

#### LEGAL

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## HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
8/12/2016	61	3	3	10	9	14
8/15/2016	56	4	4	12	9	15

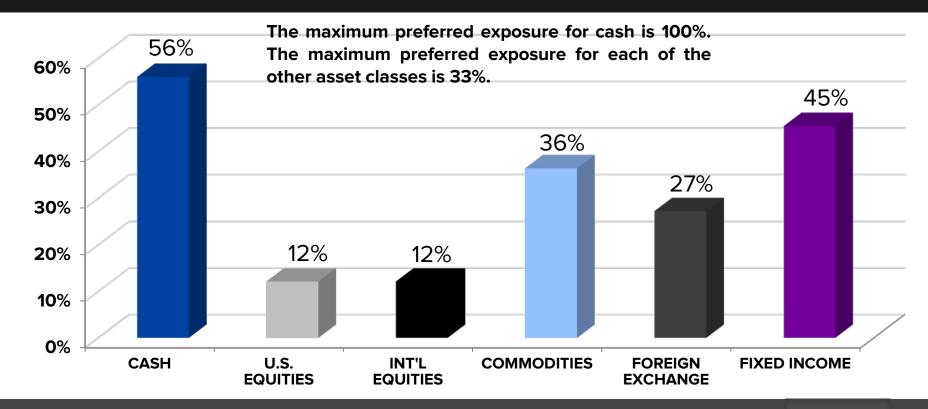
	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
8/12/2016	61%	9%	9%	30%	27%	42%
8/15/2016	56%	12%	12%	36%	27%	45%

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

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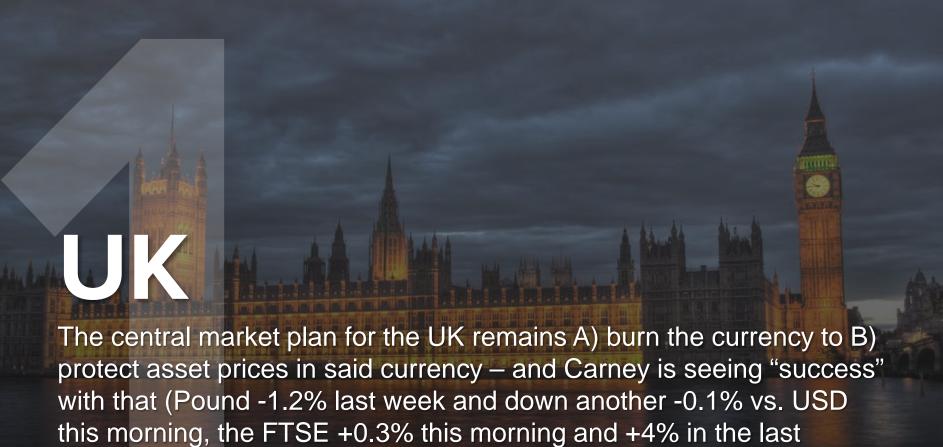
#### HEDGEYE ASSET ALLOCATION



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this morning, the FTSE +0.3% this morning and +4% in the last month). Meanwhile the UK Yield Spread continues to get hammered (10s minus 2s down to 38 basis points wide).

# OIL

Nice big bear market bounce of +6.4% last week sees modest follow through this morning of +0.3% to \$44.61 with Russian headlines dominating a quiet Monday morning. The risk range for WTI is now quite wide (because oil volatility is still quite high at 37 OVX) at \$39.28 to 44.98. This is a good spot to sell some Oil against Long Gold (or Platinum) which pulled back small last week.

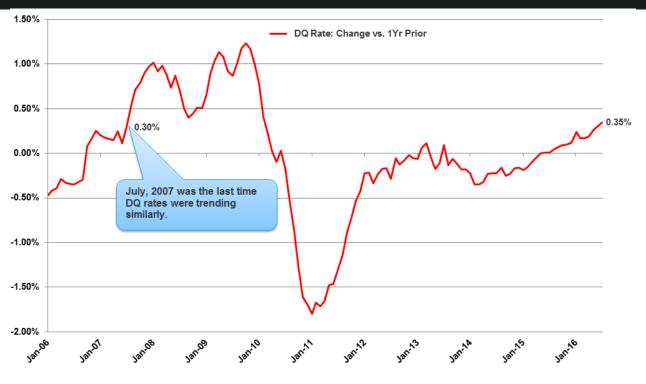
# UST 10YR

Another "scare" of "rising 10YR Yields" met with another ramp in long-term bonds last week; we're up to \$13.4T in negative yielding bonds globally now (vs. 13.1T last week) as global growth continues to look like Yield Spreads (slowing). The UST 10YR down another beep to 1.50% this morning and the USA Yield Spread testing YTD lows at 80 basis points (short Banks #reiterated).



