THE MACRO SHOW

SEPTEMBER 29, 2016

LEGAL

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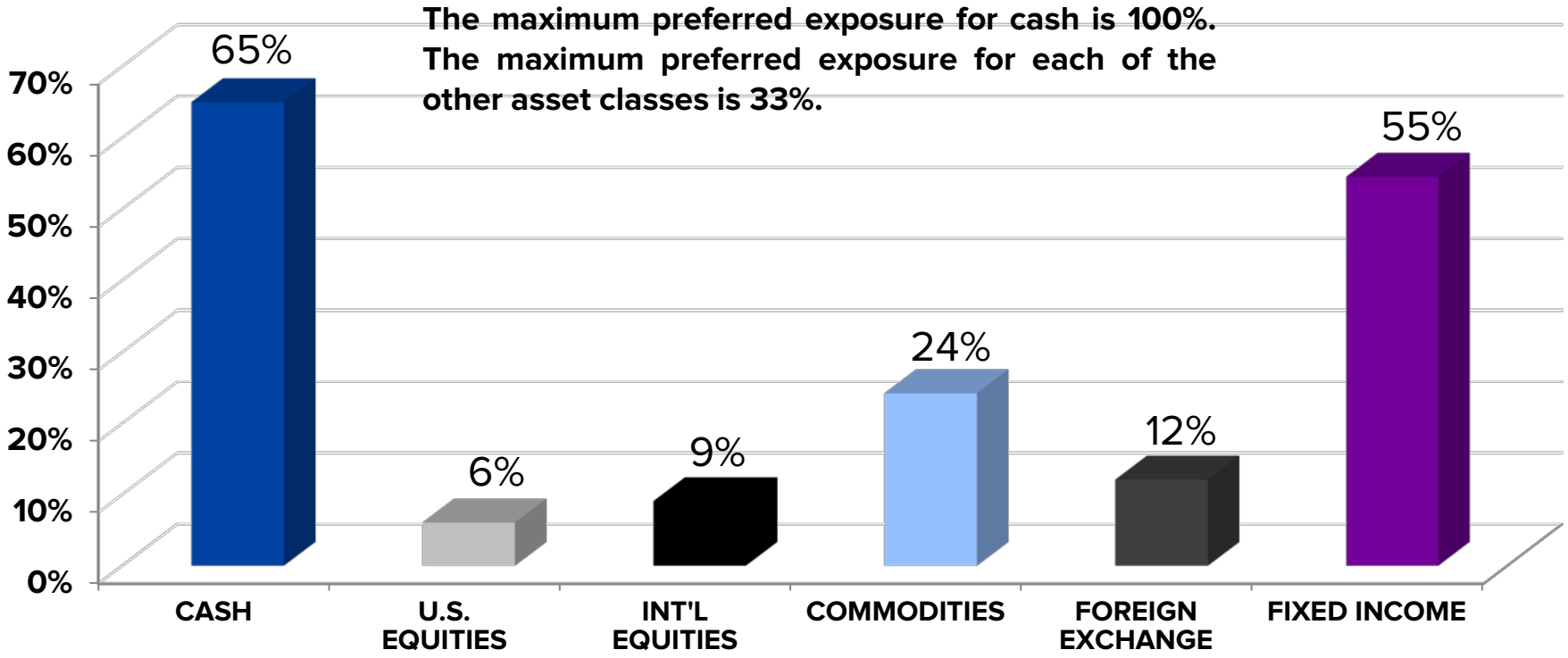
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/28/2016	65	2	3	8	4	18
9/29/2016	65	2	3	8	4	18

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/28/2016	65%	6%	9%	24%	12%	55%
9/29/2016	65%	6%	9%	24%	12%	55%

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

HEDGEYE ASSET ALLOCATION



September 29, 2016

THE MACRO SHOW

HEDGEYE TV

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1 OIL

If you didn’t know this was coming, now you know – but with this OPEC ramp out of the way does it change A) WTI being bearish on @Hedgeye’s TREND and TAIL risk durations? And/or B) Oil’s Volatility (OVX) still in a raging bullish formation at 45? Nope. Staying with the Oil risk range of $42.88-47.39; trade it.

VIX

Oil volatility (OVX) up, U.S. Equity Volatility (VIX) down to 12.39 as the flow-through to U.S. Equities gave Energy stocks (XLE) 1/3 of its YTD return, in a day! (love month-end) – all VIX drops to 10-11 have been fantastic selling opportunities – let’s see if we get that on another #GrowthSlowing GDP report.

SECTORS

Definitely not chasing Energy here – SEP U.S. Equity Sector Returns look a lot like the YTD ones – staying with the long Utes (XLU) vs. short Financials (XLF) strategy that we've had since JAN, with Utes +1.7% for SEP vs Fins -3.2%.

