THE MACRO SHOW

APRIL 4, 2017

LEGAL

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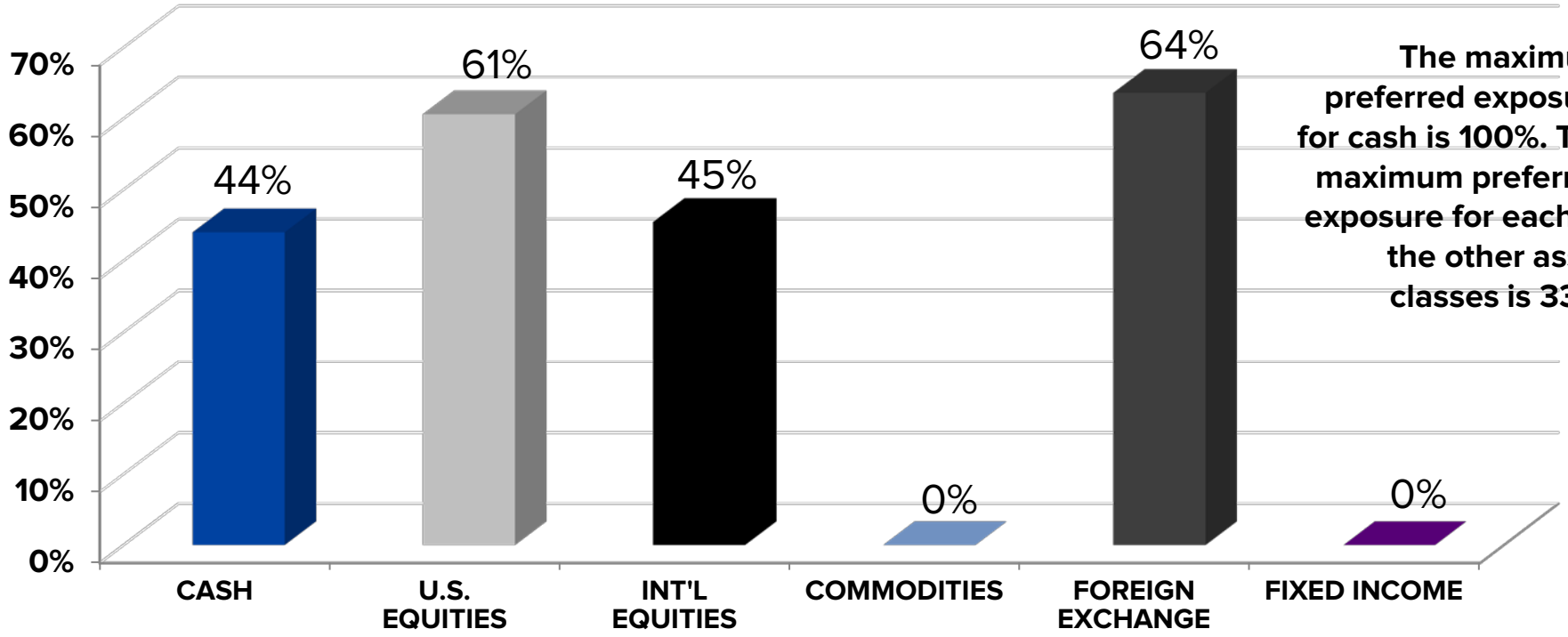
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
4/3/2017	44	20	15	0	21	0
4/4/2017	44	20	15	0	21	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
4/3/2017	44%	61%	45%	0%	64%	0%
4/4/2017	44%	61%	45%	0%	64%	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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HEDGEYE TV

1 FRANCE

2 TAX REFORM

3 JAPAN

FRANCE

Another presidential television debate tonight provides the opportunity for additional confirmation or uncertainty on who may prevail as the top candidate for the April 23rd vote (and second round vote on May 7th). Macron has maintained his lead over the last weeks, but could it be upended? The high percentage of undecided voters (polls suggest the number could be ~ 66%) there's plenty of room for an upset, with hints that the Le Pen vote could mirror Trump's. There will be 3 themes in tonight's debate: how to create jobs; how to protect France; and how to implement each candidate's vision of France's social model. Any strength for Le Pen we'd associate with weakness in the EUR/USD.

