



THE
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SHOW

OCTOBER 17, 2016

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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
10/14/2016	52	6	4	13	0	25
10/17/2016	51	6	4	14	0	25

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
10/14/2016	52%	18%	12%	39%	0%	76%
10/17/2016	51%	18%	12%	42%	0%	76%

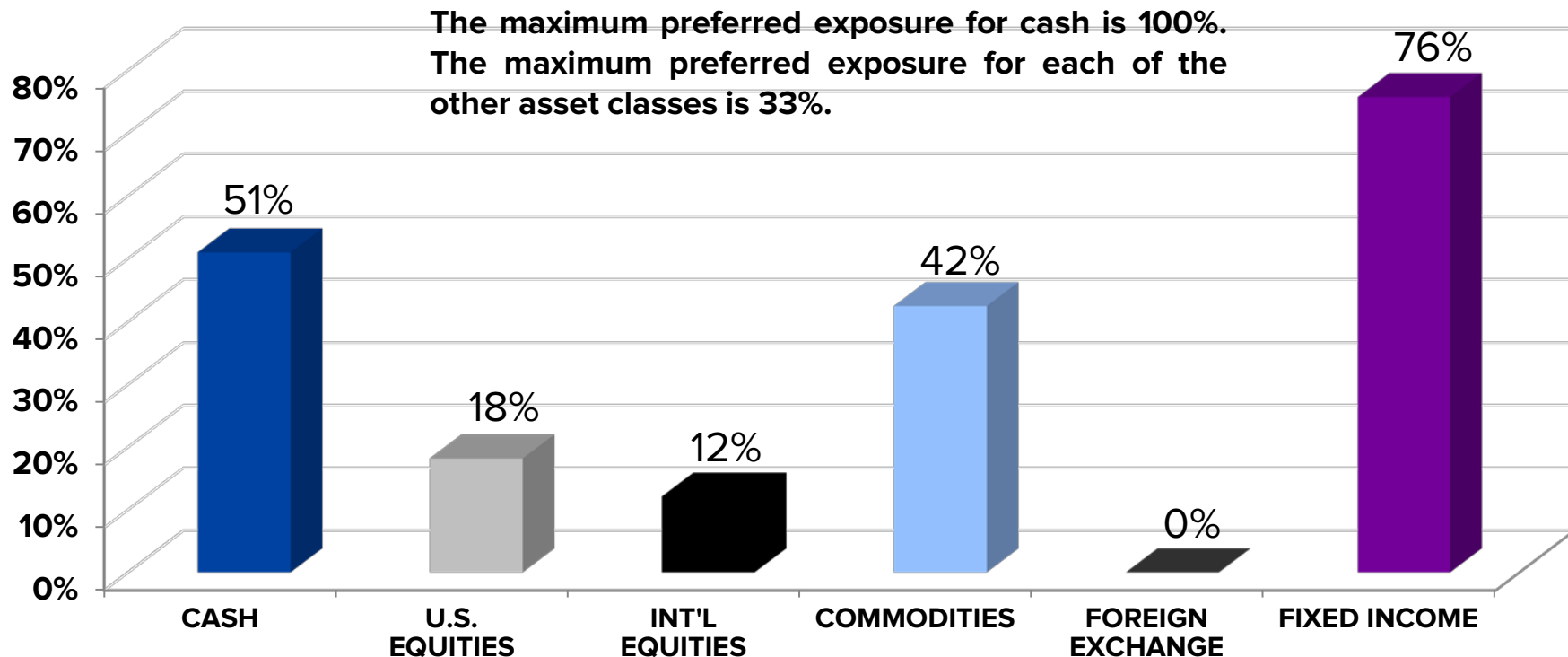
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

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1 UK



2 UST 10YR



3 GOLD



UK

The Pound takes another dip down to \$1.21/lb vs USD and the UK Bond Market is really moving on the associated inflation expectations with burning the purchasing power of The People now (10YR Gilt +10bps to 1.19% this morning). The U.S. Dollar is the big winner on this front of the Currency War.



UST 10YR

Yield in the U.S. is up obviously on Friday's Dudley commentary (1.80% last), and now the WSJ has another Rosengren article talking up DEC as Fed Fund futures move to 65% in DEC. The UST 10YR risk range widens out to 1.58-1.84% as we cut our Q3 GDP forecast to 1.7% (from 1.9%) q/q SAAR which implies 1.2% y/y.

