THE MACRO SHOW

MARCH 21, 2017

LEGAL

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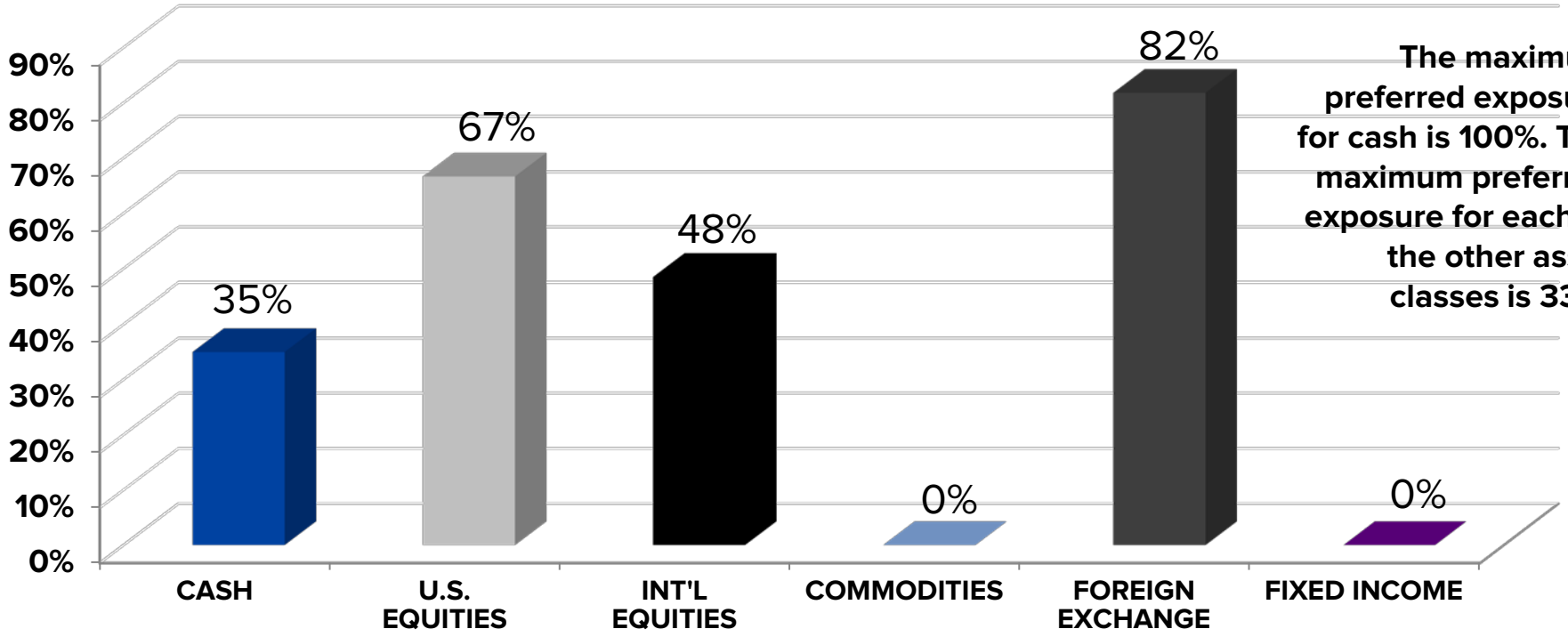
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/20/2017	39	20	14	0	27	0
3/21/2017	35	22	16	0	27	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/20/2017	39%	61%	42%	0%	82%	0%
3/21/2017	35%	67%	48%	0%	82%	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



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1 EUROPE

2 YIELDS

3 FINANCIALS

EUROPE

Euro Up, Euro Rates Up, European Stocks Up this morning in what signals immediate-term overbought, across the board in our model post Macron vs. Le Pen debate. The EUR/USD risk range is $1.05-1.08 and stocks in Spain are up another +0.8% on the IBEX = +7.7% in the last month alone! **#Overbought** with European Equity Bears mauled.

YIELDS

While the *Reflation Rally* absolutely needs a dovish Fed, neither the market nor the economic data is corroborating that reflation forever Goldilocks view. The UST 10YR Yield is up +3bps after tapping the low-end of its 2.45-2.65% risk range and German 10s are up +3bps to 0.46% signaling bullish TREND as well.

FINANCIALS

If all you've done on every Down Rates move (for 4-5 months) is buy U.S. Bank Stocks, you're crushing it; so here's yet another chance to buy Bank of America (BAC) and the Financials ETF (XLF). Since we are big on our personal patience quotient these days, we waited to add back something other than Cash to our "Top Longs" – here's the addition.

MACRO

BEN RYAN

HICCUP IN CREDIT: AN OPPORTUNITY OR CHANGE?

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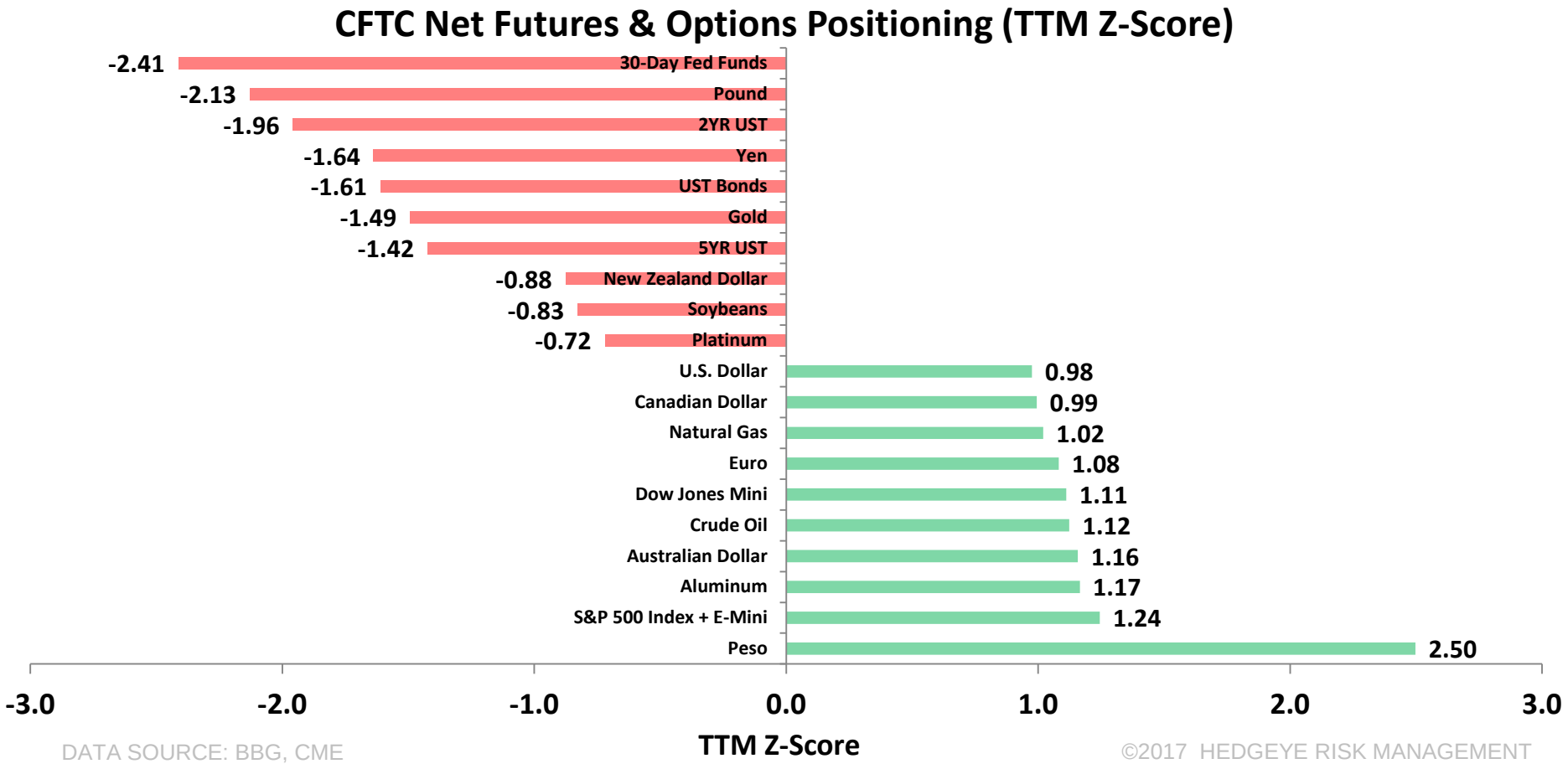
CFTC POSITIONING: SHORT TREASURY POSITIONING



