

The background of the image is a collage of various international banknotes. Visible currencies include the Euro (notes for 20, 100, and 200), the US Dollar (notes for 100 and 1000), and the Chinese Yuan (notes for 10, 20, and 50). The notes are overlapping and slightly faded, creating a textured, financial-themed backdrop.

THE MACRO SHOW

MARCH 13, 2017

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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/10/2017	20	27	19	9	25	0
3/13/2017	22	26	18	8	26	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/10/2017	20%	82%	58%	27%	76%	0%
3/13/2017	22%	79%	55%	24%	79%	0%

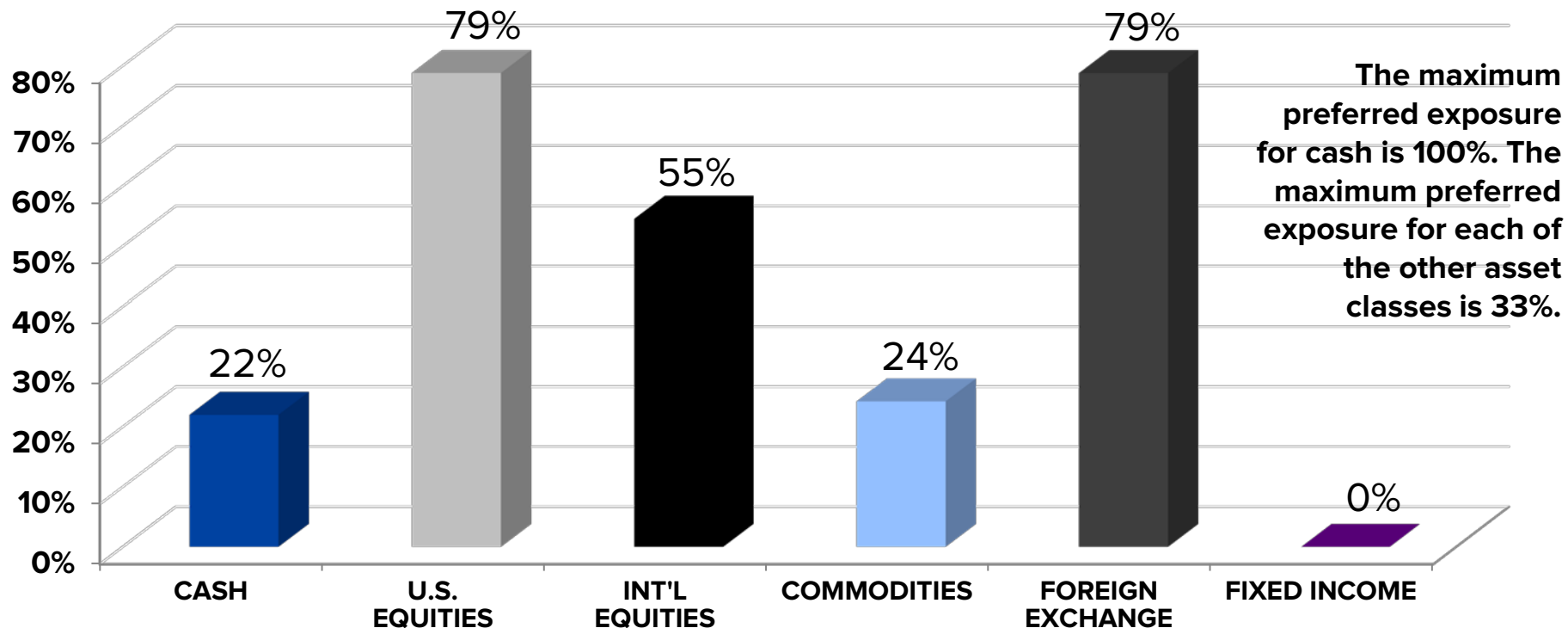
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

March 13, 2017

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HEDGEYE ASSET ALLOCATION



March 13, 2017

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A close-up, high-angle view of a dark-colored printed circuit board (PCB) with intricate silver-colored traces and numerous circular solder pads. The background is slightly blurred, emphasizing the foreground circuitry.

1 TECH

A composite image featuring the South Korean national flag (Taegeukgi) in the foreground, partially obscured by a dark horizontal band. In the background, a range of rugged, green mountains is visible under a clear sky.

2 KOSPI

A wide-angle shot of an oil pumpjack (nodding donkey) in a flat, arid landscape. The pumpjack is a large, dark metal structure with a long walking beam. The ground is dry and dusty, and the sky is a pale blue with some light clouds.

3 OIL



1 TECH

S&P Sector ETF (XLK) was up +0.5% in a down week for U.S. Equity Beta as Tech, Fins, and, Consumer Discretionary, and Healthcare continue to be great places to be buying on dips as the U.S. economy heads to Quad1 in Q2. Energy (XLE) and REITS (MSCI) down -2.8% and -4.5%, respectively, week-over-week.



KOSPI

The Kospi is loving semis and a strong Tech tape too, up +1.0% this morning the close at 2117 = a new high for the “Industrial Tech” bell-weather after Hong Kong closed +1.1% in a strong session to open the week as well (both bullish TREND @Hedgeye).



