# THE MACRO SHOW

MARCH 9, 2017

# 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 www.hedgeye.com.

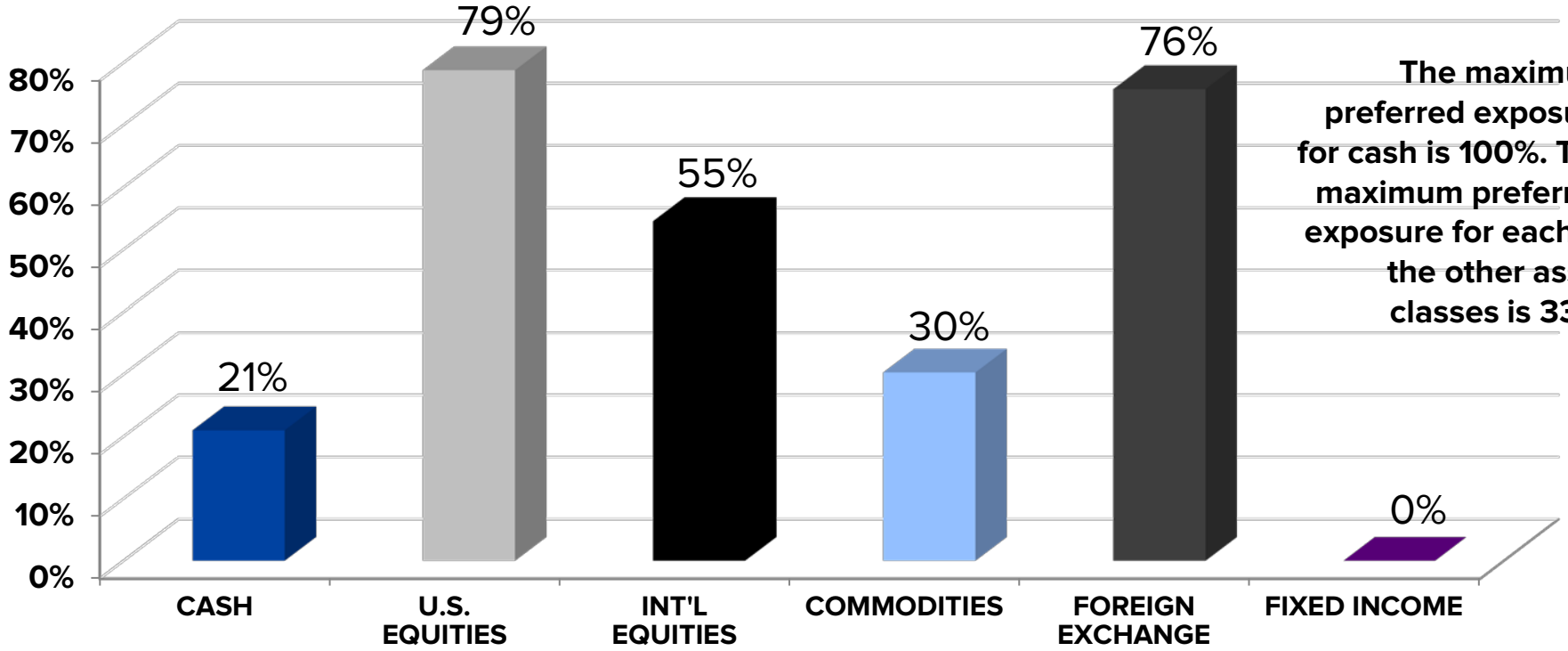
# HEDGEYE ASSET ALLOCATION

| | CASH | U.S. EQUITIES | INT'L EQUITIES | COMMODITIES | FOREIGN EXCHANGE | FIXED INCOME |
|---|---|---|---|---|---|---|
| 3/8/2017 | 21 | 26 | 18 | 10 | 25 | 0 |
| 3/9/2017 | 20 | 27 | 19 | 9 | 25 | 0 |

| | CASH | U.S. EQUITIES | INT'L EQUITIES | COMMODITIES | FOREIGN EXCHANGE | FIXED INCOME |
|---|---|---|---|---|---|---|
| 3/8/2017 | 21% | 79% | 55% | 30% | 76% | 0% |
| 3/9/2017 | 20% | 82% | 58% | 27% | 76% | 0% |

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

# HEDGEYE ASSET ALLOCATION




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

March 9, 2017

THE MACRO SHOW

HEDGEYE TV

1 OIL

2 COMMODITIES

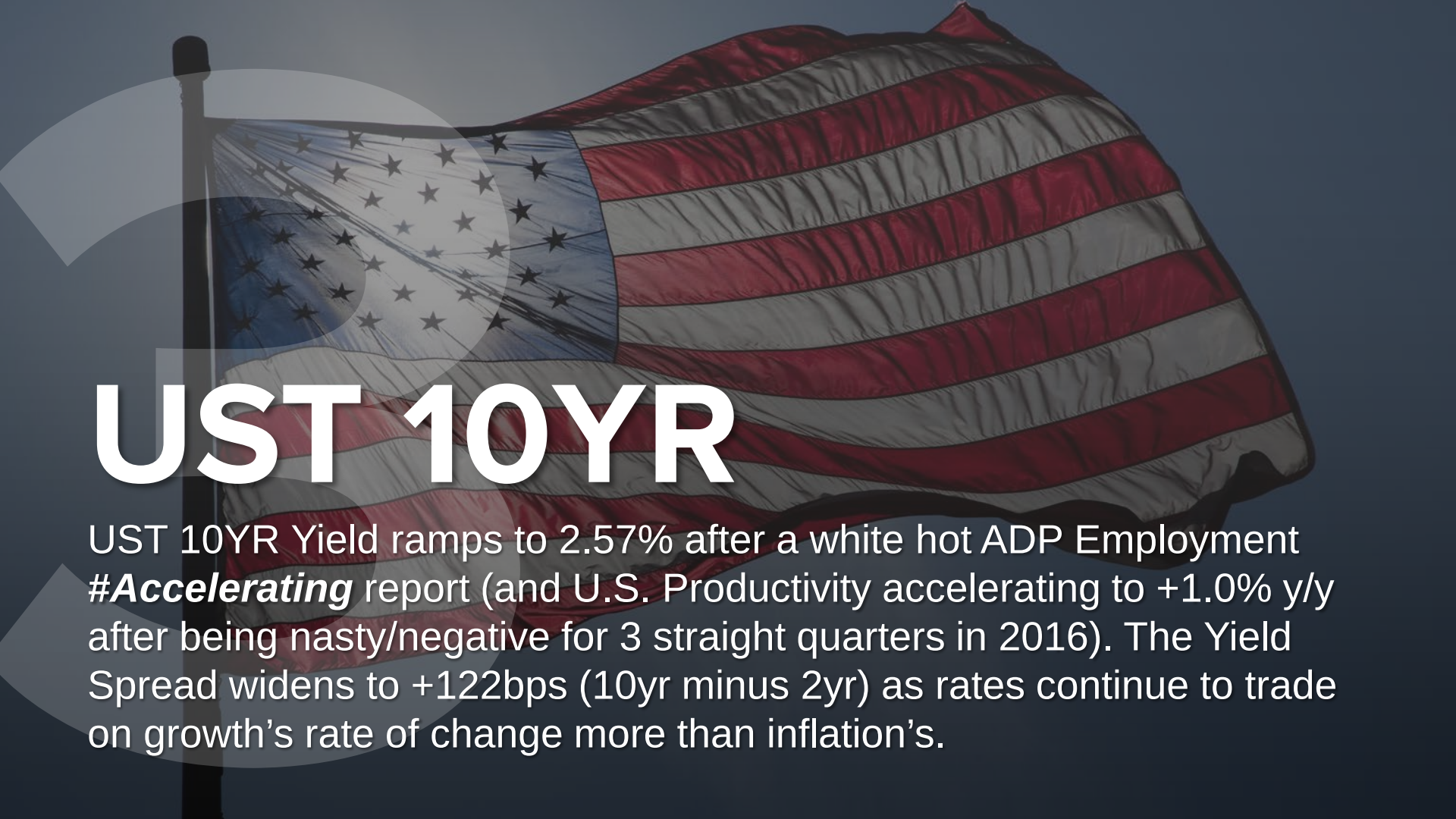
3 UST 10YR

# OIL

Oil was throttled in the last 48 hours and is now testing a break-down of our intermediate-term TREND level this morning (that key signal line = $48.90 WTI) as Oil Volatility (OVX) threatens to breakout above TREND resistance of 32.2. When we got out of XOP last week, we didn’t think it would get this bad this fast – but the process kept us out of this mess.

# COMMODITIES

The Commodities Index (19 Commodities) has now broken both our immediate-term TRADE line (191) and intermediate-term TREND lines (188) of support. Is this a head-fake or precisely what happens on the 5th straight up week for ***#StrongDollar*** joined by rates ripping? “Reflation’s Peak” (our Q1 Theme) looking likely here in Q1.



# UST 10YR

UST 10YR Yield ramps to 2.57% after a white hot ADP Employment ***#Accelerating*** report (and U.S. Productivity accelerating to +1.0% y/y after being nasty/negative for 3 straight quarters in 2016). The Yield Spread widens to +122bps (10yr minus 2yr) as rates continue to trade on growth's rate of change more than inflation's.

**MACRO**

BEN RYAN

# TARGETING UNDERPERFORMANCE IN ENERGY

© Hedgeye Risk Management LLC. All Rights Reserved.

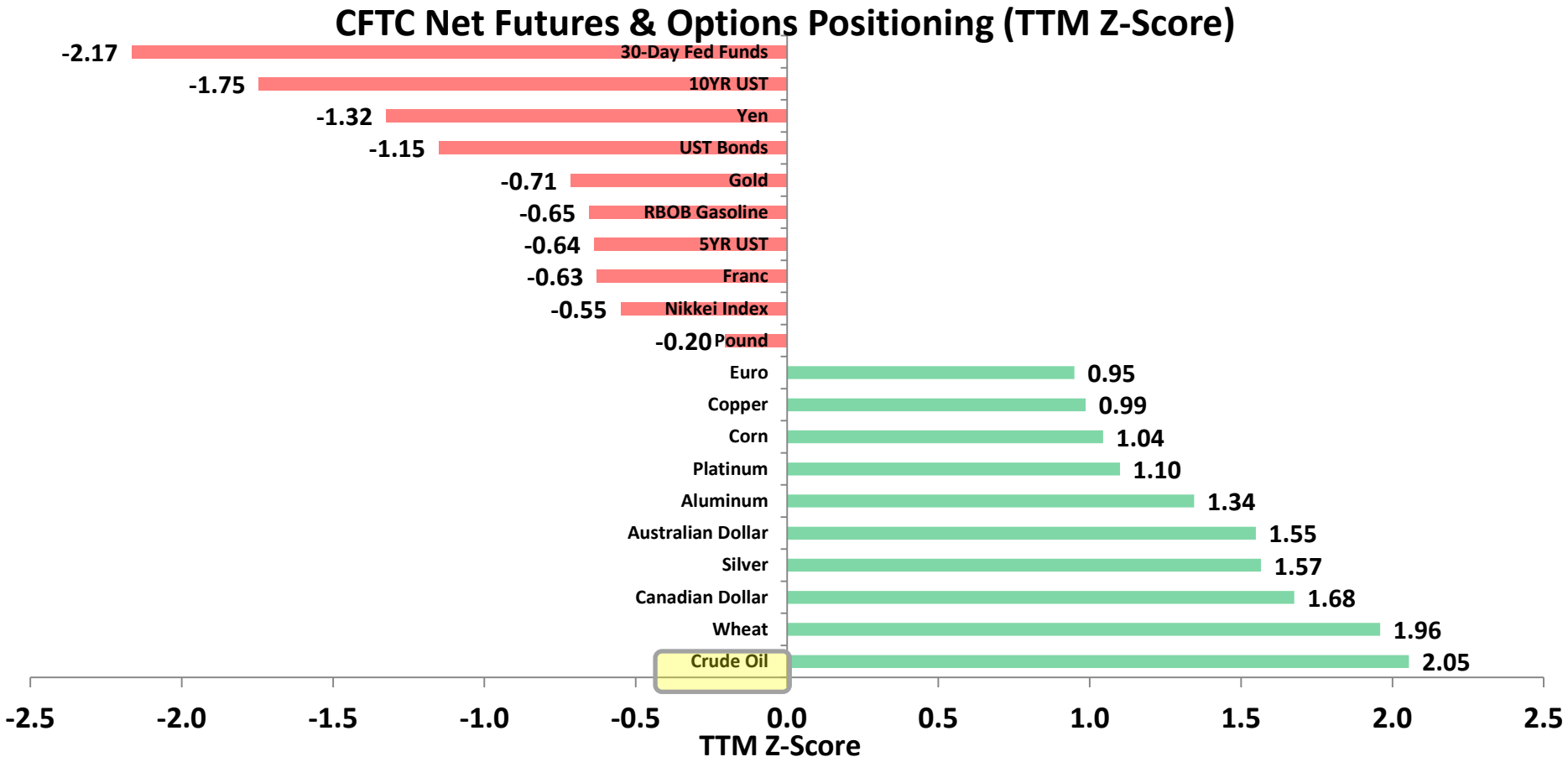
# A LOOK AT 2017 RELATIVE PERFORMANCE BY SECTOR