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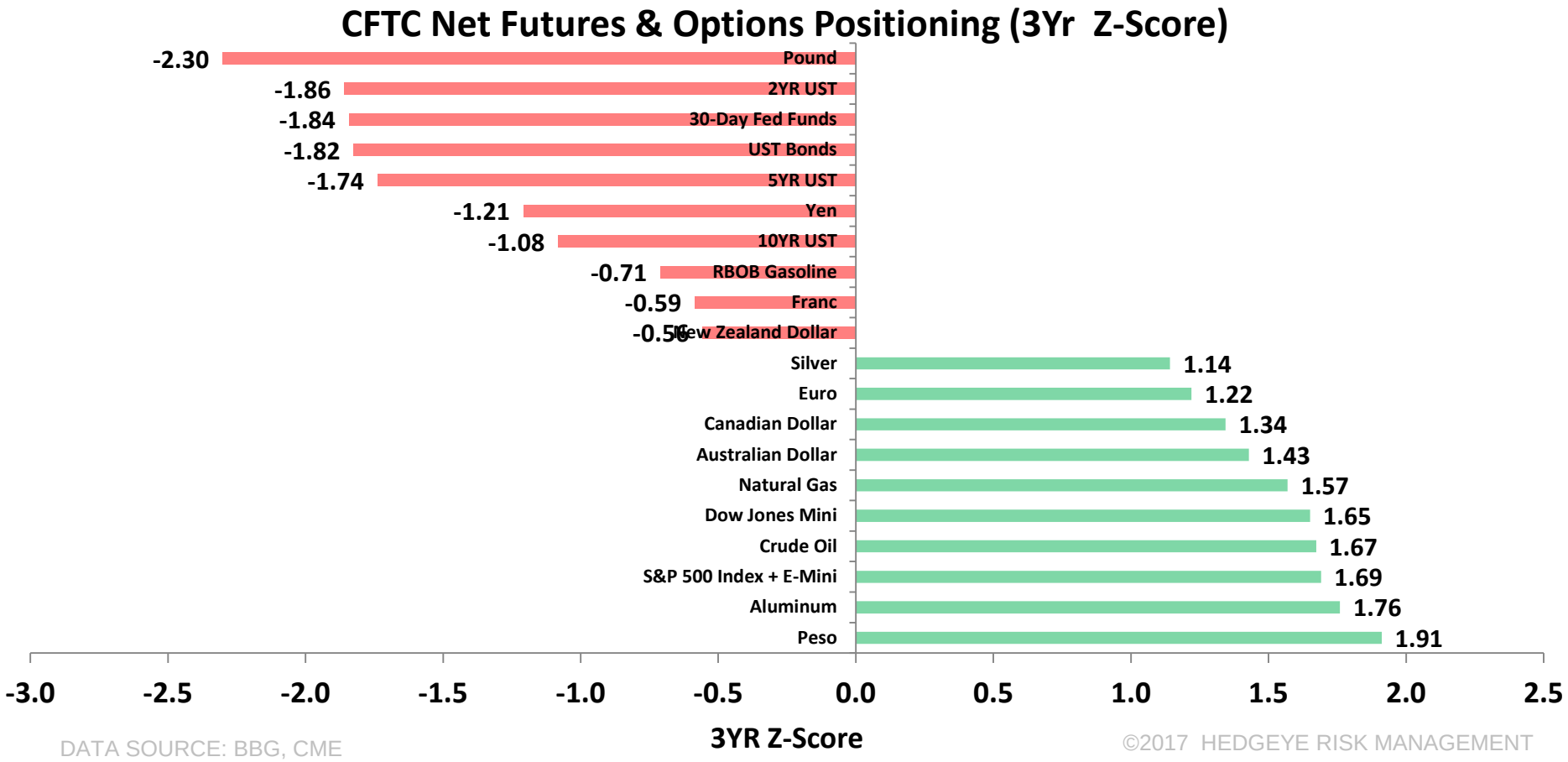
A LOOK AT THE TANGIBLES: CFTC POSITIONING