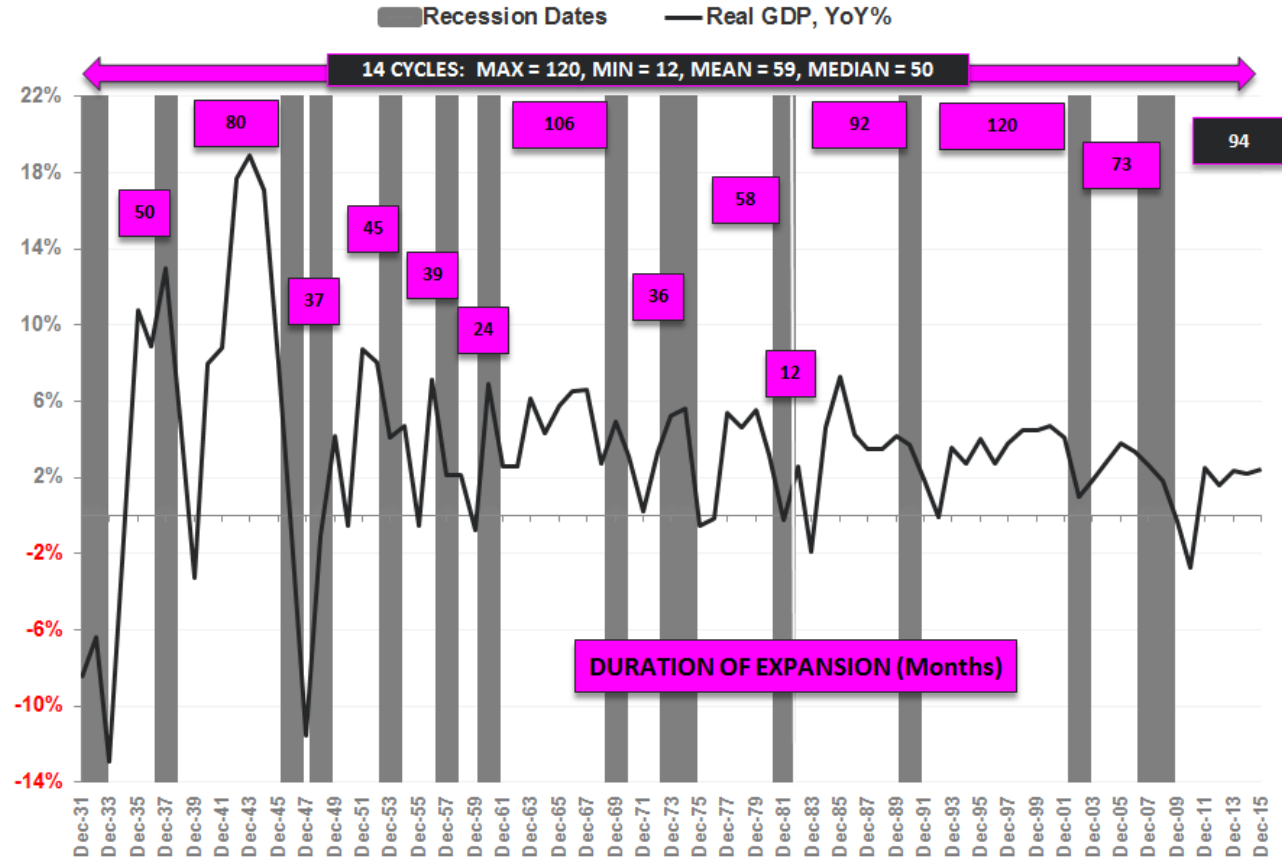
OIL

Oil = not good, down (again) -0.2% after getting tagged for a -9.1% loss last week, breaking @Hedgeye TREND of \$48.90/barrel. It is impressive that the aggregate equity tape (U.S. and Global) has been able to absorb this deflation of Reflation's Peak (our Q1 Macro Theme); Oil Volatility (OVX) breakout > 32 TREND in play.



