THE MACRO SHOW

AUGUST 8, 2016

LEGAL

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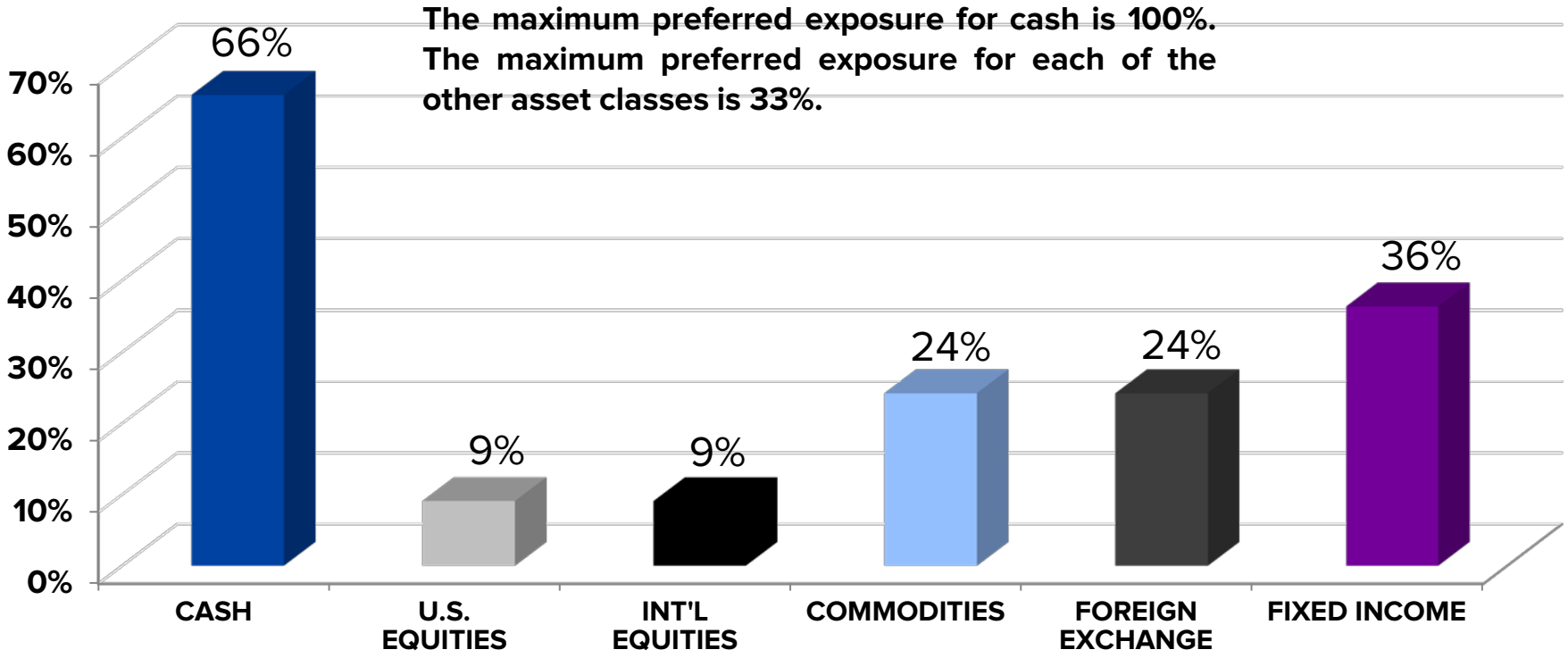
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
8/5/2016	64	4	6	6	10	10
8/8/2016	66	3	3	8	8	12

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
8/5/2016	64%	12%	18%	18%	30%	30%
8/8/2016	66%	9%	9%	24%	24%	36%

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

HEDGEYE ASSET ALLOCATION



August 8, 2016

THE MACRO SHOW

HEDGEYE TV

1 USD

2 UST 10YR

3 EQUITIES

USD

Next to Gold, USD remains our favorite currency right now after closing up another +0.7% last week taking it's 3-month run to +2.6%. The Euro (vs. USD) was down -0.8% last week (-2.8% in last 3 months) and remains our favorite short in our Q3 Macro Themes.

UST 10YR

The headline jobs number was “good” (rate of change in NFP slowed again to 1.72% vs. 2.10% in JUL 2015) and that got the UST 10YR to tap the top-end of our 1.45 - 1.60% risk range. The signal says that’s probably it with 1% GDP being goldilocks, for now…

EQUITIES

Globally, straight up this morning (the Nikkei loved the Up Dollar, Down Yen move) and this rarely happens all on the same day but SPY, DAX, and the Nikkei are all signaling immediate-term TRADE overbought this morning - everything is awesome at all-time highs.