TAX REFORM

The prospects for near-term tax reform continue to lose steam, with the NY Times out highlighting that the Trump administration lacks a myriad of key personnel in the Treasury Department that are needed to draft and advance a broad reform proposal – including the assistant secretary of tax policy. Yet as we continue to highlight, the #1 causal factor to stocks moving higher YTD is that growth continues to accelerate off its mid-2016 lows. The S&P 500 Growth Index is up +8% YTD for a reason (vs. up only +2.4% for the S&P 500 Value Index). We reiterate our bullish bias on Tech, Consumer Discretionary and Financials, as well as the High Beta and High Debt style factors heading into #Quad1 for at least the next two quarters.

JAPAN

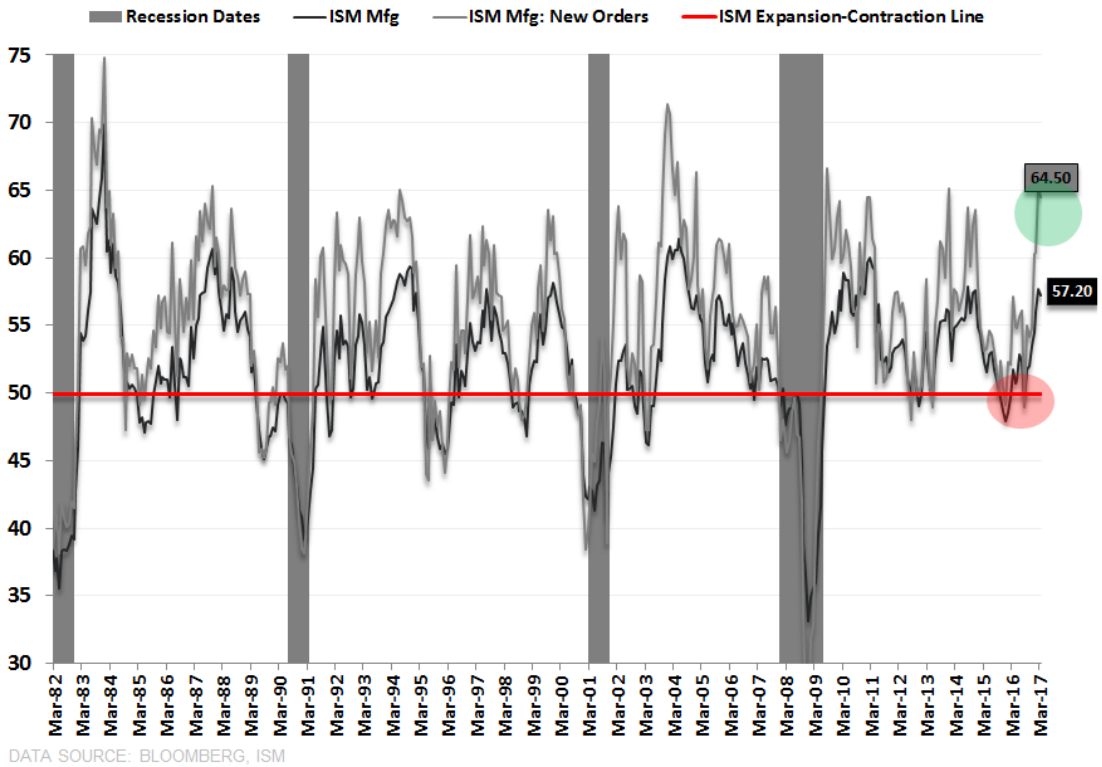
The Nikkei 225 was down another -0.9% this morning and down -4.0% over the past three months as the yen has strengthened +6.2% vs. the USD. Whether you look across the U.S. rates curve or in the FX markets, trailing three-month price momentum across many key global macro indicators tells a decidedly different tale regarding the prospects for U.S. economic growth than trailing six-month price momentum. This is where it pays to have a well-researched opinion and we find it appropriate to write off the former as mere consolidation. Once Trump-phoria has been largely priced out of financial markets, we expect consolidation in key futures and options positioning to be generally complete and ready for a resumption of the longer trend.