MACRO & HOUSING
CHRISTIAN DRAKE

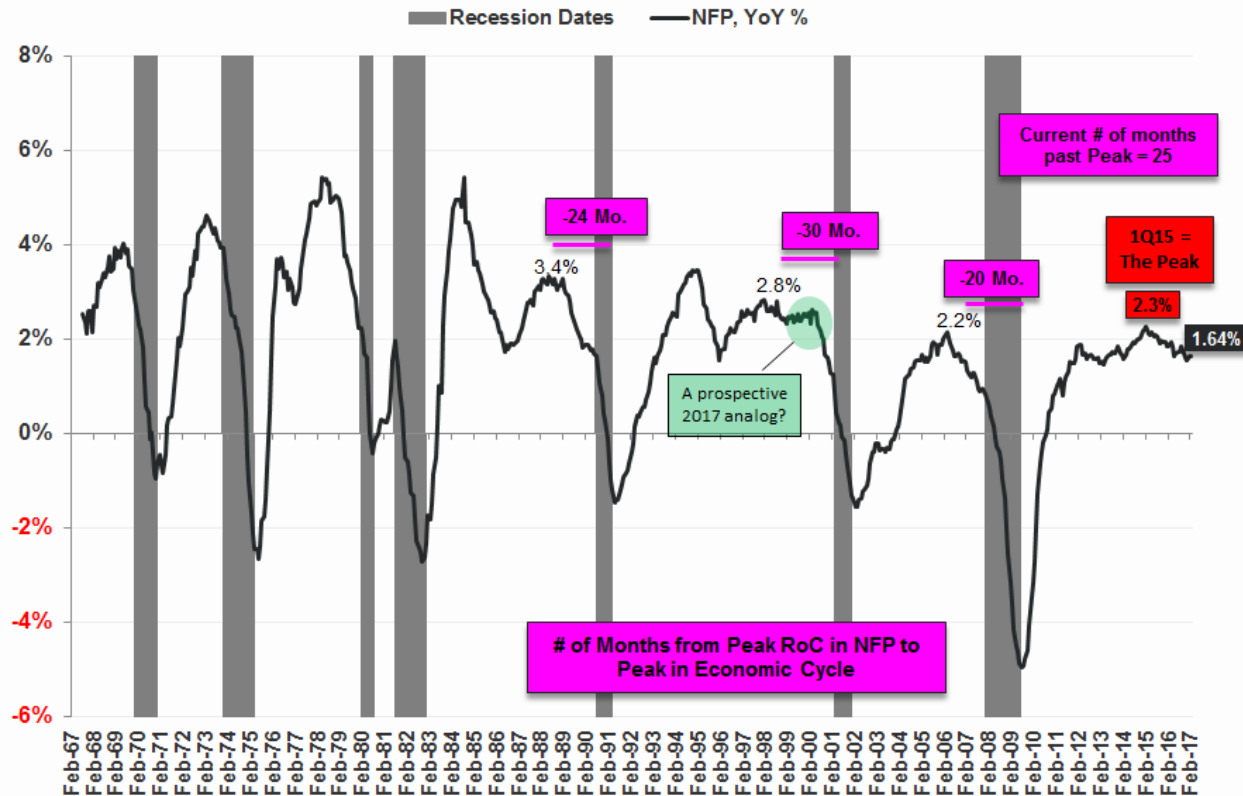
EXPANSION: BRONZE MEDAL & COUNTING



DATA SOURCE: BLOOMBERG, BEA, HRM

NFP GROWTH =

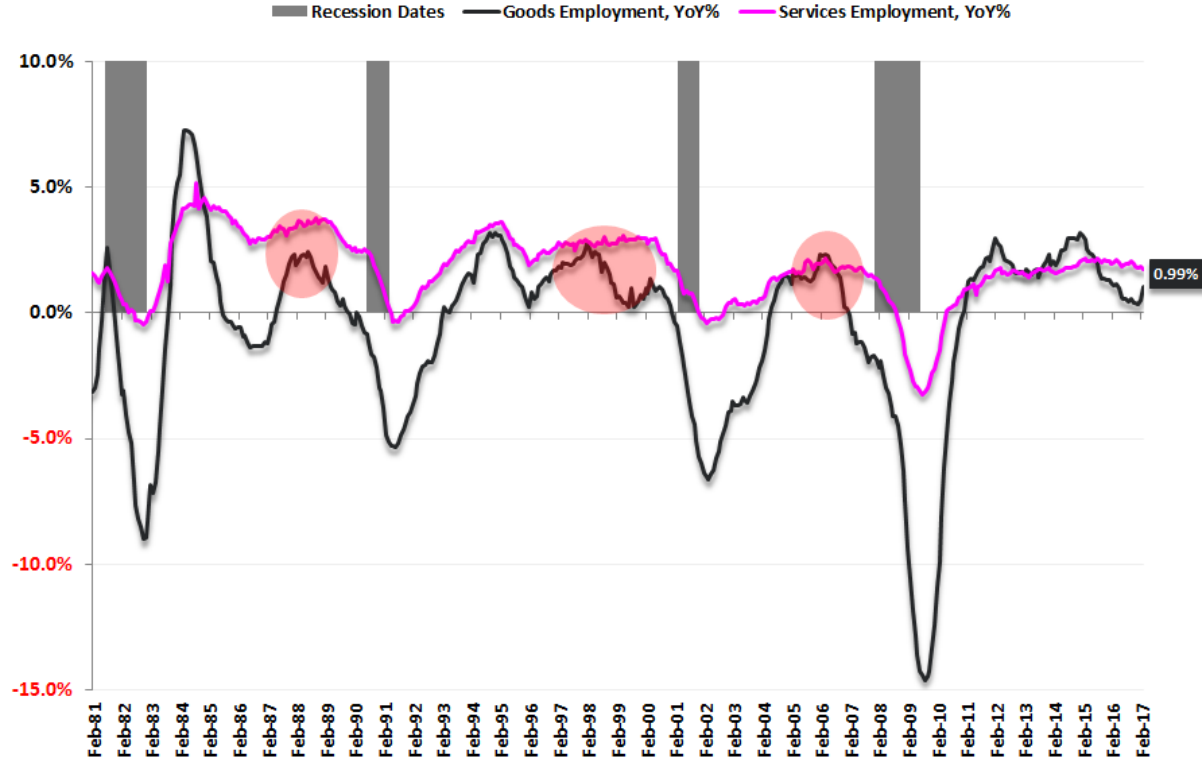
NONFARM PAYROLL GROWTH, YOY



DATA SOURCE: BLOOMBERG, NBER, BLS, HRM

GOODS EMPLOYMENT =

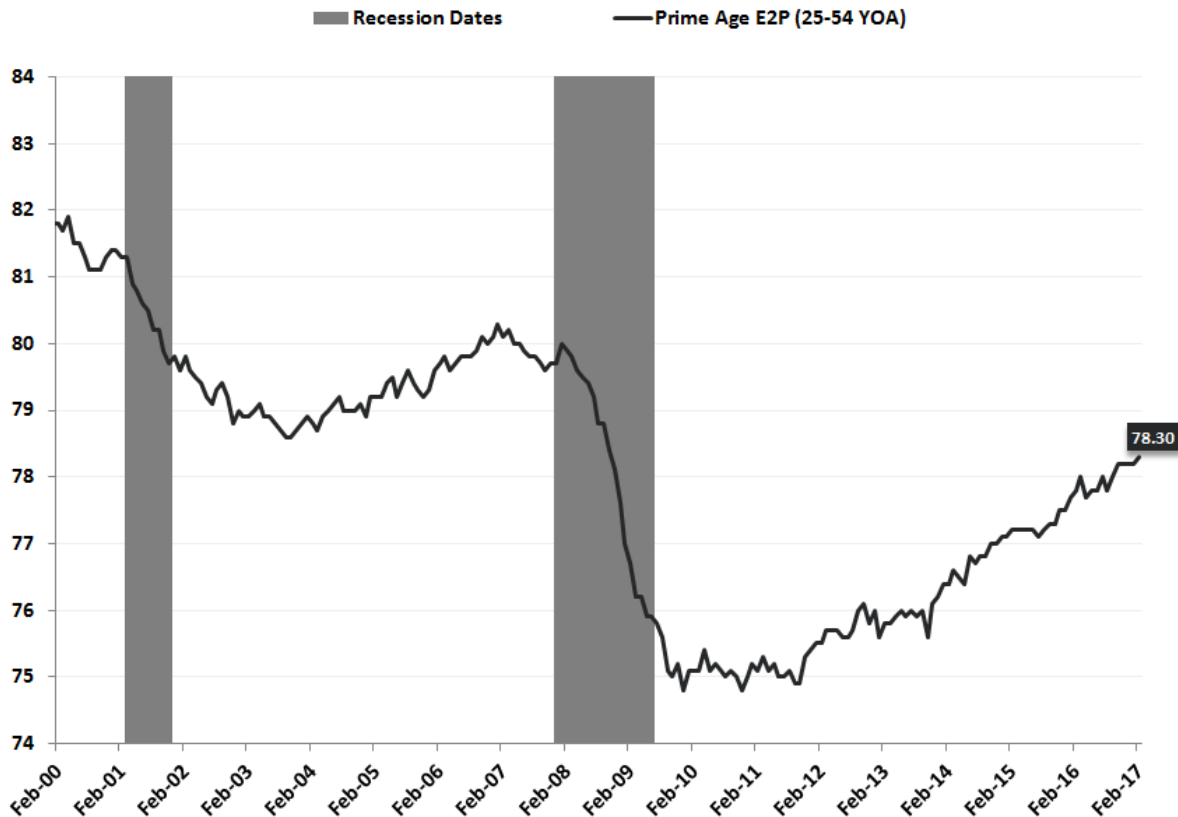
NFP: Goods vs Services Employment



DATA SOURCE: BLOOMBERG, BEA, BLS, HEDGEYE

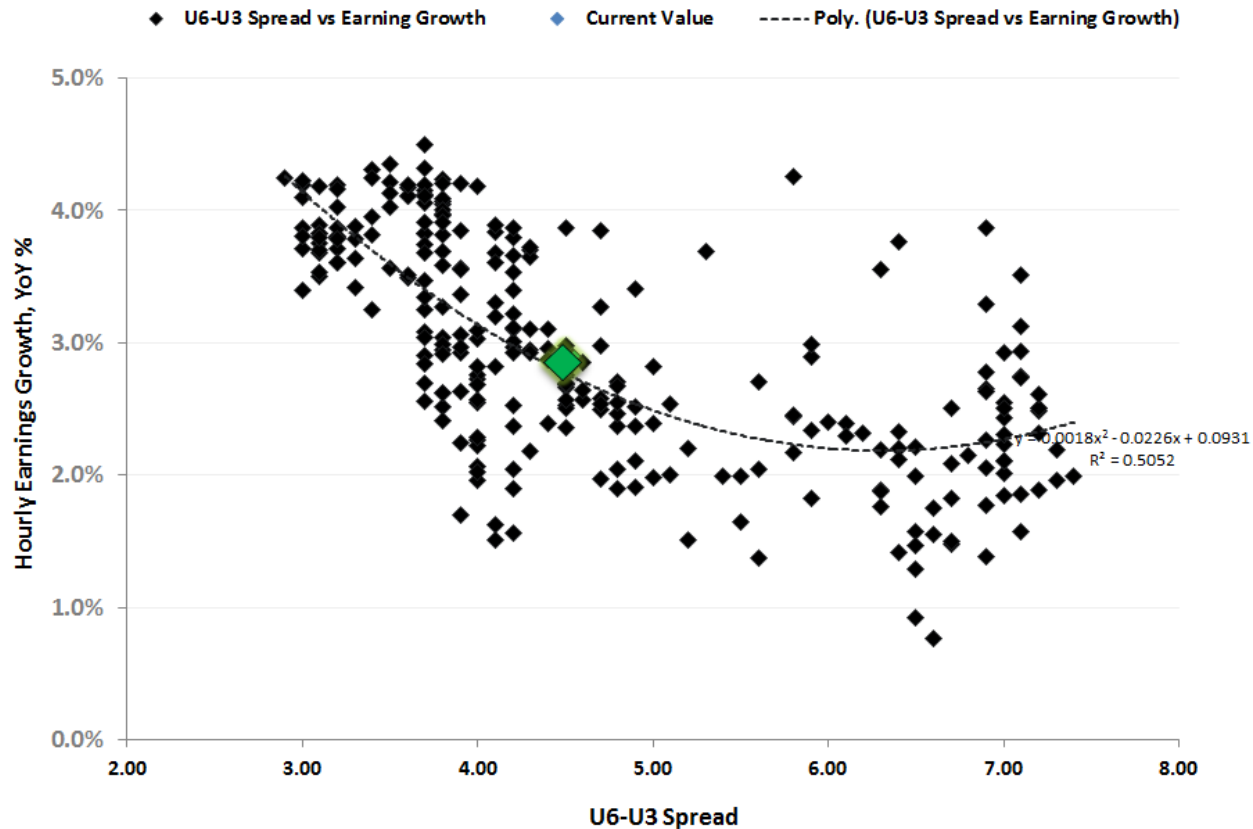
PRIME AGE E2P = , SLOWLY

E2P: PRIME WORKING AGE (25-54 YOA)