MACRO GRIND

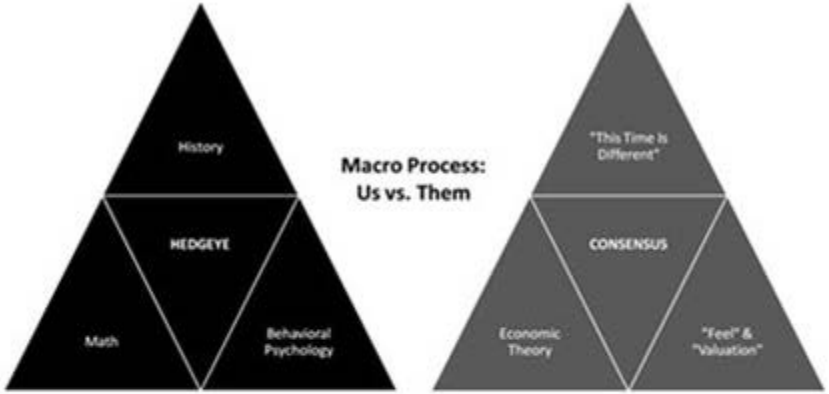
Q2 S&P REVENUE & EARNINGS COMPS

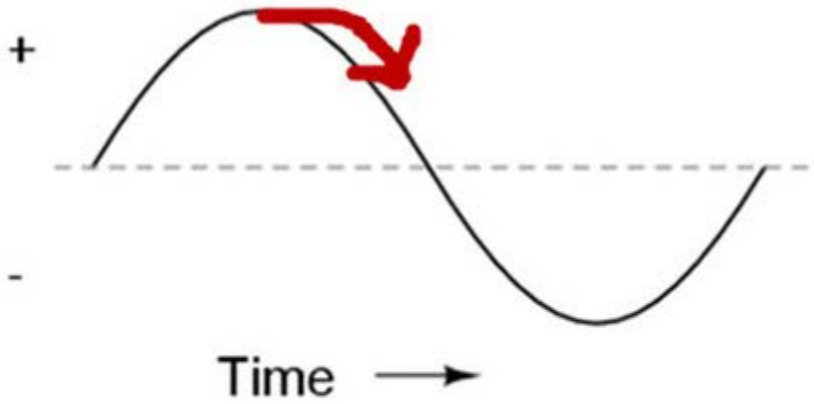
Q2 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	-0.6%	-4.3%	433 / 500
Energy	-24.2%	-81.6%	37 / 37
Materials	-7.4%	-8.8%	26 / 27
Industrials	-1.0%	-2.1%	65 / 68
Consumer Discretionary	8.0%	12.8%	54 / 83
Consumer Staples	0.8%	-0.4%	27 / 36
Healthcare	9.8%	6.2%	49 / 57
Financials	0.0%	-5.2%	91 / 92
Information Technology	-0.1%	-2.3%	54 / 67
Telecom	9.6%	3.5%	5 / 5
Utilities	-3.2%	6.5%	25 / 28

Source: BBG

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	$81.57	1.05%	-0.06%	4.36%
Financial Select Sector	XLF	$24.02	1.91%	1.56%	0.80%
Health Care Select Sector	XLV	$75.25	0.24%	0.07%	4.47%
Technology Select Sector	XLK	$47.05	0.97%	1.29%	9.85%
Consumer Staples Select Sector	XLP	$54.59	0.17%	-0.20%	8.12%
Industrial Select Sector	XLI	$58.31	1.00%	0.47%	10.00%
Materials Select Sector	XLB	$48.77	0.33%	0.16%	12.32%
The Energy Select Sector	XLE	$67.53	0.91%	0.22%	11.95%
Utilities Select Sector	XLU	$50.73	-1.44%	-2.67%	17.21%
S&P 500	SPX	2,182.87	0.86%	0.43%	6.80%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$81.57	0.19%	-0.49%	-2.44%
Financial Select Sector	XLF	$24.02	1.05%	1.14%	-6.00%
Health Care Select Sector	XLV	$75.25	-0.62%	-0.36%	-2.33%
Technology Select Sector	XLK	$47.05	0.11%	0.87%	3.06%
Consumer Staples Select Sector	XLP	$54.59	-0.70%	-0.63%	1.32%
Industrial Select Sector	XLI	$58.31	0.14%	0.04%	3.20%
Materials Select Sector	XLB	$48.77	-0.53%	-0.26%	5.52%
The Energy Select Sector	XLE	$67.53	0.05%	-0.20%	5.16%
Utilities Select Sector	XLU	$50.73	-2.30%	-3.09%	10.42%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.7%	-1.0%	4.5%	6.3%	19.4%	11.6%
	Low Debt/EV	0.8%	0.2%	4.4%	6.2%	17.3%	7.3%
SI	High Short Interest	1.2%	-0.1%	6.0%	6.8%	17.9%	6.0%
	Low Short Interest	1.0%	0.5%	4.7%	5.7%	16.8%	7.4%
BETA	High Beta	1.6%	0.4%	9.0%	8.3%	25.1%	6.7%
	Low Beta	-0.1%	-1.2%	-1.1%	4.7%	13.9%	13.3%
YIELD	High Yield	0.6%	-0.9%	3.0%	5.4%	14.9%	10.1%
	Low Yield	1.1%	0.6%	6.7%	8.5%	23.7%	9.5%
MKT CAP	MCAP Bottom 25%	1.1%	-0.6%	5.4%	4.2%	17.1%	5.6%
	MCAP Top 25%	1.0%	0.6%	4.0%	5.7%	16.2%	6.6%
Sales	Top 25% Sales Growth	0.9%	0.3%	4.3%	6.9%	23.2%	9.1%
	Bottom 25% Sales Growth	1.1%	-0.1%	5.7%	6.8%	18.1%	9.7%
EPS	Top 25% EPS Growth	1.0%	0.2%	5.8%	6.7%	21.8%	8.0%
	Bottom 25% EPS Growth	1.0%	-0.3%	3.9%	4.9%	17.9%	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	0.26%	0.5	0.5	-1	7	-10	31	18	19
3M LIBOR	0.79%	0.0	2.9	13	16	0	48	44	43
2Y T-Note	0.72%	7.9	6.7	14	0	-38	23	15	27
5Y T-Note	1.14%	10.8	11.3	19	-7	-69	25	-37	-10
10Y T-Note	1.59%	8.8	13.5	22	-16	-79	27	-69	-54
30Y T-Note	2.31%	6.0	13.1	18	-29	-82	23	-77	-76
2Y-10Y Spread, Bps	87	0.9	6.9	7.5	-16	-41	4	-84	-82
IG SPREAD (AAABBB)	1.68%	-3.0	-1.0	-11	-13	-62	4	-2	-17
HIGH YIELD	6.49%	-7.4	-4.9	-34	-92	-284	12	-12	-29
5Y BREAKEVEN	1.35%	3.1	2.4	-9.4	-18.7	-29.1	49.3	-23.9	-37.6

