THE MACRO SHOW

SEPTEMBER 16, 2016

LEGAL

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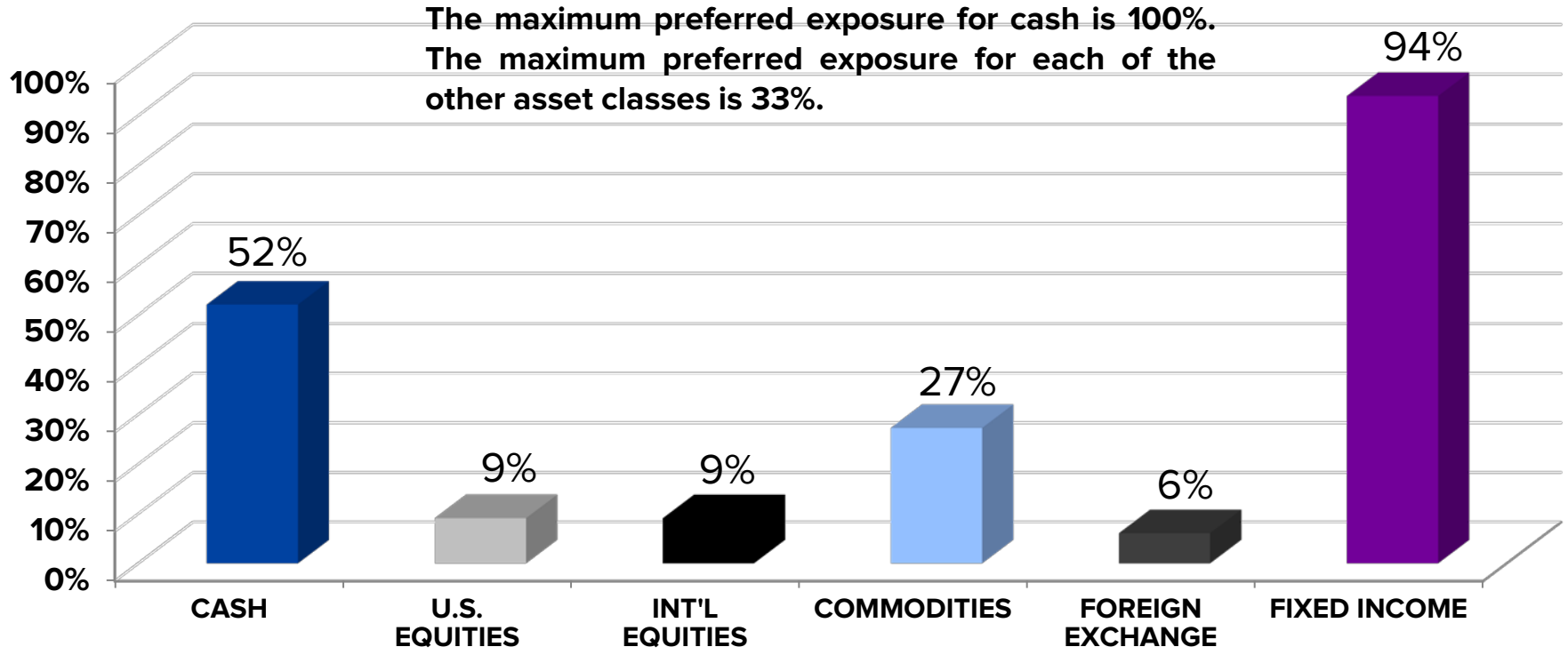
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/15/2016	51	5	4	8	2	30
9/16/2016	52	3	3	9	2	31

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/15/2016	51%	15%	12%	24%	6%	91%
9/16/2016	52%	9%	9%	27%	6%	94%