MACRO

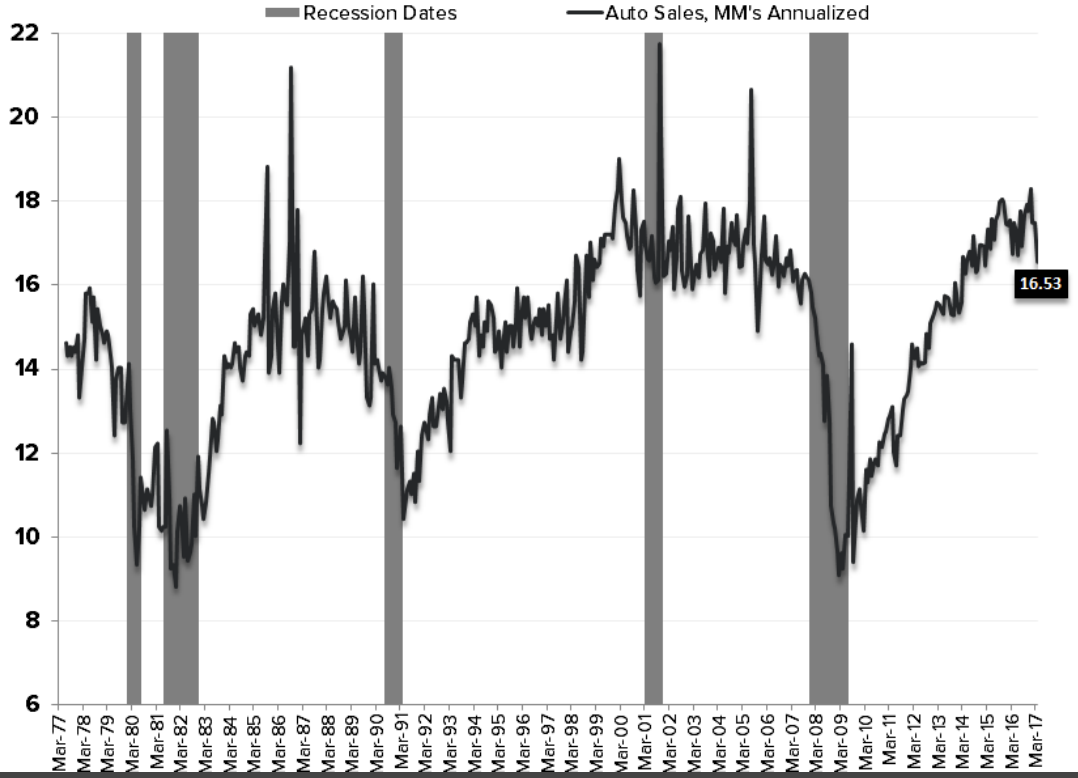
BEN RYAN

MACRO GRIND

ISM MANUFACTURING



U.S. AUTO SALE



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HEDGEYE TV

VOLATILITY COMPARISON

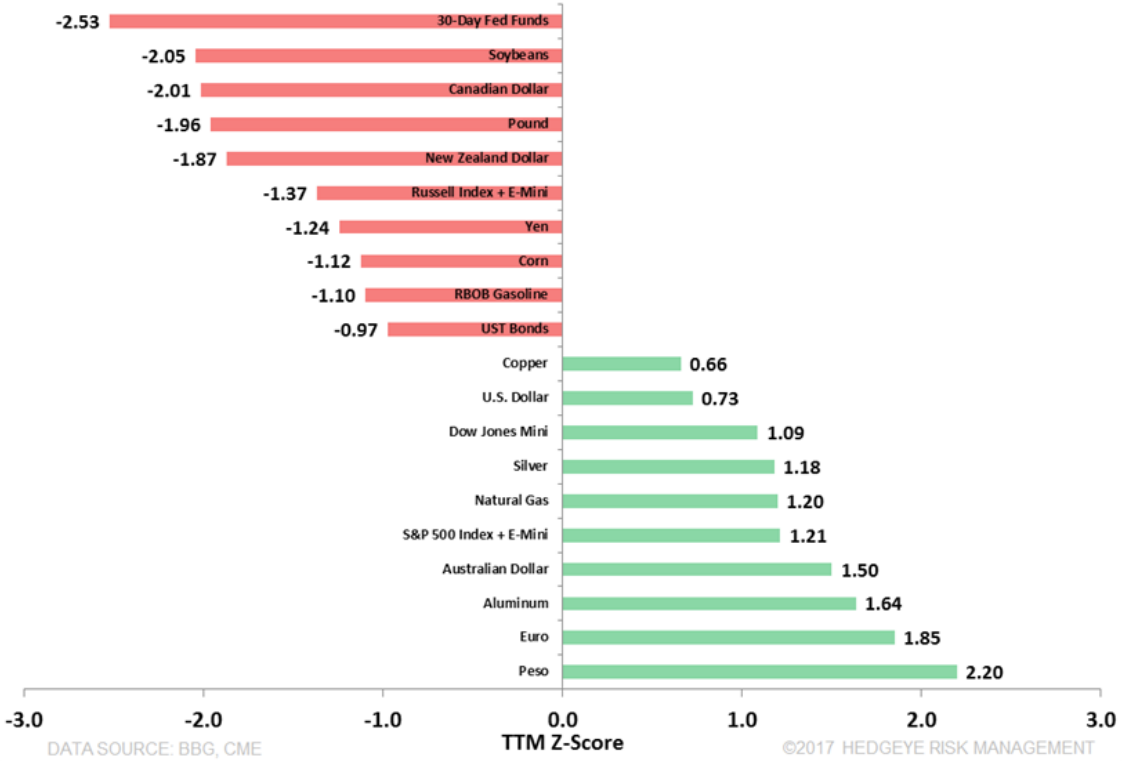
Ticker:	XME US Equity			
	30D	60D	3Mth	6Mth
Realized Vol %	31.6	27.0	27.0	31.5
Realized Vol Percentile	47.3%	22.7%	21.1%	41.0%
Implied Vol. %	28.2	27.2	27.9	28.8
Implied Vol. Percentile	25.6%	18.6%	20.3%	22.7%
Implied Vol. Premium	-10.5%	0.9%	3.4%	-8.4%