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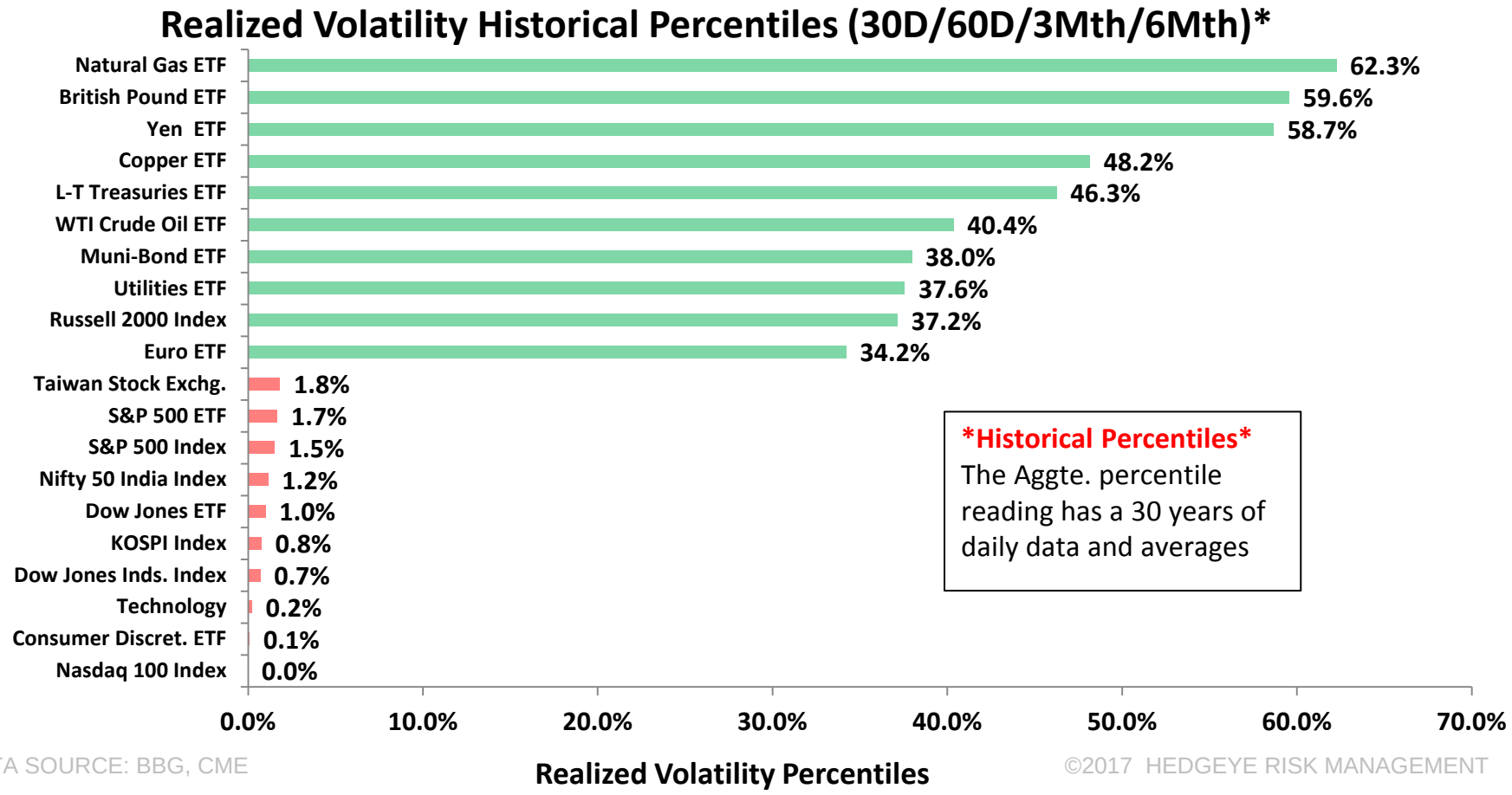
TREASURY VOLATILITY: RELATIVELY HIGH, BUT LOW



DATA SOURCE: BBG, CME

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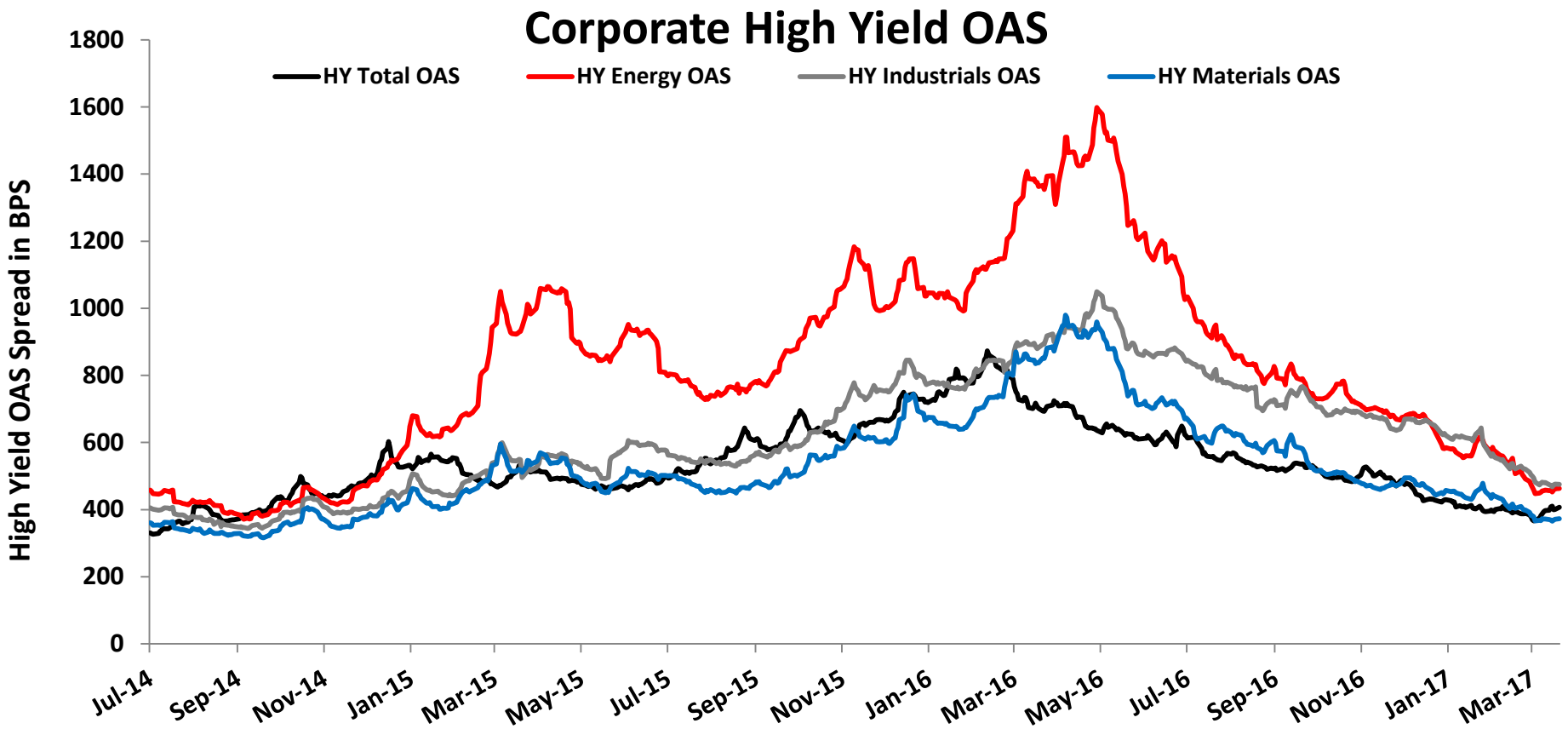
HIGH YIELD SPREADS



