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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/12/2016	52	6	5	7	3	27
9/13/2016	55	4	4	7	3	27

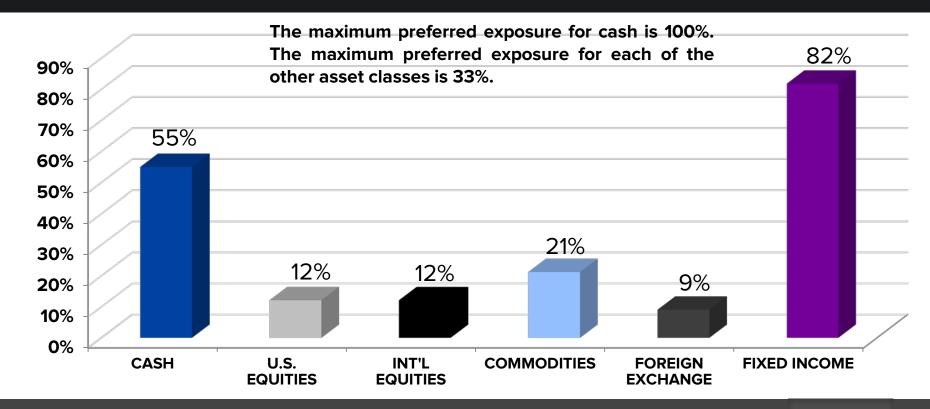
	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/12/2016	52%	18%	15%	21%	9%	82%
9/13/2016	55%	12%	12%	21%	9%	82%

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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UST 10YR

2 VIX

3 S&P 500

UST 10YR

Rates are down, globally, this morning on the heels of Hilsenrath's article in the WSJ "Fed Inclined To Stand Pat" and more #GrowthSlowing data in Europe. The UST 10YR Yield 1.65% remains in crash mode (-27% YTD) with immediate-term downside in the risk range to 1.50% with more U.S. #GrowthSlowing data due out on Thursday and Friday.

VIX

Since everyone is net long everything (stocks, bonds, reflation, commodities, etc.) markets probably can't tolerate Rates Down, Stocks Down (that's what happened post the DEC hike) and our immediate-term risk range for U.S. Equity Volatility (13.29-18.07) implies plenty of chop to risk manage from here.



doesn't hike into a slow-down.



FINANCIALS & HOUSING
JOSH STEINER

SMALL BUSINESS LENDING INDEX



Thomson Reuters / PayNet SBLI

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SBLI – 13 <u>MONTH DETAIL</u>

National, State and Industry Trends

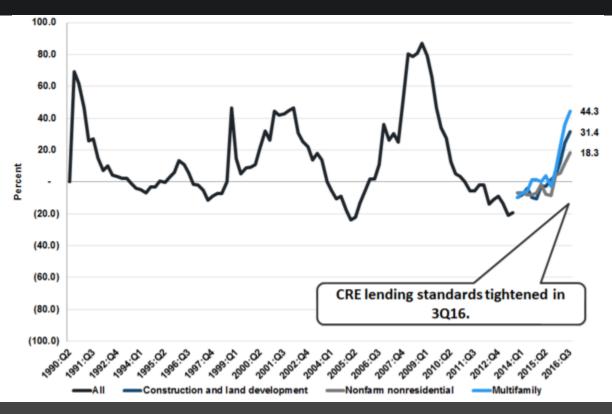




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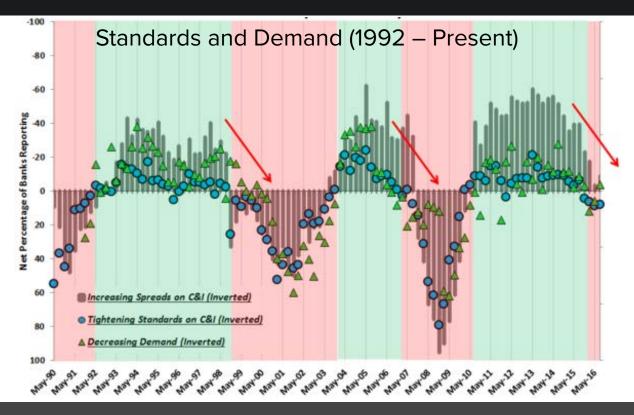
NET % OF BANKS TIGHTENING STANDARDS FOR CRE LOANS



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SENIOR LOAN OFFICER SURVEY MEASURES OF C&I SPREADS



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THE FED'S POLICY CUSHION

	Econo	omic Cycle			10	
Economic Cycle Peak	Cycle Trough	Recession Duration (Mo.)	Subsequent Expansion (Mo.)	Fed Funds Peak Level	Fed Funds Trough Level	Policy Cushion
Dec-69	Nov-70	11	36	9.2	3.7	-5.5
Nov-73	Mar-75	16	58	12.9	5.2	-7.7
Jan-80	Jul-80	6	12	17.6	9.0	-8.6
Jul-81	Nov-82	16	92	19.1	8.5	-10.6
Jul-90	Mar-91	8	120	9.9	2.9	-6.9
Mar-01	Nov-01	8	73	6.5	1.0	-5.6
Dec-07	Jun-09	18	79	5.3	0.1	-5.2
Average			65	12.5	5.1	-7.5
Current			79	0.30	1	
UPSIDE / DOW	NSIDE VS	Historical Ave				
UPSIDE / DOV	INSIDE VS	Historical MAX/I	MIN	Current Policy	Cushion =	-0.3

