THE MACRO SHOW

OCTOBER 5, 2016

LEGAL

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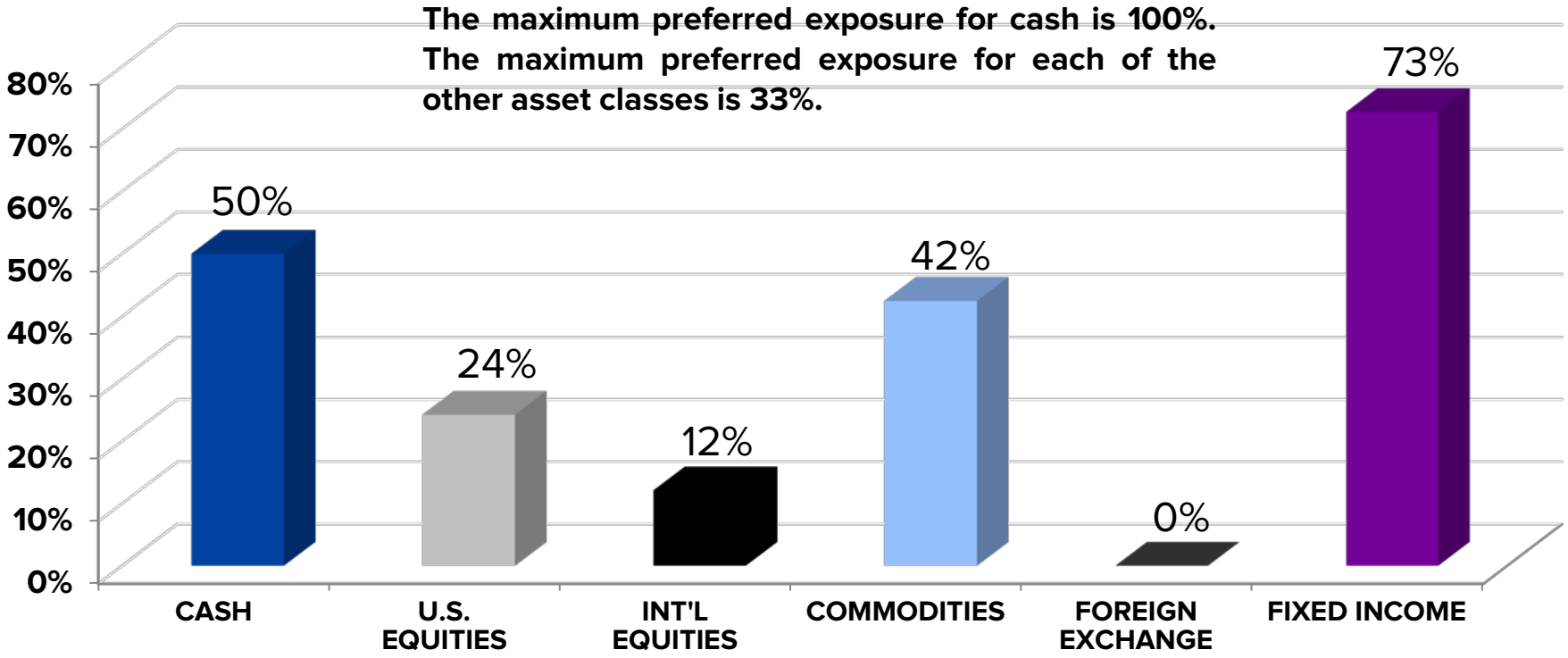
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
10/4/2016	54	6	4	12	2	22
10/5/2016	50	8	4	14	0	24

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
10/4/2016	54%	18%	12%	36%	6%	67%
10/5/2016	50%	24%	12%	42%	0%	73%

