THE MACRO SHOW

JANUARY 6, 2017

LEGAL

DISCLAIMER

Hedgeye Risk Management is a registered investment advisor, registered with the State of Connecticut. Hedgeye Risk Management is not a broker dealer and does not provide investment advice to individuals. This research does not constitute an offer to sell, or a solicitation of an offer to buy any security. This research is presented without regard to individual investment preferences or risk parameters; it is general information and does not constitute specific investment advice. This presentation is based on information from sources believed to be reliable. Hedgeye Risk Management is not responsible for errors, inaccuracies or omissions of information. The opinions and conclusions contained in this report are those of Hedgeye Risk Management, and are intended solely for the use of Hedgeye Risk Management's clients and subscribers. In reaching these opinions and conclusions, Hedgeye Risk Management and its employees have relied upon research conducted by Hedgeye Risk Management's employees, which is based upon sources considered credible and reliable within the industry. Hedgeye Risk Management is not responsible for the validity or authenticity of the information upon which it has relied.

TERMS OF USE

This report is intended solely for the use of its recipient. Re-distribution or republication of this report and its contents are prohibited. For more detail please refer to the appropriate sections of the Hedgeye Services Agreement and the Terms of Use at www.hedgeye.com.

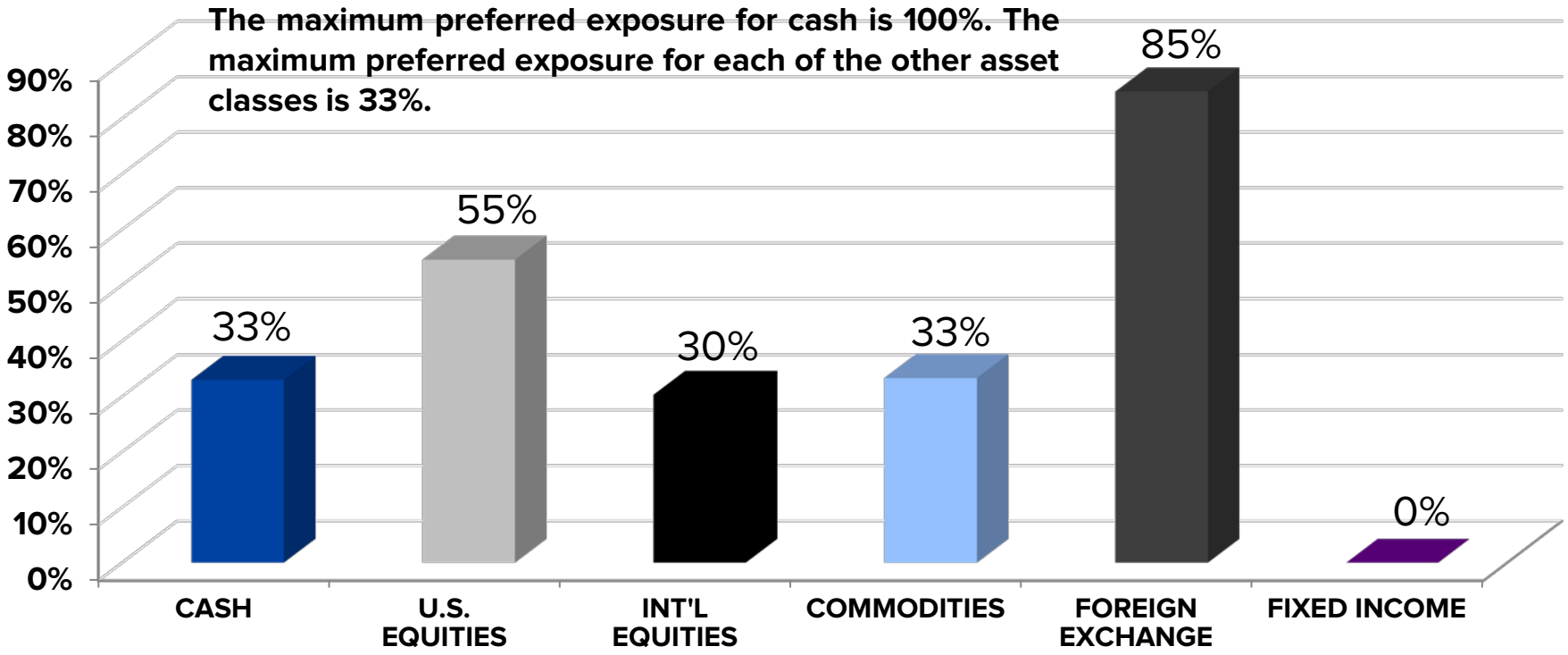
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/5/2017	33	18	10	11	28	0
1/6/2017	33	18	10	11	28	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/5/2017	33%	55%	30%	33%	85%	0%
1/6/2017	33%	55%	30%	33%	85%	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



