THE MACRO SHOW

FEBRUARY 7, 2017

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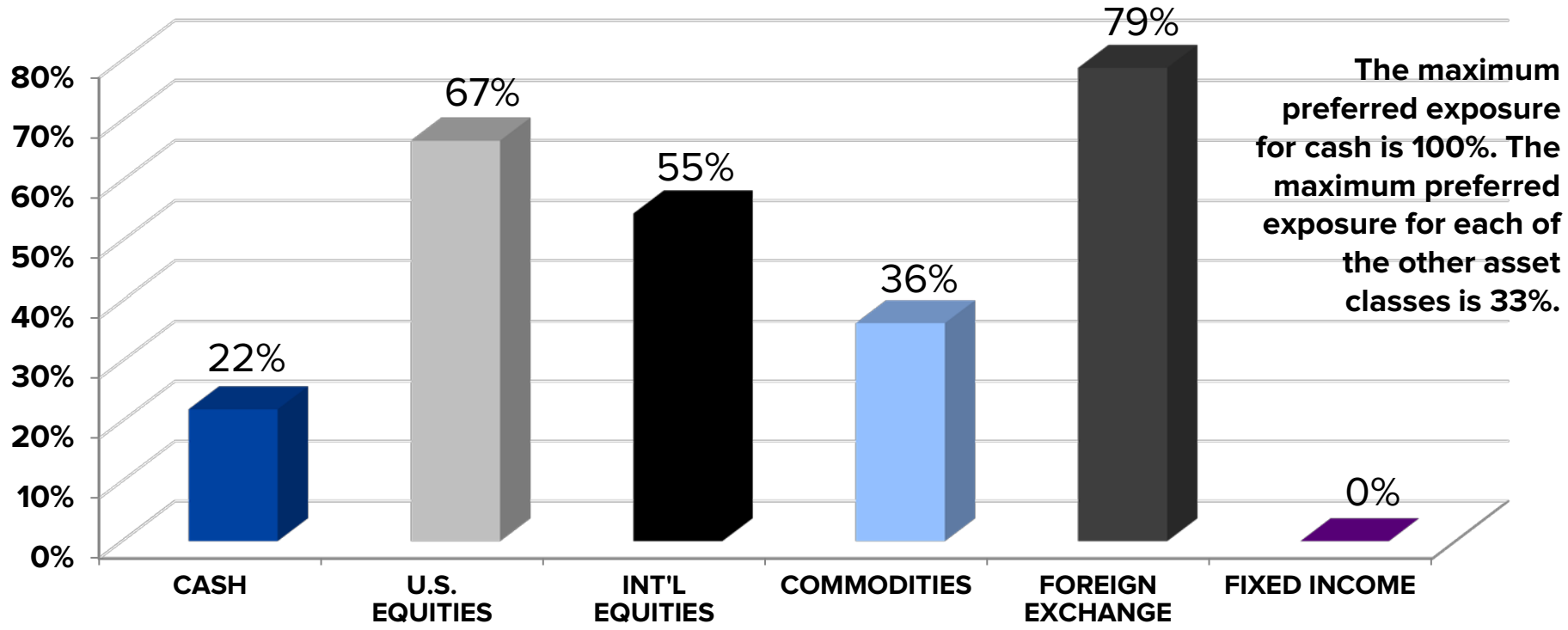
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/6/2017	23	22	17	12	26	0
2/7/2017	22	22	18	12	26	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/6/2017	23%	67%	52%	36%	79%	0%
2/7/2017	22%	67%	55%	36%	79%	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



February 7, 2017

THE MACRO SHOW

HEDGEYE TV

1 EARNINGS

2 EURO

3 FTSE

EARNINGS

Continuing to see an acceleration in both SALES and EARNINGS as we move through EPS Season. 283/500 S&P names have reported aggregate y/y SALES and EPS growth of +4.3% and +5.9%, respectively. Financials (52 of 63 have reported) aggregate y/y SALES and EPS growth of +5.1% and +10.3%, respectively.

EURO

After tapping the top-end of our $1.05-1.08 immediate-term risk range last week, EUR/USD has been smacked back down to $1.06 (-0.8% this morning) and continues to signal bearish TREND inasmuch as Draghi continues to remind markets that he has no intention on tapering anytime soon.

