THE MACRO SHOW

SEPTEMBER 8, 2016

LEGAL

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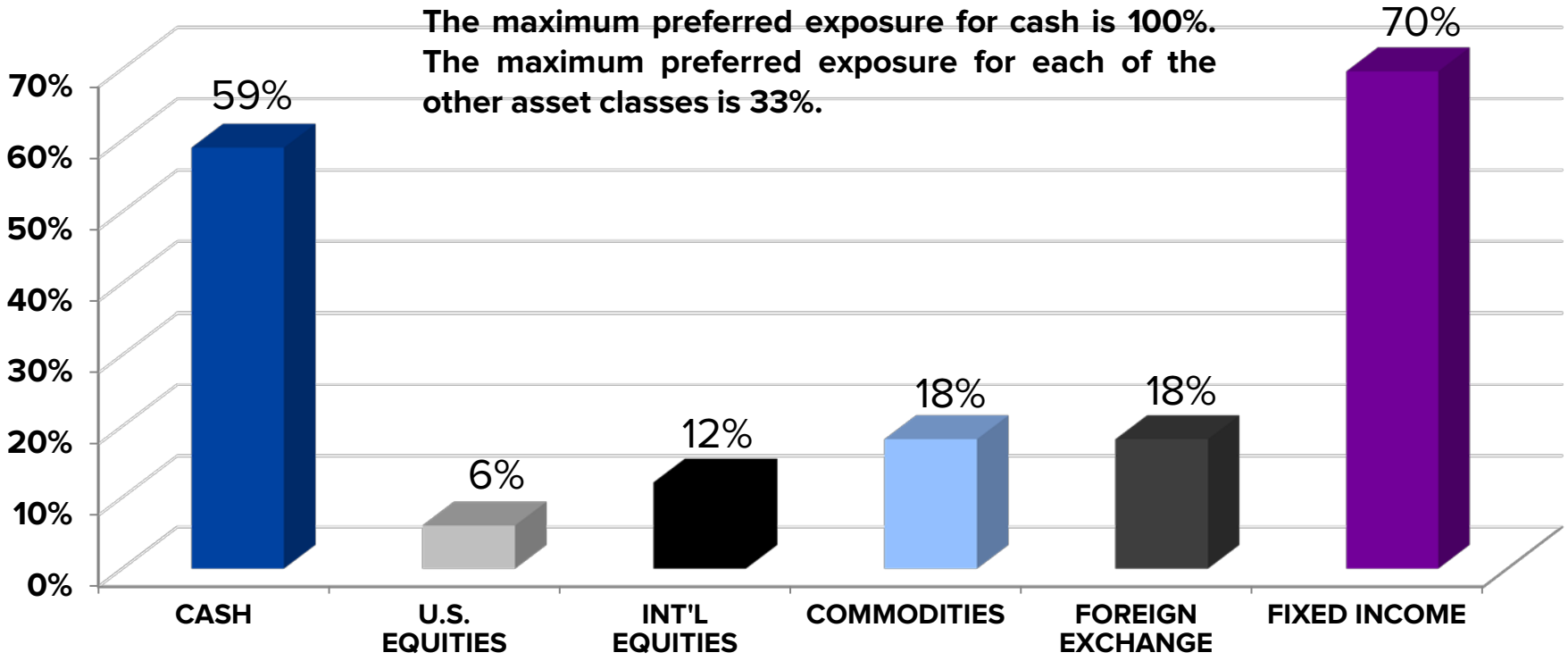
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/7/2016	58	4	4	7	4	23
9/8/2016	59	2	4	6	6	23

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/7/2016	58%	12%	12%	21%	12%	70%
9/8/2016	59%	6%	12%	18%	18%	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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HEDGEYE TV

1 S&P 500

2 EURO

3 COPPER

S&P 500

On the latest “rate hike” fears (i.e. when the SP& 500 was down for 8 of 10 days in AUG), we got as net long as we’ve been in all our products, all year – conviction in #GrowthSlowing was the call. Now, after the move, we say you sellem’ – yep, just a trade (for now), but S&P 500 all-time high is the best price in market history to book some gains.

EURO

If you think it’s all about naval gazing at the Dow, Bro – it’s not. In fact, it’s Draghi Day! He’s back from extended vaca to remind you that the FX War is very much on… and while the Down Dollar, Down Rates thing is fun for anyone who is long anything (other than Japanese Stocks); we think he tries very hard to back the EUR/USD off at $1.13-1.15.

