THE MACRO SHOW

SEPTEMBER 15, 2016

LEGAL

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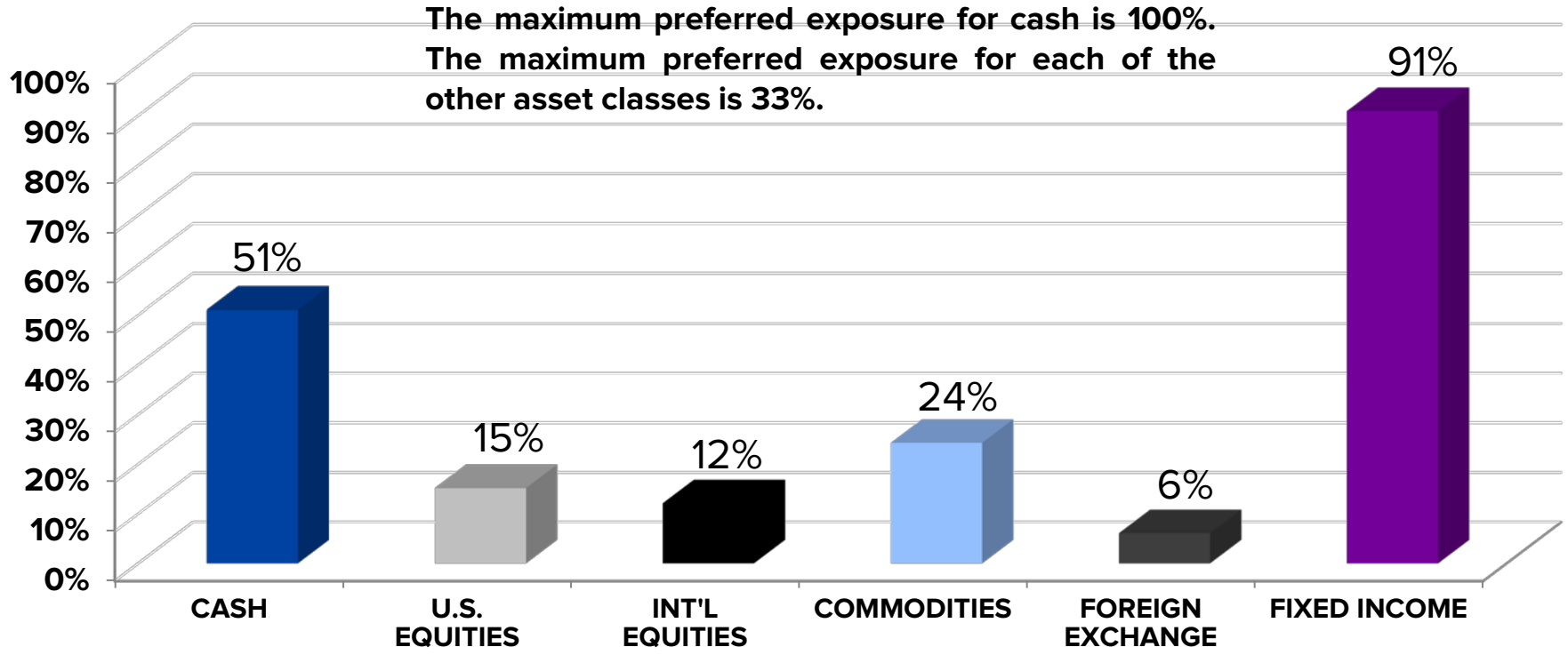
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/14/2016	54	4	4	7	2	29
9/15/2016	51	5	4	8	2	30

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/14/2016	54%	12%	12%	21%	6%	88%
9/15/2016	51%	15%	12%	24%	6%	91%

