THE MACRO SHOW

SEPTEMEBER 19, 2016

LEGAL

DISCLAIMER

Hedgeye Risk Management is a registered investment advisor, registered with the State of Connecticut. Hedgeye Risk Management is not a broker dealer and does not provide investment advice to individuals. This research does not constitute an offer to sell, or a solicitation of an offer to buy any security. This research is presented without regard to individual investment preferences or risk parameters; it is general information and does not constitute specific investment advice. This presentation is based on information from sources believed to be reliable. Hedgeye Risk Management is not responsible for errors, inaccuracies or omissions of information. The opinions and conclusions contained in this report are those of Hedgeye Risk Management, and are intended solely for the use of Hedgeye Risk Management's clients and subscribers. In reaching these opinions and conclusions, Hedgeye Risk Management and its employees have relied upon research conducted by Hedgeye Risk Management's employees, which is based upon sources considered credible and reliable within the industry. Hedgeye Risk Management is not responsible for the validity or authenticity of the information upon which it has relied.

TERMS OF USE

This report is intended solely for the use of its recipient. Re-distribution or republication of this report and its contents are prohibited. For more detail please refer to the appropriate sections of the Hedgeye Services Agreement and the Terms of Use at www.hedgeye.com.

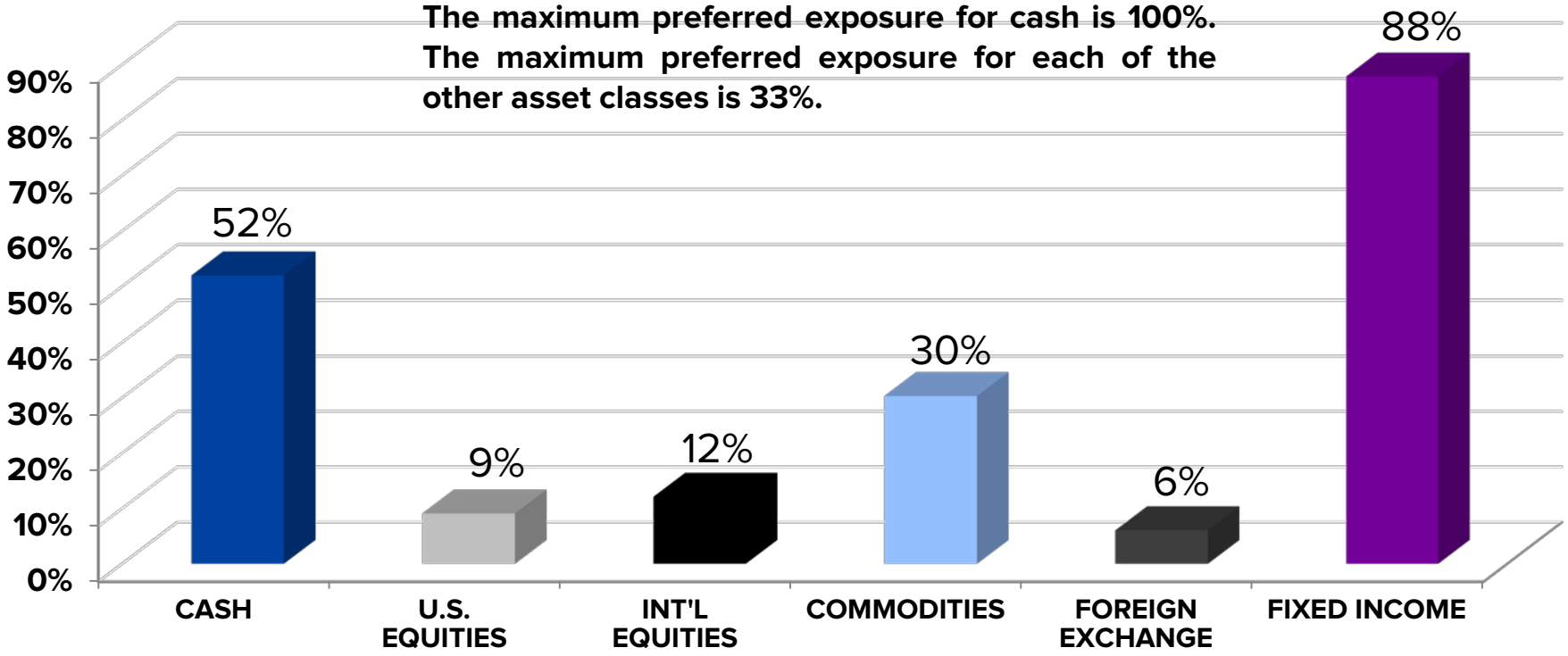
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/16/2016	52	3	3	9	2	31
9/19/2016	52	3	4	10	2	29

