



THE
MACRO
SHOW

FEBRUARY 9, 2017

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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/8/2017	22	22	18	12	26	0
2/9/2017	23	22	17	14	24	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/8/2017	22%	67%	55%	36%	79%	0%
2/9/2017	23%	67%	52%	42%	73%	0%

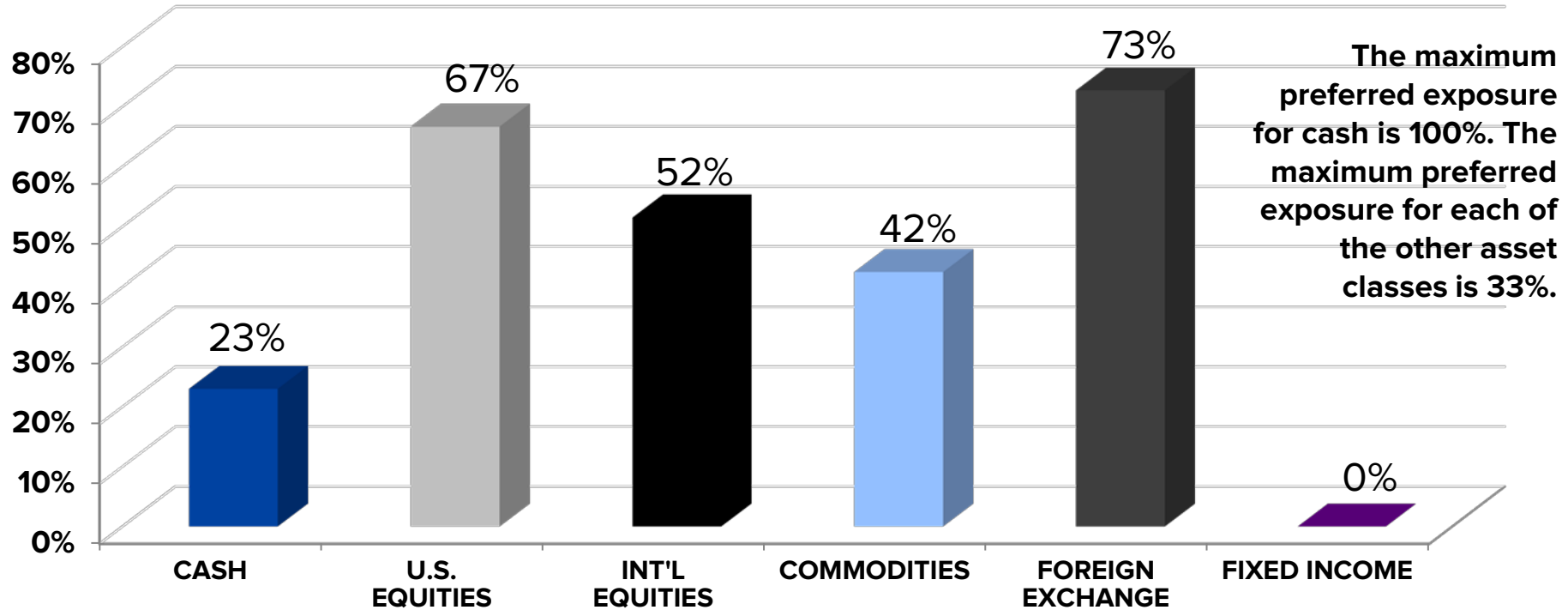
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

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A grayscale photograph of the Nasdaq building in New York City, featuring a large American flag in the foreground.

1 NASDAQ

A silhouette of several oil pumpjacks (jack-o'-lanterns) against a warm, orange-hued sunset sky.

2 OIL

A grayscale photograph of the U.S. Treasury Department building, a large neoclassical structure with many windows and columns.

3 UST 10YR



NASDAQ

+5.5% YTD continues to make a series of higher-all-time-highs as High Beta remains one of the top style factors to be long of when growth and inflation are accelerating – Nasdaq should signal some exhaustion (overbought) closer to 5699 with a higher low of support now down at 5605.

The background of the slide features a silhouette of several oil pumpjacks against a warm, orange-hued sunset sky. A large, semi-transparent number '2' is overlaid on the left side of the image.

OIL

Nice pullback to take advantage of this week as WTI bounced right off the low-end of our \$51.78-54.20 risk range. What we think people are missing in Oil is the TRENDING break-down in Oil Volatility (OVX) which now has a risk range of 27-32; just trade the range.



