



THE
MACRO
SHOW

SEPTEMBER 12, 2016

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HEDGEYE ASSET ALLOCATION

| | CASH | U.S. EQUITIES | INT'L EQUITIES | COMMODITIES | FOREIGN EXCHANGE | FIXED INCOME |
|-----------|------|---------------|----------------|-------------|------------------|--------------|
| 9/9/2016 | 58 | 3 | 5 | 7 | 2 | 25 |
| 9/12/2016 | 52 | 6 | 5 | 7 | 3 | 27 |

| | CASH | U.S. EQUITIES | INT'L EQUITIES | COMMODITIES | FOREIGN EXCHANGE | FIXED INCOME |
|-----------|------|---------------|----------------|-------------|------------------|--------------|
| 9/9/2016 | 58% | 9% | 15% | 21% | 6% | 76% |
| 9/12/2016 | 52% | 18% | 15% | 21% | 9% | 82% |

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

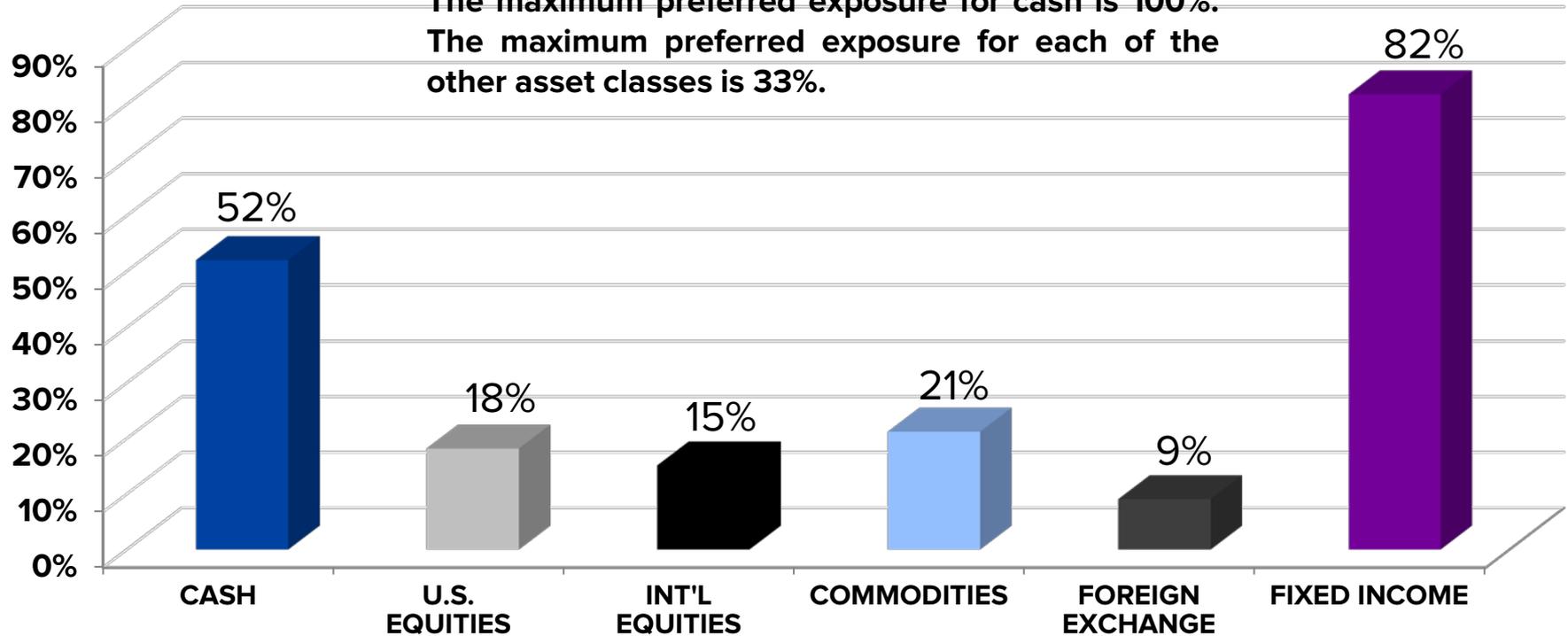
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The maximum preferred exposure for cash is 100%.
The maximum preferred exposure for each of the
other asset classes is 33%.



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A photograph of the Federal Reserve building in Washington, D.C., featuring a large portico with columns and an American flag flying on a tall pole in front. The image is darkened to serve as a background for the text.

