

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
8/29/2016	43	7	7	15	6	22
8/30/2016	45	6	8	15	6	20

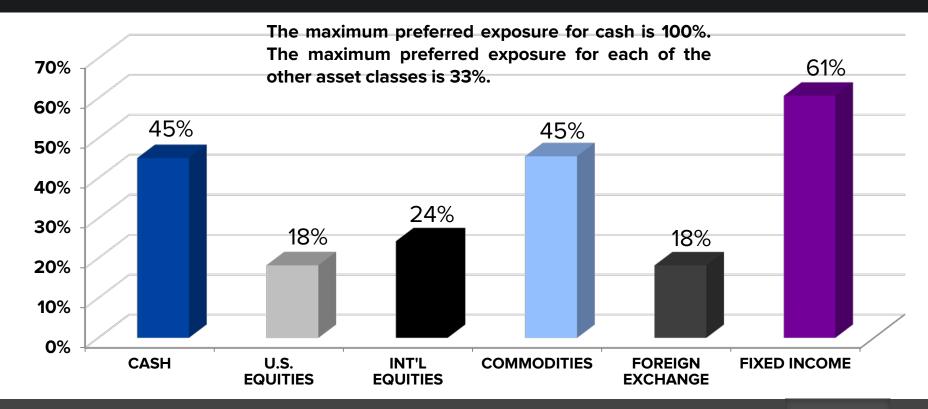
	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
8/29/2016	43%	21%	21%	45%	18%	67%
8/30/2016	45%	18%	24%	45%	18%	61%

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

August 30, 2016



HEDGEYE ASSET ALLOCATION

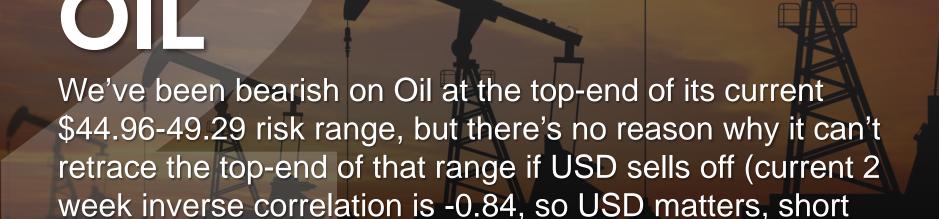


August 30, 2016









term).

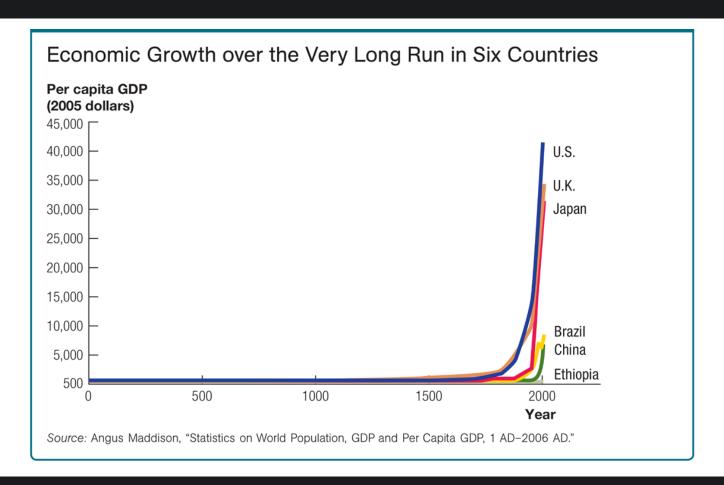
VIX

Front month VIX had its ramp to the top end of its 11.25-14.36 risk range and backed off right where it should have; now we have month-end and no volume (total U.S. Equity Volume -26% vs. the 1 year average yesterday); though tape to be short towards 2192 SPX.



