THE MACRO SHOW

OCTOBER 11, 2016

LEGAL

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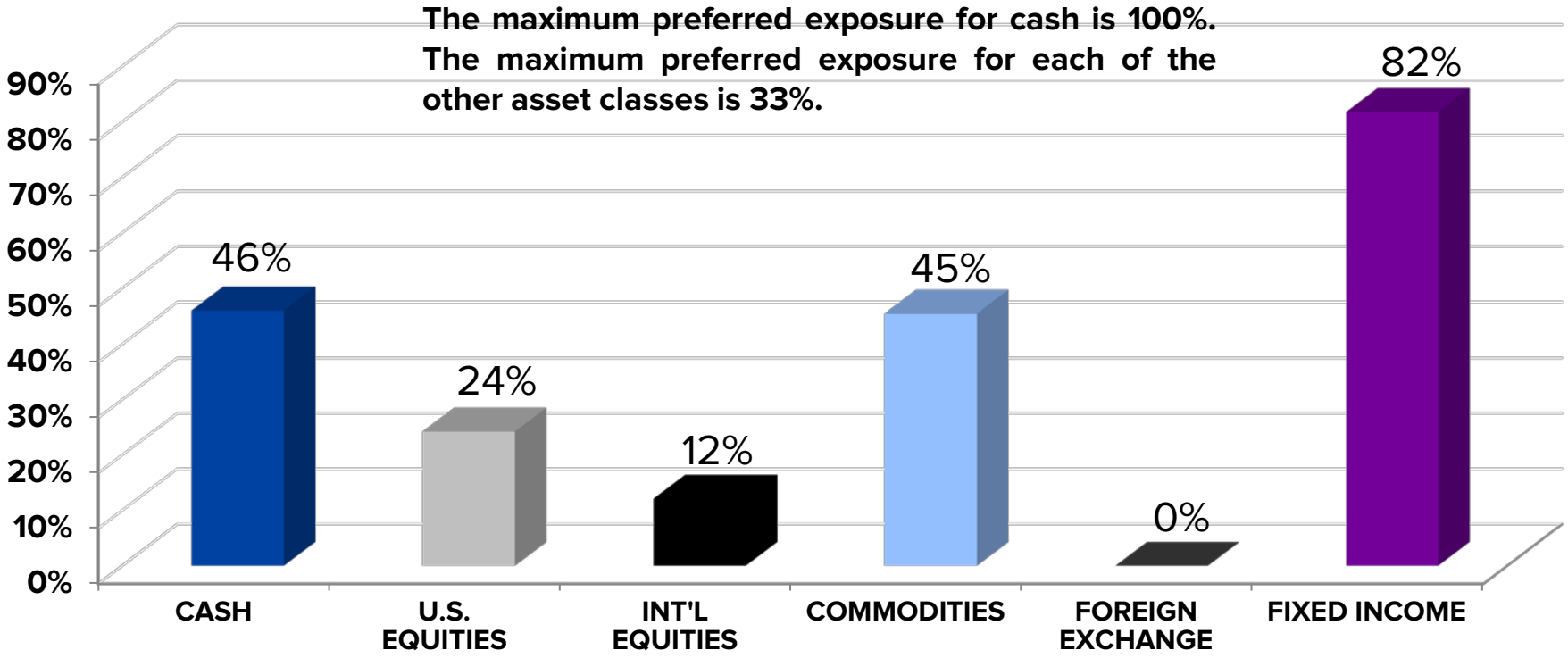
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
10/10/2016	44	9	4	16	0	27
10/11/2016	46	8	4	15	0	27

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
10/10/2016	44%	27%	12%	48%	0%	82%
10/11/2016	46%	24%	12%	45%	0%	82%