DATA SOURCE: BBG

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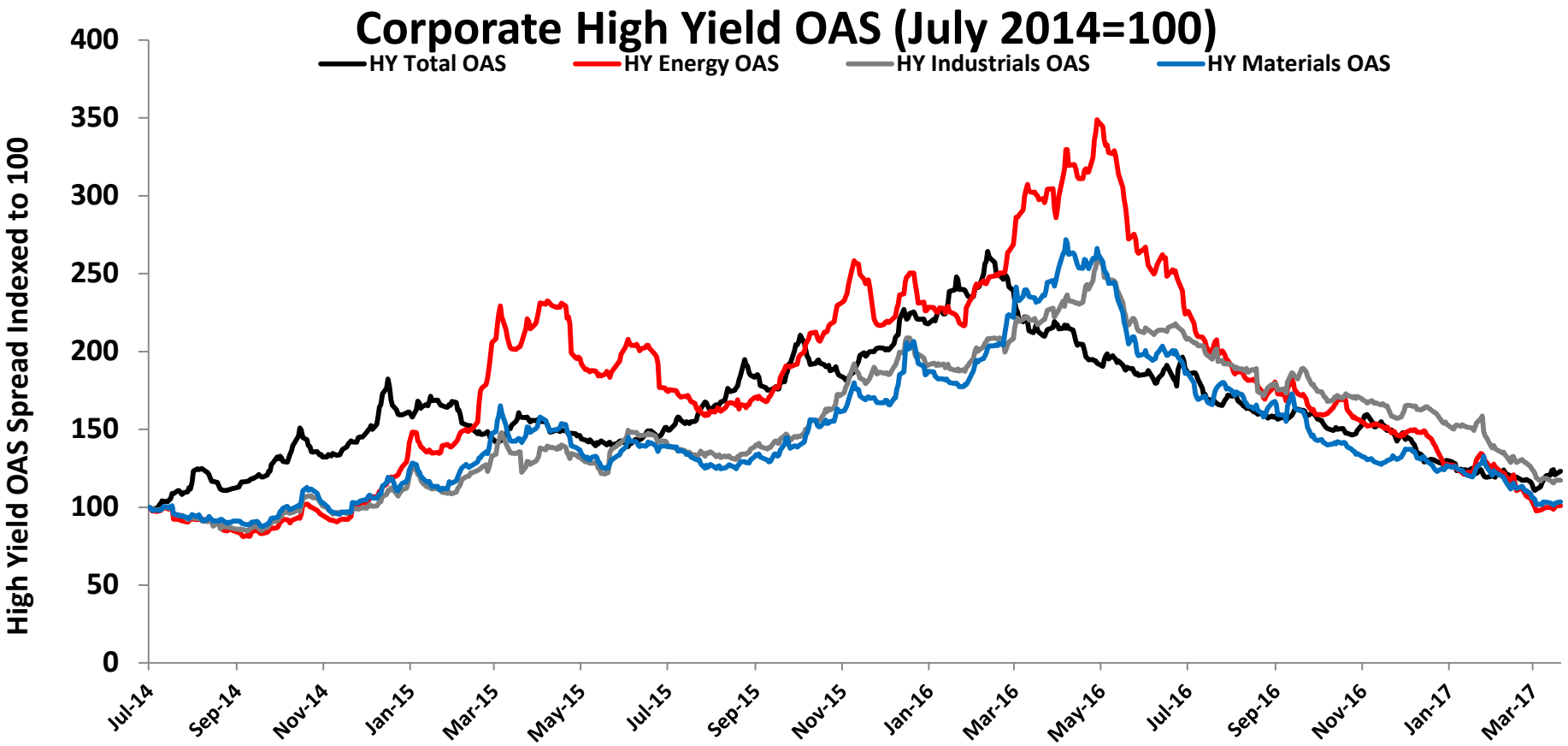
HIGH YIELD SPREADS: INDEXED TO 100



DATA SOURCE: BBG

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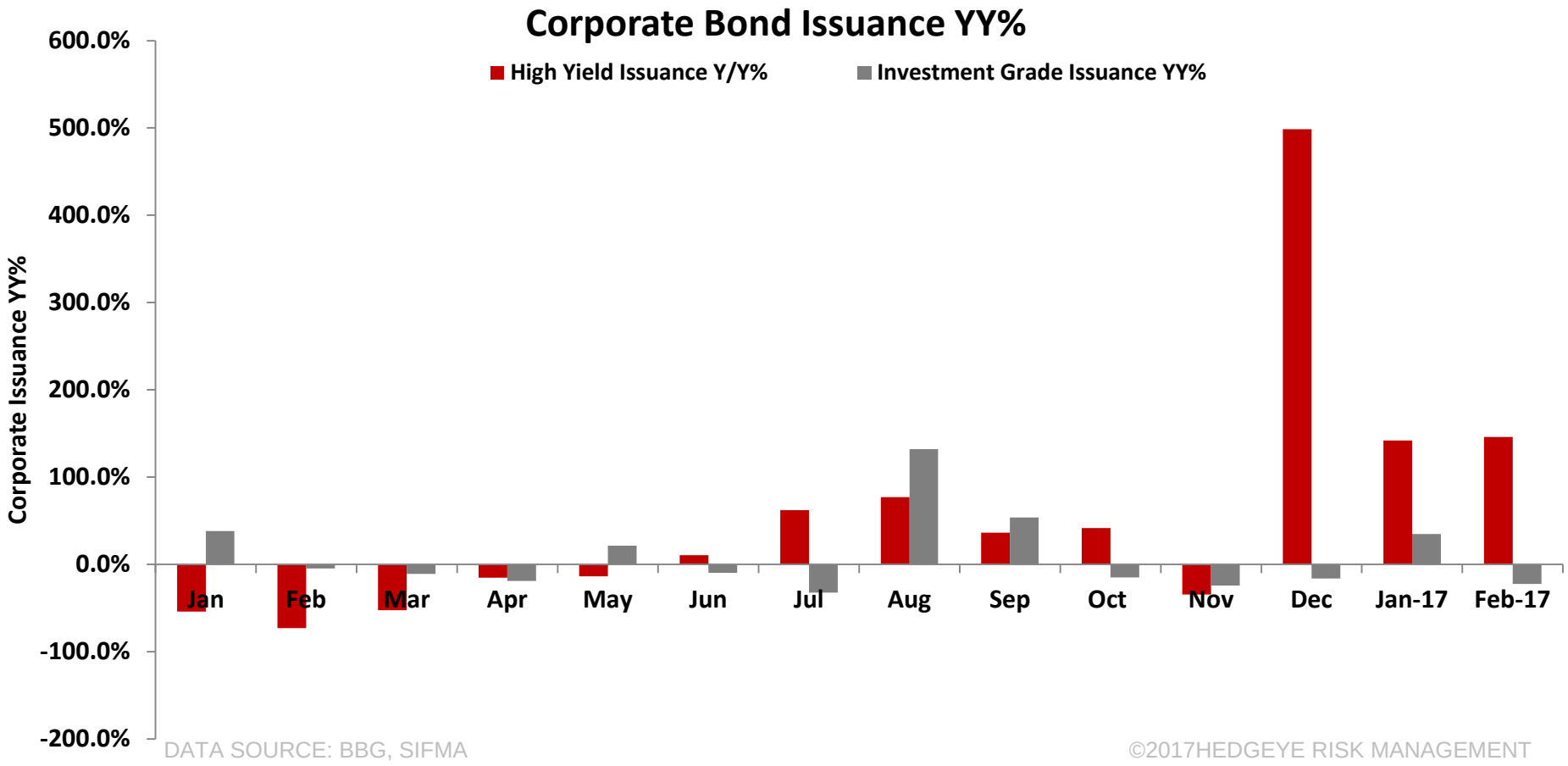
CORPORATE BOND ISSUANCE ROARING BACK