MACRO GRIND

I'M GOING TO FREEZE.
OPEC
I'M GOING TO HIKE.
THE FED
I'M GOING TO STOP LISTENING.
B. Rich
HEDGEYE

HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$79.81	0.28%	-0.93%	2.11%
Financial Select Sector	XLF	$19.31	0.47%	-3.17%	-0.21%
Health Care Select Sector	XLV	$72.66	-0.15%	-0.14%	0.87%
Technology Select Sector	XLK	$47.82	0.19%	1.77%	11.65%
Consumer Staples Select Sector	XLP	$53.20	0.17%	-2.17%	5.37%
Industrial Select Sector	XLI	$58.32	0.78%	-0.46%	10.02%
Materials Select Sector	XLB	$47.77	1.14%	-1.63%	10.02%
The Energy Select Sector	XLE	$69.78	4.32%	1.85%	15.68%
Utilities Select Sector	XLU	$50.08	-0.14%	1.73%	15.71%
S&P 500	SPX	2,171.37	0.53%	0.02%	6.23%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$79.81	-0.25%	-0.95%	-4.12%
Financial Select Sector	XLF	$19.31	-0.06%	-3.19%	-6.44%
Health Care Select Sector	XLV	$72.66	-0.68%	-0.16%	-5.36%
Technology Select Sector	XLK	$47.82	-0.34%	1.75%	5.42%
Consumer Staples Select Sector	XLP	$53.20	-0.36%	-2.19%	-0.87%
Industrial Select Sector	XLI	$58.32	0.25%	-0.48%	3.78%
Materials Select Sector	XLB	$47.77	0.61%	-1.65%	3.78%
The Energy Select Sector	XLE	$69.78	3.79%	1.83%	9.45%
Utilities Select Sector	XLU	$50.08	-0.67%	1.71%	9.48%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	1.3%	0.9%	0.7%	7.4%	9.4%	13.1%
	Low Debt/EV	0.2%	0.7%	-1.5%	5.2%	4.1%	6.5%
SI	High Short Interest	1.1%	1.5%	-1.2%	7.2%	4.4%	6.8%
	Low Short Interest	0.3%	0.2%	-0.9%	4.1%	6.7%	8.4%
BETA	High Beta	1.9%	1.5%	0.5%	11.8%	11.9%	8.0%
	Low Beta	0.1%	0.1%	-0.4%	-0.6%	3.6%	11.9%
YIELD	High Yield	0.9%	0.7%	-0.3%	4.7%	5.0%	10.7%
	Low Yield	0.8%	0.8%	0.0%	8.4%	9.9%	9.8%
MKT CAP	MCAP Bottom 25%	1.1%	1.1%	-1.1%	6.2%	3.6%	6.4%
	MCAP Top 25%	0.5%	0.3%	-0.6%	4.7%	5.9%	6.3%
Sales	Top 25% Sales Growth	1.4%	0.7%	-0.5%	6.2%	10.5%	10.8%
	Bottom 25% Sales Growth	0.9%	0.9%	-1.2%	6.1%	4.0%	7.3%
EPS	Top 25% EPS Growth	0.8%	0.7%	-0.1%	6.7%	10.2%	9.6%
	Bottom 25% EPS Growth	1.5%	1.0%	-0.6%	4.5%	5.0%	8.6%

**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	0.27%	2.0	10.7	-4	2	-10	32	18	20
3M LIBOR	0.85%	0.0	-0.3	1	21	-1	54	48	48
2Y T-Note	0.76%	1.4	-1.4	-5	12	-34	26	17	29
5Y T-Note	1.14%	2.3	-3.0	-3	8	-68	25	-34	-11
10Y T-Note	1.59%	1.5	-4.6	1	6	-79	27	-63	-53
30Y T-Note	2.32%	1.4	-4.4	8	-3	-82	23	-69	-72
2Y-10Y Spread, Bps	83	1.5	-1.8	7.5	-5	-45	1	-80	-82
IG SPREAD (AAABBB)	1.64%	-3.0	-3.0	0	-14	-66	4	-6	-19
HIGH YIELD	6.35%	7.5	12.7	9	-79	-298	16	-25	-37
5Y BREAKEVEN	1.46%	4.9	3.4	14.8	7.2	-17.9	60.5	-10.3	-25.5

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)	124,319	10,785	138,271	67,862	(47,006)	*1.21X*	*1.38X*
Russell 2000 (mini)	7,803	(380)	(3,269)	(23,716)	(36,004)	*1.80X*	*1.51X*
10Y Treasury	118,196	45,781	92,564	22,119	10,079	*1.50X*	*1.93X*
CRUDE OIL	314,891	(45,601)	333,116	356,874	311,787	*0.05X*	*-0.35X*
GOLD	219,134	(29,724)	259,991	229,289	139,874	*0.76X*	*1.66X*
COPPER	(13,323)	12,183	(11,558)	(18,347)	(20,642)	*0.52X*	*0.27X*
$USD	14,340	(2,666)	15,702	13,609	25,440	*-0.81X*	*-0.67X*
JPY	59,724	2,037	50,024	50,481	23,426	*0.81X*	*1.74X*
EUR	(92,466)	(4,078)	(97,705)	(69,684)	(88,807)	*-0.08X*	*-0.10X*
GBP	(57,464)	24,508	(74,801)	(59,075)	(41,195)	*-0.63X*	*-1.34X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (9/28) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	2%	4%	10%	-5%
Total Exchange Volume**	12%	3%	9%	-3%
Total Traded Value (R3K)***	2%	-7%	2%	-6%

*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	-0.23	-0.40	0.23	0.44	-0.42	*0.73*	*-0.91*	*51%*	*49%*
BRENT Oil	**-0.59**	**-0.62**	**-0.57**	-0.26	**-0.58**	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.11	**-0.67**	-0.34	-0.26	**-0.72**	*0.71*	*-0.91*	*18%*	*82%*
GOLD	**-0.53**	**-0.69**	0.39	0.45	-0.33	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*