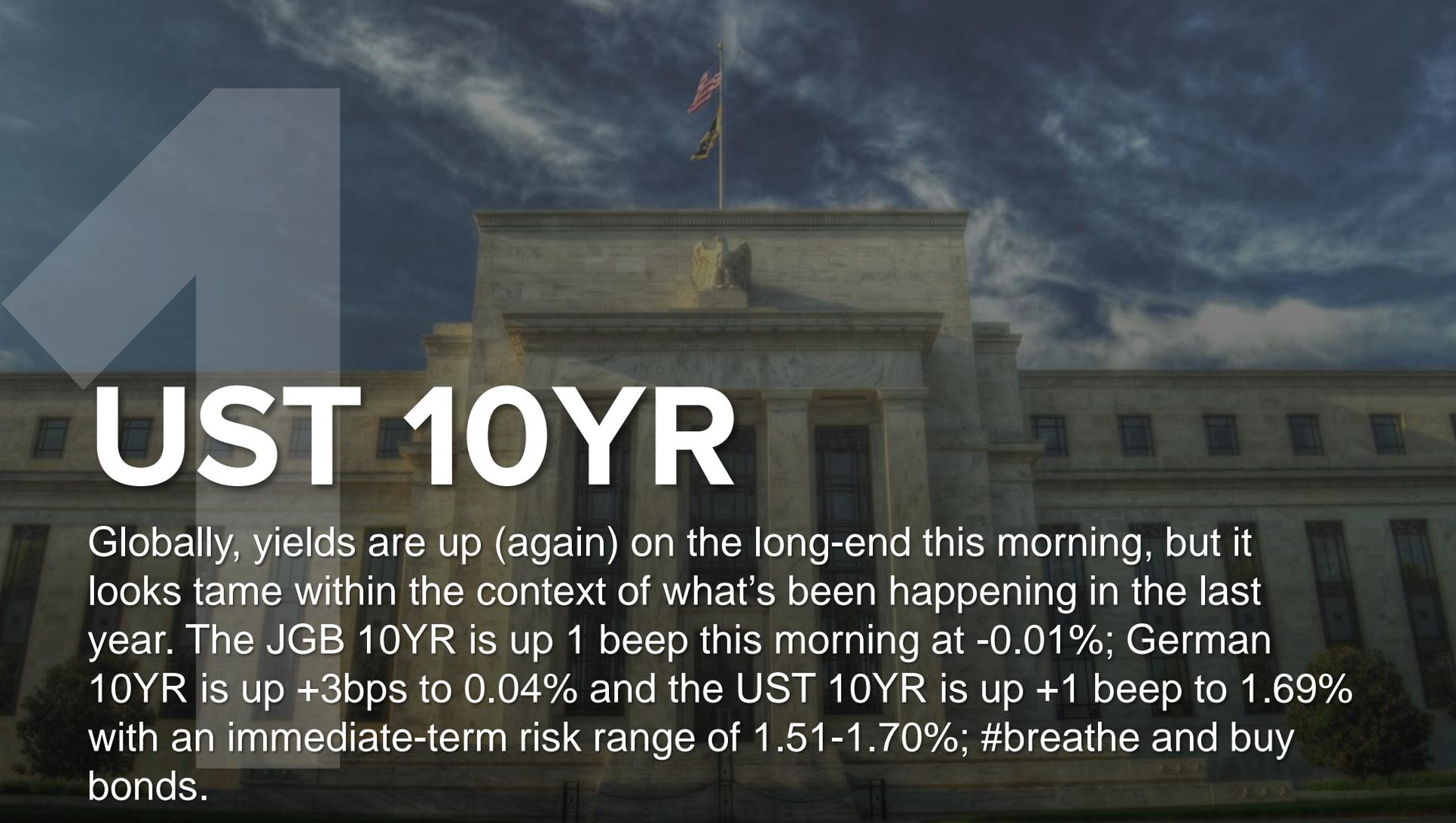
1 UST 10YR

A photograph of several gold bars stacked together, showing their characteristic yellow color and rectangular shape. The image is darkened to serve as a background for the text.