Ticker:	DBB US Equity			
	30D	60D	3Mth	6Mth
Realized Vol %	17.8	18.3	19.7	17.2
Realized Vol Percentile	31.9%	31.6%	39.9%	24.2%
Implied Vol. %	13.7	14.5	15.3	15.7
Implied Vol. Percentile	1.0%	2.7%	4.3%	4.6%
Implied Vol. Premium	-23.1%	-20.3%	-22.1%	-8.8%

W/W Chg. in Implied Volatility % At-The-Money Divergences			
Largest Increases		Largest Decreases	
Copper ETF	16.3%	Zero Coupon STRIPS E	-37.7%
Vanguard Ttl. Stk. Mar	13.0%	Powershares Base Me	-21.1%
Russell 2000 Growth	9.6%	Soybeans ETF	-17.9%
Financials ETF	9.1%	Wheat ETF	-17.9%
S&P TSX 60 Index	8.6%	Muni-Bond ETF	-14.0%
High Yield Corp. ETF	8.4%	IBOV Brazil Index	-8.3%
Mid-Term Treasuries E	7.0%	WTI Crude Oil ETF	-7.7%
Junk Bond ETF	6.9%	Hong Kong H Shares	-7.2%
Nikkei 225 Index	5.7%	Brent Crude Oil	-7.1%
L-T Treasuries ETF	5.1%	KOSPI Index	-6.7%

M/M Chg. in Implied Volatility % At-The-Money Divergences			
Largest Increases		Largest Decreases	
Wheat ETF	89.1%	Muni-Bond ETF	-28.1%
Euro ETF	38.3%	Powershares Base Me	-22.8%
CAC 40 Index	32.8%	Nifty 50 India Index	-20.1%
Euro Stoxx 50 index	26.2%	Natural Gas ETF	-10.2%
German DAX Index	25.1%	Canadian Dollar	-9.5%
Soybeans ETF	24.1%	Consumer Staples ETF	-7.5%
FTSE 100 Index	23.1%	Brazil	-6.9%
U.S. Dollar ETF	22.8%	Health Care ETF	-6.1%
Swiss Market Index	21.9%	Australian Dollar	-6.0%
FTSE MIB Index	19.2%	IBOV Brazil Index	-5.6%