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

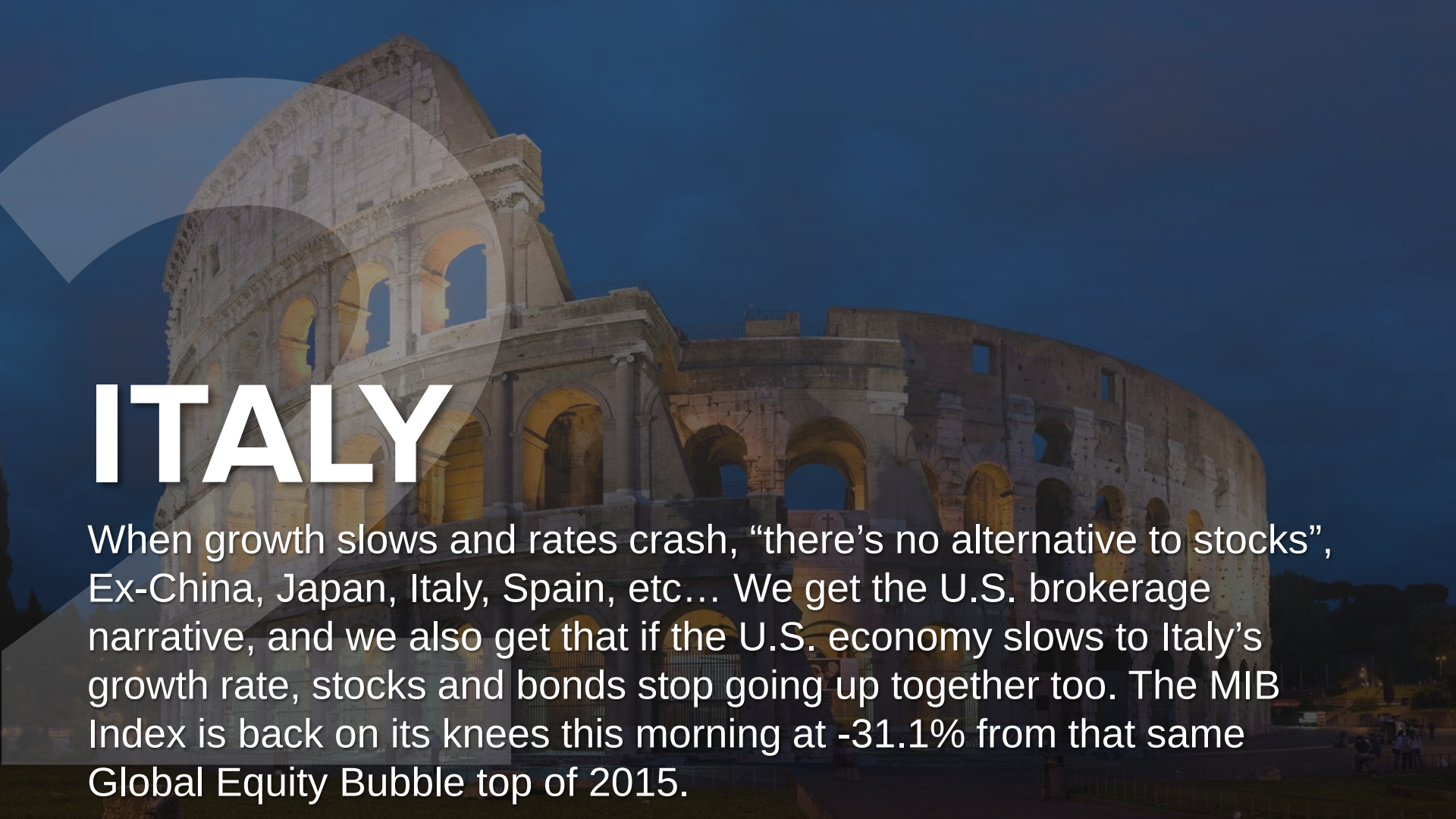
1 JAPAN

2 ITALY

3 OIL

JAPAN

This is the epicenter of all things “central-market-planning innovation” so watch it very closely. The Nikkei was down hard again overnight on a Yen move that did nothing – despite BOJ “buying” (every day into the close), the crash in the Nikkei (from the 2015 top in the Global Equities bubble) is back to -21.5%.