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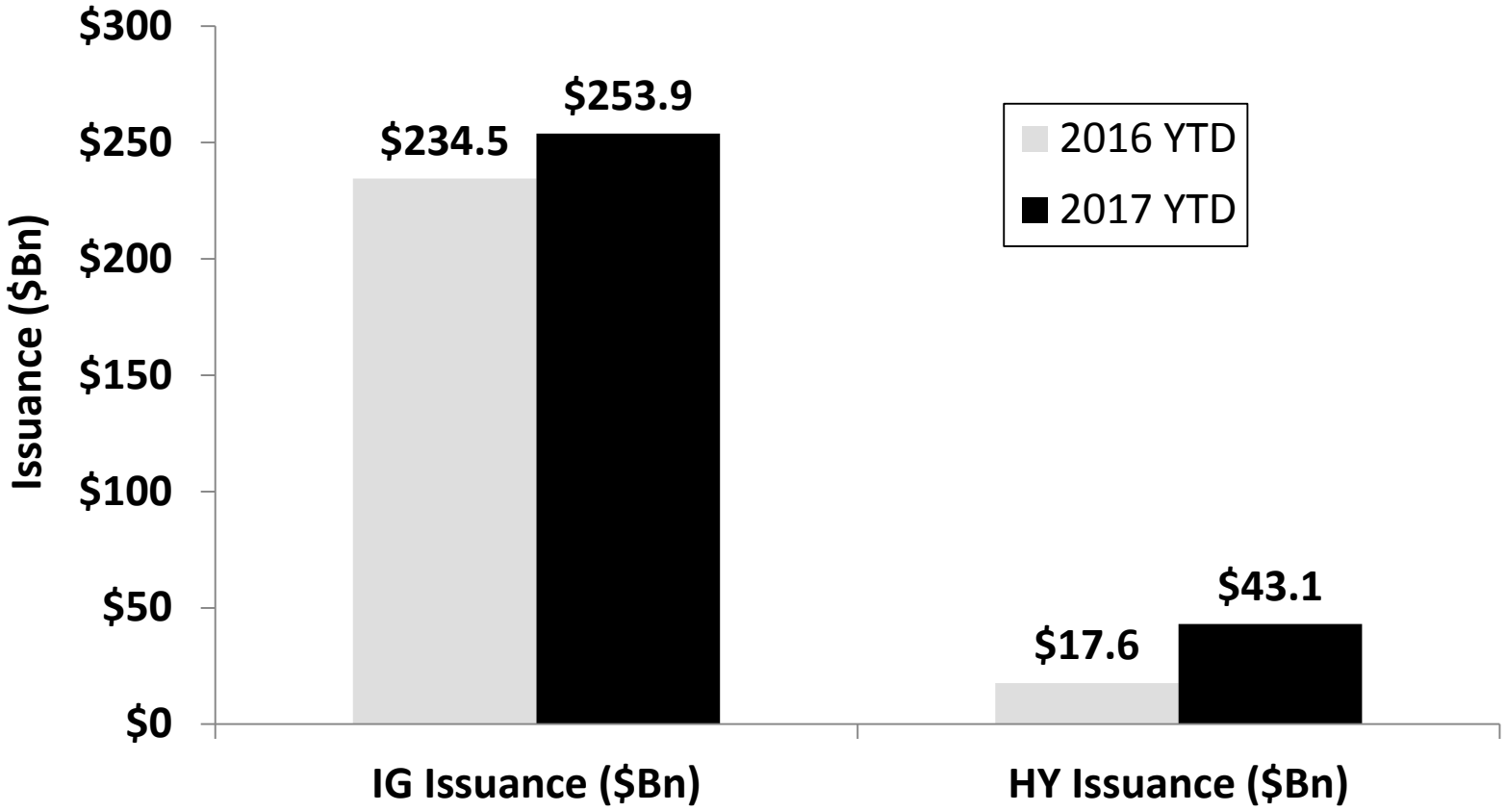
CORPORATE BOND ISSUANCE Y/Y COMPARISON



