



THE
MACRO
SHOW

NOVEMBER 18, 2016

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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
11/17/2016	64	10	5	0	16	5
11/18/2016	65	10	5	0	17	3

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
11/17/2016	64%	30%	15%	0%	48%	15%
11/18/2016	65%	30%	15%	0%	52%	9%

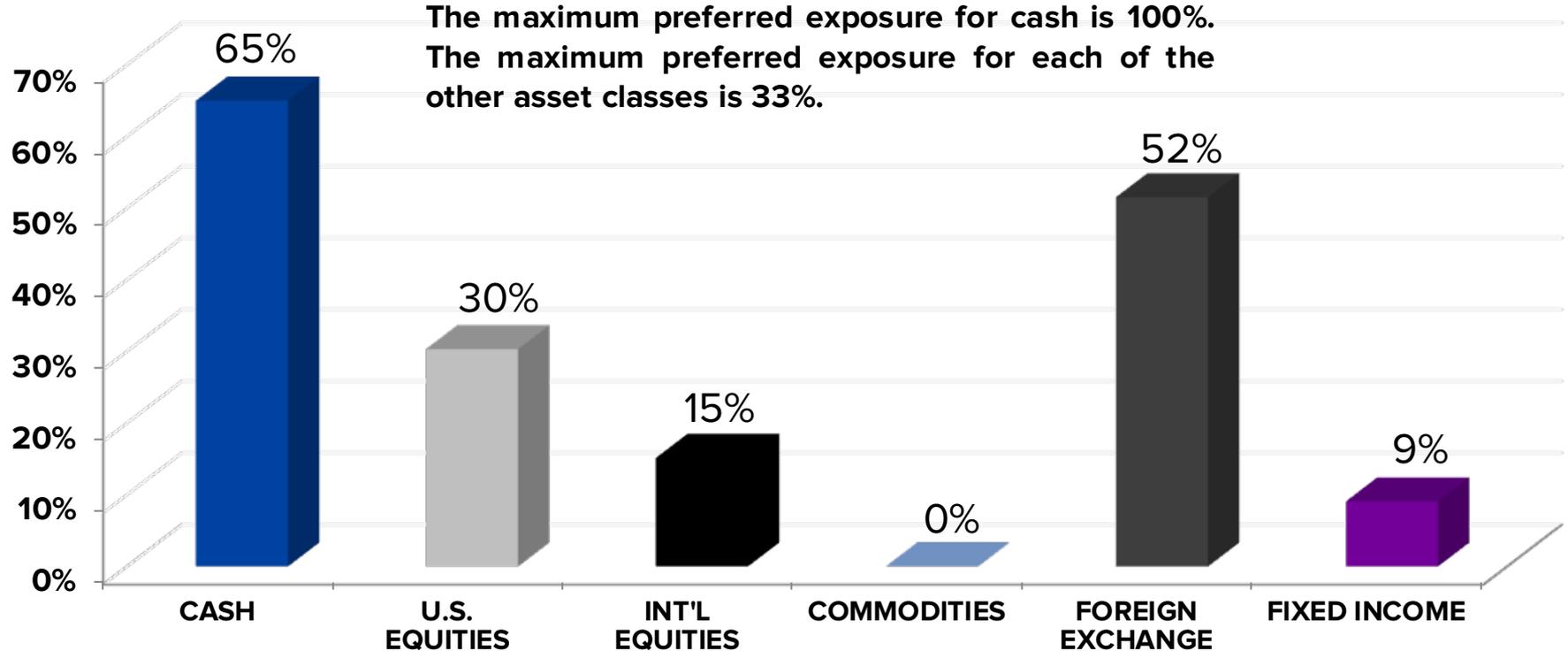
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