FINANCIALS & HOUSING
JOSH STEINER

#### CAPITAL ONE: U.S. CARD DELINQUENCIES



DATA SOURCE: SEC FILINGS

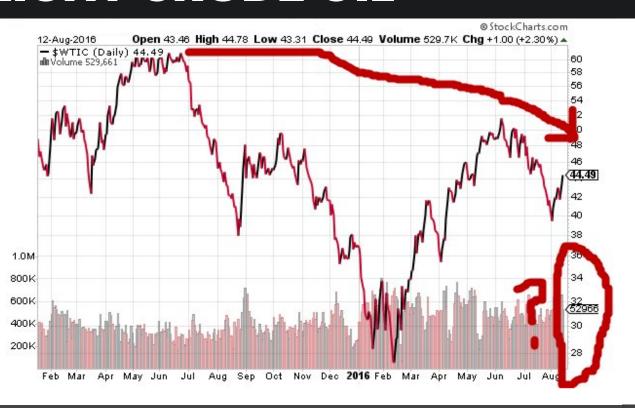
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# MACRO GRIND

#### WTIC LIGHT CRUDE OIL



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### **Q2 S&P REVENUE & EARNINGS COMPS**

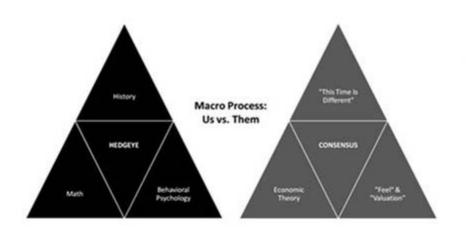
Q2 2016 QTD

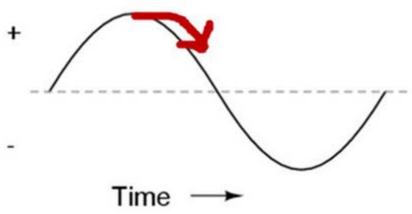
SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	-0.4%	-4.1%	458 / 500
Energy	-24.2%	-81.6%	37 / 37
Materials	-7.3%	-9.1%	27 / 27
Industrials	-1.0%	-2.0%	67 / 68
Consumer Discretionary	7.5%	11.2%	63 / 83
Consumer Staples	0.4%	0.2%	28 / 36
Healthcare	9.0%	5.0%	54 / 57
Financials	0.9%	-5.2%	92 / 92
Information Technology	0.3%	-1.9%	57 / 67
Telecom	9.6%	3.5%	5 / 5
Utilities	-2.4%	8.9%	28 / 28

Source: BBG

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#### HEDGEYE MACRO PROCESS: RATE OF CHANGE





#### DIFFERENTIATED FROM THE HERD

Macroeconomics and Global Macro Risk Management are two very different fields. We specialize in the latter.

#### WE FOCUS ON THE SLOPES

Everything that matters in Global Macro occurs on the margin.

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## HEDGEYE SECTOR PERFORMANCE

			1-Day %	MTD %	YTD %
SECTOR	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	<u>Chg</u>	<u>Chg</u>
Consumer Discretionary	XLY	\$82.00	-0.05%	0.47%	4.91%
Financial Select Sector	XLF	\$23.86	-0.29%	0.89%	0.13%
Health Care Select Sector	XLV	\$74.78	-0.25%	-0.56%	3.82%
Technology Select Sector	XLK	\$47.11	-0.11%	1.42%	9.99%
Consumer Staples Select Sector	XLP	\$55.09	0.35%	0.71%	9.11%
Industrial Select Sector	XLI	\$58.56	-0.27%	0.90%	10.47%
Materials Select Sector	XLB	\$48.42	-1.06%	-0.55%	11.52%
The Energy Select Sector	XLE	\$68.70	0.56%	1.96%	13.89%
Utilities Select Sector	XLU	\$50.90	0.14%	-2.34%	17.61%
S&P 500	SPX	2,184.05	-0.08%	0.48%	6.85%

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HEDGEYE

TV

#### HEDGEYE SECTOR RELATIVE PERFORMANCE

			1-Day %	MTD %	YTD %
	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	<u>Chg</u>	<u>Chg</u>
Consumer Discretionary	XLY	\$82.00	0.03%	-0.02%	-1.94%
Financial Select Sector	XLF	\$23.86	-0.21%	0.41%	-6.73%
Health Care Select Sector	XLV	\$74.78	-0.17%	-1.04%	-3.04%
Technology Select Sector	XLK	\$47.11	-0.03%	0.94%	3.14%
Consumer Staples Select Sector	XLP	\$55.09	0.43%	0.23%	2.26%
Industrial Select Sector	XLI	\$58.56	-0.19%	0.42%	3.61%
Materials Select Sector	XLB	\$48.42	-0.98%	-1.04%	4.66%
The Energy Select Sector	XLE	\$68.70	0.64%	1.48%	7.04%
Utilities Select Sector	XLU	\$50.90	0.22%	-2.82%	10.75%