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

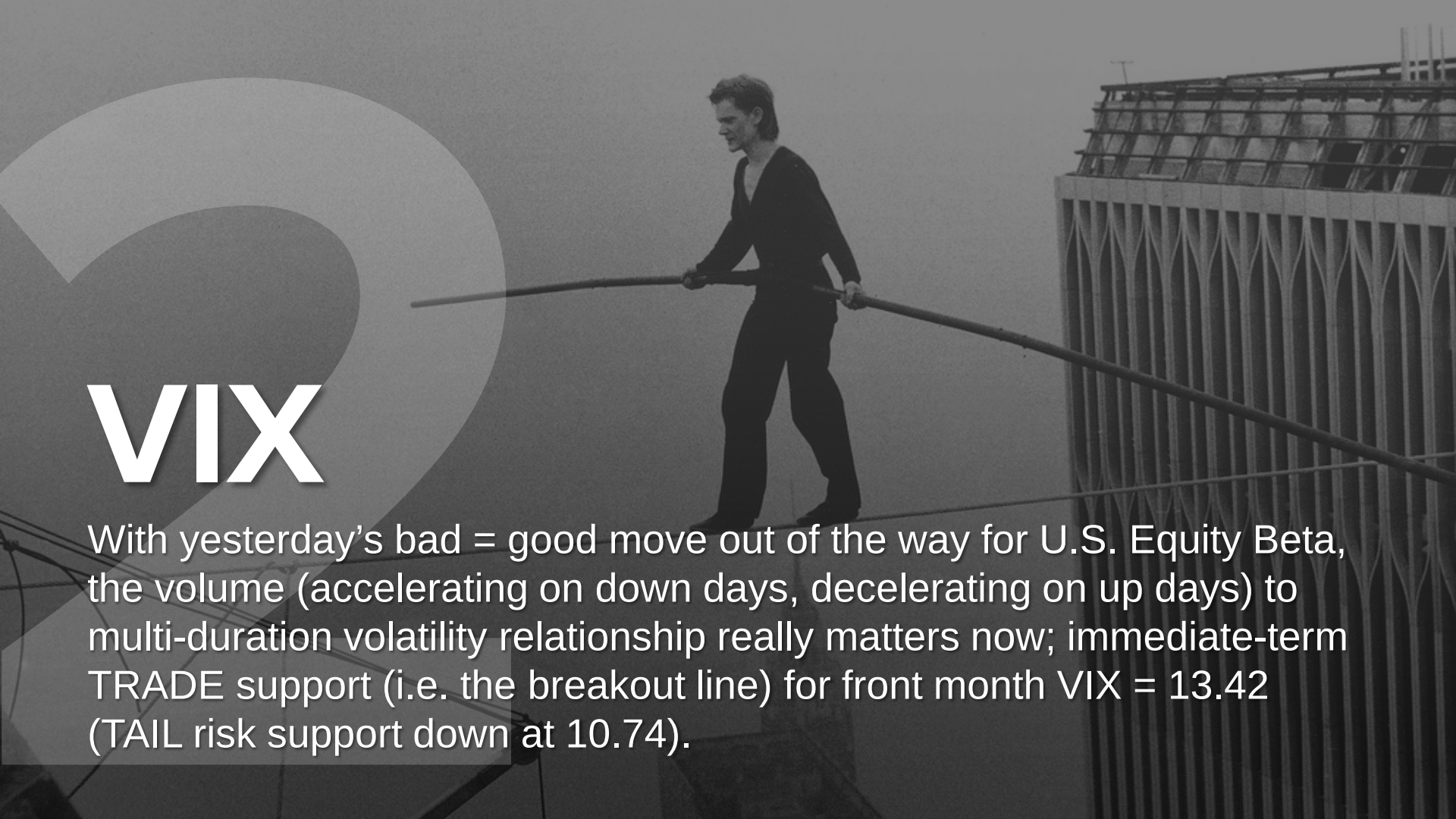
1 10YR YIELDS

2 VIX

3 REFLATION

10YR YIELDS

Globally, yields are backing off again this morning. 10YR JGB and Bund back down to -0.05% and -0.01%, respectively as the UST 10YR fails at the top-end of our 1.49-1.73% risk range after Retail Sales fall down to +1.9% y/y in AUG and Industrial Production slows again sequentially to -1.1% y/y (i.e. double-dippin’ cyclical #recession).



VIX

With yesterday's bad = good move out of the way for U.S. Equity Beta, the volume (accelerating on down days, decelerating on up days) to multi-duration volatility relationship really matters now; immediate-term TRADE support (i.e. the breakout line) for front month VIX = 13.42 (TAIL risk support down at 10.74).