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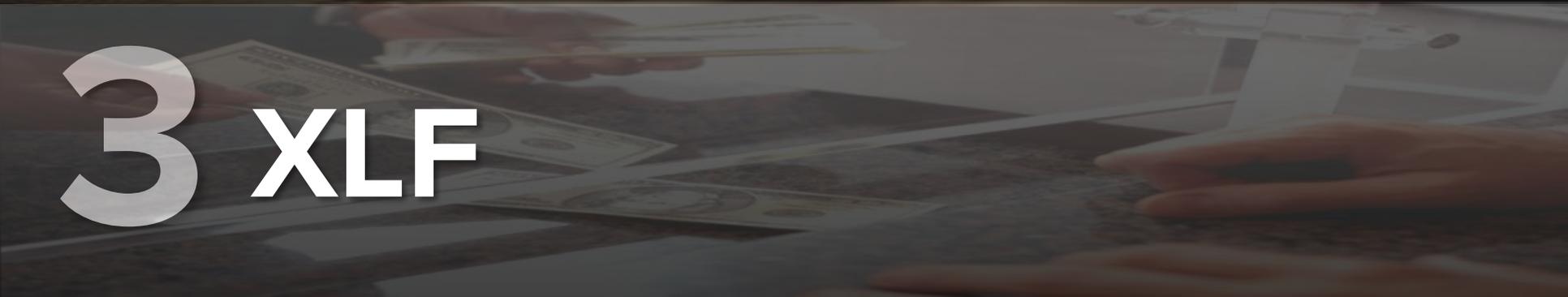
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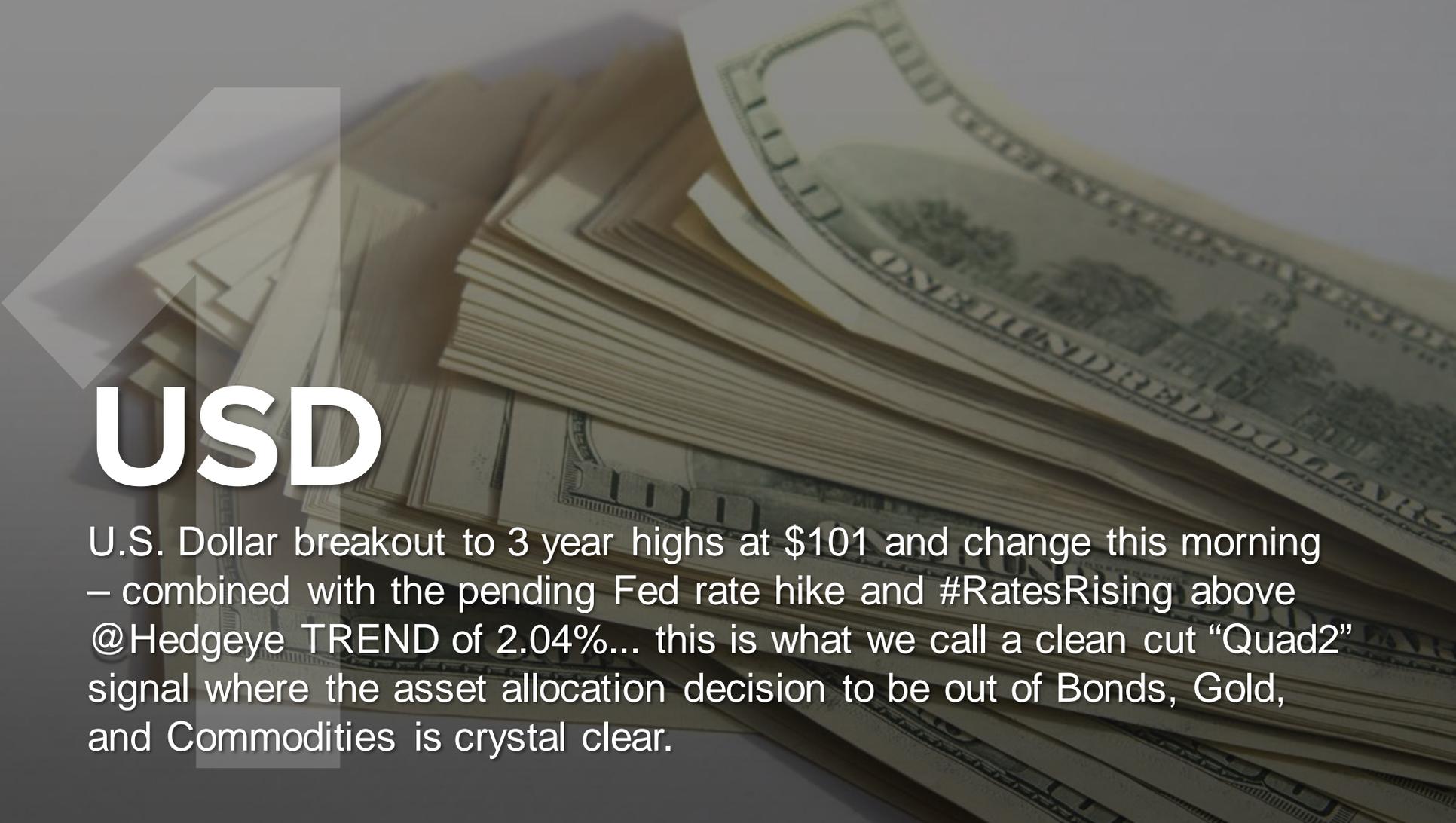
1 USD