COPPER

The Doctor, once again, is checking out of this Bad Data = Good Reflation Rally. First – Copper is down -0.1% this morning, resuming its crash and genuine disinterest that global demand (vs. Bernanke's supply bubbles) has "bottomed".

MACRO GRIND

EURO XEU

© StockCharts.com
7-Sep-2016
Open 112.43 High 112.70 Low 112.25 Close 112.39 Chg -0.14 (-0.12%)
$XEU (Daily) 112.39
Volume undef
125
124
123
122
121
120
119
118
117
116
115
114
113
112.39
111
110
109
108
107
106
105
Dec 2015 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2016 Feb Mar Apr May Jun Jul Aug Sep

10-YEAR U.S. TREASURY YIELD INDEX

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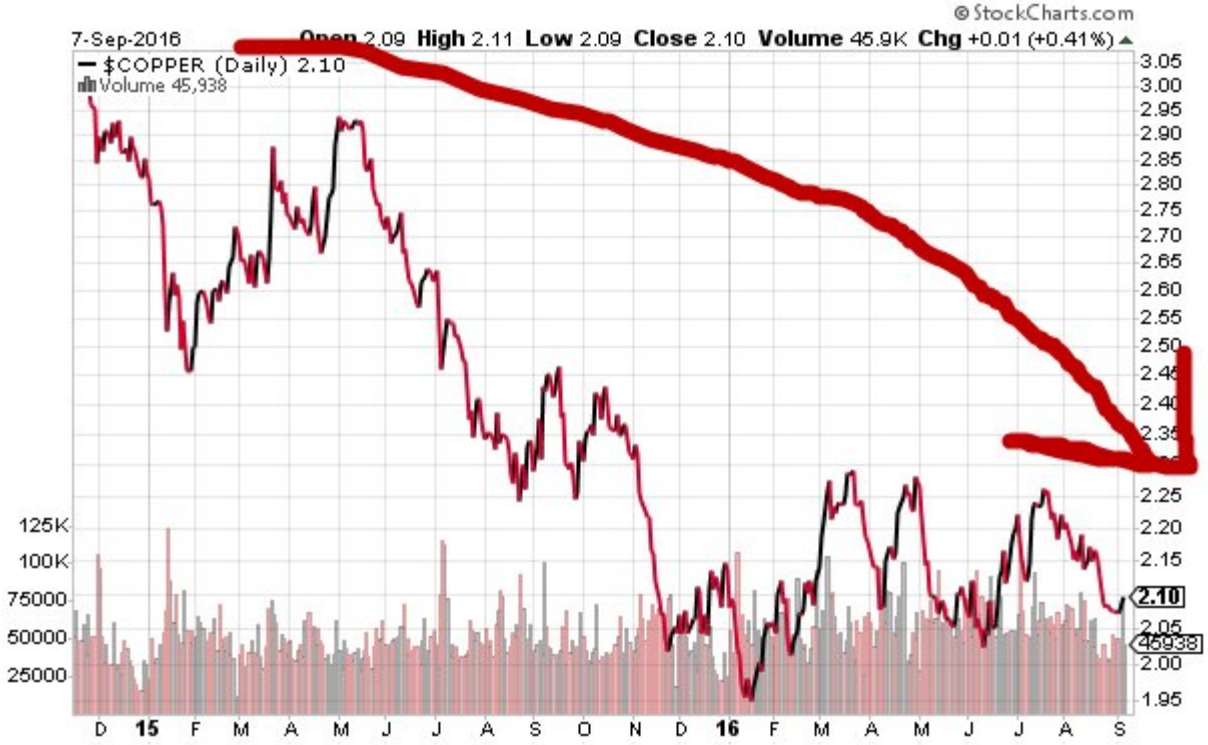
COPPER – CONTINUOUS CONTRACT



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SPAIN BOLSA DE MADRID IBEX 35

