THE MACRO SHOW

SEPTEMBER 9, 2016

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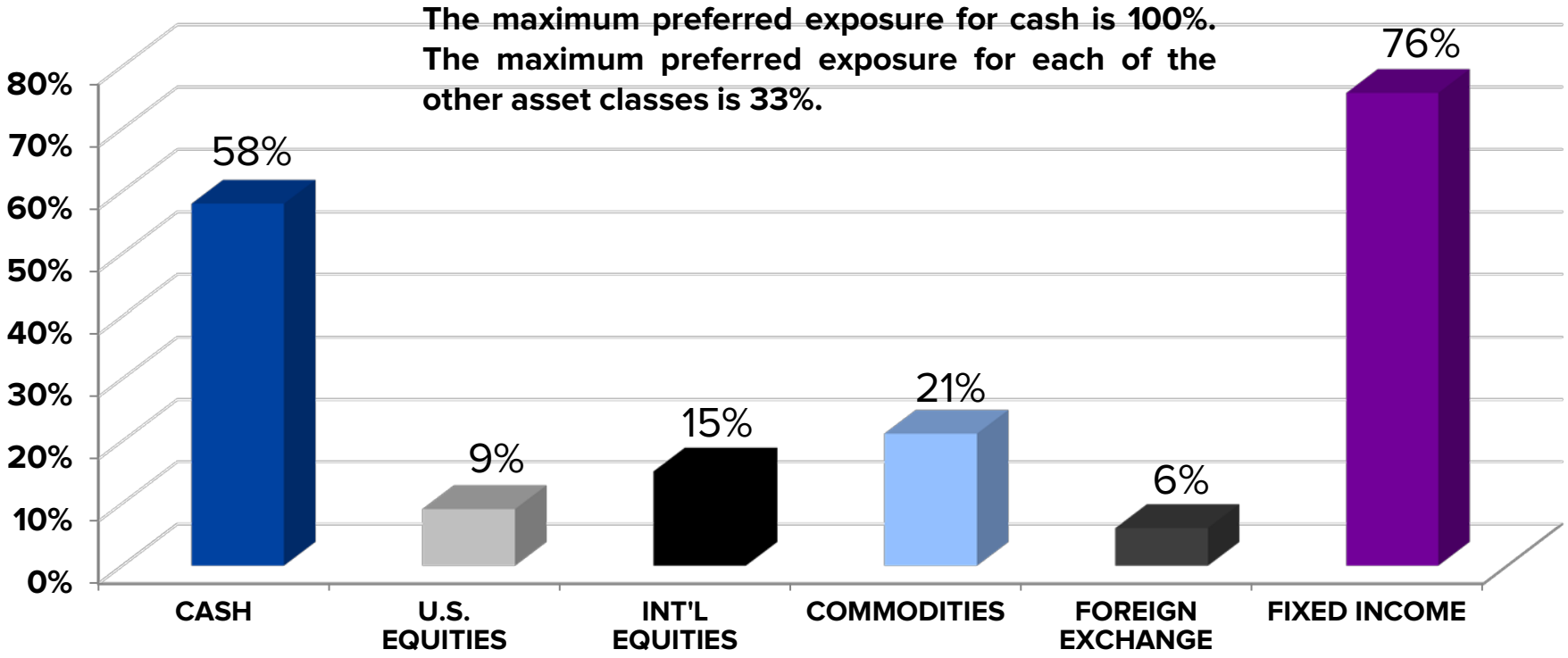
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/8/2016	59	2	4	6	6	23
9/9/2016	58	3	5	7	2	25

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/8/2016	59%	6%	12%	18%	18%	70%
9/9/2016	58%	9%	15%	21%	6%	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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NEW YORK STOCK EXCHANGE
1 YIELDS
2 OIL
3 VOLUME

4 YIELDS

Post yesterday's Oil pop, broad based pop on the long-end of the curves, globally, with 10YR JGB and Bund yields in a dead heat at -0.02% - isn't that riveting? If the Fed raises rates on "inflation" (and ignores the #GrowthSlowing data), they'll crash oil and commodities again anyway. Big buying opportunity in long-term bonds this morning.