ITALY

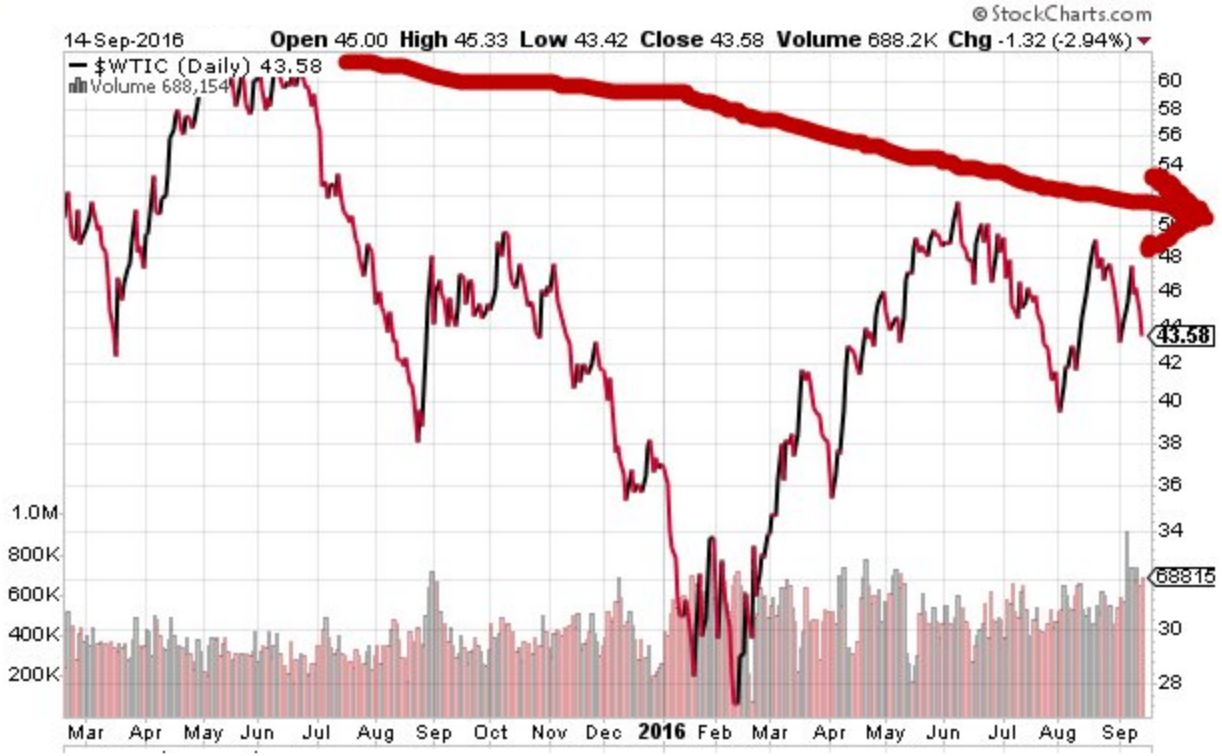
When growth slows and rates crash, “there’s no alternative to stocks”, Ex-China, Japan, Italy, Spain, etc… We get the U.S. brokerage narrative, and we also get that if the U.S. economy slows to Italy’s growth rate, stocks and bonds stop going up together too. The MIB Index is back on its knees this morning at -31.1% from that same Global Equity Bubble top of 2015.

OIL

Yet another chart chase that went bad – the @Hedgeye TAIL risk call on Oil remains firmly intact and all the Fed has to do is make another policy mistake and WTI will have a $3 in front of it. The S&P 500 “earnings have bottomed” call is a fancy fiction if commodity prices continue their long-term #Deflation from Bernanke’s inflated highs.

MACRO GRIND

WTIC LIGHT CRUDE OIL



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CRB REUTERS/JEFFERIES CRB INDEX

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FTSE MIB (MILAN) INDEX

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TOKYO NIKKEI 225 AVERAGE INDEX