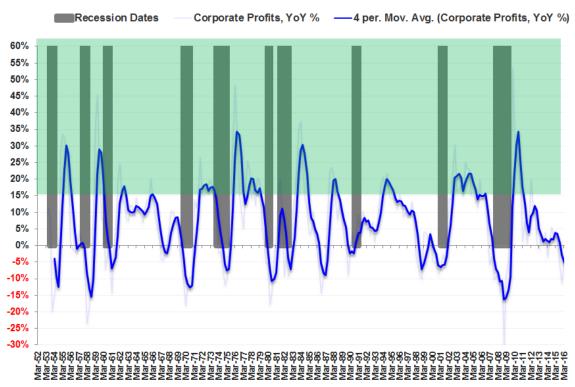
MACRO & HOUSING CHRISTIAN DRAKE

MACRO: AN EXPERIMENT IN EVOLUTION



CORPORATE PROFITS =

CORPORATE PROFITS



DATA SOURCE:BLOOMBERG BEA BLS HEDGEYE

#PROFITCYCLE: A ROSY CONSENSUS PICTURE

Q2 QTD

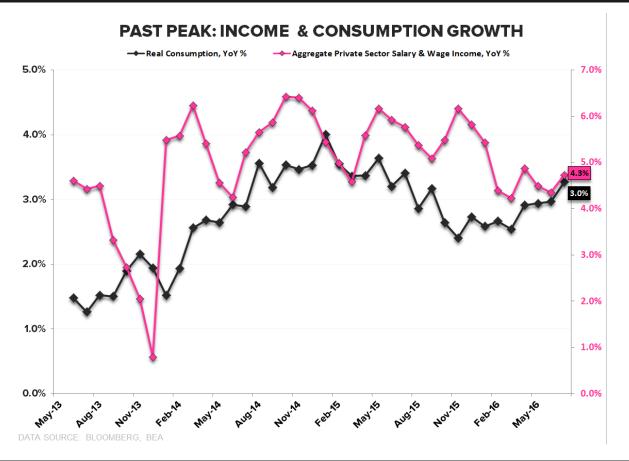
Estimates

SALES GROWTH (%)	CQ2 14	CQ3 14	CQ4 14	CQ1 15	CQ2 15	CQ3 15	CQ4 15	CQ1 16	CQ2 16*	CQ3 16	CQ4 16	CQ1 17	CQ2 17
All Securities	4.7%	4.3%	1.6%	-2.7%	-3.4%	-3.7%	-4.0%	-1.9%	-0.6%	1.6%	4.6%	8.5%	6.7%
Energy	3.7%	-3.6%	-16.3%	-34.0%	-31.8%	-34.4%	-34.4%	-29.3%	-24.2%	-11.4%	3.6%	47.1%	39.0%
Materials	3.5%	2.6%	-2.0%	-9.8%	-10.1%	-14.0%	-15.5%	-8.8%	-7.3 %	-0.4%	5.1%	7.2%	6.4%
Industrials	3.6%	4.8%	3.1%	-2.0%	-3.2%	-6.1%	-7.2 %	-2.0%	-1.3%	0.7%	1.9%	1.8%	0.6%
Consumer Discretionary	4.7%	4.2%	3.4%	1.8%	2.1%	3.7%	4.4%	6.3%	6.5%	5.3%	6.2%	6.3%	4.5%
Consumer Staples	3.5%	2.9%	2.2%	2.5%	0.6%	0.5%	-0.4%	1.2%	0.8%	2.6%	4.6%	4.6%	4.7%
Health Care	11.9%	12.1%	12.8%	10.3%	8.9%	9.5%	9.6%	9.2%	8.8%	7.0%	5.9%	6.5%	4.2%
Financials	1.4%	5.1%	-0.3%	2.0%	1.6%	0.1%	1.0%	-1.7%	0.9%	2.3%	2.9%	6.2%	3.2%
Information Technology	6.7%	8.1%	8.4%	6.0%	3.1%	1.1%	-5.3%	-6.8%	-4.7%	-1.4%	4.8%	7.4%	6.4%
Telecom	3.2%	3.0%	5.1%	2.6%	2.4%	11.8%	12.0%	11.2%	9.6%	1.4%	-0.2%	1.7%	2.2%
Utilities	3.3%	4.6%	10.6%	-3.6%	-4.9%	-2.1%	-12.6%	-10.5%	-2.4%	4.6%	13.3%	10.2%	5.5%
Data Source: BBG								*490 reported	I				
S&P 500									Q2 QTD	Estimates			
3&F 300									ענ עוט	Latimates			
EPS Growth (%)	CQ2 14	CQ3 14	CQ4 14	CQ1 15	CQ2 15	CQ3 15	CQ4 15	CQ1 16	CQ2 16*	CQ3 16	CQ4 16	CQ1 17	CQ2 17
EPS Growth (%) All Securities	CQ2 14 9.9%	9.6%	CQ4 14 6.2%	CQ1 15 1.5%	CQ2 15 -1.2%	CQ3 15 -3.8%	CQ4 15 -6.8%	CQ1 16 -8.0%				CQ1 17 14.6%	12.1%
EPS Growth (%)									CQ2 16*	CQ3 16	CQ4 16		
EPS Growth (%) All Securities	9.9%	9.6%	6.2%	1.5%	-1.2%	-3.8%	-6.8%	-8.0%	CQ2 16* -4.1%	CQ3 16 -1.7%	CQ4 16 7.5%	14.6%	12.1%
EPS Growth (%) All Securities Energy	9.9% 10.7%	9.6% 7.6%	6.2% -18.7%	1.5% -56.7%	-1.2% -56.5%	-3.8% -57.5%	-6.8% -72.6%	-8.0% -109.6%	CQ2 16* -4.1% -81.6%	CQ3 16 -1.7% -62.9%	CQ4 16 7.5% -7.2%	14.6% 824.0%	12.1% 395.5%
EPS Growth (%) All Securities Energy Materials	9.9% 10.7% 11.3%	9.6% 7.6% 17.3% 14.2% 2.0%	6.2% -18.7% 5.5%	1.5% -56.7% -0.4%	-1.2% -56.5% 6.3% -3.0% 9.0%	-3.8% -57.5% -15.6%	-6.8% -72.6% -17.9%	-8.0% -109.6% -16.0%	CQ2 16* -4.1% -81.6% -9.1%	CQ3 16 -1.7% -62.9% 3.9%	CQ4 16 7.5% -7.2% 18.3%	14.6% 824.0% 20.7%	12.1% 395.5% 13.2% 4.7% 8.7%
EPS Growth (%) All Securities Energy Materials Industrials	9.9% 10.7% 11.3% 13.7%	9.6% 7.6% 17.3% 14.2%	6.2% -18.7% 5.5% 15.6%	1.5% -56.7% -0.4% 11.3%	-1.2% -56.5% 6.3% -3.0%	-3.8% -57.5% -15.6% -0.7%	-6.8% -72.6% -17.9% -5.4%	-8.0% -109.6% -16.0% -7.3%	CQ2 16* -4.1% -81.6% -9.1% -2.1%	CQ3 16 -1.7% -62.9% 3.9% -6.9%	CQ4 16 7.5% -7.2% 18.3% -2.3%	14.6% 824.0% 20.7% 5.5%	12.1% 395.5% 13.2% 4.7%
EPS Growth (%) All Securities Energy Materials Industrials Consumer Discretionary	9.9% 10.7% 11.3% 13.7% 5.9%	9.6% 7.6% 17.3% 14.2% 2.0%	6.2% -18.7% 5.5% 15.6% 7.0%	1.5% -56.7% -0.4% 11.3% 9.3%	-1.2% -56.5% 6.3% -3.0% 9.0%	-3.8% -57.5% -15.6% -0.7% 13.9%	-6.8% -72.6% -17.9% -5.4% 9.4%	-8.0% -109.6% -16.0% -7.3% 17.8%	CQ2 16* -4.1% -81.6% -9.1% -2.1% 9.8%	CQ3 16 -1.7% -62.9% 3.9% -6.9% 1.5%	CQ4 16 7.5% -7.2% 18.3% -2.3% 7.3%	14.6% 824.0% 20.7% 5.5% 7.2%	12.1% 395.5% 13.2% 4.7% 8.7%