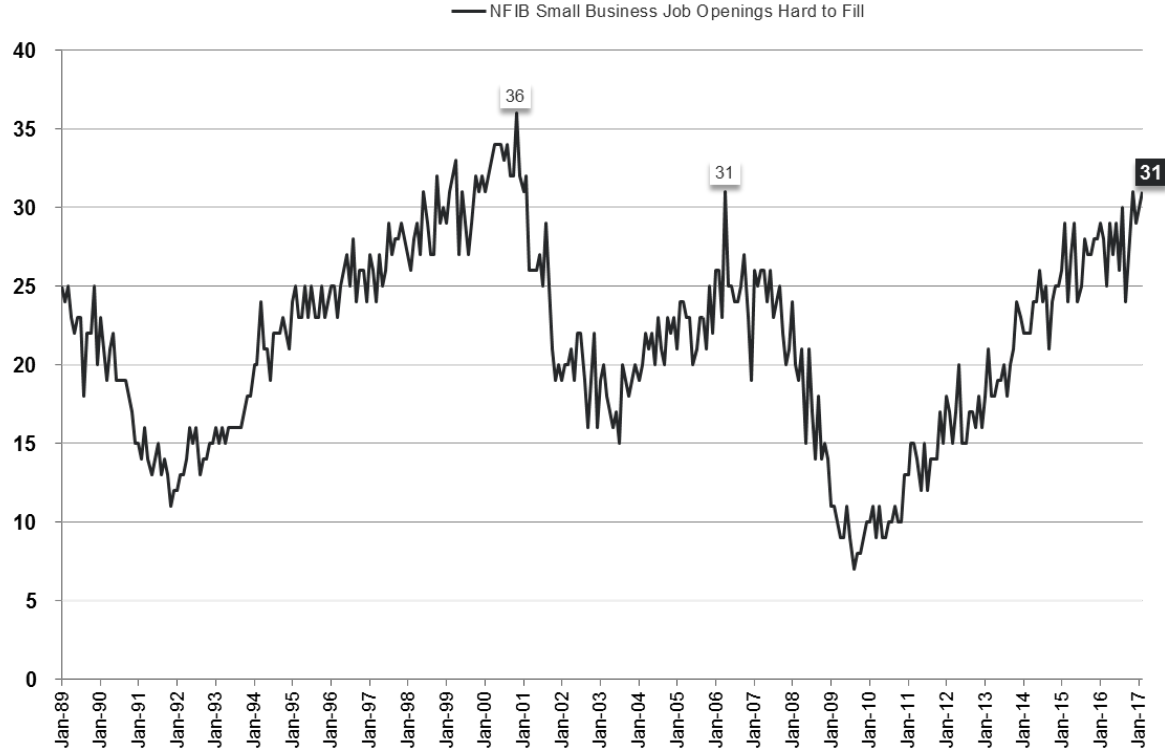
SLACK =

Labor Slack vs Wage Growth



NFIB: JOBS HARD TO FILL

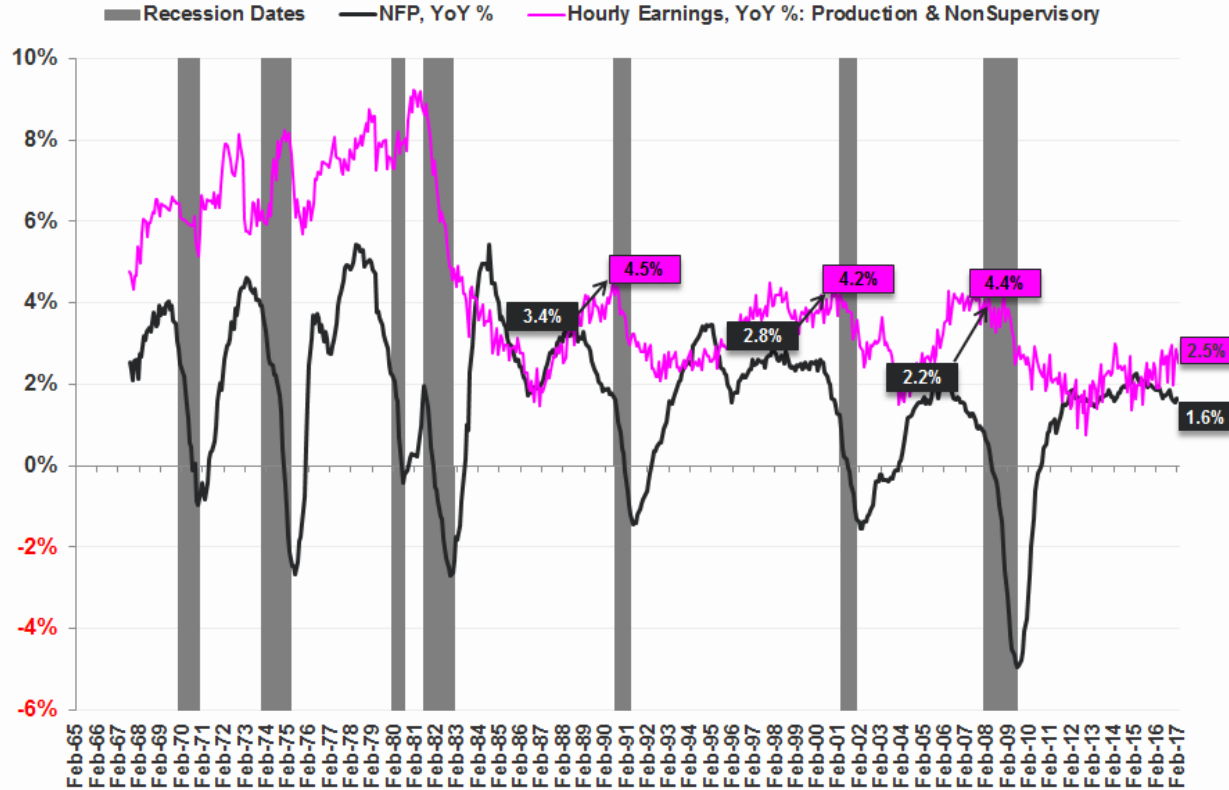
NFIB SMALL BUSINESS JOB OPENINGS HARD TO FILL