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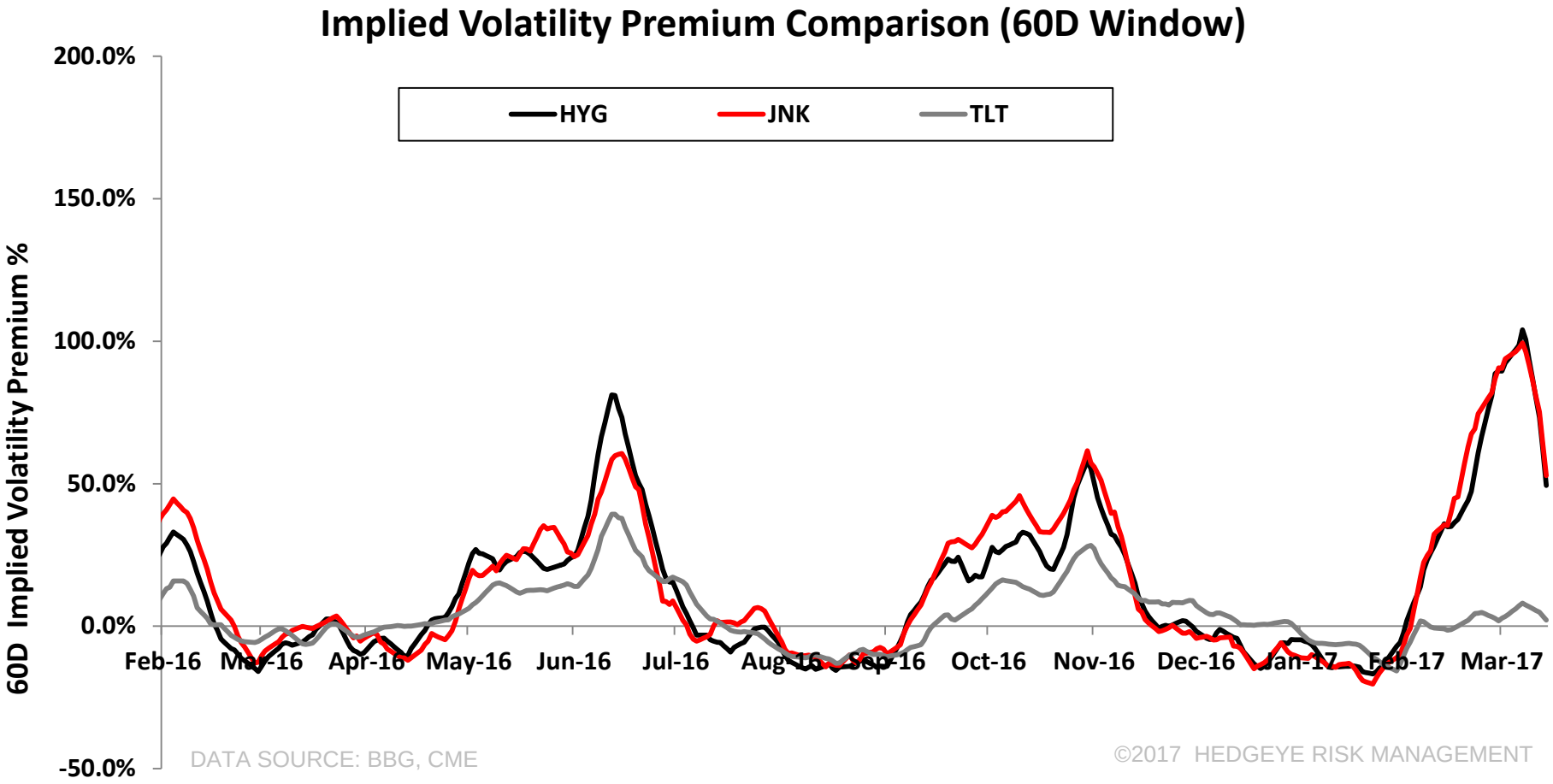
TREASURY (TLT) AND HIGH-YIELD PREMIUMS (HYG, JNK)



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BIG JUMP IN JUNK AND HIGH YIELD VOLATILITY M/M

M/M % Chg in 30D Realized Volatility			
Largest Increases		Largest Decreases	
High Yield Corp. ETF	167.4%	Swiss Market Index	-39.2%
Junk Bond ETF	160.1%	British Pound ETF	-26.6%
Emerging Markets	71.4%	Yen ETF	-26.0%
I-Shares China	61.7%	Soybeans ETF	-24.4%
Russia	58.1%	Consumer Staples ETF	-24.2%
Brazil	57.8%	Tokyo TOPIX Index	-23.7%
S&P TSX 60 Index	33.6%	Nikkei 225 Index	-23.1%
Silver ETF	29.9%	Nifty 50 India Index	-20.7%
Russell 1000 Growth	26.5%	German DAX Index	-20.7%
Australian Dollar	26.3%	FTSE MIB Index	-18.3%

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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	6.6%	6.6%	6.9%	8.1%	-14.5%	-16.6%	-27.5%	SPX	22.6%	0.03	0.42	56.2%	1.47	1.96	59.8%	2.08	2.31
Russell 2000	RTY	13.0%	13.6%	14.9%	13.1%	-12.7%	-17.2%	-21.7%	RTY	0.9%	-0.16	-0.26	12.0%	0.53	0.25	9.2%	0.50	-0.05
Nasdaq 100	NDX	5.7%	6.9%	9.2%	9.2%	-15.1%	-23.1%	-31.6%	NDX	59.3%	1.17	1.80	65.2%	2.15	2.75	35.7%	1.37	1.54
USD Index	UUP	7.0%	7.5%	7.7%	6.5%	-11.7%	-22.8%	-22.0%	UUP	-8.8%	-0.93	-0.84	-1.7%	-0.75	-0.66	0.5%	-0.74	-0.62
Consumer Discret.	XLY	7.1%	7.5%	8.9%	9.1%	-15.4%	-23.2%	-30.3%	XLY	23.8%	0.13	0.52	48.4%	1.58	2.01	33.9%	1.24	1.46
Financials	XLF	13.9%	14.2%	17.2%	13.6%	-12.4%	-17.4%	-21.4%	XLF	0.0%	-0.36	-0.26	10.3%	0.24	0.25	-4.0%	-0.13	-0.45
Healthcare	XLV	9.1%	9.7%	11.9%	11.7%	-2.3%	-7.3%	-16.7%	XLV	29.0%	0.68	1.03	28.2%	1.20	1.42	8.5%	0.40	0.40
Technology	XLK	6.1%	7.1%	10.3%	9.9%	-11.2%	-17.6%	-24.9%	XLK	59.1%	1.38	1.98	62.6%	2.41	2.76	17.3%	0.66	0.63
Consumer Staples	XLP	6.7%	7.6%	10.1%	9.3%	-4.8%	-8.9%	-17.9%	XLP	34.8%	1.16	1.19	38.0%	2.08	1.98	3.0%	-0.03	-0.21
Utilities	XLU	12.8%	12.2%	16.0%	12.5%	-7.0%	-11.5%	-20.0%	XLU	-3.3%	-0.29	-0.13	7.7%	0.84	0.90	-16.1%	-1.36	-1.24
Energy	XLE	16.9%	14.6%	17.7%	15.3%	-9.4%	-10.2%	-18.8%	XLE	-8.8%	-0.61	-0.63	21.1%	1.58	1.01	2.7%	0.73	0.06
Energy	XOP	26.5%	22.5%	31.3%	25.3%	-6.7%	-7.6%	-17.6%	XOP	-0.5%	-0.23	-0.22	21.8%	1.67	1.35	-8.0%	0.10	-0.37
Materials	XLB	10.9%	11.4%	11.6%	12.0%	-7.8%	-10.7%	-18.3%	XLB	11.6%	-0.05	0.09	13.3%	0.33	0.29	12.1%	0.54	0.28
Industrials	XLI	10.0%	9.6%	10.8%	10.7%	-9.8%	-14.2%	-20.2%	XLI	4.9%	-0.39	-0.14	30.3%	1.06	1.22	20.2%	1.06	0.85
Transports	IYT	14.3%	13.9%	14.4%	14.9%	-9.6%	-13.2%	-15.2%	IYT	3.6%	-0.39	-0.24	20.8%	0.42	0.69	22.4%	0.71	0.89
WTI Crude Oil	USO	23.4%	23.1%	31.0%	26.0%	-1.4%	-5.9%	-20.5%	USO	-1.4%	0.36	0.26	25.3%	1.73	0.95	-1.0%	0.44	-0.30
Natural Gas	UNG	41.6%	45.3%	47.3%	36.7%	-4.8%	-15.2%	-17.9%	UNG	-12.8%	-0.98	-0.79	-22.1%	-1.31	-1.16	-24.5%	-1.54	-1.18
Gold	GLD	10.2%	10.9%	12.5%	10.7%	-10.9%	-19.4%	-24.6%	GLD	5.6%	-0.13	-0.12	13.8%	0.73	0.44	2.9%	0.08	-0.22
Silver	SLV	19.0%	18.1%	22.4%	17.9%	-8.9%	-18.7%	-23.4%	SLV	-5.4%	-0.80	-0.82	10.0%	0.70	-0.15	-8.0%	-1.60	-1.16
Copper	JJC	24.6%	25.6%	26.1%	22.1%	-7.1%	-10.8%	-13.1%	JJC	-10.2%	-0.39	-0.51	-14.0%	-0.68	-0.84	-15.6%	-0.84	-1.06
Corn	CORN	14.9%	14.5%	16.1%	17.7%	-5.0%	0.4%	-4.1%	CORN	18.9%	0.29	-0.05	39.3%	1.38	1.08	40.4%	1.09	1.02
Soybeans	SOYB	12.1%	15.0%	15.2%	26.2%	38.5%	22.5%	23.0%	SOYB	115.8%	2.17	1.29	25.4%	-0.30	-0.29	173.7%	1.44	2.09
Wheat	WEAT	20.6%	20.3%	19.7%	23.1%	-15.2%	-23.6%	-19.9%	WEAT	11.8%	-0.70	-0.58	86.8%	0.59	0.59	118.4%	1.89	1.45