EPS Growth (%) All Securities Energy Materials Industrials Consumer Discretionary Consumer Staples	9.9% 10.7% 11.3% 13.7% 5.9% 6.5%	9.6% 7.6% 17.3% 14.2% 2.0% 3.2%	6.2% -18.7% 5.5% 15.6% 7.0% -2.3%	1.5% -56.7% -0.4% 11.3% 9.3% 3.6%	-1.2% -56.5% 6.3% -3.0% 9.0% 0.1%	-3.8% -57.5% -15.6% -0.7% 13.9% -2.1%	-6.8% -72.6% -17.9% -5.4% 9.4% -0.7%	-8.0% -109.6% -16.0% -7.3% 17.8%	CQ2 16* -4.1% -81.6% -9.1% -2.1% 9.8% 0.1%	CQ3 16 -1.7% -62.9% 3.9% -6.9% 1.5% 3.2%	CQ4 16 7.5% -7.2% 18.3% -2.3% 7.3% 7.9%	14.6% 824.0% 20.7% 5.5% 7.2% 10.9%	12.1% 395.5% 13.2% 4.7% 8.7% 9.5%
EPS Growth (%) All Securities Energy Materials Industrials Consumer Discretionary Consumer Staples Health Care	9.9% 10.7% 11.3% 13.7% 5.9% 6.5% 12.5%	9.6% 7.6% 17.3% 14.2% 2.0% 3.2% 15.2%	6.2% -18.7% 5.5% 15.6% 7.0% -2.3% 21.6%	1.5% -56.7% -0.4% 11.3% 9.3% 3.6% 18.2%	-1.2% -56.5% 6.3% -3.0% 9.0% 0.1% 15.1%	-3.8% -57.5% -15.6% -0.7% 13.9% -2.1% 14.5%	-6.8% -72.6% -17.9% -5.4% 9.4% -0.7% 11.0%	-8.0% -109.6% -16.0% -7.3% 17.8% 1.2% 8.1%	CQ2 16* -4.1% -81.6% -9.1% -2.1% 9.8% 0.1% 4.8%	CQ3 16 -1.7% -62.9% 3.9% -6.9% 1.5% 3.2% 4.0%	CQ4 16 7.5% -7.2% 18.3% -2.3% 7.3% 7.9% 6.2%	14.6% 824.0% 20.7% 5.5% 7.2% 10.9% 6.4%	12.1% 395.5% 13.2% 4.7% 8.7% 9.5% 7.5% 9.7% 11.4%
EPS Growth (%) All Securities Energy Materials Industrials Consumer Discretionary Consumer Staples Health Care Financials	9.9% 10.7% 11.3% 13.7% 5.9% 6.5% 12.5% 6.6%	9.6% 7.6% 17.3% 14.2% 2.0% 3.2% 15.2% 12.2%	6.2% -18.7% 5.5% 15.6% 7.0% -2.3% 21.6% -3.2%	1.5% -56.7% -0.4% 11.3% 9.3% 3.6% 18.2% 7.1%	-1.2% -56.5% 6.3% -3.0% 9.0% 0.1% 15.1% 2.7%	-3.8% -57.5% -15.6% -0.7% 13.9% -2.1% 14.5% -8.6%	-6.8% -72.6% -17.9% -5.4% 9.4% -0.7% 11.0% -5.3%	-8.0% -109.6% -16.0% -7.3% 17.8% 1.2% 8.1% -14.2%	CQ2 16* -4.1% -81.6% -9.1% -2.1% 9.8% 0.1% 4.8% -5.2%	CQ3 16 -1.7% -62.9% 3.9% -6.9% 1.5% 3.2% 4.0% 5.7%	CQ4 16 7.5% -7.2% 18.3% -2.3% 7.3% 7.9% 6.2% 11.2%	14.6% 824.0% 20.7% 5.5% 7.2% 10.9% 6.4% 15.7%	12.1% 395.5% 13.2% 4.7% 8.7% 9.5% 7.5% 9.7%
EPS Growth (%) All Securities Energy Materials Industrials Consumer Discretionary Consumer Staples Health Care Financials Information Technology	9.9% 10.7% 11.3% 13.7% 5.9% 6.5% 12.5% 6.6% 12.1%	9.6% 7.6% 17.3% 14.2% 2.0% 3.2% 15.2% 12.2% 8.5%	6.2% -18.7% 5.5% 15.6% 7.0% -2.3% 21.6% -3.2% 14.9%	1.5% -56.7% -0.4% 11.3% 9.3% 3.6% 18.2% 7.1% 10.0%	-1.2% -56.5% 6.3% -3.0% 9.0% 0.1% 15.1% 2.7% 6.6%	-3.8% -57.5% -15.6% -0.7% 13.9% -2.1% 14.5% -8.6% 4.5%	-6.8% -72.6% -17.9% -5.4% 9.4% -0.7% 11.0% -5.3% -3.8%	-8.0% -109.6% -16.0% -7.3% 17.8% 1.2% 8.1% -14.2% -7.4%	CQ2 16* -4.1% -81.6% -9.1% -2.1% 9.8% 0.1% 4.8% -5.2% -3.6%	CQ3 16 -1.7% -62.9% 3.9% -6.9% 1.5% 3.2% 4.0% 5.7% -2.0%	CQ4 16 7.5% -7.2% 18.3% -2.3% 7.3% 7.9% 6.2% 11.2% 4.6%	14.6% 824.0% 20.7% 5.5% 7.2% 10.9% 6.4% 15.7% 13.6%	12.1% 395.5% 13.2% 4.7% 8.7% 9.5% 7.5% 9.7% 11.4%
EPS Growth (%) All Securities Energy Materials Industrials Consumer Discretionary Consumer Staples Health Care Financials Information Technology Telecom	9.9% 10.7% 11.3% 13.7% 5.9% 6.5% 12.5% 6.6% 12.1% 22.6%	9.6% 7.6% 17.3% 14.2% 2.0% 3.2% 15.2% 12.2% 8.5% 20.8%	6.2% -18.7% 5.5% 15.6% 7.0% -2.3% 21.6% -3.2% 14.9% 21.7%	1.5% -56.7% -0.4% 11.3% 9.3% 3.6% 18.2% 7.1% 10.0% 8.5%	-1.2% -56.5% 6.3% -3.0% 9.0% 0.1% 15.1% 2.7% 6.6% 10.2%	-3.8% -57.5% -15.6% -0.7% 13.9% -2.1% 14.5% -8.6% 4.5% 23.7%	-6.8% -72.6% -17.9% -5.4% 9.4% -0.7% 11.0% -5.3% -3.8% 27.8%	-8.0% -109.6% -16.0% -7.3% 17.8% 1.2% 8.1% -14.2% -7.4% 16.1%	CQ2 16* -4.1% -81.6% -9.1% -2.1% 9.8% 0.1% 4.8% -5.2% -3.6% 3.5% 8.9%	CQ3 16 -1.7% -62.9% 3.9% -6.9% 1.5% 3.2% 4.0% 5.7% -2.0% -1.9%	CQ4 16 7.5% -7.2% 18.3% -2.3% 7.3% 7.9% 6.2% 11.2% 4.6% 4.4%	14.6% 824.0% 20.7% 5.5% 7.2% 10.9% 6.4% 15.7% 13.6% 0.1%	12.1% 395.5% 13.2% 4.7% 8.7% 9.5% 7.5% 9.7% 11.4% 7.7%