DATA SOURCE: BLOOMBERG, NFIB

WAGE GROWTH = TREND

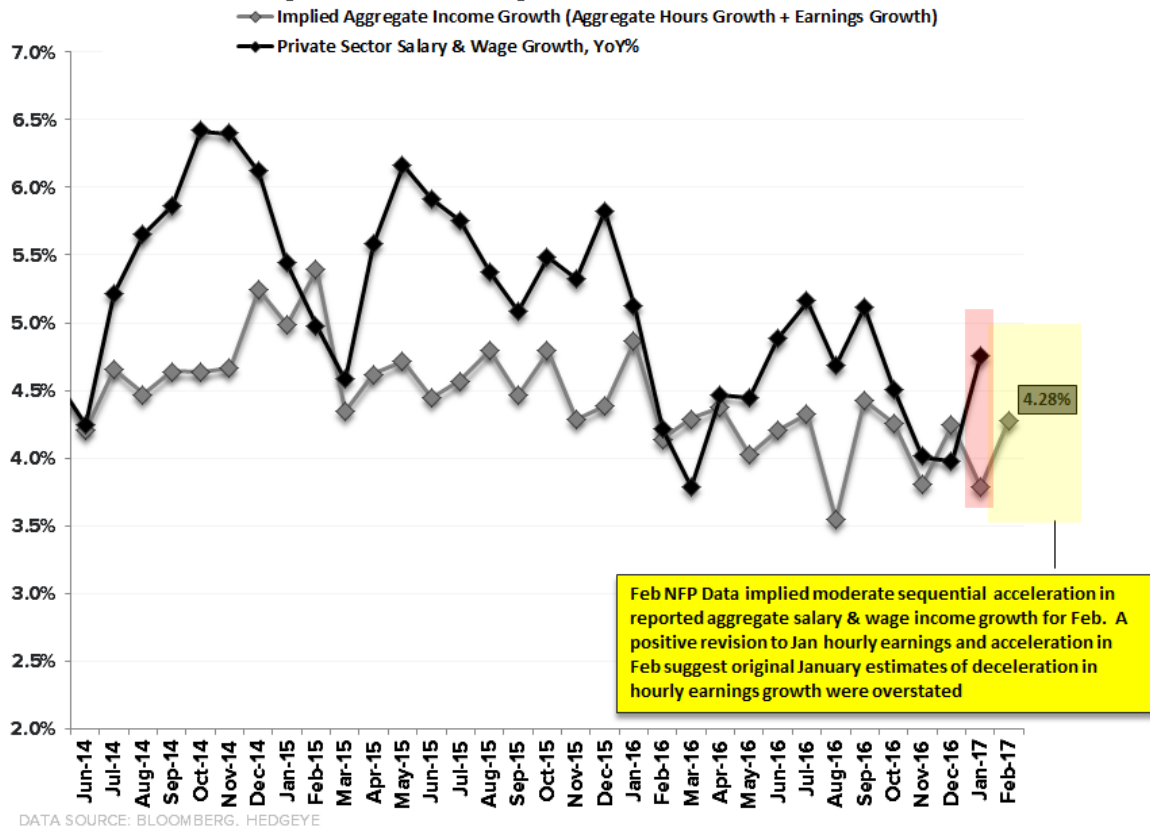
PAYROLL GROWTH vs EARNINGS GROWTH



DATA SOURCE: BLOOMBERG, NBER, BLS, HRM

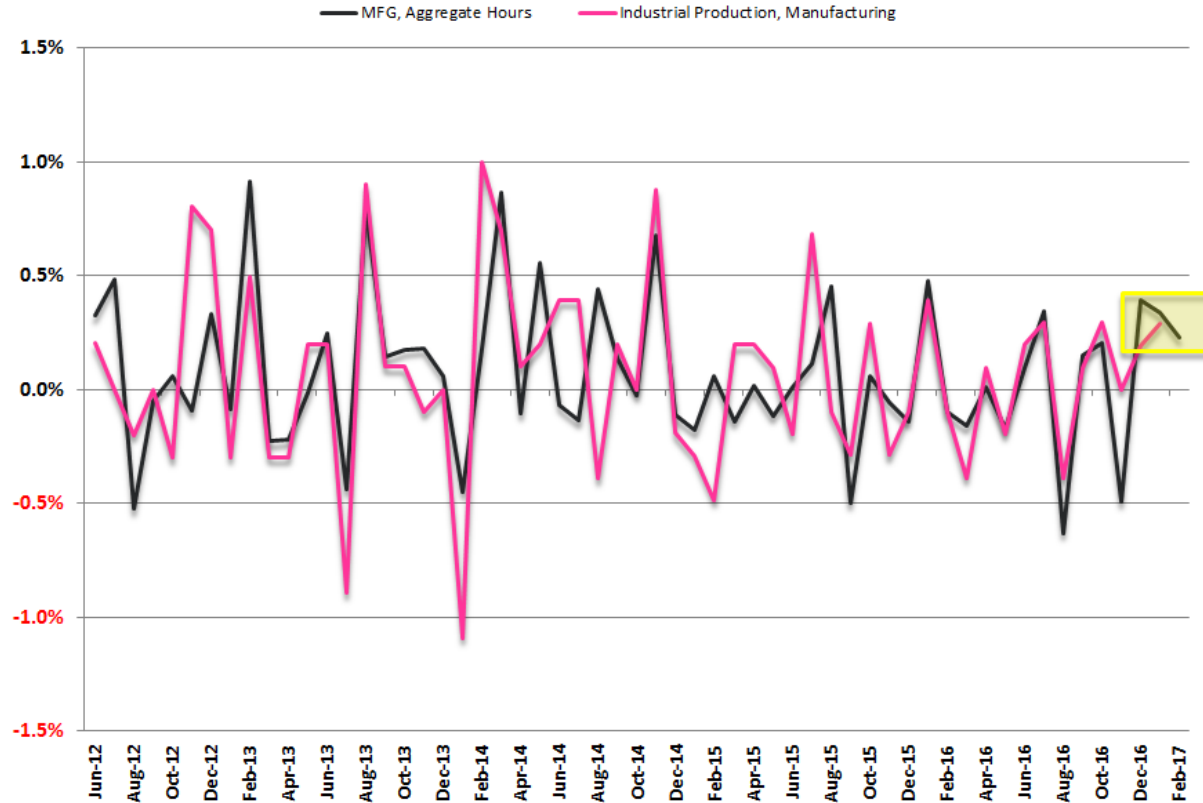
INCOME GROWTH = 5MO OF MOJO?