*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	$87.15	-0.24%	0.90%	7.06%
Financial Select Sector	XLF	$24.25	-0.82%	-1.18%	4.30%
Health Care Select Sector	XLV	$75.05	-0.15%	0.08%	8.86%
Technology Select Sector	XLK	$53.39	0.09%	1.99%	10.40%
Consumer Staples Select Sector	XLP	$55.09	0.20%	-0.02%	6.54%
Industrial Select Sector	XLI	$65.56	-0.18%	-0.46%	5.37%
Materials Select Sector	XLB	$52.63	0.55%	0.73%	5.90%
The Energy Select Sector	XLE	$69.70	-0.14%	-2.35%	-7.46%
Utilities Select Sector	XLU	$50.89	-0.66%	-1.70%	4.78%
S&P 500	SPX	2,373.47	-0.20%	0.42%	6.01%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$87.15	-0.04%	0.49%	1.05%
Financial Select Sector	XLF	$24.25	-0.62%	-1.60%	-1.71%
Health Care Select Sector	XLV	$75.05	0.05%	-0.34%	2.85%
Technology Select Sector	XLK	$53.39	0.29%	1.57%	4.39%
Consumer Staples Select Sector	XLP	$55.09	0.40%	-0.43%	0.52%
Industrial Select Sector	XLI	$65.56	0.02%	-0.87%	-0.65%
Materials Select Sector	XLB	$52.63	0.76%	0.31%	-0.12%
The Energy Select Sector	XLE	$69.70	0.06%	-2.77%	-13.48%
Utilities Select Sector	XLU	$50.89	-0.46%	-2.12%	-1.24%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.5%	-0.1%	-0.9%	2.4%	9.3%	3.9%
	Low Debt/EV	-0.2%	0.2%	0.6%	4.5%	10.2%	6.5%
SI	High Short Interest	-0.4%	0.1%	-2.2%	-1.6%	5.8%	0.7%
	Low Short Interest	-0.3%	-0.1%	1.2%	5.0%	12.8%	6.3%
BETA	High Beta	-0.4%	-0.5%	-1.6%	2.7%	18.3%	5.0%
	Low Beta	-0.2%	0.6%	1.5%	4.7%	4.2%	4.9%
YIELD	High Yield	-0.4%	0.6%	-0.4%	-0.1%	2.7%	1.1%
	Low Yield	-0.4%	-0.5%	-0.9%	4.1%	8.8%	5.6%
MKT CAP	MCAP Bottom 25%	-0.6%	0.3%	-2.1%	-1.4%	3.7%	0.6%
	MCAP Top 25%	-0.2%	-0.1%	1.3%	5.3%	14.0%	6.8%
Sales	Top 25% Sales Growth	-0.2%	0.0%	-0.4%	3.1%	10.6%	4.8%
	Bottom 25% Sales Growth	-0.5%	0.2%	-0.5%	0.9%	5.1%	2.4%
EPS	Top 25% EPS Growth	-0.1%	0.3%	-1.2%	2.5%	11.7%	3.9%
	Bottom 25% EPS Growth	-0.5%	0.2%	-0.6%	0.6%	4.8%	2.2%