OIL

Pop, drop, #WickedChop – WTI fails at the top end of the @Hedgeye risk range ($42.86-48.61) and drops -1.3% this morning. Supply data aside, we didn’t want to be short oil at the low-end of the range into slowing U.S. economic data (Fed forced to pivot back to dovish = reflation) inasmuch as we don’t want to chase it at the top-end of the range.

VOLUME

Big U.S. Equity Volume day yesterday (+21% vs. the 1 month average) – why? It was a down day. Volume comes back on the down days but S&P 500 still looks range-bound in the 2166-2190 risk range to me. If math changes on that, we will.

MACRO GRIND

10-YEAR U.S. TREASURY YIELD INDEX

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10-YEAR GOVERNMENT YIELDS

COUNTRY	YIELD	1 DAY
Germany »	-0.02%	+4
United Kingdom »	0.82%	+6
France	0.26%	+4
Italy	1.19%	+3
Spain	1.02%	+4
Netherlands	0.08%	+4
Portugal	3.09%	+5
Greece	8.10%	+2
Switzerland	-0.51%	+3

COUNTRY	YIELD	1 DAY
Japan »	-0.02%	+2
Australia »	1.96%	+10
New Zealand	2.31%	+8
Hong Kong	0.84%	--
Singapore	1.71%	+8
South Korea	1.50%	+4

WTIC LIGHT CRUDE OIL

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REUTERS/JEFFERIES CRB INDEX

LONDON FINANCIAL TIMES FTSE 100

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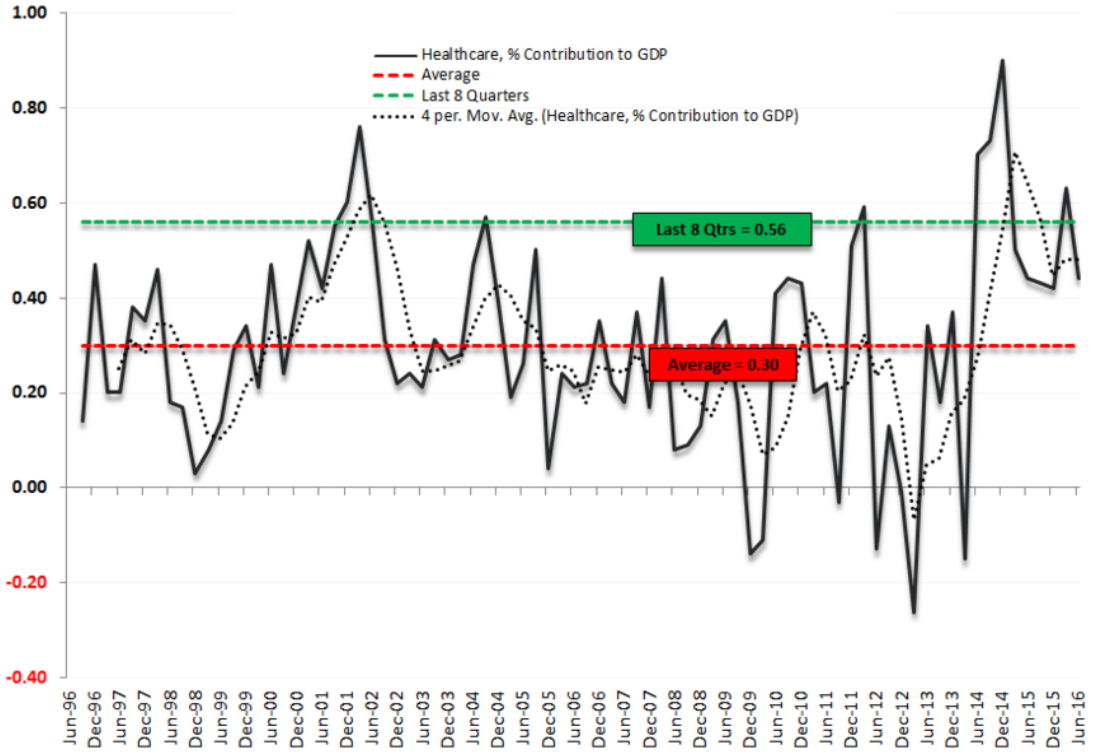
U.S. EARNINGS/NEWS

