

#### LEGAL

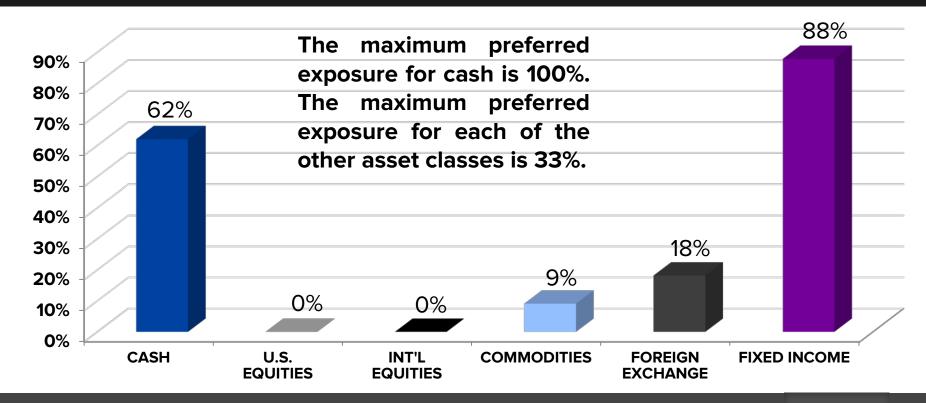
#### **DISCLAIMER**

Hedgeye Risk Management is a registered investment advisor, registered with the State of Connecticut. Hedgeye Risk Management is not a broker dealer and does not provide investment advice to individuals. This research does not constitute an offer to sell, or a solicitation of an offer to buy any security. This research is presented without regard to individual investment preferences or risk parameters; it is general information and does not constitute specific investment advice. This presentation is based on information from sources believed to be reliable. Hedgeye Risk Management is not responsible for errors, inaccuracies or omissions of information. The opinions and conclusions contained in this report are those of Hedgeye Risk Management, and are intended solely for the use of Hedgeye Risk Management's clients and subscribers. In reaching these opinions and conclusions, Hedgeye Risk Management and its employees have relied upon research conducted by Hedgeye Risk Management's employees, which is based upon sources considered credible and reliable within the industry. Hedgeye Risk Management is not responsible for the validity or authenticity of the information upon which it has relied.

#### **TERMS OF USE**

This report is intended solely for the use of its recipient. Re-distribution or republication of this report and its contents are prohibited. For more detail please refer to the appropriate sections of the Hedgeye Services Agreement and the Terms of Use at <a href="https://www.hedgeye.com">www.hedgeye.com</a>.

#### HEDGEYE ASSET ALLOCATION



March 7, 2016



#### HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/4/2106	64	0	0	2	6	28
3/7/2016	62	0	0	3	6	29

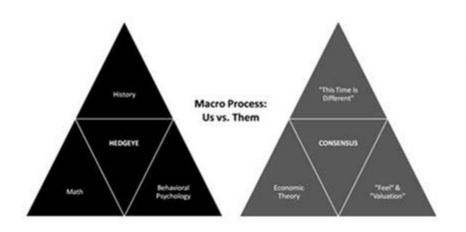
	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/4/2106	64%	0%	0%	6%	18%	85%
3/7/2016	62%	0%	0%	9%	18%	88%

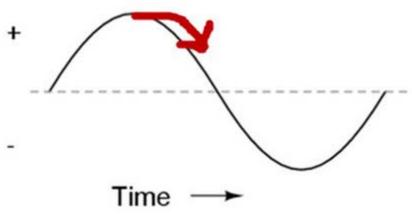
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

March 7, 2016



#### HEDGEYE MACRO PROCESS: RATE OF CHANGE





#### DIFFERENTIATED FROM THE HERD

Macroeconomics and Global Macro Risk Management are two very different fields. We specialize in the latter.

#### WE FOCUS ON THE SLOPES

Everything that matters in Global Macro occurs on the margin.