Reported & Implied Income Growth



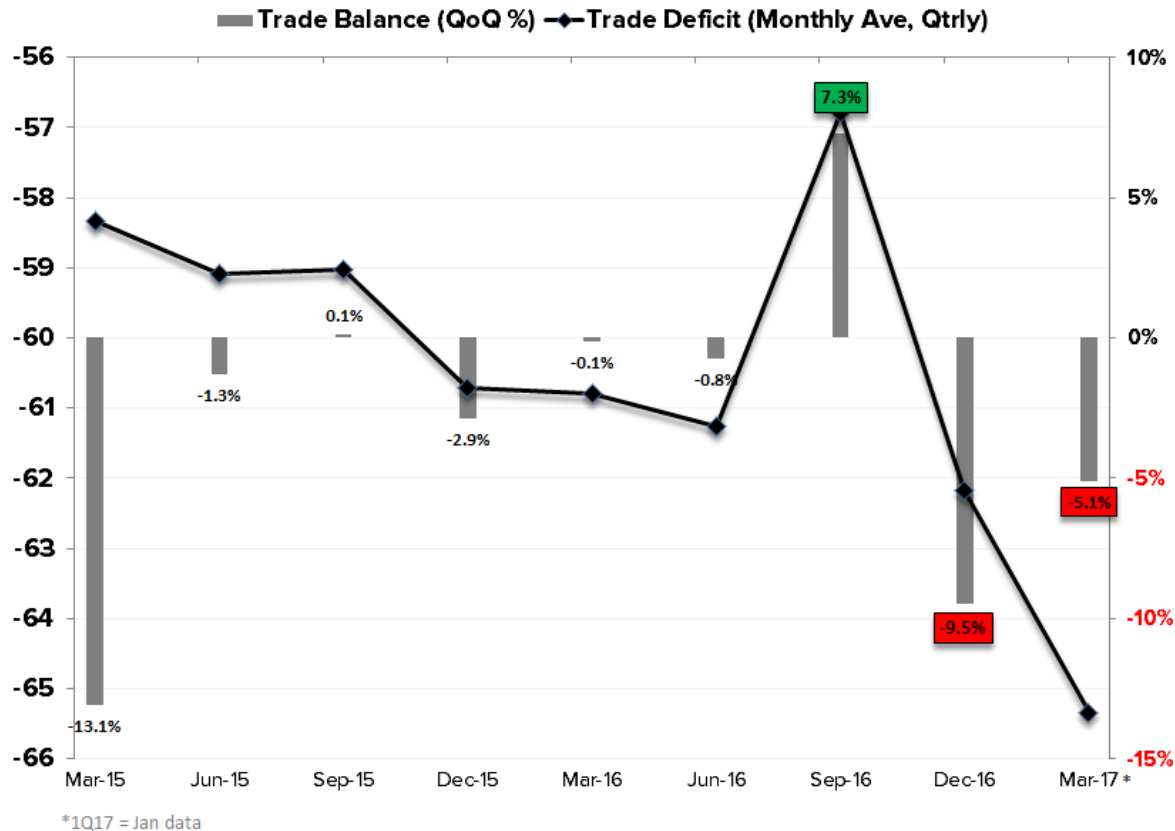
INDUSTRIAL ACTIVITY =

Industrial Production vs. NFP Implied Industrial Activity



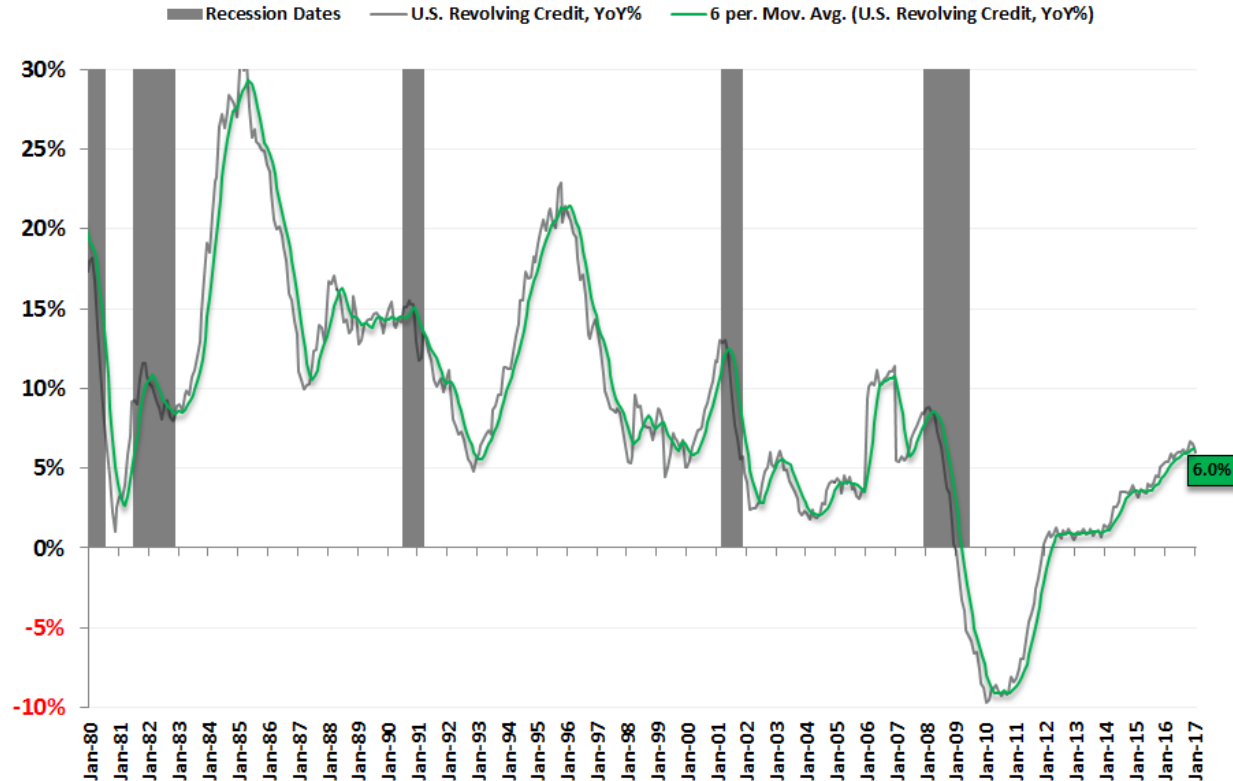
TRADE BALANCE = ↓

TRADE BALANCE



CREDIT GROWTH: JAN

U.S. Revolving Credit Growth



TAX REFUNDS = ↓

A new law prevented the **Internal Revenue Service** from paying out refunds for tax returns claiming those credits until mid-February, and the agency **warned those households not to expect access to their money until Feb. 27** due to processing and other delays.

The law, **intended to prevent fraud** by giving the IRS time to double-check income data, caused many refund payments to **go out later than usual this year.** **As of Feb. 10, the IRS said it sent out 14.1 million refunds totaling \$28.93 billion—down sharply from 2016, when 29.2 million refunds totaling \$94 billion were sent through Feb. 12.** The tax agency **began to release** those postponed payments around the middle of the month and by Feb. 17, **the IRS said it had sent 32.9 million refunds totaling \$103.24 billion.**

MACRO GRIND

Index/Security	REALIZED VOLATILITY				IMPLIED VOLATILITY*				IMPLIED** VS. REALIZED VOLATILITY									
	Duration of Realized (%)				At-The-Money %				Ticker	30 Day			60 Day			3 Month		
										Z-Score			Z-Score			Z-Score		
	Ticker	30D	60D	90D	Current	v 1M Avg	v 3M Avg	v 6M Avg.		Premium	TTM	3Yr	Premium	TTM	3Yr	Premium	TTM	3Yr
S&P 500	SPX	6.7%	6.7%	7.9%	9.4%	-1.3%	-5.3%	-17.9%	SPX	32.3%	0.35	0.76	65.8%	1.92	2.43	46.9%	1.61	1.73
Russell 2000	RTY	13.7%	13.7%	15.6%	14.8%	-4.1%	-7.9%	-12.4%	RTY	8.1%	0.19	0.09	19.5%	1.01	0.69	11.7%	0.72	0.10
Nasdaq 100	NDX	6.3%	7.0%	10.4%	10.2%	-7.3%	-16.7%	-25.2%	NDX	54.0%	1.08	1.66	69.8%	2.54	3.10	24.6%	0.84	0.94
USD Index	UUP	6.4%	7.7%	7.7%	6.9%	-12.3%	-20.9%	-18.6%	UUP	7.1%	-0.25	-0.26	-1.5%	-0.75	-0.66	6.2%	-0.38	-0.36
Consumer Discret.	XLY	7.1%	8.1%	9.8%	10.5%	-2.4%	-13.1%	-20.5%	XLY	39.3%	0.69	1.13	45.7%	1.55	1.93	29.3%	1.04	1.21
Financials	XLF	14.6%	14.4%	17.4%	14.9%	-6.3%	-12.1%	-14.5%	XLF	-1.8%	-0.39	-0.34	14.0%	0.42	0.42	-1.6%	0.04	-0.33
Healthcare	XLV	8.2%	9.2%	12.4%	10.6%	-9.9%	-17.6%	-25.1%	XLV	28.3%	0.71	1.02	34.0%	1.60	1.78	6.2%	0.27	0.24
Technology	XLK	7.2%	7.7%	11.2%	10.6%	-5.6%	-13.7%	-20.9%	XLK	40.2%	0.82	1.30	55.1%	2.27	2.49	13.7%	0.49	0.42
Consumer Staples	XLP	7.3%	7.7%	10.6%	9.6%	-1.2%	-9.0%	-17.5%	XLP	25.0%	0.76	0.78	37.2%	2.20	1.99	2.3%	-0.05	-0.25
Utilities	XLU	13.5%	12.4%	16.4%	12.9%	-4.0%	-10.9%	-18.5%	XLU	-2.9%	-0.26	-0.11	14.5%	1.55	1.48	-10.1%	-0.74	-0.68
Energy	XLE	16.3%	14.1%	17.6%	16.8%	-0.8%	-2.7%	-12.4%	XLE	3.5%	0.00	-0.07	35.7%	2.69	1.82	9.9%	1.34	0.43
Energy	XOP	26.1%	22.6%	31.2%	28.0%	3.8%	0.9%	-10.2%	XOP	10.1%	0.25	0.31	30.1%	2.38	1.88	-2.4%	0.63	-0.03
Materials	XLB	10.0%	11.1%	11.4%	13.2%	1.3%	-2.8%	-11.1%	XLB	36.1%	1.02	0.99	26.4%	1.00	0.88	28.8%	1.49	1.09
Industrials	XLI	9.9%	9.6%	11.3%	11.2%	-6.9%	-12.5%	-18.1%	XLI	18.6%	0.15	0.42	34.9%	1.34	1.48	17.0%	0.89	0.66
Transports	IYT	15.1%	14.1%	14.8%	16.4%	-0.3%	-4.9%	-7.1%	IYT	8.5%	-0.19	-0.02	23.3%	0.58	0.84	22.2%	0.73	0.88
WTI Crude Oil	USO	23.6%	24.3%	31.6%	30.7%	19.7%	9.9%	-7.5%	USO	19.7%	1.18	1.09	27.8%	2.03	1.09	2.4%	0.73	-0.15
Natural Gas	UNG	41.8%	48.3%	49.3%	36.6%	-8.0%	-18.0%	-18.2%	UNG	-8.9%	-0.74	-0.64	-23.6%	-1.46	-1.20	-25.2%	-1.68	-1.19
Gold	GLD	10.2%	11.4%	12.5%	11.7%	-7.5%	-14.7%	-18.6%	GLD	16.0%	0.51	0.39	13.9%	0.77	0.46	7.9%	0.47	0.11
Silver	SLV	19.1%	20.2%	22.5%	19.8%	-2.8%	-11.8%	-16.1%	SLV	7.8%	0.16	-0.32	3.1%	-0.12	-0.50	-4.9%	-1.24	-0.98
Copper	JJC	26.8%	26.2%	26.9%	22.1%	-9.4%	-13.5%	-12.8%	JJC	-17.0%	-0.49	-0.66	-13.1%	-0.66	-0.83	-13.7%	-0.78	-1.00
Corn	CORN	15.9%	14.7%	16.3%	17.0%	-8.7%	-3.7%	-9.0%	CORN	7.9%	-0.24	-0.54	20.3%	0.38	0.06	17.4%	0.10	-0.12
Soybeans	SOYB	15.1%	15.6%	15.7%	14.8%	-21.8%	-31.7%	-30.7%	SOYB	-1.7%	-1.00	-0.75	4.8%	-0.71	-0.67	12.4%	-0.53	-0.53
Wheat	WEAT	21.4%	19.8%	19.0%	18.9%	-37.2%	-38.7%	-35.0%	WEAT	-11.8%	-1.11	-0.89	10.0%	-0.97	-0.58	24.9%	-0.85	-0.29