JULY INCOME & SPENDING

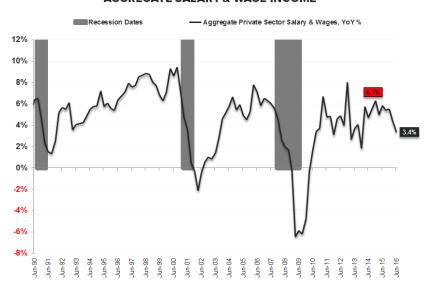
				ONA		COM	E & S	PEN	DNG		
Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
-	16,455	-	-	16,491	-	-	16,525	-	-	16,570	-
12,356	12,387	12,402	12,442	12,472	12,479	12,504	12,511	12,643	12,686	12,756	12,798
11,253	11,286	11,291	11,316	11,352	11,345	11,376	11,374	11,458	11,477	11,527	11,565
7,325	7,346	7,359	7,362	7,388	7,390	7,417	7,405	7,441	7,454	7,486	7,501
3,932	3,944	3,934	3,958	3,968	3,958	3,962	3,974	4,023	4,030	4,048	4,072
1,511	1,519	1,515	1,533	1,535	1,519	1,529	1,527	1,557	1,556	1,571	1,601
2,452	2,456	2,451	2,458	2,466	2,470	2,466	2,478	2,500	2,506	2,511	2,509
0.0%	0.0%	0.1%	0.1%	-0.1%	0.1%	-0.1%	0.1%	0.3%	0.2%	0.1%	0.0%
0.4%	0.2%	0.3%	0.5%	0.6%	1.1%	0.9%	0.8%	1.0%	1.0%	0.9%	0.8%
-	68.6%	-	-	68.8%	-	-	68.8%	-	-	69.6%	
					PCE: Decele	rates on Mo	M. Accelerat	es on YoY/2	Y. 3Q Trackin	g at a +2.7%	QoQ
11,253	11,286	11,291	11,316	11,352	11,345	11,376	11,374	11,458	11,477	11,527	11,565
0.2%	0.3%	0.0%	0.2%	0.3%	-0.1%	0.3%	-0.02%	0.7%	0.2%	0.4%	0.3%
2.9%	3.2%	2.6%	2.4%	2.6%	2.4%	2.6%	2.2%	2.8%	2.5%	2.9%	3.0%
3.2%	3.2%	3.1%	2.9%	3.1%	3.2%	3.1%	2.8%	3.1%	3.1%	3.1%	3.2%
	2.7%			2.3%			1.6%			4.3%	2.7%
5.9	5.9	6.1	6.0	6.1	6.2	6.0	6.2	5.8	5.8	5.5	5.7
Sa	vings Rate: -	+20 bps sequ	entially, Dov	wn -20 bps Y	oY . Esier con	nps from a co	nsumption s	upport persp	ective from h	nere	
4.2%	4.0%	3 0%	3 7%	4.0%	3.0%	3.5%	3.6%	3.4%	3 2%	3 1%	3.3%
											3.6%
											2.09
											4.39
_											2.89
	11,253 7,325 3,932 1,511 2,452 0,0% 0,4% 11,253 0,2% 2,9% 3,2% 5.9 5.9 5.9 5.9 5.4 3,7% 2,5% 5,4% 3,2%	12,356 12,387 11,253 11,286 7,325 7,346 3,932 3,944 1,511 1,519 2,452 2,456 0.0% 0.0% 0.4% 0.2% - 68.6% 11,253 11,286 0.2% 0.3% 2.9% 3.2% 3.2% 3.2% 5.9 5.9 Savings Rate: 4.2% 4.0% 3.7% 3.6% 2.5% 5.1% 3.2% 2.9%	12,356 12,387 12,402 11,253 11,286 11,291 7,325 7,346 7,359 3,932 3,944 3,934 1,511 1,519 1,515 2,452 2,456 2,451 0.0% 0.0% 0.1% 0.4% 0.2% 0.3% - 68.6% - 11,253 11,286 11,291 0.2% 0.3% 0.0% 2.9% 3.2% 2.6% 3.2% 3.2% 3.1% - 2.7% 5.9 5.9 6.1 Savings Rate: +20 bps sequ 4.2% 4.0% 3.9% 3.7% 3.6% 3.4% 2.5% 2.5% 2.4% 5.4% 5.1% 5.5% 3.2% 2.9% 3.0%	12,356	12,356	12,356	12,356	12,356	12,356 12,387 12,402 12,442 12,472 12,479 12,504 12,511 12,643 11,253 11,286 11,291 11,316 11,352 11,345 11,376 11,374 11,458 7,325 7,346 7,359 7,362 7,388 7,390 7,417 7,405 7,441 3,932 3,944 3,934 3,958 3,968 3,958 3,962 3,974 4,023 1,511 1,519 1,515 1,533 1,535 1,519 1,529 1,527 1,557 2,452 2,456 2,451 2,458 2,466 2,470 2,466 2,478 2,500 0,0% 0,0% 0,1% 0,1% 0,1% 0,1% 0,1% 0,	12,356	12,356 12,387 12,402 12,442 12,472 12,479 12,504 12,511 12,643 12,686 12,756 11,253 11,286 11,291 11,316 11,352 11,345 11,376 11,374 11,458 11,477 11,527 1,352 7,346 7,359 7,362 7,388 7,390 7,417 7,405 7,441 7,454 7,486 3,932 3,944 3,934 3,958 3,968 3,958 3,962 3,974 4,023 4,030 4,048 1,511 1,519 1,515 1,533 1,535 1,519 1,529 1,527 1,557 1,556 1,571 2,452 2,456 2,451 2,458 2,466 2,470 2,466 2,478 2,500 2,506 2,511 0,00% 0,00% 0,1% 0,1% 0,1% 0,1% 0,1%

