THE MACRO SHOW

SEPTEMBER 7, 2016

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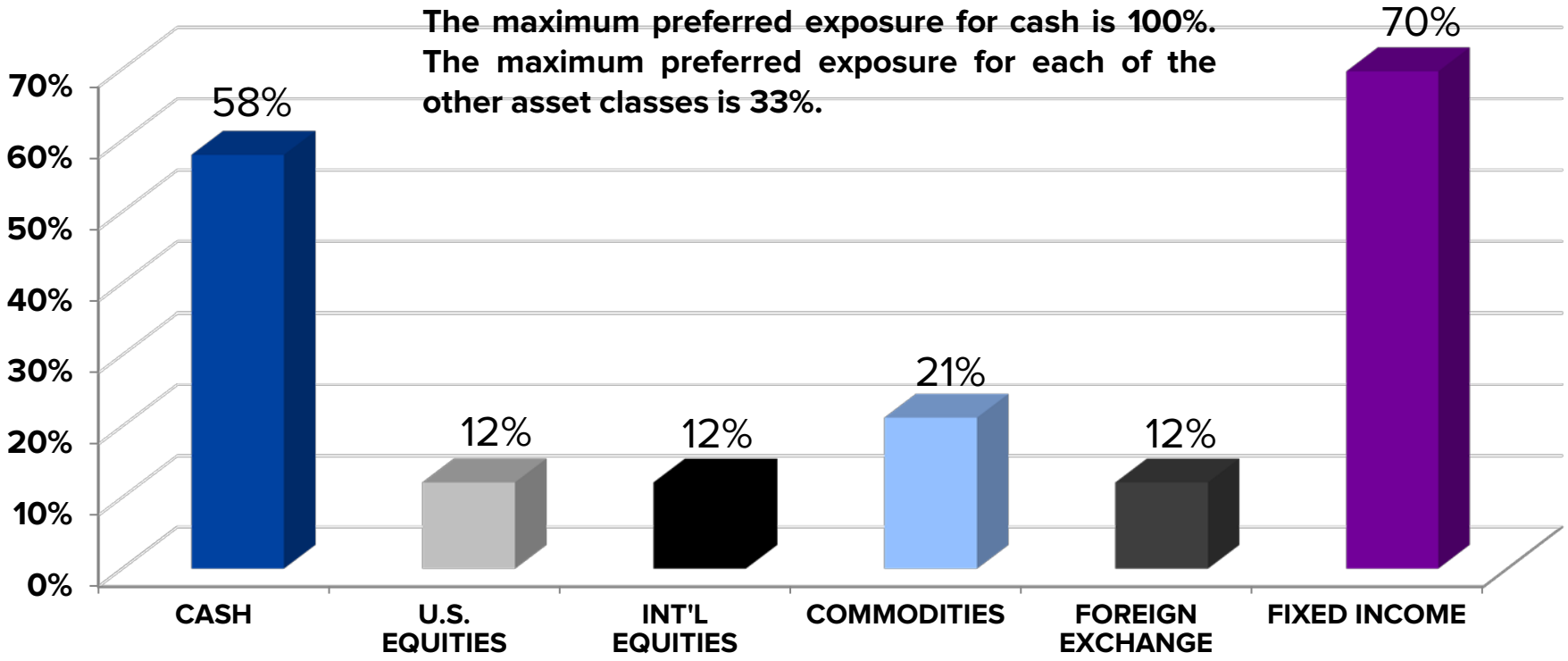
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/6/2016	44	7	8	14	6	21
9/7/2016	58	4	4	7	4	23

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/6/2016	44%	21%	24%	42%	18%	64%
9/7/2016	58%	12%	12%	21%	12%	70%

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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1 RATES

2 YEN

3 OIL

RATES

On the heels of the worst U.S. ISM Services report in 104 months (since 2010), rates got spanked and anything that looked like a bond and/or inverse USD correlation ramped. The 2YR Yield was down

-13% (from 0.84% to 0.73%) in less than a week as markets tell Yellen she has to pivot back to dovish on the data (her 6th hawkish/dovish pivot in 8-9 months).

YEN

U.S. #GrowthSlowing data = Down Dollar, Up Yen – wow was that a fun trade. We're long Yen (for a trade) as everything dovish/hawkish happens on the margin and it looks like the Japanese have some dissent at the BOJ in going for a big devaluation here in SEP (they also need to wait to see what the Fed does); risk range JPY/USD = 99.80-104.38.

OIL

Squeeze me please me, and find me any reason why – but with an immediate-term inverse correlation of -0.7 on Oil/USD, all we just did here was bounce within the $42.77-45.90 risk range. Watch yesterday's The Macro Show to hear our Energy Policy analyst and I discuss why we don't buy into the alleged "freeze" here.

MACRO GRIND

DATA DEPENDENT?