*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

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Q4 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.8%	6.3%	493 / 498
Energy	3.2%	-8.9%	34 / 34
Materials	4.0%	1.7%	25 / 25
Industrials	2.4%	-5.4%	67 / 67
Consumer Discretionary	7.5%	4.1%	77 / 80
Consumer Staples	2.8%	4.2%	37 / 37
Healthcare	5.2%	4.5%	59 / 60
Financials	5.7%	6.6%	64 / 64
Information Technology	7.0%	11.4%	66 / 66
Telecom	-1.7%	0.5%	5 / 5
Utilities	9.2%	110.5%	28 / 28
Real Estate	3.6%	11.4%	30 / 30

Source: BBG


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10-YEAR GOVERNMENT BOND YIELDS

COUNTRY	YIELD	1 DAY	1 MONTH
Germany »	0.44%	-3	+12
United Kingdom »	1.20%	-3	-9
France	1.06%	-4	+5
Italy	2.33%	-1	+12
Spain	1.85%	-1	+21
Netherlands	0.70%	-3	+4
Portugal	3.95%	-6	0
Greece	6.95%	-5	-33
Switzerland	-0.04%	-2	+13



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HEDGEYE SECTOR PERFORMANCE

<u>SECTOR</u>	<u>Ticker</u>	<u>Price</u>	<u>1-Day %</u> <u>Chg</u>	<u>MTD %</u> <u>Chg</u>	<u>YTD %</u> <u>Chg</u>
Consumer Discretionary	XLY	\$86.85	0.15%	0.56%	6.70%
Financial Select Sector	XLF	\$24.79	-0.08%	1.02%	6.62%
Health Care Select Sector	XLV	\$75.98	0.38%	1.32%	10.21%
Technology Select Sector	XLK	\$53.11	0.53%	1.45%	9.82%
Consumer Staples Select Sector	XLP	\$55.05	0.46%	-0.09%	6.46%
Industrial Select Sector	XLI	\$65.84	0.61%	-0.03%	5.82%
Materials Select Sector	XLB	\$52.11	0.46%	-0.27%	4.85%
The Energy Select Sector	XLE	\$70.01	-0.14%	-1.92%	-7.05%
Utilities Select Sector	XLU	\$50.96	0.83%	-1.56%	4.92%
S&P 500	SPX	2,372.60	0.33%	0.38%	5.97%

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HEDGEYE SECTOR RELATIVE PERFORMANCE

	<u>Ticker</u>	<u>Price</u>	<u>1-Day %</u> <u>Chg</u>	<u>MTD %</u> <u>Chg</u>	<u>YTD %</u> <u>Chg</u>
Consumer Discretionary	XLY	\$86.85	-0.18%	0.18%	0.72%
Financial Select Sector	XLF	\$24.79	-0.41%	0.64%	0.65%
Health Care Select Sector	XLV	\$75.98	0.06%	0.94%	4.24%
Technology Select Sector	XLK	\$53.11	0.20%	1.07%	3.85%
Consumer Staples Select Sector	XLP	\$55.05	0.13%	-0.47%	0.48%
Industrial Select Sector	XLI	\$65.84	0.28%	-0.41%	-0.16%
Materials Select Sector	XLB	\$52.11	0.14%	-0.65%	-1.13%
The Energy Select Sector	XLE	\$70.01	-0.47%	-2.30%	-13.02%
Utilities Select Sector	XLU	\$50.96	0.50%	-1.94%	-1.05%

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HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.4%	-1.8%	-0.1%	2.3%	7.4%	3.9%
	Low Debt/EV	0.5%	-0.3%	1.7%	3.9%	8.8%	6.0%
SI	High Short Interest	0.4%	-1.3%	-1.9%	-2.8%	2.8%	0.4%
	Low Short Interest	0.3%	-0.5%	2.8%	5.5%	11.8%	6.2%
BETA	High Beta	0.3%	-1.5%	-0.2%	2.4%	16.0%	5.1%
	Low Beta	0.3%	-0.9%	1.6%	4.5%	3.5%	4.3%
YIELD	High Yield	0.4%	-1.7%	-0.5%	-1.1%	0.8%	0.4%
	Low Yield	0.4%	-0.8%	0.2%	3.6%	6.8%	5.5%
MKTCAP	MCAP Bottom 25%	0.5%	-1.3%	-1.6%	-3.3%	1.5%	0.2%
	MCAP Top 25%	0.3%	-0.3%	3.0%	6.2%	13.1%	6.8%
Sales	Top 25% Sales Growth	0.3%	-0.9%	-0.2%	2.6%	8.4%	4.4%
	Bottom 25% Sales Growth	0.5%	-1.0%	0.6%	1.3%	4.5%	3.2%
EPS	Top 25% EPS Growth	0.3%	-1.6%	-1.8%	1.1%	8.5%	3.1%
	Bottom 25% EPS Growth	0.5%	-1.3%	0.5%	0.2%	3.4%	1.9%

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

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HEDGEYE RATES & SPREADS

	Price	1D Bps Chg	5D Bps Chg	1M Bps Chg	3M Bps Chg	vs. 52-Wk, Bps		vs. 3Y Ave	vs. 5Y Ave
						High	Low		
3M T-Bill	0.74%	1.5	4.6	21	21	-2	58	59	62
3M LIBOR	1.12%	1.1	1.8	8	16	0	50	64	70
2Y T-Note	1.35%	-1.9	4.8	16	22	-3	86	65	81
5Y T-Note	2.10%	-3.5	9.2	21	21	-4	121	58	78
10Y T-Note	2.57%	-3.1	9.7	17	11	-6	126	43	43
30Y T-Note	3.16%	-2.4	9.3	16	1	-5	108	28	14
2Y-10Y Spread, Bps	122	-1.2	4.8	0.3	-11	-3	40	-22	-38
IG SPREAD (AAABBB)	1.54%	3.0	5.0	0	-2	-58	9	-15	-21
HIGH YIELD	6.09%	9.3	31.5	17	-37	-191	37	-55	-47
5Y BREAK EVEN	2.01%	-1.6	-4.9	2.9	15.5	-7.1	75.4	44.8	28.2

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CFTC NON-COMMERCIAL NET LONG POSITIONING