CFTC NET FUTURES & OPTIONS POSITIONING



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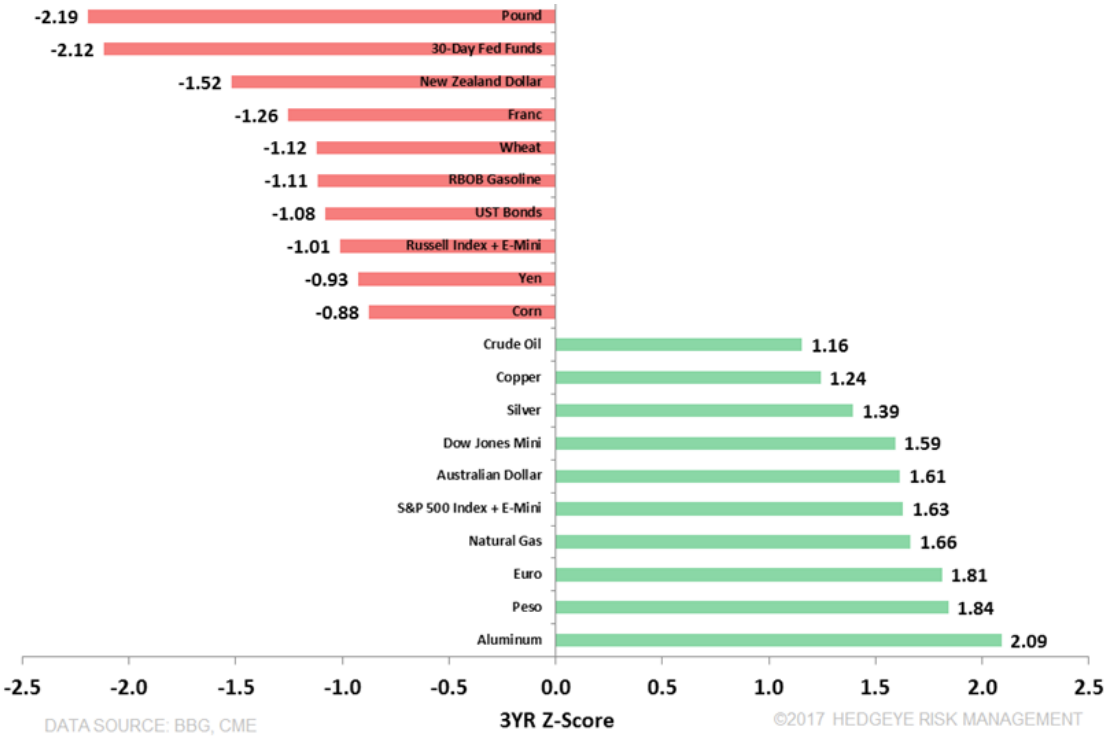
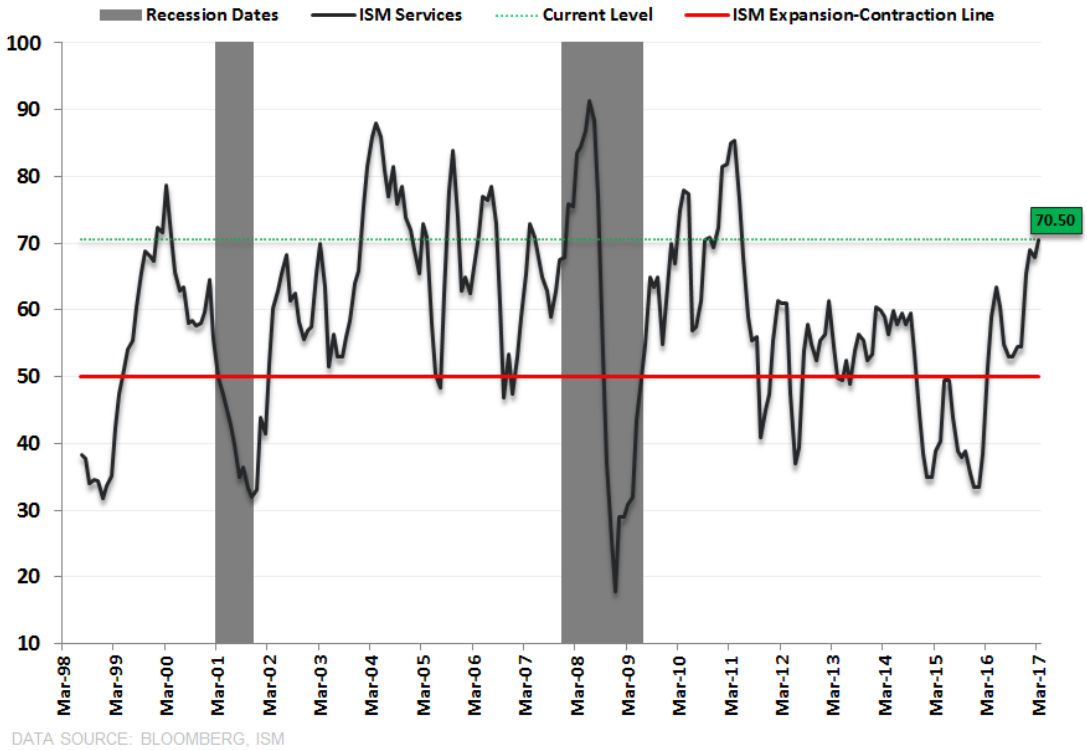
HEDGEYE TV

