THE MACRO SHOW

SEPTEMBER 6, 2016

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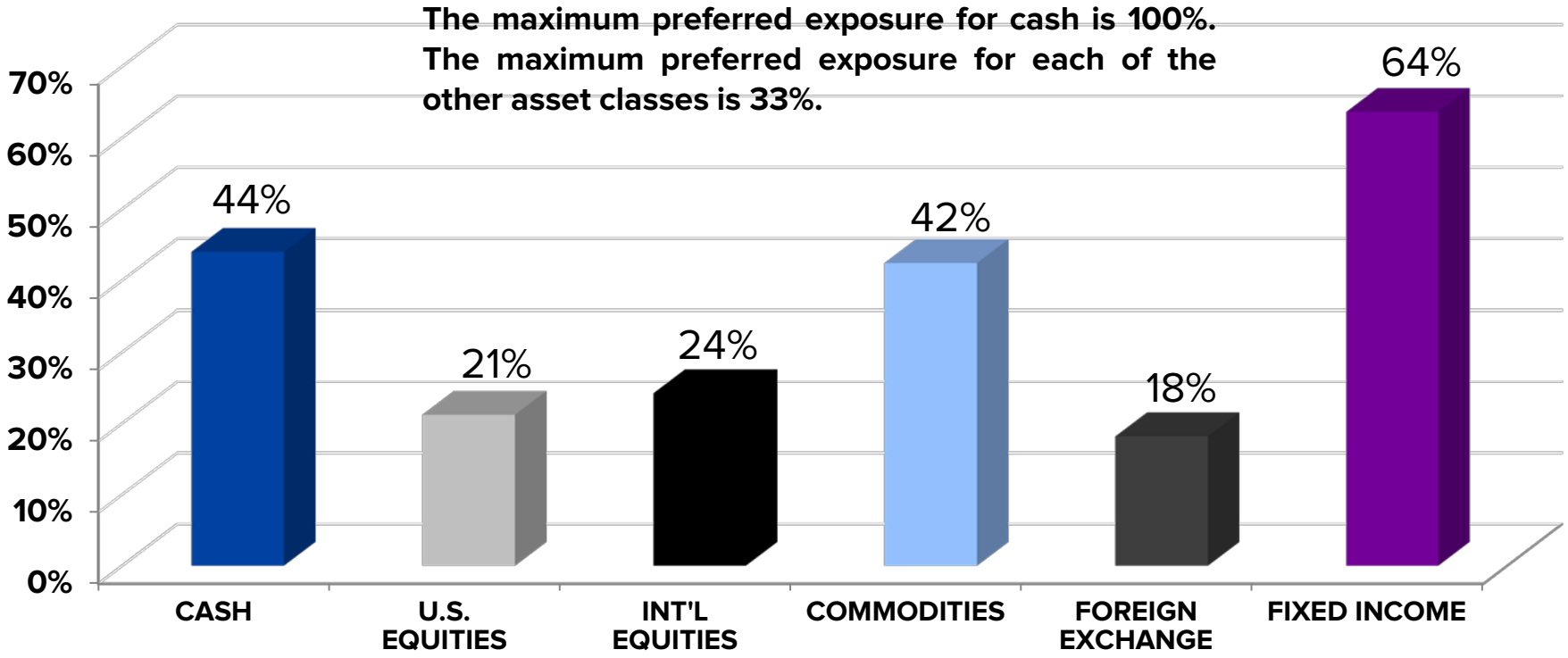
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/2/2016	42	8	8	15	6	21
9/6/2016	44	7	8	14	6	21

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/2/2016	42%	24%	24%	45%	18%	64%
9/6/2016	44%	21%	24%	42%	18%	64%