PAST PEAK: INCOME & CONSUMPTION

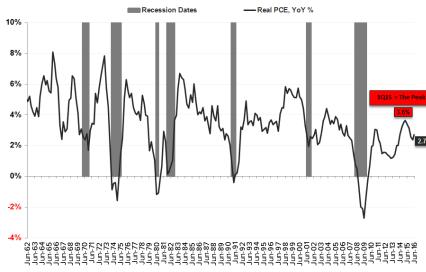


INCOME & CONSUMPTION: LT

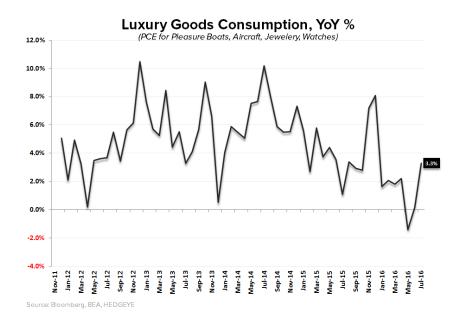
AGGREGATE SALARY & WAGE INCOME



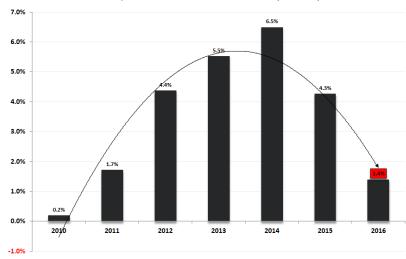
REAL PCE GROWTH, YOY%



HIGH END SPENDING = •



Luxury Goods Consumption, YoY % (PCE for Pleasure Boats, Aircraft, Jewelery, Watches)



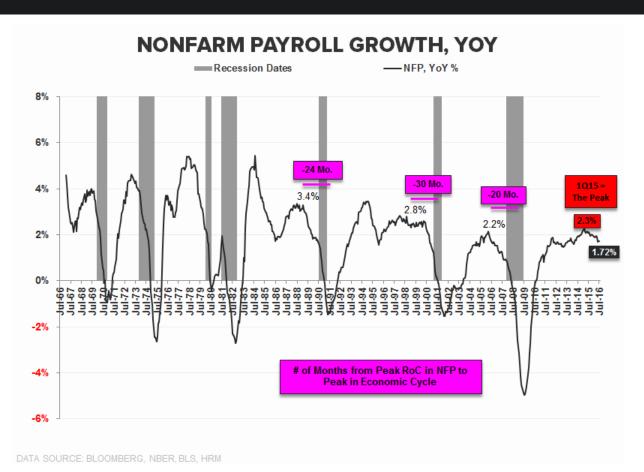
Source: Bloomberg, BEA, HEDGEYE

EMPLOYMENT

Employment Summary

	<u>Jul-16</u>	<u>Jun-16</u>	<u>May-16</u>	<u>Apr-16</u>	<u> Mar-16</u>	Feb-16	<u>Jan-16</u>	Dec-15	Nov-15	Oct-15	Sep-15	Aug-15	Jul-15	2010 TROUGH - PRESENT (total)
Total Nonfarm Payrolls	144,448	144,193	143,901	143,877	143,733	143,547	143,314	143,146	142,875	142,595	142,300	142,151	142,001	14,715
NFP, M/M Chg	255	292	24	144	186	233	168	271	280	295	149	150	277	
3M Ave Chg	190	153	118	188	196	224	240	282	241	198	192	218	259	
6M Ave Chg	189	175	171	214	239	233	219	237	230	229	221	211	230	
NFP, Y/Y %	1.72%	1.74%	1.70%	1.88%	1.96%	1.89%	1.91%	1.95%	1.97%	2.01%	1.95%	2.05%	2.10%	
NFP, 2Y Ave Growth	1.91%	1.91%	1.92%	1.99%	2.05%	2.09%	2.06%	2.07%	1.99%	2.00%	1.97%	1.98%	2.03%	
Total Private Payrolls	122,272	122,055	121,796	121,797	121,650	121,483	121,261	121,106	120,847	120,568	120,264	120,102	119,979	15,015
Private, M/M Chg	217	259	(1)	147	167	222	155	259	279	304	162	123	245	
3M Ave Chg	158	135	104	179	181	212	231	281	248	196	177	198	242	
6M Ave Chg	169	158	158	205	231	230	214	229	223	219	209	197	218	
Private, Y/Y %	1.91%	1.94%	1.91%	2.13%	2.22%	2.15%	2.18%	2.24%	2.26%	2.30%	2.21%	2.28%	2.38%	
Private, 2Y Ave Growth	2.14%	2.16%	2.17%	2.26%	2.32%	2.37%	2.35%	2.37%	2.29%	2.29%	2.26%	2.27%	2.32%	