REFLATION

Longer-term investors who understood that #Deflation was the biggest risk when cyclicals peaked in 2H14 sidestepped a lot of excuse making in 2015 – then broader U.S. GDP slowed so fast in Q116 that the Fed had to bail out markets with a big dovish pivot to “reflate”… but now what? We’re at the slowest rate of y/y change of the year (local and global GDP), and cyclicals are breaking down again…

MACRO GRIND

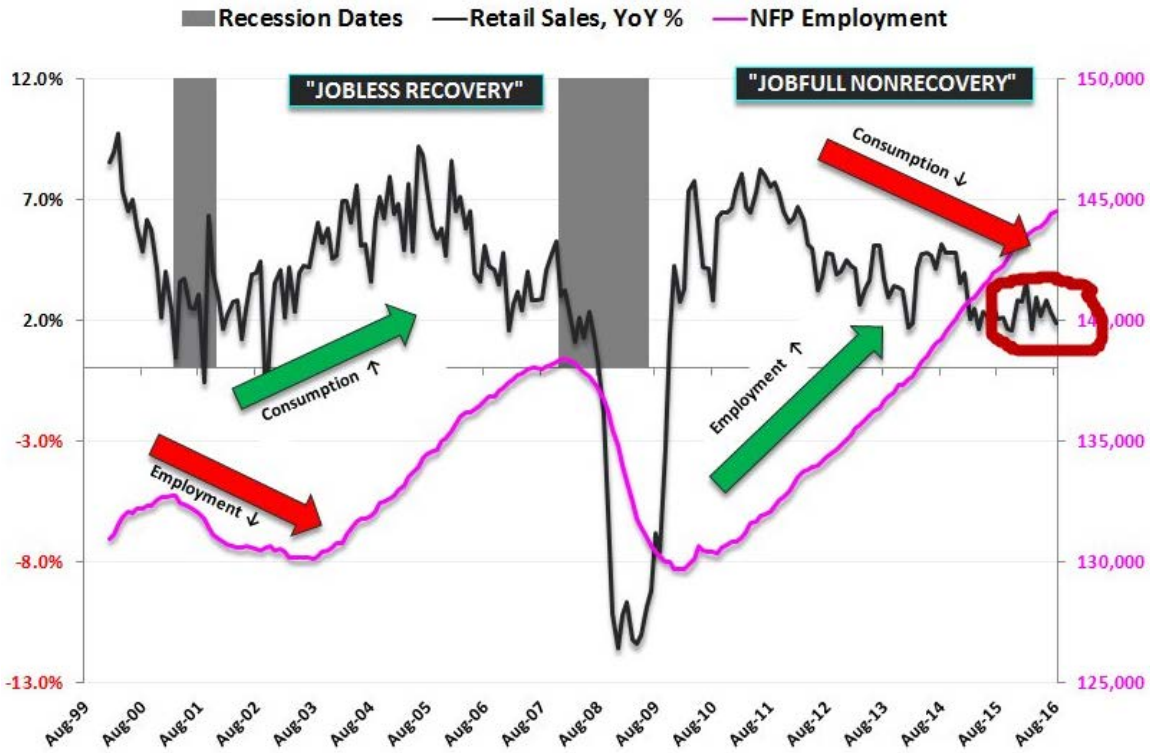
POSITIVE & NEGATIVE DIVERGENCES

Positive Divergences	D/D Change (%)	W/W Change (%)
Norway	0.91%	-2.92%
Romania	0.51%	-0.74%
Iceland	0.33%	-0.36%
Bulgaria	0.32%	0.79%
U.K.	0.28%	-0.44%
Negative Divergences		
Italy	-1.33%	-4.56%
Cypress	-1.03%	-0.86%
Portugal	-1.01%	-4.03%
Luxembourg	-0.90%	-1.82%
Austria	-0.80%	-2.80%

U.S. EARNINGS/NEWS

LIGHTPATH TECHNOLOGIES	Q4 eps inline & revenues of $4.7M (+4.2% y/y) topped by $0.7M	12.0%
AVIS BUDGET GROUP	to replace Questar in the S&P Midcap 400 (change effective post market)	4.5%
APOLLO INVESTMENT	expanded stock repurchase program by $50M to $150M	3.0%
GENERAL ELECTRIC	receive $1.9B for a contract to supply steam turbines for Hinkley Point C Contract	0.0%
VIMPELCOM	Telenor (TEL.NO) $1B of bonds convertible into 204.1M priced through MS/JPM	-1.6%
ORACLE CORP	Q1 earnings & revenues fell short on cloud transition plus lowered outlook	-3.2%
NOVAVAX INC	its respiratory disease vaccine failed to meet main goals in final stage study	-81.0%