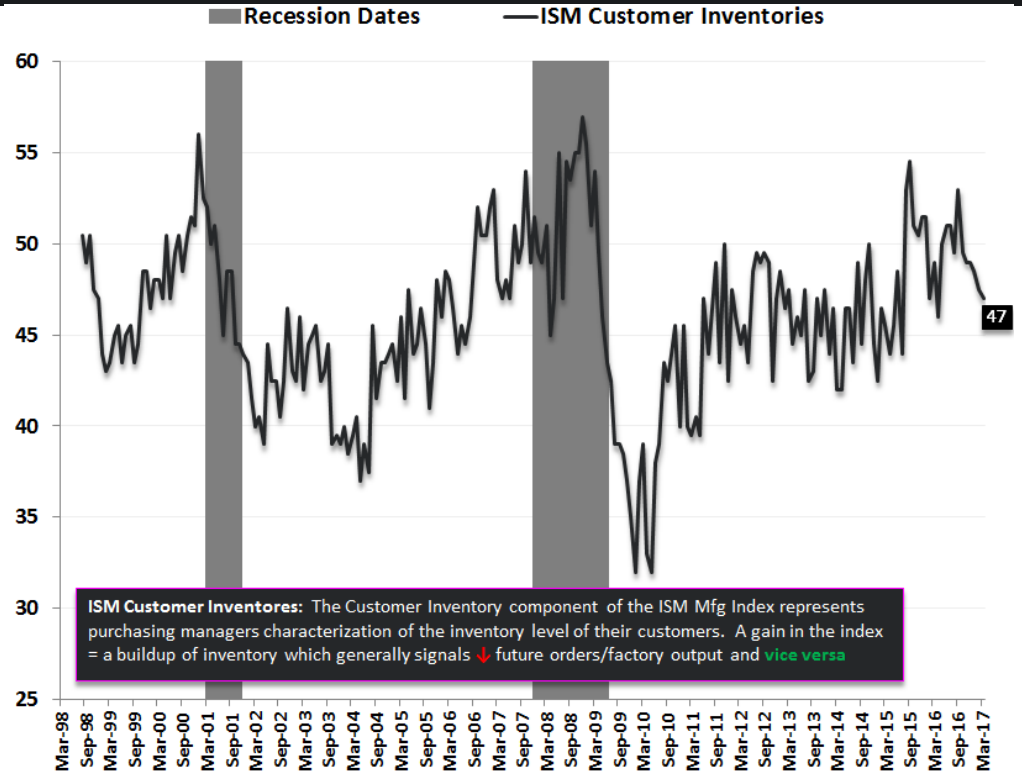
CFTC NET FUTURES & OPTIONS POSITIONING (3YR Z-SCORE)