2 GOLD

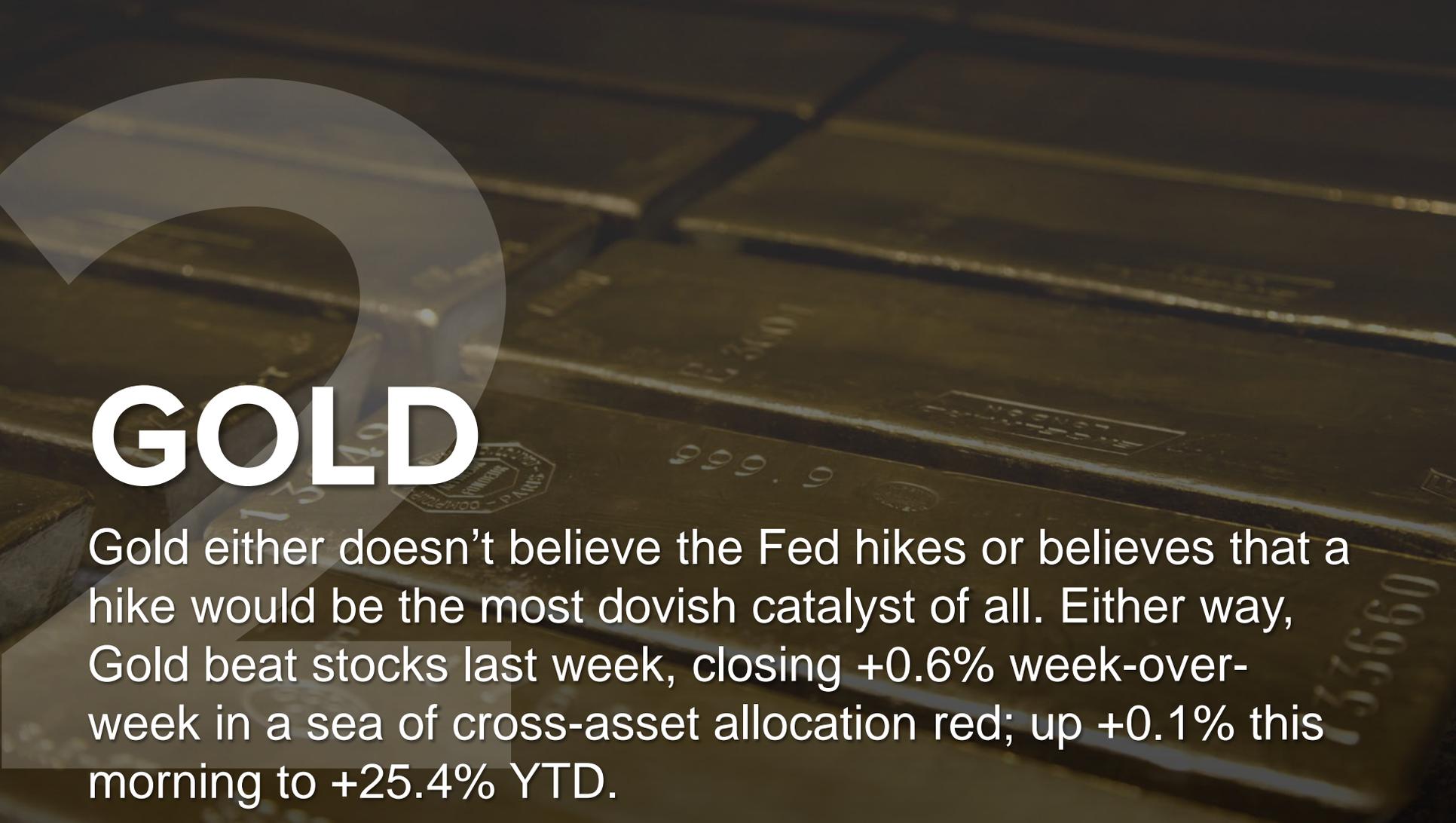
A photograph of a large American flag with stars and stripes, draped over a structure. Several smaller American flags are visible in the foreground. The image is darkened to serve as a background for the text.