#GROWTHSLOWING



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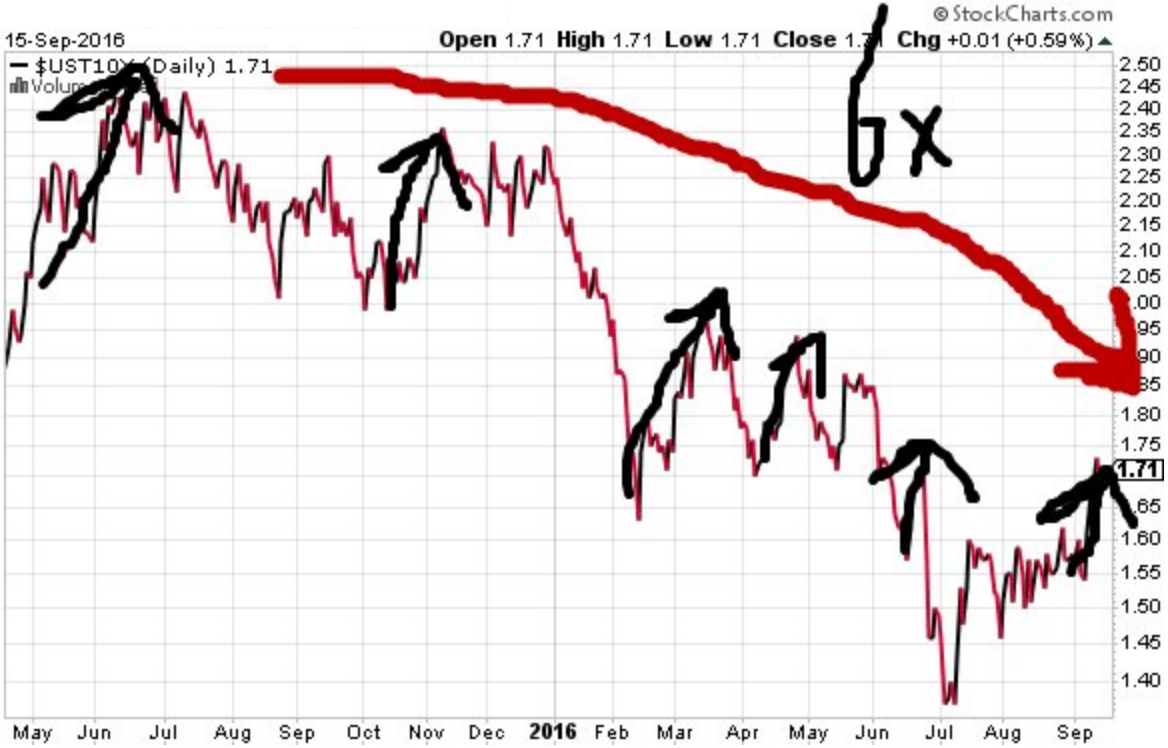
10-YEAR U.S. TREASURY YIELD INDEX



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10-YEAR GOVERNMENT BOND YIELDS

Europe, Middle East & Africa

10-Year Government Bond Yields

COUNTRY	YIELD	1 DAY	1 MONTH	1 YEAR	TIME (EDT)
Germany »	-0.01%	-4	+2	-79	6:18 AM
United Kingdom »	0.86%	-3	+28	-107	6:18 AM
France	0.29%	-4	+10	-87	6:17 AM
Italy	1.30%	-3	+19	-61	6:18 AM
Spain	1.05%	-1	+8	-106	6:18 AM
Netherlands	0.09%	-4	+3	-85	6:17 AM
Portugal	3.41%	+1	+60	+72	6:18 AM
Greece	8.44%	+0	+47	+9	6:18 AM
Switzerland	-0.45%	-4	+9	-40	6:17 AM

Asia Pacific

10-Year Government Bond Yields

COUNTRY	YIELD	1 DAY	1 MONTH	1 YEAR
Japan »	-0.05%	0	+6	-41

WTIC LIGHT CRUDE OIL

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FTSE MIB (MILAN) INDEX

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AUSTRALIA ASX ALL ORDS COMPOSITE

