THE MACRO SHOW

OCTOBER 7, 2016

LEGAL

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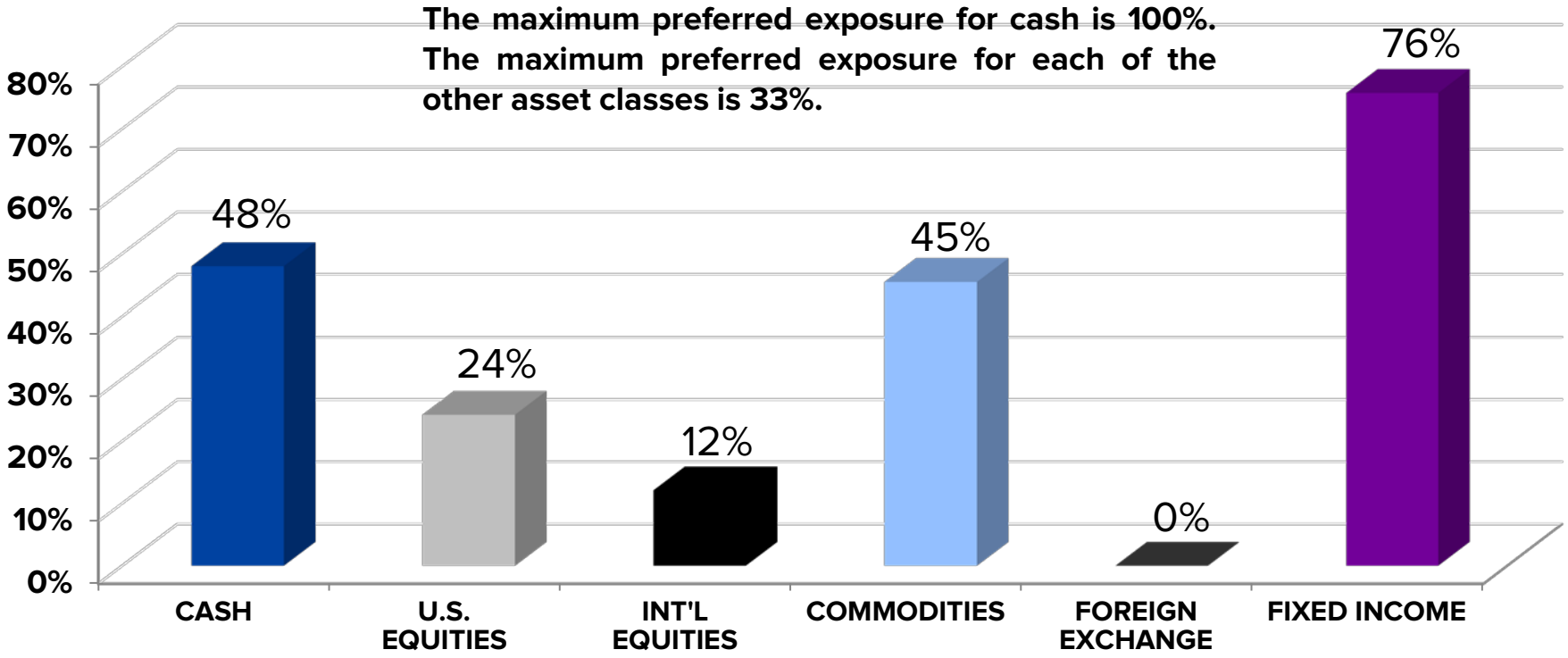
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
10/6/2016	48	8	4	15	0	25
10/7/2016	48	8	4	15	0	25

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
10/6/2016	48%	24%	12%	45%	0%	76%
10/7/2016	48%	24%	12%	45%	0%	76%

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 POUND

2 GILTS

3 GOLD

POUND

Why is it that every time something crashes faster than it’s already been crashing (in this case for months), everyone calls it a “flash crash” and blames the algos? #1 to blame here is the Bank of England who has an explicit policy to devalue (crash) the purchasing power of the people in exchange for FTSE, etc. asset inflation that isn’t driven higher by algos?