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

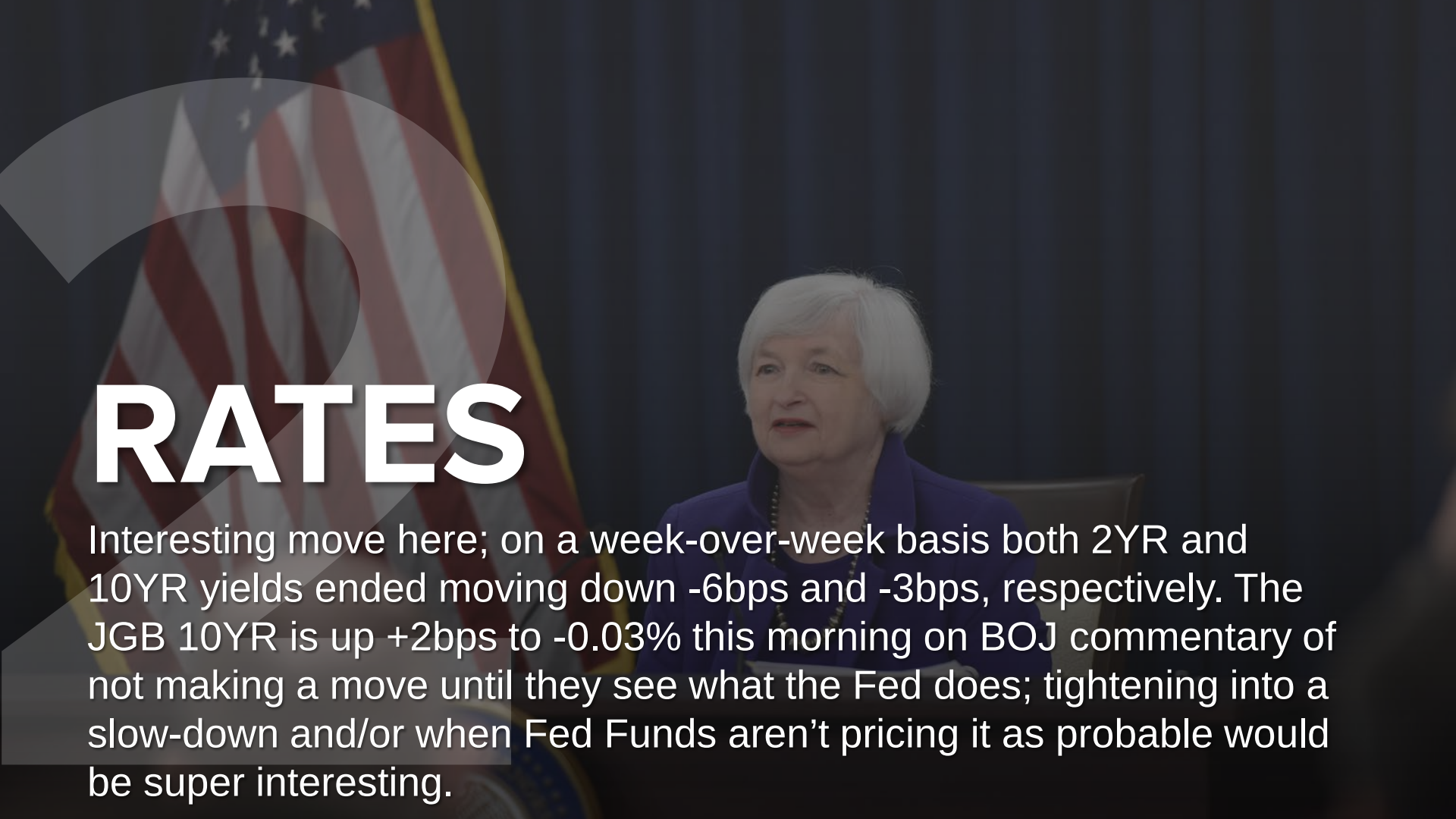
1 USD

2 RATES

3 GOLD

USD

Not that anyone is short-term these days, but with the Fed Funds Futures at 32% on SEP, markets are betting on Yellen pivoting for the 6th time in 8 months. Down Dollar has a -0.5-0.9 (2-week) inverse correlation with SPY-CRB Index.



RATES

Interesting move here; on a week-over-week basis both 2YR and 10YR yields ended moving down -6bps and -3bps, respectively. The JGB 10YR is up +2bps to -0.03% this morning on BOJ commentary of not making a move until they see what the Fed does; tightening into a slow-down and/or when Fed Funds aren’t pricing it as probable would be super interesting.

GOLD

Gold is still one of the easiest macro long positions to stay with at this stage of the FX War as Japan, Europe, and the USA all try to out-ease one another. Gold was up +0.2% last week and up another +0.3% this morning to +25.4% YTD (it’s a currency too).

