

LEGAL

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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/16/2017	47	13	12	11	17	0
2/17/2017	42	15	13	11	19	0

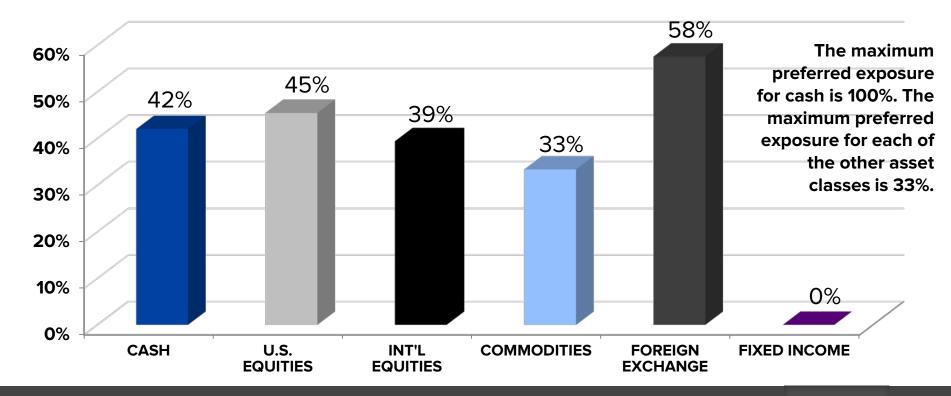
	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/16/2017	47%	39%	36%	33%	52%	0%
2/17/2017	42%	45%	39%	33%	58%	0%

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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HEDGEYE ASSET ALLOCATION



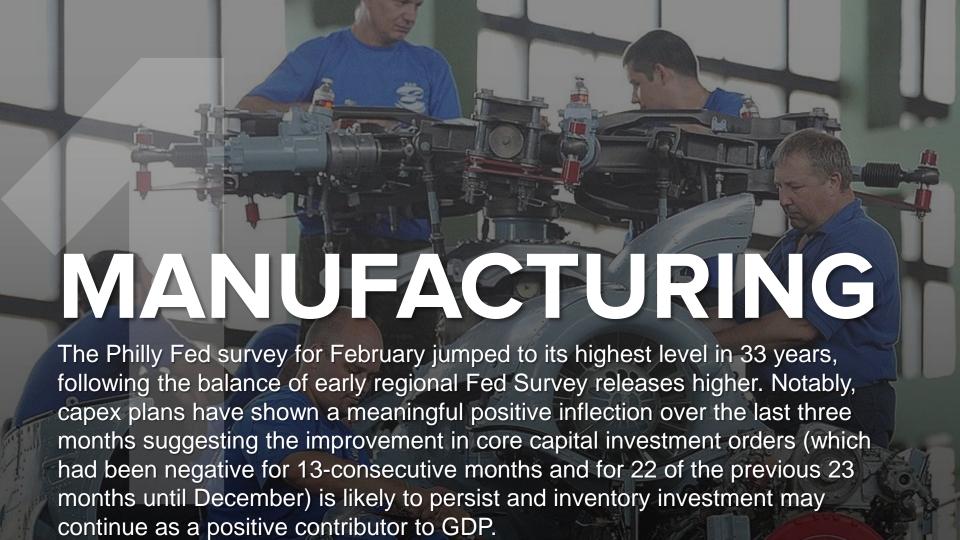
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MANUFACTURING

2 HIGH-YIELD & JUNK

3 BRITISH POUND



HIGH-YIELD & JUNK

If you want a look at the growth accelerating trade just take a look at high yield and junk corporate spreads and volatility. 30D realized volatility in HYG and JNK just hit fresh is at all-time lows as of the close yesterday. Looking at high yield spreads, the Barclays high yield OAS index is making new lows and now just +44bps off cycle lows in June 2014. Spreads tightening in a strong currency, rising rate environment, adds some kick to the growth cocktail.



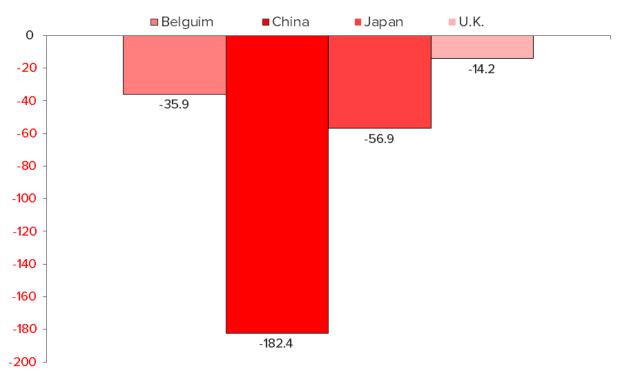
currency lower.



MACRO & HOUSING CHRISTIAN DRAKE

TREASURIES: FOREIGN DEMAND •

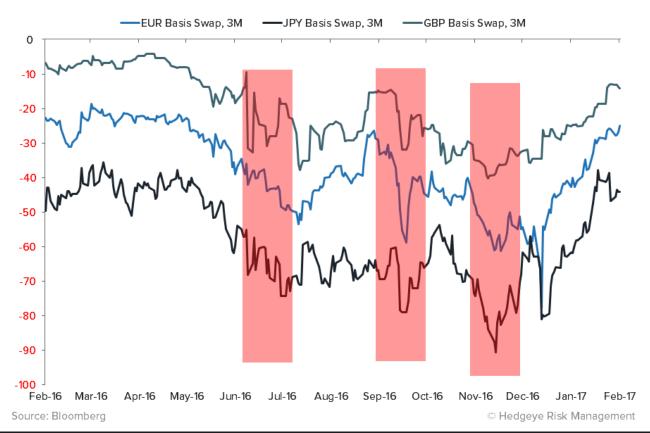
Foreign Holdings of U.S. Treasuries: 6Mo Chg, Bil \$'s