FINISAR	Q1 strong beat after posting record revs $341.3M, better gm and raised outlook	12.5%
RESTORATION HARDWARE	Q2 15c eps beat & revs topped highest est, CEO 'likes what we see' in sales trends	12.5%
ZUMIEZ	Q2 loss but eps/revs beat & sees Q3 eps below ests but sales outlook higher	5.4%
SWIFT TRANSPORTATION	Founder & CEO Jerry Motes announced retirement at year's end (COO appointed)	5.0%
KORN/FERRY	Q1 penny light & adjusted fee revenues below estimates but outlook inline	0.0%
VINCE HOLDING	Q2 revenues missed ests, comps down 19% & reaffirmed forecast	-3.2%

HEALTHCARE: CONTRIBUTION TO GDP



HEALTHCARE EMPLOYMENT GAINS

S&P500 SALES & EARNINGS GROWTH

Q2 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	-0.5%	-3.9%	498 / 500
Energy	-24.2%	-81.6%	37 / 37
Materials	-7.3%	-9.1%	27 / 27
Industrials	-1.3%	-2.1%	68 / 68
Consumer Discretionary	6.7%	9.7%	81 / 82
Consumer Staples	0.8%	0.1%	35 / 36
Healthcare	8.8%	4.8%	58 / 58
Financials	0.7%	-7.0%	64 / 64
Information Technology	-3.8%	-2.6%	67 / 67
Telecom	9.6%	3.5%	5 / 5
Utilities	-2.4%	8.9%	28 / 28

Source: BBG

HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$80.37	-0.86%	-0.24%	2.83%
Financial Select Sector	XLF	$24.50	-0.08%	-0.24%	2.81%
Health Care Select Sector	XLV	$72.97	0.08%	0.29%	1.31%
Technology Select Sector	XLK	$47.32	-0.82%	0.70%	10.48%
Consumer Staples Select Sector	XLP	$54.16	-0.55%	-0.40%	7.27%
Industrial Select Sector	XLI	$58.78	-0.08%	0.32%	10.88%
Materials Select Sector	XLB	$48.86	-0.43%	0.62%	12.53%
The Energy Select Sector	XLE	$71.84	1.87%	4.86%	19.10%
Utilities Select Sector	XLU	$50.35	0.34%	2.28%	16.34%
S&P 500	SPX	2,181.30	-0.22%	0.48%	6.72%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$80.37	-0.64%	-0.71%	-3.89%
Financial Select Sector	XLF	$24.50	0.14%	-0.72%	-3.91%
Health Care Select Sector	XLV	$72.97	0.30%	-0.19%	-5.42%
Technology Select Sector	XLK	$47.32	-0.60%	0.23%	3.76%
Consumer Staples Select Sector	XLP	$54.16	-0.33%	-0.88%	0.55%
Industrial Select Sector	XLI	$58.78	0.14%	-0.15%	4.16%
Materials Select Sector	XLB	$48.86	-0.21%	0.14%	5.81%
The Energy Select Sector	XLE	$71.84	2.09%	4.38%	12.38%
Utilities Select Sector	XLU	$50.35	0.56%	1.80%	9.62%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.5%	2.5%	2.5%	4.2%	15.3%	14.4%
	Low Debt/EV	-0.6%	-0.4%	-0.8%	2.0%	8.4%	6.5%
SI	High Short Interest	-0.1%	0.9%	1.2%	3.0%	8.1%	7.1%
	Low Short Interest	-0.2%	0.2%	0.0%	1.9%	11.2%	7.9%
BETA	High Beta	0.7%	2.2%	3.4%	4.9%	18.6%	10.0%
	Low Beta	-0.5%	0.4%	-1.5%	1.3%	7.2%	11.0%
YIELD	High Yield	-0.2%	1.3%	0.8%	3.7%	9.5%	11.5%
	Low Yield	0.1%	1.3%	0.9%	3.3%	15.5%	10.1%
MKT CAP	MCAP Bottom 25%	-0.1%	1.0%	1.5%	1.8%	9.4%	7.3%
	MCAP Top 25%	-0.1%	0.4%	-0.2%	2.2%	9.8%	6.4%
Sales	Top 25% Sales Growth	0.3%	1.9%	1.8%	3.0%	17.8%	12.5%
	Bottom 25% Sales Growth	-0.3%	0.5%	-0.1%	3.3%	9.2%	8.7%
EPS	Top 25% EPS Growth	-0.1%	1.0%	0.4%	3.0%	14.4%	8.7%
	Bottom 25% EPS Growth	0.5%	1.9%	1.4%	3.0%	12.1%	11.6%