3 S&P 500



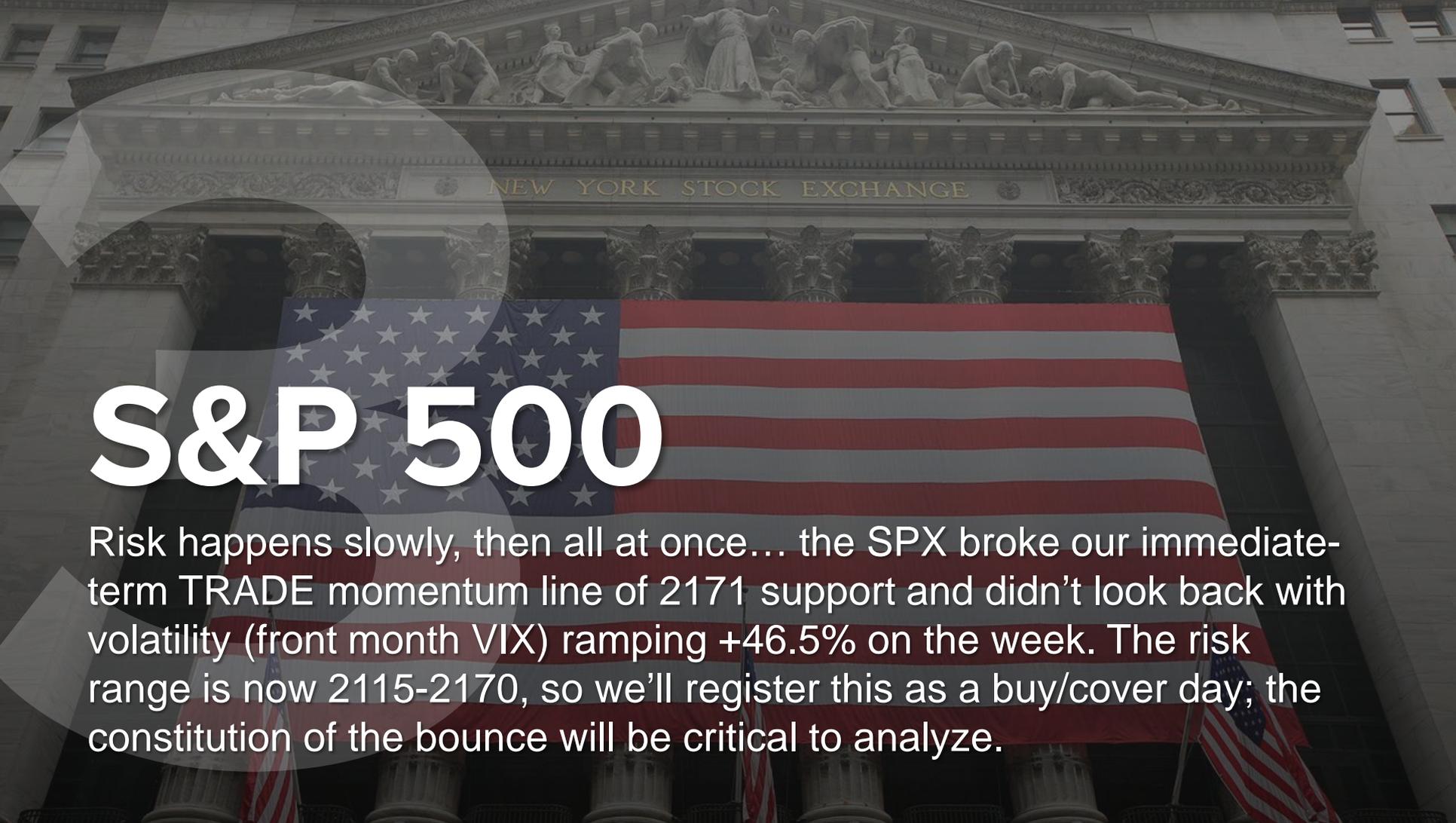
UST 10YR

Globally, yields are up (again) on the long-end this morning, but it looks tame within the context of what's been happening in the last year. The JGB 10YR is up 1 beep this morning at -0.01%; German 10YR is up +3bps to 0.04% and the UST 10YR is up +1 beep to 1.69% with an immediate-term risk range of 1.51-1.70%; #breathe and buy bonds.



GOLD

Gold either doesn't believe the Fed hikes or believes that a hike would be the most dovish catalyst of all. Either way, Gold beat stocks last week, closing +0.6% week-over-week in a sea of cross-asset allocation red; up +0.1% this morning to +25.4% YTD.

The background of the image is a grayscale photograph of the New York Stock Exchange building. The classical architecture, including the pediment with a relief sculpture and the columns, is visible. A large American flag is superimposed over the lower half of the image. The text 'NEW YORK STOCK EXCHANGE' is visible on the building's facade. The title 'S&P 500' is written in large white letters over the flag.