| S&P 500 SPDR SECTOR PERFORMANCE | | | | | |
|---|---|---|---|---|---|
| Sector SPDR ETF | D/D % | 5-Day % | MTD % | YTD % | Y/Y % |
| S&P 500 | -0.19% | -1.34% | 0.04% | 5.83% | 18.65% |
| Consumer Discretionary | 0.42% | -0.62% | 0.50% | 6.63% | 14.30% |
| Financials | 0.04% | -2.06% | 0.73% | 6.32% | 38.75% |
| Health Care | 0.40% | -0.61% | 0.39% | 9.20% | 11.96% |
| Technology | 0.11% | -0.47% | 0.94% | 9.26% | 25.04% |
| Consumer Staples | -0.22% | -1.17% | -0.71% | 5.80% | 4.69% |
| Industrials | -0.35% | -1.84% | -0.18% | 5.66% | 23.22% |
| Materials | 0.00% | -2.33% | -0.42% | 4.69% | 19.97% |
| Energy | -2.60% | -4.34% | -2.42% | -7.53% | 14.67% |
| Utilities | -1.44% | -1.29% | -2.16% | 4.28% | 5.39% |
| Real Estate | -1.49% | -2.84% | -3.08% | 1.30% | 2.70% |

| S&P 500 SPDR RELATIVE SECTOR PERFORMANCE | | | | | |
|---|---|---|---|---|---|
| Sector SPDR ETF | D/D % | 5-Day % | MTD % | YTD % | Y/Y % |
| Consumer Discretionary | 0.60% | 0.72% | 0.46% | 0.80% | -4.35% |
| Financials | 0.23% | -0.72% | 0.70% | 0.49% | 20.11% |
| Health Care | 0.59% | 0.74% | 0.35% | 3.37% | -6.69% |
| Technology | 0.30% | 0.87% | 0.90% | 3.43% | 6.39% |
| Consumer Staples | -0.03% | 0.17% | -0.75% | -0.03% | -13.96% |
| Industrials | -0.16% | -0.49% | -0.22% | -0.17% | 4.58% |
| Materials | 0.19% | -0.98% | -0.46% | -1.14% | 1.32% |
| Energy | -2.42% | -3.00% | -2.46% | -13.36% | -3.98% |
| Utilities | -1.25% | 0.06% | -2.20% | -1.55% | -13.26% |
| Real Estate | -1.30% | -1.50% | -3.12% | -4.53% | -15.95% |

© Hedgeye Risk Management LLC. All Rights Reserved.

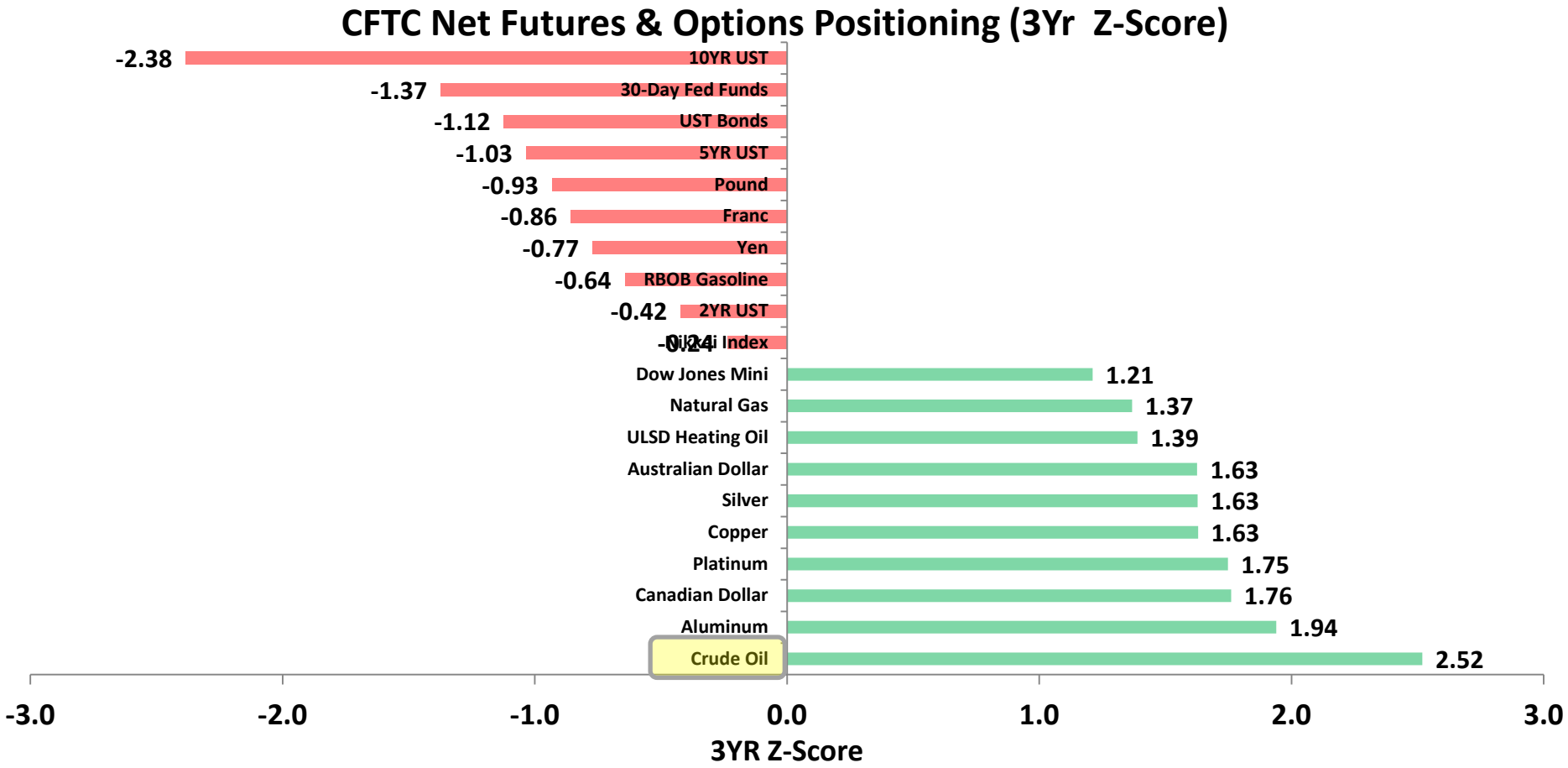
# CFTC POSITIONING: LONG CRUDE OIL




DATA SOURCE: BBG, CME

© Hedgeye Risk Management LLC. All Rights Reserved.

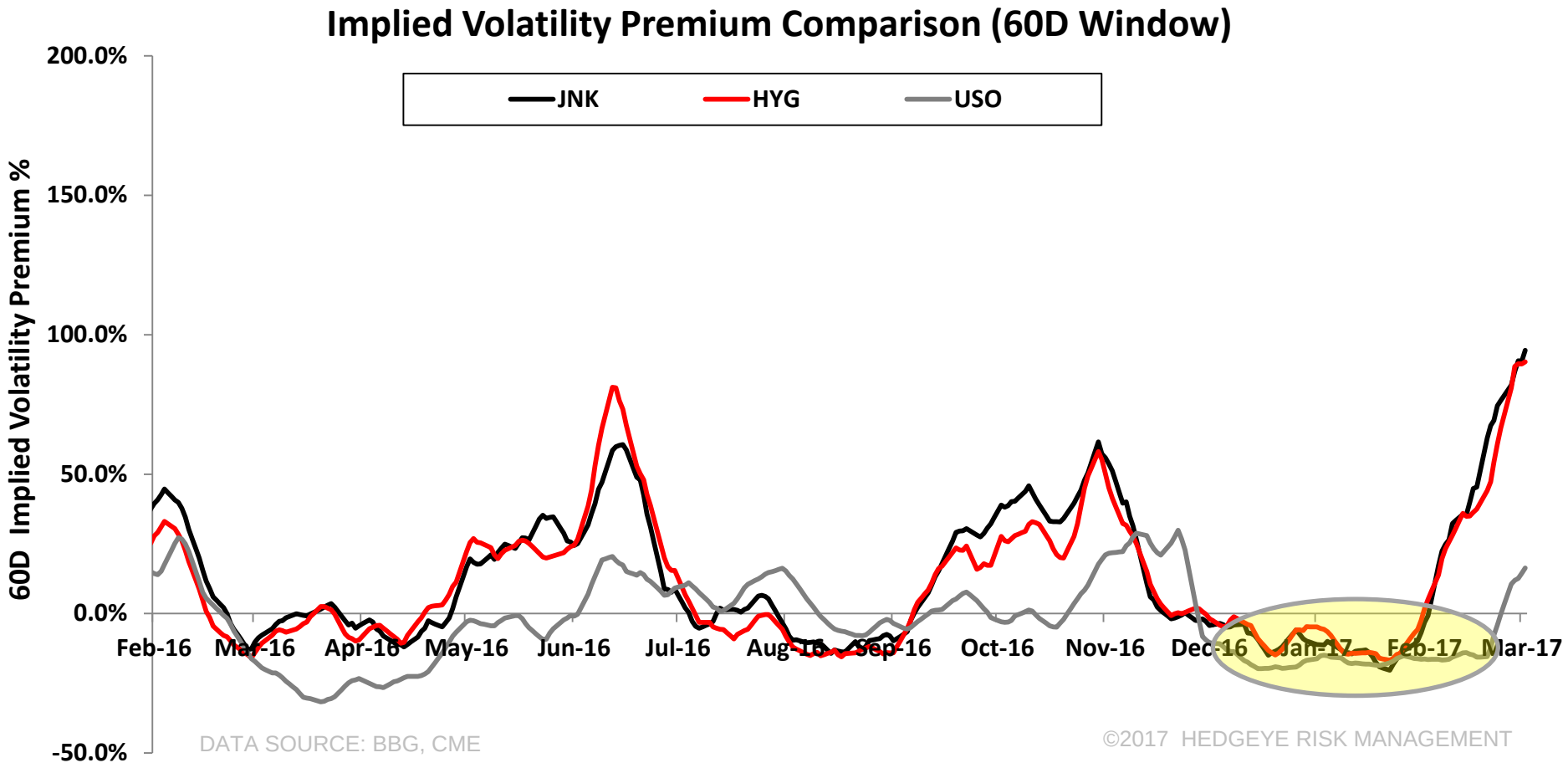
# A LOOK AT THE TANGIBLES: CFTC POSITIONING




