



THE
MACRO
SHOW

SEPTEMBER 23 2016

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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/22/2016	47	4	5	12	3	29
9/23/2016	62	2	3	6	2	25

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/22/2016	47%	12%	15%	36%	9%	88%
9/23/2016	62%	6%	9%	18%	6%	76%

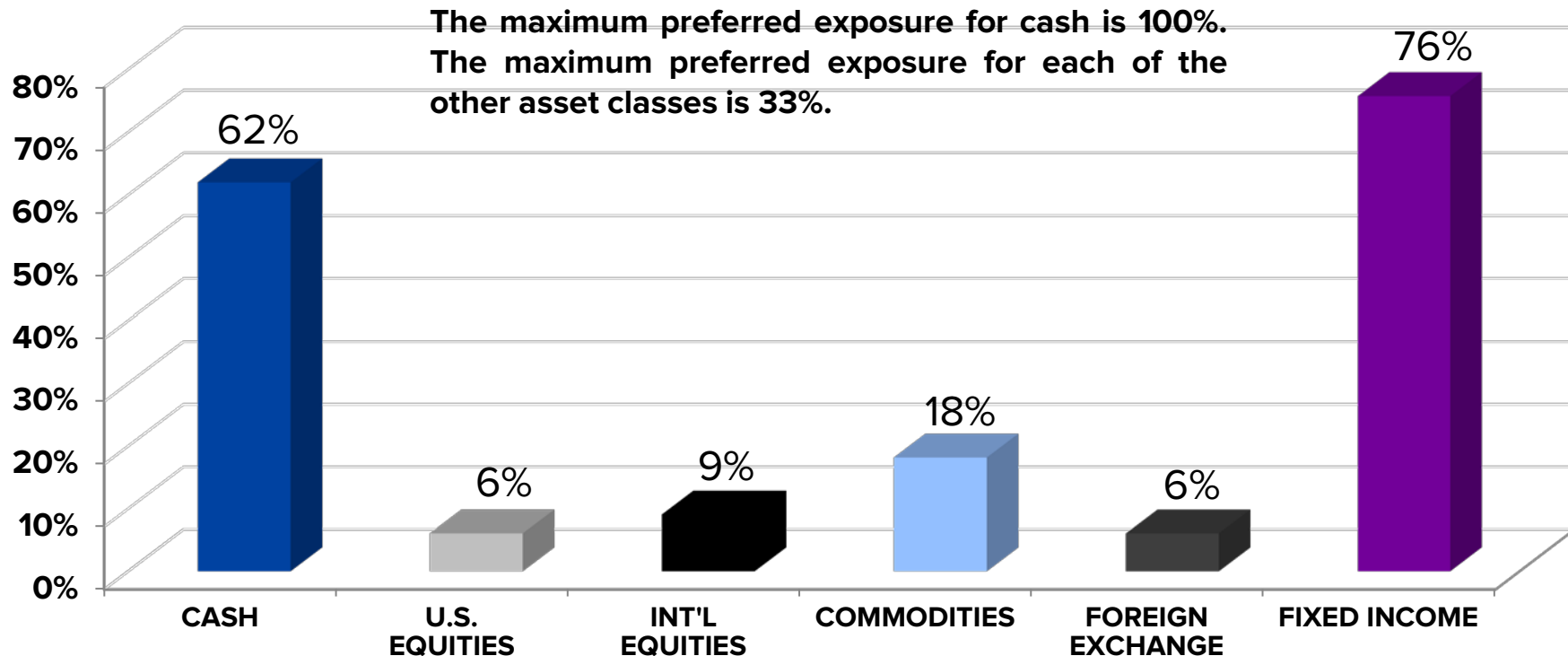
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

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A photograph of the US Treasury Department building, a large classical structure with columns and a flagpole in front. The image is darkened to serve as a background for the text.