S&P 500

Risk happens slowly, then all at once... the SPX broke our immediate-term TRADE momentum line of 2171 support and didn't look back with volatility (front month VIX) ramping +46.5% on the week. The risk range is now 2115-2170, so we'll register this as a buy/cover day; the constitution of the bounce will be critical to analyze.

MACRO GRIND

10-YEAR U.S. TREASURY YIELD INDEX



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10-YEAR GOVERNMENT BOND YIELDS

Americas

| COUNTRY | YIELD | 1 DAY | 1 MONTH |
|-----------------|--------|-------|---------|
| United States » | 1.69% | +1 | +17 |
| Canada | 1.15% | 0 | +14 |
| Brazil | 12.23% | -1 | -39 |
| Mexico | 5.91% | +0 | +9 |

Asia Pacific

| COUNTRY | YIELD | 1 DAY | 1 MONTH |
|-------------|--------|-------|---------|
| Japan » | -0.01% | +1 | +10 |
| Australia » | 2.04% | +8 | -14 |
| New Zealand | 2.42% | +10 | +30 |

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10-YEAR GOVERNMENT BOND YIELDS

Europe, Middle East & Africa

| COUNTRY | YIELD | 1 DAY | 1 MONTH |
|------------------|--------|-------|---------|
| Germany » | 0.04% | +3 | +15 |
| United Kingdom » | 0.88% | +2 | +36 |
| France | 0.33% | +3 | +22 |
| Italy | 1.28% | +4 | +25 |
| Spain | 1.09% | +1 | +17 |
| Netherlands | 0.14% | +3 | +15 |
| Portugal | 3.19% | +5 | +53 |
| Greece | 8.14% | +2 | +16 |
| Switzerland | -0.44% | +5 | +17 |

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GOLD – CONTINUOUS CONTRACT



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LIGHT CRUDE OIL WTIC



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SPAIN BOLSA DE MADRID IBEX 35



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GERMAN DAX COMPOSITE



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TOKYO NIKKEI 225 AVERAGE INDEX