UST 10R

Surprising drop in the 10YR yield to the low-end of our 2.33-2.55% risk range (especially surprising with Dollar Up and Nasdaq Up this wk), but markets are designed to surprise us – I'm still a seller of Low Beta Yield Chasing exposures relative to everything Higher Beta I like – we should see #InflationAccelerating US Import Prices tomorrow.

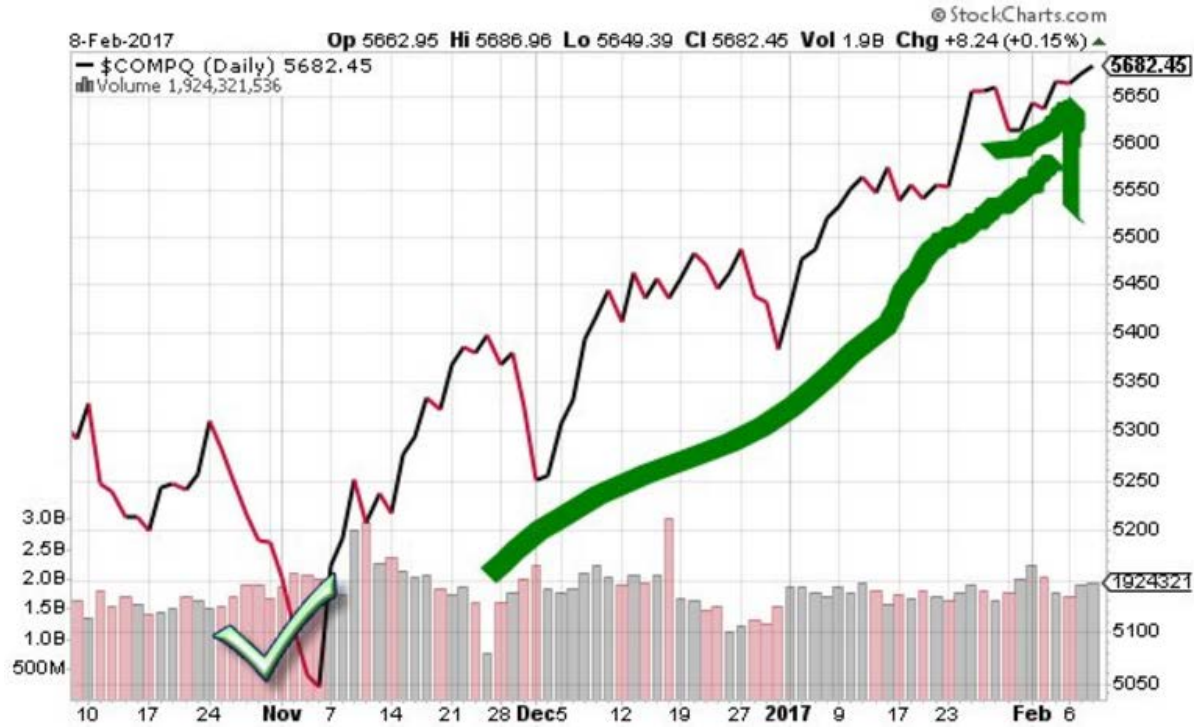


FINANCIALS

JONATHAN CASTELEYN

MACRO GRIND

NASDAQ COMP INDEX



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EARNINGS SEASON

Q4 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.3%	4.8%	326 / 500
Energy	1.3%	-10.5%	18 / 35
Materials	5.3%	5.2%	18 / 25
Industrials	2.4%	-5.8%	53 / 67
Consumer Discretionary	7.9%	-1.4%	40 / 81
Consumer Staples	0.4%	6.5%	21 / 37
Healthcare	5.4%	3.4%	42 / 60
Financials	4.8%	10.7%	57 / 63
Information Technology	7.2%	9.5%	49 / 66
Telecom	-2.9%	1.8%	4 / 5
Utilities	8.4%	20.8%	8 / 28
Real Estate	-1.2%	2.1%	15 / 29