DATA SOURCE: BBG, CME

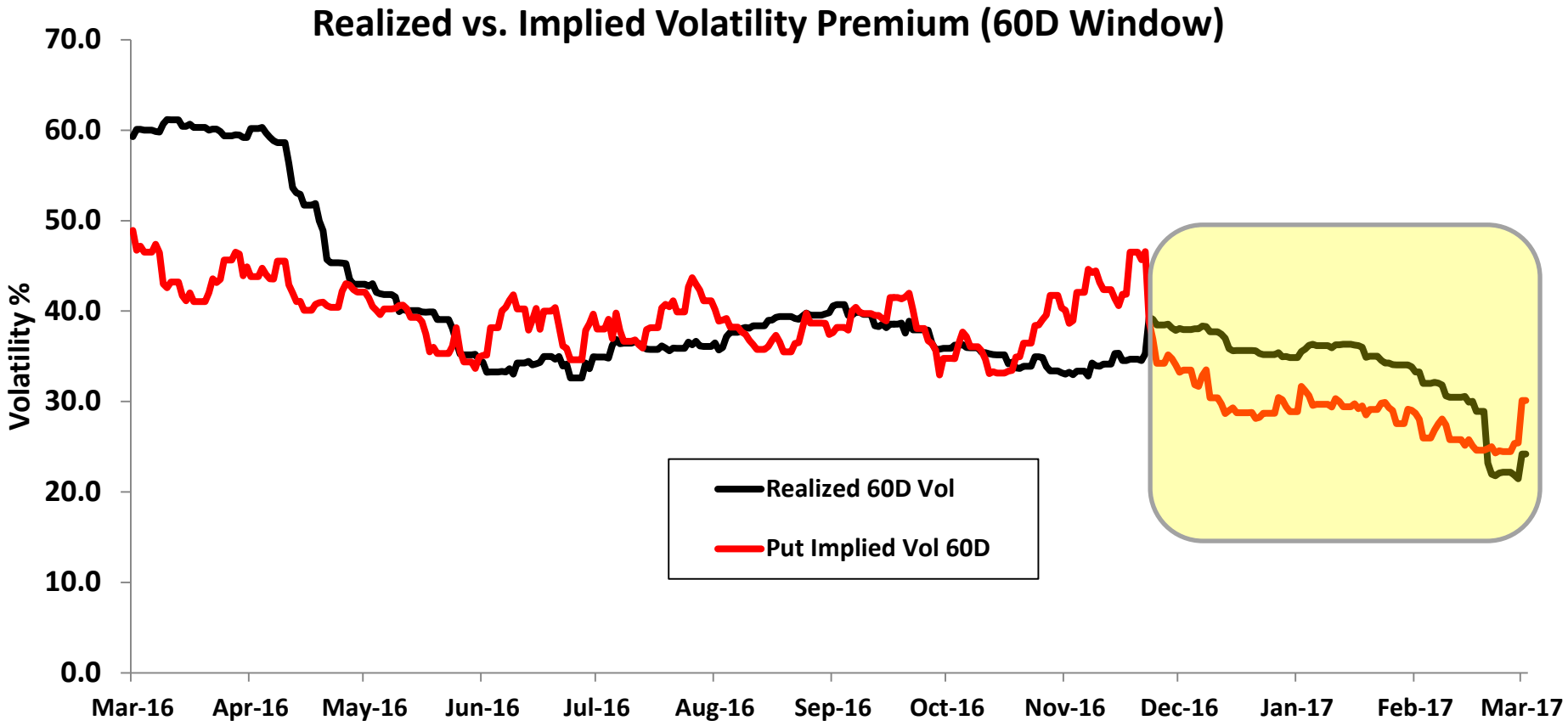
© Hedgeye Risk Management LLC. All Rights Reserved.

# THE EFFECT ON HIGH YIELD: A QUICK EXPECTATIONS SHIFT




© Hedgeye Risk Management LLC. All Rights Reserved.

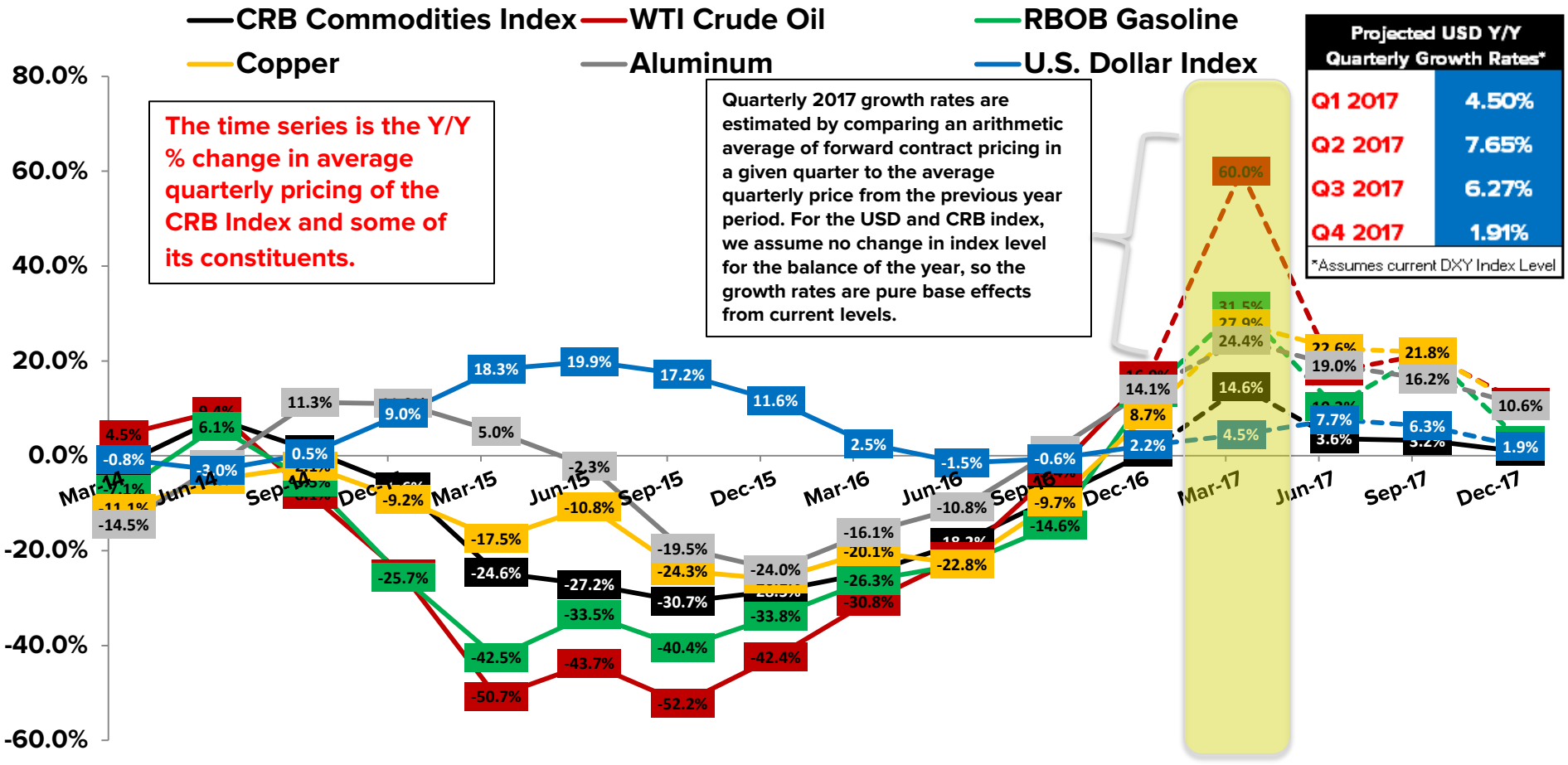
# GRADUAL TAMING OF EXPECTATIONS: USO




DATA SOURCE: BBG, CME

© Hedgeye Risk Management LLC. All Rights Reserved.

# Q1 2017: THE REFLATION TRADE SWEET SPOT





© Hedgeye Risk Management LLC. All Rights Reserved.

# REFLATION SECTORS PEAK: Q1 OF 2017

| S&P 500 | | | | | | | | Q4 QTD | Estimates | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SALES GROWTH (%) | CQ1 15 | CQ2 15 | CQ3 15 | CQ4 15 | CQ1 16 | CQ2 16 | CQ3 16 | CQ4 16* | CQ1 17 | CQ2 17 | CQ3 17 | CQ4 17 |
| All Securities | -2.7% | -3.4% | -3.7% | -4.0% | -1.9% | -0.3% | 2.2% | 4.9% | 7.3% | 5.4% | 5.2% | 5.1% |
| Energy | -34.0% | -31.8% | -34.4% | -34.4% | -29.3% | -24.2% | -14.9% | 3.2% | 36.2% | 25.2% | 29.0% | 21.6% |
| Materials | -9.8% | -10.1% | -14.0% | -15.5% | -8.8% | -7.3% | -1.3% | 4.0% | 5.3% | 5.4% | 4.2% | 4.3% |
| Industrials | -2.0% | -3.2% | -6.1% | -7.2% | -2.0% | -1.3% | 2.1% | 2.4% | 2.3% | 2.3% | 2.8% | 3.9% |
| Consumer Discretionary | 1.8% | 2.1% | 3.7% | 4.4% | 6.3% | 8.5% | 7.9% | 7.9% | 6.7% | 4.1% | 3.6% | 4.6% |
| Consumer Staples | 2.5% | 0.6% | 0.5% | -0.4% | 1.2% | 0.7% | 1.7% | 2.8% | 2.3% | 3.3% | 3.4% | 3.9% |
| Health Care | 10.3% | 8.9% | 9.5% | 9.6% | 9.2% | 8.8% | 6.9% | 5.2% | 5.6% | 3.4% | 4.0% | 3.9% |
| Financials | 2.0% | 1.6% | 0.1% | 1.0% | -1.7% | 0.7% | 5.7% | 5.7% | 6.8% | 2.2% | -0.4% | 0.9% |
| Information Technology | 6.0% | 3.1% | 1.1% | -5.3% | -6.8% | -3.9% | -0.7% | 7.0% | 7.6% | 6.2% | 5.3% | 5.6% |
| Telecom | 2.6% | 2.4% | 11.8% | 12.0% | 11.2% | 9.6% | 0.6% | -1.7% | -0.1% | 0.2% | 0.7% | 1.0% |
| Utilities | -3.6% | -4.9% | -2.1% | -12.6% | -10.5% | -2.4% | 3.5% | 9.2% | 9.6% | 8.0% | 3.9% | 2.2% |
| Real Estate | 4.4% | 6.4% | 7.5% | 10.8% | 11.4% | 7.4% | 6.7% | 3.6% | 2.8% | 5.7% | 3.7% | 4.7% |
| Data Source: BBG | | | | | | | | *489/500 reported | | | | |