Source: Bloomberg

GLOBAL DOLLAR FUNDING: EASING

USD Cross Currency Basis Swaps

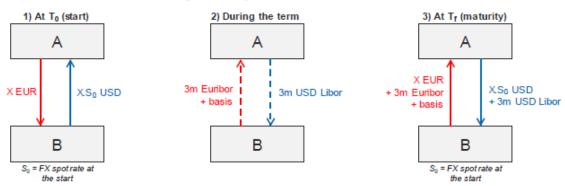


CROSS CURRENCY BASIS SWAPS ... ITS NOT THAT COMPLICATED

- 1. I have Euro's But I want USD's
- 2. I (CCBS Mkt) have USD's to swap
- 3. Let's agree to swap (an equivalent amount of money for a predefined period of time)
- 4. Quotation: The Basis (i.e. the vertical axis in prior chart) is quoted on the non-USD leg

5. Macro Implication: Indicator of Dollar Funding Stress

Illustration: Flows involved in a EURUSD x-ccy basis swap:



4Q EARNINGS GROWTH



DATA SOURCE: BLOOMBERG HEDGEYE 13

OPERATING MOMENTUM •

HEDGEYE S&P500 EARNINGS SCORECARD: 4Q16

SECTOR LEVEL OPERATING PERFORMANCE*

	S	ALES Growth,	YoY	E	PS Growth, Yo	Υ**	OPERATING MARGIN			
	Accelerating	Decelerating	% Accelerating	Accelerating	Decelerating	% Accelerating	Expanding	Contracting	% Expanding	
Health Care	15	34	31%	22	25	47%	17	28	38%	
Materials	17	5	77%	10	8	56%	5	15	25%	
Tech	31	32	49%	30	30	50%	36	24	60%	
Financials	22	37	37%	34	25	58%	26	29	47%	
Consumer Staples	19	14	58%	17	16	52%	12	20	38%	
Industrials	44	20	69%	37	27	58%	20	41	33%	
Utilities	11	4	73%	9	6	60%	1	12	8%	
Energy	25	0	100%	9	4	69%	4	6	40%	
Consumer Discretionary	33	24	58%	30	24	56%	24	29	45%	
Real Estate	7	15	32%	8	12	40%	12	10	55%	
SPX AGGREGATE	224	185	55%	206	177	54%	157	214	42%	

SPX CONSTITUENT SUMMARY

Sales Growth Accelerating, % 55% EPS Growth Accelerating, % 54% OM Margins Expanding, % 42%

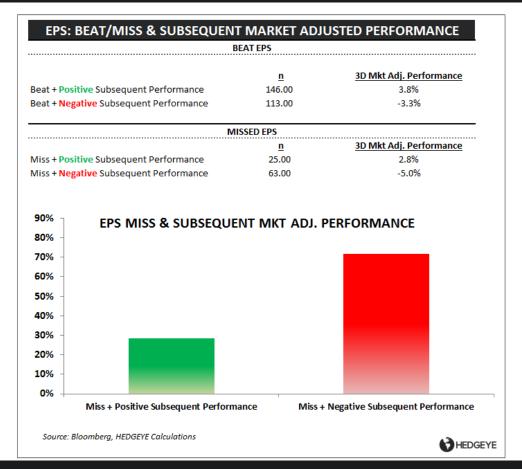
*Acceleration/Deceleration is vs the prior quarter for the given operating metric

Source: Bloomberg, Hedgeye Calculations



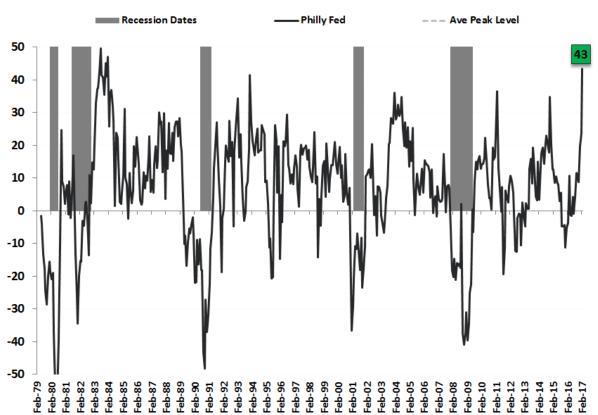
^{**}Negative earnings excluded

FORECASTING FAILURE = \$\$\$



MFG ACTIVITY 🛧

Philly Regional Fed Survey

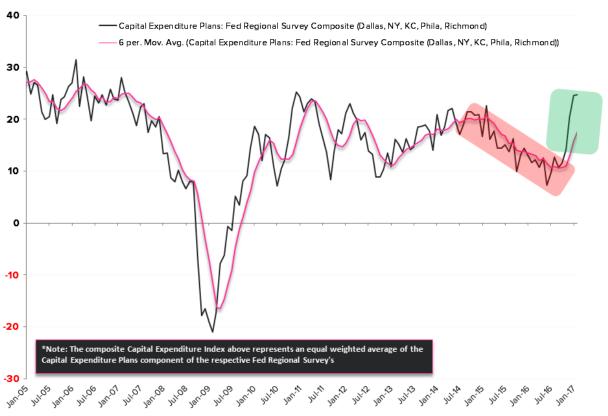


ATA SOURCE BLOOMBERG

DATA SOURCE: BLOOMBERG,

CAPEX PLANS 1

CAPITAL EXPENDITURE PLANS*



Source: Bloomberg, Regional Fed Surveys, HEDGEYE

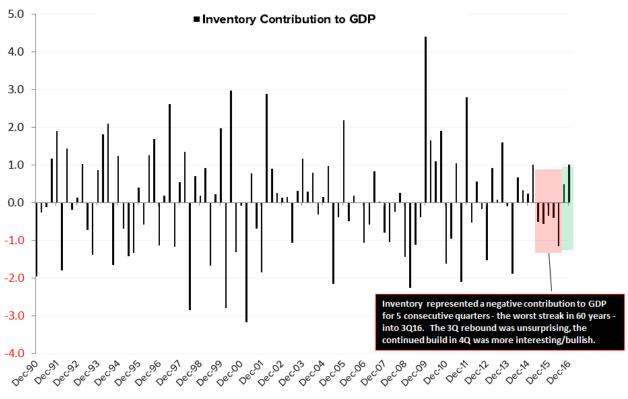
SALES GROWTH > INVENTORY GROWTH



DATA SOURCE: BLOOMBERG.
HEDGEYE 18

INVENTORIES: 3-PEAT?