1. **Chicago PMI** = *Worse*
2. **ISM Services** = *Worse*
3. **ISM manufacturing** = *Worse*
4. **Markit Manufacturing PMI** = *Worse*
5. **Bloomberg Consumer Confidence** = *Worse*
6. **NFP** = *Worse*
7. **Auto Sales** = *Worse*
8. **Labor Market Conditions** = *Worse*

2-YEAR U.S. TREASURY YIELD INDEX

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GOLD CONTINUOUS CONTRACT

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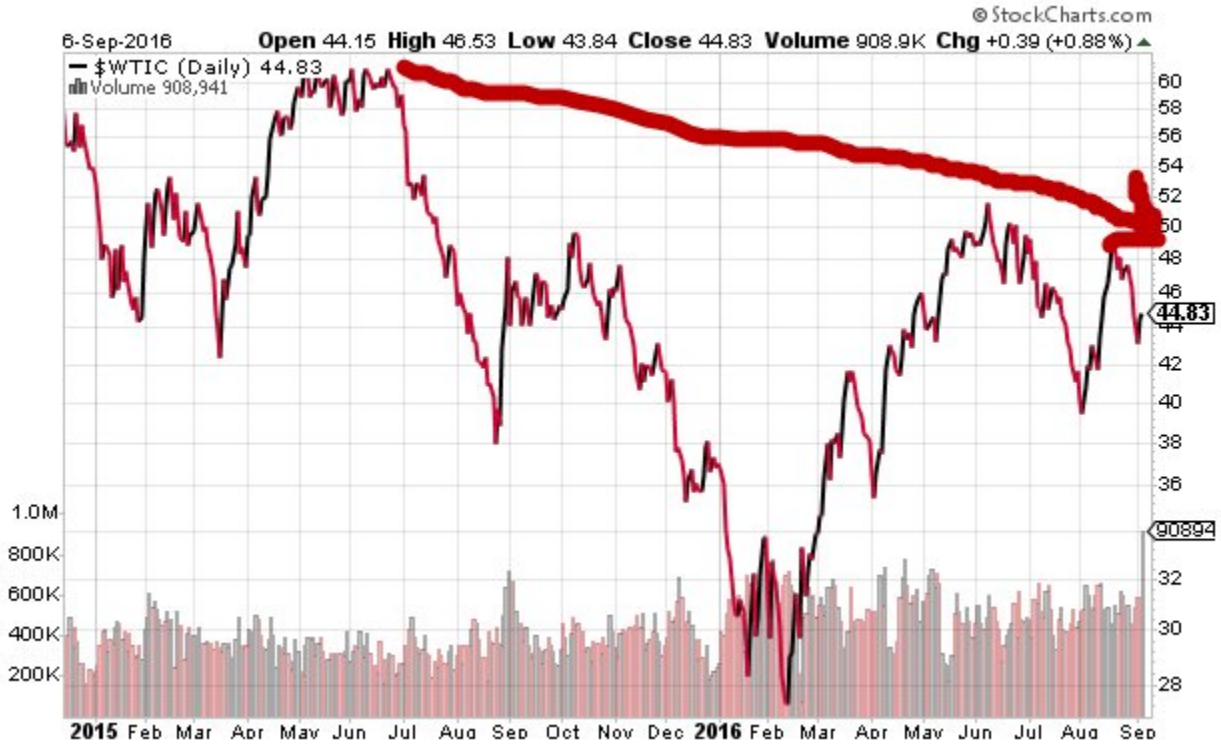
LIGHT CRUDE OIL WTIC



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SPAIN BOLSA DE MADRID IBEX 35

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JAPANESE YEN TO U.S. DOLLAR INDEX

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S&P500 SALES & EARNINGS GROWTH