January 6, 2017

THE MACRO SHOW

HEDGEYE TV

1 USD

2 NASDAQ

3 UST 10YR

USD

Yet another great buying opportunity for anyone who has missed this trending #StrongDollar move. The Pound (which we also like, but more vs. the Euro) signaled immediate-term overbought vs. USD yesterday, so we would be an aggressive buyer of Dollars if the jobs report is in line to better this morning.

NASDAQ

The NASDAQ hit an intraday all-time high yesterday, so we signaled to “sell some” in Real Time Alerts. We would be happy to buy more back on a pullback, where many seem petrified to buy, but then reluctantly chasing on the up moves – risk range for the Nasdaq = 5413-5515. Buy on low end of the range and sell the some on the way back up.

UST 10YR

The UST 10YR was down yesterday alongside the Down Dollar move, but we don’t think it holds. The ISM Services print of 57.2 DEC reiterated the U.S. #GrowthAccelerating reality of NOV-DEC and if you get the rate of change in growth right, you’re going to get the Long Bond (and Dollar) right.

MACRO GRIND

OVX VOLATILITY INDEX – CRUDE OIL

January 6, 2017

THE MACRO SHOW

HEDGEYE TV

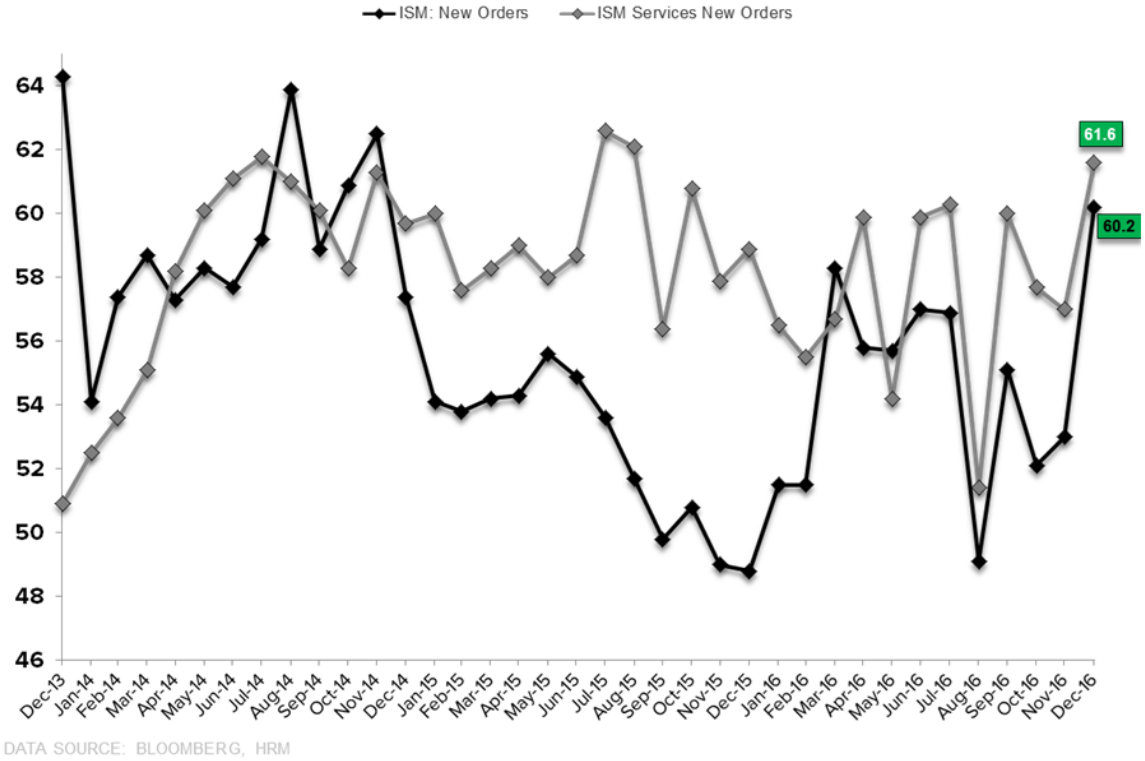
RUSSIAN TRADING SYSTEM INDEX

January 6, 2017

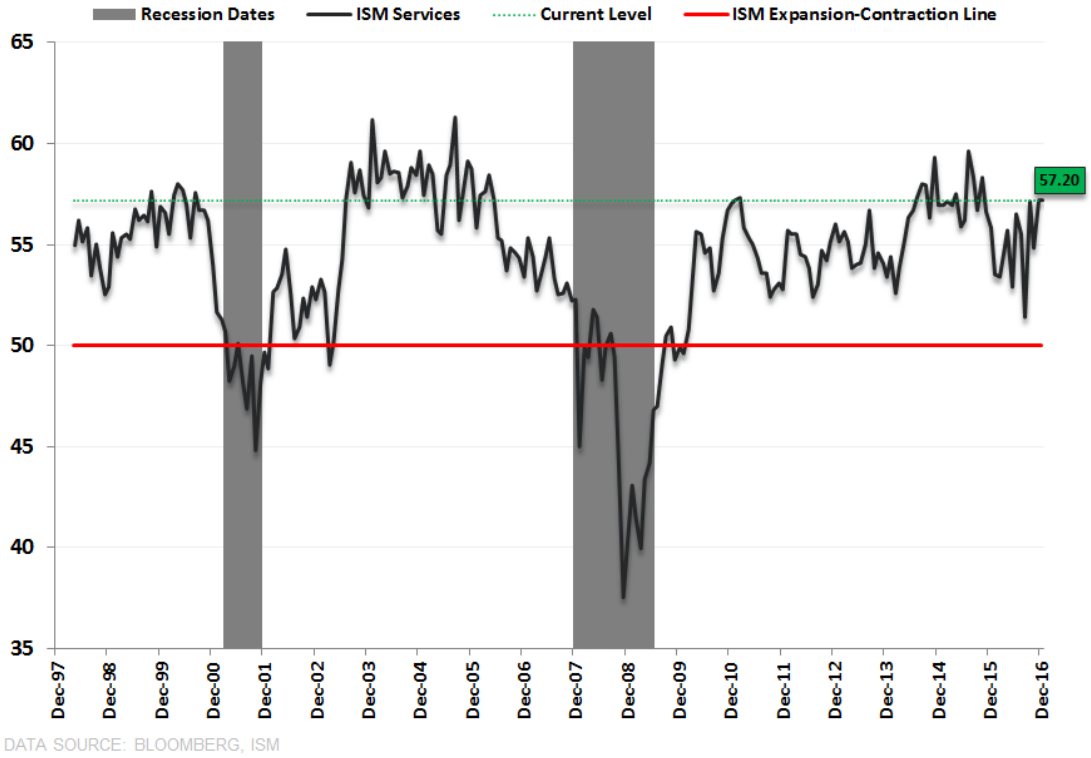
THE MACRO SHOW

HEDGEYE TV

ISM: NEW ORDERS



ISM SERVICES



HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$82.91	-0.07%	1.86%	1.86%
Financial Select Sector	XLF	$23.46	-1.01%	0.90%	0.90%
