



THE  
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SHOW

JANUARY 3, 2017

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# HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
12/30/2016	30	22	9	10	28	1
1/3/2017	26	23	10	11	29	1

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
12/30/2016	30%	67%	27%	30%	85%	3%
1/3/2017	26%	70%	30%	33%	88%	3%

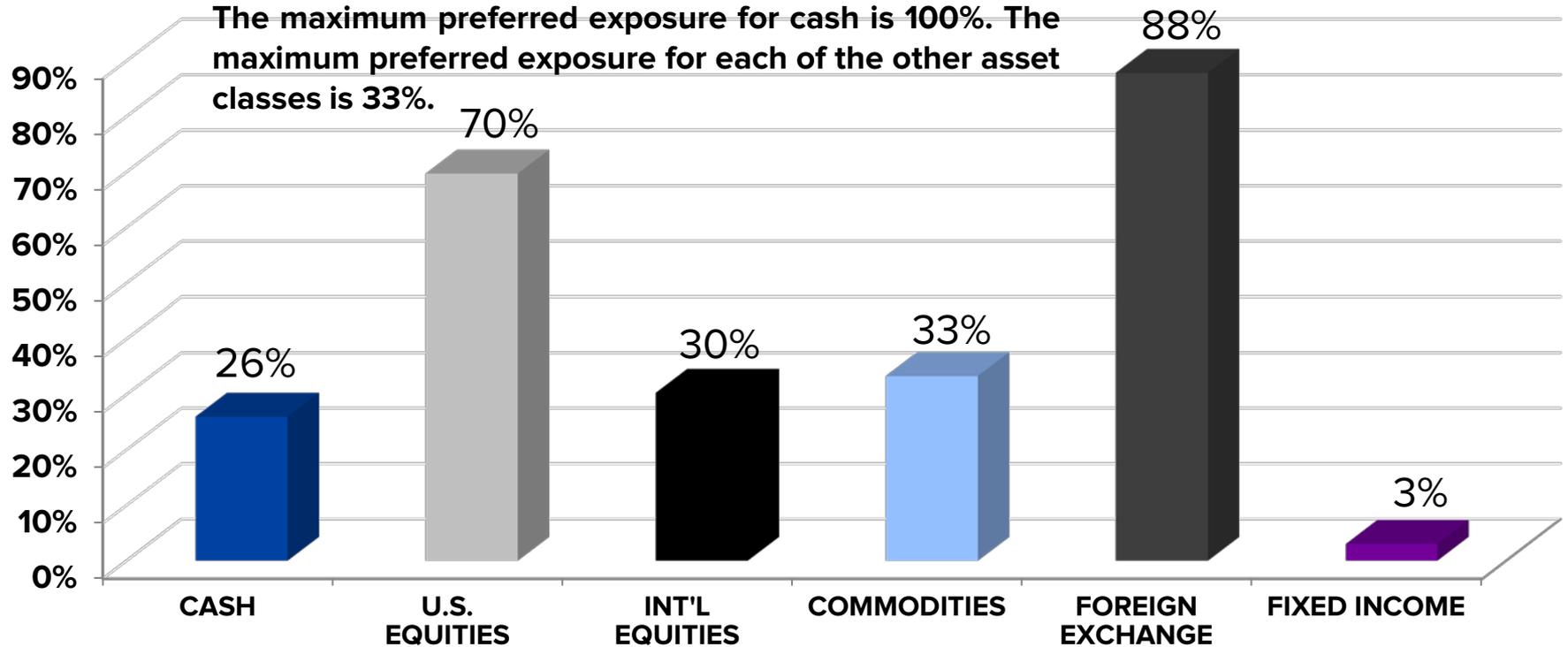
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

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# HEDGEYE ASSET ALLOCATION



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**1 UK**



**2 OIL**



**3 UST 10YR**





# UK

Gotta love that Brexit! UK economic data continues to accelerate with the best PMI print in 2.5 years (56.1 DEC vs. 53.1 NOV); the FTSE hits fresh post Brexit high and the Pound (which we like long side vs. Short Euro) rallies +0.3%.



# OIL

WTI ramps another +2.4% to \$55/barrel to kick off 2017; one of our favorite “High Beta” ways to be long U.S. stocks remains Oil & Gas Stocks (XOP). Russian stocks loving this too, up another +2.1% this morning for the RTSI after punching out a +52.2% gain in 2016.



# UST 10YR

Nice +5 basis points pop to 2.50% to start the year as both U.S. growth and inflation readings continued to accelerate in DEC. Immediate-term upside to 2.62% makes Gold one of our better short ideas inasmuch as long USD remains one of our favorites on last week's -0.8% correction from immediate-term overbought.