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 USD

2 10YR YIELDS

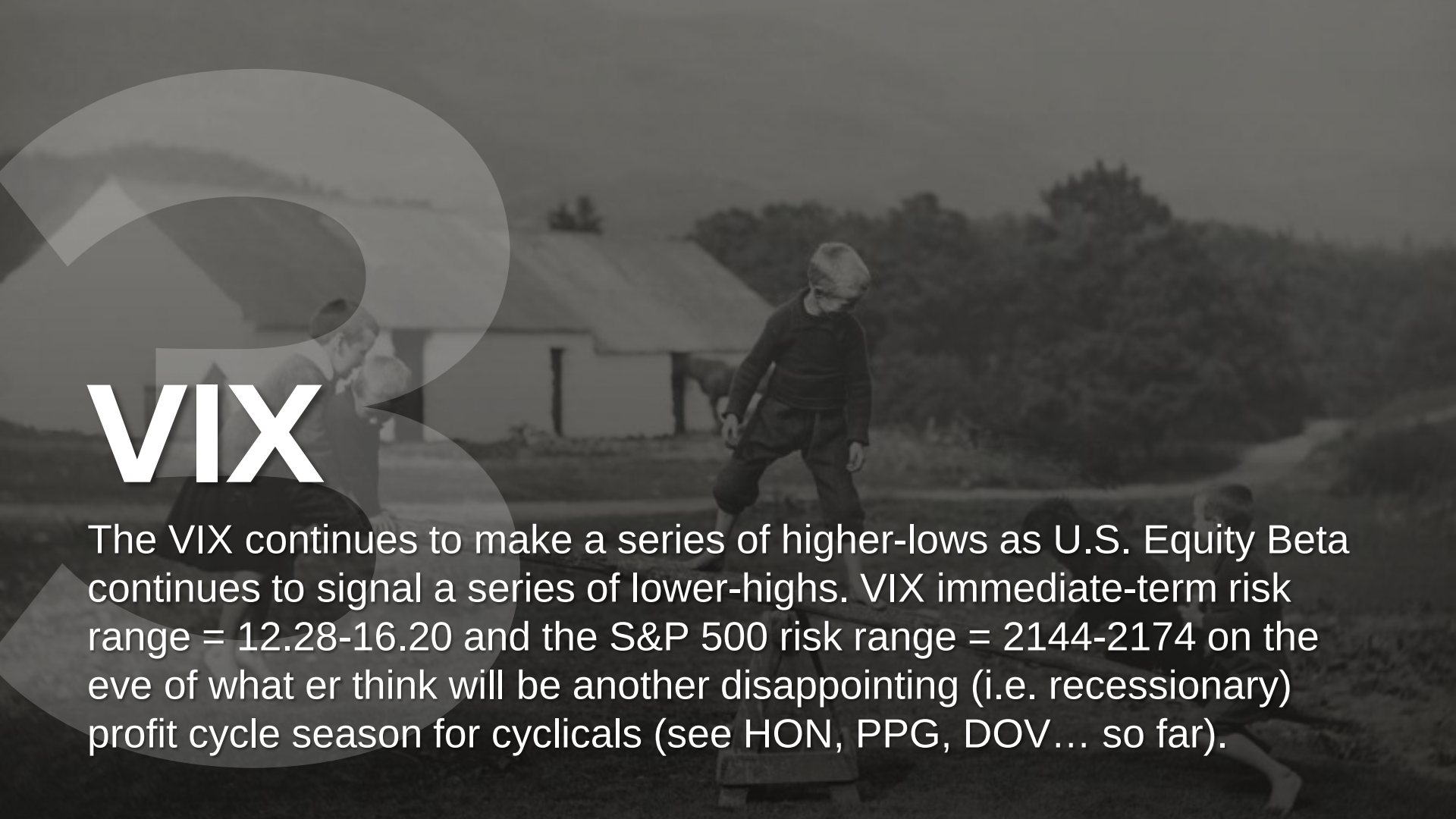
3 VIX

USD

Currently Fed Fund futures on a DEC hike are going with the recent hawkish pivot, but what comes after hawkish if we’re right on a #DoubleDipRecession in cyclicals and 0.4% Q4 q/q GDP? A: dovish, but the USD doesn’t believe that yet as it’s still squeezing the consensus short position that was built on the dovish SEP Fed meeting pivot!

10YR YIELDS

Yields, globally, have had a post Brexit Part II bounce (Pound crashing, UK 10YR up, German 10YR goes “positive” again, etc.) but quieting down some this morning with 10YR Gilt yield -3bps to 0.99% and the US 10YR tapping the top-end of its 1.49-1.79% immediate-term risk range.