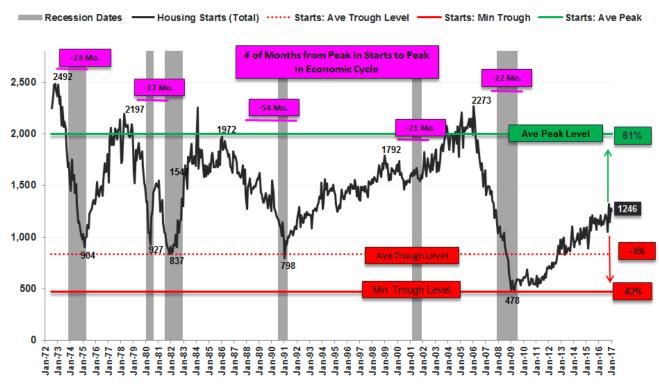
Inventory Contribution to GDP



Source: Bloomberg, BEA, Hedgeye

HOUSING STARTS: GODOT'S PLAYGROUND

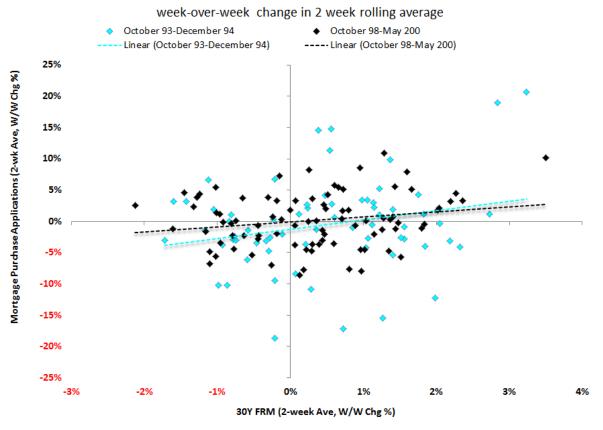
HOUSING STARTS



DATA SOURCE: BLOOMBERG, NBER, CENSUS BEREAU, HRM

PURCHASE APPS: TRADE 1, TREND 4

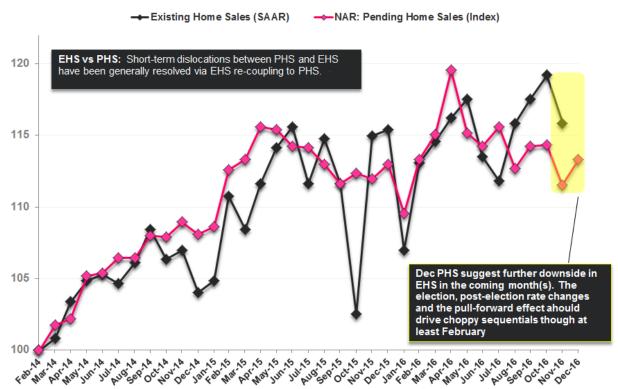
30Y MORTGAGE RATE vs PURCHASE APPLICATIONS



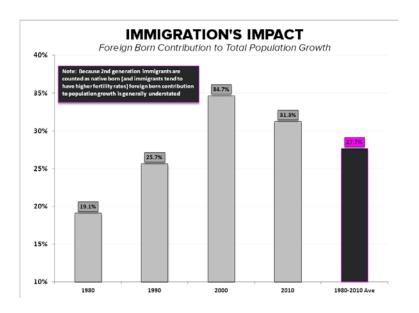
EHS: MORE "UNDERWHELMING"

EXISTING HOME SALES (1-MO LAG) VS PENDING HOME SALES, SAAR

GAIN SINCE FEBRÚARY 2014 TROUGH

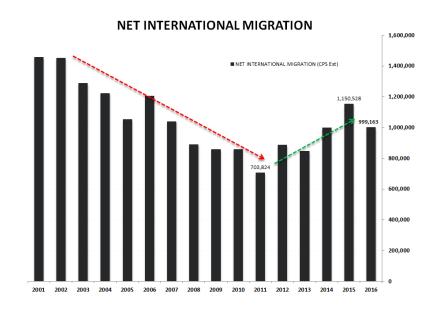


DATA SOURCE: NAR, BLOOMBERG, HEDGEYE



Secular Support

Immigration has accounted for ~30% of total population growth over the last three decades.



Cyclical Strengthening

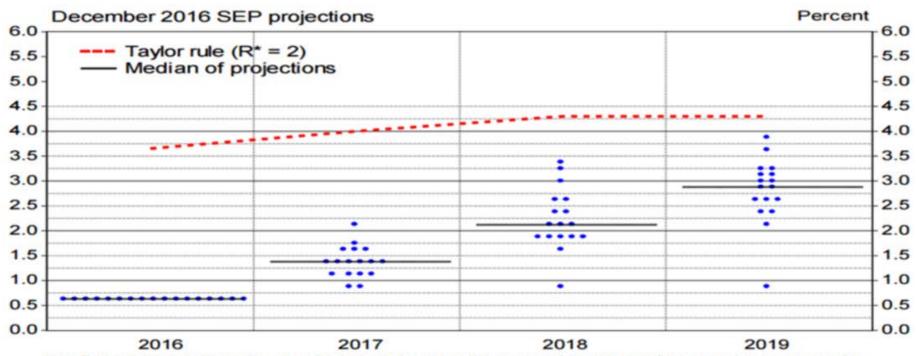
Initial 2016 immigration estimates show a 2nd year at the 1MM mark.