ISM: PRICES PAID



ISM: CUSTOMER INVENTORIES



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	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	7.4%	6.7%	7.0%	10.0%	3.0%	3.5%	-9.4%	SPX	27.9%	0.14	0.60	49.6%	1.13	1.61	56.5%	1.73	2.05
Russell 2000	RTY	15.1%	14.1%	14.1%	15.3%	0.2%	-2.5%	-8.6%	RTY	-1.9%	-0.32	-0.40	7.5%	0.19	-0.02	13.5%	0.74	0.23
Nasdaq 100	NDX	7.5%	6.6%	8.5%	11.3%	5.4%	-1.8%	-14.2%	NDX	44.7%	0.68	1.27	75.7%	2.37	3.05	46.3%	1.77	2.05
USD Index	UUP	7.1%	6.8%	7.6%	8.6%	13.6%	2.8%	1.5%	UUP	4.2%	-0.37	-0.33	21.3%	0.36	0.35	4.9%	-0.52	-0.40
Consumer Discret.	XLY	7.7%	6.8%	8.7%	10.3%	-0.5%	-8.8%	-18.8%	XLY	24.8%	0.13	0.57	59.9%	1.93	2.46	33.2%	1.12	1.38
Financials	XLF	16.1%	15.5%	15.0%	17.5%	9.1%	7.2%	1.1%	XLF	4.7%	-0.24	-0.07	12.6%	0.28	0.35	17.7%	1.12	0.70
Healthcare	XLV	8.6%	9.2%	9.4%	10.8%	-8.1%	-12.1%	-22.7%	XLV	19.9%	0.24	0.62	24.3%	0.89	1.16	29.1%	1.66	1.70
Technology	XLK	7.9%	7.2%	9.4%	11.4%	3.3%	-2.1%	-12.0%	XLK	38.9%	0.66	1.20	61.8%	2.13	2.56	29.7%	1.32	1.31
Consumer Staples	XLP	5.2%	7.5%	8.4%	9.2%	-4.4%	-7.5%	-17.6%	XLP	58.2%	2.06	2.17	27.9%	1.26	1.31	23.2%	1.16	1.00
Utilities	XLU	12.3%	12.2%	13.8%	13.1%	-1.4%	-4.3%	-14.7%	XLU	3.5%	0.15	0.33	8.7%	0.85	0.97	-3.0%	-0.01	0.03
Energy	XLE	16.4%	15.0%	16.3%	15.4%	-7.1%	-8.1%	-16.9%	XLE	-4.1%	-0.42	-0.40	8.3%	0.61	0.30	4.0%	0.76	0.14
Energy	XOP	27.8%	24.2%	29.7%	26.7%	-2.4%	-1.6%	-11.8%	XOP	-10.4%	-0.69	-0.71	13.5%	0.99	0.81	-4.9%	0.32	-0.17
Materials	XLB	12.2%	11.6%	11.1%	13.2%	1.0%	-0.3%	-9.0%	XLB	-0.2%	-0.61	-0.34	14.8%	0.33	0.35	23.9%	1.10	0.84
Industrials	XLI	10.7%	10.0%	9.9%	12.2%	0.6%	-0.8%	-8.3%	XLI	8.7%	-0.28	0.02	26.5%	0.79	0.99	33.5%	1.73	1.59
Transports	IYT	15.4%	14.8%	14.2%	16.1%	-1.3%	-4.9%	-7.4%	IYT	-0.8%	-0.58	-0.42	13.3%	0.00	0.26	22.0%	0.62	0.84
WTI Crude Oil	USO	24.5%	23.4%	28.6%	25.2%	-8.9%	-8.5%	-20.7%	USO	-8.9%	-0.18	-0.26	15.3%	0.98	0.44	0.2%	0.48	-0.23
Natural Gas	UNG	28.5%	37.5%	45.8%	33.8%	-6.4%	-17.4%	-23.7%	UNG	19.6%	1.35	0.31	-7.6%	-0.40	-0.65	-22.3%	-1.32	-1.12
Gold	GLD	10.2%	10.2%	11.5%	12.3%	3.9%	-4.5%	-12.7%	GLD	15.3%	0.40	0.36	21.3%	1.19	0.87	8.5%	0.47	0.14
Silver	SLV	19.4%	17.1%	18.9%	18.4%	-3.6%	-11.7%	-19.8%	SLV	-6.9%	-0.88	-0.86	10.8%	0.78	-0.11	3.2%	-0.12	-0.50
Copper	JJC	21.2%	25.4%	24.8%	20.6%	-10.4%	-15.1%	-18.6%	JJC	-9.8%	-0.38	-0.50	-18.7%	-0.79	-0.99	-16.8%	-0.88	-1.09
Corn	CORN	14.3%	13.7%	15.1%	23.1%	20.4%	27.4%	24.7%	CORN	44.2%	1.93	1.09	71.0%	3.34	2.74	58.8%	2.05	1.95
Soybeans	SOYB	10.3%	13.7%	14.6%	24.1%	18.5%	15.3%	12.9%	SOYB	124.0%	2.48	1.41	65.0%	0.54	0.46	41.2%	-0.12	-0.06
Wheat	WEAT	18.1%	19.3%	19.1%	39.5%	45.2%	35.5%	35.0%	WEAT	87.4%	0.53	0.40	75.6%	0.37	0.41	28.6%	-0.69	-0.23