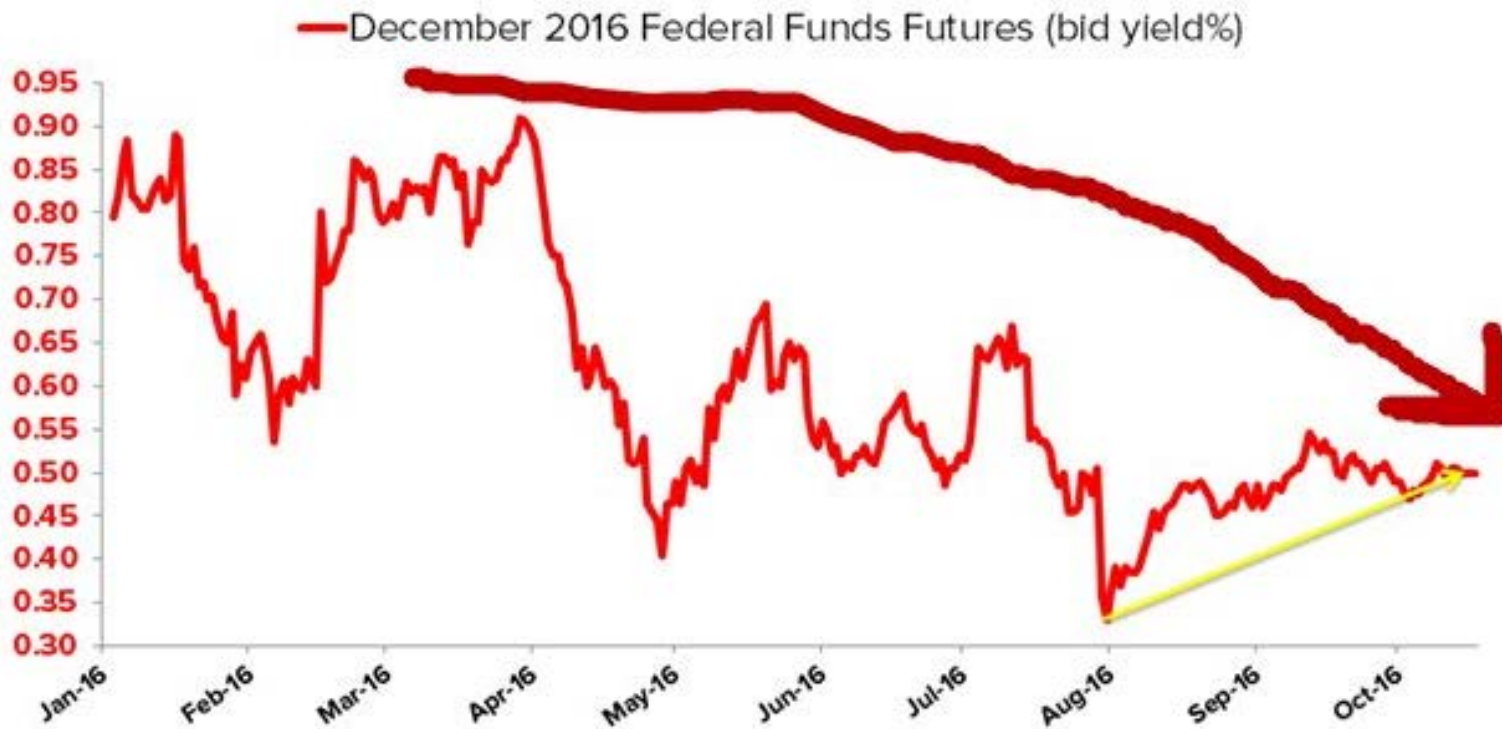


GOLD

Gold stabilized last week (+0.1% week-over-week) and is +0.2% this morning to +18.1% YTD as consensus macro looks to have sold (CFTC non-commercial futures & options position down -51,400 contracts last week taking Gold's net long position down to 0.05x on a 1yr z-score vs. Oil at +2.23x).

MACRO GRIND

RENEWED RATE HIKE EXPECTATIONS



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RENEWED RATE HIKE EXPECTATIONS

United States		Instrument		Futures: Fed Funds			
1) Overview		2) Future Implied Probability					
Current Implied Probabilities						3) Add/Remove Rates	
Dates	Meeting	Calculation	Calculated 10/14/2016				
	Meeting	Prob Of Hike	Prob of Cut	0.25-0.5	0.5-0.75	0.75-1	1-1.25
11/02/2016		17.1%	0.0%	82.9%	17.1%	0.0%	0.0%
12/14/2016		65.9%	0.0%	34.1%	55.8%	10.1%	0.0%
02/01/2017		68.7%	0.0%	31.3%	54.0%	13.9%	0.8%

