THE MACRO SHOW

SEPTEMBER 1, 2016

LEGAL

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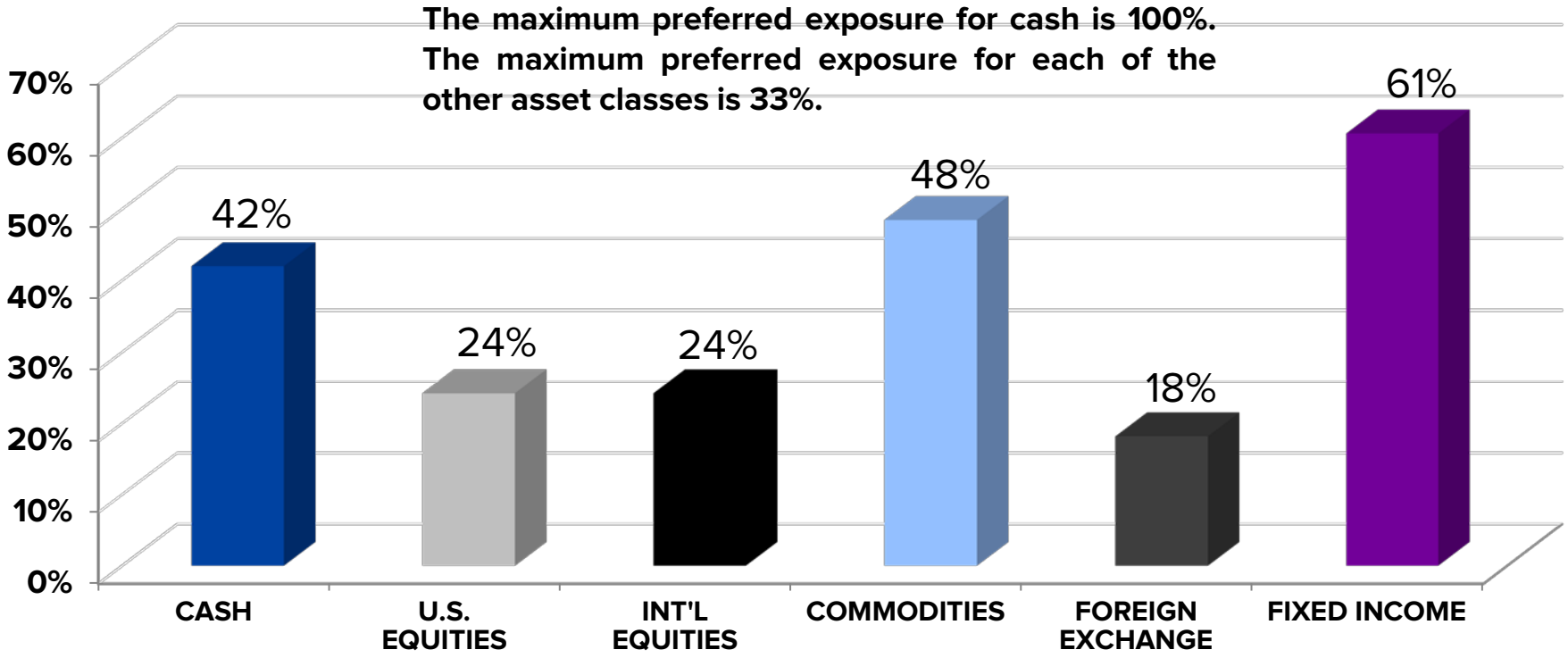
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
8/31/2016	43	7	8	16	6	20
9/1/2016	42	8	8	16	6	20

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
8/31/2016	43%	21%	24%	48%	18%	61%
9/1/2016	42%	24%	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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HEDGEYE TV