DATA SOURCE: CENSUS BUREAU, HEDGEYE HEDGEYE HEDGEYE

MACRO GRIND

MARKETS AREN'T PREPARED FOR THE RED LINE

THE SO-CALLED "TAYLOR RULE" CALLS FOR A 4% FED FUNDS RATE BY YEAR-END 2018. THE PROBABILITY OF MARKETS HAVING TO REACT TO THAT REALITY IS MUCH HIGHER THAN WHAT IS CURRENTLY BEING ASSUMED BY RATES MARKETS, WHICH ARE STILL ANCHORING ON THE FOMC'S RATE HIKE GUIDANCE.



Note: Each solid circle indicates the value of an individual participant's judgment of the midpoint of the appropriate target range for the federal funds rate at the end of the specified calendar year.

Source: For the Taylor rule, Federal Reserve Board staff calculations; for the projections (solid circles) and median of projections, Summary of Economic Projections (SEP), December 2016, available at www.federalreserve.gov/monetarypolicy/fomccalendars.htm.

EARNINGS SEASON

Q4 2016 QTD

Q4 2016 Q ID			
SECTOR	SALES (ROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.7%	5.6%	401 / 500
Energy	1.5%	-6.4%	24 / 35
Materials	4.8%	0.4%	22 / 25
Industrials	2.2%	-5.3%	62 / 67
Consumer Discretionary	9.9%	2.7%	53 / 81
Consumer Staples	3.3%	9.1%	30 / 37
Healthcare	4.7%	4.1%	50 / 60
Financials	4.4%	7.9%	60 / 63
Information Technology	7.3%	10.5%	59 / 66
Telecom	-2.9%	1.8%	4 / 5
Utilities	10.6%	16.5%	14 / 28
Real Estate	1.2%	13.3%	22 / 29

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VOLATILITY

		REALIZ	ZED VOL	ATILITY	IMPLIE	VOLATIL	.TY*		IMPLIE	D** VS. RE	ALIZED VC	LATILITY						
											30 Day			60 Day			3 Month	
		Durati	on of Rea	lized (%)		At-The-M	loney %				Z-So	ore		Z-S	core		Z-S	core
Index/Security	Ticker	30D	60D	90D	Current	v 1M Avg	v 3M Avg	v 6M Avg.	Ticker	Premium	ттм	3Yr	Premium	TTM	3Yr	Premium	ттм	3Yr
S&P 500	SPX	5.8%	6.7%	8.0%	9.3%	0.1%	-9.9%	-19.7%	SPX	58.1%	1.19	1.70	42.9%	1.30	1.56	31.8%	1.17	1.07
Russell 2000	RTY	13.3%	13.8%	15.4%	14.6%	-7.4%	-11.9%	-14.0%	RTY	9.4%	0.32	0.18	9.2%	0.51	0.11	3.8%	0.19	-0.39
Nasdaq 100	NDX	5.8%	9.0%	11.0%	10.2%	-10.1%	-21.7%	-27.0%	NDX	71.0%	1.86	2.45	23.2%	0.76	0.92	12.2%	0.29	0.27
USD Index	UUP	6.9%	7.8%	7.4%	7.8%	-10.3%	-12.4%	-7.4%	UUP	11.6%	-0.04	-0.11	2.9%	-0.54	-0.50	15.5%	0.21	0.06
Consumer Discret.	XLY	5.8%	9.6%	10.3%	9.9%	-12.8%	-21.7%	-26.2%	XLY	69.9%	1.86	2.41	17.0%	0.33	0.49	15.8%	0.39	0.43
Financials	XLF	15.1%	14.5%	16.7%	15.3%	-4.2%	-12.4%	-11.2%	XLF	1.3%	-0.22	-0.20	10.2%	0.34	0.26	-1.0%	0.10	-0.31
Healthcare	XLV	9.9%	10.4%	13.9%	10.9%	-9.5%	-19.6%	-23.4%	XLV	9.2%	0.05	0.24	13.6%	0.66	0.69	-10.9%	-0.84	-0.88
Technology	XLK	6.5%	10.1%	11.3%	10.4%	-7.2%	-18.1%	-22.7%	XLK	59.0%	1.60	2.12	16.5%	0.60	0.63	12.0%	0.47	0.33
Consumer	VID								VID		0.00	0.00		0.40	0.20		0.47	0.00
Staples	XLP	8.8%	9.5%	10.6%	8.7%	-10.0%	-22.0%	-25.6%	XLP	-0.1%	-0.33	-0.28	0.6%	-0.13	-0.26	-5.0%	-0.47	-0.69
Utilities	XLU	12.1%	14.6%	16.5%	13.2%	-2.4%	-13.5%	-17.4%	XLU	8.8%	0.59	0.66	-8.1%	-0.51	-0.42	-16.2%	-1.46	-1.30
Energy	XLE	13.6%	16.4%	16.7%	15.6%	-1.5%	-13.2%	-19.2%	XLE	14.4%	0.61	0.46	2.2%	0.63	0.01	2.7%	0.90	0.05
Energy	ХОР	20.7%	30.8%	29.7%	24.9%	-2.7%	-15.5%	-21.2%	ХОР	19.5%	0.73	0.82	-15.2%	-0.62	-0.94	-8.8%	0.06	-0.43
Materials	XLB	11.1%	10.7%	11.2%	12.5%	-4.6%	-9.9%	-17.1%	XLB	12.1%	0.11	0.13	25.2%	1.05	0.85	23.2%	1.39	0.85
Industrials _	XLI	9.3%	9.5%	10.9%	11.8%	-1.8%	-9.5%	-13.2%	XLI	25.4%	0.47	0.73	26.5%	1.08	1.10	16.0%	0.95	0.62
Transports	IYT	14.1%	13.5%	13.7%	15.4%	-9.1%	-11.1%	-12.8%	IYT	9.3%	-0.11	0.04	26.4%	0.79	1.04	28.9%	1.18	1.36
WTI Crude Oil	USO	22.6%	30.6%	31.2%	25.9%	-6.2%	-18.1%	-25.0%	USO	-6.2%	0.59	0.33	-8.3%	-0.29	-0.75	-6.6%	-0.04	-0.60
Natural Gas	UNG	35.6%	49.1%	47.8%	40.5%	-5.8%	-14.7%	-9.4%	UNG	13.6%	0.83	0.14	-17.6%	-1.20	-0.95	-16.7%	-1.28	-0.87
Gold	GLD	10.7%	12.3%	12.3%	12.6%	-7.6%	-12.6%	-14.7%	GLD	16.7%	0.63	0.45	4.5%	0.11	-0.07	15.3%	1.00	0.62
Silver	SLV	14.8%	18.8%	21.1%	21.6%	-0.7%	-8.3%	-10.7%	SLV	45.1%	3.13	1.09	14.2%	1.11	0.07	8.2%	0.17	-0.21
Copper	JJC	28.9%	26.4%	25.9%	25.9%	6.1%	-5.3%	-0.4%	JJC	-10.2%	-0.41	-0.54	-4.4%	-0.45	-0.56	-3.1%	-0.47	-0.59
Corn	CORN	13.0%	15.5%	16.8%	21.3%	26.4%	23.8%	12.9%	CORN	64.0%	2.02	1.90	35.7%	1.07	0.87	24.3%	0.32	0.20
Soybeans	SOYB	16.7%	16.2%	15.7%	21.8%	-7.0%	-2.7%	-0.3%	SOYB	32.8%	-0.10	-0.18	40.8%	0.01	-0.02	47.1%	-0.07	0.05
Wheat	WEAT	20.4%	19.6%	19.7%	33.7%	18.9%	14.4%	15.6%	WEAT	65.2%	-0.01	0.13	72.1%	0.17	0.38	70.2%	0.38	0.57