Source: BBG

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VOLATILITY

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%	6.9%	8.0%	9.6%	2.3%	-9.2%	-16.5%	SPX	25.9%	0.30	0.61	51.7%	1.70	1.99	41.1%	1.67	1.57
Russell 2000	RTY	14.3%	13.6%	15.4%	16.9%	6.4%	0.8%	0.1%	RTY	13.2%	0.48	0.37	27.6%	1.57	1.19	15.6%	1.03	0.35
Nasdaq 100	NDX	8.0%	9.9%	11.0%	11.2%	-5.6%	-16.9%	-19.8%	NDX	25.7%	0.46	0.77	22.7%	0.75	0.91	20.9%	0.74	0.76
USD Index	UUP	8.2%	8.1%	7.4%	8.6%	-4.9%	-4.3%	2.2%	UUP	-8.6%	-0.93	-0.86	5.2%	-0.41	-0.41	21.6%	0.59	0.34
Consumer Discret.	XLY	7.3%	9.7%	10.2%	11.7%	-2.7%	-10.3%	-13.2%	XLY	78.2%	2.15	2.76	59.5%	2.24	2.70	39.5%	1.66	1.87
Financials	XLF	15.1%	15.3%	16.7%	15.6%	-5.6%	-12.6%	-9.0%	XLF	0.4%	-0.27	-0.23	5.1%	0.14	0.02	-0.5%	0.09	-0.28
Healthcare	XLV	10.5%	10.3%	13.7%	11.9%	-6.7%	-16.2%	-16.5%	XLV	11.9%	0.15	0.36	25.8%	1.36	1.40	-1.7%	-0.27	-0.29
Technology	XLK	8.1%	11.3%	11.4%	10.7%	-10.1%	-19.3%	-21.4%	XLK	26.4%	0.55	0.87	6.2%	0.10	0.11	13.6%	0.54	0.42
Consumer Staples	XLP	9.0%	9.5%	10.6%	9.8%	-3.4%	-15.1%	-16.3%	XLP	5.0%	-0.11	-0.05	7.7%	0.34	0.18	-0.8%	-0.23	-0.44
Utilities	XLU	12.2%	14.8%	16.8%	13.0%	-6.7%	-17.6%	-18.3%	XLU	6.0%	0.36	0.48	-6.7%	-0.42	-0.31	-15.5%	-1.43	-1.25
Energy	XLE	13.0%	17.8%	16.8%	17.0%	3.9%	-7.7%	-12.3%	XLE	30.2%	1.37	1.20	1.1%	0.53	-0.06	8.0%	1.29	0.33
Energy	XOP	19.5%	32.7%	30.0%	28.6%	9.0%	-6.1%	-10.3%	XOP	40.5%	1.64	1.91	-12.6%	-0.46	-0.79	-3.0%	0.50	-0.08
Materials	XLB	12.2%	10.7%	11.9%	13.9%	5.8%	-1.6%	-7.7%	XLB	9.4%	0.00	0.03	35.0%	1.53	1.30	24.0%	1.43	0.89
Industrials	XLI	9.4%	9.2%	11.1%	12.2%	-1.5%	-9.1%	-10.9%	XLI	23.7%	0.42	0.67	37.9%	1.66	1.71	18.9%	1.10	0.80
Transports	IYT	13.8%	13.9%	13.6%	17.0%	-2.6%	-3.0%	-4.0%	IYT	22.1%	0.32	0.60	27.2%	0.84	1.10	33.5%	1.45	1.69
WTI Crude Oil	USO	23.0%	33.3%	31.9%	27.7%	-3.6%	-16.4%	-21.0%	USO	-3.6%	0.78	0.53	-12.7%	-0.62	-0.99	-6.8%	-0.11	-0.62
Natural Gas	UNG	49.1%	50.4%	48.4%	44.0%	-1.7%	-9.4%	-1.4%	UNG	-8.3%	-0.71	-0.55	-14.7%	-1.03	-0.84	-14.4%	-1.15	-0.79
Gold	GLD	11.5%	12.5%	13.6%	13.9%	2.2%	-5.8%	-6.0%	GLD	16.5%	0.57	0.44	9.7%	0.45	0.24	4.4%	0.14	-0.08
Silver	SLV	15.9%	24.1%	23.4%	22.4%	2.2%	-7.0%	-8.0%	SLV	36.0%	2.49	0.76	11.2%	0.72	-0.08	-1.2%	-0.85	-0.77
Copper	JJC	26.7%	25.1%	24.7%	25.6%	2.6%	-8.4%	-1.0%	JJC	-4.8%	-0.35	-0.43	1.4%	-0.31	-0.36	2.8%	-0.30	-0.36
Corn	CORN	13.5%	15.6%	17.5%	17.9%	7.3%	2.8%	-6.9%	CORN	35.2%	0.86	0.66	18.1%	0.23	-0.06	6.8%	-0.36	-0.65
Soybeans	SOYB	16.2%	16.4%	15.7%	24.8%	3.7%	10.2%	12.1%	SOYB	52.6%	0.36	0.15	29.5%	-0.25	-0.24	18.6%	-0.47	-0.45
Wheat	WEAT	19.2%	19.4%	19.8%	26.0%	-3.6%	-8.5%	-11.7%	WEAT	35.5%	-0.44	-0.25	53.3%	-0.20	0.10	49.9%	-0.19	0.19