March 7, 2016



### S&P 500 REVENUES & EARNINGS COMPS

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	-4.0%	-7.5%	493 / 499
Energy	-34.2%	-72.6%	40 / 40
Materials	-15.3%	-17.9%	27 / 27
Industrials	-7.2%	-4.9%	65 / 65
Consumer Discretionary	4.4%	9.4%	76 / 82
Consumer Staples	0.6%	0.8%	38 / 38
Healthcare	9.4%	10.7%	56 / 56
Financials	0.7%	-9.4%	89 / 89
Information Technology	-5.2%	-3.1%	67 / 67
Telecom	12.0%	25.6%	5 / 5
Utilities Source: BBG	-12.5%	-48.1%	30 / 30

Source: BBG

March 7, 2016



## HEDGEYE SECTOR PERFORMANCE

			1-Day %	MTD %	YTD %
SECTOR	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	<u>Chg</u>	<u>Chg</u>
Consumer Discretionary	XLY	\$76.72	-0.09%	3.06%	-1.84%
Financial Select Sector	XLF	\$22.28	0.41%	5.64%	-6.50%
Health Care Select Sector	XLV	\$67.41	-0.24%	1.78%	-6.41%
Technology Select Sector	XLK	\$42.42	0.26%	3.54%	-0.96%
Consumer Staples Select Sector	XLP	\$52.04	0.42%	2.20%	3.07%
Industrial Select Sector	XLI	\$53.78	0.41%	3.18%	1.45%
Materials Select Sector	XLB	\$43.46	1.16%	3.97%	0.09%
The Energy Select Sector	XLE	\$60.96	0.96%	7.74%	1.06%
Utilities Select Sector	XLU	\$47.11	1.12%	1.75%	8.85%
S&P 500	SPX	1,999.99	0.33%	3.51%	-2.15%

March 7, 2016

THE MACRO SHOW

HEDGEYE

TV

#### HEDGEYE SECTOR RELATIVE PERFORMANCE

			1-Day %	MTD %	YTD %
	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	Chg	<u>Chg</u>
Consumer Discretionary	XLY	\$76.72	-0.42%	-0.44%	0.31%
Financial Select Sector	XLF	\$22.28	0.07%	2.14%	-4.35%
Health Care Select Sector	XLV	\$67.41	-0.57%	-1.72%	-4.26%
Technology Select Sector	XLK	\$42.42	-0.07%	0.03%	1.19%
Consumer Staples Select Sector	XLP	\$52.04	0.09%	-1.31%	5.22%
Industrial Select Sector	XLI	\$53.78	0.08%	-0.32%	3.60%
Materials Select Sector	XLB	\$43.46	0.83%	0.46%	2.24%
The Energy Select Sector	XLE	\$60.96	0.63%	4.23%	3.21%
Utilities Select Sector	XLU	\$47.11	0.79%	-1.76%	11.00%

March 7, 2016

TV

#### HEDGEYE STYLE FACTOR PERFORMANCE

		1D	1W	1M	3M	6M	YTD
	FACTOR	% Chg					
	High Debt/EV	1.3%	7.2%	8.9%	-1.2%	-1.0%	1.6%
8	Low Debt/EV	0.1%	2.2%	8.2%	-3.3%	4.9%	-0.8%
SI	High Short Interest	1.1%	6.7%	12.7%	-0.9%	-1.5%	2.7%
	Low Short Interest	0.2%	2.3%	6.5%	-3.7%	4.9%	-2.1%
BETA	High Beta	1.4%	8.4%	13.6%	-9.3%	-4.7%	-3.5%
- 88	Low Beta	0.3%	1.7%	4.5%	5.3%	11.7%	4.7%
YIELD	High Yield	1.1%	6.0%	8.4%	0.5%	2.0%	2.3%
¥	Low Yield	0.2%	3.2%	9.0%	-6.3%	-1.8%	-3.4%
MICT	MCAP Bottom 25%	0.8%	6.2%	10.6%	-5.1%	-4.7%	-0.9%
Σ δ	MCAP Top 25%	0.4%	2.4%	6.7%	-4.2%	4.5%	-2.4%
Sales	Top 25% Sales Growth	0.6%	4.7%	10.1%	-6.9%	-0.3%	-3.1%
Sa	Bottom 25% Sales Growth	0.9%	5.0%	8.4%	-0.1%	2.5%	1.8%
EPS	Top 25% EPS Growth	0.1%	3.2%	9.0%	-5.9%	0.4%	-3.2%
<u> </u>	Bottom 25% EPS Growth	1.3%	6.7%	9.2%	-0.2%	2.9%	2.4%