^{*}implied volatility on at-the-money front month contracts

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

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	\$86.33	-0.51%	1.77%	6.06%
Financial Select Sector	XLF	\$24.46	-0.24%	4.93%	5.20%
Health Care Select Sector	XLV	\$73.56	-0.14%	4.31%	6.70%
Technology Select Sector	XLK	\$52.01	0.23%	3.85%	7.55%
Consumer Staples Select Sector	XLP	\$54.19	0.13%	3.04%	4.80%
Industrial Select Sector	XLI	\$65.78	0.03%	3.79%	5.72%
Materials Select Sector	XLB	\$52.45	0.00%	0.94%	5.53%
The Energy Select Sector	XLE	\$72.37	-1.36%	-0.73%	-3.92%
Utilities Select Sector	XLU	\$49.54	1.00%	0.73%	2.00%
S&P 500	SPX	2,347.22	-0.09%	3.00%	4.84%

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HEDGEYE SECTOR RELATIVE PERFORMANCE

			1-Day %	MTD %	YTD %
	<u>Ticker</u>	<u>Price</u>	Chg	Chg	<u>Chg</u>
Consumer Discretionary	XLY	\$86.33	-0.42%	-1.23%	1.22%
Financial Select Sector	XLF	\$24.46	-0.16%	1.93%	0.36%
Health Care Select Sector	XLV	\$73.56	-0.05%	1.31%	1.86%
Technology Select Sector	XLK	\$52.01	0.32%	0.85%	2.71%
Consumer Staples Select Sector	XLP	\$54.19	0.22%	0.04%	-0.05%
Industrial Select Sector	XLI	\$65.78	0.12%	0.79%	0.88%
Materials Select Sector	XLB	\$52.45	0.09%	-2.06%	0.69%
The Energy Select Sector	XLE	\$72.37	-1.28%	-3.73%	-8.76%
Utilities Select Sector	XLU	\$49.54	1.09%	-2.27%	-2.84%

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HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
5	High Debt/EV	-0.3%	1.0%	2.0%	6.7%	8.3%	3.7%
8	Low Debt/EV	-0.3%	1.6%	2.8%	4.6%	4.8%	4.9%
IS	High Short Interest	-0.7%	0.6%	1.9%	4.0%	5.2%	3.4%
<u> </u>	Low Short Interest	0.0%	1.9%	3.7%	7.2%	10.3%	5.0%
BETA	High Beta	-0.7%	1.7%	3.8%	8.6%	17.2%	5.7%
BE	Low Beta	0.4%	1.0%	2.2%	6.3%	0.3%	3.2%
YIELD	High Yield	-0.1%	0.8%	0.5%	3.6%	1.0%	1.0%
Α	Low Yield	-0.6%	1.1%	2.9%	5.5%	6.3%	5.6%
MKT	MCAP Bottom 25%	-0.5%	1.1%	0.8%	1.7%	2.4%	2.0%
Σδ	MCAP Top 25%	-0.1%	1.8%	3.5%	7.5%	10.2%	5.0%
Sales	Top 25% Sales Growth	-0.7%	0.7%	1.7%	5.9%	6.4%	4.1%
Sa	Bottom 25% Sales Growth	-0.2%	1.4%	1.8%	4.0%	2.9%	3.1%
EPS	Top 25% EPS Growth	-0.7%	1.0%	2.6%	7.6%	11.4%	5.1%
<u> </u>	Bottom 25% EPS Growth	-0.2%	1.1%	0.8%	2.5%	1.4%	1.3%