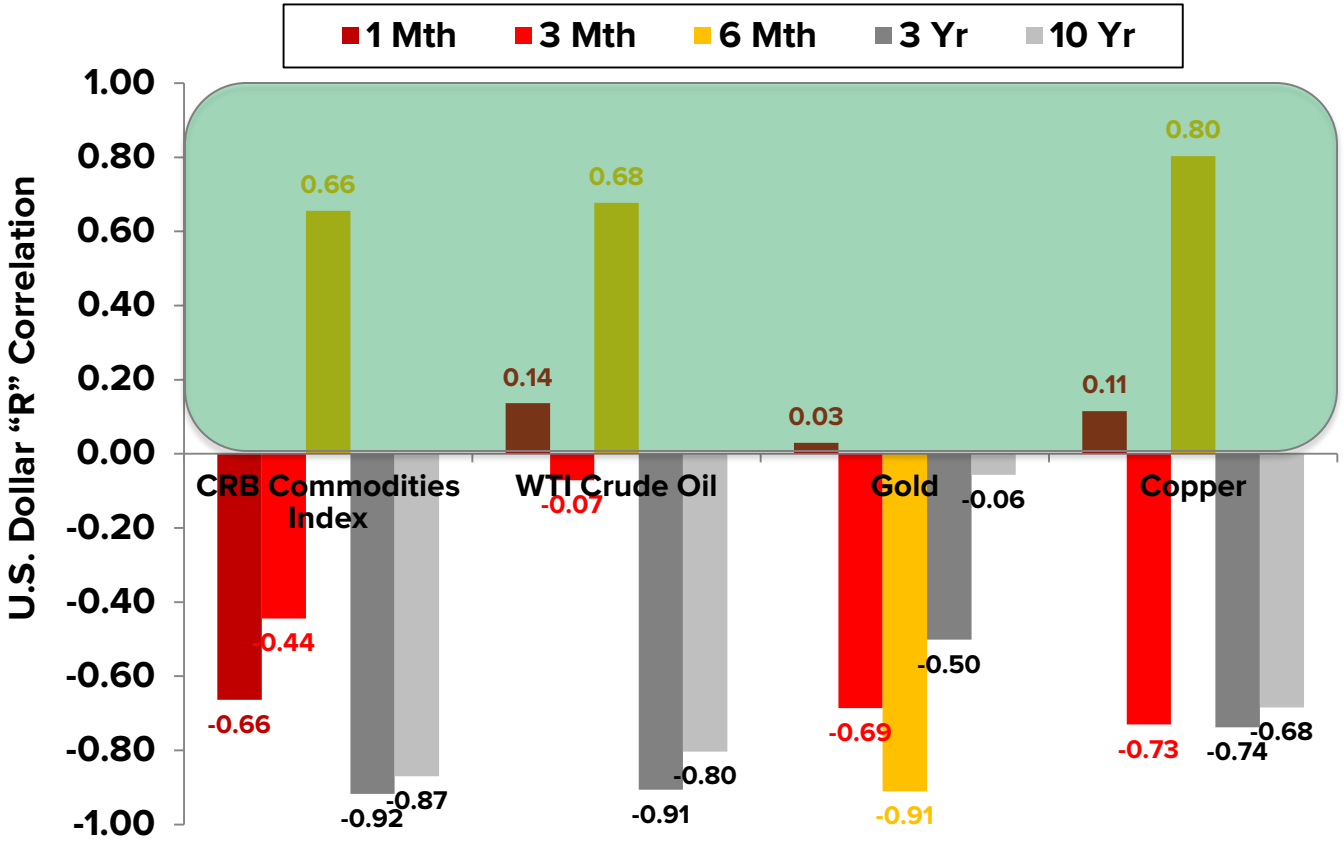
| S&P 500 | | | | | | | | Q4 QTD | Estimates | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EPS Growth (%) | CQ1 15 | CQ2 15 | CQ3 15 | CQ4 15 | CQ1 16 | CQ2 16 | CQ3 16 | CQ4 16* | CQ1 17 | CQ2 17 | CQ3 17 | CQ4 17 |
| All Securities | 1.5% | -1.2% | -3.8% | -6.8% | -8.0% | -3.9% | 2.7% | 6.4% | 9.7% | 9.0% | 8.6% | 13.0% |
| Energy | -56.7% | -56.5% | -57.5% | -72.6% | -109.6% | -81.6% | -62.5% | -9.0% | 575.2% | 409.0% | 193.1% | 153.3% |
| Materials | -0.4% | 6.3% | -15.6% | -17.9% | -16.0% | -9.1% | 5.2% | 1.7% | 9.1% | 7.3% | 7.3% | 16.2% |
| Industrials | 11.3% | -3.0% | -0.7% | -5.4% | -7.3% | -1.9% | -1.8% | -5.4% | -5.5% | 0.5% | 4.2% | 13.2% |
| Consumer Discretionary | 9.3% | 9.0% | 13.9% | 9.4% | 17.8% | 10.3% | 4.7% | 4.3% | -0.9% | 3.6% | 7.3% | 11.4% |
| Consumer Staples | 3.6% | 0.1% | -2.1% | -0.7% | 1.2% | 0.0% | 6.1% | 4.2% | 2.8% | 5.2% | 5.1% | 7.2% |
| Health Care | 18.2% | 15.1% | 14.5% | 11.0% | 8.1% | 4.8% | 5.5% | 4.7% | 0.7% | 1.8% | 4.5% | 8.7% |
| Financials | 7.1% | 2.7% | -8.6% | -5.3% | -14.2% | -7.0% | 13.0% | 6.6% | 15.8% | 9.5% | 6.4% | 17.3% |
| Information Technology | 10.0% | 6.6% | 4.5% | -3.8% | -7.4% | -2.7% | 4.6% | 11.4% | 13.7% | 11.1% | 8.1% | 8.1% |
| Telecom | 8.5% | 10.2% | 23.7% | 27.8% | 16.1% | 3.5% | -1.5% | 0.5% | -2.4% | 5.4% | 1.1% | -0.2% |
| Utilities | 1.3% | 3.0% | 0.8% | -49.6% | -1.9% | 8.9% | 12.4% | 110.5% | 0.6% | -2.5% | -2.6% | 12.1% |
| Real Estate | 12.6% | 11.7% | 12.5% | 14.5% | 8.3% | 7.1% | 6.6% | 11.4% | 4.8% | 4.7% | 6.5% | 0.8% |
| Data Source: BBG | | | | | | | | *489/500 reported | | | | |

DATA SOURCE: BLOOMBERG

© Hedgeye Risk Management LLC. All Rights Reserved.

# BROKEN CORRELATIONS TO CONTINUE?

## U.S. DOLLAR CORRELATIONS "R"




***Reflation's Peak: Q1**

**After the easiest reflation trade comp effect in Q1 of 2017, current trending conditions face second derivative pressure in Q2....**

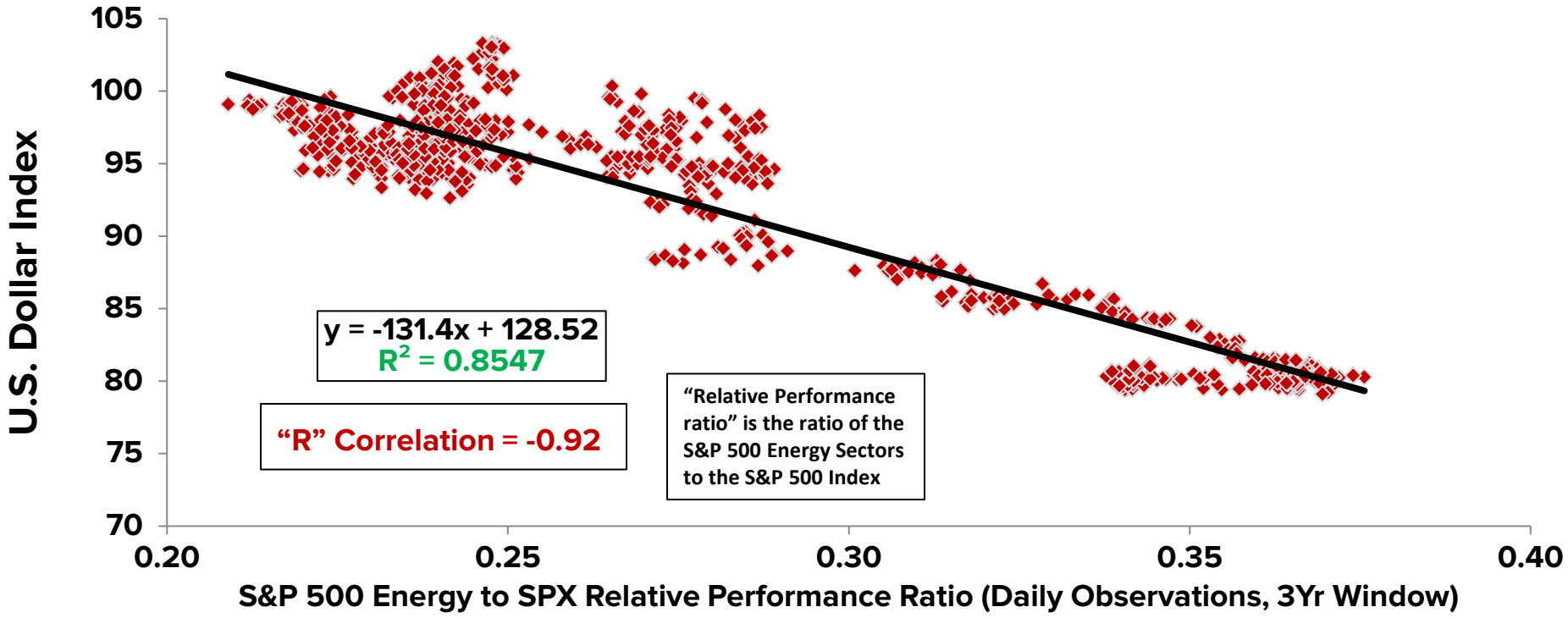
**And Beyond Q1 our long-term cycle work keeps us cautious of a sustainable positive longer term trend in both the U.S. dollar and reflation trade outperformance.**

DATA SOURCE: BLOOMBERG, HRM

© Hedgeye Risk Management LLC. All Rights Reserved.

# USD DRIVES RELATIVE REFLATION PERFORMANCE

## U.S. Dollar Correlation with S&P Energy Relative Performance

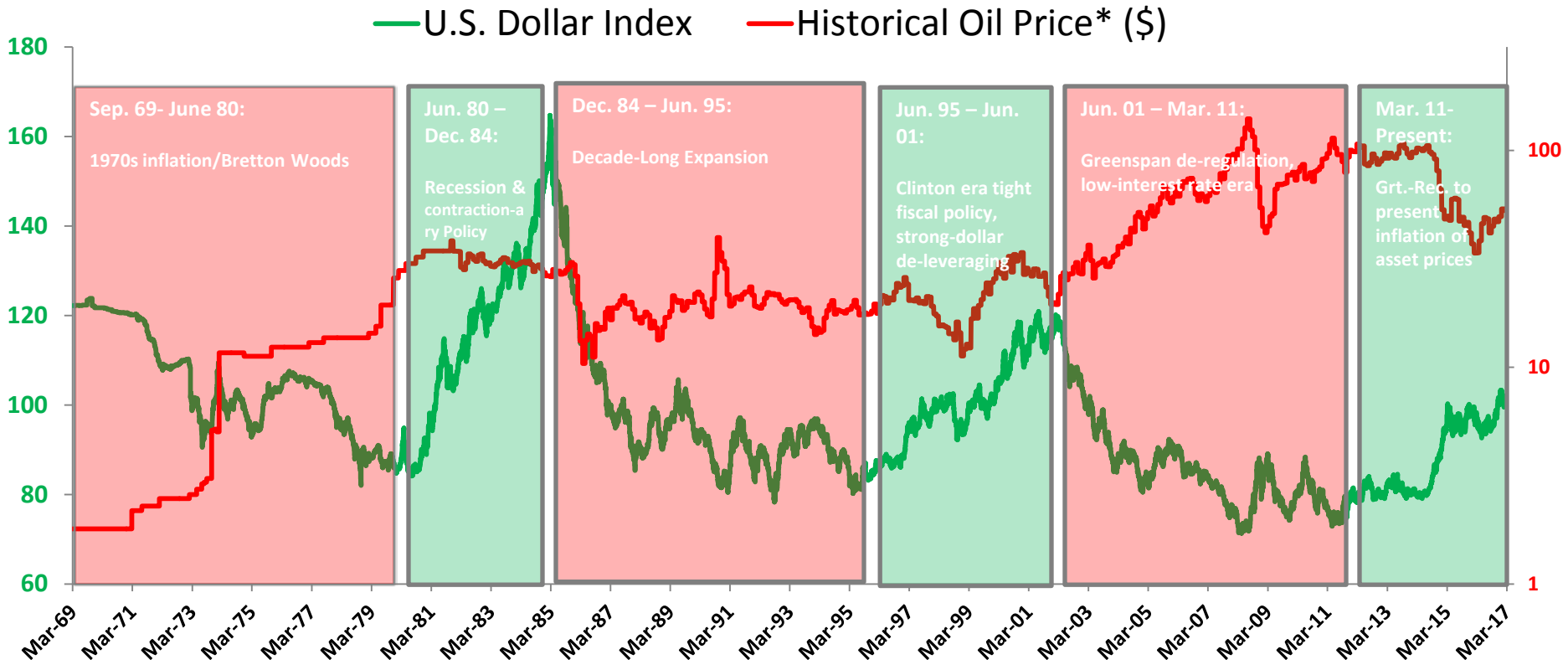



DATA SOURCE: BLOOMBERG, HRM

© Hedgeye Risk Management LLC. All Rights Reserved.