1 UST 10YR

A photograph showing numerous stacks of green US Treasury bills, likely 10-year bills, arranged in rows. The image is darkened to serve as a background for the text.

2 REFLATION

A photograph of a person surfing on a large, curling wave. The image is darkened to serve as a background for the text.

3 VIX



UST 10YR

The UST 10YR is all the way back down to 1.61% this morning (10s/2s back down to 84bps) – that's 6x in 16 months that you had an outstanding buying opportunity in long-term bonds and/or stocks that look like bonds; now we go back to no Fed to stress over as both the slowing economic data and Q3 earnings season take over.



REFLATION

CRB Index, Oil, Gold, etc. all signaled immediate-term TRADE overbought on the Fed Fade yesterday. So did multiple cyclical sectors, including Industrials (XLI) which was our 1st S&P Sector pick on the short side as we started selling mostly everything we bought into the Fed catalyst.

A dramatic photograph of a surfer in a yellow long-sleeved shirt and dark pants riding a massive, curling wave. The surfer is positioned in the center-left of the frame, leaning into the wave. The wave is a deep blue-grey color with white foam at the crest. A large, semi-transparent, stylized letter 'V' is overlaid on the left side of the image, serving as a background for the text.

VIX

Front month U.S. Equity Volatility signaled immediate-term TRADE oversold within its bullish TREND yesterday too. Risk range on that is very wide now at 11.73-19.29, so now that we have the cute trade around the Fed out of the way, it's back to risk managing what we think could be some serious U.S. equity chop in OCT-NOV.

MACRO GRIND

10-YEAR U.S. TREASURY YIELD INDEX



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SPAIN BOLSA DE MADRID IBEX 35



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TAIWAN WEIGHTED INDEX



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HEDGEYE SECTOR PERFORMANCE

<u>SECTOR</u>	<u>Ticker</u>	<u>Price</u>	<u>1-Day %</u> <u>Chg</u>	<u>MTD %</u> <u>Chg</u>	<u>YTD %</u> <u>Chg</u>
Consumer Discretionary	XLY	\$79.85	0.73%	-0.88%	2.16%
Financial Select Sector	XLF	\$19.48	0.21%	-2.32%	0.67%
Health Care Select Sector	XLV	\$73.34	0.76%	0.80%	1.82%
Technology Select Sector	XLK	\$47.91	0.61%	1.96%	11.86%
Consumer Staples Select Sector	XLP	\$53.58	0.88%	-1.47%	6.12%
Industrial Select Sector	XLI	\$58.06	0.71%	-0.90%	9.53%
Materials Select Sector	XLB	\$47.55	0.32%	-2.08%	9.51%
The Energy Select Sector	XLE	\$68.55	0.12%	0.06%	13.64%
Utilities Select Sector	XLU	\$50.98	0.61%	3.55%	17.79%
S&P 500	SPX	2,177.18	0.65%	0.29%	6.52%

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HEDGEYE SECTOR RELATIVE PERFORMANCE

	<u>Ticker</u>	<u>Price</u>	<u>1-Day %</u> <u>Chg</u>	<u>MTD %</u> <u>Chg</u>	<u>YTD %</u> <u>Chg</u>
Consumer Discretionary	XLY	\$79.85	0.08%	-1.17%	-4.36%
Financial Select Sector	XLF	\$19.48	-0.44%	-2.61%	-5.85%
Health Care Select Sector	XLV	\$73.34	0.11%	0.51%	-4.70%
Technology Select Sector	XLK	\$47.91	-0.04%	1.67%	5.34%
Consumer Staples Select Sector	XLP	\$53.58	0.23%	-1.76%	-0.40%
Industrial Select Sector	XLI	\$58.06	0.06%	-1.19%	3.01%
Materials Select Sector	XLB	\$47.55	-0.33%	-2.37%	2.99%
The Energy Select Sector	XLE	\$68.55	-0.53%	-0.23%	7.13%
Utilities Select Sector	XLU	\$50.98	-0.04%	3.27%	11.27%