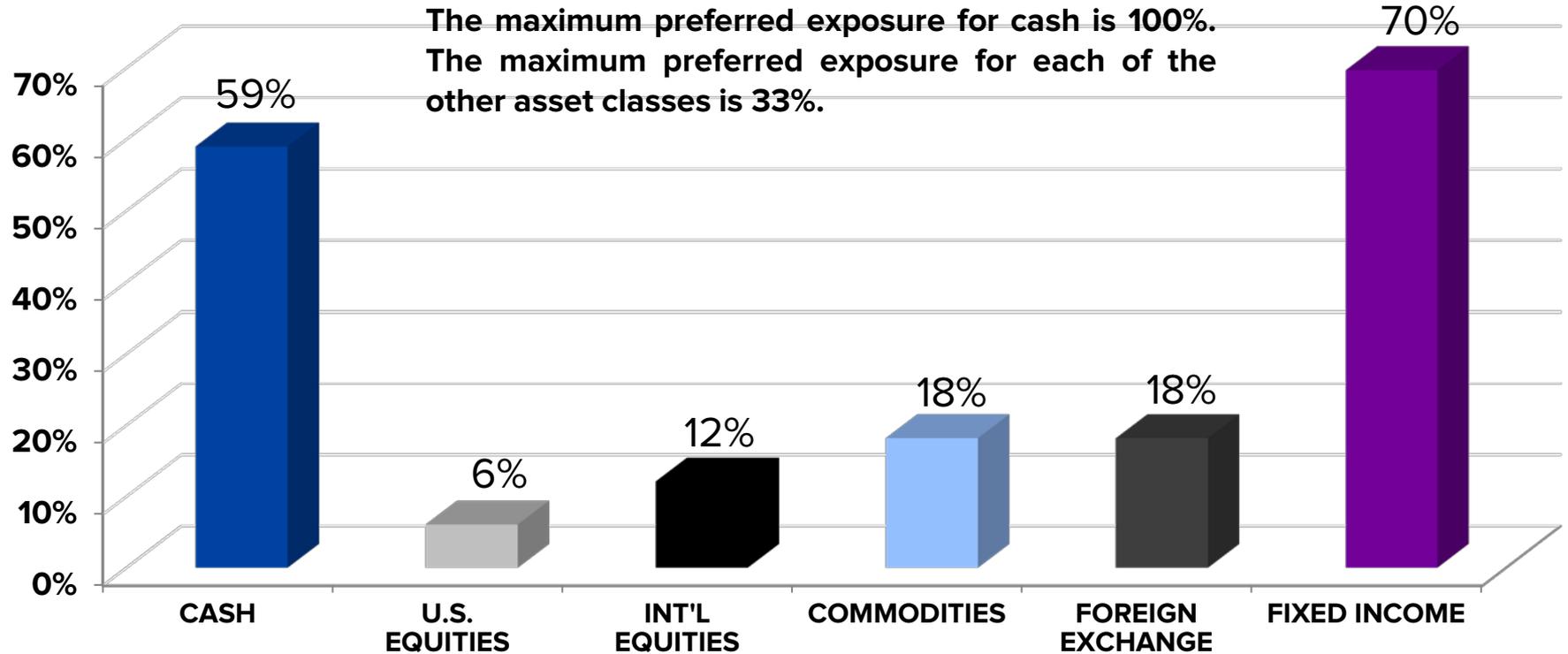


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S&P500 SALES & EARNINGS GROWTH

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

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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 | \$78.43 | -2.41% | -2.64% | 0.34% |
| Financial Select Sector | XLF | \$24.04 | -1.88% | -2.12% | 0.88% |
| Health Care Select Sector | XLV | \$71.51 | -2.00% | -1.72% | -0.72% |
| Technology Select Sector | XLK | \$46.16 | -2.45% | -1.77% | 7.77% |
| Consumer Staples Select Sector | XLP | \$52.69 | -2.71% | -3.11% | 4.36% |
| Industrial Select Sector | XLI | \$57.12 | -2.82% | -2.51% | 7.75% |
| Materials Select Sector | XLB | \$47.44 | -2.91% | -2.31% | 9.26% |
| The Energy Select Sector | XLE | \$69.70 | -2.98% | 1.74% | 15.55% |
| Utilities Select Sector | XLU | \$48.46 | -3.75% | -1.56% | 11.97% |
| S&P 500 | SPX | 2,127.81 | -2.45% | -1.99% | 4.10% |

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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 | \$78.43 | 0.04% | -0.66% | -3.76% |
| Financial Select Sector | XLF | \$24.04 | 0.57% | -0.13% | -3.22% |
| Health Care Select Sector | XLV | \$71.51 | 0.45% | 0.27% | -4.83% |
| Technology Select Sector | XLK | \$46.16 | 0.00% | 0.22% | 3.67% |
| Consumer Staples Select Sector | XLP | \$52.69 | -0.26% | -1.12% | 0.25% |
| Industrial Select Sector | XLI | \$57.12 | -0.37% | -0.52% | 3.65% |
| Materials Select Sector | XLB | \$47.44 | -0.45% | -0.32% | 5.16% |
| The Energy Select Sector | XLE | \$69.70 | -0.53% | 3.72% | 11.45% |
| Utilities Select Sector | XLU | \$48.46 | -1.30% | 0.42% | 7.87% |

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HEDGEYE STYLE FACTOR PERFORMANCE

| FACTOR | | 1D | 1W | 1M | 3M | 6M | YTD |
|---------|-------------------------|-------|-------|-------|-------|-------|-------|
| | | % Chg |
| Debt | High Debt/EV | -3.3% | -0.5% | -1.0% | 3.3% | 7.7% | 10.6% |
| | Low Debt/EV | -2.6% | -2.1% | -3.9% | 0.7% | 3.2% | 3.7% |
| SI | High Short Interest | -3.1% | -2.1% | -2.2% | 2.7% | 1.6% | 3.8% |
| | Low Short Interest | -2.5% | -2.3% | -2.6% | 0.5% | 6.2% | 5.2% |
| BETA | High Beta | -3.1% | -1.0% | -0.2% | 5.0% | 10.0% | 5.9% |
| | Low Beta | -2.9% | -2.3% | -4.6% | -1.8% | 2.4% | 7.9% |
| YIELD | High Yield | -3.1% | -1.6% | -2.3% | 2.0% | 3.6% | 8.1% |
| | Low Yield | -2.8% | -1.7% | -2.2% | 3.1% | 8.6% | 7.0% |
| MKT CAP | MCAP Bottom 25% | -3.1% | -1.9% | -2.1% | 1.1% | 2.8% | 4.4% |
| | MCAP Top 25% | -2.4% | -2.0% | -2.9% | 1.0% | 4.8% | 3.5% |
| Sales | Top 25% Sales Growth | -2.7% | -0.8% | -1.2% | 3.0% | 10.2% | 9.5% |
| | Bottom 25% Sales Growth | -3.0% | -2.1% | -3.2% | 1.7% | 3.1% | 5.6% |
| EPS | Top 25% EPS Growth | -2.6% | -1.6% | -2.3% | 2.4% | 8.1% | 6.2% |
| | Bottom 25% EPS Growth | -3.1% | -1.1% | -1.7% | 1.6% | 5.3% | 7.9% |