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THAILAND SET INDEX

TOKYO NIKKEI 225 AVERAGE 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%	498 / 500
Energy	-24.2%	-81.6%	37 / 37
Materials	-7.3%	-9.1%	27 / 27
Industrials	-1.3%	-2.1%	68 / 68
Consumer Discretionary	6.7%	9.7%	81 / 82
Consumer Staples	0.8%	0.1%	35 / 36
Healthcare	8.8%	4.8%	58 / 58
Financials	0.7%	-7.0%	64 / 64
Information Technology	-3.8%	-2.6%	67 / 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	$81.07	0.05%	0.63%	3.72%
Financial Select Sector	XLF	$24.52	-0.04%	-0.16%	2.90%
Health Care Select Sector	XLV	$72.91	0.00%	0.21%	1.22%
Technology Select Sector	XLK	$47.71	0.25%	1.53%	11.39%
Consumer Staples Select Sector	XLP	$54.46	-0.87%	0.15%	7.86%
Industrial Select Sector	XLI	$58.83	0.12%	0.41%	10.98%
Materials Select Sector	XLB	$49.07	-0.14%	1.05%	13.01%
The Energy Select Sector	XLE	$70.52	0.57%	2.93%	16.91%
Utilities Select Sector	XLU	$50.18	0.02%	1.93%	15.94%
S&P 500	SPX	2,186.16	-0.01%	0.70%	6.96%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$81.07	0.06%	-0.07%	-3.24%
Financial Select Sector	XLF	$24.52	-0.03%	-0.86%	-4.06%
Health Care Select Sector	XLV	$72.91	0.01%	-0.49%	-5.74%
Technology Select Sector	XLK	$47.71	0.27%	0.83%	4.44%
Consumer Staples Select Sector	XLP	$54.46	-0.86%	-0.55%	0.90%
Industrial Select Sector	XLI	$58.83	0.13%	-0.29%	4.02%
Materials Select Sector	XLB	$49.07	-0.13%	0.35%	6.05%
The Energy Select Sector	XLE	$70.52	0.59%	2.23%	9.95%
Utilities Select Sector	XLU	$50.18	0.03%	1.23%	8.98%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.7%	1.5%	2.2%	3.8%	11.0%	13.7%
	Low Debt/EV	-0.1%	-0.2%	-0.5%	3.0%	8.1%	7.1%
SI	High Short Interest	0.5%	0.3%	1.5%	3.2%	5.0%	7.0%
	Low Short Interest	-0.1%	0.2%	0.0%	2.5%	10.1%	8.1%
BETA	High Beta	0.7%	0.8%	3.0%	4.3%	13.2%	9.2%
	Low Beta	-0.2%	1.0%	-1.2%	2.4%	7.6%	11.6%
YIELD	High Yield	0.6%	1.1%	1.3%	4.0%	8.0%	11.7%
	Low Yield	0.3%	0.7%	0.6%	3.5%	12.4%	9.9%
MKT CAP	MCAP Bottom 25%	0.6%	0.6%	1.8%	2.2%	6.7%	7.4%
	MCAP Top 25%	-0.2%	0.3%	-0.3%	2.7%	8.5%	6.4%
Sales	Top 25% Sales Growth	0.4%	0.7%	1.5%	2.8%	13.8%	11.9%
	Bottom 25% Sales Growth	0.5%	0.4%	0.3%	3.9%	7.3%	8.9%
EPS	Top 25% EPS Growth	0.3%	0.7%	0.4%	3.1%	11.9%	8.6%
	Bottom 25% EPS Growth	0.5%	0.6%	1.3%	2.9%	8.2%	10.7%

**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	0.34%	2.6	0.6	8	7	-2	39	25	26
3M LIBOR	0.84%	0.0	0.1	5	18	0	53	48	47
2Y T-Note	0.73%	0.6	-7.1	1	-5	-37	24	15	28
5Y T-Note	1.12%	0.6	-7.4	-1	-11	-70	23	-37	-12
10Y T-Note	1.54%	0.5	-4.1	-5	-18	-84	22	-70	-58
30Y T-Note	2.23%	1.1	0.3	-8	-31	-90	15	-80	-81
2Y-10Y Spread, Bps	81	-0.1	3.0	-6.1	-13	-47	-2	-85	-86
IG SPREAD (AAABBB)	1.66%	0.0	1.0	-2	-16	-64	6	-4	-18
HIGH YIELD	6.19%	-3.4	-9.2	-30	-77	-314	0	-41	-56
5Y BREAKEVEN	1.33%	2.5	3.9	-2.2	-21.8	-31.3	47.1	-24.5	-39.1

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: (9/7) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	9%	20%	10%	-2%
Total Exchange Volume**	-4%	6%	-6%	-14%
Total Traded Value (R3K)***	8%	23%	7%	1%

*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	-0.60	-0.25	0.37	0.42	-0.53	*0.73*	*-0.91*	*55%*	*45%*
BRENT Oil	-0.64	-0.61	-0.48	-0.09	-0.67	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.89	-0.44	-0.50	-0.09	-0.81	*0.71*	*-0.91*	*21%*	*79%*
GOLD	-0.80	-0.28	0.43	0.42	-0.58	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*