PAYROLL GROWTH =

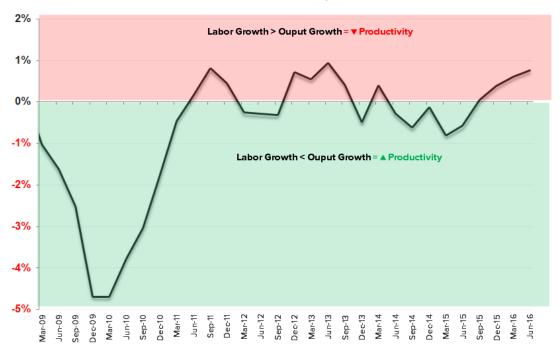


LABOR GROWTH VS OUTPUT GROWTH

PRIVATE PAYROLL GROWTH IS SLOWING BUT IT'S STILL GROWING AT A PREMIUM TO OUTPUT GROWTH. A POSITIVE SPREAD IS A DRAG ON PRODUCTIVITY AND WITH TOPLINE GROWTH FLAGGING EMPLOYMENT GROWTH IS PAID FOR WITH CORPORATE MARGIN COMPRESSION.

LABOR VS OUTPUT





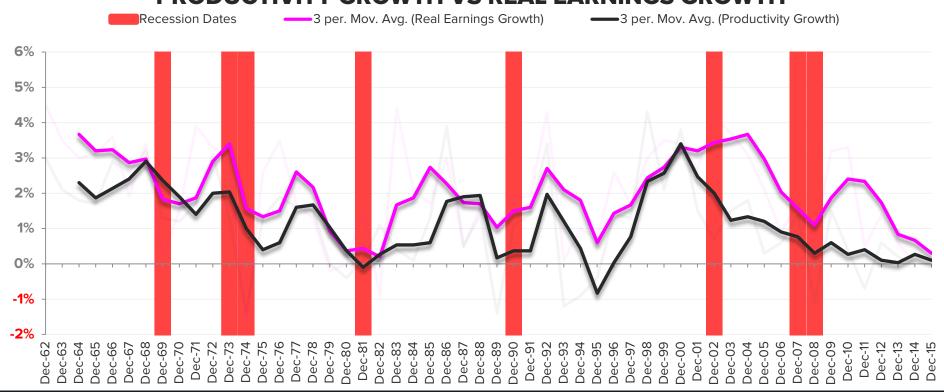
DATA SOURCE: BLOOMBERG, BEA, HEDGEY

PRODUCTIVITY • = REAL EARNINGS •



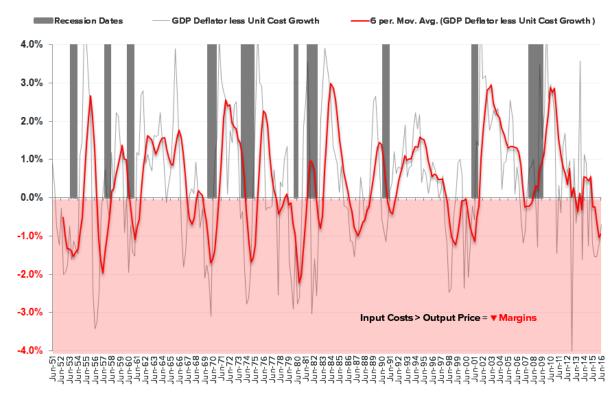
OVER THE LONGER-TERM, THE TREND IN PRODUCTIVITY DRIVES THE TREND IN REAL EARNINGS GROWTH

PRODUCTIVITY GROWTH VS REAL EARNINGS GROWTH



MARGIN PRESSURE +

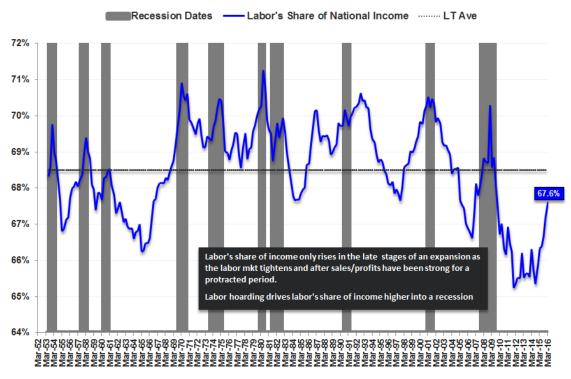
MARGIN SQUEEZE: INPUT PRICES > OUTPUT PRICES