GILTS

Big ramp in the 10YR UK Bond Yield this morning, +8 bps to 0.95% as the aforementioned economic reality sinks in as a real consumption risk – this is the lowest level of British Purchasing power since 1985. If you thought it was expensive to live in London for the last 3-5 years, try getting paid in Pounds this year…

GOLD

#1 reason why I own it is what you see happening in the Global FX market – crashing currencies for short-term safety in stock markets is turning into an obviously bearish catalyst for real #GrowthSlowing – the #BeliefSystem in central market planning is finally breaking down; US Dollar and Gold should win the Currency War, until the Fed starts cutting again

MACRO GRIND

10-YEAR GOVERNMENT BOND YIELDS

COUNTRY	YIELD	1 DAY
Germany »	0.01%	+3
United Kingdom »	0.95%	+8
France	0.31%	+3
Italy	1.37%	+3
Spain	1.02%	+2
Netherlands	0.13%	+3
Portugal	3.52%	+4
Greece	8.11%	+0
Switzerland	-0.56%	0

SPAIN BOLSA DE MADRID IBEX 35

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LONDON FINANCIAL TIMES INDEX

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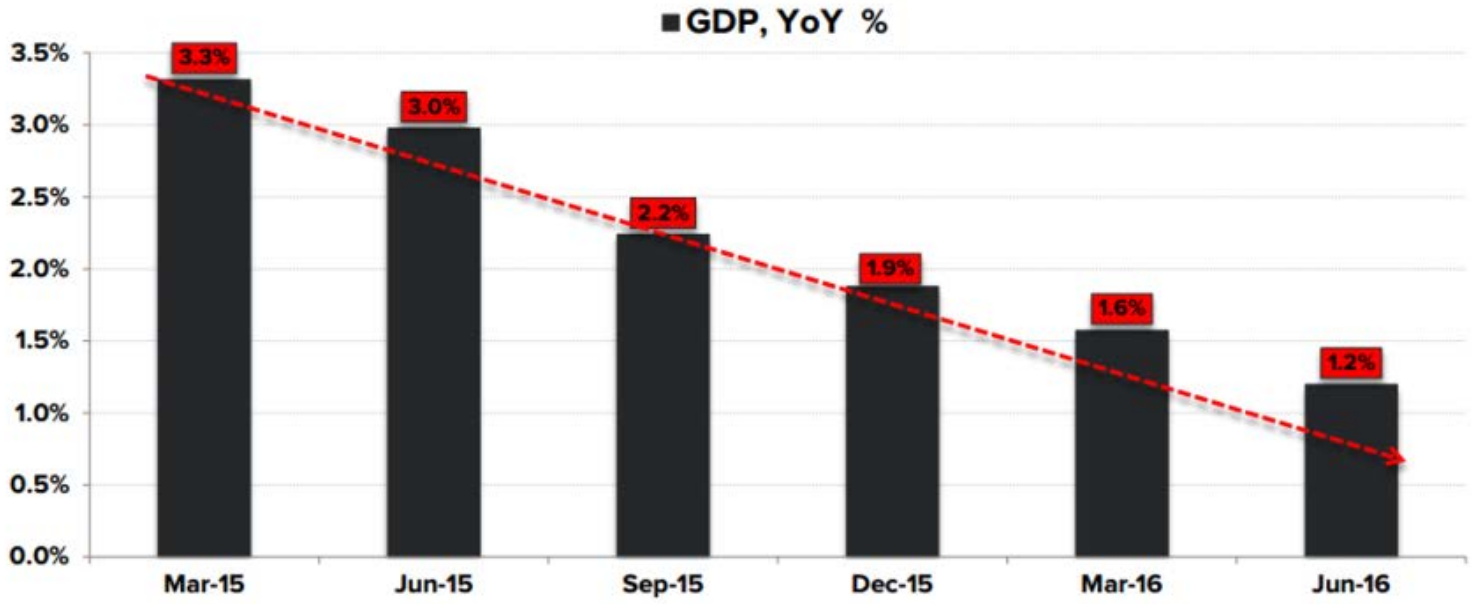
NFP ↓ + HOURS ↓ + PRODUCTIVITY ↓ = OUTPUT ↓



HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$80.10	0.07%	0.07%	2.48%
Financial Select Sector	XLF	$19.63	0.15%	1.71%	1.45%
Health Care Select Sector	XLV	$71.92	-0.37%	-0.26%	-0.15%
Technology Select Sector	XLK	$47.75	0.23%	-0.06%	11.49%
Consumer Staples Select Sector	XLP	$52.47	0.19%	-1.39%	3.92%
Industrial Select Sector	XLI	$58.31	0.00%	-0.12%	10.00%
Materials Select Sector	XLB	$47.75	0.82%	0.00%	9.97%
The Energy Select Sector	XLE	$71.02	0.16%	0.58%	17.74%
Utilities Select Sector	XLU	$47.18	-0.02%	-3.69%	9.01%
S&P 500	SPX	2,160.77	0.05%	-0.35%	5.72%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$80.10	0.03%	0.42%	-3.23%
Financial Select Sector	XLF	$19.63	0.10%	2.06%	-4.27%
Health Care Select Sector	XLV	$71.92	-0.42%	0.08%	-5.87%
Technology Select Sector	XLK	$47.75	0.18%	0.28%	5.77%
Consumer Staples Select Sector	XLP	$52.47	0.14%	-1.04%	-1.79%
Industrial Select Sector	XLI	$58.31	-0.05%	0.23%	4.28%
Materials Select Sector	XLB	$47.75	0.78%	0.35%	4.26%
The Energy Select Sector	XLE	$71.02	0.11%	0.93%	12.02%
Utilities Select Sector	XLU	$47.18	-0.07%	-3.35%	3.30%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.2%	-0.5%	-2.1%	5.3%	10.3%	11.2%
	Low Debt/EV	0.1%	0.9%	-0.8%	3.2%	4.6%	6.4%
SI	High Short Interest	0.0%	1.2%	-0.6%	6.8%	7.7%	7.3%
	Low Short Interest	0.1%	0.5%	-1.2%	2.4%	6.8%	8.0%
BETA	High Beta	-0.1%	2.2%	1.4%	13.8%	16.5%	10.3%
	Low Beta	0.1%	-2.2%	-4.0%	-5.0%	0.7%	7.7%
YIELD	High Yield	0.0%	-1.2%	-3.3%	1.4%	4.4%	8.1%
	Low Yield	-0.1%	1.0%	-0.6%	7.0%	10.4%	9.4%
MKT CAP	MCAP Bottom 25%	-0.1%	0.6%	-1.9%	4.6%	5.9%	6.2%
	MCAP Top 25%	0.0%	0.7%	-0.9%	3.6%	6.5%	6.2%
Sales	Top 25% Sales Growth	-0.1%	0.8%	-1.1%	5.2%	9.8%	10.6%
	Bottom 25% Sales Growth	-0.1%	0.2%	-1.6%	4.4%	6.2%	6.8%
EPS	Top 25% EPS Growth	0.0%	0.7%	-1.4%	5.9%	10.0%	8.0%
	Bottom 25% EPS Growth	-0.1%	0.0%	-1.3%	3.7%	6.7%	8.3%

**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%	0.0	4.7	-2	4	-5	33	23	24
3M LIBOR	0.87%	0.0	1.4	2	20	0	55	49	49
2Y T-Note	0.85%	1.8	8.8	12	26	-25	35	25	38
5Y T-Note	1.27%	3.4	12.8	15	32	-55	38	-21	2
10Y T-Note	1.73%	3.5	14.3	20	35	-65	41	-48	-39
30Y T-Note	2.45%	3.0	13.8	22	32	-69	36	-55	-59
2Y-10Y Spread, Bps	88	1.2	5.0	7.8	9	-39	6	-73	-77
IG SPREAD (AAABBB)	1.63%	0.0	-2.0	-3	-16	-67	3	-7	-20
HIGH YIELD	6.31%	15.5	-0.5	11	-44	-302	16	-29	-40
5Y BREAKEVEN	1.54%	3.2	4.6	20.9	11.5	-10.4	68.0	-2.6	-18.0

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: (10/6) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-9%	2%	11%	-3%
Total Exchange Volume**	-10%	-10%	-3%	-13%
Total Traded Value (R3K)***	-13%	-16%	-7%	-14%

*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	-0.33	-0.17	0.25	0.45	-0.31	*0.65*	*-0.91*	*49%*	*51%*
BRENT Oil	0.31	0.23	**-0.52**	-0.29	**-0.50**	*0.73*	*-0.78*	*35%*	*65%*
CRB Index	-0.30	-0.25	-0.37	-0.29	**-0.67**	*0.71*	*-0.91*	*18%*	*82%*
GOLD	**-0.87**	**-0.82**	0.44	0.39	-0.17	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*