MACRO GRIND

GOLD CONTINUOUS CONTRACT

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SPAIN BOLSA DE MADRID IBEX 35

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BRITISH POUND TO U.S. DOLLAR

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TAIWAN WEIGHTED 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	$80.72	0.20%	0.20%	3.27%
Financial Select Sector	XLF	$24.46	-0.41%	-0.41%	2.64%
Health Care Select Sector	XLV	$72.57	-0.26%	-0.26%	0.75%
Technology Select Sector	XLK	$47.14	0.32%	0.32%	10.06%
Consumer Staples Select Sector	XLP	$54.40	0.04%	0.04%	7.74%
Industrial Select Sector	XLI	$58.64	0.09%	0.09%	10.62%
Materials Select Sector	XLB	$48.76	0.41%	0.41%	12.30%
The Energy Select Sector	XLE	$68.31	-0.29%	-0.29%	13.25%
Utilities Select Sector	XLU	$48.98	-0.51%	-0.51%	13.17%
S&P 500	SPX	2,170.86	0.00%	0.00%	6.21%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$80.72	0.20%	0.20%	-2.94%
Financial Select Sector	XLF	$24.46	-0.40%	-0.40%	-3.57%
Health Care Select Sector	XLV	$72.57	-0.26%	-0.26%	-5.46%
Technology Select Sector	XLK	$47.14	0.32%	0.32%	3.85%
Consumer Staples Select Sector	XLP	$54.40	0.04%	0.04%	1.53%
Industrial Select Sector	XLI	$58.64	0.09%	0.09%	4.41%
Materials Select Sector	XLB	$48.76	0.42%	0.42%	6.09%
The Energy Select Sector	XLE	$68.31	-0.29%	-0.29%	7.04%
Utilities Select Sector	XLU	$48.98	-0.50%	-0.50%	6.96%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.9%	0.6%	1.2%	4.0%	12.1%	12.1%
	Low Debt/EV	0.2%	0.4%	0.3%	3.6%	8.5%	7.2%
SI	High Short Interest	0.4%	-0.2%	2.1%	4.7%	6.5%	6.2%
	Low Short Interest	0.4%	0.8%	1.0%	2.8%	10.6%	8.2%
BETA	High Beta	0.7%	0.5%	3.3%	5.3%	15.4%	8.6%
	Low Beta	0.7%	0.7%	-1.6%	1.9%	7.5%	11.1%
YIELD	High Yield	0.7%	0.6%	0.5%	4.0%	8.4%	10.4%
	Low Yield	0.4%	0.3%	1.2%	4.3%	12.9%	8.7%
MKT CAP	MCAP Bottom 25%	0.7%	0.3%	1.9%	3.4%	8.2%	6.9%
	MCAP Top 25%	0.4%	0.4%	0.4%	2.9%	8.9%	6.1%
Sales	Top 25% Sales Growth	0.5%	-0.2%	1.4%	3.7%	14.7%	10.9%
	Bottom 25% Sales Growth	0.5%	0.1%	1.2%	4.6%	8.9%	8.4%
EPS	Top 25% EPS Growth	0.3%	0.3%	0.7%	3.4%	12.4%	8.0%
	Bottom 25% EPS Growth	0.8%	0.2%	1.3%	3.5%	9.6%	9.6%

**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	0.32%	-0.5	0.5	7	4	-3	38	24	25
3M LIBOR	0.84%	0.0	1.0	8	16	0	52	48	47
2Y T-Note	0.78%	-2.4	-0.8	10	-12	-32	29	20	32
5Y T-Note	1.18%	-1.9	1.8	10	-20	-65	29	-31	-7
10Y T-Note	1.56%	-1.5	-0.9	4	-27	-81	25	-68	-56
30Y T-Note	2.23%	-0.4	-3.5	-4	-39	-91	14	-82	-82
2Y-10Y Spread, Bps	78	0.8	-0.1	-5.4	-15	-49	-4	-88	-88
IG SPREAD (AAABBB)	1.65%	0.0	1.0	1	-14	-65	5	-5	-20
HIGH YIELD	6.28%	0.0	-1.5	-35	-99	-305	2	-32	-47
5Y BREAKEVEN	1.27%	-2.2	-8.4	-1.4	-22.6	-37.3	41.1	-30.8	-45.2

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: (9/1) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-4%	6%	-3%	-14%
Total Exchange Volume**	-6%	6%	-5%	-12%

*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	-0.46	-0.36	0.43	0.41	-0.52	*0.73*	*-0.91*	*55%*	*45%*
BRENT Oil	-0.70	-0.59	-0.38	-0.11	-0.67	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.90	-0.37	-0.53	-0.11	-0.82	*0.71*	*-0.91*	*22%*	*78%*
GOLD	-0.78	-0.34	0.43	0.40	-0.59	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*