DATA SOURCE: BLOOMBERG, BEA, FEDERAL RESERVE

LABOR SHARE OF INCOME 1

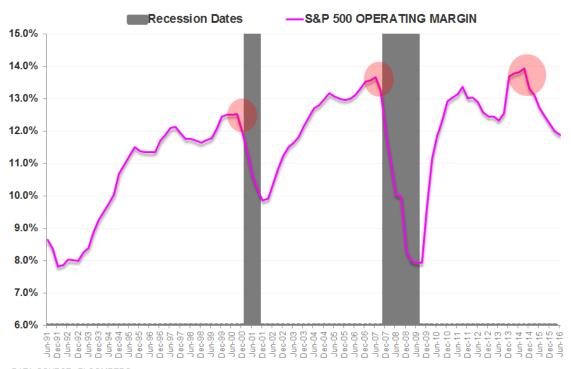
LABOR'S SHARE OF NATIONAL INCOME



DATA SOURCE:BLOOMBERG, BEA, BLS

OPERATING MARGINS •

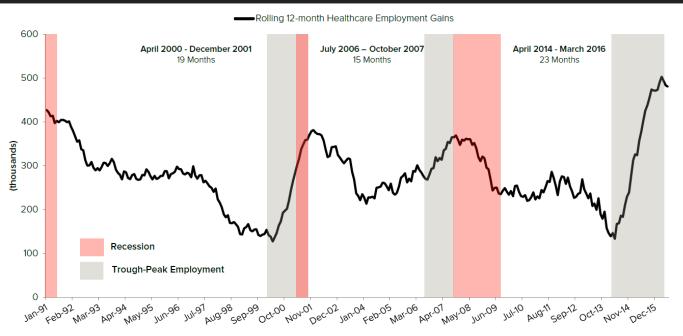
S&P 500 OPERATING MARGIN



DATA SOURCE: BLOOMBER

ACA JUICING NFP

HEALTHCARE EMPLOYMENT GAINS



DATA SOURCE: BLS. NBER © Hedgeye Risk Management LLC. All Rights Reserved. 2

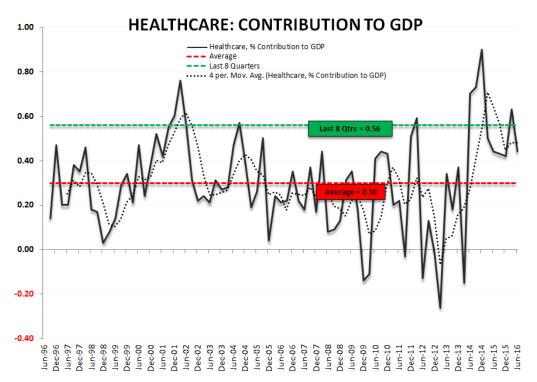
HC EMPLOYMENT, % OF TOTAL

HEALTHCARE EMPLOYMENT, % of Total NFP



DATA SOURCE: BLOOMBERG, BLS, HEDGEYE

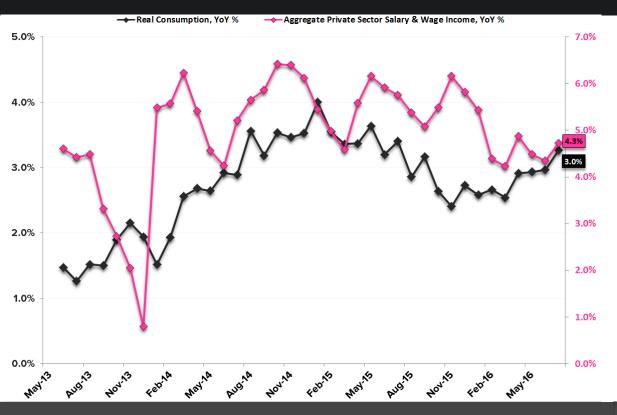
HC: 2X CONTRIBUTION TO GDP



DATA SOURCE: BLOOMBERG, BLS, HEDGEYE

MACRO GRIND

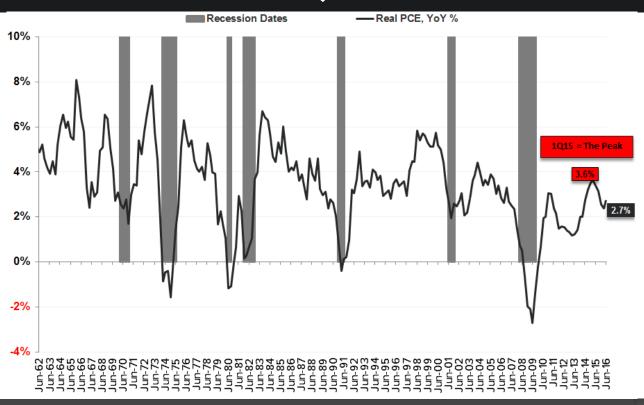
PAST PEAK: INCOME & CONSUMPTION GROWTH



August 30, 2016



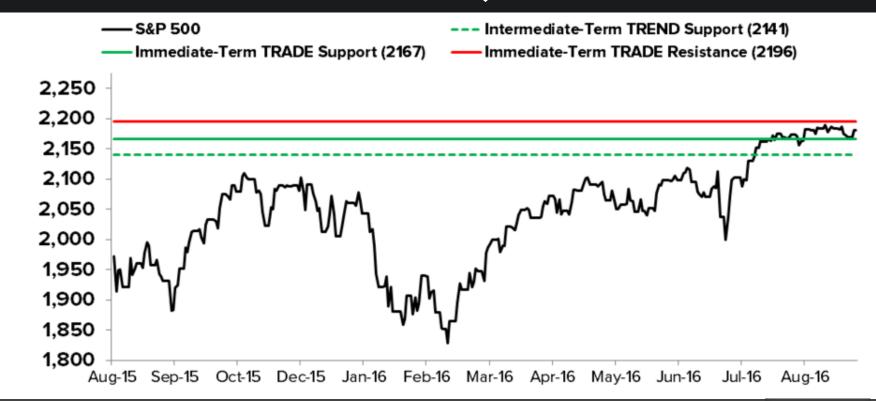
REAL PCE GROWTH, YOY%



August 30, 2016



HRM: MULTI-FACTOR, MULTI-DURATION



August 30, 2016



HEDGEYE SECTOR PERFORMANCE

			1-Day %	MTD %	YTD %
SECTOR	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	Chg	Chg
Consumer Discretionary	XLY	\$81.22	0.35%	-0.49%	3.91%
Financial Select Sector	XLF	\$24.32	0.87%	2.83%	2.06%
Health Care Select Sector	XLV	\$73.23	0.22%	-2.62%	1.67%
Technology Select Sector	XLK	\$47.23	0.38%	1.68%	10.27%
Consumer Staples Select Sector	XLP	\$54.63	0.59%	-0.13%	8.20%
Industrial Select Sector	XLI	\$59.08	0.72%	1.79%	11.45%
Materials Select Sector	XLB	\$49.17	0.90%	0.99%	13.24%
The Energy Select Sector	XLE	\$69.85	0.68%	3.67%	15.80%
Utilities Select Sector	XLU	\$49.55	0.81%	-4.93%	14.49%
S&P 500	SPX	2,180.38	0.52%	0.31%	6.68%