Health Care Select Sector	XLV	$70.75	0.51%	2.63%	2.63%
Technology Select Sector	XLK	$49.04	0.16%	1.41%	1.41%
Consumer Staples Select Sector	XLP	$52.07	0.33%	0.70%	0.70%
Industrial Select Sector	XLI	$62.78	-0.29%	0.90%	0.90%
Materials Select Sector	XLB	$50.57	-0.30%	1.75%	1.75%
The Energy Select Sector	XLE	$75.82	-0.25%	0.66%	0.66%
Utilities Select Sector	XLU	$48.68	0.10%	0.23%	0.23%
S&P 500	SPX	2,269.00	-0.08%	1.35%	1.35%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$82.91	0.00%	0.51%	0.51%
Financial Select Sector	XLF	$23.46	-0.94%	-0.44%	-0.44%
Health Care Select Sector	XLV	$70.75	0.59%	1.28%	1.28%
Technology Select Sector	XLK	$49.04	0.24%	0.06%	0.06%
Consumer Staples Select Sector	XLP	$52.07	0.40%	-0.65%	-0.65%
Industrial Select Sector	XLI	$62.78	-0.21%	-0.45%	-0.45%
Materials Select Sector	XLB	$50.57	-0.22%	0.40%	0.40%
The Energy Select Sector	XLE	$75.82	-0.17%	-0.68%	-0.68%
Utilities Select Sector	XLU	$48.68	0.18%	-1.12%	-1.12%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.4%	1.9%	2.8%	8.0%	14.8%	2.0%
	Low Debt/EV	-0.2%	1.1%	1.6%	2.3%	5.9%	1.7%
SI	High Short Interest	-0.6%	1.3%	0.8%	4.4%	13.0%	1.9%
	Low Short Interest	-0.1%	1.1%	2.7%	5.9%	10.5%	1.6%
BETA	High Beta	-0.6%	1.3%	1.7%	9.5%	28.0%	2.3%
	Low Beta	0.3%	1.5%	3.8%	2.3%	-4.0%	1.0%
YIELD	High Yield	-0.4%	1.6%	2.5%	4.2%	4.7%	1.4%
	Low Yield	0.0%	2.0%	2.1%	3.0%	11.5%	2.6%
MKT CAP	MCAP Bottom 25%	-0.7%	1.6%	0.2%	3.2%	8.7%	1.9%
	MCAP Top 25%	-0.1%	0.9%	2.9%	6.8%	11.7%	1.4%