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U.S. DOLLAR INDEX



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10-YEAR GOVERNMENT YIELDS

Americas

COUNTRY	YIELD	1 DAY
United States »	1.80%	+1
Canada	1.24%	0
Brazil	11.40%	+2
Mexico	6.05%	+0

Europe, Middle East & Africa

COUNTRY	YIELD	1 DAY
Germany »	0.09%	+3
United Kingdom »	1.18%	+9
France	0.37%	+4
Italy	1.43%	+6
Spain	1.15%	+3
Netherlands	0.19%	+4
Portugal	3.32%	+5
Greece	8.24%	+2
Switzerland	-0.52%	+1

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GOLD – CONTINUOUS CONTRACT



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SWISS MARKET INDEX



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HONG KONG HANG SENG INDEX



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S&P 500 REVENUES & EARNINGS COMPS

Q2 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	3.2%	1.5%	27 / 499
Energy	0.0%	0.0%	0 / 36
Materials	-1.9%	6841.6%	2 / 27
Industrials	17.5%	13.5%	4 / 67
Consumer Discretionary	4.3%	-1.9%	8 / 83
Consumer Staples	-0.8%	4.7%	6 / 37
Healthcare	0.0%	0.0%	0 / 58
Financials	0.0%	0.0%	0 / 64
Information Technology	4.7%	-5.3%	7 / 66
Telecom	0.0%	0.0%	0 / 5
Utilities	0.0%	0.0%	0 / 28
Source: BBG	0.0%	0.0%	0 / 28

Source: BBG

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HEDGEYE SECTOR PERFORMANCE

<u>SECTOR</u>	<u>Ticker</u>	<u>Price</u>	<u>1-Day % Chg</u>	<u>MTD % Chg</u>	<u>YTD % Chg</u>
Consumer Discretionary	XLY	\$78.89	-0.11%	-1.44%	0.93%
Financial Select Sector	XLF	\$19.42	0.47%	0.62%	0.36%
Health Care Select Sector	XLV	\$69.62	-0.67%	-3.45%	-3.35%
Technology Select Sector	XLK	\$47.37	0.38%	-0.86%	10.60%
Consumer Staples Select Sector	XLP	\$52.37	0.02%	-1.58%	3.72%
Industrial Select Sector	XLI	\$57.23	0.21%	-1.97%	7.96%
Materials Select Sector	XLB	\$46.32	0.32%	-2.99%	6.68%
The Energy Select Sector	XLE	\$69.80	-0.58%	-1.15%	15.72%
Utilities Select Sector	XLU	\$47.75	-0.56%	-2.53%	10.33%
S&P 500	SPX	2,132.98	0.02%	-1.63%	4.36%

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HEDGEYE SECTOR RELATIVE PERFORMANCE

	<u>Ticker</u>	<u>Price</u>	<u>1-Day % Chg</u>	<u>MTD % Chg</u>	<u>YTD % Chg</u>
Consumer Discretionary	XLY	\$78.89	-0.13%	0.19%	-3.42%
Financial Select Sector	XLF	\$19.42	0.45%	2.25%	-4.00%
Health Care Select Sector	XLV	\$69.62	-0.69%	-1.83%	-7.70%
Technology Select Sector	XLK	\$47.37	0.36%	0.77%	6.24%
Consumer Staples Select Sector	XLP	\$52.37	0.00%	0.05%	-0.63%
Industrial Select Sector	XLI	\$57.23	0.19%	-0.34%	3.60%
Materials Select Sector	XLB	\$46.32	0.30%	-1.37%	2.32%
The Energy Select Sector	XLE	\$69.80	-0.60%	0.48%	11.36%
Utilities Select Sector	XLU	\$47.75	-0.58%	-0.90%	5.97%

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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	-0.4%	-1.5%	-1.4%	-2.1%	3.5%	9.0%
	Low Debt/EV	0.1%	-1.3%	-0.4%	-1.6%	1.3%	4.7%
SI	High Short Interest	-0.3%	-2.0%	-0.3%	-1.1%	1.7%	5.3%
	Low Short Interest	0.1%	-1.1%	-0.8%	-2.0%	2.4%	5.2%
BETA	High Beta	0.0%	-2.5%	0.2%	2.7%	7.2%	6.7%
	Low Beta	-0.3%	0.1%	-1.5%	-6.1%	0.2%	7.9%
YIELD	High Yield	-0.3%	-2.0%	-1.0%	-3.7%	1.4%	6.7%
	Low Yield	-0.2%	-2.0%	-1.6%	0.0%	4.4%	6.7%
MKT CAP	MCAP Bottom 25%	-0.3%	-2.0%	-1.6%	-2.6%	-0.5%	3.2%
	MCAP Top 25%	0.1%	-1.1%	-0.4%	-1.3%	2.4%	4.2%
Sales	Top 25% Sales Growth	-0.2%	-1.3%	-0.9%	-0.3%	4.0%	8.4%
	Bottom 25% Sales Growth	-0.2%	-1.5%	-0.9%	-2.5%	1.5%	4.7%
EPS	Top 25% EPS Growth	0.1%	-1.4%	-1.2%	-0.4%	4.8%	5.9%
	Bottom 25% EPS Growth	-0.4%	-1.4%	-0.4%	-2.4%	1.2%	6.6%