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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	0.8%	2.1%	0.5%	5.7%	8.2%	13.4%
	Low Debt/EV	0.8%	1.5%	-1.6%	4.5%	5.0%	6.6%
SI	High Short Interest	1.0%	1.0%	-2.0%	4.4%	2.1%	5.0%
	Low Short Interest	0.6%	1.6%	-0.3%	3.9%	7.0%	8.7%
BETA	High Beta	0.8%	1.3%	0.4%	7.0%	8.8%	7.5%
	Low Beta	0.8%	2.6%	-0.9%	1.4%	5.0%	11.6%
YIELD	High Yield	0.7%	2.2%	0.0%	3.9%	4.5%	10.6%
	Low Yield	0.9%	1.5%	-0.2%	6.8%	10.3%	9.4%
MKTCAP	MCAP Bottom 25%	0.9%	1.2%	-1.1%	3.5%	2.8%	6.0%
	MCAP Top 25%	0.6%	1.5%	-0.4%	4.1%	6.3%	6.7%
Sales	Top 25% Sales Growth	0.8%	1.2%	-0.5%	4.9%	9.8%	10.5%
	Bottom 25% Sales Growth	0.8%	1.7%	-1.2%	4.0%	3.8%	7.2%
EPS	Top 25% EPS Growth	0.8%	1.5%	-0.1%	5.2%	9.2%	8.7%
	Bottom 25% EPS Growth	0.9%	2.0%	-0.8%	2.8%	4.6%	9.0%

**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	0.17%	-3.6	-11.7	-12	-10	-20	22	8	9
3M LIBOR	0.86%	0.0	0.7	4	22	0	55	49	49
2Y T-Note	0.77%	-0.4	4.5	3	3	-33	28	18	31
5Y T-Note	1.16%	-2.3	-1.4	3	-4	-66	27	-32	-8
10Y T-Note	1.62%	-3.3	-7.2	8	-7	-76	30	-61	-50
30Y T-Note	2.34%	-3.9	-12.7	10	-16	-80	25	-68	-71
2Y-10Y Spread, Bps	85	-2.9	-11.7	4.3	-9	-43	3	-79	-81
IG SPREAD (AAABBB)	1.70%	0.0	0.0	6	-10	-60	10	0	-14
HIGH YIELD	6.22%	-13.9	-21.8	-5	-84	-311	4	-37	-51
5Y BREAK-EVEN	1.43%	4.0	9.3	8.3	-0.1	-21.3	57.1	-13.9	-28.9

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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)	113,534	(79,747)	133,102	56,870	(53,740)	1.18X	1.27X
Russell 2000 (mini)	8,183	(15,166)	(5,342)	(26,359)	(36,690)	1.90X	1.53X
10Y Treasury	72,415	(56,539)	92,175	16,426	7,841	0.92X	1.42X
CRUDE OIL	360,492	34,607	337,604	358,786	311,461	0.83X	0.39X
GOLD	248,858	(30,136)	262,896	227,077	136,073	1.07X	2.08X
COPPER	(25,506)	4,953	(13,065)	(17,805)	(20,640)	-0.84X	-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

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

<u>INDEX/SECURITY</u>	<u>VOLUME: (9/22) vs.</u>			
	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	-18%	-9%	-10%	-20%
Total Exchange Volume**	-10%	2%	1%	-7%
Total Traded Value (R3K)***	-3%	-3%	-2%	-6%

*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	-0.38	-0.41	0.24	0.47	-0.50	0.73	-0.91	53%	47%
BRENT Oil	-0.62	-0.70	-0.57	-0.18	-0.64	0.73	-0.78	34%	66%
CRB Index	-0.35	-0.67	-0.38	-0.18	-0.76	0.71	-0.91	18%	82%
GOLD	-0.74	-0.73	0.37	0.47	-0.44	0.90	-0.95	23%	77%