Sales	Top 25% Sales Growth	0.3%	2.0%	2.3%	3.8%	9.4%	2.5%
	Bottom 25% Sales Growth	-0.7%	1.4%	2.1%	5.5%	11.0%	1.7%
EPS	Top 25% EPS Growth	0.1%	1.9%	2.8%	6.4%	14.7%	2.4%
	Bottom 25% EPS Growth	-0.2%	1.8%	2.2%	5.1%	7.8%	1.9%

**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	0.51%	-1.5	6.6	5	19	-4	36	39	41
3M LIBOR	1.01%	0.0	0.7	6	14	0	39	57	61
2Y T-Note	1.16%	-5.2	-5.0	4	33	-14	67	51	66
5Y T-Note	1.84%	-8.7	-11.0	0	60	-28	95	35	56
10Y T-Note	2.34%	-9.5	-13.1	-5	64	-30	103	18	22
30Y T-Note	2.94%	-9.8	-13.8	-12	52	-27	85	2	-9
2Y-10Y Spread, Bps	118	-4.3	-8.1	-9.2	31	-16	36	-33	-44
IG SPREAD (AAABBB)	1.51%	0.0	-1.0	-7	-12	-79	4	-18	-27
HIGH YIELD	6.12%	0.0	-28.3	-56	-4	-321	0	-51	-50
5Y BREAKEVEN	1.87%	-2.5	1.9	7.0	36.4	-4.9	101.2	31.3	14.7

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)	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	(5,26[illegible])	*-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*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (1/5) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-6%	4%	0%	15%
Total Exchange Volume**	1%	6%	2%	-1%

*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

KEY $USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	0.08	0.64	0.78	0.68	0.75	*0.95*	*-0.91*	*49%*	*51%*
BRENT Oil	-0.43	0.48	0.64	0.65	0.49	*0.77*	*-0.78*	*46%*	*54%*
CRB Index	0.15	0.36	0.87	0.65	0.42	*0.83*	*-0.89*	*22%*	*78%*
GOLD	-0.73	-0.79	-0.97	-0.96	-0.76	*0.90*	*-0.97*	*16%*	*84%*

**Days = Trading Days*