# A LONG-TERM LOOK AT STRONG DOLLAR CYCLES

## BIRDS-EYE VIEW

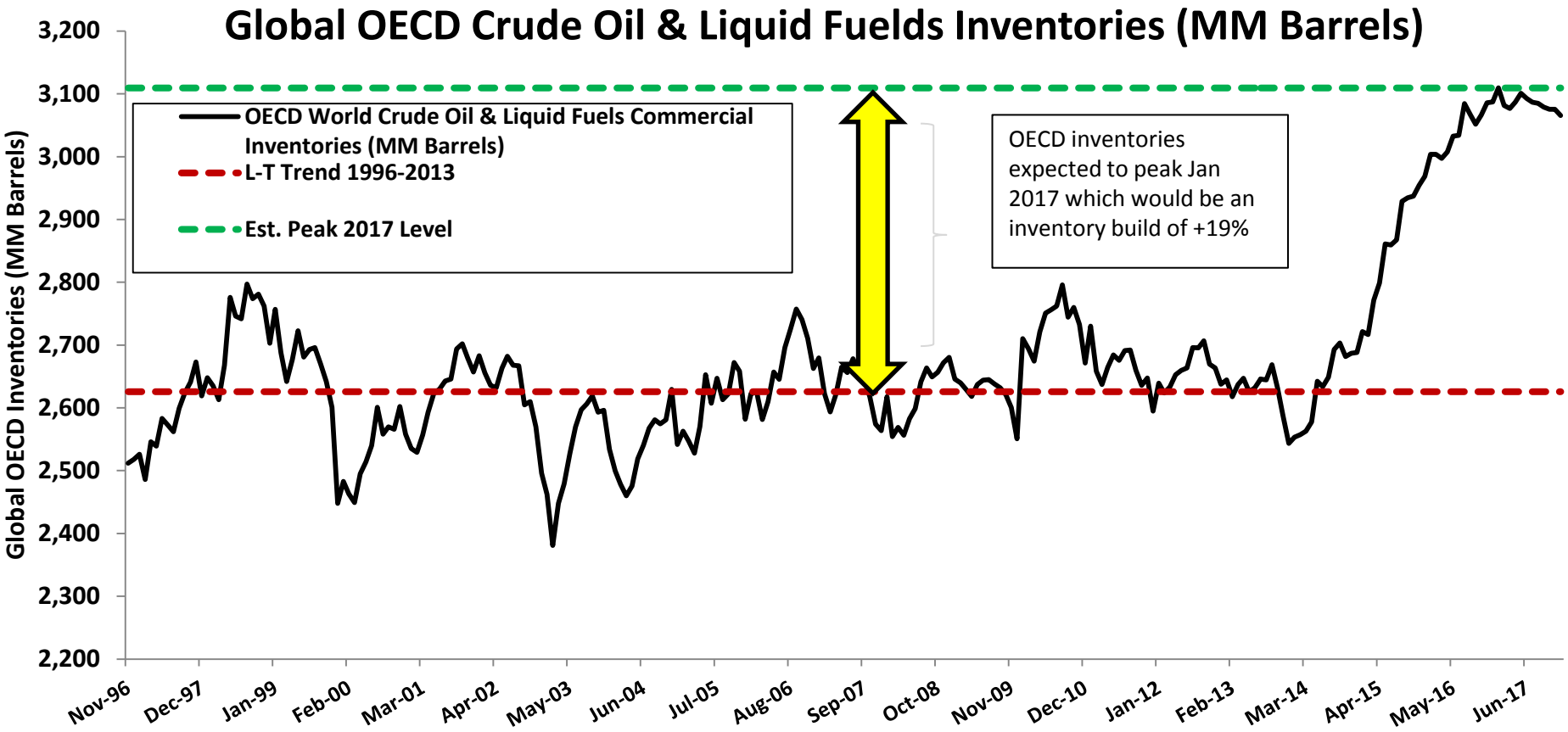



*Log Scaling

DATA SOURCE: BLOOMBERG (*BLOOMBERG HISTORICAL CRUDE OIL PRICE INDEX)

© Hedgeye Risk Management LLC. All Rights Reserved.

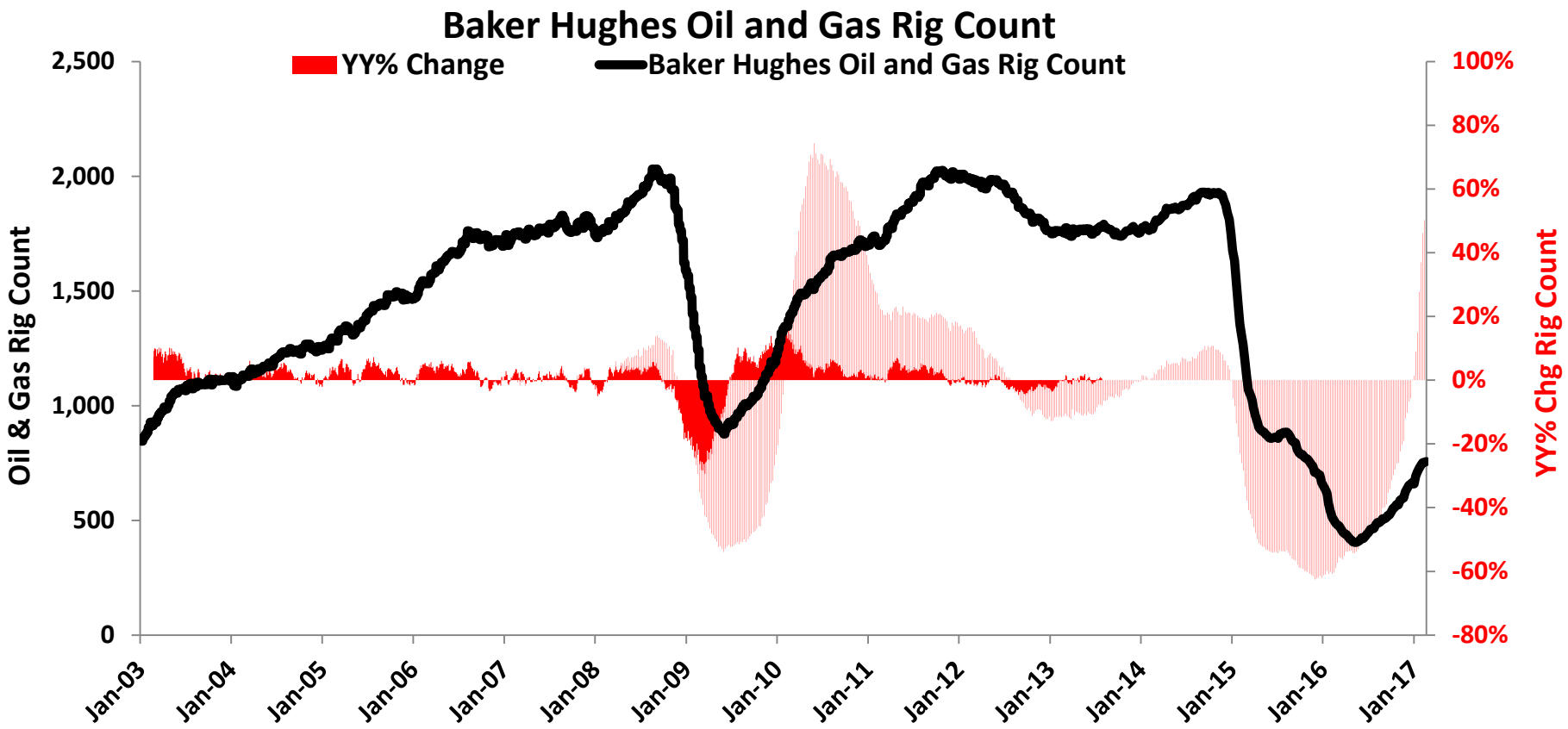
# EYEING GLOBAL INVENTORIES: OECD OIL & LIQUIDS




Source: OECD, Bloomberg, Hedgeye Estimates

© Hedgeye Risk Management LLC. All Rights Reserved.

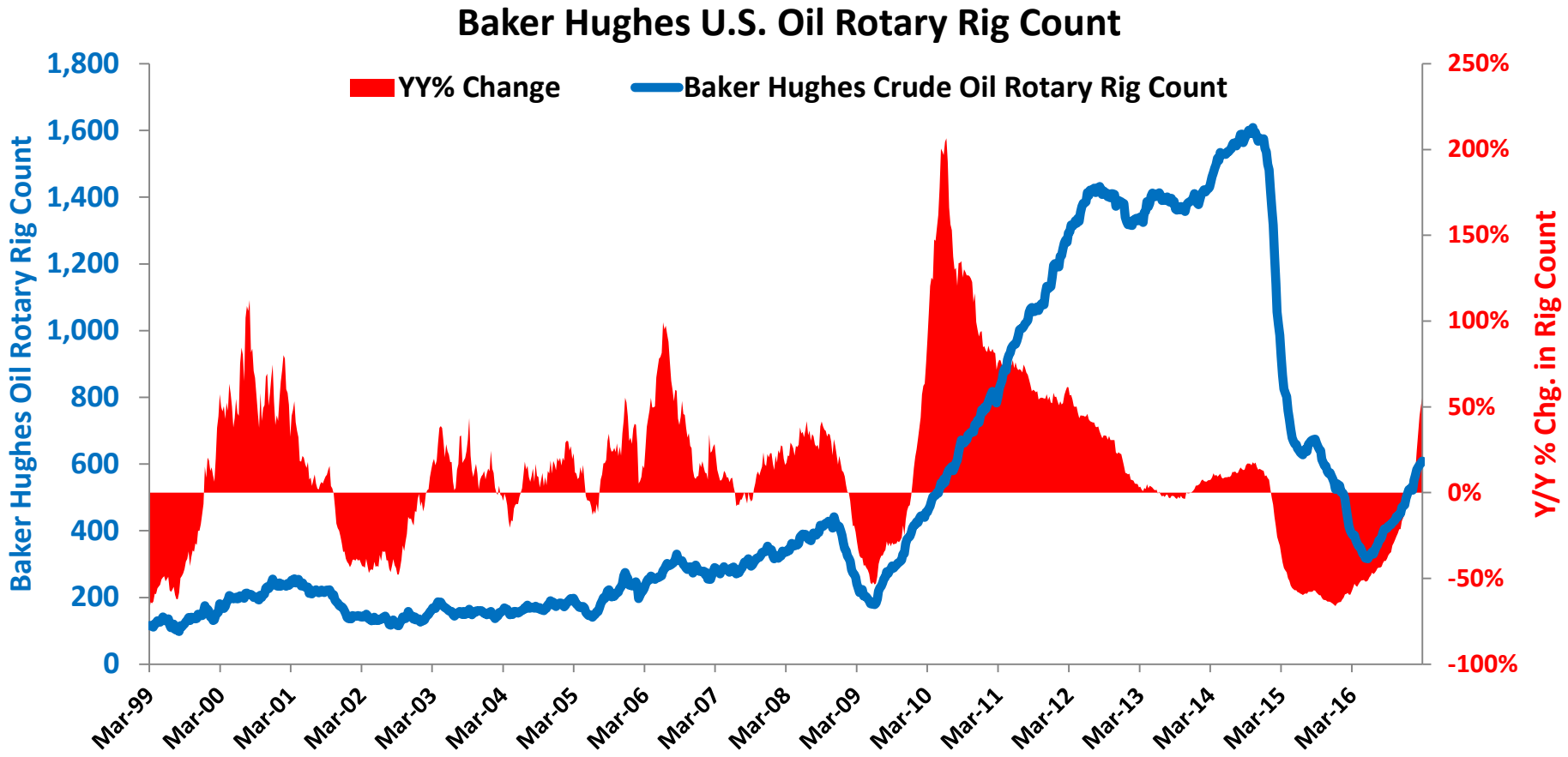
# INCREASING RIG COUNTS: OIL & GAS




Source:EIA, Bloomberg

© Hedgeye Risk Management LLC. All Rights Reserved.