**MACRO GRIND**

# 10-YEAR GOVERNMENT YIELDS

COUNTRY	YIELD	1 DAY
Germany »	0.24%	+6
United Kingdom »	1.32%	+9
France	0.74%	+7
Italy	1.79%	+6
Spain	1.37%	+5
Netherlands	0.39%	+7
Portugal	3.73%	+7
Greece	6.89%	-6
Switzerland	-0.19%	+7

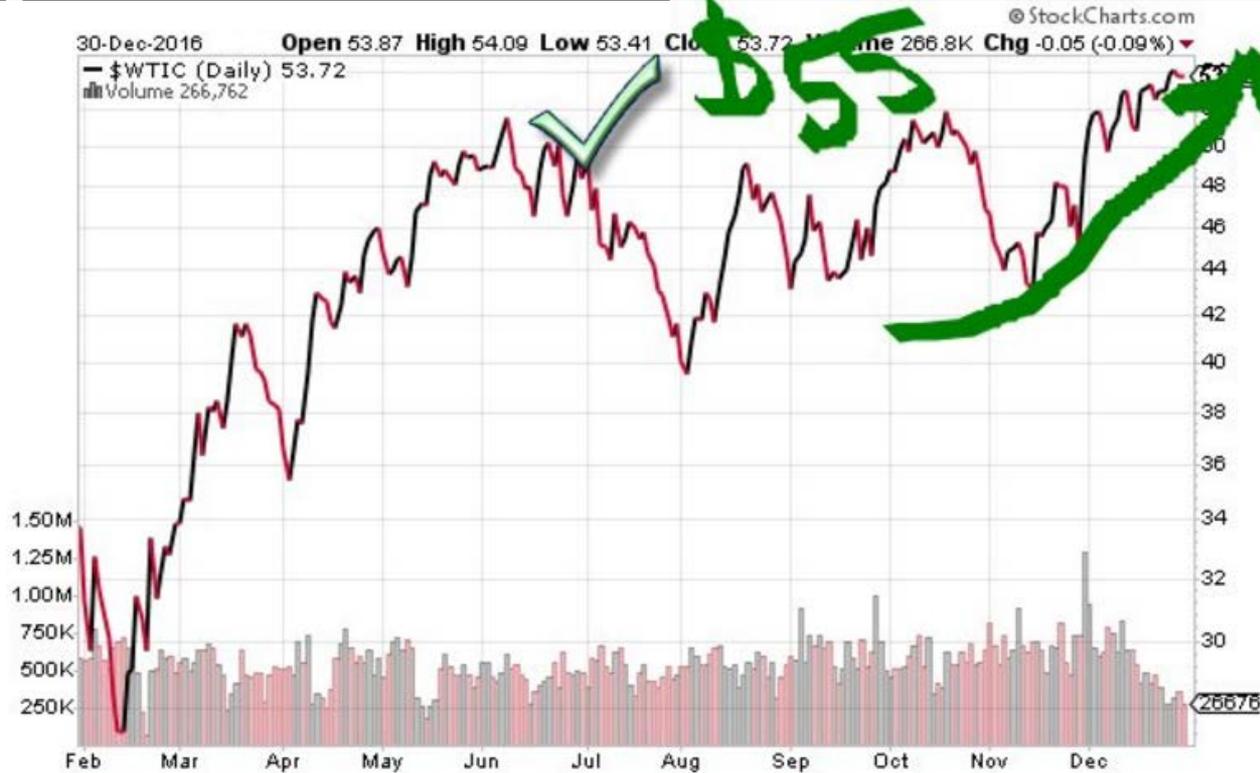


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# WTIC LIGHT CRUDE OIL



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# FTSE 100 LONDON FINANCIAL TIMES



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# SHANGHAI STOCK EXCHANGE COMP