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

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HEDGEYE RATES & SPREADS

| | Price | 1D | 5D | 1M | 3M | vs. 52-Wk, Bps | | vs. | vs. |
|---------------------|-------|---------|---------|---------|---------|----------------|------|--------|--------|
| | | Bps Chg | Bps Chg | Bps Chg | Bps Chg | High | Low | 3Y Ave | 5Y Ave |
| 3M T-Bill | 0.34% | -0.5 | 1.6 | 6 | 9 | -2 | 39 | 25 | 26 |
| 3M LIBOR | 0.85% | 0.0 | 1.0 | 3 | 19 | 0 | 54 | 49 | 48 |
| 2Y T-Note | 0.78% | 1.2 | -0.4 | 7 | 2 | -32 | 29 | 20 | 32 |
| 5Y T-Note | 1.22% | 4.6 | 3.1 | 12 | 0 | -60 | 33 | -26 | -2 |
| 10Y T-Note | 1.67% | 7.6 | 7.3 | 13 | -1 | -70 | 36 | -56 | -45 |
| 30Y T-Note | 2.39% | 9.1 | 11.6 | 13 | -9 | -74 | 31 | -64 | -65 |
| 2Y-10Y Spread, Bps | 89 | 6.4 | 7.6 | 5.6 | -3 | -38 | 7 | -76 | -77 |
| IG SPREAD (AAA BBB) | 1.66% | 1.0 | 2.0 | -4 | -17 | -64 | 6 | -4 | -18 |
| HIGH YIELD | 6.29% | 9.8 | 5.3 | -7 | -82 | -303 | 11 | -30 | -45 |
| 5Y BREAK-EVEN | 1.33% | -2.5 | 4.0 | 1.2 | -21.2 | -30.6 | 47.8 | -23.7 | -38.3 |

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CFTC NON-COMMERCIAL NET LONG POSITIONING

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) | 193,281 | (34,010) | 133,412 | 44,601 | (60,560) | 1.79X | 2.03X |
| Russell 2000 (mini) | 23,349 | 1,274 | (7,146) | (29,121) | (37,510) | 2.68X | 2.22X |
| 10Y Treasury | 128,954 | 8,038 | 89,026 | 13,000 | 5,129 | 1.75X | 2.12X |
| CRUDE OIL | 325,885 | (47,733) | 338,601 | 357,644 | 309,897 | 0.27X | -0.17X |
| GOLD | 278,994 | 40,842 | 262,281 | 223,152 | 131,420 | 1.40X | 2.53X |
| COPPER | (30,459) | (8,412) | (14,543) | (16,848) | (20,230) | -0.72X | -0.95X |
| USD | 16,834 | 1,980 | 14,369 | 13,745 | 26,382 | -0.69X | -0.56X |
| JPY | 53,407 | (8,814) | 48,665 | 49,629 | 20,184 | 0.74X | 1.69X |
| EUR | (102,285) | (9,182) | (92,992) | (68,013) | (88,258) | -0.32X | -0.25X |
| GBP | (88,144) | 1,792 | (70,593) | (55,538) | (38,574) | -1.89X | -2.34X |

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY

VOLUME: (9/9) vs.

| | <u>Prior Day</u> | <u>1M Ave</u> | <u>3M ave</u> | <u>1Y Ave</u> |
|-----------------------------|------------------|---------------|---------------|---------------|
| Total Market Volume* | 4% | 24% | 16% | 4% |
| <hr/> | | | | |
| Total Exchange Volume** | 24% | 38% | 25% | 16% |
| Total Traded Value (R3K)*** | 38% | 39% | 24% | 18% |