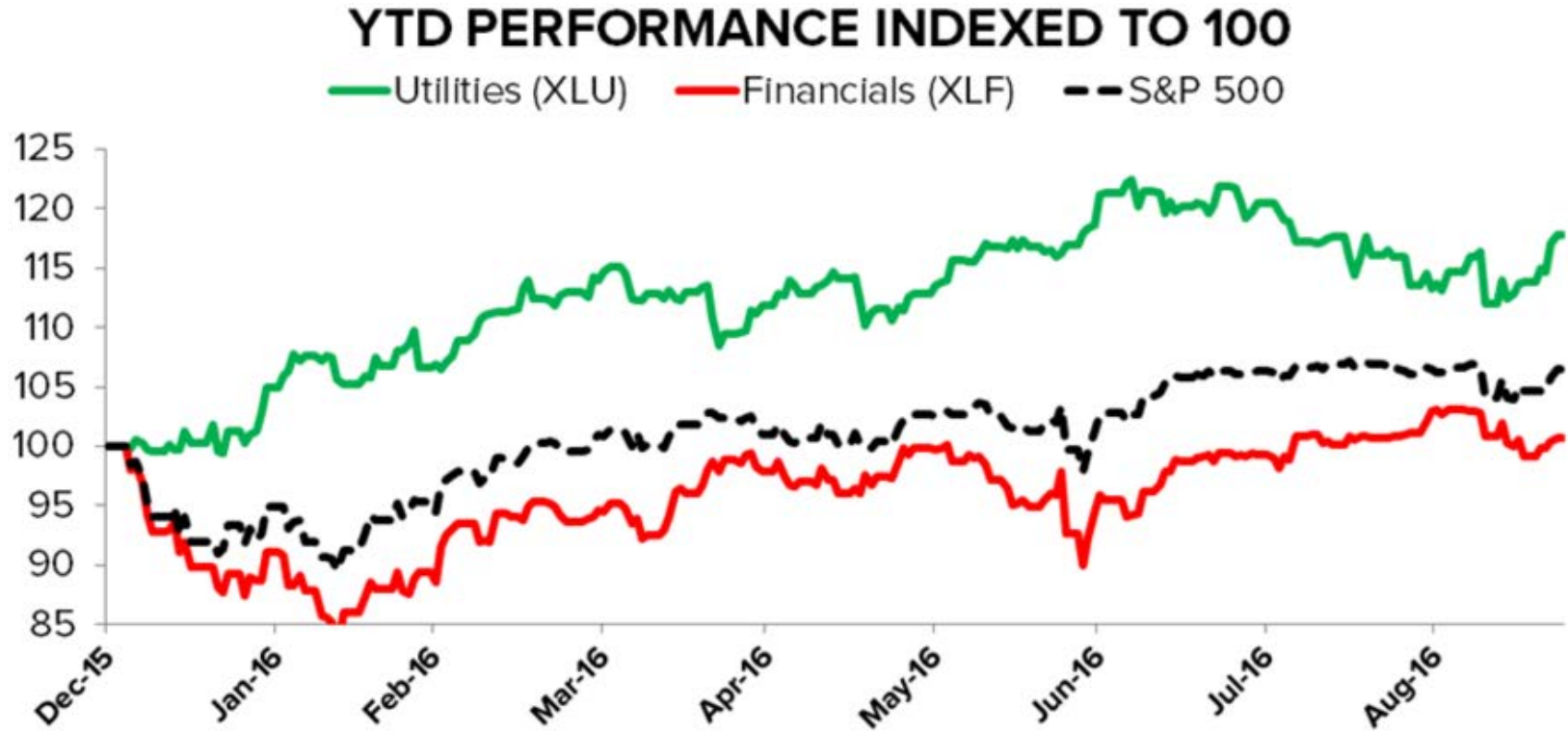
**Days = Trading Days*

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BACK TO THE WOOD ON SECTOR ALPHA



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