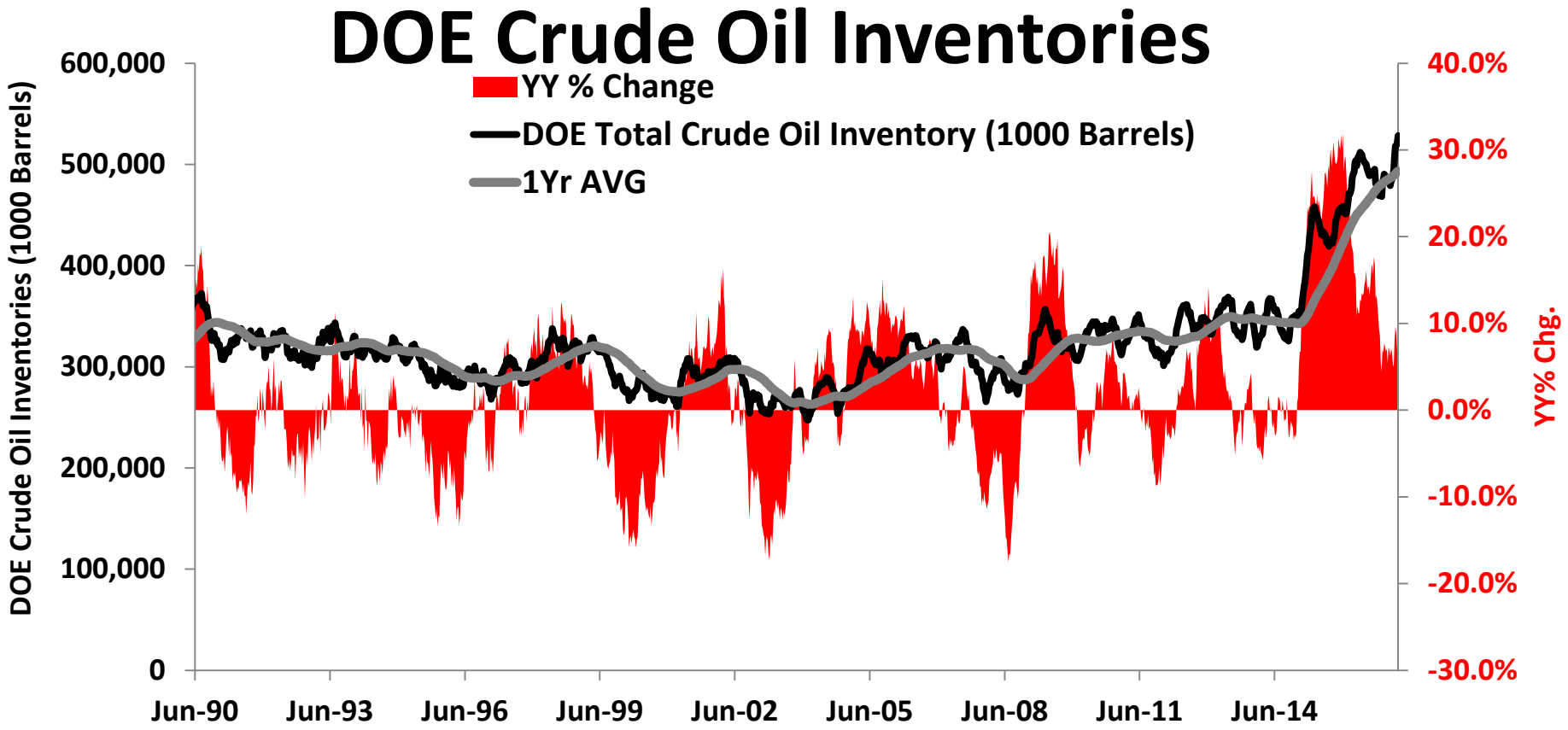
# INCREASING RIG COUNTS: OIL SPECIFIC RIG COUNTS




Source:EIA, Bloomberg

© Hedgeye Risk Management LLC. All Rights Reserved.

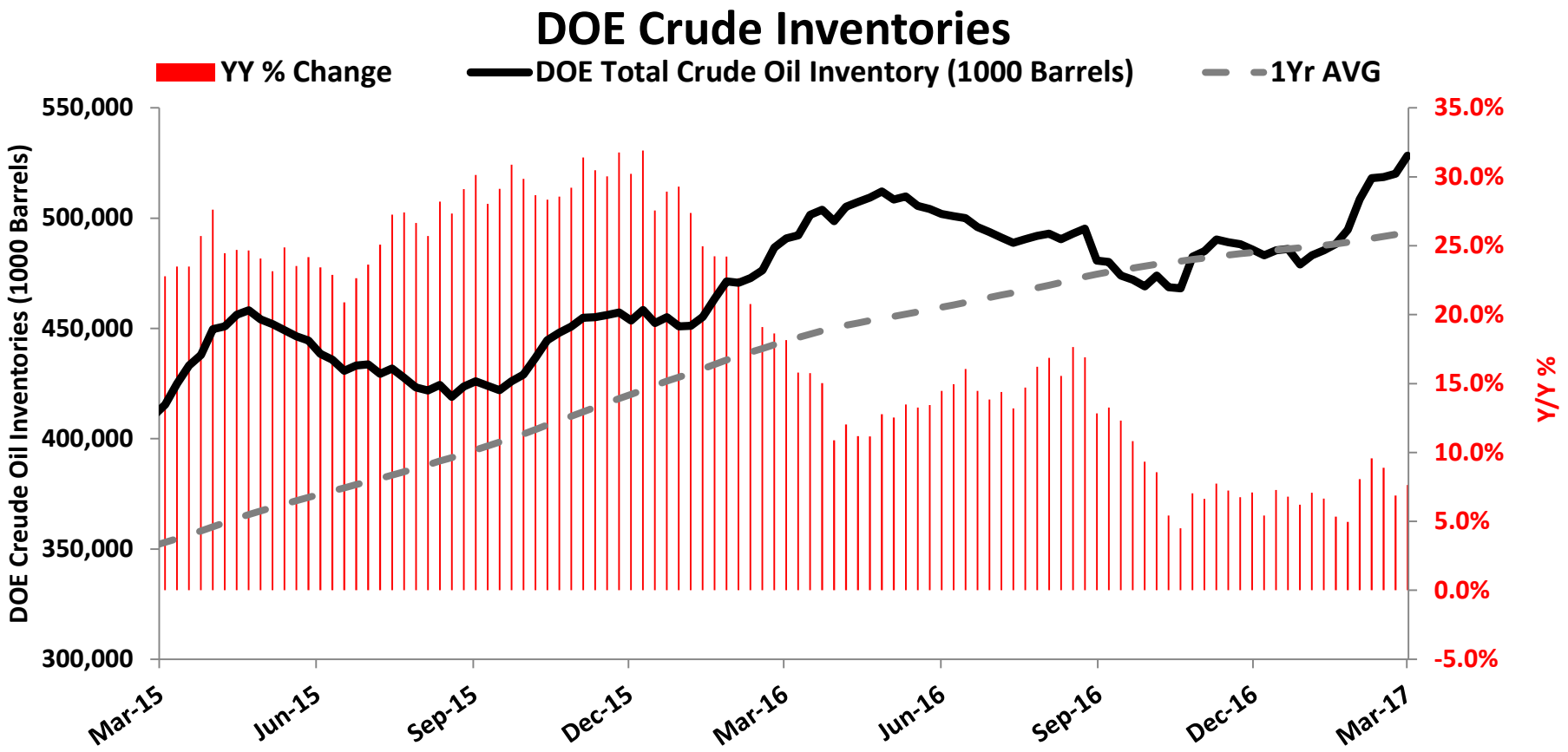
# DOE CRUDE INVENTORIES: SURGING TO ALL-TIME HIGHS




Source: HRM, DOE, Bloomberg

© Hedgeye Risk Management LLC. All Rights Reserved.

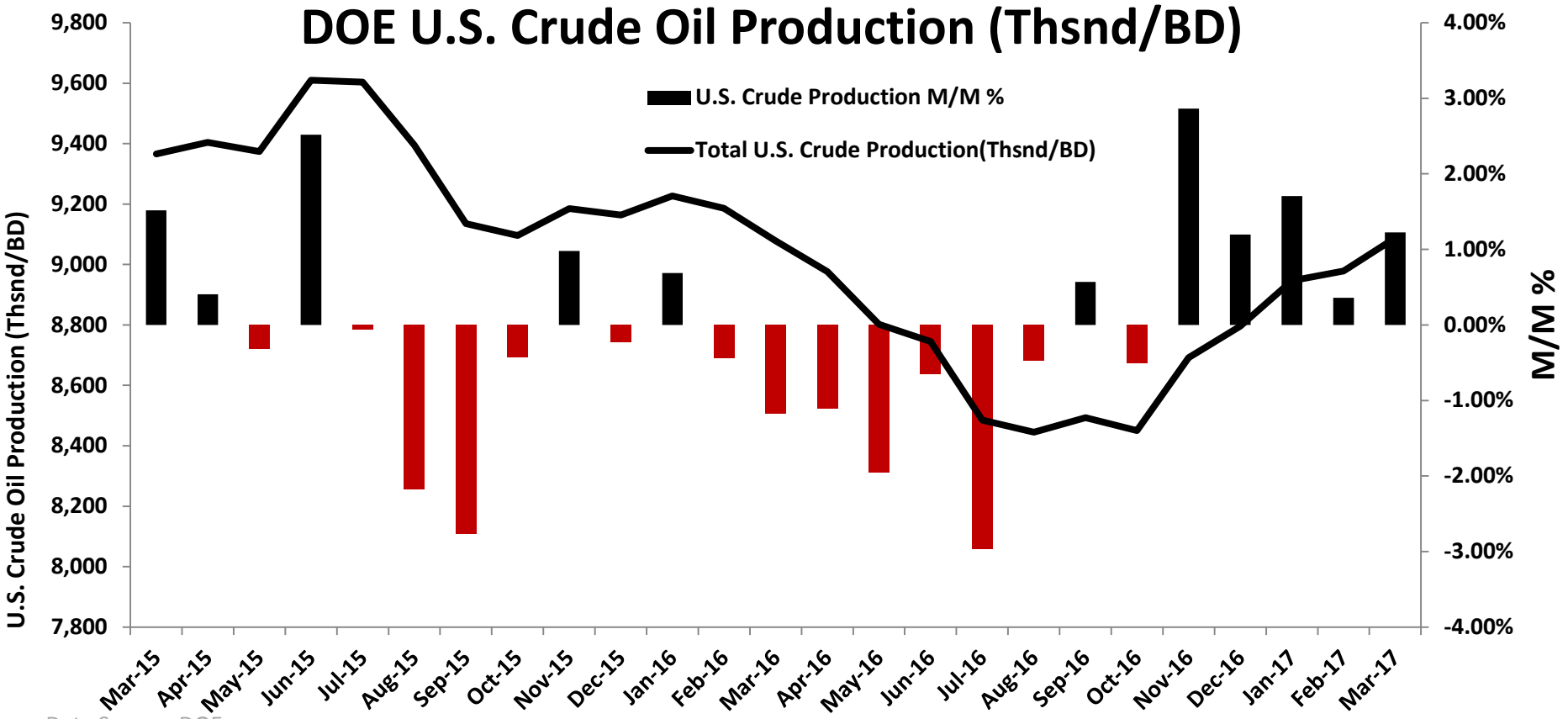
# CRUNCHING THE TIME PERIOD: CRUDE INVENTORIES




Source: HRM, DOE, Bloomberg

© Hedgeye Risk Management LLC. All Rights Reserved.

# DOMESTIC CRUDE OIL: A CLEAR TREND




Data Source: DOE

© Hedgeye Risk Management LLC. All Rights Reserved.

# A LOOK AT REGIONAL PRODUCTION: PERMIAN DOMINATES

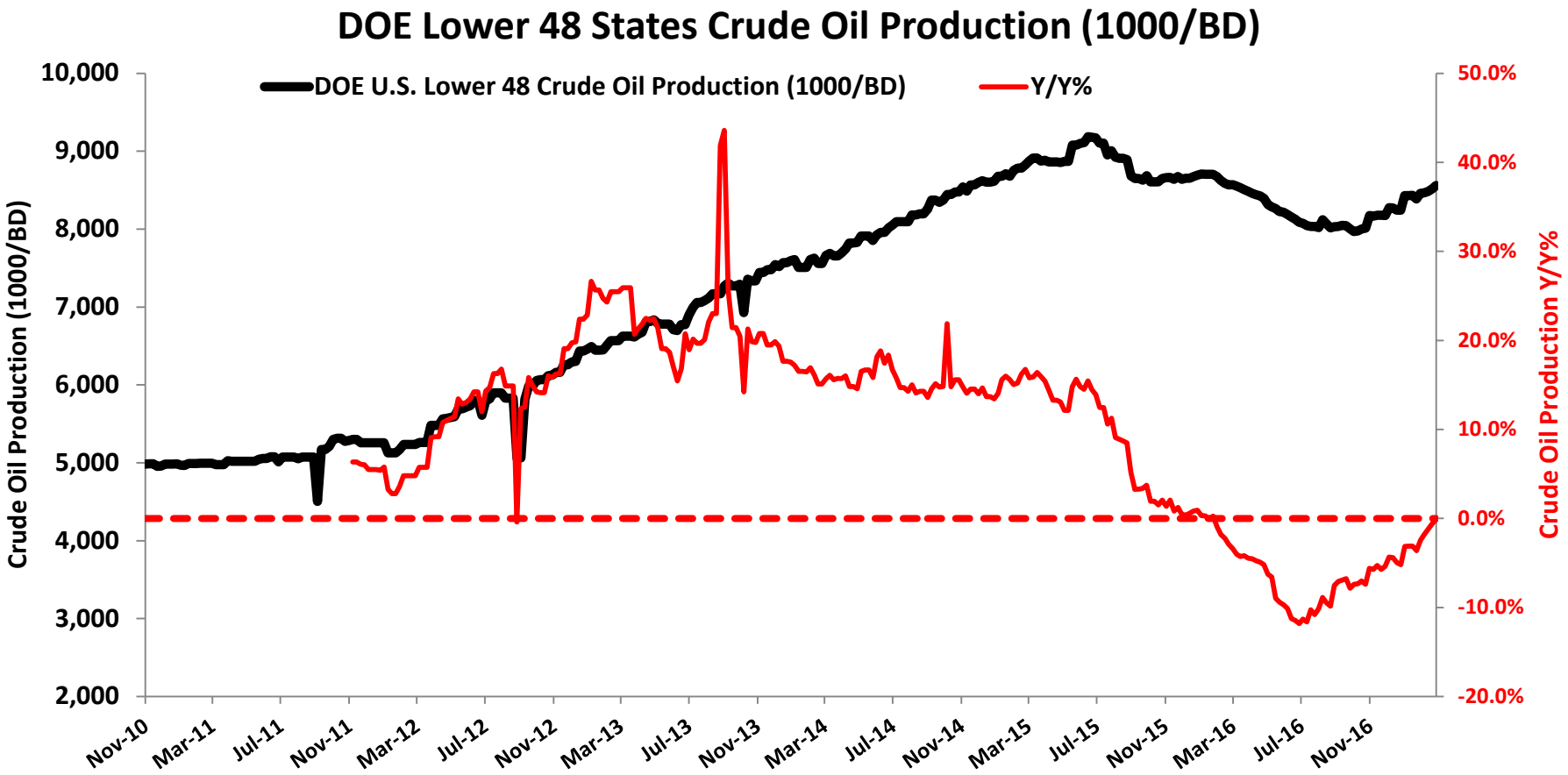
## U.S. Crude Oil Production & Rig Count