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#### HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.1%	0.4%	-0.1%	8.4%	26.6%	11.9%
8	Low Debt/EV	0.0%	0.2%	1.3%	7.2%	18.1%	7.6%
IS	High Short Interest	0.0%	0.6%	1.3%	10.1%	22.2%	6.4%
	Low Short Interest	-0.2%	-0.2%	0.6%	5.6%	17.3%	8.0%
BETA	High Beta	-0.2%	-0.1%	1.6%	9.7%	31.2%	7.0%
88	Low Beta	0.2%	0.2%	-1.1%	4.9%	15.9%	13.6%
YIELD	High Yield	0.0%	0.2%	-0.1%	7.2%	19.2%	10.3%
YIE	Low Yield	0.0%	0.2%	2.6%	9.8%	26.7%	9.8%
MKT	MCAP Bottom 25%	-0.2%	0.3%	0.4%	7.1%	21.6%	6.0%
Σδ	MCAP Top 25%	-0.1%	0.1%	0.8%	6.2%	17.3%	6.7%
Sales	Top 25% Sales Growth	0.1%	0.5%	1.0%	7.8%	27.7%	9.6%
Sa	Bottom 25% Sales Growth	-0.3%	-0.1%	0.6%	8.5%	20.9%	9.6%
EPS	Top 25% EPS Growth	-0.2%	-0.1%	1.2%	7.3%	23.7%	7.2%
<u> </u>	Bottom 25% EPS Growth	-0.1%	0.1%	0.2%	6.6%	22.7%	9.4%

<sup>\*</sup>Mean Performance of Top Quartile vs. Bottom Quartile, S&P500 Companies

HEDGEYE TV

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### 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	0.27%	-0.5	1.6	-2	1	-8	33	19	20
3M LIBOR	0.82%	0.0	2.5	14	19	0	50	47	46
2Y T-Note	0.71%	-3.6	-1.6	2	-5	-39	21	13	25
5Y T-Note	1.10%	-4.7	-3.9	1	-14	-73	21	-40	-14
10Y T-Note	1.51%	-4.6	-7.5	0	-24	-86	20	-75	-62
30Y T-Note	2.23%	-4.2	-8.3	1	-37	-91	14	-84	-83
2Y-10Y Spread, Bps	81	-0.9	-5.9	-1.3	-19	-47	-1	-88	-87
IG SPREAD (AAABBB)	1.67%	-1.0	-1.0	-3	-15	-63	3	-3	-18
HIGH YIELD	6.33%	-3.5	-16.0	-7	-107	-300	0	-28	-44
5Y BREAKEVEN	1.30%	-1.4	-4.5	-16.3	-23.7	-33.6	44.8	-27.9	-41.8
								;	

#### **CFTC NON-COMMERCIAL NET LONG POSITIONING**

				,			Score
METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	1Y	3Y
SPX (Index + E-mini)	115,935	(16,747)	82,411	(14,638)	(86,047)	1.66X	1.41X
Russell 2000 (mini)	2,924	4,872	(23,103)	(40,899)	(42,048)	2.79X	1.33X
10Y Treasury	108,755	12,748	33,825	3,131	(1,980)	1.67X	1.99X
CRUDE OIL	278,615	(15,494)	351,918	343,066	302,579	-0.41X	-0.95X
GOLD	255,773	(11,516)	239,489	202,095	113,996	1.40X	2.45X
COPPER	(4,648)	(7,407)	(21,227)	(17,425)	(20,674)	1.15X	0.84X
\$USD	15,651	(1,909)	12,636	15,658	29,372	-0.88X	-0.61X
JPY	46,219	9,066	41,979	49,337	12,716	0.71X	1.69X
EUR	(110,812)	5,453	(74,839)	(60,920)	(86,176)	-0.56X	-0.39X
GBP	(88,209)	(6,058)	(55,412)	(46,817)	(32,194)	-2.49X	-2.56X

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THE MACRO SHOW



#### MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (8/12) vs.								
	Prior Day	1M Ave	3M ave	1Y Ave					
Total Market Volume*	-3%	-5%	-14%	-22%					
Total Exchange Volume**	-8%	-13%	-20%	-26%					
Total Traded Value (R3K)***	-9%	-19%	-25%	-29%					

<sup>\*</sup>Total Market Volume = Total US exchange volume plus OTC and OTCBB trading volume for all security types. Calculated by Bloomberg.

<sup>\*\*</sup>Tape A+B+C volume = total US exchange volume

<sup>\*\*\*</sup> Total Traded Value for Russell 3000 (total mkt proxy)

# KEY \$USD CORRELATIONS

52-Wk l	Rolling 30D	Correlation
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METRIC	15D	30D	90D	120D	180D	High	Low	% Time Pos	% Time Neg
SPX	0.04	0.13	0.58	0.02	-0.47	0.73	-0.91	58%	42%
BRENT Oil	0.41	0.23	-0.17	-0.37	-0.66	0.73	-0.78	37%	63%
CRB Index	0.25	0.20	-0.49	-0.37	-0.83	0.71	-0.91	24%	76%
GOLD	-0.84	-0.72	0.53	0.27	-0.64	0.90	-0.95	24%	76%

<sup>\*</sup>Days = Trading Days