<sup>\*</sup>Mean Performance of Top Quartile vs. Bottom Quartile, S&P500 Companies

TV

### HEDGEYE RATES & SPREADS

		1D	5D	1M	3M	vs. 52-V	Vk, Bps	vs.	vs.
	Price	Bps Chg	Bps Chg	Bps Chg	Bps Chg	High	Low	3Y Ave	5Y Ave
3M T-Bill	0.26%	-1.0	-4.6	-3	5	-9	32	22	21
3M LIBOR	0.63%	0.0	0.1	2	17	0	37	34	31
2Y T-Note	0.86%	1.6	6.8	16	-8	-24	40	36	43
5Y T-Note	1.37%	3.1	13.4	14	-33	-45	40	-10	9
10Y T-Note	1.87%	4.0	11.2	3	-40	-62	35	-46	-38
30Y T-Note	2.69%	3.7	5.8	2	-31	-56	32	-49	-53
2Y-10Y Spread, Bps	101	2.4	4.4	-12.9	-32	-39	-6	-81	-81
IG SPREAD (AAABBB)	2.19%	-4.0	-4.0	-3	25	-11	63	51	34
HIGH YIELD	7.99%	-14.3	-57.6	-81	4	-134	203	158	119
5Y BREAKEVEN	1.38%	1.4	14.5	25.7	7.5	-38.8	52.8	-28.3	-39.8
								j	

TV HEDGEYE

#### **CFTC NON-COMMERCIAL NET LONG POSITIONING**

						Z-Score	
METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	1Y	3Y
SPX (Index + E-mini)	(183,147)	19,358	(146,361)	(166,162)	(119,240)	-0.90X	-1.46X
Russell 2000 (mini)	(61,347)	(3,016)	(51,578)	(44,791)	(32,381)	-1.62X	-1.70X
10Y Treasury	(25,045)	(96,651)	7,682	(5,469)	(35,929)	0.15X	0.26X
CRUDE OIL	260,687	13,561	236,023	260,820	289,781	-0.55X	-1.11X
GOLD	122,539	(1,027)	29,734	35,073	35,815	2.14X	1.44X
COPPER	(24,619)	(1,574)	(32,121)	(24,013)	(19,493)	-0.40X	-0.55X
\$USD	26,688	(2,655)	37,847	40,058	51,332	-1.77X	-0.29X
JPY	59,715	10,571	14,884	(11,935)	(33,179)	2.14X	3.29X
EUR	(60,167)	(24,149)	(111,874)	(108,606)	(127,382)	1.29X	0.19X
GBP	(31,556)	(6,315)	(31,502)	(20,520)	(21,908)	-0.73X	-0.65X

March 7, 2016

THE NAME OF COLUMN 1

.....

#### MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY		VOLUME:	(3/4) vs.	
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	7%	12%	11%	14%
Total Exchange Volume**	18%	19%	23%	44%
Total Traded Value (R3K)***	14%	3%	2%	8%

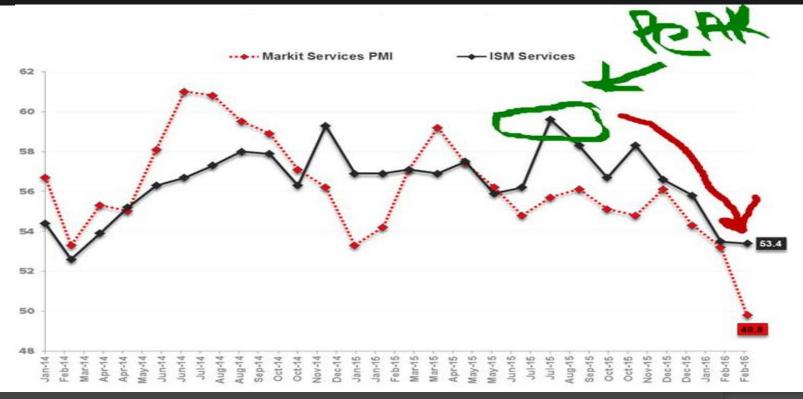
TV

<sup>\*</sup>Total Market Volume = Total US exchange volume plus OTC and OTCBB trading volume for all security types. Calculated by Bloomberg.