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)	132,682	(42,606)	75,588	(27,695)	(91,087)	1.89X	1.57X
Russell 2000 (mini)	(1,948)	5,991	(26,839)	(42,920)	(42,839)	2.76X	1.10X
10Y Treasury	96,007	(45,131)	18,751	(1,360)	(2,628)	1.51X	1.87X
CRUDE OIL	294,109	(15,342)	358,345	342,119	302,140	-0.14X	-0.71X
GOLD	267,289	10,359	237,190	195,062	109,023	1.57X	2.69X
COPPER	2,759	(2,112)	(22,624)	(18,279)	(21,233)	1.72X	1.36X
$USD	17,560	(4,853)	12,364	16,402	30,330	-0.79X	-0.53X
JPY	37,153	3,211	43,017	49,123	9,803	0.55X	1.56X
EUR	(116,265)	5,289	(67,670)	(58,746)	(86,164)	-0.69X	-0.47X
GBP	(82,151)	(3,920)	(51,169)	(44,793)	(30,716)	-2.42X	-2.41X

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (8/5) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	10%	2%	-7%	-15%
Total Exchange Volume**	7%	5%	-2%	-8%
Total Traded Value (R3K)***	12%	4%	-3%	-7%

*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)

KEY $USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	0.27	0.23	0.58	-0.19	-0.44	*0.77*	*-0.91*	*58%*	*42%*
BRENT Oil	0.75	0.00	-0.04	-0.46	-0.63	*0.73*	*-0.78*	*38%*	*62%*
CRB Index	0.58	0.11	-0.30	-0.46	-0.83	*0.71*	*-0.91*	*24%*	*76%*
GOLD	-0.92	-0.58	0.53	0.15	-0.67	*0.90*	*-0.95*	*24%*	*76%*

**Days = Trading Days*

EMPLOYMENT SUMMARY

	Jul-16	Jun-16	May-16	Apr-16	Mar-16	Feb-16	Jan-16	Dec-15	Nov-15	Oct-15	Sep-15	Aug-15	Jul-15
Total Nonfarm Payrolls	144,448	144,193	143,901	143,877	143,733	143,547	143,314	143,146	142,875	142,595	142,300	142,151	142,001
NFP, M/M Chg	**255**	**292**	**24**	**144**	**186**	**233**	**168**	**271**	**280**	**295**	**149**	**150**	277
3M Ave Chg	190	153	118	188	196	224	240	282	241	198	192	218	259
6M Ave Chg	189	175	171	214	239	233	219	237	230	229	221	211	230
NFP, Y/Y %	*1.72%*	*1.74%*	*1.70%*	*1.88%*	*1.96%*	*1.89%*	*1.91%*	*1.95%*	*1.97%*	*2.01%*	*1.95%*	*2.05%*	*2.10%*
NFP, 2Y Ave Growth	*1.91%*	*1.91%*	*1.92%*	*1.99%*	*2.05%*	*2.09%*	*2.06%*	*2.07%*	*1.99%*	*2.00%*	*1.97%*	*1.98%*	*2.03%*

July = Good absolute, YoY Decelerates, No Change in Trend (still past peak, decelerating)