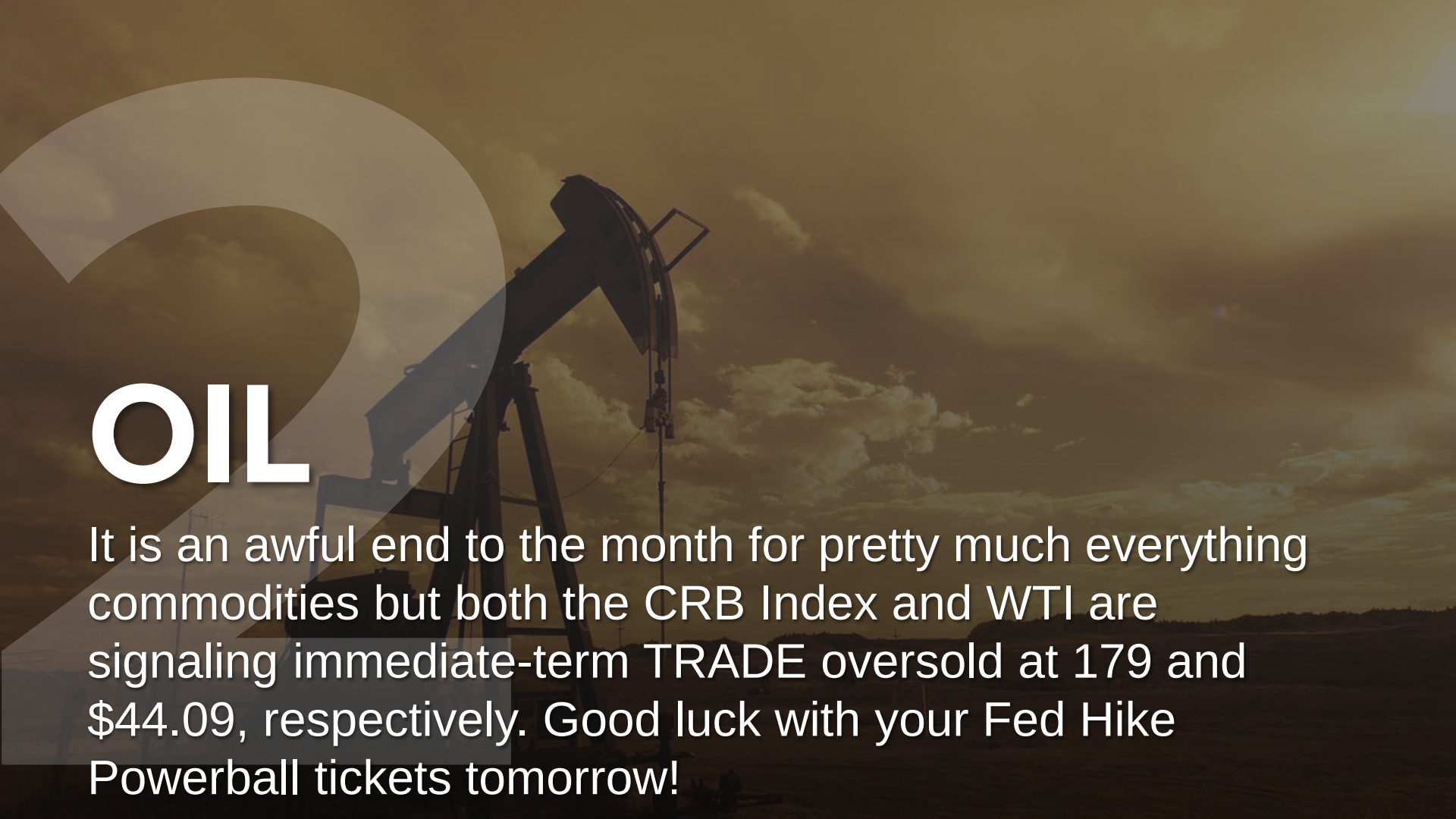
1 UK

2 OIL

3 USA

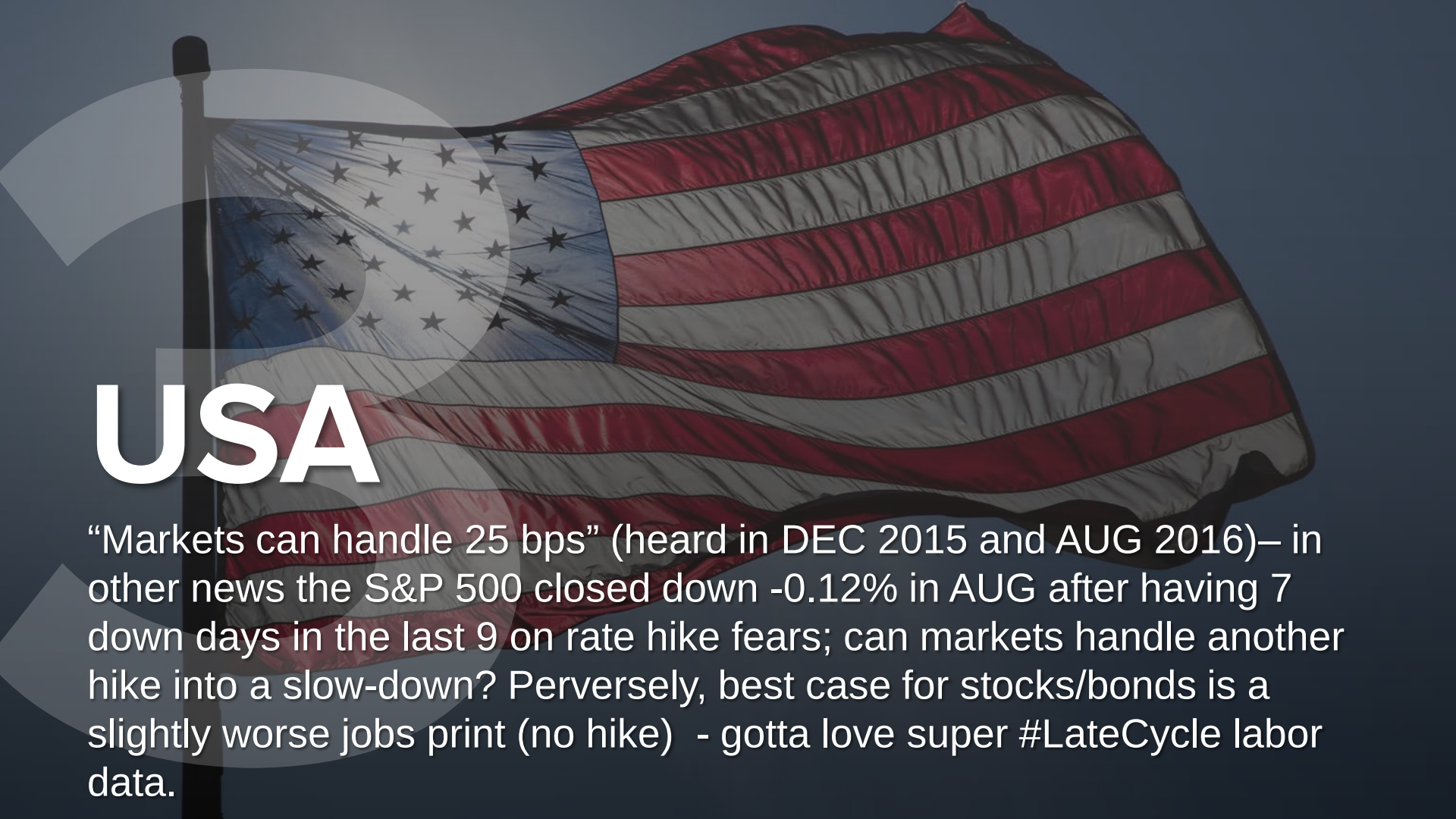
UK

It doesn’t take much of a “growth scare” (1 data point) to get bond yields up, the 10YR Gilt is up +6bps to 0.70% and the GBP/USD moved up +0.8% to the top-end of it’s immediate-term risk range on a UK PMI print of 53.3 for AUG vs. 48.2 (we’d fade the macro move).



OIL

It is an awful end to the month for pretty much everything commodities but both the CRB Index and WTI are signaling immediate-term TRADE oversold at 179 and $44.09, respectively. Good luck with your Fed Hike Powerball tickets tomorrow!