Q2 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	-0.5%	-3.9%	497 / 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%	35 / 36
Healthcare	8.8%	4.8%	57 / 57
Financials	0.7%	-7.0%	64 / 64
Information Technology	-3.7%	-2.6%	66 / 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	$81.03	0.19%	0.58%	3.67%
Financial Select Sector	XLF	$24.53	-0.16%	-0.12%	2.94%
Health Care Select Sector	XLV	$72.91	0.36%	0.21%	1.22%
Technology Select Sector	XLK	$47.59	0.51%	1.28%	11.11%
Consumer Staples Select Sector	XLP	$54.94	0.22%	1.03%	8.81%
Industrial Select Sector	XLI	$58.76	-0.29%	0.29%	10.85%
Materials Select Sector	XLB	$49.14	-0.22%	1.19%	13.17%
The Energy Select Sector	XLE	$70.12	1.51%	2.35%	16.25%
Utilities Select Sector	XLU	$50.17	1.09%	1.91%	15.92%
S&P 500	SPX	2,186.48	0.30%	0.72%	6.97%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$81.03	-0.11%	-0.13%	-3.30%
Financial Select Sector	XLF	$24.53	-0.46%	-0.84%	-4.04%
Health Care Select Sector	XLV	$72.91	0.06%	-0.51%	-5.75%
Technology Select Sector	XLK	$47.59	0.21%	0.56%	4.14%
Consumer Staples Select Sector	XLP	$54.94	-0.08%	0.31%	1.84%
Industrial Select Sector	XLI	$58.76	-0.59%	-0.43%	3.87%
Materials Select Sector	XLB	$49.14	-0.52%	0.48%	6.20%
The Energy Select Sector	XLE	$70.12	1.21%	1.63%	9.27%
Utilities Select Sector	XLU	$50.17	0.79%	1.19%	8.95%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.7%	0.6%	1.5%	3.6%	11.4%	13.0%
	Low Debt/EV	0.1%	-0.7%	-0.4%	3.2%	8.2%	7.3%
SI	High Short Interest	0.1%	-0.6%	1.1%	3.7%	5.8%	6.3%
	Low Short Interest	0.0%	0.3%	0.1%	2.5%	10.3%	8.3%
BETA	High Beta	0.3%	0.1%	2.3%	4.4%	13.7%	8.6%
	Low Beta	0.5%	0.5%	-1.1%	2.6%	7.8%	11.8%
YIELD	High Yield	0.5%	0.3%	0.7%	3.9%	8.3%	11.0%
	Low Yield	0.3%	0.1%	0.4%	3.8%	12.7%	9.3%
MKT CAP	MCAP Bottom 25%	0.0%	-0.2%	1.2%	2.3%	7.4%	7.0%
	MCAP Top 25%	0.3%	0.2%	-0.1%	2.8%	8.8%	6.6%
Sales	Top 25% Sales Growth	0.6%	0.0%	1.2%	3.5%	14.8%	11.7%
	Bottom 25% Sales Growth	0.1%	-0.5%	-0.2%	3.6%	7.5%	7.9%
EPS	Top 25% EPS Growth	0.4%	0.3%	0.3%	3.3%	12.5%	8.7%
	Bottom 25% EPS Growth	0.4%	0.0%	0.8%	2.8%	8.8%	10.0%

**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	0.31%	-1.0	-1.5	5	5	-5	36	22	23
3M LIBOR	0.83%	-0.2	-0.9	4	18	-1	52	47	46
2Y T-Note	0.73%	-6.0	-7.1	0	-7	-37	23	14	27
5Y T-Note	1.12%	-7.6	-6.1	-2	-13	-71	22	-37	-13
10Y T-Note	1.54%	-6.5	-2.9	-5	-20	-84	22	-70	-58
30Y T-Note	2.23%	-5.0	-0.1	-9	-33	-91	14	-81	-82
2Y-10Y Spread, Bps	81	-0.5	4.2	-5.5	-13	-46	-1	-84	-85
IG SPREAD (AAABBB)	1.63%	-1.0	0.0	-5	-19	-67	3	-7	-21
HIGH YIELD	6.24%	0.0	-2.1	-25	-82	-309	0	-36	-50
5Y BREAKEVEN	1.30%	0.6	-0.2	-4.8	-21.2	-33.9	44.5	-27.2	-41.7

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)	227,291	22,325	116,521	29,697	(68,23[illegible])	*2.14X*	*2.39X*
Russell 2000 (mini)	22,075	6,117	(10,856)	(32,571)	(38,681)	*2.89X*	*2.19X*
10Y Treasury	120,916	61,722	79,007	8,986	1,759	*1.73X*	*2.06X*
CRUDE OIL	373,618	(10,612)	343,142	356,793	308,806	*1.10X*	*0.60X*
GOLD	238,152	(26,802)	255,171	218,124	126,598	*1.07X*	*2.04X*
COPPER	(22,047)	(16,329)	(15,216)	(15,790)	(19,901)	*-0.15X*	*-0.37X*
$USD	14,854	(979)	13,827	14,109	27,083	*-0.85X*	*-0.64X*
JPY	62,221	5,251	47,723	49,992	19,028	*0.96X*	*1.87X*
EUR	(93,103)	(3,678)	(90,534)	(66,829)	(87,717)	*-0.12X*	*-0.14X*
GBP	(89,936)	3,239	(68,789)	(53,973)	(37,246)	*-2.08X*	*-2.44X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (9/6) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	17%	11%	1%	-11%
Total Exchange Volume**	12%	11%	-2%	-10%

*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	-0.61	-0.30	0.40	0.41	-0.53	*0.73*	*-0.91*	*55%*	*45%*
BRENT Oil	-0.67	-0.62	-0.44	-0.10	-0.67	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.91	-0.42	-0.51	-0.10	-0.82	*0.71*	*-0.91*	*21%*	*79%*
GOLD	-0.81	-0.23	0.44	0.41	-0.59	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*