*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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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	\$84.16	-0.09%	-0.79%	3.39%
Financial Select Sector	XLF	\$23.55	-0.25%	1.03%	1.29%
Health Care Select Sector	XLV	\$71.57	0.10%	1.49%	3.81%
Technology Select Sector	XLK	\$50.92	0.39%	1.68%	5.29%
Consumer Staples Select Sector	XLP	\$53.14	0.82%	1.05%	2.77%
Industrial Select Sector	XLI	\$63.82	0.17%	0.69%	2.57%
Materials Select Sector	XLB	\$51.53	-0.79%	-0.83%	3.68%
The Energy Select Sector	XLE	\$71.75	-1.42%	-1.58%	-4.74%
Utilities Select Sector	XLU	\$48.92	0.25%	-0.53%	0.72%
S&P 500	SPX	2,293.08	0.02%	0.62%	2.42%

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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	\$84.16	-0.12%	-1.41%	0.97%
Financial Select Sector	XLF	\$23.55	-0.28%	0.41%	-1.13%
Health Care Select Sector	XLV	\$71.57	0.08%	0.87%	1.39%
Technology Select Sector	XLK	\$50.92	0.37%	1.05%	2.87%
Consumer Staples Select Sector	XLP	\$53.14	0.79%	0.42%	0.34%
Industrial Select Sector	XLI	\$63.82	0.15%	0.07%	0.15%
Materials Select Sector	XLB	\$51.53	-0.81%	-1.45%	1.26%
The Energy Select Sector	XLE	\$71.75	-1.44%	-2.20%	-7.16%
Utilities Select Sector	XLU	\$48.92	0.22%	-1.15%	-1.70%

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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	-0.5%	0.6%	0.2%	12.4%	7.9%	2.3%
	Low Debt/EV	-0.2%	-0.1%	0.3%	7.3%	2.3%	2.3%
SI	High Short Interest	-0.2%	0.0%	-0.5%	10.3%	5.0%	1.4%
	Low Short Interest	-0.3%	0.7%	0.8%	10.1%	6.1%	2.6%
BETA	High Beta	-0.5%	0.1%	0.7%	17.7%	15.9%	3.5%
	Low Beta	-0.4%	0.8%	-0.1%	4.3%	-2.6%	1.0%
YIELD	High Yield	-0.4%	0.3%	-1.7%	6.3%	-0.2%	-0.3%
	Low Yield	-0.3%	0.9%	0.5%	9.9%	4.2%	3.4%
MKT CAP	MCAP Bottom 25%	-0.4%	-0.4%	-1.4%	7.5%	0.3%	0.5%
	MCAP Top 25%	-0.2%	0.4%	0.7%	10.9%	8.1%	2.6%
Sales	Top 25% Sales Growth	-0.4%	0.1%	-0.3%	9.8%	5.8%	2.4%
	Bottom 25% Sales Growth	-0.3%	-0.1%	-0.6%	7.8%	1.4%	1.0%
EPS	Top 25% EPS Growth	-0.4%	0.0%	0.8%	13.2%	10.6%	3.6%
	Bottom 25% EPS Growth	-0.3%	0.8%	-1.1%	7.7%	0.3%	0.7%

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

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HEDGEYE RATES & SPREADS

		1D	5D	1M	3M	vs. 52-Wk, Bps		vs.	vs.
	Price	Bps Chg	Bps Chg	Bps Chg	Bps Chg	High	Low	3Y Ave	5Y Ave
3M T-Bill	0.52%	2.0	1.5	1	15	-4	36	38	41
3M LIBOR	1.03%	0.0	0.0	2	15	-1	42	58	63
2Y T-Note	1.15%	-4.8	-6.3	-6	37	-15	65	47	63
5Y T-Note	1.85%	-6.4	-10.4	-8	61	-28	95	34	54
10Y T-Note	2.41%	-5.7	-8.0	-1	63	-23	109	26	27
30Y T-Note	3.05%	-4.3	-3.1	4	49	-17	96	15	2
2Y-10Y Spread, Bps	126	-0.9	-1.7	4.9	27	-8	44	-22	-35
IG SPREAD (AAABBB)	1.53%	0.0	0.0	3	-10	-77	6	-16	-23
HIGH YIELD	5.91%	-1.6	-28.4	-15	-55	-341	0	-73	-67
5Y BREAK EVEN	2.02%	-2.7	-1.1	13.6	47.7	-5.2	116.7	46.7	29.9

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CFTC NON-COMMERCIAL NET LONG POSITIONING