**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	0.34%	0.5	1.6	8	11	-2	39	25	27
3M LIBOR	0.83%	0.0	-0.2	3	18	-1	52	47	46
2Y T-Note	0.77%	3.6	-1.2	4	-1	-33	27	18	31
5Y T-Note	1.18%	5.2	-0.5	3	-6	-65	28	-31	-7
10Y T-Note	1.60%	5.8	2.9	1	-10	-78	28	-64	-52
30Y T-Note	2.30%	7.0	7.5	0	-20	-83	22	-73	-74
2Y-10Y Spread, Bps	83	2.2	4.1	-3.9	-10	-45	0	-83	-84
IG SPREAD (AAABBB)	1.66%	0.0	3.0	-3	-15	-64	6	-4	-18
HIGH YIELD	6.19%	0.0	-9.4	-26	-86	-314	0	-41	-56
5Y BREAKEVEN	1.36%	3.3	8.9	1.2	-20.3	-28.0	50.5	-21.2	-35.7

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)	227,291	22,325	116,521	29,697	(68,231)	*2.14X*	*2.39X*
Russell 2000 (mini)	22,075	6,117	(10,856)	(32,571)	(38,681)	*2.89X*	*2.19X*
10Y Treasury	120,916	61,722	79,007	8,986	1,759	*1.73X*	*2.06X*
CRUDE OIL	373,618	(10,612)	343,142	356,793	308,806	*1.10X*	*0.60X*
GOLD	238,152	(26,802)	255,171	218,124	126,598	*1.07X*	*2.04X*
COPPER	(22,047)	(16,329)	(15,216)	(15,790)	(19,901)	*-0.15X*	*-0.37X*
$USD	14,854	(979)	13,827	14,109	27,083	*-0.85X*	*-0.64X*
JPY	62,221	5,251	47,723	49,992	19,028	*0.96X*	*1.87X*
EUR	(93,103)	(3,678)	(90,534)	(66,829)	(87,717)	*-0.12X*	*-0.14X*
GBP	(89,936)	3,239	(68,789)	(53,973)	(37,246)	*-2.08X*	*-2.44X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (9/8) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	2%	21%	12%	-1%
Total Exchange Volume**	8%	14%	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)

KEY $USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.54	-0.20	0.35	0.44	-0.54	*0.73*	*-0.91*	*55%*	*45%*
BRENT Oil	-0.59	-0.59	-0.50	-0.08	-0.67	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.86	-0.42	-0.50	-0.08	-0.81	*0.71*	*-0.91*	*21%*	*79%*
GOLD	-0.75	-0.29	0.42	0.43	-0.57	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*