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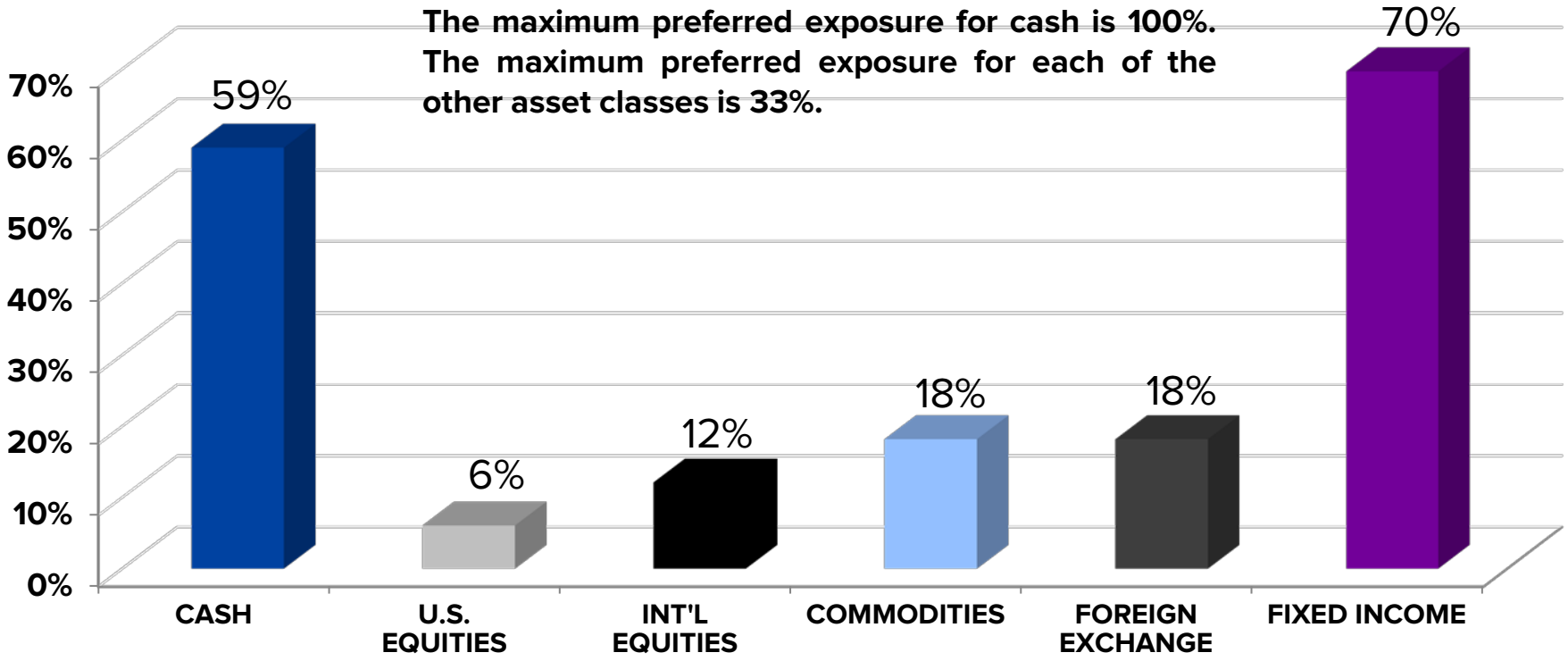
HEDGEYE ASSET ALLOCATION



HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$78.41	0.01%	-2.67%	0.32%
Financial Select Sector	XLF	$23.81	-0.29%	-3.05%	-0.08%
Health Care Select Sector	XLV	$71.57	-0.04%	-1.64%	-0.64%
Technology Select Sector	XLK	$46.81	0.47%	-0.38%	9.29%
Consumer Staples Select Sector	XLP	$52.86	-0.30%	-2.80%	4.69%
Industrial Select Sector	XLI	$56.95	-0.09%	-2.80%	7.43%
Materials Select Sector	XLB	$46.89	-0.23%	-3.44%	7.99%
The Energy Select Sector	XLE	$67.63	-1.10%	-1.29%	12.12%
Utilities Select Sector	XLU	$48.83	0.39%	-0.81%	12.82%
S&P 500	SPX	2,125.77	-0.06%	-2.08%	4.00%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$78.41	0.07%	-0.59%	-3.68%
Financial Select Sector	XLF	$23.81	-0.23%	-0.97%	-4.09%
Health Care Select Sector	XLV	$71.57	0.02%	0.45%	-4.64%
Technology Select Sector	XLK	$46.81	0.53%	1.70%	5.29%
Consumer Staples Select Sector	XLP	$52.86	-0.24%	-0.71%	0.69%
Industrial Select Sector	XLI	$56.95	-0.03%	-0.72%	3.43%
Materials Select Sector	XLB	$46.89	-0.18%	-1.36%	3.99%
The Energy Select Sector	XLE	$67.63	-1.04%	0.80%	8.11%
Utilities Select Sector	XLU	$48.83	0.45%	1.27%	8.82%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.3%	-3.8%	-2.0%	3.9%	7.0%	9.3%
	Low Debt/EV	-0.1%	-3.1%	-3.7%	1.9%	3.5%	3.9%
SI	High Short Interest	-0.4%	-3.8%	-2.9%	3.7%	1.4%	3.0%
	Low Short Interest	-0.1%	-2.6%	-2.5%	2.0%	6.4%	6.5%
BETA	High Beta	-0.4%	-3.5%	-0.9%	6.0%	9.3%	4.6%
	Low Beta	0.0%	-3.4%	-4.8%	-1.5%	2.0%	7.5%
YIELD	High Yield	-0.2%	-4.1%	-3.1%	2.5%	3.0%	7.2%
	Low Yield	-0.3%	-3.0%	-2.6%	4.1%	8.6%	6.5%
MKT CAP	MCAP Bottom 25%	-0.4%	-4.0%	-2.7%	1.9%	2.2%	3.1%
	MCAP Top 25%	-0.2%	-2.7%	-3.0%	1.7%	4.8%	3.4%
Sales	Top 25% Sales Growth	-0.3%	-3.2%	-2.2%	3.4%	9.6%	8.1%
	Bottom 25% Sales Growth	-0.3%	-3.7%	-3.4%	3.2%	2.8%	4.5%
EPS	Top 25% EPS Growth	-0.3%	-3.2%	-2.5%	3.3%	8.1%	6.0%
	Bottom 25% EPS Growth	-0.4%	-3.9%	-2.7%	1.6%	4.1%	6.2%

**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	0.32%	-3.1	-1.6	4	6	-5	37	23	24
3M LIBOR	0.85%	0.0	1.7	3	20	-1	54	49	48
2Y T-Note	0.76%	-4.0	2.4	5	4	-34	26	17	30
5Y T-Note	1.20%	-4.1	8.1	11	7	-62	31	-28	-4
10Y T-Note	1.70%	-3.1	15.7	18	8	-68	38	-54	-42
30Y T-Note	2.45%	-1.3	21.6	22	3	-69	36	-58	-59
2Y-10Y Spread, Bps	94	0.9	13.3	13.0	5	-34	12	-71	-72
IG SPREAD (AAABBB)	1.66%	0.0	0.0	-1	-19	-64	6	-4	-18
HIGH YIELD	6.42%	0.0	23.1	9	-87	-291	23	-18	-32
5Y BREAKEVEN	1.32%	-1.6	-0.4	1.9	-13.9	-31.7	46.7	-24.7	-39.4

CFTC NON-COMMERCIAL NET LONG POSITIONING

CFTC NON-COMMERCIAL NET LONG POSITIONING						Z-Score	
METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	1Y	3Y
SPX (Index + E-mini)	193,281	(34,010)	133,412	44,601	(60,560)	*1.79X*	*2.03X*
Russell 2000 (mini)	23,349	1,274	(7,146)	(29,121)	(37,510)	*2.68X*	*2.22X*
10Y Treasury	128,954	8,038	89,026	13,000	5,129	*1.75X*	*2.12X*
CRUDE OIL	325,885	(47,733)	338,601	357,644	309,897	*0.27X*	*-0.17X*
GOLD	278,994	40,842	262,281	223,152	131,420	*1.40X*	*2.53X*
COPPER	(30,459)	(8,412)	(14,543)	(16,848)	(20,230)	*-0.72X*	*-0.95X*
$USD	16,834	1,980	14,369	13,745	26,382	*-0.69X*	*-0.56X*
JPY	53,407	(8,814)	48,665	49,629	20,184	*0.74X*	*1.69X*
EUR	(102,285)	(9,182)	(92,992)	(68,013)	(88,258)	*-0.32X*	*-0.25X*
GBP	(88,144)	1,792	(70,593)	(55,538)	(38,574)	*-1.89X*	*-2.34X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (9/14) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-9%	9%	4%	-7%
Total Exchange Volume**	-14%	12%	5%	-3%
Total Traded Value (R3K)***	-6%	10%	0%	-4%

*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)