| | Regional Oil Production | | | | Oil Production Per Rig (B/D) | | Baker Hughes Oil Rig Count | | |
|---|---|---|---|---|---|---|---|---|---|
| Region | Crude Oil Production (% Major Play Production) | Total Crude Oil Production (MM/BD)* | m/m% Change | y/y %Change | m/m % Change | y/y % Change | w/w % Change | m/m % Change | y/y % change |
| United States (Aggregate) | | 9.09 | 1.2% | 0.1% | | | 1.16% | 7.60% | 55.36% |
| Eagle Ford | 22.19% | 1.08 | -0.3% | -23.4% | 0.9% | 27.6% | | 21.3% | -23.0% |
| Niobrara | 9.03% | 0.45 | 3.1% | -5.0% | 2.0% | 41.5% | | 5.6% | 46.2% |
| Haynesville | 0.89% | 0.04 | 0.0% | -13.1% | 0.0% | 6.9% | | 10.3% | 28.0% |
| Bakken | 20.73% | 0.98 | -2.1% | -12.9% | 1.5% | 34.7% | | 6.3% | -24.4% |
| Marcellus | 0.79% | 0.04 | 1.1% | -7.7% | 0.0% | 30.2% | | 2.5% | 13.9% |
| Utica | 0.89% | 0.04 | -5.8% | -42.8% | -7.6% | -45.3% | | 11.1% | 42.9% |
| Permian | 45.48% | 2.25 | 2.5% | 10.9% | 1.2% | 28.4% | | 9.5% | 38.7% |

*Regional data from EIA drilling productivity report and aggregate U.S. data from Weekly DOE report

© Hedgeye Risk Management LLC. All Rights Reserved.

# LOWER 48 STATES CRUDE PRODUCTION NOW FLAT Y/Y




Data Source: DOE

© Hedgeye Risk Management LLC. All Rights Reserved.

# LOOKING AROUND THE WORLD: GLOBAL PRODUCTION MONITOR

**Global Production Tracker** — **Producers >= 1% Global Production**

| | Latest Monthly Production Data (MM/BD)* | % Global Share | MM% Change in Production | YY% Change in Production | YY% Change in Production (2Mth Avg. Stacked) | YY Incremental Barrels (MM/BD) | YY Incremental Barrels 2M Avg. Stacked (MM/BD) |
|---|---|---|---|---|---|---|---|
| World Total | 96.3 | | | 0.8% | 1.2% | 0.81 | 1.19 |
| OPEC | 32.1 | 33.3% | -2.8% | -0.1% | 1.9% | -0.04 | 0.62 |
| Non-OPEC | 57.4 | 59.6% | 0.5% | 1.2% | 0.7% | 0.67 | 0.37 |
| Saudi Arabia | 9.75 | 10.1% | -6.9% | -4.7% | -0.8% | -0.48 | -0.08 |
| U.S.A | 9.08 | 9.4% | 0.9% | -2.1% | -2.6% | -0.20 | -0.24 |
| Russia | 11.09 | 11.5% | -0.9% | 0.7% | 1.7% | 0.08 | 0.19 |
| Canada | 4.03 | 4.2% | 5.6% | 3.2% | 2.6% | 0.13 | 0.10 |
| China | 3.95 | 4.1% | -3.1% | -7.5% | -7.1% | -0.32 | -0.31 |
| Iraq | 4.49 | 4.7% | -3.9% | -0.9% | 2.2% | -0.04 | 0.10 |
| Iran | 3.92 | 4.1% | 4.0% | 30.2% | 29.3% | 0.91 | 0.87 |
| U.A.E | 3.06 | 3.2% | -5.0% | -2.3% | 2.6% | -0.07 | 0.08 |
| Venezuela | 1.91 | 2.0% | 0.4% | -3.7% | -4.0% | -0.07 | -0.08 |
| Mexico | 2.03 | 2.1% | 0.0% | -10.0% | -10.2% | -0.23 | -0.23 |
| Kuwait | 2.71 | 2.8% | -4.7% | -9.7% | -6.3% | -0.29 | -0.19 |
| Brazil | 2.80 | 2.9% | 2.7% | 19.1% | 13.5% | 0.45 | 0.32 |
| Nigeria | 1.51 | 1.6% | 13.2% | 2.1% | -6.2% | 0.03 | -0.10 |
| Norway | 1.71 | 1.8% | 1.2% | 5.5% | 4.5% | 0.09 | 0.07 |
| Algeria | 1.04 | 1.1% | -1.0% | -6.1% | -6.2% | -0.07 | -0.07 |
| Angola | 1.67 | 1.7% | -2.8% | -5.6% | -5.2% | -0.10 | -0.09 |
| Kazakhstan** | 1.75 | 1.8% | 3.0% | 0.3% | -0.1% | 0.01 | 0.00 |
| U.K. | 1.12 | 1.2% | -0.8% | 8.1% | 8.6% | 0.08 | 0.09 |
| Colombia | 0.97 | 1.0% | 3.3% | -1.2% | -3.4% | -0.01 | -0.03 |
| Oman | 0.95 | 1.0% | -4.0% | -6.7% | -4.3% | -0.07 | -0.04 |
| **Total*** ** | **69.5** | | | | | **-0.18** | **0.35** |

*Latest EIG data through last completed month
**DOE Data through March 2016
***List makes up ~72% global Production

© Hedgeye Risk Management LLC. All Rights Reserved.

# MACRO GRIND

| | REALIZED VOLATILITY | | | | IMPLIED VOLATILTY* | | | | IMPLIED** VS. REALIZED VOLATILITY | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Duration of Realized (%) | | | At-The-Money % | | | | | | 30 Day | | | 60 Day | | | 3 Month | |
| | | | | | | | | | | | Z-Score | | | Z-Score | | | Z-Score | |
| Index/Security | Ticker | 30D | 60D | 90D | Current | v 1M Avg | v 3M Avg | v 6M Avg. | Ticker | Premium | TTM | 3Yr | Premium | TTM | 3Yr | Premium | TTM | 3Yr |
| S&P 500 | SPX | 6.7% | 6.8% | 8.0% | 9.5% | 0.5% | -3.9% | -16.5% | SPX | 37.0% | 0.50 | 0.93 | 60.4% | 1.76 | 2.22 | 47.2% | 1.66 | 1.76 |
| Russell 2000 | RTY | 13.7% | 13.8% | 15.5% | 15.4% | -1.2% | -4.7% | -9.2% | RTY | 11.8% | 0.36 | 0.28 | 19.7% | 1.04 | 0.70 | 11.4% | 0.71 | 0.09 |
| Nasdaq 100 | NDX | 6.3% | 7.5% | 10.5% | 10.7% | -3.8% | -13.8% | -22.2% | NDX | 60.5% | 1.30 | 1.91 | 64.2% | 2.38 | 2.87 | 28.1% | 1.04 | 1.14 |
| USD Index | UUP | 6.2% | 7.7% | 7.6% | 7.0% | -12.9% | -20.3% | -17.6% | UUP | 14.7% | 0.08 | 0.02 | -0.8% | -0.72 | -0.64 | 7.7% | -0.29 | -0.29 |
| Consumer Discret. | XLY | 7.2% | 8.5% | 9.8% | 10.7% | -1.9% | -12.5% | -19.6% | XLY | 39.4% | 0.70 | 1.14 | 38.9% | 1.27 | 1.60 | 29.9% | 1.09 | 1.25 |
| Financials | XLF | 14.7% | 14.5% | 17.4% | 16.0% | 0.5% | -6.0% | -7.9% | XLF | 5.4% | -0.13 | -0.05 | 18.3% | 0.59 | 0.62 | 4.0% | 0.38 | -0.03 |
| Healthcare | XLV | 9.0% | 9.3% | 13.1% | 11.9% | 0.2% | -8.7% | -16.5% | XLV | 31.2% | 0.84 | 1.15 | 36.0% | 1.74 | 1.90 | 1.3% | -0.05 | -0.08 |
| Technology | XLK | 7.2% | 8.0% | 11.1% | 10.8% | -3.6% | -12.2% | -19.2% | XLK | 41.6% | 0.88 | 1.36 | 49.8% | 2.08 | 2.26 | 17.4% | 0.72 | 0.63 |
| Consumer Staples | XLP | 7.7% | 7.8% | 10.6% | 9.7% | 0.2% | -7.9% | -16.1% | XLP | 26.0% | 0.81 | 0.83 | 33.2% | 1.98 | 1.75 | 3.0% | 0.00 | -0.21 |
| Utilities | XLU | 13.3% | 12.6% | 16.7% | 13.7% | 2.0% | -6.1% | -13.5% | XLU | 0.4% | -0.03 | 0.11 | 13.0% | 1.44 | 1.36 | -11.8% | -0.92 | -0.85 |
| Energy | XLE | 16.3% | 14.3% | 17.7% | 16.4% | -2.0% | -4.9% | -14.3% | XLE | -1.0% | -0.20 | -0.27 | 20.7% | 1.75 | 1.01 | 1.8% | 0.73 | 0.01 |
| Energy | XOP | 26.1% | 22.8% | 31.6% | 25.6% | -3.9% | -7.6% | -17.7% | XOP | -0.5% | -0.19 | -0.23 | 17.6% | 1.62 | 1.12 | -11.1% | -0.14 | -0.56 |
| Materials | XLB | 9.9% | 11.1% | 11.4% | 12.7% | -2.9% | -6.6% | -14.5% | XLB | 28.9% | 0.73 | 0.73 | 21.2% | 0.77 | 0.65 | 24.6% | 1.29 | 0.89 |
| Industrials | XLI | 9.7% | 9.5% | 11.3% | 11.8% | -1.7% | -7.8% | -13.2% | XLI | 19.8% | 0.20 | 0.47 | 32.7% | 1.26 | 1.37 | 18.4% | 1.00 | 0.75 |
| Transports | IYT | 14.8% | 14.1% | 14.7% | 16.9% | 2.3% | -1.9% | -4.2% | IYT | 14.8% | 0.03 | 0.25 | 22.9% | 0.57 | 0.83 | 20.1% | 0.63 | 0.75 |
| WTI Crude Oil | USO | 23.6% | 24.2% | 32.3% | 24.7% | -2.1% | -11.8% | -25.8% | USO | -2.1% | -0.11 | -0.30 | 5.2% | 0.60 | -0.06 | -17.9% | -0.79 | -1.09 |
| Natural Gas | UNG | 40.5% | 49.4% | 49.4% | 37.9% | -6.4% | -16.0% | -15.3% | UNG | -6.1% | -0.55 | -0.53 | -23.1% | -1.45 | -1.17 | -22.8% | -1.55 | -1.10 |
| Gold | GLD | 10.5% | 11.4% | 12.5% | 12.1% | -5.9% | -12.5% | -16.2% | GLD | 16.5% | 0.55 | 0.42 | 16.3% | 0.95 | 0.60 | 10.1% | 0.64 | 0.26 |
| Silver | SLV | 19.4% | 20.0% | 22.4% | 18.9% | -7.8% | -16.2% | -20.1% | SLV | -1.1% | -0.50 | -0.65 | -0.4% | -0.53 | -0.67 | -6.3% | -1.43 | -1.07 |
| Copper | JJC | 27.4% | 26.4% | 26.9% | 25.4% | 3.8% | -1.7% | 0.2% | JJC | -7.3% | -0.36 | -0.45 | -0.5% | -0.34 | -0.40 | 0.3% | -0.34 | -0.43 |
| Corn | CORN | 15.4% | 14.4% | 16.2% | 17.6% | -5.5% | -0.5% | -6.1% | CORN | 14.1% | 0.01 | -0.27 | 26.4% | 0.65 | 0.38 | 25.5% | 0.41 | 0.27 |
| Soybeans | SOYB | 15.0% | 15.5% | 15.7% | 21.7% | 9.2% | -1.0% | 1.4% | SOYB | 44.7% | 0.25 | 0.03 | 39.9% | -0.05 | -0.04 | 32.7% | -0.29 | -0.21 |
| Wheat | WEAT | 21.5% | 19.8% | 19.1% | 21.7% | -29.5% | -30.4% | -25.7% | WEAT | 0.8% | -0.93 | -0.73 | 9.7% | -0.99 | -0.58 | 13.6% | -1.19 | -0.50 |