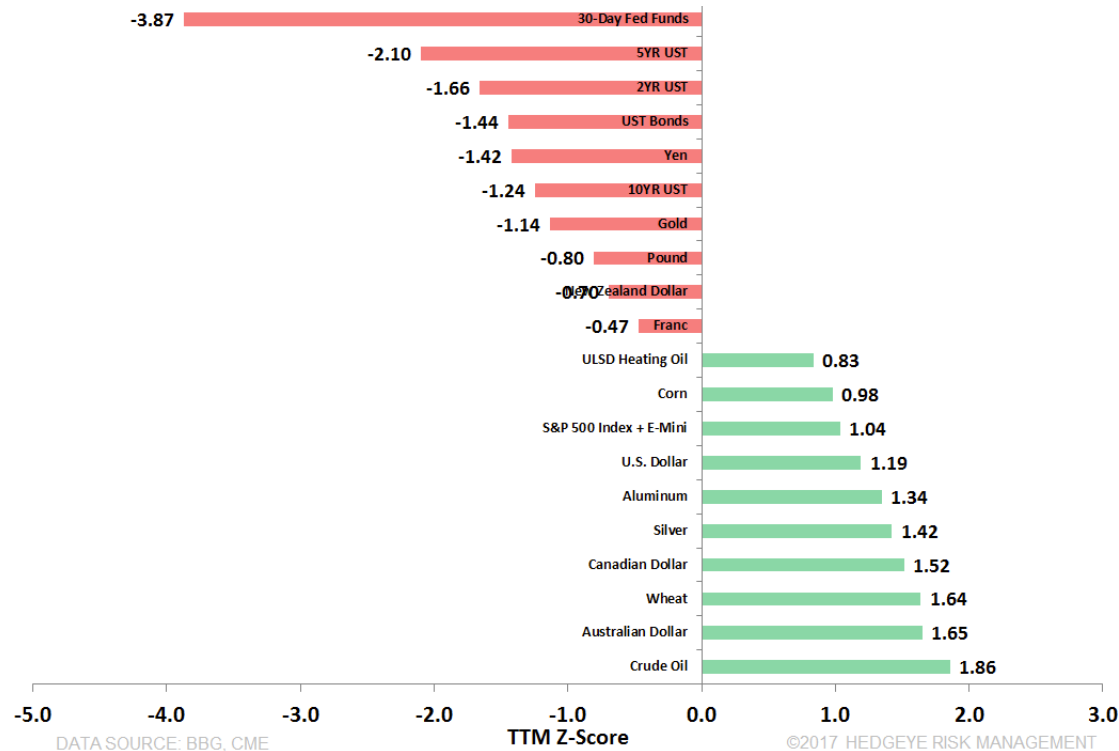
METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	Z-Score	
						1Y	3Y
SPX (Index + E-mini)	125,580	51,944	27,036	22,947	33,774	0.95X	1.48X
Russell 2000 (mini)	(10,317)	(31,761)	59,248	36,781	3,830	-0.31X	0.30X
10Y Treasury	(287,965)	77,654	(330,840)	(157,855)	(72,427)	-1.24X	-1.91X
CRUDE OIL	555,917	(7,676)	525,620	453,575	405,609	1.86X	2.54X
GOLD	93,893	(27,827)	68,192	117,339	170,245	-0.99X	-0.09X
COPPER	29,907	(8,113)	46,966	30,801	6,977	0.71X	1.62X
USD	51,014	6,209	49,761	44,263	29,004	1.19X	0.62X
JPY	(57,373)	(8,070)	(66,121)	(16,493)	16,568	-1.42X	-0.45X
EUR	(58,766)	(14,224)	(55,756)	(83,414)	(75,713)	0.51X	0.72X
GBP	(79,634)	(12,515)	(63,928)	(71,845)	(63,691)	-0.80X	-1.45X

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

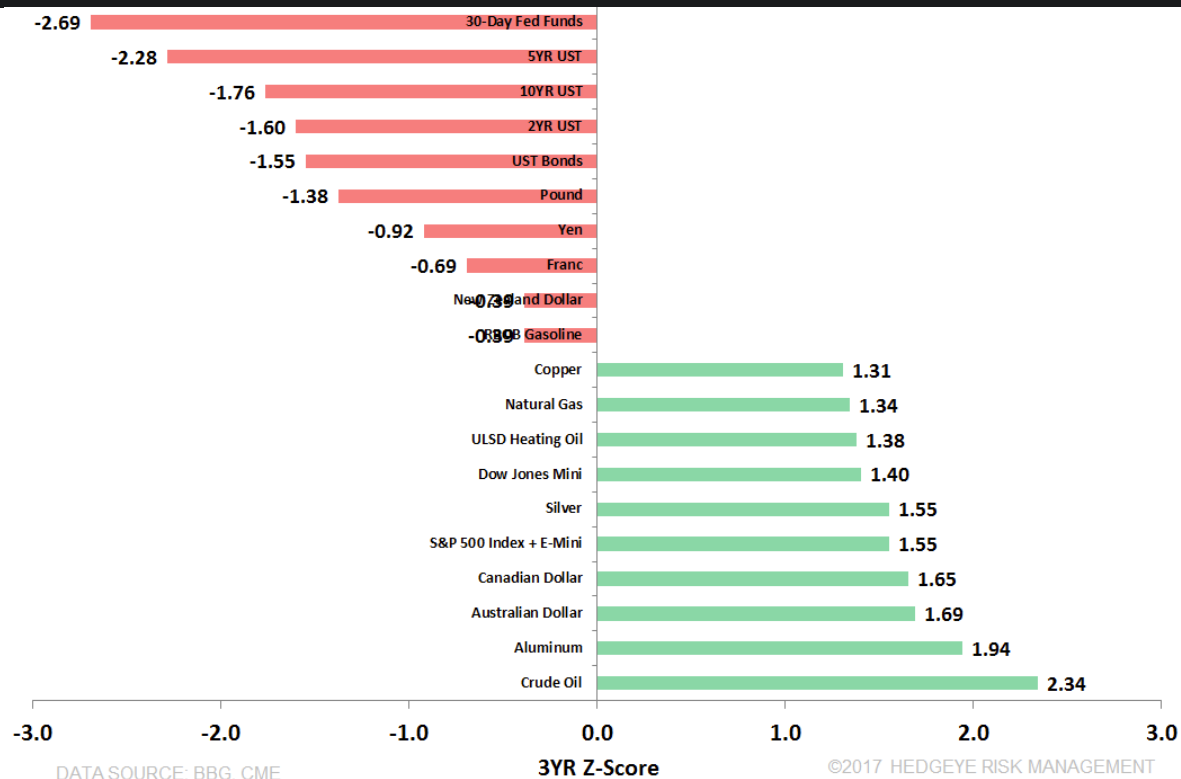


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CFTC NET FUTURES & OPTIONS POSITIONING (3YR Z-SCORE)



March 13, 2017

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

<u>INDEX/SECURITY</u>	<u>VOLUME: (3/10) vs.</u>			
	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	-4%	-8%	3%	32%
Total Exchange Volume**	-3%	-1%	2%	-1%
Total Traded Value (R3K)***	9%	0%	2%	3%

*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)

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KEY \$USD CORRELATIONS

Key SUSD Correlations*

METRIC	52-Wk Rolling 30D Correlation		52-Wk Rolling 30D Correlation			
	15D	30D	90D	120D	180D	
SPX	0.49	0.89	0.29	0.67	0.71	0.95 -0.75 48% 52%
BRENT Oil	-0.40	-0.25	0.41	0.52	0.73	0.77 -0.78 49% 51%
CRB Index	0.41	-0.06	0.18	0.52	0.75	0.83 -0.86 28% 72%
GOLD	-0.53	0.14	-0.72	-0.86	-0.93	0.90 -0.97 16% 84%

*Days = Trading Days

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