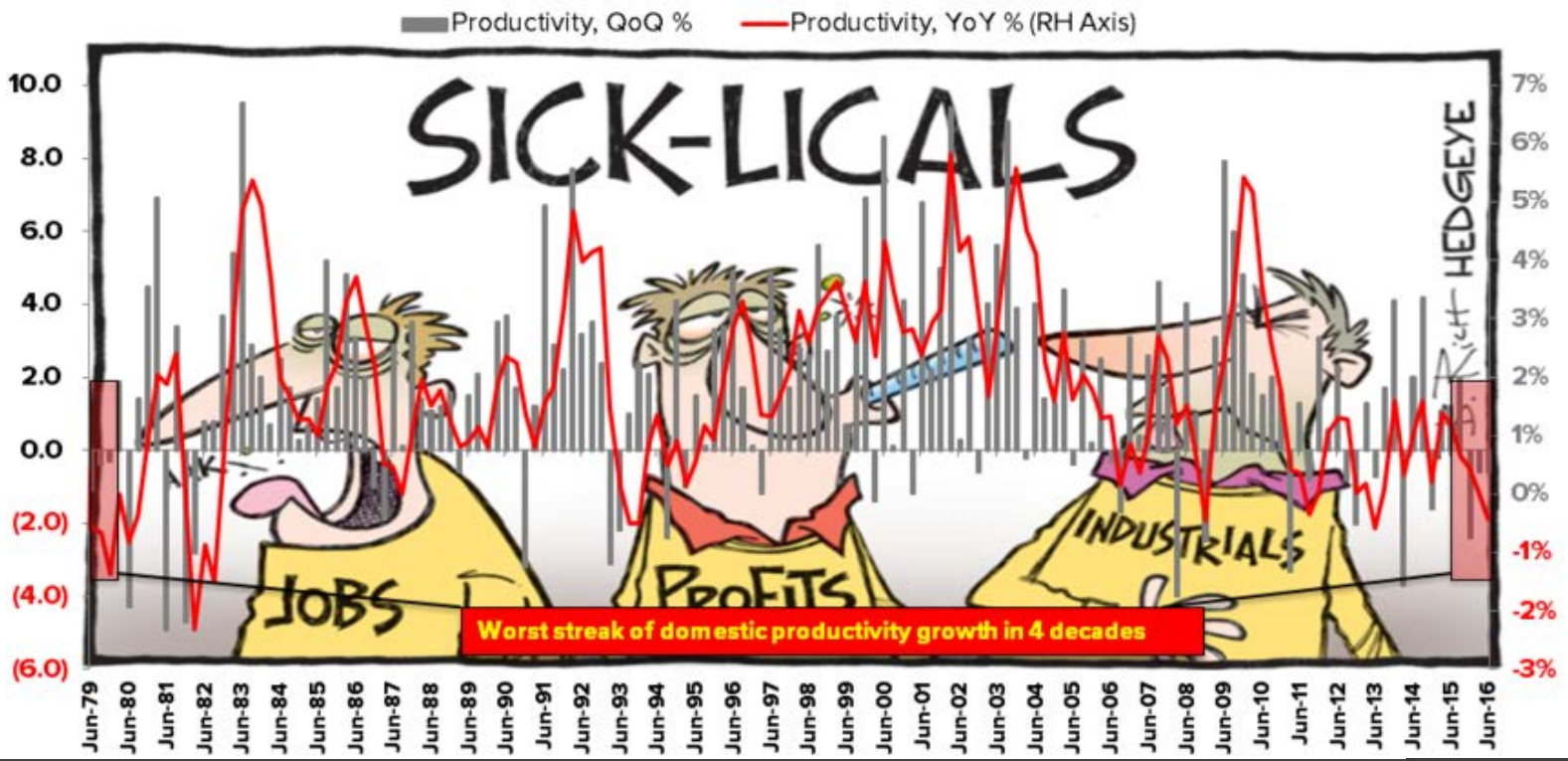


VIX

The VIX continues to make a series of higher-lows as U.S. Equity Beta continues to signal a series of lower-highs. VIX immediate-term risk range = 12.28-16.20 and the S&P 500 risk range = 2144-2174 on the eve of what er think will be another disappointing (i.e. recessionary) profit cycle season for cyclicals (see HON, PPG, DOV… so far).