2 UST 10YR



3 XLF

A stack of US dollar bills, with a large, semi-transparent white arrow pointing upwards and to the right, overlaid on the left side of the image. The bills are slightly out of focus, showing details like the 'ONE HUNDRED DOLLARS' text and the portrait of Benjamin Franklin.

USD

U.S. Dollar breakout to 3 year highs at \$101 and change this morning – combined with the pending Fed rate hike and #RatesRising above @Hedgeye TREND of 2.04%... this is what we call a clean cut “Quad2” signal where the asset allocation decision to be out of Bonds, Gold, and Commodities is crystal clear.

The background of the slide features a large, semi-transparent seal of the United States Treasury Department. The seal is circular and contains the text "UNITED STATES" at the top and "TREASURY DEPARTMENT" at the bottom. In the center, there is an eagle with its wings spread, holding an olive branch and arrows. The seal is overlaid with a large, semi-transparent number "2" in the top left corner.

UST 10YR

UST 10YR isn't just above our TREND level, it's now threatening a breakout > my long-term TAIL risk level of 2.31%. Can it hold? Why not? Our tracker is at 1.5% q/q US GDP for Q4 now (see research note from earlier this week); immediate-term risk range on the 10YR is widening to 1.72-2.44% this morning; Global Yields up again too.



XLF

Over 90% of their YTD return came in 4 days of trading, but this is what happens when you get a regime change in growth expectations (Dollar Up, Rates Up); XLF up another +1.4% yesterday to +12.3% for the month to date!

MACRO GRIND

GOLD



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SPAIN BOLSA DE MADRID INBEX 35



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LONDON FINANCIAL TIMES FTSE 100



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S&P 500 REVENUES & EARNINGS COMPS

Q3 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	2.9%	2.8%	456 / 499
Energy	-14.8%	-62.2%	35 / 36
Materials	-1.1%	5.5%	26 / 26
Industrials	2.5%	-7.4%	66 / 68
Consumer Discretionary	9.7%	4.0%	64 / 82
Consumer Staples	2.4%	7.7%	30 / 37
Healthcare	7.0%	5.5%	54 / 59
Financials	5.7%	13.0%	64 / 64
Information Technology	5.1%	8.8%	56 / 66
Telecom	0.6%	-1.5%	5 / 5
Utilities	3.5%	12.4%	28 / 28
Real Estate	6.8%	6.6%	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	\$81.45	1.21%	4.29%	4.21%
Financial Select Sector	XLF	\$22.16	1.37%	12.26%	14.52%
Health Care Select Sector	XLV	\$70.45	0.40%	4.59%	-2.19%
Technology Select Sector	XLK	\$47.40	0.64%	-0.04%	10.67%
Consumer Staples Select Sector	XLP	\$50.68	-0.18%	-4.02%	0.38%
Industrial Select Sector	XLI	\$61.32	0.21%	7.18%	15.68%
Materials Select Sector	XLB	\$48.39	0.04%	3.51%	11.45%
The Energy Select Sector	XLE	\$70.84	-0.67%	3.24%	17.44%
Utilities Select Sector	XLU	\$46.43	0.02%	-6.07%	7.28%
S&P 500	SPX	2,187.12	0.47%	2.87%	7.01%

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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	\$81.45	0.74%	1.42%	-2.80%
Financial Select Sector	XLF	\$22.16	0.90%	9.39%	7.51%
Health Care Select Sector	XLV	\$70.45	-0.07%	1.72%	-9.20%
Technology Select Sector	XLK	\$47.40	0.17%	-2.91%	3.66%
Consumer Staples Select Sector	XLP	\$50.68	-0.64%	-6.88%	-6.63%
Industrial Select Sector	XLI	\$61.32	-0.26%	4.32%	8.67%
Materials Select Sector	XLB	\$48.39	-0.43%	0.64%	4.44%
The Energy Select Sector	XLE	\$70.84	-1.14%	0.37%	10.44%
Utilities Select Sector	XLU	\$46.43	-0.45%	-8.94%	0.27%