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# 2016 YEAR-END SCORE

G-20 END OF YEAR 2016 CLOSING PRICES							
COUNTRY (G20)	BENCHMARK EQUITY INDEX	PRICE	CURRENCY	PRICE	10Y BOND YIELD	COMMODITIES	PRICE
Argentina	ARGENTINA Merval Index	16,917.86	Argentine Peso Spot	15.88	-	Thomson Reuters/Jeffries CRB Commodity Index	192.51
Australia	ALL ORDINARIES INDEX	5,719.10	Australian Dollar Spot	0.72	2.77%	Front-month Aluminum	12,765.00
Brazil	BRAZIL IBOVESPA INDEX	60,227.29	Brazilian Real Spot	3.26	11.40%	Front-month Cocoa	2,126.00
Canada	S&P/TSX COMPOSITE INDEX	15,287.59	Canadian Dollar Spot	1.34	1.72%	Front-month Coffee	137.05
China	SHANGHAI SE COMPOSITE	3,103.64	China Renminbi Spot	6.95	3.06%	Front-month High Grade Copper	250.55
France	CAC 40 INDEX	4,862.31	Euro Spot	1.05	0.69%	Front-month Corn	352.00
Germany	DAX INDEX	11,481.06	Euro Spot	1.05	0.21%	Front-month Cotton	70.65
India	S&P BSE SENSEX INDEX	26,626.46	Indian Rupee Spot	67.92	6.52%	Front-month Gold	1,151.70
Indonesia	JAKARTA COMPOSITE INDEX	5,296.71	Indonesian Rupiah Spot	13,473.00	7.97%	Front-month WTI Crude Oil	53.72
Italy	FTSE MIB INDEX	19,234.58	Euro Spot	1.05	1.82%	Front-month Brent Crude Oil	56.82
Japan	NIKKEI 225	19,114.37	Japanese Yen Spot	116.96	0.05%	Front-month Heating Oil (NY Harbor)	170.43
Mexico	DJ MEXICO STOCK INDEX	3,017.61	Mexican Peso Spot	20.73	7.44%	Front-month Lean Hogs	66.15
Russia	RUSSIAN RTS INDEX \$	1,152.33	Russian Ruble Spot	61.54	8.46%	Front-month Live Cattle	119.00
Saudi Arabia	TADAWUL ALL SHARE INDEX	7,210.43	Saudi Riyal Spot	3.75	-	Front-month Lumber	316.60
South Africa	FTSE/JSE AFRICA TOP40 IX	43,901.99	S. African Rand Spot	13.74	8.92%	Front-month Natural Gas	3.72
South Korea	KOSPI INDEX	2,026.46	South Korean Won Spot	1,205.83	2.09%	Front-month Nickel	9,975.00
Spain	IBEX 35 INDEX	9,352.10	Euro Spot	1.05	1.38%	Front-month Orange Juice	198.10
Turkey	BIST 100 INDEX	78,138.66	Turkish Lira Spot	3.52	5.86%	Front-month Gasoline (RBOB)	166.51
United Kingdom	FTSE 100 INDEX	7,142.83	British Pound Spot	1.23	1.24%	Front-month Silver	15.99
United States	S&P 500 INDEX	2,238.83	US Dollar Index	102.21	-	Front-month Soybeans	996.50
United States	DOW JONES INDUS. AVG	19,762.60		UST 2Y Yield	1.19%	Front-month Sugar	19.51
United States	NASDAQ COMPOSITE INDEX	5,383.12		UST 10Y Yield	2.44%	Front-month Wheat	408.00
United States	RUSSELL 2000 INDEX	1,357.13		UST 30Y Yield	3.07%	National Average Regular Unleaded Gasoline Price	2.34

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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	\$81.40	-0.84%	-0.55%	4.14%
Financial Select Sector	XLF	\$23.25	0.22%	3.29%	20.15%
Health Care Select Sector	XLV	\$68.94	-0.36%	0.28%	-4.29%
Technology Select Sector	XLK	\$48.36	-0.78%	1.81%	12.91%
Consumer Staples Select Sector	XLP	\$51.71	-0.50%	2.23%	2.42%
Industrial Select Sector	XLI	\$62.22	-0.35%	-0.30%	17.37%
Materials Select Sector	XLB	\$49.70	-0.66%	-0.48%	14.46%
The Energy Select Sector	XLE	\$75.32	-0.29%	1.20%	24.87%
Utilities Select Sector	XLU	\$48.57	-0.55%	3.89%	12.22%
S&P 500	SPX	2,238.83	-0.46%	1.82%	9.54%

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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	\$81.40	-0.38%	-2.37%	-5.39%
Financial Select Sector	XLF	\$23.25	0.68%	1.47%	10.62%
Health Care Select Sector	XLV	\$68.94	0.10%	-1.54%	-13.82%
Technology Select Sector	XLK	\$48.36	-0.32%	-0.01%	3.38%
Consumer Staples Select Sector	XLP	\$51.71	-0.04%	0.41%	-7.12%
Industrial Select Sector	XLI	\$62.22	0.11%	-2.12%	7.84%
Materials Select Sector	XLB	\$49.70	-0.20%	-2.30%	4.93%
The Energy Select Sector	XLE	\$75.32	0.17%	-0.62%	15.33%
Utilities Select Sector	XLU	\$48.57	-0.09%	2.07%	2.69%

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# HEDGEYE STYLE FACTOR PERFORMANCE