*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	$86.53	-0.03%	0.19%	6.30%
Financial Select Sector	XLF	$23.45	-0.38%	-4.44%	0.86%
Health Care Select Sector	XLV	$74.49	0.27%	-0.67%	8.05%
Technology Select Sector	XLK	$52.84	0.00%	0.94%	9.26%
Consumer Staples Select Sector	XLP	$54.65	-0.09%	-0.82%	5.69%
Industrial Select Sector	XLI	$64.30	-0.36%	-2.37%	3.34%
Materials Select Sector	XLB	$51.77	0.21%	-0.92%	4.16%
The Energy Select Sector	XLE	$68.24	-0.47%	-4.40%	-9.40%
Utilities Select Sector	XLU	$51.69	-0.39%	-0.15%	6.42%
S&P 500	SPX	2,341.59	-0.10%	-0.93%	4.59%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$86.53	0.07%	1.12%	1.71%
Financial Select Sector	XLF	$23.45	-0.28%	-3.51%	-3.73%
Health Care Select Sector	XLV	$74.49	0.37%	0.27%	3.46%
Technology Select Sector	XLK	$52.84	0.10%	1.87%	4.67%
Consumer Staples Select Sector	XLP	$54.65	0.01%	0.12%	1.10%
Industrial Select Sector	XLI	$64.30	-0.25%	-1.44%	-1.25%
Materials Select Sector	XLB	$51.77	0.31%	0.01%	-0.42%
The Energy Select Sector	XLE	$68.24	-0.36%	-3.47%	-13.99%
Utilities Select Sector	XLU	$51.69	-0.28%	0.78%	1.83%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.2%	-1.1%	-3.0%	1.3%	6.6%	2.8%
	Low Debt/EV	-0.1%	-1.2%	-1.1%	3.4%	7.1%	5.2%
SI	High Short Interest	0.1%	-1.6%	-3.5%	-1.6%	3.5%	0.3%
	Low Short Interest	-0.2%	-1.5%	-1.4%	3.4%	10.0%	4.8%
BETA	High Beta	-0.1%	-2.4%	-4.2%	-0.6%	13.2%	1.9%
	Low Beta	-0.2%	-0.2%	-0.3%	4.4%	2.8%	4.8%
YIELD	High Yield	-0.3%	-1.3%	-3.0%	-1.0%	0.1%	-0.3%
	Low Yield	0.2%	-0.7%	-1.7%	3.0%	6.3%	4.9%
MKT CAP	MCAP Bottom 25%	-0.1%	-1.6%	-3.9%	-2.8%	0.6%	-1.4%
	MCAP Top 25%	-0.1%	-1.4%	-1.1%	4.0%	11.1%	5.4%
Sales	Top 25% Sales Growth	0.0%	-1.2%	-1.6%	1.8%	8.2%	3.6%
	Bottom 25% Sales Growth	-0.1%	-1.3%	-2.8%	0.1%	2.8%	1.4%
EPS	Top 25% EPS Growth	0.0%	-1.3%	-2.0%	0.9%	8.6%	2.9%
	Bottom 25% EPS Growth	-0.2%	-1.2%	-3.1%	-0.3%	2.1%	0.8%

**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	0.77%	1.0	4.6	27	26	-1	61	61	65
3M LIBOR	1.15%	0.0	-0.5	10	15	-1	53	65	73
2Y T-Note	1.25%	-0.4	-3.6	6	3	-14	76	53	70
5Y T-Note	1.92%	-2.7	-6.7	5	-14	-23	103	39	59
10Y T-Note	2.38%	-3.4	-8.2	1	-18	-26	106	24	23
30Y T-Note	2.98%	-2.9	-9.2	0	-15	-23	90	11	-4
2Y-10Y Spread, Bps	113	-3.0	-4.7	-4.5	-21	-12	30	-30	-47
IG SPREAD (AAABBB)	1.54%	0.0	1.0	4	-1	-49	9	-15	-20
HIGH YIELD	6.27%	1.6	21.6	36	-15	-173	55	-38	-28
5Y BREAKEVEN	1.95%	-0.4	-4.9	-6.4	6.9	-12.2	70.3	39.6	23.3

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)	79,586	(65,502)	57,157	19,781	45,152	0.40X	1.02X
Russell 2000 (mini)	(40,760)	(18,247)	42,809	34,620	5,008	-1.04X	-0.57X
10Y Treasury	(68,562)	129,389	(301,900)	(188,831)	(76,659)	0.05X	-0.07X
CRUDE OIL	474,989	(25,170)	525,480	470,504	410,990	0.79X	1.51X
GOLD	65,971	16,136	67,652	97,469	166,541	-1.26X	-0.44X
COPPER	21,861	(730)	41,702	35,453	7,828	0.43X	1.26X
$USD	46,206	(1,493)	48,600	48,050	30,139	0.86X	0.38X
JPY	(72,534)	729	(66,824)	(30,423)	11,933	-1.55X	-0.72X
EUR	(18,245)	20,462	(47,973)	(78,493)	(74,166)	1.62X	1.46X
GBP	(113,271)	(6,578)	(71,074)	(74,470)	(67,008)	-2.32X	-2.27X

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (3/27) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	2%	4%	10%	46%
Total Exchange Volume**	2%	-11%	-7%	-9%

*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	0.55	0.53	-0.21	0.56	0.68	*0.95*	*-0.75*	*53%*	*47%*
BRENT Oil	0.61	0.54	0.22	0.48	0.71	*0.77*	*-0.78*	*52%*	*48%*
CRB Index	-0.38	-0.05	-0.45	0.48	0.75	*0.83*	*-0.86*	*28%*	*72%*
GOLD	-0.94	-0.50	-0.69	-0.83	-0.93	*0.90*	*-0.97*	*17%*	*83%*

**Days = Trading Days*