OTHER METRICS

METRIC	PRICE	1D % Chg	5D % Chg	1M % Chg	3M % Chg	MTD % Chg	YTD % Chg	vs. 52-Wk High	vs. 52-Wk Low
Brent Oil	$46.83	3.04%	-6.19%	12.03%	-6.41%	-1.2%	19.2%	-13%	73%
Gold	$1,325	0.86%	0.31%	-2.81%	9.43%	1.2%	24.9%	-4%	27%
VIX	$11.98	-11.13%	-12.23%	-10.40%	-12.11%	-10.7%	-34.2%	-63%	9%

S&P500 SALES & EARNINGS GROWTH

Q2 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	-0.6%	-4.1%	495 / 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%	34 / 36
Healthcare	8.8%	4.8%	57 / 57
Financials	0.7%	-7.0%	64 / 64
Information Technology	-4.5%	-3.5%	65 / 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	$80.88	0.20%	0.40%	3.48%
Financial Select Sector	XLF	$24.57	0.45%	0.04%	3.11%
Health Care Select Sector	XLV	$72.65	0.11%	-0.15%	0.86%
Technology Select Sector	XLK	$47.35	0.45%	0.77%	10.55%
Consumer Staples Select Sector	XLP	$54.82	0.77%	0.81%	8.58%
Industrial Select Sector	XLI	$58.93	0.49%	0.58%	11.17%
Materials Select Sector	XLB	$49.25	1.00%	1.42%	13.43%
The Energy Select Sector	XLE	$69.08	1.13%	0.83%	14.52%
Utilities Select Sector	XLU	$49.63	1.33%	0.81%	14.67%
S&P 500	SPX	2,179.98	0.42%	0.42%	6.66%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$80.88	-0.22%	-0.02%	-3.18%
Financial Select Sector	XLF	$24.57	0.03%	-0.38%	-3.55%
Health Care Select Sector	XLV	$72.65	-0.31%	-0.57%	-5.80%
Technology Select Sector	XLK	$47.35	0.03%	0.35%	3.90%
Consumer Staples Select Sector	XLP	$54.82	0.35%	0.39%	1.92%
Industrial Select Sector	XLI	$58.93	0.07%	0.16%	4.51%
Materials Select Sector	XLB	$49.25	0.58%	1.00%	6.77%
The Energy Select Sector	XLE	$69.08	0.71%	0.42%	7.87%
Utilities Select Sector	XLU	$49.63	0.91%	0.40%	8.02%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.9%	0.6%	1.2%	4.0%	12.1%	12.1%
	Low Debt/EV	0.2%	-0.4%	0.3%	3.6%	8.5%	7.2%
SI	High Short Interest	0.4%	-0.2%	2.1%	4.7%	6.5%	6.2%
	Low Short Interest	0.4%	0.8%	1.0%	2.8%	10.6%	8.2%
BETA	High Beta	0.7%	0.3%	3.3%	5.3%	15.4%	8.6%
	Low Beta	0.7%	0.7%	-1.6%	1.9%	7.5%	11.1%
YIELD	High Yield	0.7%	0.6%	0.5%	4.0%	8.4%	10.4%
	Low Yield	0.4%	0.3%	1.2%	4.3%	12.9%	8.7%
MKT CAP	MCAP Bottom 25%	0.7%	0.3%	1.9%	3.4%	8.2%	6.9%
	MCAP Top 25%	0.4%	0.4%	0.4%	2.9%	8.9%	6.1%
Sales	Top 25% Sales Growth	0.5%	-0.2%	1.4%	3.7%	14.7%	10.9%
	Bottom 25% Sales Growth	0.5%	0.1%	1.2%	4.6%	8.9%	8.4%
EPS	Top 25% EPS Growth	0.3%	0.3%	0.7%	3.4%	12.4%	8.0%
	Bottom 25% EPS Growth	0.8%	0.2%	1.3%	3.5%	9.6%	9.6%

**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	0.32%	-0.5	0.5	5	5	-4	37	23	25
3M LIBOR	0.84%	0.0	0.2	7	15	-1	52	48	47
2Y T-Note	0.79%	0.4	-5.7	11	-10	-31	29	20	33
5Y T-Note	1.19%	1.2	-4.5	10	-16	-63	30	-30	-5
10Y T-Note	1.60%	3.4	-2.7	5	-20	-77	28	-64	-52
30Y T-Note	2.28%	4.8	-0.9	-3	-30	-86	19	-76	-77
2Y-10Y Spread, Bps	82	3.0	3.0	-6.0	-10	-46	-1	-84	-85
IG SPREAD (AAABBB)	1.64%	1.0	4.0	-2	-18	-66	4	-6	-20
HIGH YIELD	6.24%	-3.8	-3.7	-44	-100	-309	0	-36	-50
5Y BREAKEVEN	1.29%	2.3	-4.2	3.1	-20.7	-34.6	43.8	-28.0	-42.4