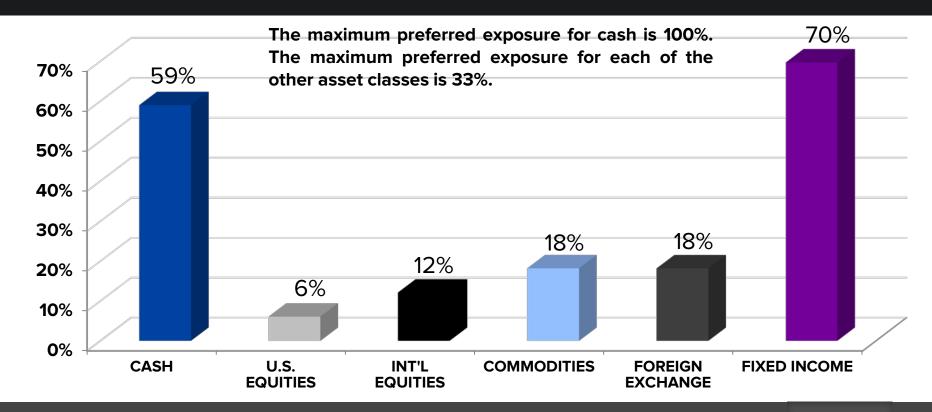
Source: NBER, BEA, BLOOMBERG, CENSUS BUREAU, NAR, Robert Shiller, HEDG

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MACRO GRIND

HEDGEYE ASSET ALLOCATION



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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

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HEDGEYE SECTOR PERFORMANCE

			1-Day %	MTD %	YTD %
SECTOR	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	Chg	<u>Chg</u>
Consumer Discretionary	XLY	\$79.53	1.40%	-1.28%	1.75%
Financial Select Sector	XLF	\$24.31	1.12%	-1.02%	2.01%
Health Care Select Sector	XLV	\$72.57	1.48%	-0.26%	0.75%
Technology Select Sector	XLK	\$46.93	1.67%	-0.13%	9.57%
Consumer Staples Select Sector	XLP	\$53.68	1.88%	-1.29%	6.32%
Industrial Select Sector	XLI	\$57.85	1.28%	-1.26%	9.13%
Materials Select Sector	XLB	\$47.89	0.95%	-1.38%	10.29%
The Energy Select Sector	XLE	\$70.39	0.99%	2.74%	16.69%
Utilities Select Sector	XLU	\$49.32	1.77%	0.18%	13.96%
S&P 500	SPX	2,159.04	1.47%	-0.55%	5.63%

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HEDGEYE SECTOR RELATIVE PERFORMANCE

			1-Day %	MTD %	YTD %
	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	Chg	<u>Chg</u>
Consumer Discretionary	XLY	\$79.53	-0.07%	-0.73%	-3.88%
Financial Select Sector	XLF	\$24.31	-0.34%	-0.47%	-3.62%
Health Care Select Sector	XLV	\$72.57	0.01%	0.29%	-4.88%
Technology Select Sector	XLK	\$46.93	0.20%	0.42%	3.94%
Consumer Staples Select Sector	XLP	\$53.68	0.41%	-0.74%	0.69%
Industrial Select Sector	XLI	\$57.85	-0.19%	-0.71%	3.50%
Materials Select Sector	XLB	\$47.89	-0.52%	-0.83%	4.66%
The Energy Select Sector	XLE	\$70.39	-0.48%	3.29%	11.06%
Utilities Select Sector	XLU	\$49.32	0.31%	0.73%	8.32%

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Short Interest % Float					
Sector	Current SI % Float	M/M % Chg	3M % Chg.	6M % Chg.	Y/Y % Chg.
Total U.S. Market	3.83	-1.3%	-5.2%	-12.4 %	-1.3%
Energy	4.85	2.8%	0.2%	-22.2%	-8.7 %
Materials	3.9	-1.3%	-6.9%	-13.3%	19.3%
Industrials	3.48	-2.5%	-8.7 %	-14.9%	-8.4%
Consumer Discretionary	5.88	0.0%	-3.0%	-3.1%	8.3%
Consumer Staples	2.47	-0.8%	-8.9%	-14.5%	-5.7%
Health Care	4.97	-4.2%	-9.0%	-16.0%	-6.6%
Financials	2.58	-3.7%	-3.7%	-8.2%	10.3%
Information Tech.	3.47	-2.8%	-8.2%	-11.0%	-9.6%
Telecom	4.35	7.7%	6.6%	-7.2 %	3.6%
Utilities	2.49	-2.4%	-7.1%	-13.5%	-7.8 %