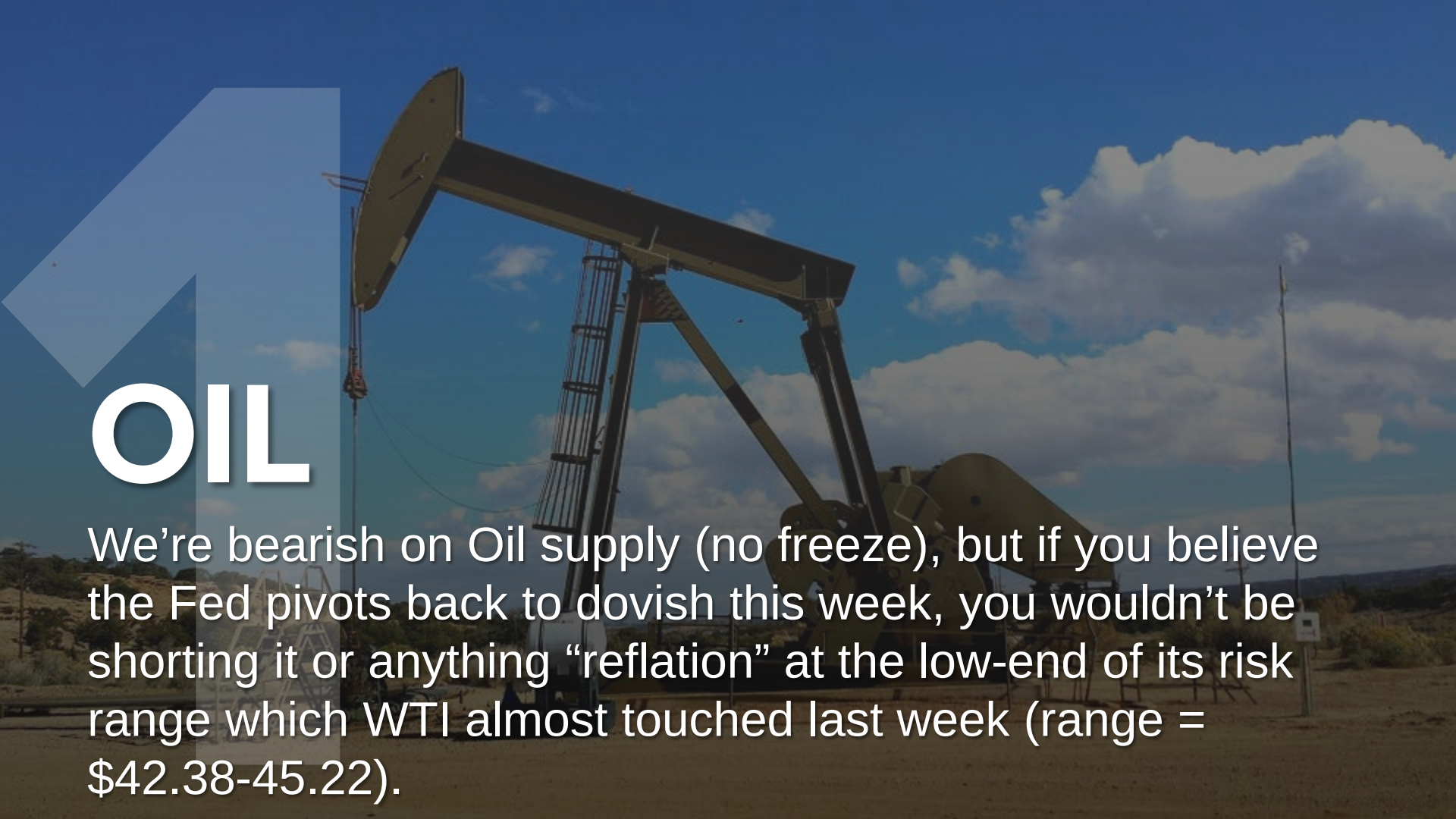
	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/16/2016	52%	9%	9%	27%	6%	94%
9/19/2016	52%	9%	12%	30%	6%	88%