USA

“Markets can handle 25 bps” (heard in DEC 2015 and AUG 2016)– in other news the S&P 500 closed down -0.12% in AUG after having 7 down days in the last 9 on rate hike fears; can markets handle another hike into a slow-down? Perversely, best case for stocks/bonds is a slightly worse jobs print (no hike) - gotta love super #LateCycle labor data.

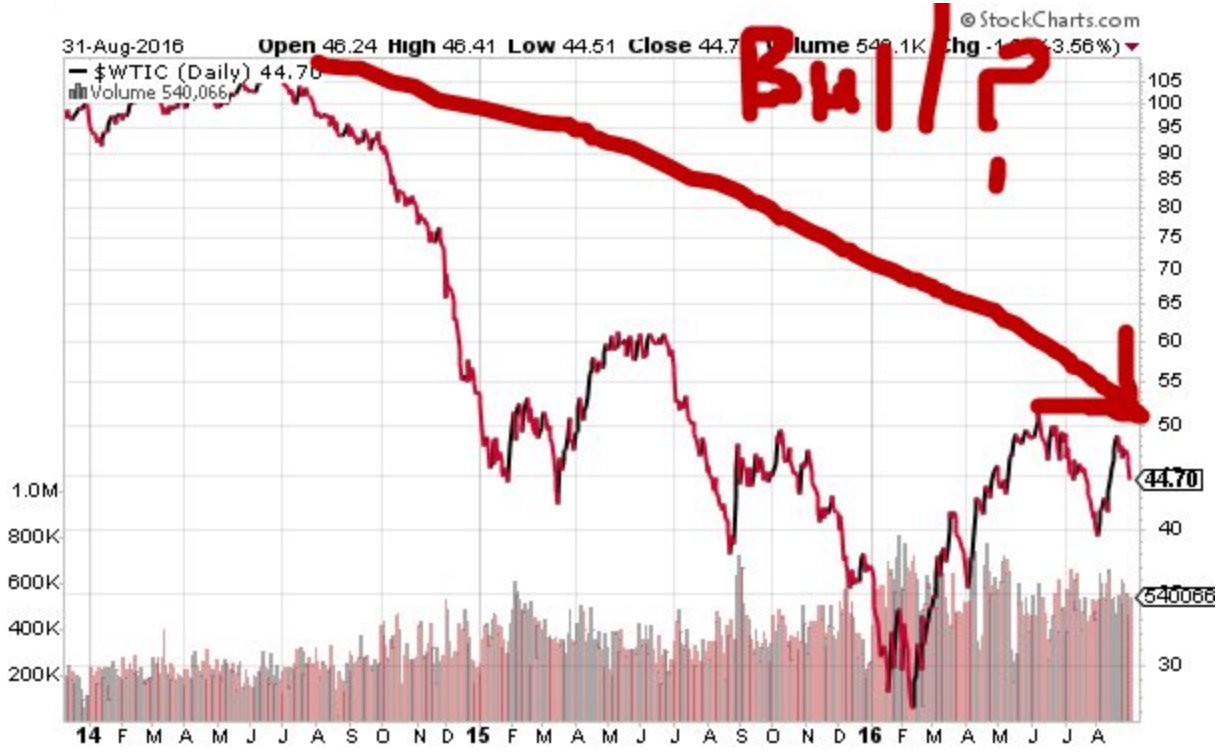
MACRO GRIND

10-YEAR GOVT BOND YIELDS

COUNTRY	YIELD	1 DAY	1 MONTH	1 YEAR
Germany »	-0.05%	+2	+5	-84
United Kingdom »	0.70%	+6	-2	-123
France	0.19%	+1	+7	-97
Italy	1.15%	+1	-3	-84
Spain	1.02%	+1	-1	-112
Netherlands	0.06%	+2	+6	-94
Portugal	3.00%	-1	+13	+30
Greece	7.94%	+1	-9	-110
Switzerland	-0.51%	+2	+12	-38

Vs.