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)	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*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (9/2) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-11%	-5%	-13%	-23%
Total Exchange Volume**	-9%	-2%	-13%	-20%
Total Traded Value (R3K)***	-1%	4%	-10%	-15%

*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)

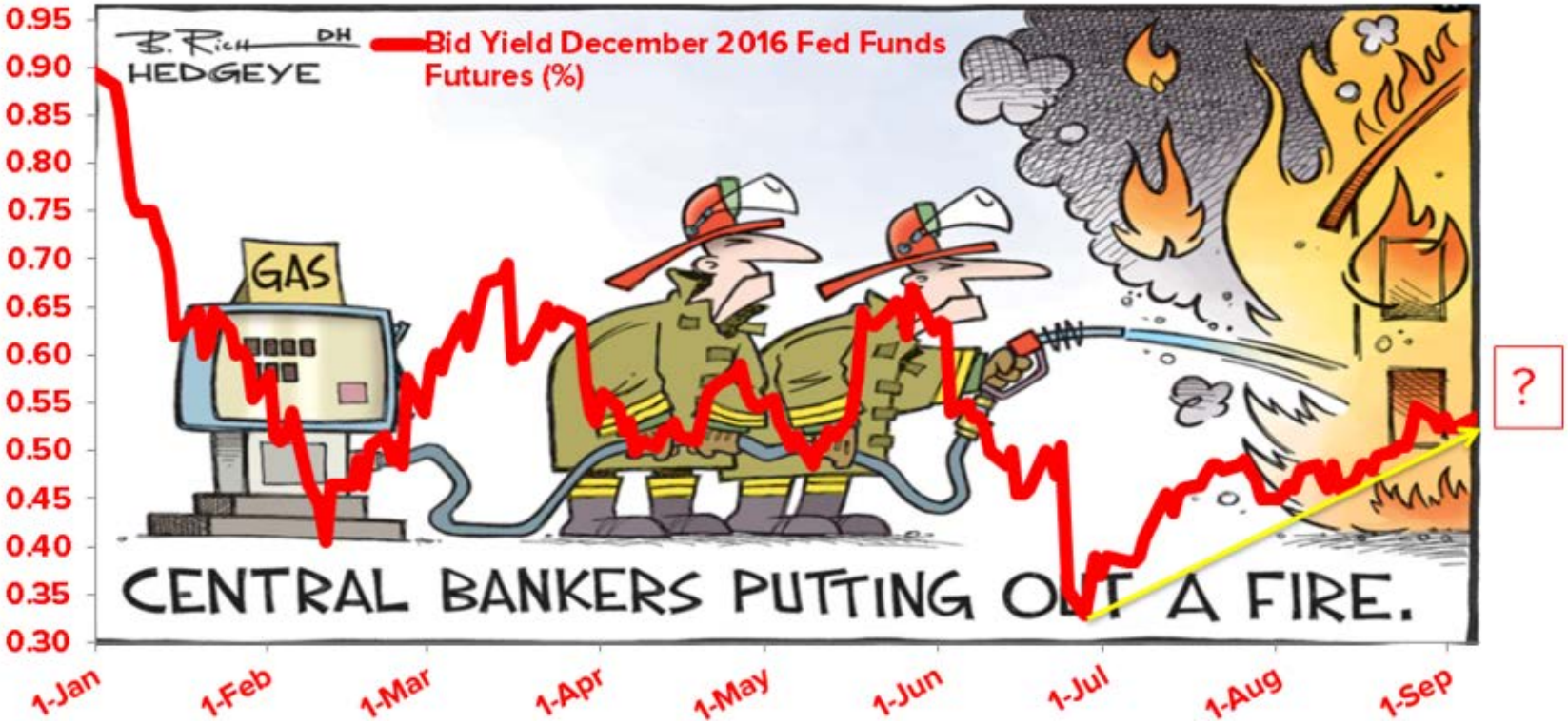
Source: Bloomberg, Hedgeye

KEY $USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.27	-0.39	0.44	0.40	-0.52	*0.73*	*-0.91*	*55%*	*45%*
BRENT Oil	-0.74	-0.53	-0.35	-0.10	-0.67	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.76	-0.28	-0.55	-0.10	-0.82	*0.71*	*-0.91*	*23%*	*77%*
GOLD	-0.64	-0.39	0.43	0.40	-0.60	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*

JUST ANOTHER MARKET HEAD FAKE?