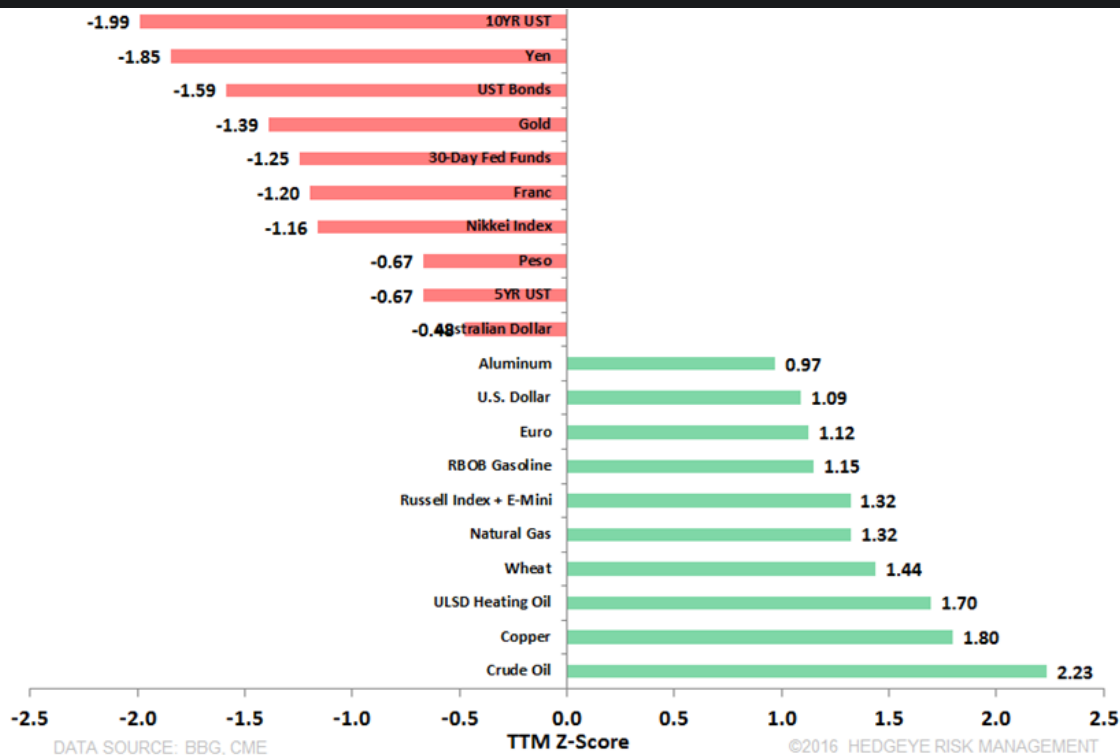
METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	Z-Score	
						1Y	3Y
SPX (Index + E-mini)	62,759	3,587	(12,525)	44,983	10,009	0.45X	0.93X
Russell 2000 (mini)	54,446	(21,798)	57,047	34,957	(4,598)	1.25X	2.29X
10Y Treasury	(349,557)	(66,458)	(246,265)	(87,794)	(40,797)	-1.99X	-2.70X
CRUDE OIL	543,830	16,996	448,054	416,533	376,673	2.23X	2.69X
GOLD	72,067	12,388	81,429	145,792	172,542	-1.34X	-0.38X
COPPER	56,942	6,912	49,536	21,246	986	1.80X	3.01X
USD	46,452	(1,874)	51,848	39,224	27,360	1.09X	0.46X
JPY	(62,105)	8,763	(45,592)	2,049	26,436	-1.85X	-0.51X
EUR	(39,280)	6,938	(85,176)	(93,127)	(76,276)	1.12X	0.97X
GBP	(63,277)	(700)	(67,509)	(75,825)	(60,547)	-0.13X	-1.08X

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



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MARKET SHARE VOLUME & TOTAL VALUE TRADED

<u>INDEX/SECURITY</u>	<u>VOLUME: (2/7) vs.</u>			
	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	21%	30%	51%	87%
Total Exchange Volume**	10%	0%	-6%	-6%

*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	-0.37	-0.73	0.74	0.72	0.75	0.95	-0.91	42%	58%
BRENT Oil	-0.71	0.06	0.44	0.67	0.58	0.77	-0.78	46%	54%
CRB Index	-0.55	-0.82	0.70	0.67	0.59	0.83	-0.89	24%	76%
GOLD	-0.33	-0.88	-0.92	-0.97	-0.86	0.90	-0.97	15%	85%

**Days = Trading Days*

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