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

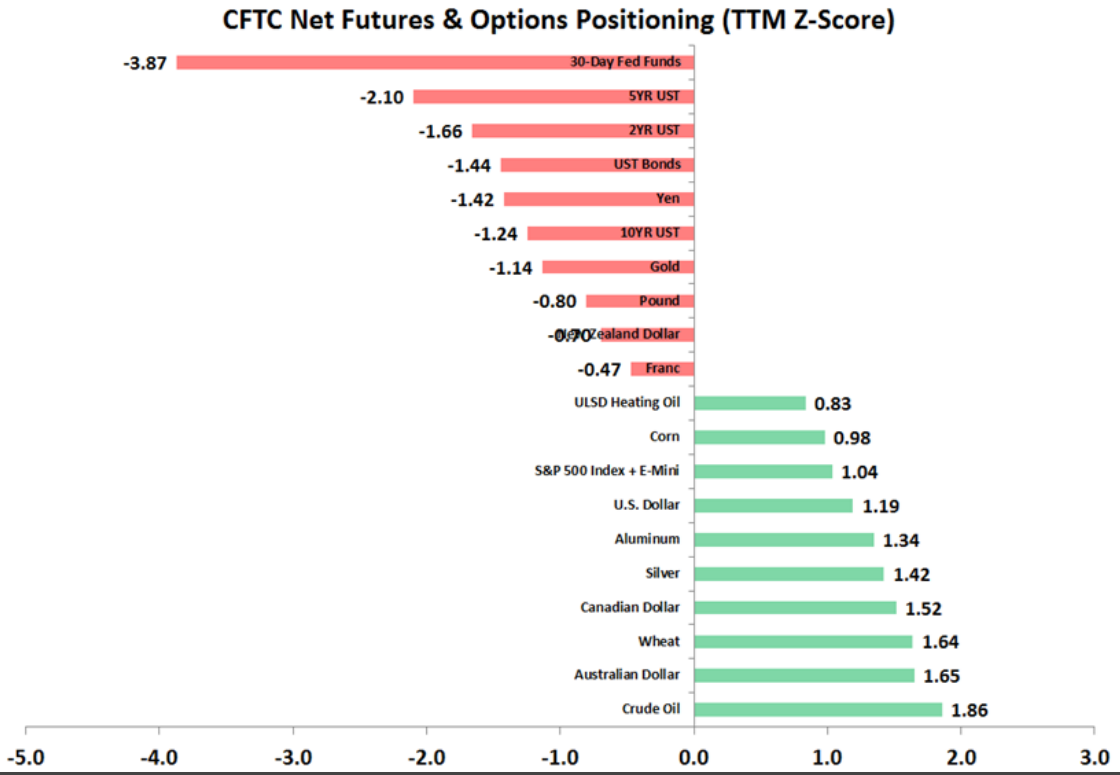
HEDGEYE RATES & SPREADS

	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	0.73%	0.5	-1.0	22	22	-5	57	57	61
3M LIBOR	1.15%	0.0	2.1	10	16	0	53	66	73
2Y T-Note	1.29%	-2.6	-8.4	8	7	-11	79	57	74
5Y T-Note	1.98%	-3.5	-15.5	6	-6	-16	109	46	66
10Y T-Note	2.46%	-4.0	-16.5	3	-10	-18	114	32	32
30Y T-Note	3.07%	-3.6	-13.8	3	-7	-14	99	20	5
2Y-10Y Spread, Bps	117	-1.3	-8.1	-5.0	-17	-7	35	-26	-43
IG SPREAD (AAABBB)	1.54%	0.0	1.0	2	0	-49	9	-15	-21
HIGH YIELD	6.02%	0.0	-12.0	5	-49	-198	30	-63	-54
5Y BREAKEVEN	2.00%	-1.2	0.5	-2.1	17.6	-7.5	75.0	44.3	27.9

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)	145,088	19,508	47,993	24,161	40,515	1.14X	1.65X
Russell 2000 (mini)	(22,513)	(12,196)	53,136	35,601	4,621	-0.61X	-0.04X
10Y Treasury	(197,951)	90,014	(321,668)	(168,253)	(75,913)	-0.70X	-1.14X
CRUDE OIL	500,159	(55,758)	527,117	458,947	408,867	1.12X	1.83X
GOLD	49,835	(44,058)	66,725	109,684	168,380	-1.51X	-0.65X
COPPER	22,591	(7,316)	44,009	32,651	7,423	0.47X	1.31X
$USD	47,699	(3,315)	49,074	45,443	29,587	0.98X	0.46X
JPY	(73,263)	(15,890)	(66,943)	(21,529)	14,310	-1.64X	-0.73X
EUR	(38,707)	20,059	(52,089)	(81,503)	(75,007)	1.08X	1.08X
GBP	(106,693)	(27,059)	(66,664)	(72,795)	(65,520)	-2.13X	-2.14X

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



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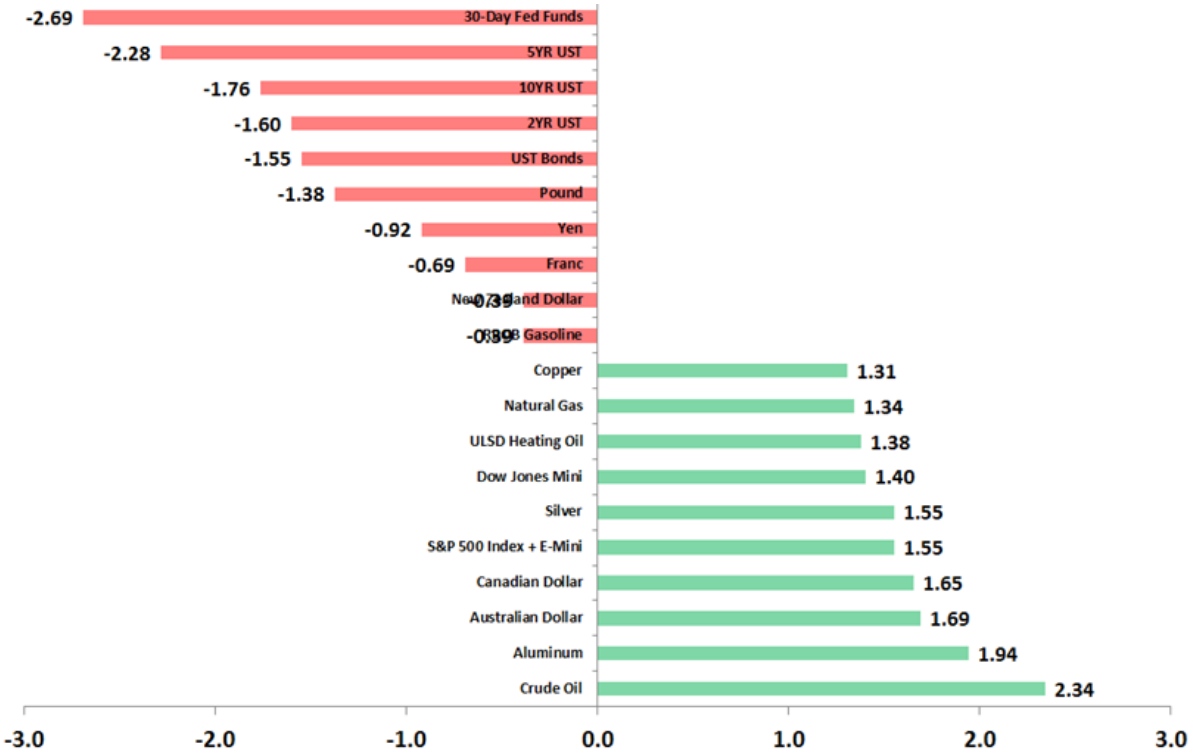
CFTC NET FUTURES & OPTIONS POSITIONING (3YR Z-SCORE)



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HEDGEYE TV

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (3/20) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-15%	-7%	2%	33%
Total Exchange Volume**	-41%	-18%	-13%	-16%

*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	-0.18	0.47	-0.06	0.64	0.70	*0.95*	*-0.75*	*51%*	*49%*
BRENT Oil	0.48	0.10	0.13	0.44	0.72	*0.77*	*-0.78*	*49%*	*51%*
CRB Index	-0.13	-0.13	-0.26	0.44	0.76	*0.83*	*-0.86*	*28%*	*72%*
GOLD	-0.22	-0.32	-0.65	-0.82	-0.93	*0.90*	*-0.97*	*17%*	*83%*

**Days = Trading Days*