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

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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	0.52%	-1.5	-1.5	-1	9	-4	36	37	41
3M LIBOR	1.04%	0.0	0.6	2	13	0	42	58	63
2Y T-Note	1.19%	-4.5	1.3	5	16	-11	69	50	66
5Y T-Note	1.91%	-5.5	5.0	12	20	-21	102	40	60
10Y T-Note	2.42%	-4.7	3.9	12	14	-22	110	27	28
30Y T-Note	3.02%	-2.9	4.3	12	4	-19	93	13	0
2Y-10Y Spread, Bps	123	-2.0	0.8	5.3	-3	-11	40	-24	-38
IG SPREAD (AAABBB)	1.52%	-2.0	-2.0	0	-1	-78	5	-17	-24
HIGH YIELD	6.16%	12.3	24.0	-4	-42	-276	27	-48	-42
5Y BREAKEVEN	2.03%	-0.9	5.1	11.1	29.3	-4.7	101.9	47.0	30.3

THE MACRO SHOW

HEDGEYE

TV

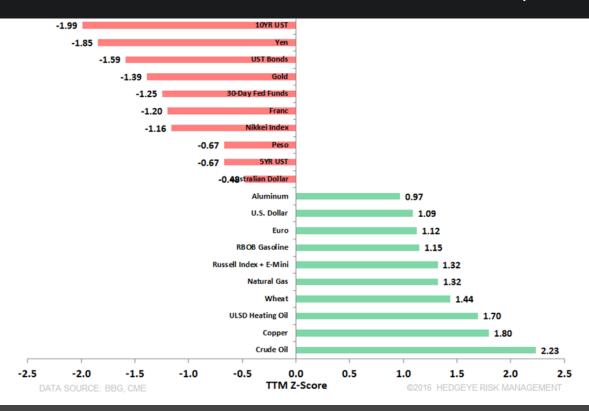
CFTC NON-COMMERCIAL NET LONG POSITIONING

						E .	Score
METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	/4	3Y
SPX (Index + E-mini)	27,047	(35,712)	(13,532)	44,293	14,5	0.11X	0.57X
Russell 2000 (mini)	51,106	(5,540)	62,453	35,578	(2,660)	1.13X	2.14X
10Y Treasury	(291,697)	57,860	(263,391)	(95,636)	(46,253)	-1.54X	-2.13X
CRUDE OIL	527,866	(15,964)	463,451	420,815	381,940	1.93X	2.42X
GOLD	75,727	3,660	73,687	143,097	172,596	-1.29X	-0.33X
COPPER	51,516	(5,426)	50,462	22,411	2,493	1.55X	2.69X
\$USD	46,676	224	51,427	39,511	27,585	1.08X	0.46X
JPY	(54,178)	7,927	(51,908)	(114)	24,612	-1.60X	-0.38X
EUR	(37,837)	1,443	(77,729)	(91,000)	(75,960)	1.15X	1.00X
GBP	(63,158)	119	(65,696)	(75,338)	(61,078)	-0.10X	-1.06X

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TV

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



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MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (2/16) vs.								
	Prior Day	1M Ave	3M ave	1Y Ave					
Total Market Volume*	-5%	-6%	13%	39%					
Total Exchange Volume**	-3%	3%	2%	-1%					
Total Traded Value (R3K)***	-1%	-2%	-2%	-1%					

Source: Bloomberg, Hedgeye

TV

^{*}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

52-Wk Rolling 30D Correlation

METRIC	15D	30D	90D	120D	180D	High	Low	% Time Pos	% Time Neg
SPX	0.80	-0.04	0.65	0.70	0.73	0.95	-0.91	42%	58%
BRENT Oil	-0.12	-0.55	0.51	0.66	0.65	0 .77	-0.78	46%	54%
CRB Index	0.38	-0.18	0.59	0.66	0.65	0.83	-0.89	24%	76%
GOLD	0.42	-0.38	-0.92	-0.95	-0.91	0.90	-0.9 7	15%	85%