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HEDGEYE STYLE FACTOR PERFORMANCE

		1D	1W	1M	3M	6M	YTD
FACTOR		% Chg					
Debt	High Debt/EV	0.3%	2.0%	4.7%	2.0%	10.6%	13.4%
	Low Debt/EV	0.6%	1.5%	3.1%	-0.5%	6.3%	7.5%
SI	High Short Interest	0.6%	2.9%	6.1%	3.1%	12.6%	10.7%
	Low Short Interest	0.5%	0.9%	5.4%	2.0%	8.6%	10.3%
BETA	High Beta	0.4%	2.7%	8.8%	7.9%	18.9%	16.3%
	Low Beta	0.1%	0.8%	-1.5%	-5.7%	-1.6%	6.8%
YIELD	High Yield	0.0%	1.1%	1.3%	-2.5%	5.1%	8.4%
	Low Yield	0.6%	1.5%	3.7%	0.7%	9.1%	9.9%
MKT CAP	MCAP Bottom 25%	0.6%	2.4%	5.3%	1.3%	8.0%	8.8%
	MCAP Top 25%	0.4%	0.8%	4.7%	2.1%	8.8%	9.6%
Sales	Top 25% Sales Growth	0.3%	1.4%	2.4%	-0.1%	6.9%	10.6%
	Bottom 25% Sales Growth	0.4%	2.1%	6.6%	2.6%	11.3%	10.5%
EPS	Top 25% EPS Growth	0.5%	0.9%	3.5%	0.8%	8.7%	10.7%
	Bottom 25% EPS Growth	0.0%	1.7%	4.2%	1.2%	6.9%	8.3%

**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	0.43%	-3.1	-4.1	13	13	-10	33	32	34
3M LIBOR	0.91%	0.0	0.7	3	10	0	54	51	52
2Y T-Note	1.05%	4.1	13.1	23	32	-5	55	43	56
5Y T-Note	1.74%	6.5	17.9	48	60	-9	85	26	48
10Y T-Note	2.30%	8.0	15.3	54	75	-5	98	12	19
30Y T-Note	3.01%	9.0	5.7	49	75	-10	92	5	-1
2Y-10Y Spread, Bps	126	3.9	2.1	30.5	43	0	43	-31	-37
IG SPREAD (AAABBB)	1.61%	0.0	6.0	3	-7	-69	6	-9	-20
HIGH YIELD	6.61%	0.0	10.5	23	32	-272	46	0	-6
5Y BREAKEVEN	1.73%	3.2	0.7	13.9	41.4	-2.3	87.9	18.1	2.0

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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)	40,139	17,635	102,119	95,570	(13,619)	0.42X	0.63X
Russell 2000 (mini)	(19,170)	(11,404)	8,703	(5,657)	(30,187)	0.39X	0.29X
10Y Treasury	(69,058)	(45,697)	72,118	60,353	20,382	-1.18X	-0.33X
CRUDE OIL	327,706	(78,234)	378,178	363,308	325,447	0.03X	-0.17X
GOLD	176,374	3,842	212,507	225,932	154,269	0.22X	1.00X
COPPER	39,483	28,195	(5,641)	(12,746)	(18,571)	3.38X	3.71X
\$USD	52,149	(2,077)	27,595	20,502	25,191	1.82X	0.83X
JPY	27,933	(12,497)	51,680	46,368	33,758	-0.15X	1.07X
EUR	(134,647)	9,026	(104,272)	(92,361)	(91,425)	-0.99X	-0.61X
GBP	(86,716)	(8,645)	(84,979)	(71,507)	(52,456)	-1.40X	-1.93X

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

<u>INDEX/SECURITY</u>	VOLUME: (11/17) vs.			
	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	-6%	-6%	16%	20%
<hr/>				
Total Exchange Volume**	1%	-3%	7%	2%

*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	0.90	0.68	-0.32	0.17	0.39	0.68	-0.91	40%	60%
BRENT Oil	-0.10	-0.33	0.21	-0.06	0.14	0.77	-0.78	41%	59%
CRB Index	0.77	0.59	-0.06	-0.06	-0.39	0.71	-0.89	16%	84%
GOLD	-0.96	-0.72	-0.84	-0.44	-0.03	0.90	-0.92	23%	77%

*Days = Trading Days

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