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

HEDGEYE ASSET ALLOCATION



October 5, 2016

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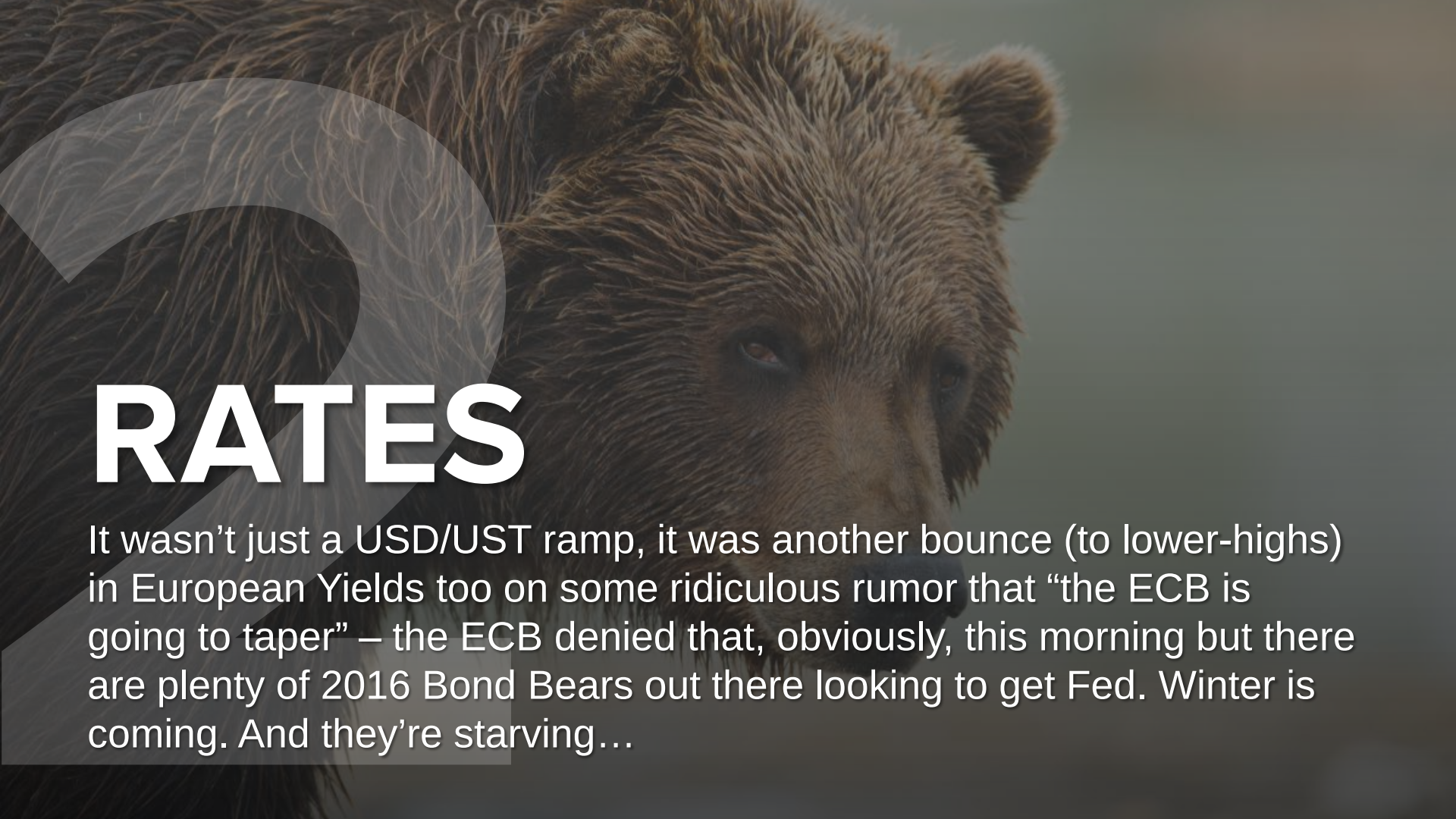
1 USD
2 RATES
3 GOLD

USD

Perfect storm for FX Correlation Risk yesterday as the Pound got blasted to immediate-term TRADE oversold at $1.27 and the USD Index ramped back above 96.00. Then the “rate hike” rhetoric rolled through and literally everything we like on the long side got smoked. Big buying opportunities ahead of the jobs report – any rate of change slow-down = USD bearish from here.



RATES

It wasn’t just a USD/UST ramp, it was another bounce (to lower-highs) in European Yields too on some ridiculous rumor that “the ECB is going to taper” – the ECB denied that, obviously, this morning but there are plenty of 2016 Bond Bears out there looking to get Fed. Winter is coming. And they’re starving…

GOLD

Gold was smashed on Dollar Up, Rates Up… that was actually the biggest down day in 3 years. We remember that well as that's when we were bearish on Gold due to U.S. #GrowthAccelerating; now it's still slowing, and we'll see who the real Gold bulls are out there as it "collapses" to +20% YTD with an immediate-term risk range of $1257-1343/oz.

MACRO GRIND

10-YEAR U.S. TREASURY YIELD

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10-YEAR GOVERNMENT BOND YIELDS

Europe, Middle East & Africa

COUNTRY	YIELD	1 DAY
Germany »	-0.03%	+3
United Kingdom »	0.81%	+3
France	0.30%	+3
Italy	1.34%	+4
Spain	1.00%	+3
Netherlands	0.10%	+3
Portugal	3.41%	+6
Greece	8.10%	-1
Switzerland	-0.56%	+3