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

HEDGEYE ASSET ALLOCATION



1 OIL
2 GOLD
3 FTSE



4 OIL

We're bearish on Oil supply (no freeze), but if you believe the Fed pivots back to dovish this week, you wouldn't be shorting it or anything "reflation" at the low-end of its risk range which WTI almost touched last week (range = $42.38-45.22).

GOLD

At -0.82, Gold has the highest short-term (2 week) inverse correlation to a Down Dollar Dovish Fed pivot this week (if you’re keeping score, this would be Yellen’s 6th hawkish/dovish pivot in 9 months). So we still like that long into the event.

FTSE

Smack-down in the Pound (vs. USD) late last week is precisely what the FTSE needs to go higher – this has little to do with economics and a lot to do with currency devaluation expectations. The FTSE is up +1.4% this morning, leading a bounce in Global Equities.

MACRO GRIND

BRITISH POUND TO U.S. DOLLAR INDEX

September 19, 2016

THE MACRO SHOW

HEDGEYE TV

LONDON FINANCIAL TIMES INDEX

September 19, 2016

THE MACRO SHOW

HEDGEYE TV

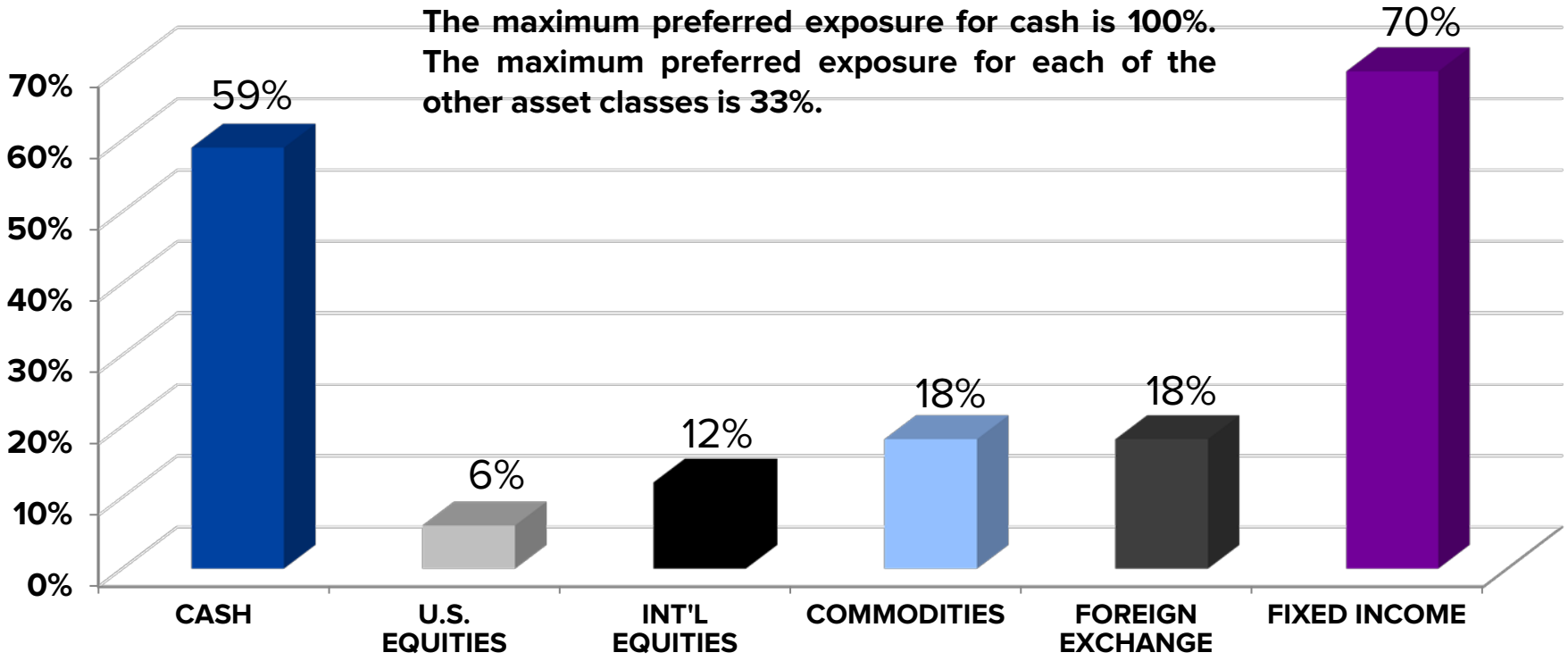
TAIWAN WEIGHTED INDEX

September 19, 2016

THE MACRO SHOW

HEDGEYE TV

HEDGEYE ASSET ALLOCATION



September 19, 2016

THE MACRO SHOW

HEDGEYE TV

HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$78.51	-0.22%	-2.54%	0.45%
Financial Select Sector	XLF	$23.62	-0.95%	-3.83%	-0.88%
Health Care Select Sector	XLV	$72.11	0.07%	-0.89%	0.11%
Technology Select Sector	XLK	$47.21	-0.37%	0.47%	10.23%
Consumer Staples Select Sector	XLP	$52.79	-0.32%	-2.92%	4.56%