HEDGEYE TV

HEDGEYE SECTOR RELATIVE PERFORMANCE

			1-Day %	MTD %	YTD %
	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	<u>Chg</u>	Chg
Consumer Discretionary	XLY	\$81.22	-0.18%	-0.80%	-2.76%
Financial Select Sector	XLF	\$24.32	0.35%	2.52%	-4.62%
Health Care Select Sector	XLV	\$73.23	-0.30%	-2.93%	-5.01%
Technology Select Sector	XLK	\$47.23	-0.14%	1.37%	3.60%
Consumer Staples Select Sector	XLP	\$54.63	0.07%	-0.44%	1.52%
Industrial Select Sector	XLI	\$59.08	0.19%	1.48%	4.78%
Materials Select Sector	XLB	\$49.17	0.38%	0.67%	6.57%
The Energy Select Sector	XLE	\$69.85	0.15%	3.35%	9.12%
Utilities Select Sector	XLU	\$49.55	0.29%	-5.24%	7.81%

August 30, 2016



HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
五	High Debt/EV	0.7%	-0.1%	-0.1%	5.3%	19.9%	12.3%
Debt	Low Debt/EV	0.3%	-0.4%	0.5%	4.3%	12.0%	7.7%
IS	High Short Interest	0.4%	-0.1%	1.4%	6.4%	13.7%	6.8%
	Low Short Interest	0.6%	0.0%	0.5%	2.7%	13.6%	8.0%
BETA	High Beta	0.5%	0.7%	2.5%	5.4%	24.8%	9.0%
8	Low Beta	0.8%	-0.9%	-2.7%	3.2%	9.7%	11.2%
YIELD	High Yield	0.8%	0.3%	-0.6%	5.6%	12.8%	10.6%
YE	Low Yield	0.4%	-0.3%	1.0%	5.4%	18.9%	9.1%
MKT	MCAP Bottom 25%	0.5%	0.1%	0.8%	4.4%	15.1%	7.1%
Σ δ	MCAP Top 25%	0.5%	-0.2%	0.3%	3.2%	12.3%	6.3%
Sales	Top 25% Sales Growth	0.4%	0.0%	1.6%	4.5%	22.7%	11.6%
Sa	Bottom 25% Sales Growth	0.6%	0.0%	0.3%	6.2%	13.9%	9.1%
EPS	Top 25% EPS Growth	0.4%	-0.3%	0.2%	3.1%	16.8%	6.8%
<u> </u>	Bottom 25% EPS Growth	0.6%	0.1%	0.5%	4.4%	16.5%	9.9%

^{*}Mean Performance of Top Quartile vs. Bottom Quartile, S&P500 Companies

August 30, 2016



HEDGEYE RATES & SPREADS

		1D	5D	1M	3M	vs. 52-V	Vk, Bps	vs.	vs.
	Price	Bps Chg	Bps Chg	Bps Chg	Bps Chg	High	Low	3Y Ave	5Y Ave
3M T-Bill	0.32%	-0.5	1.0	6	0	-3	38	24	25
3M LIBOR	0.83%	0.0	0.8	7	15	0	52	48	47
2Y T-Note	0.81%	-3.8	6.3	15	-10	-29	32	23	36
5Y T-Note	1.18%	-6.8	3.4	14	-22	-64	29	-31	-6
10Y T-Note	1.57%	-7.0	1.4	11	-29	-80	25	-68	-55
30Y T-Note	2.22%	-7.3	-1.5	3	-43	-92	13	-83	-83
2Y-10Y Spread, Bps	76	-3.0	-4.7	-4.1	-19	-52	-7	-91	-91
IG SPREAD (AAABBB)	1.60%	0.0	-3.0	-9	-16	-70	0	-10	-25
HIGH YIELD	6.27%	-0.5	1.0	-26	-103	-306	1	-33	-48
5Y BREAKEVEN	1.31%	-2.5	-3.7	-1.3	-21.1	-32.9	45.6	-26.5	-40.8
								<u> </u>	

August 30, 2016



CFTC NON-COMMERCIAL NET LONG POSITIONING

							core
METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	1Y	3Y
SPX (Index + E-mini)	204,966	32,831	103,351	13,910	(75,565)	2.12X	2.23X
Russell 2000 (mini)	15,958	8,444	(14,931)	(35,779)	(39,911)	2.91X	1.93X
10Y Treasury	59,194	36,908	57,403	3,372	(1,062)	0.90X	1.35X
CRUDE OIL	384,230	56,422	344,981	352,449	306,577	1.32X	0.77X
GOLD	264,954	11,278	248,834	213,677	122,873	1.37X	2.45X
COPPER	(5,718)	(981)	(16,509)	(15,889)	(19,870)	0.99X	0.77X
\$USD	15,833	(493)	13,445	14,564	27,780	-0.82X	-0.60X
JPY	56,970	4,099	44,225	49,896	17,429	0.88X	1.82X
EUR	(89,425)	16,312	(85,875)	(65,562)	(87,075)	0 05X	-0.10X
GBP	(93,175)	(124)	(64,328)	(51,727)	(35,719)	-2.34X	-2.59X

August 30, 2016

THE MACRO SHOW



MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (8/29) vs.							
	Prior Day	1M Ave	3M ave	1Y Ave				
Total Market Volume*	-10%	-8%	-16%	-26%				
Total Exchange Volume**	-25%	-18%	-26%	-32%				
Total Traded Value (R3K)***	-14%	-14%	-26%	-29%				

^{*}Total Market Volume = Total US exchange volume plus OTC and OTCBB trading volume for all security types. Calculated by Bloomberg.

Source: Bloomberg, Hedgeye

TV

^{**}Tape A+B+C volume = total US exchange volume

^{***} Total Traded Value for Russell 3000 (total mkt proxy)

KEY \$USD CORRELATIONS

52 WI	Rolling	30D	Corre	lation
34-WE		JUD	Corre	lation

METRIC	15D	30D	90D	120D	180D	High	Low	% Time Pos	% Time Neg
SPX	-0.09	-0.43	0.44	0.35	-0.52	0.73	-0.91	55%	45%
BRENT Oil	-0.78	-0.49	-0.34	-0.13	-0.67	0.73	-0.78	34%	66%
CRB Index	-0.43	-0.17	-0.56	-0.13	-0.82	0.71	-0.91	24%	76%
GOLD	-0.22	-0.46	0.44	0.37	-0.62	0.90	-0.95	23%	77%

^{*}Days = Trading Days

TV