Asia Pacific

COUNTRY	YIELD	1 DAY
Japan »	-0.07%	+2
Australia »	2.12%	+6
New Zealand	2.45%	+8

GOLD CONTINUOUS CONTRACT

October 5, 2016

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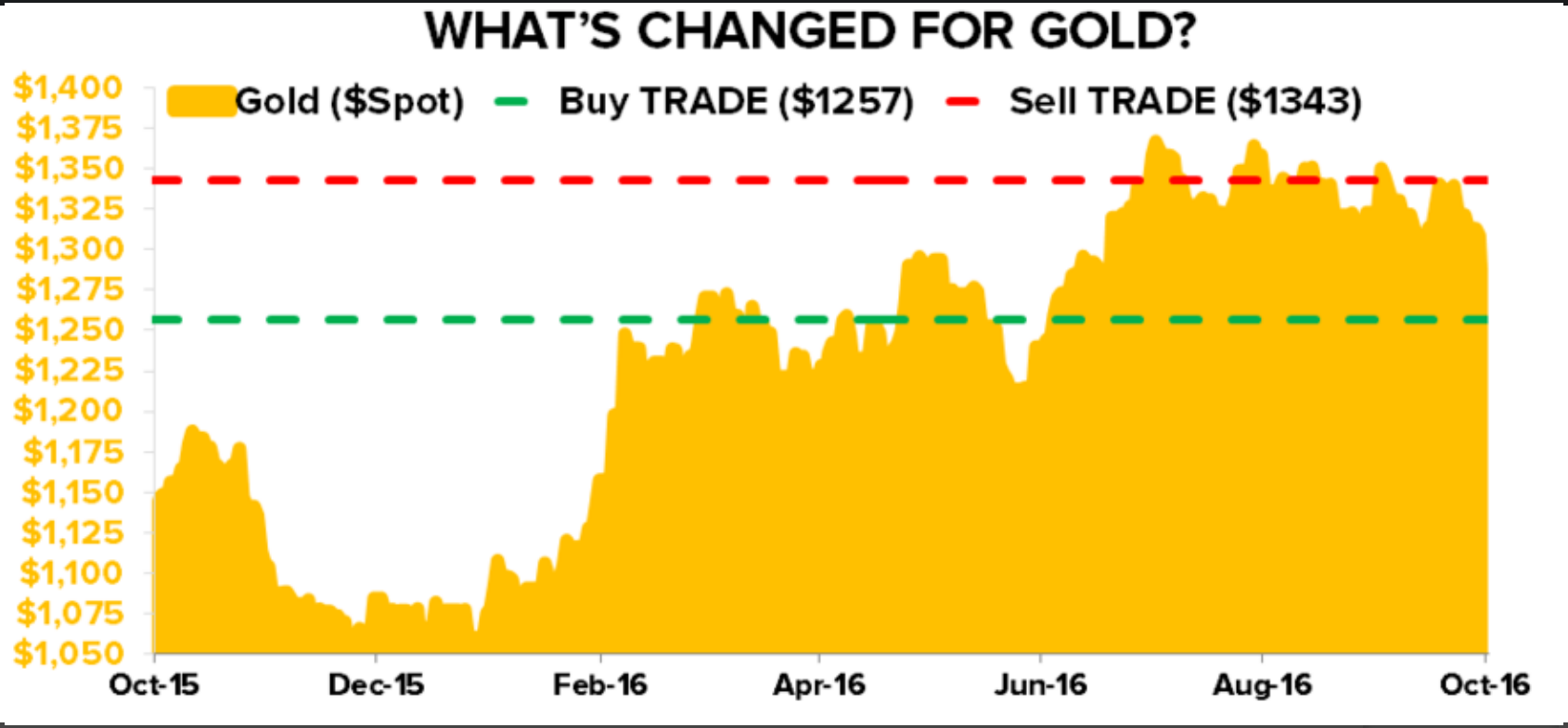
FOLLOW THE PROCESS: RINSE & REPEAT



HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$79.71	-0.35%	-0.41%	1.98%
Financial Select Sector	XLF	$19.29	0.42%	-0.05%	-0.31%
Health Care Select Sector	XLV	$71.91	-0.19%	-0.28%	-0.17%
Technology Select Sector	XLK	$47.47	-0.36%	-0.65%	10.83%
Consumer Staples Select Sector	XLP	$52.42	-0.85%	-1.48%	3.82%
Industrial Select Sector	XLI	$57.94	-0.84%	-0.75%	9.30%
Materials Select Sector	XLB	$47.04	-1.36%	-1.49%	8.34%
The Energy Select Sector	XLE	$69.84	-1.02%	-1.09%	15.78%
Utilities Select Sector	XLU	$47.29	-2.09%	-3.47%	9.27%
S&P 500	SPX	2,150.49	-0.50%	-0.82%	5.21%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$79.71	0.15%	0.41%	-3.23%
Financial Select Sector	XLF	$19.29	0.91%	0.77%	-5.52%
Health Care Select Sector	XLV	$71.91	0.30%	0.54%	-5.38%
Technology Select Sector	XLK	$47.47	0.14%	0.17%	5.62%
Consumer Staples Select Sector	XLP	$52.42	-0.36%	-0.66%	-1.39%
Industrial Select Sector	XLI	$57.94	-0.34%	0.07%	4.09%
Materials Select Sector	XLB	$47.04	-0.87%	-0.67%	3.12%
The Energy Select Sector	XLE	$69.84	-0.52%	-0.27%	10.57%
Utilities Select Sector	XLU	$47.29	-1.60%	-2.65%	4.05%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-1.2%	-0.6%	-1.2%	3.3%	8.0%	10.7%
	Low Debt/EV	-0.4%	-0.3%	-1.3%	2.8%	2.9%	5.9%
SI	High Short Interest	-0.6%	0.7%	-1.0%	4.5%	4.9%	6.2%
	Low Short Interest	-0.6%	-0.6%	-1.9%	1.5%	4.9%	7.4%
BETA	High Beta	-0.5%	2.2%	0.8%	10.5%	13.5%	8.7%
	Low Beta	-1.2%	-2.8%	-3.2%	-4.9%	-0.2%	8.1%
YIELD	High Yield	-1.1%	-1.4%	-2.2%	0.4%	2.7%	8.1%
	Low Yield	-0.5%	0.0%	-0.7%	6.0%	8.5%	8.7%
MKT CAP	MCAP Bottom 25%	-0.7%	-0.1%	-2.2%	2.3%	2.7%	5.1%
	MCAP Top 25%	-0.4%	-0.2%	-1.3%	2.5%	4.9%	5.6%
Sales	Top 25% Sales Growth	-0.5%	0.6%	-0.7%	4.0%	9.3%	9.8%
	Bottom 25% Sales Growth	-0.9%	-0.1%	-1.6%	2.6%	3.6%	6.1%
EPS	Top 25% EPS Growth	-0.4%	-0.4%	-1.1%	4.5%	8.1%	7.6%
	Bottom 25% EPS Growth	-0.9%	0.4%	-1.2%	1.9%	4.7%	7.2%

**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%	2.1	6.7	0	7	-5	34	23	24
3M LIBOR	0.86%	0.0	0.4	2	20	-1	54	48	48
2Y T-Note	0.82%	3.0	7.9	4	23	-28	33	23	35
5Y T-Note	1.23%	4.9	11.5	4	23	-60	34	-25	-2
10Y T-Note	1.69%	6.4	13.0	8	24	-69	37	-53	-43
30Y T-Note	2.41%	7.0	13.2	13	18	-73	32	-59	-63
2Y-10Y Spread, Bps	86	3.4	5.1	4.8	1	-41	4	-75	-79
IG SPREAD (AAABBB)	1.64%	0.0	-3.0	0	-19	-66	4	-6	-19
HIGH YIELD	6.19%	0.0	-8.7	-5	-62	-314	0	-41	-53
5Y BREAKEVEN	1.48%	-1.4	7.3	19.1	3.8	-15.5	62.9	-7.7	-23.1

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)	88,942	(35,377)	139,989	76,393	(41,558)	*0.93X*	*1.05X*
Russell 2000 (mini)	11,558	3,755	260	(20,817)	(35,221)	*1.86X*	*1.66X*
10Y Treasury	159,445	41,249	101,009	28,966	12,806	*1.95X*	*2.36X*
CRUDE OIL	330,111	15,220	331,873	355,593	312,392	*0.30X*	*-0.10X*
GOLD	261,892	42,758	259,123	233,018	144,105	*1.12X*	*2.17X*
COPPER	(2,216)	11,107	(10,200)	(18,267)	(20,358)	*1.26X*	*1.05X*
$USD	12,128	(2,212)	15,679	13,398	24,797	*-0.93X*	*-0.76X*
JPY	68,552	8,828	51,259	51,095	25,197	*0.97X*	*1.85X*
EUR	(82,521)	9,945	(98,971)	(70,501)	(88,853)	*0.15X*	*0.05X*
GBP	(86,746)	(29,282)	(78,300)	(60,883)	(42,866)	*-1.69X*	*-2.17X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (10/4) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	9%	16%	26%	9%
Total Exchange Volume**	22%	3%	12%	0%

*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	-0.28	-0.27	0.25	0.44	-0.36	*0.70*	*-0.91*	*50%*	*50%*
BRENT Oil	-0.05	-0.22	**-0.57**	-0.31	**-0.54**	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.01	-0.47	-0.35	-0.31	**-0.68**	*0.71*	*-0.91*	*18%*	*82%*
GOLD	**-0.66**	**-0.64**	0.45	0.43	-0.23	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*