FACTOR		1D	1W	1M	3M	6M	YTD
		% Chg					
Debt	High Debt/EV	-0.3%	-0.9%	1.5%	4.9%	11.0%	18.3%
	Low Debt/EV	-0.7%	-1.0%	0.1%	0.5%	4.0%	7.8%
SI	High Short Interest	-0.6%	-1.2%	-0.1%	2.8%	9.7%	11.3%
	Low Short Interest	-0.5%	-1.0%	1.2%	4.0%	7.7%	12.5%
BETA	High Beta	-0.5%	-1.5%	0.3%	8.3%	22.5%	18.7%
	Low Beta	-0.2%	0.0%	2.8%	-1.1%	-4.4%	9.3%
YIELD	High Yield	-0.2%	-0.5%	1.5%	1.1%	3.1%	11.8%
	Low Yield	-0.5%	-0.8%	0.1%	0.6%	7.8%	10.8%
MKT CAP	MCAP Bottom 25%	-0.3%	-0.9%	-0.6%	0.7%	5.0%	7.0%
	MCAP Top 25%	-0.5%	-1.0%	1.7%	5.3%	9.5%	12.6%
Sales	Top 25% Sales Growth	-0.5%	-1.0%	0.1%	1.3%	5.7%	12.8%
	Bottom 25% Sales Growth	-0.3%	-0.8%	1.2%	3.6%	8.3%	10.1%
EPS	Top 25% EPS Growth	-0.4%	-1.0%	0.9%	3.6%	10.0%	12.7%
	Bottom 25% EPS Growth	-0.2%	-0.7%	1.3%	2.6%	5.4%	11.8%

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

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# HEDGEYE RATES & SPREADS

	Price	1D	5D	1M	3M	vs. 52-Wk, Bps		vs.	vs.
		Bps Chg	Bps Chg	Bps Chg	Bps Chg	High	Low	3Y Ave	5Y Ave
3M T-Bill	0.50%	5.1	-1.0	2	22	-6	37	37	40
3M LIBOR	1.00%	0.0	0.1	6	14	0	39	57	60
2Y T-Note	1.19%	-2.4	-1.3	8	43	-11	69	54	69
5Y T-Note	1.93%	-2.6	-9.7	9	78	-19	104	43	65
10Y T-Note	2.44%	-3.1	-9.3	6	85	-20	113	28	32
30Y T-Note	3.07%	-1.4	-4.9	3	75	-15	98	14	4
2Y-10Y Spread, Bps	126	-0.7	-8.0	-1.2	42	-8	43	-26	-36
IG SPREAD (AAABBB)	1.50%	-2.0	-3.0	-8	-15	-80	0	-19	-28
HIGH YIELD	6.41%	0.8	-4.2	-32	9	-292	25	-22	-21
5Y BREAK EVEN	1.86%	1.5	-1.4	6.5	37.3	-3.3	100.7	30.8	14.3

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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)	3,023	42,573	(18,885)	60,552	(10,832)	0.11X	0.34X
Russell 2000 (mini)	92,296	(1,193)	30,868	15,564	(17,049)	2.67X	4.05X
10Y Treasury	(361,517)	(35,970)	(89,047)	5,981	(5,260)	-2.99X	-3.29X
CRUDE OIL	502,646	6,378	418,001	374,937	349,569	2.13X	2.40X
GOLD	41,247	(12,664)	122,961	191,042	168,082	-1.53X	-0.77X
COPPER	45,653	(6,208)	29,989	9,894	(7,369)	1.86X	2.91X
\$USD	52,650	276	47,855	31,767	26,664	1.56X	0.78X
JPY	(86,330)	(12,246)	1,677	26,468	36,727	-3.58X	-0.89X
EUR	(64,133)	7,609	(107,909)	(103,440)	(83,408)	0.54X	0.52X
GBP	(53,021)	2,925	(76,216)	(77,258)	(58,081)	0.22X	-0.87X

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# MARKET SHARE VOLUME & TOTAL VALUE TRADED

## INDEX/SECURITY

## VOLUME: (12/29) vs.

	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	40%	9%	4%	19%
Total Exchange Volume**	16%	-15%	-19%	-22%
Total Traded Value (R3K)***	50%	-6%	-6%	-5%

\*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)

Source: Bloomberg, Hedgeye

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# KEY \$USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	0.12	0.67	0.74	0.66	0.73	0.95	-0.91	49%	51%
BRENT Oil	0.05	0.50	0.63	0.62	0.46	0.77	-0.78	46%	54%
CRB Index	-0.14	0.40	0.86	0.62	0.36	0.83	-0.89	21%	79%
GOLD	-0.79	-0.77	-0.97	-0.96	-0.73	0.90	-0.97	16%	84%

\*Days = Trading Days

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# OTHER KEY METRICS

METRIC	PRICE	1D % Chg	5D % Chg	1M % Chg	3M % Chg	MTD % Chg	YTD % Chg	vs. 52-Wk	
								High	Low
Brent Oil	\$56.82	1.21%	3.01%	12.58%	15.82%	8.7%	45.0%	-2%	110%
Gold	\$1,148	-0.92%	1.25%	-2.19%	-12.80%	0.0%	#VALUE!	-17%	8%
VIX	\$14.04	5.01%	22.73%	5.33%	5.64%	5.3%	-22.9%	-56%	28%

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