Industrial Select Sector	XLI	$56.61	-0.84%	-3.38%	6.79%
Materials Select Sector	XLB	$46.76	-0.40%	-3.71%	7.69%
The Energy Select Sector	XLE	$67.45	-0.81%	-1.55%	11.82%
Utilities Select Sector	XLU	$49.26	0.98%	0.06%	13.82%
S&P 500	SPX	2,139.16	-0.38%	-1.46%	4.66%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$78.51	0.16%	-1.08%	-4.21%
Financial Select Sector	XLF	$23.62	-0.57%	-2.36%	-5.54%
Health Care Select Sector	XLV	$72.11	0.44%	0.57%	-4.55%
Technology Select Sector	XLK	$47.21	0.01%	1.93%	5.57%
Consumer Staples Select Sector	XLP	$52.79	0.05%	-1.46%	-0.10%
Industrial Select Sector	XLI	$56.61	-0.46%	-1.92%	2.13%
Materials Select Sector	XLB	$46.76	-0.02%	-2.24%	3.03%
The Energy Select Sector	XLE	$67.45	-0.43%	-0.08%	7.16%
Utilities Select Sector	XLU	$49.26	1.35%	1.53%	9.16%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.2%	-0.3%	-1.6%	3.5%	5.6%	10.2%
	Low Debt/EV	-0.4%	0.7%	-2.9%	3.2%	3.5%	4.5%
SI	High Short Interest	-0.6%	-0.1%	-2.6%	3.6%	1.1%	3.5%
	Low Short Interest	-0.5%	0.4%	-2.2%	2.5%	5.6%	6.9%
BETA	High Beta	-0.5%	0.0%	-0.9%	6.5%	7.8%	5.6%
	Low Beta	0.0%	0.7%	-3.1%	-0.9%	1.8%	8.4%
YIELD	High Yield	-0.1%	0.0%	-2.3%	1.8%	1.7%	8.3%
	Low Yield	-0.4%	0.4%	-1.6%	5.3%	9.2%	7.3%
MKT CAP	MCAP Bottom 25%	-0.6%	-0.3%	-2.3%	2.0%	1.2%	3.6%
	MCAP Top 25%	-0.3%	0.4%	-2.4%	2.5%	4.5%	4.0%
Sales	Top 25% Sales Growth	-0.4%	-0.2%	-1.7%	4.3%	9.0%	9.1%
	Bottom 25% Sales Growth	-0.5%	-0.1%	-3.1%	2.5%	1.8%	5.0%
EPS	Top 25% EPS Growth	-0.5%	0.1%	-1.8%	3.7%	7.7%	6.7%
	Bottom 25% EPS Growth	-0.4%	-0.7%	-2.5%	1.6%	2.5%	6.8%