^{*}Days = Trading Days

TV

U.S. RETAIL SALES

-	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
GDP: Retail Sales in Context													
Real GDP, Chained \$'s	_	-	16,525	-	_	16,583	-	_	16,727	_	_	16,805	_
Consumer Spending (Real PCE)	11,345	11,376	11,374	11,457	11,475	11,522	11,558	11,546	11,603	11,614	11,634	11,672	-
Services	7,390	7,417	7,405	7,441	7,453	7,482	7,497	7,504	7,525	7,512	7,532	7,552	-
Goods (i.e. Retail Sales)	3,958	3,962	3,974	4,023	4,029	4,047	4,069	4,048	4,087	4,114	4,112	4,131	-
Durable Goods	1,519	1,529	1,527	1,556	1,556	1,571	1,607	1,583	1,623	1,643	1,637	1,660	-
NonDurable Goods	2,470	2,466	2,478	2,500	2,506	2,510	2,502	2,501	2,505	2,514	2,518	2,517	-
Retail Sales, % of PCE	34.9%	34.8%	34.9%	35.1%	35.1%	35.1%	35.2%	35.1%	35.2%	35.4%	35.3%	35.4%	-
Retail Sales, % of GDP	_	-	24.0%	_	_	24.4%	-	_	24.4%	_	_	24.6%	_
RETAIL SALES													
Retail Sales, Total SA	447.3	449.3	447.9	453.4	454.1	457.4	457.8	457.7	462.3	465.3	466.0	470.5	472.1
M/M, % Chg	-0.8%	0.5%	-0.3%	1.2%	0.2%	0.7%	0.1%	0.0%	1.0%	0.7%	0.2%	1.0%	0.4%
Y/Y, % Chg	2.6%	3.6%	1.7%	3.0%	2.2%	2.8%	2.4%	2.2%	3.3%	4.2%	3.9%	4.4%	5.6%
2Y Ave	3.3%	2.9%	2.1%	2.3%	2.3%	2.5%	2.5%	2.2%	2.7%	2.9%	2.8%	3.6%	4.1%
Retail Sales Ex Autos	355.5	356.7	358.2	361.4	362.4	365.3	363.9	363.7	366.5	368.8	369.8	371.1	374.2
M/M, % Chg	-0.8%	0.3%	0.4%	0.9%	0.3%	0.8%	-0.4%	0.0%	0.8%	0.6%	0.3%	0.4%	0.8%
Y/Y, % Chg	2.3%	2.6%	2.1%	3.1%	2.6%	3.2%	2.1%	2.1%	3.1%	4.0%	3.9%	3.6%	5.3%
2Y Ave	2.2%	1.9%	1.8%	1.9%	1.9%	2.1%	2.0%	1.7%	2.1%	2.2%	2.2%	2.9%	3.8%
Retail Sales Ex Autos & Gas	323.0	325.7	326.1	328.4	328.9	331.0	330.3	330.6	332.3	333.6	334.6	334.8	337.1
M/M, % Chg	-0.5%	0.8%	0.1%	0.7%	0.1%	0.6%	-0.2%	0.1%	0.5%	0.4%	0.3%	0.1%	0.7%
Y/Y, % Chg	3.4%	4.7%	3.8%	4.5%	4.0%	4.7%	3.6%	3.5%	3.7%	4.2%	3.9%	3.2%	4.4%
2Y Ave	4.9%	4.8%	4.3%	4.3%	4.2%	4.1%	4.1%	3.7%	3.9%	3.7%	3.6%	3.7%	3.9%
Control Group:												Ĭ	
Retail Sales less Food, Autos, Gas & Building mat	248.2	249.2	249.7	252.3	253.3	254.1	253.5	253.7	254.5	256.0	256.0	257.0	258.1
M/M, % Chg	-0.1%	0.4%	0.2%	1.1%	0.4%	0.3%	-0.2%	0.1%	0.3%	0.6%	0.0%	0.4%	0.4%
Y/Y, % Chg	2.7%	3.2%	2.7%	3.8%	3.5%	3.8%	3.0%	3.0%	2.9%	3.8%	3.3%	3.4%	4.0%
2Y Ave	3.9%	3.6%	3.2%	3.5%	3.6%	3.4%	3.3%	3.0%	3.2%	3.2%	2.9%	3.2%	3.3%
QoQ Annualized, %			2.2%			6.7%			1.1%			3.8%	2.8%

U.S. RETAIL SALES

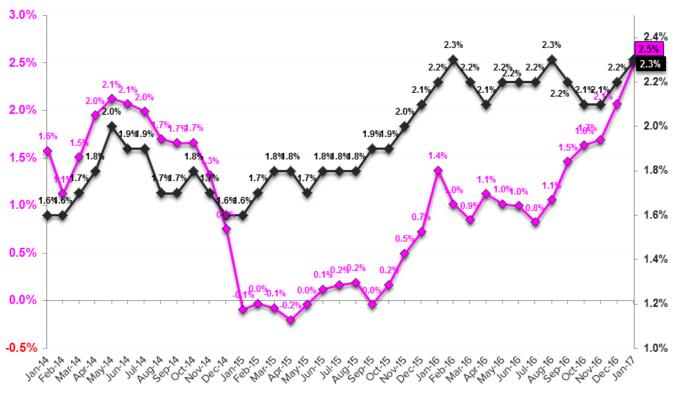
INDUSTRY BREAKDOWN, M/M Chg													
Auto's & Parts	-0.9%	1.0%	-3.1%	2.6%	-0.3%	0.5%	2.0%	0.0%	1.9%	0.8%	-0.3%	3.2%	-1.4%
Furniture	-0.3%	-0.1%	-0.1%	0.5%	0.8%	1.1%	-1.1%	-0.3%	2.5%	-0.6%	-0.5%	-0.9%	0.0%
Electroinics/Appliances	-0.8%	0.8%	0.4%	0.1%	0.2%	-0.4%	-0.2%	0.0%	-2.2%	-0.2%	-0.4%	-1.1%	1.6%
Building Materials	-0.1%	1.5%	-0.5%	-1.6%	-2.6%	3.8%	-0.3%	-0.6%	1.5%	0.4%	0.6%	1.2%	0.3%
Food & Beverage	0.6%	-0.1%	-0.5%	1.2%	0.2%	0.1%	-0.4%	0.5%	0.6%	0.6%	-0.1%	-0.2%	0.4%
Health & Personal Care	-1.0%	2.1%	1.0%	0.9%	0.5%	1.2%	0.4%	0.7%	-0.3%	0.1%	0.5%	0.6%	0.7%
Gas Stations	-3.5%	-4.8%	3.7%	2.7%	1.7%	2.2%	-2.2%	-1.4%	3.6%	2.7%	0.0%	3.2%	2.3%
Clothing	-0.3%	1.0%	-1.0%	0.2%	0.4%	0.2%	-0.1%	0.5%	0.2%	-0.1%	0.2%	0.1%	1.0%
Sporting Goods	-2.5%	0.9%	0.5%	0.1%	0.8%	1.7%	-2.4%	-2.6%	0.9%	-0.2%	-2.0%	-0.2%	1.8%
General Merchandise	-2.2%	0.4%	0.4%	0.2%	-0.5%	0.2%	-0.6%	-0.6%	-0.4%	0.4%	0.4%	-0.4%	0.9%
Misc. Retailers	2.2%	-1.0%	2.1%	2.5%	-1.2%	-0.3%	-0.1%	-0.3%	3.1%	0.9%	-0.8%	-0.4%	-0.2%
Nonstore/Electronic Shopping	1.7%	0.3%	0.7%	2.8%	1.8%	0.1%	0.7%	0.5%	0.6%	1.7%	0.3%	1.9%	0.0%
Food & Drink	-1.7%	2.2%	-0.1%	0.2%	0.5%	0.5%	-0.1%	0.5%	0.7%	-0.4%	1.2%	-1.1%	1.4%