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VOLATILITY INDEX

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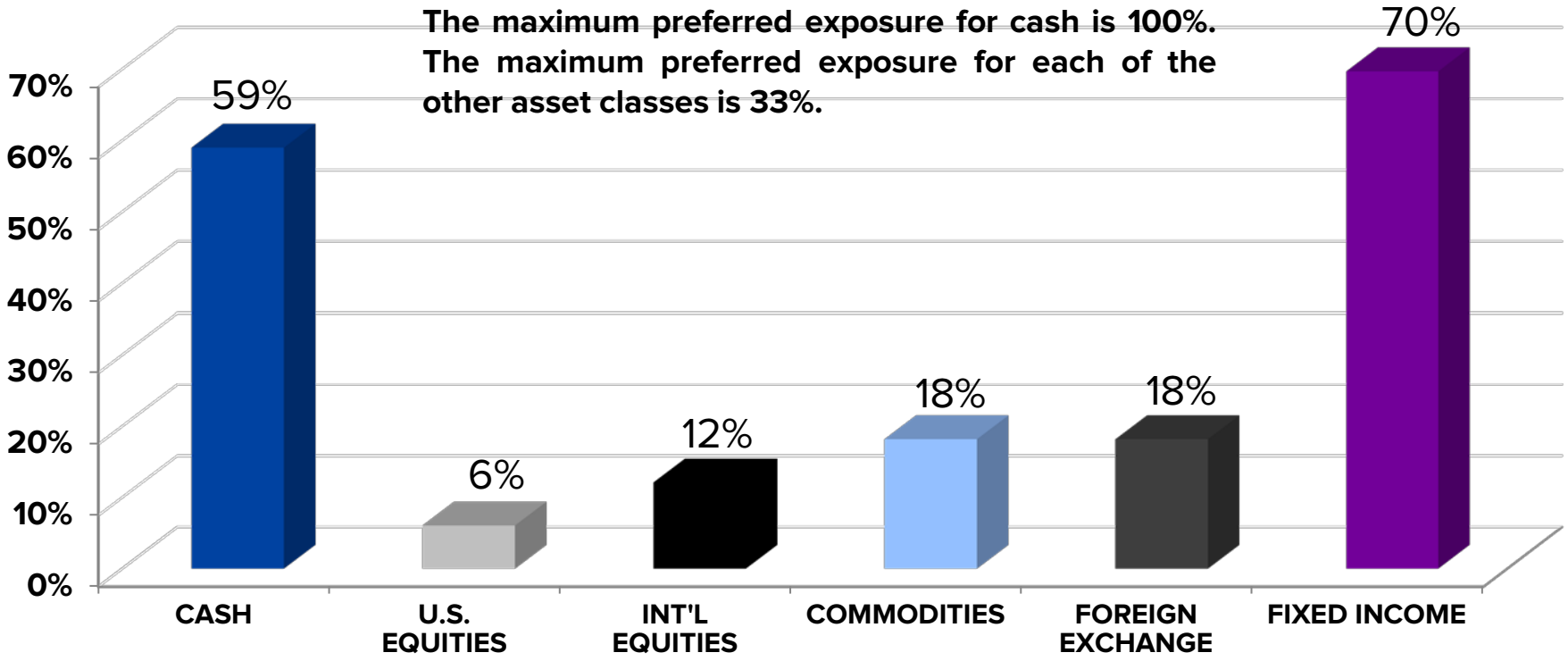
RETURNS

Index/Security	Ticker	D/D %	W/W%	1M%
S&P 500	SPX	1.0%	-1.6%	-1.4%
USD Index	UUP	-0.1%	0.3%	0.6%
BBG Cmdty Index	BCOM	0.5%	-2.4%	-3.1%
CRB Cmdty Index	CRY	0.7%	-2.7%	-3.2%
Energy	XLE	1.2%	-4.8%	-1.4%
Materials	XLB	0.6%	-3.4%	-3.0%
Industrials	XLI	0.8%	-2.3%	-2.2%
Transports	IYT	0.6%	-3.4%	-0.4%

WTI Crude Oil	USO	0.5%	-7.5%	-7.1%
Natural Gas	UNG	0.7%	4.0%	9.5%
Gold	GLD	-0.6%	-1.7%	-2.4%
Silver	SLV	0.1%	-3.1%	-4.1%
Copper	JJC	0.5%	3.2%	-1.1%
Corn	CORN	-0.9%	-2.5%	-2.3%
Soybeans	SOYB	0.7%	-2.0%	-4.0%
Wheat	WEAT	-0.4%	-1.1%	-7.7%