September 6, 2016

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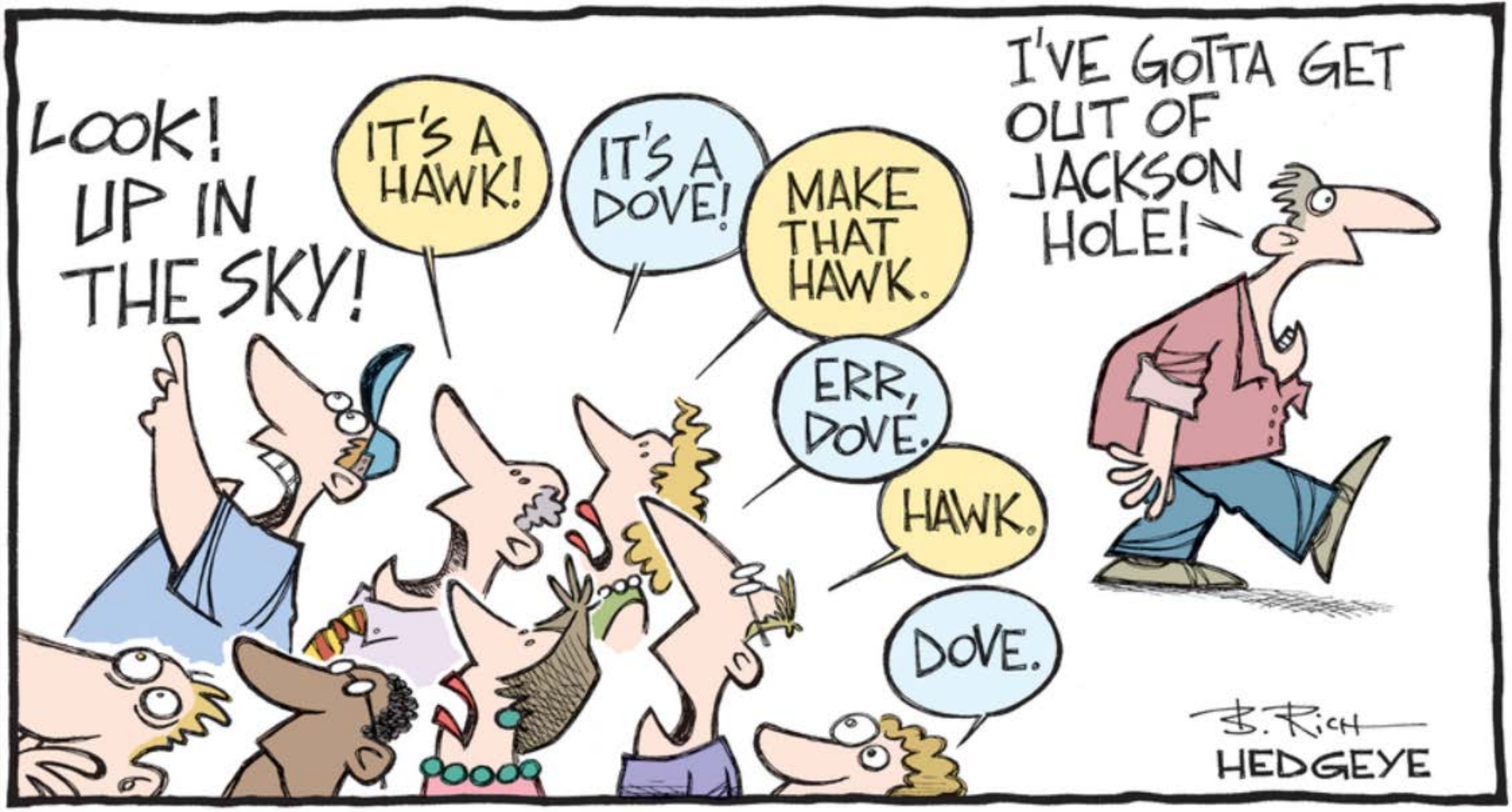
HEDGEYE TV


LOOK! UP IN THE SKY!
IT'S A HAWK!
IT'S A DOVE!
MAKE THAT HAWK.
ERR, DOVE.
HAWK.
DOVE.
I'VE GOTTA GET OUT OF JACKSON HOLE!
B. RICH
HEDGEYE