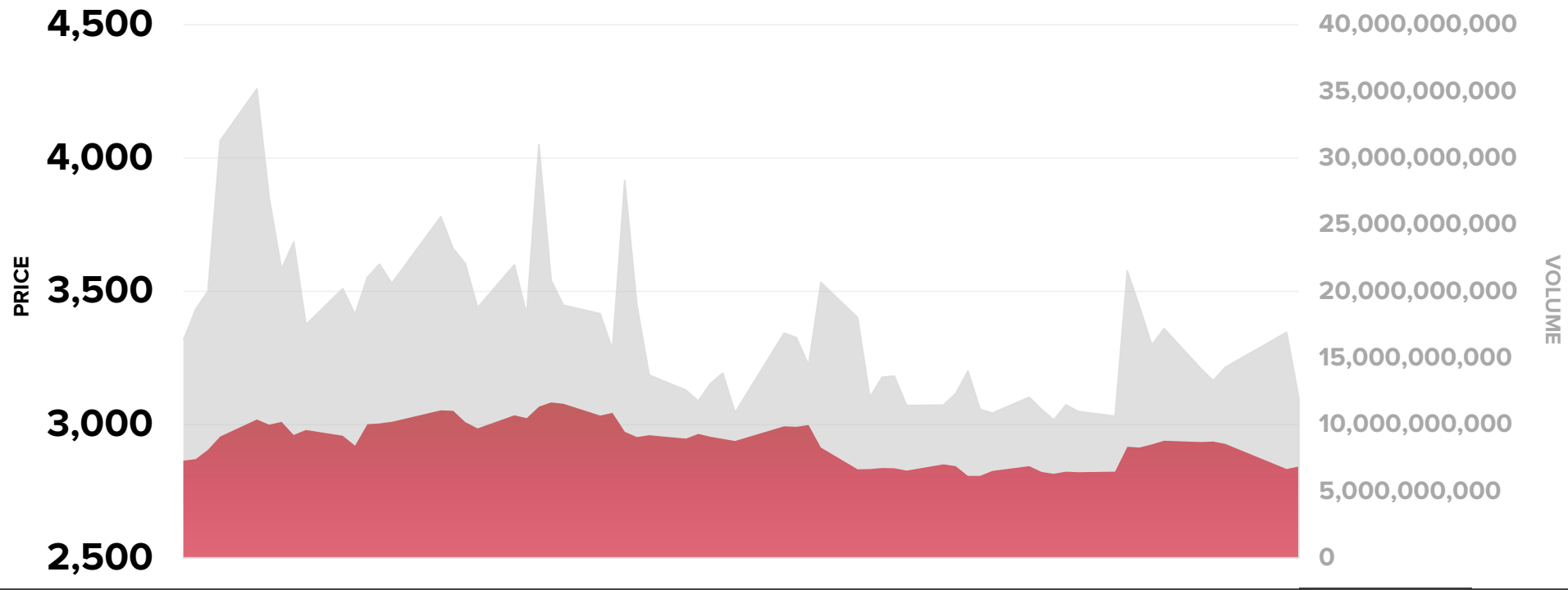
HEDGEYE
TV

SHCOMP 3MO SHANGHAI COMPOSITE INDEX



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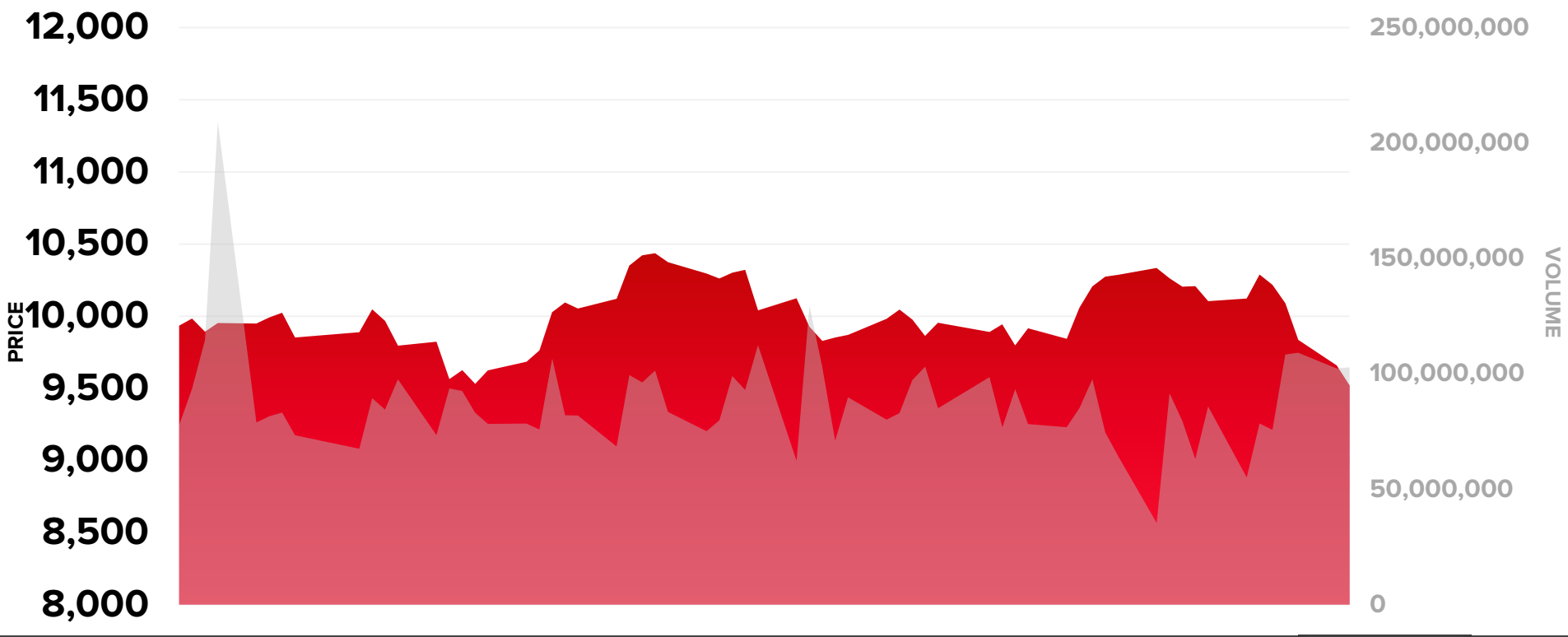
DAX 3MO GERMAN STOCK INDEX



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