*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

Key SUSD Correlations*

| METRIC | 15D | 30D | 90D | 120D | 180D | High | Low | % Time Pos | % Time Neg |
|-----------|-------|-------|-------|-------|-------|------|-------|------------|------------|
| SPX | -0.23 | -0.12 | 0.33 | 0.46 | -0.54 | 0.73 | -0.91 | 55% | 45% |
| BRENT Oil | -0.53 | -0.59 | -0.52 | -0.07 | -0.67 | 0.73 | -0.78 | 34% | 66% |
| CRB Index | -0.82 | -0.41 | -0.49 | -0.07 | -0.81 | 0.71 | -0.91 | 20% | 80% |
| GOLD | -0.72 | -0.30 | 0.42 | 0.46 | -0.56 | 0.90 | -0.95 | 23% | 77% |

*Days = Trading days

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OTHER KEY METRICS

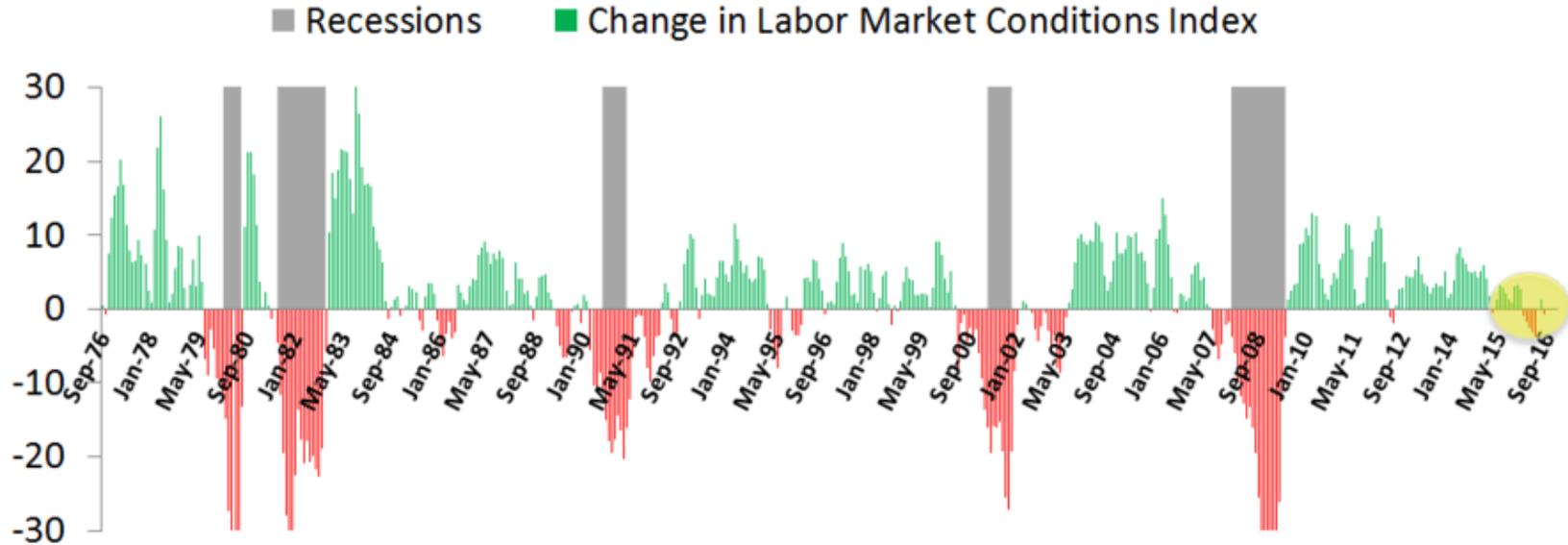
| METRIC | PRICE | 1D % Chg | 5D % Chg | 1M % Chg | 3M % Chg | MTD % Chg | YTD % Chg | vs. 52-Wk | |
|-----------|---------|-------------|-------------|-------------|-------------|--------------|--------------|-----------|-----|
| | | | | | | | | High | Low |
| Brent Oil | \$48.01 | -3.96% | 2.52% | 6.74% | -7.58% | 2.6% | 23.9% | -11% | 77% |
| Gold | \$1,328 | -0.78% | 0.20% | -0.96% | 4.57% | 1.4% | 25.1% | -3% | 27% |
| VIX | \$17.50 | 39.89% | 46.08% | 50.09% | 19.54% | 30.4% | -3.9% | -45% | 59% |

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CHANGE IN LABOR MARKET CONDITIONS INDEX



THE FED'S LABOR MARKET CONDITIONS INDEX HAS REGISTERED NEGATIVE IN ALL BUT ONE MONTH IN 2016.

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GOLD
IS GOOD,



BONDS
ARE GOOD,



SO...



B. Rich ^{DM}
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