<sup>\*\*</sup>Tape A+B+C volume = total US exchange volume

<sup>\*\*\*</sup> Total Traded Value for Russell 3000 (total mkt proxy)

#### **SERVICES: ISM VS. MARKIT**



March 7, 2016



#### **GOOD LUCK ROLLING THE BONES**

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	1.3%		8.9%	-1.2%	-1.0%	1.6%
ă	Low Debt/EV	0.1%	2.2%	8.2%	-3.3%	4.9%	-0.8%
IS	High Short Interest	1.1%	6.7%	12.7%	-0.9%	-1.5%	2.7%
S	Low Short Interest	0.2%	2.3%	6.5%	-3.7%	4.9%	-2.1%
4	High Beta	1.4%	8.4%	13.6%	-9.3%	-4.7%	-3.5%
BETA	Low Beta	0.3%	1.7%	4.5%	5.3%	11.7%	4.7%
YIELD	High Yield	1.1%	6.0%	8.4%	0.5%	2.0%	2.3%
YE	Low Yield	0.2%	3.2%	9.0%	-6.3%	-1.8%	-3.4%
GP	MCAP Bottom 25%	0.8%	6.2%	10.6%	-5.1%	-4.7%	-0.9%
3	MCAP Top 25%	0.4%	2.4%	6.7%	-4.2%	4.5%	-2.4%
es	Top 25% Sales Growth	0.6%	4.7%	10.1%	-6.9%	-0.3%	-3.1%
Sales	Bottom 25% Sales Growth	0.9%	5.0%	8.4%	-0.1%	2.5%	1.8%
EPS	Top 25% EPS Growth	0.1%	3.2%	9.0%	-5.9%	0.4%	-3.2%
iii	Bottom 25% EPS Growth	1.3%	6.7%	9.2%	-0.2%	2.9%	2.4%

<sup>\*</sup>Mean Performance of Top Quartile vs. Bottom Quartile, S&P500 Companies