LIGHT CRUDE OIL



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REUTERS/JEFFERIES CRB INDEX

LONDON FINANCIAL TIMES INDEX

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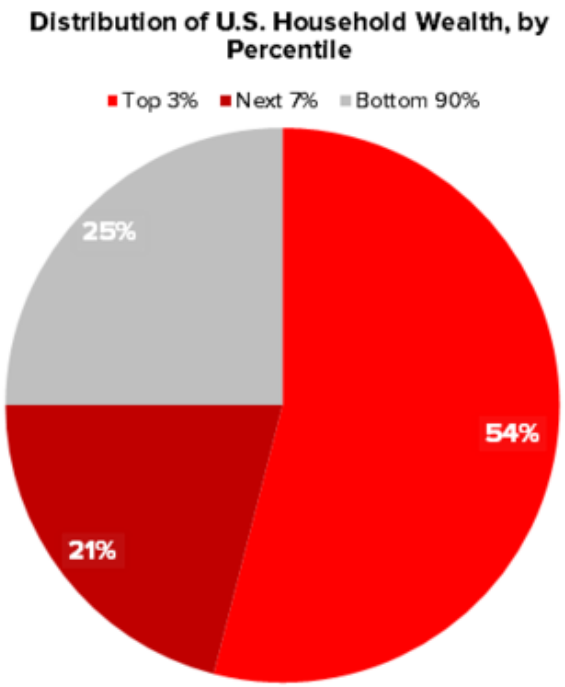
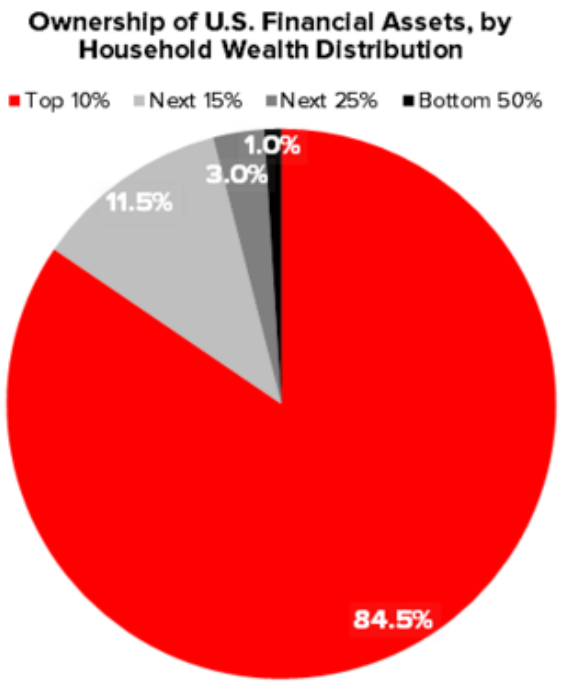
THE TOP 10% LOVES ASSET PRICE INFLATION





S&P500 SALES & EARNINGS GROWTH

Q2 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	-0.6%	-4.1%	495 / 500
Energy	-24.2%	-81.6%	37 / 37
Materials	-7.3%	-9.1%	27 / 27
Industrials	-1.3%	-2.1%	68 / 68
Consumer Discretionary	6.5%	9.8%	82 / 83
Consumer Staples	0.8%	0.1%	34 / 36
Healthcare	8.8%	4.8%	57 / 57
Financials	0.7%	-7.0%	64 / 64
Information Technology	-4.5%	-3.5%	65 / 67
Telecom	9.6%	3.5%	5 / 5
Utilities	-2.4%	8.9%	28 / 28

