



THE
MACRO
SHOW

OCTOBER 19, 2016

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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
10/18/2016	53	6	4	13	0	24
10/19/2016	54	4	3	13	2	24

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
10/18/2016	53%	18%	12%	39%	0%	73%
10/19/2016	54%	12%	9%	39%	6%	73%

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

October 19, 2016

THE MACRO SHOW

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A photograph of the Great Wall of China winding through lush green mountains under a clear sky.

1 CHINA

A large, stylized portrait of Mao Zedong, the former leader of China, rendered in a dark, textured style.

2 COPPER

A close-up photograph of several American flags, showing the stars and stripes, with some flags partially obscured by others.

3 SP500



CHINA

Gotta love these guys – they print perfectly synchronized 6.7% in Q2 and 6.7% in Q3 GDP reports, despite the world questioning their credibility! Hang Seng down -0.4% on the “news” and is teetering on a TREND break-down.



COPPER

The Doctor doesn't believe A) China's government and/or B) the "global growth has bottomed" either – down -0.2% this morning to -2.3% YTD as Gold continues to stabilize, +0.6% to +19.7% YTD.



SP500

Finally had its bounce day (1st real up day in the last 6), but it was only +0.6% and doesn't have follow through this morning; for the 1st time since Q116, SP500 is signaling bearish TREND @Hedgeye w/ TREND resistance = 2156.

MACRO GRIND

SP REV. EARNINGS COMPS

Q3 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.5%	6.2%	57 / 499
Energy	0.0%	0.0%	0 / 36
Materials	-1.9%	6841.6%	2 / 27
Industrials	3.5%	-15.4%	10 / 67
Consumer Discretionary	5.4%	-0.2%	12 / 83
Consumer Staples	0.6%	3.5%	7 / 37
Healthcare	9.5%	17.6%	3 / 58
Financials	5.0%	9.6%	12 / 64
Information Technology	3.8%	5.7%	11 / 66
Telecom	0.0%	0.0%	0 / 5
Utilities	0.0%	0.0%	0 / 28
REAL ESTATE	0.0%	0.0%	0 / 28

Source: BBG

October 19, 2016

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GOLD



October 19, 2016

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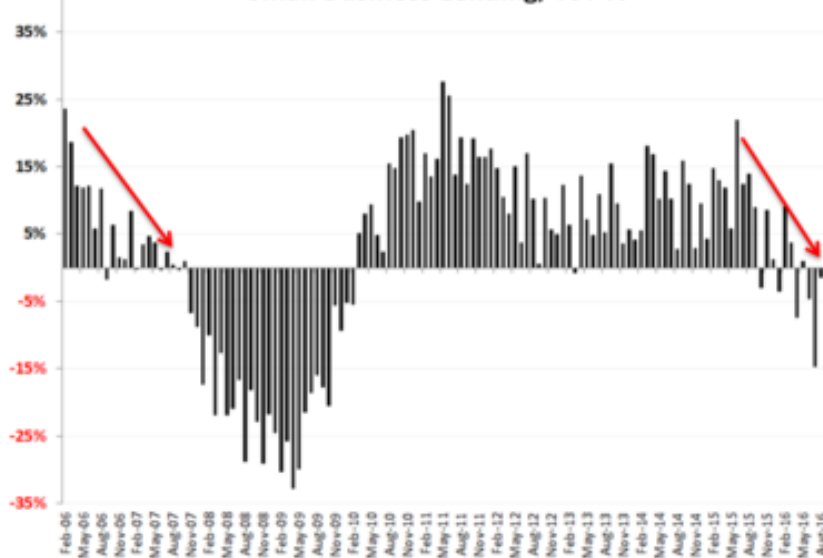
October 19, 2016

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LOAN VOLUMES

LOAN VOLUMES = **NEGATIVE Y/Y**

Small Business Lending, YoY %



The Y/Y change taking place in small business lending originations is also striking: four of the last five monthly prints have been negative Y/Y and with the most recent three months growing -1.5%, -15% and -5%. The last time the index looked like this was December, 2007.

Source: Thomson Reuters/Pachet

DATA SOURCE: THOMSON REUTERS/PAYNET

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October 19, 2016

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HEDGEYE SECTOR PERFORMANCE

HEDGEYE RISK MANAGEMENT - 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	\$78.76	0.66%	-1.60%	0.77%
Financial Select Sector	XLF	\$19.49	0.83%	0.98%	0.72%
Health Care Select Sector	XLV	\$70.22	1.20%	-2.62%	-2.51%
Technology Select Sector	XLK	\$47.53	0.55%	-0.52%	10.97%
Consumer Staples Select Sector	XLP	\$52.28	0.31%	-1.75%	3.55%
Industrial Select Sector	XLI	\$57.20	0.21%	-2.02%	7.90%
Materials Select Sector	XLB	\$46.78	0.91%	-2.03%	7.74%
The Energy Select Sector	XLE	\$69.74	0.40%	-1.23%	15.62%
Utilities Select Sector	XLU	\$48.42	0.85%	-1.16%	11.88%
S&P 500	SPX	2,139.60	0.62%	-1.32%	4.68%