HEDGEYE ASSET ALLOCATION



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HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$78.98	0.73%	-1.96%	1.05%
Financial Select Sector	XLF	$23.98	0.59%	-2.44%	0.55%
Health Care Select Sector	XLV	$72.31	1.03%	-0.58%	0.43%
Technology Select Sector	XLK	$47.58	1.64%	1.26%	11.09%
Consumer Staples Select Sector	XLP	$53.29	0.81%	-2.00%	5.55%
Industrial Select Sector	XLI	$57.40	0.79%	-2.03%	8.28%
Materials Select Sector	XLB	$47.19	0.64%	-2.82%	8.68%
The Energy Select Sector	XLE	$68.42	1.24%	-0.15%	13.41%
Utilities Select Sector	XLU	$49.20	0.76%	-0.06%	13.68%
S&P 500	SPX	2,147.26	1.01%	-1.09%	5.05%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$78.98	-0.28%	-0.87%	-4.01%
Financial Select Sector	XLF	$23.98	-0.42%	-1.35%	-4.51%
Health Care Select Sector	XLV	$72.31	0.02%	0.51%	-4.62%
Technology Select Sector	XLK	$47.58	0.63%	2.35%	6.04%
Consumer Staples Select Sector	XLP	$53.29	-0.20%	-0.91%	0.49%
Industrial Select Sector	XLI	$57.40	-0.22%	-0.94%	3.23%
Materials Select Sector	XLB	$47.19	-0.37%	-1.73%	3.63%
The Energy Select Sector	XLE	$68.42	0.23%	0.95%	8.36%
Utilities Select Sector	XLU	$49.20	-0.25%	1.03%	8.62%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	1.0%	-3.3%	-1.6%	4.7%	9.4%	10.4%
	Low Debt/EV	1.0%	-1.5%	-3.1%	3.1%	5.0%	4.9%
SI	High Short Interest	1.1%	-2.7%	-2.9%	4.6%	3.9%	4.1%
	Low Short Interest	0.8%	-1.6%	-2.0%	3.0%	7.6%	7.4%
BETA	High Beta	1.5%	-2.5%	-0.7%	7.3%	12.2%	6.2%
	Low Beta	0.7%	-2.3%	-3.7%	-0.6%	2.9%	8.3%
YIELD	High Yield	0.9%	-3.0%	-2.5%	2.9%	4.4%	8.3%
	Low Yield	1.2%	-1.9%	-2.1%	5.4%	11.2%	7.8%
MKT CAP	MCAP Bottom 25%	1.2%	-2.8%	-2.5%	3.0%	4.7%	4.3%
	MCAP Top 25%	0.9%	-1.8%	-2.4%	2.8%	6.0%	4.3%
Sales	Top 25% Sales Growth	1.2%	-2.4%	-1.7%	4.7%	11.6%	9.4%
	Bottom 25% Sales Growth	0.9%	-2.6%	-3.2%	3.5%	4.8%	5.5%
EPS	Top 25% EPS Growth	1.1%	-2.0%	-2.0%	4.3%	10.2%	7.2%
	Bottom 25% EPS Growth	1.0%	-3.4%	-2.4%	2.6%	5.6%	7.3%

**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	0.28%	-3.6	-5.7	0	3	-9	33	19	21
3M LIBOR	0.85%	0.0	0.8	5	20	0	54	49	48
2Y T-Note	0.73%	-2.8	-4.0	0	6	-37	23	14	27
5Y T-Note	1.18%	-2.4	0.5	5	11	-64	29	-30	-6
10Y T-Note	1.70%	-0.2	9.7	14	12	-68	38	-54	-42
30Y T-Note	2.47%	1.7	16.3	18	6	-67	38	-56	-58
2Y-10Y Spread, Bps	97	2.6	13.7	13.4	6	-31	14	-68	-69
IG SPREAD (AAABBB)	1.69%	0.0	4.0	3	-20	-61	9	-1	-15
HIGH YIELD	6.43%	0.0	23.3	14	-83	-290	24	-17	-31
5Y BREAKEVEN	1.33%	1.0	-2.4	2.2	-14.1	-30.5	47.9	-23.4	-38.2

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: (9/15) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-7%	1%	-3%	-14%
Total Exchange Volume**	-5%	5%	-1%	-8%

*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	0.01	-0.09	0.28	0.47	-0.54	*0.73*	*-0.91*	*55%*	*45%*
BRENT Oil	-0.16	-0.73	-0.57	-0.08	-0.67	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.04	-0.29	-0.40	-0.08	-0.79	*0.71*	*-0.91*	*18%*	*82%*
GOLD	-0.79	-0.42	0.39	0.47	-0.52	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*