*implied volatility on at-the-money front month contracts

**implied volatility of at-the-money options expiring in the given duration vs. realized volatility over the given duration

# HEDGEYE SECTOR PERFORMANCE

| SECTOR | Ticker | Price | 1-Day % Chg | MTD % Chg | YTD % Chg |
|---|---|---|---|---|---|
| Consumer Discretionary | XLY | $86.80 | 0.42% | 0.50% | 6.63% |
| Financial Select Sector | XLF | $24.72 | 0.04% | 0.73% | 6.32% |
| Health Care Select Sector | XLV | $75.28 | 0.40% | 0.39% | 9.20% |
| Technology Select Sector | XLK | $52.84 | 0.11% | 0.94% | 9.26% |
| Consumer Staples Select Sector | XLP | $54.71 | -0.22% | -0.71% | 5.80% |
| Industrial Select Sector | XLI | $65.74 | -0.35% | -0.18% | 5.66% |
| Materials Select Sector | XLB | $52.03 | 0.00% | -0.42% | 4.69% |
| The Energy Select Sector | XLE | $69.65 | -2.60% | -2.42% | -7.53% |
| Utilities Select Sector | XLU | $50.65 | -1.44% | -2.16% | 4.28% |
| S&P 500 | SPX | 2,362.98 | -0.23% | -0.03% | 5.55% |

# HEDGEYE SECTOR RELATIVE PERFORMANCE

| | Ticker | Price | 1-Day % Chg | MTD % Chg | YTD % Chg |
|---|---|---|---|---|---|
| Consumer Discretionary | XLY | $86.80 | 0.64% | 0.53% | 1.09% |
| Financial Select Sector | XLF | $24.72 | 0.27% | 0.76% | 0.78% |
| Health Care Select Sector | XLV | $75.28 | 0.63% | 0.41% | 3.65% |
| Technology Select Sector | XLK | $52.84 | 0.34% | 0.96% | 3.72% |
| Consumer Staples Select Sector | XLP | $54.71 | 0.01% | -0.68% | 0.26% |
| Industrial Select Sector | XLI | $65.74 | -0.12% | -0.15% | 0.11% |
| Materials Select Sector | XLB | $52.03 | 0.23% | -0.39% | -0.86% |
| The Energy Select Sector | XLE | $69.65 | -2.37% | -2.40% | -13.07% |
| Utilities Select Sector | XLU | $50.65 | -1.21% | -2.14% | -1.26% |

# HEDGEYE STYLE FACTOR PERFORMANCE

| | FACTOR | 1D % Chg | 1W % Chg | 1M % Chg | 3M % Chg | 6M % Chg | YTD % Chg |
|---|---|---|---|---|---|---|---|
| Debt | High Debt/EV | -0.7% | -2.7% | 0.6% | 1.4% | 5.3% | 3.4% |
| | Low Debt/EV | -0.1% | -1.4% | 2.4% | 2.9% | 6.4% | 5.1% |
| SI | High Short Interest | -0.2% | -2.5% | -0.6% | -2.9% | 1.1% | 0.9% |
| | Low Short Interest | -0.3% | -1.3% | 3.4% | 5.6% | 10.6% | 5.8% |
| BETA | High Beta | -0.5% | -2.8% | 1.3% | 0.9% | 13.5% | 4.6% |
| | Low Beta | -0.5% | -1.4% | 2.0% | 5.4% | 1.8% | 4.1% |
| YIELD | High Yield | -0.7% | -2.1% | 0.3% | -0.6% | -0.4% | 0.5% |
| | Low Yield | -0.2% | -2.1% | 0.9% | 2.0% | 4.0% | 4.4% |
| MKT CAP | MCAP Bottom 25% | -0.2% | -2.6% | -0.2% | -4.5% | -0.6% | -0.2% |
| | MCAP Top 25% | -0.3% | -1.3% | 3.5% | 6.1% | 11.3% | 6.2% |
| Sales | Top 25% Sales Growth | -0.7% | -2.3% | 0.6% | 1.5% | 6.0% | 3.8% |
| | Bottom 25% Sales Growth | 0.0% | -2.1% | 0.9% | 0.1% | 1.6% | 1.9% |
| EPS | Top 25% EPS Growth | -0.8% | -2.8% | -0.5% | 0.5% | 6.8% | 2.8% |
| | Bottom 25% EPS Growth | -0.4% | -2.2% | 0.8% | -0.5% | 1.2% | 1.1% |

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

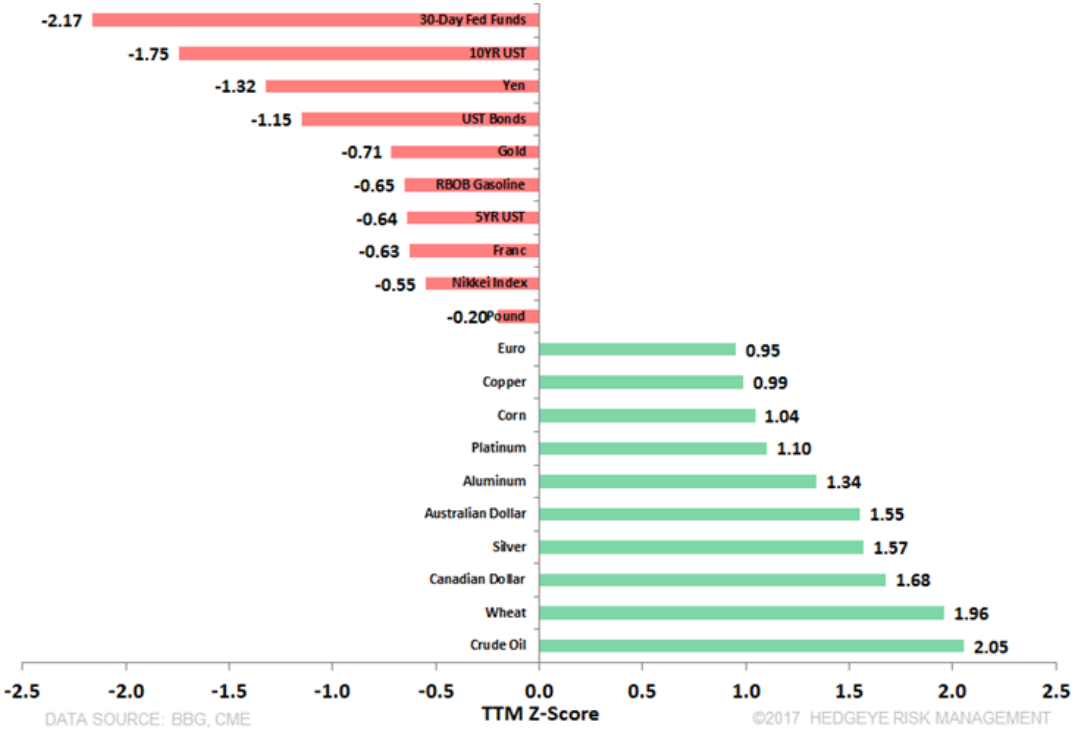
# HEDGEYE RATES & SPREADS

| | 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 | 0.72% | -2.5 | 5.6 | 18 | 18 | -3 | 56 | 56 | 60 |
| 3M LIBOR | 1.11% | 0.0 | 0.6 | 7 | 15 | 0 | 48 | 63 | 69 |
| 2Y T-Note | 1.35% | 2.7 | 4.6 | 18 | 22 | 0 | 86 | 65 | 82 |
| 5Y T-Note | 2.10% | 4.3 | 7.7 | 23 | 20 | -2 | 120 | 58 | 77 |
| 10Y T-Note | 2.56% | 4.2 | 8.2 | 16 | 9 | -8 | 125 | 42 | 42 |
| 30Y T-Note | 3.15% | 2.8 | 7.6 | 14 | 0 | -6 | 107 | 27 | 13 |
| 2Y-10Y Spread, Bps | 121 | 1.9 | 4.0 | -0.9 | -13 | -7 | 39 | -23 | -39 |
| IG SPREAD (AAABBB) | 1.50% | 1.0 | 0.0 | -2 | -6 | -65 | 5 | -19 | -25 |
| HIGH YIELD | 6.00% | 17.0 | 25.5 | 3 | -47 | -207 | 27 | -65 | -57 |
| 5Y BREAKEVEN | 2.03% | -2.3 | 1.5 | 7.0 | 17.9 | -4.5 | 77.8 | 47.1 | 30.6 |

# 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) | 73,636 | 56,112 | 8,039 | 25,551 | 27,624 | *0.46X* | *1.00X* |
| Russell 2000 (mini) | 21,444 | (16,601) | 63,833 | 38,076 | 2,753 | *0.40X* | *1.22X* |
| 10Y Treasury | (365,619) | (81,014) | (327,867) | (141,819) | (66,416) | *-1.75X* | *-2.59X* |
| CRUDE OIL | 563,593 | (22,636) | 516,593 | 444,728 | 400,760 | *2.05X* | *2.69X* |
| GOLD | 121,720 | 39,256 | 67,185 | 124,458 | 171,291 | *-0.65X* | *0.27X* |
| COPPER | 38,020 | (4,386) | 48,997 | 28,479 | 6,345 | *0.99X* | *1.98X* |
| $USD | 44,805 | (971) | 50,029 | 42,948 | 28,528 | *0.89X* | *0.35X* |
| JPY | (49,303) | (2,646) | (64,550) | (12,232) | 18,880 | *-1.32X* | *-0.31X* |
| EUR | (44,542) | 6,253 | (60,205) | (85,088) | (75,958) | *0.95X* | *0.93X* |
| GBP | (67,119) | (3,124) | (63,578) | (72,172) | (63,072) | *-0.20X* | *-1.13X* |

# CFTC NET FUTURES & OPTIONS POSITIONING (TTM Z-SCORE)




March 9, 2017

THE MACRO SHOW

HEDGEYE TV

# MARKET SHARE VOLUME & TOTAL VALUE TRADED

| INDEX/SECURITY | VOLUME: (3/8) vs. | | | |
|---|---|---|---|---|
| | Prior Day | 1M Ave | 3M ave | 1Y Ave |
| Total Market Volume* | 27% | 24% | 41% | 80% |
| Total Exchange Volume** | 7% | 3% | 5% | 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)

# KEY $USD CORRELATIONS

| METRIC | 15D | 30D | 90D | 120D | 180D | 52-Wk Rolling 30D Correlation | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | High | Low | % Time Pos | % Time Neg |
| SPX | 0.70 | 0.89 | 0.41 | 0.67 | 0.71 | *0.95* | *-0.78* | *47%* | *53%* |
| BRENT Oil | -0.56 | -0.15 | 0.50 | 0.56 | 0.73 | *0.77* | *-0.78* | *49%* | *51%* |
| CRB Index | 0.18 | 0.04 | 0.32 | 0.56 | 0.75 | *0.83* | *-0.86* | *28%* | *72%* |
| GOLD | -0.53 | 0.32 | -0.77 | -0.88 | -0.93 | *0.90* | *-0.97* | *16%* | *84%* |

**Days = Trading Days*