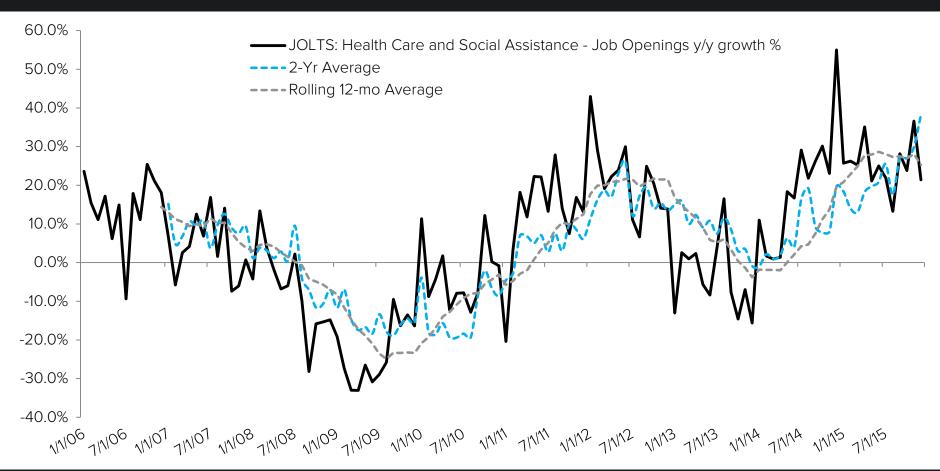
TV TV

## HEALTHCARE POSITION MONITOR

Sentiment	Investm	nent Ideas - Longs	Trade	Trend	Tail	Sentiment	Investment Ideas - Shorts	Trade	Trend	Tail
Score <sup>1</sup>	LONG					Score <sup>1</sup>	SHORT			
6	ATHN	athenahealth, Inc.	✓	✓	✓	93	<b>ZBH</b> Zimmer Biomet Holdings, Inc.		×	×
						90	AHS AMN Healthcare Services, Inc.		×	×
						62	MD MEDNAX, Inc.	×	×	×
						45	HOLX Hologic, Inc.	×	×	×
						24	MDRX Allscripts Healthcare Solutions, Inc.		×	×
Sentiment	Long B	ench				Sentiment	Short Bench			
Score <sup>1</sup>	LONG	ench				Score <sup>1</sup>	SHORT			
35	CSLT	Coatlight Health Inc Class D		1 1		n/a	CPHD Cepheid			
		Castlight Health, Inc. Class B					•			
76	EVH	Evolent Health Inc Class A				100	VRX Valeant Pharmaceuticals International, Inc.			
82	CERN	Cerner Corporation				94	MDSO Medidata Solutions, Inc.			
						89	ILMN Illumina, Inc.			
						81	WOOF VCA Inc.			
						72	ICLR ICON PIc			
						69	CYH Community Health Systems, Inc.			
						64	ISRG Intuitive Surgical, Inc.			
						61	Q Quintiles Transnational Holdings, Inc.			
						56	CRL Charles River Laboratories International, Inc.			
						45	<b>DVA</b> DaVita HealthCare Partners Inc.			
						38	LPNT LifePoint Health, Inc.			
						29	QSII Quality Systems, Inc.			
						24	LH Laboratory Corporation of America Holdings			
						19	HCA HCA Holdings, Inc.			
						17	PRXL PAREXEL International Corporation			
						1	DGX Quest Diagnostics Incorporated			
						1	CPSI Computer Programs and Systems, Inc.			