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
	High Debt/EV	1.7%	0.3%	0.8%	5.1%	9.6%	12.5%
å	Low Debt/EV	1.5%	-1.7%	-2.4%	2.3%	4.8%	5.3%
S	High Short Interest	1.7%	-1.0%	-0.6%	4.4%	3.4%	5.6%
	Low Short Interest	1.6%	-1.3%	-1.0%	2.2%	7.7%	8.0%
BETA	High Beta	1.8%	0.0%	1.8%	6.9%	11.9%	7.7%
8	Low Beta	1.4%	-1.6%	-3.4%	-0.4%	3.8%	9.5%
YIELD	High Yield	1.5%	-0.8%	-0.9%	3.5%	5.2%	9.7%
YIE	Low Yield	1.8%	-0.3%	-0.4%	5.1%	10.6%	9.0%
MKT	MCAP Bottom 25%	1.6%	-1.0%	-0.3%	2.7%	4.4%	6.1%
Σ δ	MCAP Top 25%	1.4%	-0.9%	-1.4%	2.4%	6.3%	5.0%
Sales	Top 25% Sales Growth	1.5%	0.2%	0.3%	4.8%	12.1%	11.3%
Sa	Bottom 25% Sales Growth	1.7%	-1.0%	-1.4%	3.5%	4.7%	7.2%
EPS	Top 25% EPS Growth	1.5%	-0.3%	-0.5%	4.0%	10.0%	8.2%
ü	Bottom 25% EPS Growth	1.4%	-0.5%	-0.2%	3.2%	6.8%	9.3%

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

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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	0.36%	2.5	4.2	9	12	-1	41	27	29
3M LIBOR	0.85%	0.0	1.7	3	20	0	54	49	48
2Y T-Note	0.77%	-1.2	-1.6	6	4	-33	27	18	31
5Y T-Note	1.20%	-2.3	0.8	10	3	-63	31	-29	-5
10Y T-Note	1.67%	-0.5	6.7	16	3	-70	35	-56	-45
30Y T-Note	2.39%	-0.1	11.6	16	-6	-74	31	-63	-65
2Y-10Y Spread, Bps	90	0.7	8.3	9.2	-1	-38	8	-75	-76
IG SPREAD (AAABBB)	1.66%	0.0	2.0	-1	-17	-64	6	-4	-18
HIGH YIELD	6.29%	0.0	5.3	-3	-82	-303	11	-30	-44
5Y BREAKEVEN	1.34%	0.9	4.8	3.9	-17.1	-29.7	48.7	-22.8	-37.4

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CFTC NON-COMMERCIAL NET LONG POSITIONING

CFTC NON-COM. T		Z-Score					
METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	1Y	3Y
SPX (Index + E-mini)	193,281	(34,010)	133,412	44,601	(60,560)	1.79X	2.03X
Russell 2000 (mini)	23,349	1,274	(7,146)	(29,121)	(37,510)	2.68X	2.22X
10Y Treasury	128,954	8,038	89,026	13,000	5,129	1.75X	2.12X
CRUDE OIL	325,885	(47,733)	338,601	357,644	309,897	0.27X	-0.17X
GOLD	278,994	40,842	262,281	223,152	131,420	1.40X	2.53X
COPPER	(30,459)	(8,412)	(14,543)	(16,848)	(20,230)	-0.72X	-0.95X
\$USD	16,834	1,980	14,369	13,745	26,382	-0.69X	-0.56X
JPY	53,407	(8,814)	48,665	49,629	20,184	0.74X	1.69X
EUR	(102,285)	(9,182)	(92,992)	(68,013)	(88,258)	-0.32X	-0.25X
GBP	(88,144)	1,792	(70,593)	(55,538)	(38,574)	-1.89X	-2.34X

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY		VOLUME: (
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-12%	8%	2%	-9%
Total Exchange Volume**	-7%	26%	16%	7%

Source: Bloomberg, Hedgeye

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^{*}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

52-Wk Rolling 30D Correlation

METRIC	15D	30D	90D	120D	180D	High	Low	% Time Pos	% Time Neg
SPX	-0.15	-0.09	0.32	0.47	-0.54	0.73	-0.91	55%	45%
BRENT Oil	-0.50	-0.60	-0.55	-0.06	-0.67	0.73	-0.78	34%	66%
CRB Index	-0.73	-0.37	-0.47	-0.06	-0.80	0.71	-0.91	20%	80%
GOLD	-0.70	-0.32	0.41	0.47	-0.55	0.90	-0.95	23%	77%

^{*}Days = Trading Days

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END OF SUMMER SALE

CHEERS TO THE GRIND!

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50% OFF YOUR FIRST MONTH SUBSCRIPTION