Source: BBG

HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$80.56	-0.26%	-1.30%	3.07%
Financial Select Sector	XLF	$24.56	0.08%	3.85%	3.06%
Health Care Select Sector	XLV	$72.76	-0.30%	-3.24%	1.01%
Technology Select Sector	XLK	$46.99	-0.17%	1.16%	9.71%
Consumer Staples Select Sector	XLP	$54.38	0.13%	-0.59%	7.70%
Industrial Select Sector	XLI	$58.59	-0.56%	0.95%	10.53%
Materials Select Sector	XLB	$48.56	-1.00%	-0.27%	11.84%
The Energy Select Sector	XLE	$68.51	-1.58%	1.68%	13.58%
Utilities Select Sector	XLU	$49.23	0.41%	-5.54%	13.75%
S&P 500	SPX	2,170.95	-0.24%	-0.12%	6.21%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$80.56	-0.02%	-1.18%	-3.14%
Financial Select Sector	XLF	$24.56	0.32%	3.97%	-3.15%
Health Care Select Sector	XLV	$72.76	-0.06%	-3.12%	-5.20%
Technology Select Sector	XLK	$46.99	0.07%	1.28%	3.50%
Consumer Staples Select Sector	XLP	$54.38	0.37%	-0.46%	1.49%
Industrial Select Sector	XLI	$58.59	-0.32%	1.07%	4.31%
Materials Select Sector	XLB	$48.56	-0.76%	-0.15%	5.62%
The Energy Select Sector	XLE	$68.51	-1.34%	1.80%	7.36%
Utilities Select Sector	XLU	$49.23	0.65%	-5.42%	7.53%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.5%	-0.5%	-0.8%	3.9%	18.8%	11.2%
	Low Debt/EV	-0.4%	-1.1%	-0.5%	3.3%	11.0%	6.6%
SI	High Short Interest	-0.7%	-1.0%	0.3%	4.8%	12.4%	5.7%
	Low Short Interest	-0.1%	0.2%	0.3%	2.7%	13.4%	7.7%
BETA	High Beta	-0.8%	0.1%	1.7%	4.1%	23.5%	7.9%
	Low Beta	0.1%	-0.9%	-3.3%	2.5%	9.0%	10.5%
YIELD	High Yield	-0.4%	-0.4%	-1.2%	4.4%	12.3%	9.8%
	Low Yield	-0.5%	-0.5%	0.2%	4.2%	17.9%	8.0%
MKT CAP	MCAP Bottom 25%	-0.6%	-0.6%	0.1%	3.3%	13.9%	6.4%
	MCAP Top 25%	-0.2%	-0.2%	0.0%	3.0%	11.9%	5.9%
Sales	Top 25% Sales Growth	-0.8%	-0.7%	0.4%	3.3%	21.2%	10.3%
	Bottom 25% Sales Growth	-0.4%	-0.6%	-0.4%	4.9%	12.9%	7.9%
EPS	Top 25% EPS Growth	-0.4%	-0.2%	-0.1%	3.0%	16.8%	6.6%
	Bottom 25% EPS Growth	-0.7%	-0.7%	-0.3%	3.1%	15.3%	8.9%

**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%	0.5	1.5	8	4	-3	38	24	26
3M LIBOR	0.84%	0.0	1.7	8	16	0	53	49	47
2Y T-Note	0.81%	0.8	4.3	15	-7	-29	31	22	35
5Y T-Note	1.19%	1.5	4.7	17	-18	-63	30	-30	-5
10Y T-Note	1.57%	0.9	1.4	12	-27	-80	26	-67	-55
30Y T-Note	2.23%	-0.2	-2.0	4	-42	-91	14	-82	-83
2Y-10Y Spread, Bps	77	0.1	-3.0	-2.8	-20	-51	-5	-90	-90
IG SPREAD (AAABBB)	1.63%	0.0	0.0	-6	-16	-67	3	-7	-22
HIGH YIELD	6.26%	0.0	-0.1	-27	-99	-307	0	-34	-49
5Y BREAKEVEN	1.29%	-1.6	-5.7	-3.8	-20.2	-35.3	43.1	-28.9	-43.2

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)	(35,719)	*-2.34X*	*-2.59X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (8/31) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	18%	11%	1%	-10%
Total Exchange Volume**	20%	12%	1%	-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)

Source: Bloomberg, Hedgeye

KEY $USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.27	-0.39	0.44	0.40	-0.52	*0.73*	*-0.91*	*55%*	*45%*
BRENT Oil	-0.74	-0.53	-0.35	-0.10	-0.67	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.76	-0.28	-0.55	-0.10	-0.82	*0.71*	*-0.91*	*23%*	*77%*
GOLD	-0.64	-0.39	0.43	0.40	-0.60	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*