THE MACRO SHOW

SEPTEMBER 22, 2016

LEGAL

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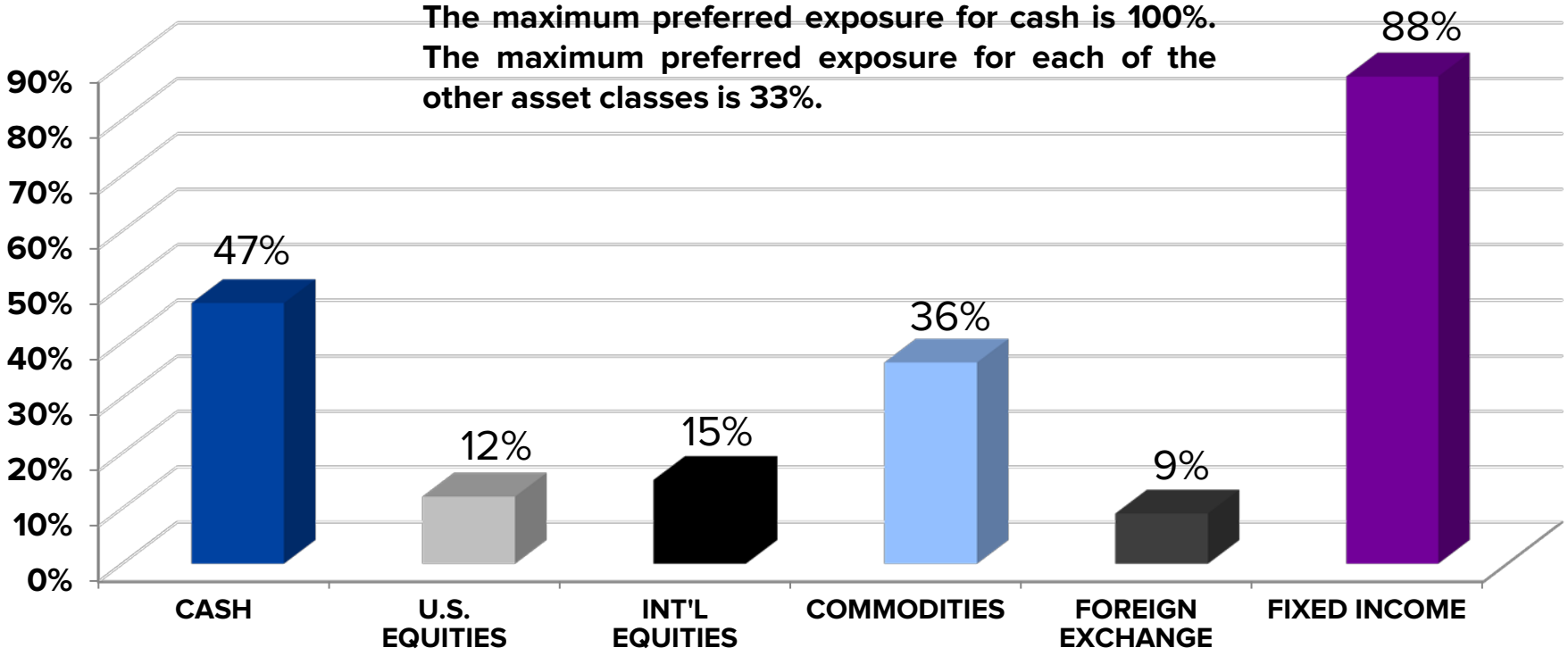
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/21/2016	47	4	5	12	3	29
9/22/2016	47	4	5	12	3	29

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/21/2016	47%	12%	15%	36%	9%	88%
9/22/2016	47%	12%	15%	36%	9%	88%

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

HEDGEYE ASSET ALLOCATION



1 USD

2 10YR YIELDS

3 GOLD

USD

Dollar Down another -0.5% this morning as the world realizes the Fed has pivoted for the 6th time in 9 months (hawkish to dovish to hawkish to dovish to hawkish to … currently dovish!) – all inverse correlations pay out in size.

10YR YIELDS

Bond Bears run back into their caves as both U.S. and European yields pull back from the top-end of their immediate-term risk ranges (again); German 10s -6bps to -0.06%; UST 10yr 1.64% with a risk range of 1.55-1.72%; Bond Proxies rocked the shorts yesterday too – Utilities (XLU) +2% on the day to +17.1% YTD).

GOLD

+1.5% on the day didn’t beat Utes, but certainly beat SPY and the Financials (XLF +0.6% to +0.5% YTD)– at +26% YTD, reiterating Gold, Long-term Bonds (TLT = +13% YTD), and Utilities as our Best Macro Ideas @Hedgeye in 2016.

MACRO GRIND

10-YEAR U.S. TREASURY YIELD INDEX

September 22, 2016

THE MACRO SHOW

HEDGEYE TV

10-YEAR GOVERNMENT YIELDS

COUNTRY	YIELD	1 DAY
Germany »	-0.06%	-6
United Kingdom »	0.74%	-6
France	0.23%	-6
Italy	1.21%	-7
Spain	0.93%	-6
Netherlands	0.05%	-6
Portugal	3.34%	-4
Greece	8.29%	-5
Switzerland	-0.50%	-3

COUNTRY	YIELD	1 DAY
Japan »	-0.04%	0
Australia »	2.03%	-9
New Zealand	2.45%	-12
Hong Kong	0.99%	0
Singapore	1.76%	-7
South Korea	1.51%	-7
India	6.81%	-4

HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$79.27	0.97%	-1.60%	1.42%
Financial Select Sector	XLF	$19.44	0.62%	-2.52%	0.46%
Health Care Select Sector	XLV	$72.79	1.00%	0.04%	1.06%
Technology Select Sector	XLK	$47.62	1.13%	1.34%	11.18%
Consumer Staples Select Sector	XLP	$53.11	0.55%	-2.34%	5.19%
Industrial Select Sector	XLI	$57.65	1.30%	-1.60%	8.75%
Materials Select Sector	XLB	$47.40	1.52%	-2.39%	9.17%
The Energy Select Sector	XLE	$68.47	2.32%	-0.06%	13.51%
Utilities Select Sector	XLU	$50.67	2.03%	2.93%	17.07%
S&P 500	SPX	2,163.12	1.09%	-0.36%	5.83%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$79.27	-0.12%	-1.24%	-4.41%
Financial Select Sector	XLF	$19.44	-0.47%	-2.16%	-5.37%
Health Care Select Sector	XLV	$72.79	-0.09%	0.40%	-4.78%
Technology Select Sector	XLK	$47.62	0.03%	1.70%	5.35%
Consumer Staples Select Sector	XLP	$53.11	-0.54%	-1.97%	-0.64%
Industrial Select Sector	XLI	$57.65	0.21%	-1.24%	2.92%
Materials Select Sector	XLB	$47.40	0.43%	-2.03%	3.34%
The Energy Select Sector	XLE	$68.47	1.22%	0.30%	7.68%
Utilities Select Sector	XLU	$50.67	0.94%	3.29%	11.24%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	1.8%	2.3%	-0.8%	3.9%	6.9%	12.1%
	Low Debt/EV	1.0%	1.7%	-2.6%	3.3%	3.9%	5.7%
SI	High Short Interest	1.3%	1.1%	-3.2%	3.1%	1.1%	4.4%
	Low Short Interest	1.2%	1.9%	-0.8%	3.4%	6.5%	8.5%
BETA	High Beta	1.6%	2.0%	-0.8%	5.9%	7.9%	6.7%
	Low Beta	1.4%	2.6%	-1.4%	0.4%	4.0%	10.6%
YIELD	High Yield	1.5%	2.3%	-0.8%	2.8%	3.7%	9.9%
	Low Yield	1.4%	1.9%	-1.3%	5.3%	9.3%	8.7%
MKT CAP	MCAP Bottom 25%	1.3%	1.4%	-2.4%	1.9%	1.6%	5.0%
	MCAP Top 25%	1.1%	1.8%	-1.0%	3.2%	5.3%	5.8%
Sales	Top 25% Sales Growth	1.5%	1.7%	-1.4%	3.7%	8.9%	9.6%
	Bottom 25% Sales Growth	1.4%	1.8%	-2.3%	3.0%	2.7%	6.9%
EPS	Top 25% EPS Growth	1.3%	1.9%	-1.1%	3.7%	8.3%	8.1%
	Bottom 25% EPS Growth	1.7%	2.0%	-1.9%	2.0%	3.8%	8.1%

**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	0.20%	-8.6	-11.7	-10	-7	-17	25	11	13
3M LIBOR	0.87%	0.0	1.2	5	22	0	55	50	49
2Y T-Note	0.77%	0.0	1.6	3	1	-32	28	18	31
5Y T-Note	1.19%	-1.3	-1.9	2	-1	-64	30	-30	-6
10Y T-Note	1.65%	-3.8	-4.7	7	-5	-72	33	-57	-47
30Y T-Note	2.37%	-5.8	-7.6	9	-14	-76	29	-64	-67
2Y-10Y Spread, Bps	88	-3.8	-6.3	4.5	-7	-40	5	-76	-78
IG SPREAD (AAABBB)	1.68%	0.0	-1.0	5	-14	-62	8	-2	-16
HIGH YIELD	6.36%	6.4	-6.8	9	-77	-297	18	-24	-37
5Y BREAKEVEN	1.39%	2.3	6.3	3.3	-3.6	-25.3	53.1	-17.9	-32.9

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)	113,534	(79,747)	133,102	56,870	(53,74[illegible])	*1.18X*	*1.27X*
Russell 2000 (mini)	8,183	(15,166)	(5,342)	(26,359)	(36,69[illegible])	*1.90X*	*1.53X*
10Y Treasury	72,415	(56,539)	92,175	16,426	7,84[illegible]	*0.92X*	*1.42X*
CRUDE OIL	360,492	34,607	337,604	358,786	311,46[illegible]	*0.83X*	*0.39X*
GOLD	248,858	(30,136)	262,896	227,077	136,07[illegible]	*1.07X*	*2.08X*
COPPER	(25,506)	4,953	(13,065)	(17,805)	(20,640)	*-0.54X*	*-0.59X*
$USD	17,006	172	15,317	13,731	25,947	*-0.65X*	*-0.55X*
JPY	57,687	4,280	49,080	50,149	21,812	*0.80X*	*1.74X*
EUR	(88,388)	13,897	(95,387)	(68,511)	(88,468)	*0.00X*	*-0.06X*
GBP	(81,972)	6,172	(74,285)	(58,245)	(40,077)	*-1.59X*	*-2.10X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (9/21) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	26%	12%	10%	-2%
Total Exchange Volume**	29%	14%	12%	4%
Total Traded Value (R3K)***	20%	1%	1%	-3%

*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	-0.36	-0.38	0.24	0.47	-0.51	*0.73*	*-0.91*	*54%*	*46%*
BRENT Oil	-0.64	-0.72	-0.57	-0.16	-0.64	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.34	-0.62	-0.38	-0.16	-0.77	*0.71*	*-0.91*	*18%*	*82%*
GOLD	-0.75	-0.70	0.37	0.47	-0.46	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*