October 19, 2016

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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	\$78.76	0.05%	-0.28%	-3.91%
Financial Select Sector	XLF	\$19.49	0.21%	2.31%	-3.96%
Health Care Select Sector	XLV	\$70.22	0.58%	-1.30%	-7.19%
Technology Select Sector	XLK	\$47.53	-0.07%	0.80%	6.29%
Consumer Staples Select Sector	XLP	\$52.28	-0.31%	-0.43%	-1.13%
Industrial Select Sector	XLI	\$57.20	-0.41%	-0.70%	3.22%
Materials Select Sector	XLB	\$46.78	0.29%	-0.71%	3.06%
The Energy Select Sector	XLE	\$69.74	-0.21%	0.09%	10.94%
Utilities Select Sector	XLU	\$48.42	0.24%	0.16%	7.20%

October 19, 2016

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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	0.9%	0.1%	-0.5%	-2.2%	3.5%	9.7%
	Low Debt/EV	0.7%	0.2%	0.2%	-1.6%	0.8%	4.8%
SI	High Short Interest	0.9%	-0.7%	0.6%	-1.2%	1.2%	5.5%
	Low Short Interest	0.6%	0.3%	0.0%	-1.9%	2.1%	5.5%
BETA	High Beta	0.9%	-0.8%	1.2%	2.4%	7.3%	8.7%
	Low Beta	0.6%	1.2%	-0.9%	-5.3%	0.6%	9.5%
YIELD	High Yield	0.7%	0.4%	-0.6%	-3.8%	0.9%	7.1%
	Low Yield	1.1%	0.0%	-0.4%	0.0%	3.8%	7.0%
MKT CAP	MCAP Bottom 25%	0.7%	-0.8%	-0.7%	-2.8%	-1.0%	3.4%
	MCAP Top 25%	0.7%	0.2%	0.3%	-1.2%	2.0%	4.5%
Sales	Top 25% Sales Growth	1.1%	0.0%	0.0%	-0.1%	3.4%	9.0%
	Bottom 25% Sales Growth	0.7%	0.0%	-0.1%	-2.3%	1.6%	5.4%
EPS	Top 25% EPS Growth	1.1%	0.4%	0.0%	-0.1%	4.6%	6.8%
	Bottom 25% EPS Growth	0.7%	-0.3%	0.4%	-2.3%	0.7%	6.7%

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

October 19, 2016

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HEDGEYE RATES & SPREADS

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	0.33%	3.1	-0.1	5	3	-4	34	23	25
3M LIBOR	0.88%	0.0	0.0	2	18	0	56	49	50
2Y T-Note	0.80%	-1.6	-6.8	4	11	-30	30	20	33
5Y T-Note	1.22%	-2.9	-7.0	3	9	-60	33	-25	-3
10Y T-Note	1.74%	-2.8	-2.6	5	16	-64	42	-46	-38
30Y T-Note	2.50%	-1.8	0.2	6	21	-63	42	-48	-53
2Y-10Y Spread, Bps	94	-1.2	4.2	0.9	5	-34	12	-66	-70
IG SPREAD (AAABBB)	1.58%	0.0	-4.0	-10	-13	-72	0	-12	-24
HIGH YIELD	6.38%	0.0	-2.1	-5	-4	-295	23	-22	-31
5Y BREAK-EVEN	1.58%	-1.4	3.3	20.9	12.8	-5.9	72.5	2.3	-13.5

October 19, 2016

THE MACRO SHOW

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CFTC NON-COMMERCIAL NET LONG POSITIONING

<u>CFTC NON-COMMERCIAL NET LONG POSITIONING</u>						Z-Score	
METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	1Y	3Y
SPX (Index + E-mini)	(3,767)	(71,614)	134,371	92,661	(30,383)	0.20X	0.19X
Russell 2000 (mini)	12,892	(3,706)	9,914	(12,982)	(33,041)	1.70X	1.68X
10Y Treasury	17,317	(127,641)	99,132	39,777	14,813	0.03X	0.68X
CRUDE OIL	458,776	56,766	346,666	360,365	317,048	2.23X	1.96X
GOLD	153,776	(51,400)	242,050	235,263	148,462	0.05X	0.74X
COPPER	4,227	3,441	(8,001)	(16,528)	(19,920)	1.63X	1.48X
\$USD	33,581	21,531	17,381	13,988	24,045	0.72X	0.11X
JPY	45,093	(24,118)	53,588	50,192	28,008	0.39X	1.41X
EUR	(97,043)	(8,164)	(99,040)	(75,265)	(89,465)	-0.17X	-0.12X
GBP	(89,375)	4,908	(85,228)	(64,679)	(46,194)	-1.63X	-2.15X

October 19, 2016

THE MACRO SHOW

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

MARKET SHARE VOLUME & TOTAL VALUE TRADED

<u>INDEX/SECURITY</u>	VOLUME: (10/18) vs.			
	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	10%	9%	16%	5%
Total Exchange Volume**	10%	-12%	-12%	-22%

*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)

October 19, 2016

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KEY \$USD CORRELATIONS

Key SUSD Correlations*

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.84	-0.49	0.08	0.36	-0.13	0.64	-0.91	45%	55%
BRENT Oil	0.81	0.72	-0.02	-0.11	-0.29	0.73	-0.78	38%	62%
CRB Index	-0.80	-0.55	-0.37	-0.11	-0.62	0.71	-0.91	18%	82%
GOLD	-0.84	-0.91	-0.22	0.15	-0.01	0.90	-0.95	23%	77%

*Days = Trading Days

October 19, 2016

THE MACRO SHOW

HEDGEYE
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