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

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HEDGEYE RATES & SPREADS

		1D	5D	1M	3M	vs. 52-Wk, Bps		vs.	vs.
	Price	Bps Chg	Bps Chg	Bps Chg	Bps Chg	High	Low	3Y Ave	5Y Ave
3M T-Bill	0.29%	0.5	-2.6	-3	-2	-8	30	19	21
3M LIBOR	0.88%	0.0	0.4	3	20	0	57	50	50
2Y T-Note	0.83%	0.0	0.5	8	16	-26	34	24	36
5Y T-Note	1.29%	2.8	3.1	8	19	-54	40	-19	4
10Y T-Note	1.80%	5.7	8.0	10	26	-58	48	-41	-32
30Y T-Note	2.56%	8.2	10.8	11	31	-58	47	-43	-48
2Y-10Y Spread, Bps	96	5.6	7.5	2.3	10	-31	14	-64	-68
IG SPREAD (AAABBB)	1.58%	0.0	-5.0	-12	-7	-72	0	-12	-25
HIGH YIELD	6.39%	-4.1	-1.3	-4	2	-294	23	-21	-31
5Y BREAK EVEN	1.57%	3.0	3.7	25.0	11.7	-6.6	71.8	1.5	-14.2

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CFTC NON-COMMERCIAL NET LONG POSITIONING

METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	Z Score	
						1Y	3Y
SPX (Index + E-mini)	(3,767)	(71,614)	135,889	86,414	(30,302)	0.20X	0.19X
Russell 2000 (mini)	12,892	(3,706)	7,810	(14,666)	(33,041)	1.70X	1.68X
10Y Treasury	17,317	(127,641)	97,986	38,410	14,813	0.03X	0.68X
CRUDE OIL	458,776	56,766	345,223	361,807	317,048	2.23X	1.96X
GOLD	153,776	(51,400)	243,777	233,447	148,462	0.05X	0.74X
COPPER	4,227	3,441	(7,220)	(16,832)	(19,920)	1.63X	1.48X
USD	33,581	21,531	17,157	13,963	24,045	0.72X	0.11X
JPY	45,093	(24,118)	52,377	50,967	28,008	0.39X	1.41X
EUR	(97,043)	(8,164)	(99,760)	(73,968)	(89,465)	-0.17X	-0.12X
GBP	(89,375)	4,908	(84,218)	(64,305)	(46,194)	-1.63X	-2.15X

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

<u>INDEX/SECURITY</u>	<u>VOLUME: (10/14) vs.</u>			
	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	-9%	14%	23%	10%
<hr/>				
Total Exchange Volume**	-10%	-10%	-7%	-17%
Total Traded Value (R3K)***	-5%	-13%	-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)

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KEY \$USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.72	-0.45	0.14	0.40	-0.16	0.64	-0.91	46%	54%
BRENT Oil	0.79	0.69	-0.12	-0.12	-0.33	0.73	-0.78	37%	63%
CRB Index	-0.67	-0.52	-0.36	-0.12	-0.62	0.71	-0.91	18%	82%
GOLD	-0.88	-0.90	-0.11	0.21	-0.01	0.90	-0.95	23%	77%

**Days = Trading Days*

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OTHER KEY METRICS

METRIC	PRICE	1D % Chg	5D % Chg	1M % Chg	3M % Chg	MTD % Chg	YTD % Chg	vs. 52-Wk	
								High	Low
Brent Oil	\$51.95	-0.15%	0.04%	13.30%	9.67%	4.4%	35.9%	-3%	92%
Gold	\$1,251	-0.56%	-0.48%	-5.44%	-6.31%	-4.9%	17.9%	-9%	20%
VIX	\$16.12	-3.42%	19.58%	-11.14%	25.74%	21.3%	-11.5%	-50%	46%

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