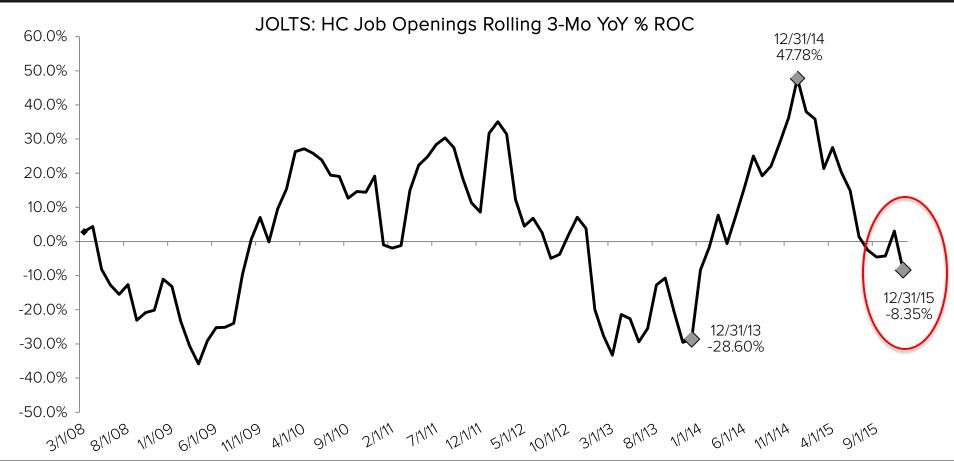
DATA SOURCE: FACTSET HEDGEYE 15

#### **HEALTHCARE JOLTS**



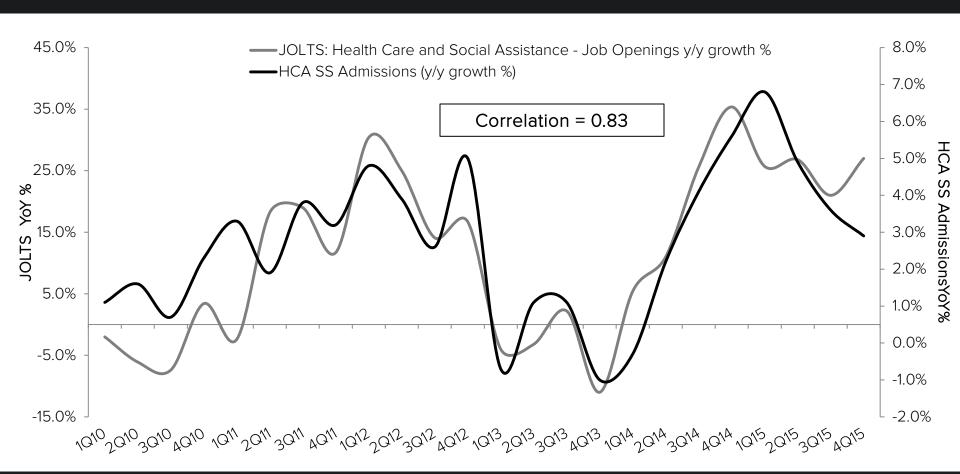
DATA SOURCE: BLS

#### **HEALTHCARE JOLTS SLOWING**



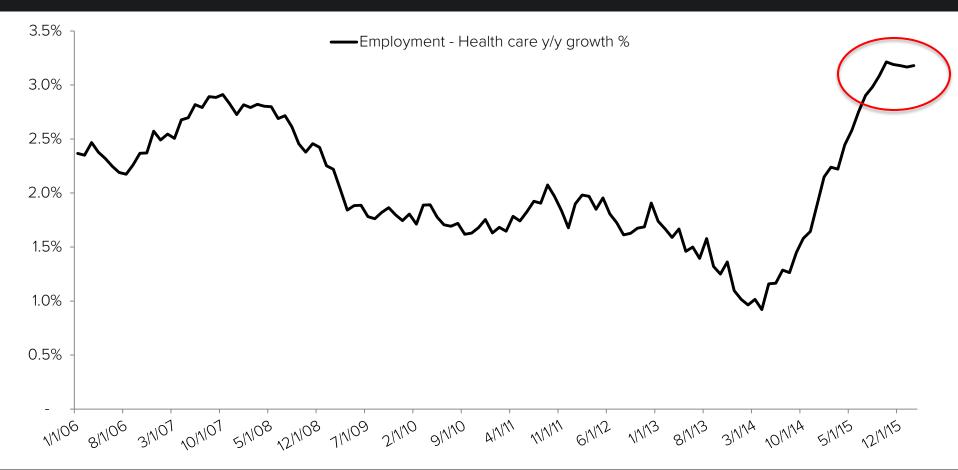
DATA SOURCE: BLS

#### **HCA | ADMISSIONS VS JOLTS**



DATA SOURCE: BLS AND COMPANY FILINGS

#### HEALTHCARE EMPLOYMENT



DATA SOURCE: BLS

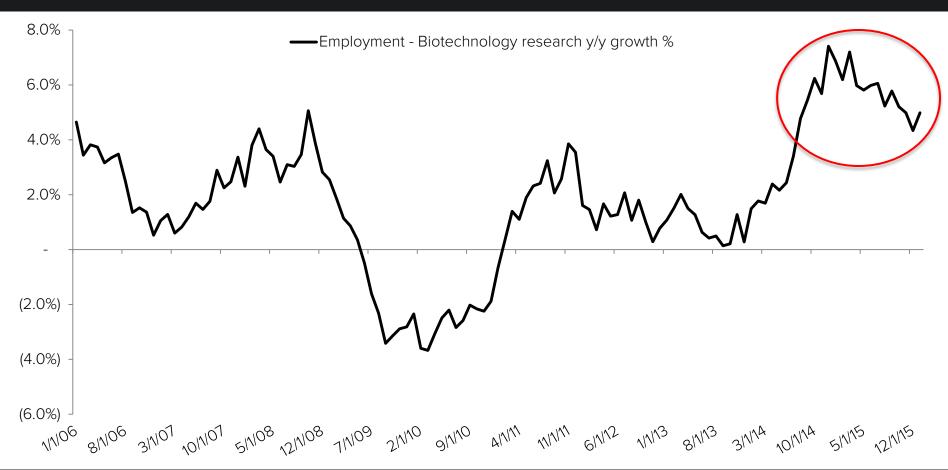
HEDGEYE 19

#### **HOSPITAL EMPLOYMENT**



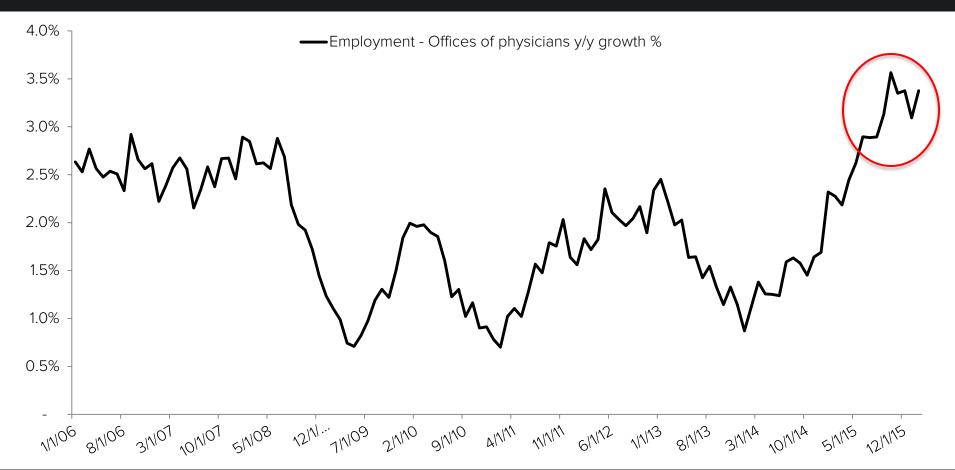
DATA SOURCE: BLS

#### BIOTECH EMPLOYMENT



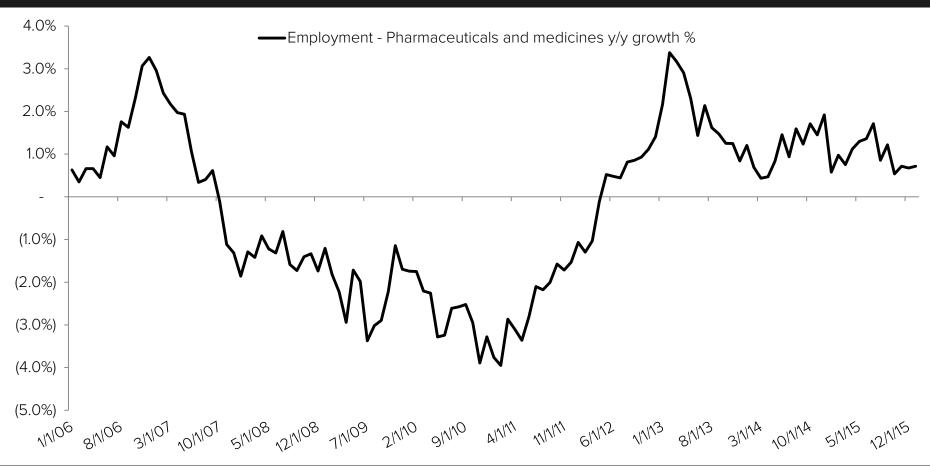
DATA SOURCE: BLS HEDGEYE 21

#### PHYSICIAN OFFICE EMPLOYMENT



DATA SOURCE: BLS
HEDGEYE 22

#### PHARMA EMPLOYMENT



DATA SOURCE: BLS HEDGEYE 23

# EURO Z STYLE FACTORS 3 INCOME



## STYLE FACTORS

Alongside another rate-of-change slowing in employment and income last week, High Beta (+8.4% on the week), Small Cap (+6.2%) and High Debt (+7.2%) stocks led the counter-Trend move higher. In other words, the leverage and illiquidity that got you crushed over the last 8-months reflated. With growth slowing and the economic, profit and credit cycles past peak we don't think the 3-week squeeze off of the mid-February 2016 Global Equity crash lows is sustainable.

## INCOME In a Keynesian economy consumption is king and income growth drives the capacity for consumption growth. With hourly earnings growth decelerating and average hours worked per week declining in Friday's NFP data, aggregate income growth will decelerate both sequentially and year-over-year when the official data are released for February later this month. Unless credit growth accelerates meaningful and/or the savings rates declines materially, consumption growth for February should show further deceleration and the labor, income, consumption peaks (4Q14/1Q15) will remain rearview.