Source: Bloomberg, Census.gov, BEA, HRM
HEDGEYE

CPI: HEADLINE & CORE

→ CPI (Headline): YoY%

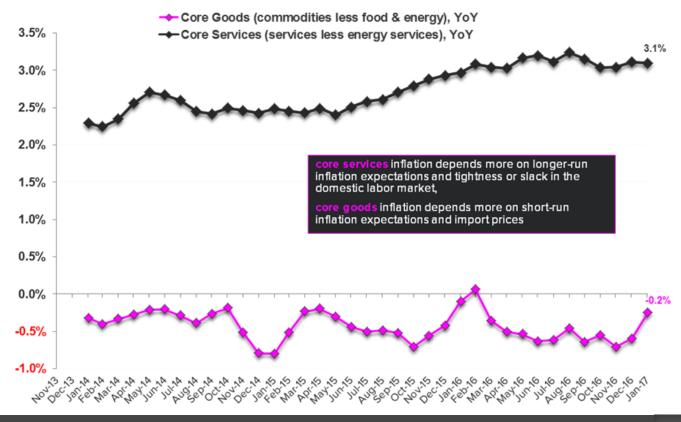
→ CPI (CORE): YoY%



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U.S. CPI: CORE SERVICES VS CORE GOODS

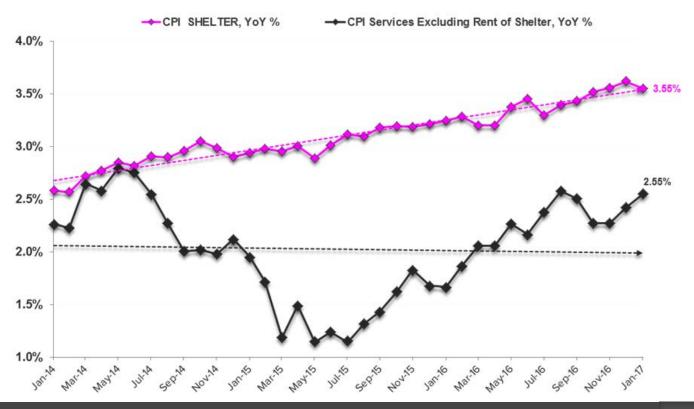


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SERVICES INFLATION

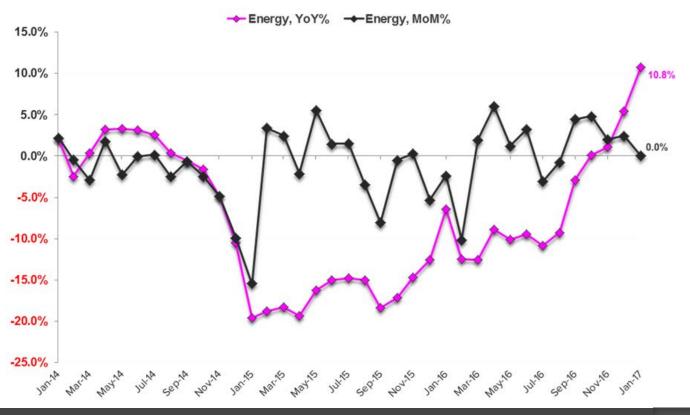
SHELTER VS SERVICES EX-SHELTER



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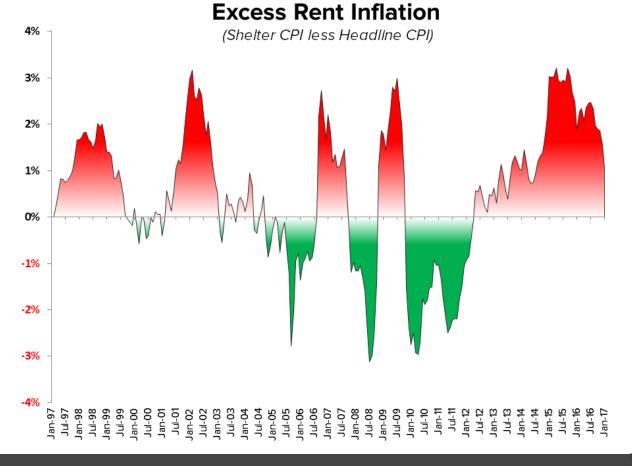


ENERGY INFLATION



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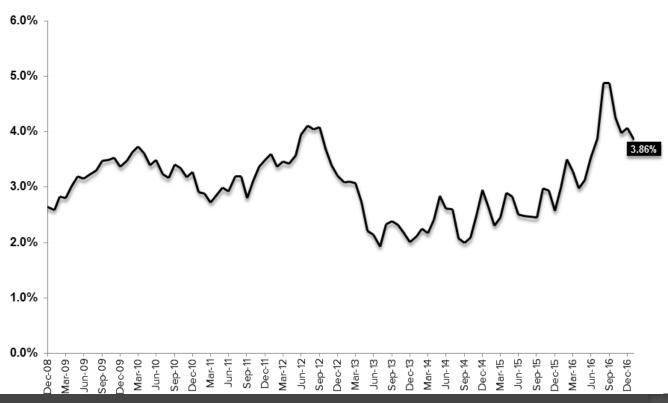




February 17, 2017



CPI: MEDICAL CARE



February 17, 2017