**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%	-0.5	-5.7	1	2	-9	33	19	20
3M LIBOR	0.86%	0.0	0.4	6	21	0	54	49	48
2Y T-Note	0.76%	3.6	-2.0	2	8	-34	27	17	30
5Y T-Note	1.20%	2.0	-2.4	4	11	-63	31	-29	-5
10Y T-Note	1.69%	0.2	1.8	12	11	-68	37	-54	-43
30Y T-Note	2.45%	-1.8	5.1	15	5	-69	36	-58	-60
2Y-10Y Spread, Bps	93	-3.4	3.8	10.2	4	-35	11	-71	-73
IG SPREAD (AAABBB)	1.68%	-2.0	2.0	3	-15	-62	8	-2	-16
HIGH YIELD	6.43%	-1.5	13.2	16	-92	-290	24	-17	-31
5Y BREAKEVEN	1.37%	3.8	3.8	7.5	-7.4	-26.8	51.6	-19.7	-34.5

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)	113,534	(79,747)	133,102	56,870	(53,74[illegible])	*1.18X*	*1.27X*
Russell 2000 (mini)	8,183	(15,166)	(5,342)	(26,359)	(36,69[illegible])	*1.90X*	*1.53X*
10Y Treasury	72,415	(56,539)	92,175	16,426	7,84[illegible]	*0.92X*	*1.42X*
CRUDE OIL	360,492	34,607	337,604	358,786	311,46[illegible]	*0.83X*	*0.39X*
GOLD	248,858	(30,136)	262,896	227,077	136,07[illegible]	*1.07X*	*2.08X*
COPPER	(25,506)	4,953	(13,065)	(17,805)	(20,640)	*-0.54X*	*-0.59X*
$USD	17,006	172	15,317	13,731	25,947	*-0.65X*	*-0.55X*
JPY	57,687	4,280	49,080	50,149	21,812	*0.80X*	*1.74X*
EUR	(88,388)	13,897	(95,387)	(68,511)	(88,468)	*0.00X*	*-0.06X*
GBP	(81,972)	6,172	(74,285)	(58,245)	(40,077)	*-1.59X*	*-2.10X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (9/16) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	32%	30%	28%	14%
Total Exchange Volume**	42%	46%	42%	31%
Total Traded Value (R3K)***	162%	154%	155%	144%

*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	-0.10	-0.19	0.27	0.47	-0.53	*0.73*	*-0.91*	*55%*	*45%*
BRENT Oil	-0.34	-0.72	-0.57	-0.09	-0.66	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.19	-0.37	-0.40	-0.09	-0.78	*0.71*	*-0.91*	*18%*	*82%*
GOLD	-0.82	-0.50	0.38	0.47	-0.51	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*