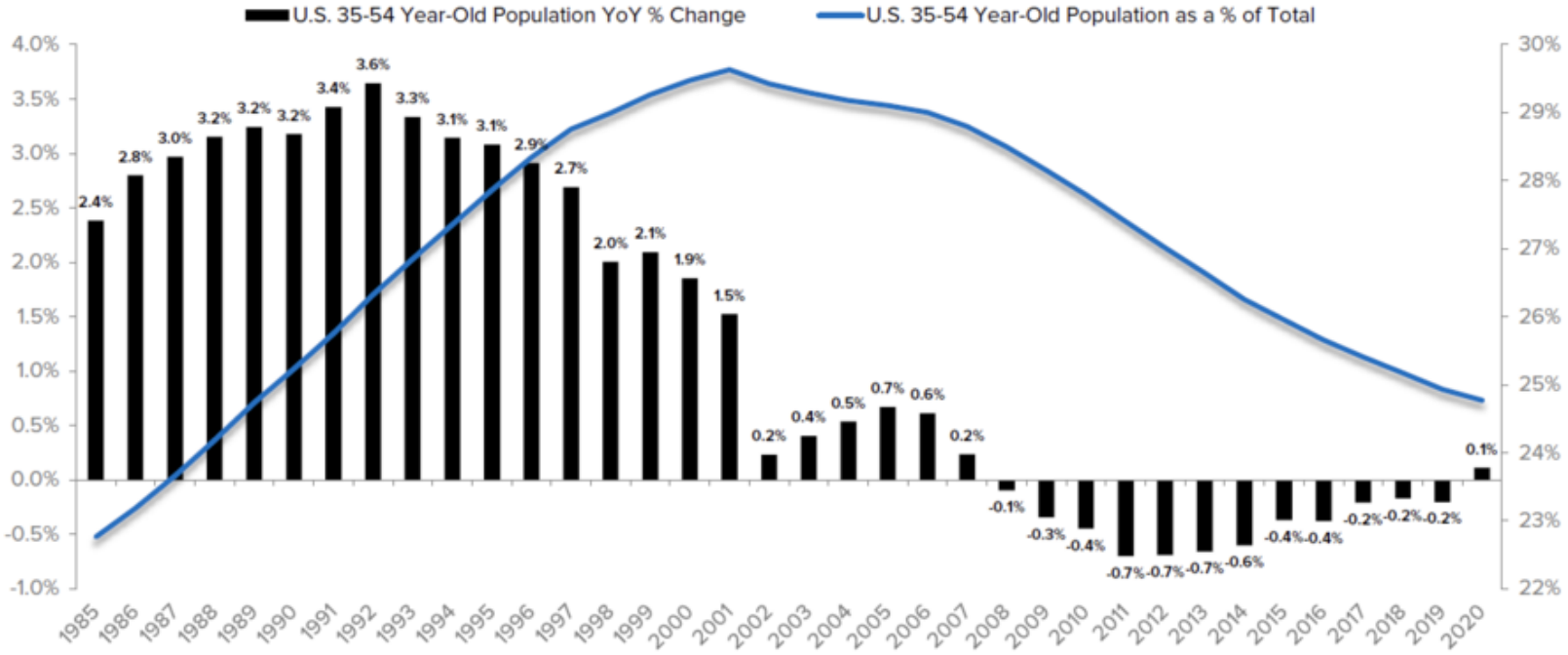
Source: Bloomberg, Hedgeye

KEY $USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation High	Low	% Time Pos	% Time Neg
SPX	-0.04	-0.11	0.29	0.48	-0.54	*0.73*	*-0.91*	*55%*	*45%*
BRENT Oil	-0.32	-0.74	-0.57	-0.06	-0.67	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.29	-0.30	-0.42	-0.06	-0.79	*0.71*	*-0.91*	*19%*	*81%*
GOLD	-0.74	-0.35	0.40	0.48	-0.53	*0.90*	*-0.95*	*23%*	*77%*

SECULAR STAGNATION: U.S.

GIVEN THE DISAPPOINTING TREND IN U.S. GROWTH SINCE 2007, IT'S NOT AT ALL IRONIC THAT GROWTH IN THE U.S.'S CORE CONSUMPTION DEMOGRAPHIC WENT NEGATIVE IN 2008 AND IS PROJECTED TO CONTINUE CONTRACTING THOUGH 2019



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