MACRO GRIND

HOW TO EXPLAIN THIS ONE?...PRODUCTIVITY



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HEDGEYE TV

HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$79.87	0.16%	-0.21%	2.19%
Financial Select Sector	XLF	$19.72	0.51%	2.18%	1.91%
Health Care Select Sector	XLV	$72.20	0.46%	0.12%	0.24%
Technology Select Sector	XLK	$47.95	0.69%	0.36%	11.95%
Consumer Staples Select Sector	XLP	$52.33	0.00%	-1.65%	3.64%
Industrial Select Sector	XLI	$57.62	0.10%	-1.30%	8.70%
Materials Select Sector	XLB	$47.14	0.60%	-1.28%	8.57%
The Energy Select Sector	XLE	$71.72	1.57%	1.57%	18.90%
Utilities Select Sector	XLU	$47.51	0.83%	-3.02%	9.77%
S&P 500	SPX	2,163.66	0.46%	-0.21%	5.86%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$79.87	-0.30%	0.00%	-3.67%
Financial Select Sector	XLF	$19.72	0.05%	2.39%	-3.95%
Health Care Select Sector	XLV	$72.20	0.00%	0.34%	-5.62%
Technology Select Sector	XLK	$47.95	0.23%	0.57%	6.10%
Consumer Staples Select Sector	XLP	$52.33	-0.46%	-1.44%	-2.21%
Industrial Select Sector	XLI	$57.62	-0.36%	-1.09%	2.84%
Materials Select Sector	XLB	$47.14	0.14%	-1.06%	2.71%
The Energy Select Sector	XLE	$71.72	1.11%	1.78%	13.04%
Utilities Select Sector	XLU	$47.51	0.37%	-2.81%	3.92%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.6%	-0.6%	0.8%	3.0%	9.2%	11.3%
	Low Debt/EV	0.4%	0.1%	2.4%	1.4%	4.5%	6.4%
SI	High Short Interest	0.6%	0.7%	2.6%	4.6%	7.3%	7.4%
	Low Short Interest	0.2%	-0.2%	1.3%	0.8%	6.4%	7.9%
BETA	High Beta	0.6%	0.8%	4.0%	10.7%	15.2%	10.0%
	Low Beta	0.6%	-1.1%	-0.4%	-5.7%	0.9%	8.2%
YIELD	High Yield	0.4%	-0.7%	0.3%	-0.4%	4.1%	8.2%
	Low Yield	0.7%	0.1%	2.0%	4.7%	9.7%	9.3%
MKT CAP	MCAP Bottom 25%	0.5%	0.1%	1.3%	2.1%	5.4%	6.2%
	MCAP Top 25%	0.3%	0.1%	1.7%	2.0%	6.3%	6.2%
Sales	Top 25% Sales Growth	0.8%	0.3%	1.4%	3.6%	8.9%	10.8%
	Bottom 25% Sales Growth	0.5%	-0.5%	1.6%	2.2%	5.5%	6.5%
EPS	Top 25% EPS Growth	0.6%	0.2%	1.5%	4.0%	9.3%	8.0%
	Bottom 25% EPS Growth	0.6%	-0.3%	1.3%	2.1%	6.0%	8.4%

**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	1.6	-2	4	-6	33	22	24
3M LIBOR	0.88%	0.0	1.8	2	21	0	56	50	50
2Y T-Note	0.83%	0.0	3.9	5	23	-27	33	23	36
5Y T-Note	1.26%	0.0	7.7	3	31	-57	36	-22	1
10Y T-Note	1.72%	0.0	9.6	4	36	-66	40	-49	-40
30Y T-Note	2.45%	0.0	11.1	6	35	-69	36	-54	-59
2Y-10Y Spread, Bps	89	0.0	5.7	-0.5	14	-39	7	-72	-76
IG SPREAD (AAABBB)	1.63%	0.0	-1.0	-3	-14	-67	3	-7	-20
HIGH YIELD	6.40%	0.0	21.2	10	-26	-293	24	-20	-31
5Y BREAKEVEN	1.54%	0.0	3.8	20.3	12.0	-10.3	68.1	-2.3	-17.9

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)	67,847	(21,095)	140,761	82,969	(35,075)	*0.75X*	*0.86X*
Russell 2000 (mini)	16,598	5,040	4,495	(17,737)	(34,07[illegible]	*1.94X*	*1.86X*
10Y Treasury	144,958	(14,487)	105,478	37,848	15,201	*1.68X*	*2.15X*
CRUDE OIL	402,010	71,899	336,177	357,615	314,296	*1.45X*	*1.07X*
GOLD	205,176	(56,716)	252,835	234,617	147,093	*0.56X*	*1.41X*
COPPER	786	3,002	(8,641)	(17,853)	(20,120)	*1.43X*	*1.25X*
$USD	12,050	(78)	15,644	13,200	24,145	*-0.90X*	*-0.77X*
JPY	69,211	659	52,369	51,685	26,862	*0.95X*	*1.83X*
EUR	(88,879)	(6,358)	(99,525)	(72,014)	(88,996)	*0.00X*	*-0.02X*
GBP	(94,283)	(7,537)	(81,917)	(62,824)	(44,612)	*-1.89X*	*2.34X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (10/10) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-13%	-15%	-9%	-20%
Total Exchange Volume**	-22%	-26%	-21%	-29%

*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	-0.18	-0.14	0.23	0.45	-0.26	*0.64*	*-0.91*	*48%*	*52%*
BRENT Oil	**0.69**	0.46	-0.43	-0.24	-0.46	*0.73*	*-0.78*	*36%*	*64%*
CRB Index	-0.30	-0.29	-0.36	-0.24	**-0.64**	*0.71*	*-0.91*	*18%*	*82%*
GOLD	**-0.92**	**-0.88**	0.29	0.35	-0.09	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*