FTSE

The strong inverse correlation between the FTSE and Pound remains obvious – on a ***#StrongDollar*** morning we have GBP/USD -0.8% and the FTSE bouncing +0.6% which is, importantly, back above our immediate-term TRADE line of 7176 support. We still like the Pound, but lower – would like to buy it back in the $1.20-1.22 range.

MACRO GRIND

FINANCIALS & HOUSING

JOSH STEINER

HOUSING – THE BIG PICTURE

HEDGEYE HOUSING COMPENDIUM

		Most Recent Data			TRADE/TREND/TAIL			Rate of Change		
					Short Term	Intmed Term	Long Term	Short Term	Intmed Term	Long Term
		Period	Latest Data	Last Price	Prior Period	3M Ago	12M Ave	MoM Chg	3M Chg	vs 12M Avg
Home Prices	Case-Shiller 20 City HPI YoY NSA	Oct-16	Better	5.1%	5.0%	4.9%	5.3%	0.1%	0.2%	-0.2%
	Case-Shiller 20 City HPI MoM SA	Oct-16	Better	0.6%	0.5%	0.1%	0.4%	0.2%	0.6%	0.2%
	Corelogic HPI - NSA YoY % Chg	Aug-16	Better	6.2%	5.4%	5.1%	5.5%	0.9%	1.1%	0.8%
	Corelogic (Ex-Dist.) HPI - NSA YoY % Chg	Aug-16	Better	5.6%	4.7%	4.4%	4.7%	0.9%	1.2%	0.9%
	FHFA HPI - NSA YoY % Chg	Oct-16	Worse	6.1%	6.2%	5.9%	6.0%	-0.1%	0.2%	0.1%
Supply & Demand: Existing	MBA Purchase Apps Index (Mo. Ave)	Dec-16	Better	230.7	218.7	224.5	224.9	5.5%	2.8%	2.6%
	NAR: Pending Home Sales (Index)	Nov-16	Worse	107.3	110.0	108.4	109.5	-2.5%	-1.0%	-2.0%
	NAR: Existing Home Sales (SAAR)	Nov-16	Better	5.61	5.57	5.30	5.39	0.7%	5.8%	4.1%
	NAR: Existing Home Inv. (millions units)	Nov-16	Better	1.85	2.01	2.01	1.99	-8.0%	-8.0%	-6.9%
	NAR: Existing Home Inv: Months Supply	Nov-16	Better	3.96	4.33	4.55	4.43	-8.6%	-13.0%	-10.7%
Supply & Demand: New Homes	NAHB: HMI	Dec-16	Better	70	63	65	61	7.0	5.0	0.2
	Census: Total Starts	Nov-16	Worse	1090	1340	1164	1164	-18.7%	-6.4%	-6.3%
	Census: SF Starts	Nov-16	Worse	828	863	724	781	-4.1%	14.4%	6.0%
	Census: Total Permits	Nov-16	Worse	1212	1260	1152	1179	-3.8%	5.2%	2.8%
	Census: SF Permits	Nov-16	Better	780	774	736	739	0.8%	6.0%	5.5%
	Resi Construction Spending (in Billions)	Nov-16	Better	470	465	463	457	1.0%	1.5%	2.7%
	Census: New Home Sales	Nov-16	Better	592	563	559	557	5.2%	5.9%	6.4%
	Census: New Home Inventory (000)	Nov-16	Worse	253	248	242	240	2.0%	4.5%	5.3%
Miscellaneous	Interest Rates (30 Year FRM)	Dec-16	Worse	4.36%	4.03%	3.67%	3.89%	0.3%	0.7%	0.5%
	NAR: Affordability Index (Composite)	Oct-16	Better	170.2	166.6	160.6	166.4	2.2%	6.0%	2.3%
	ITB Price (EOP)	Dec-16	Better	28.02	26.74	27.89	26.91	4.8%	0.5%	4.1%
	XHB Price (EOP)	Dec-16	Better	34.60	33.08	34.63	33.51	4.6%	-0.1%	3.3%

Source: Hedgeye Risk Management, S&P, Corelogic, FHFA, MBA, NAR, NAHB, Census Dept., Factset, Bloomberg

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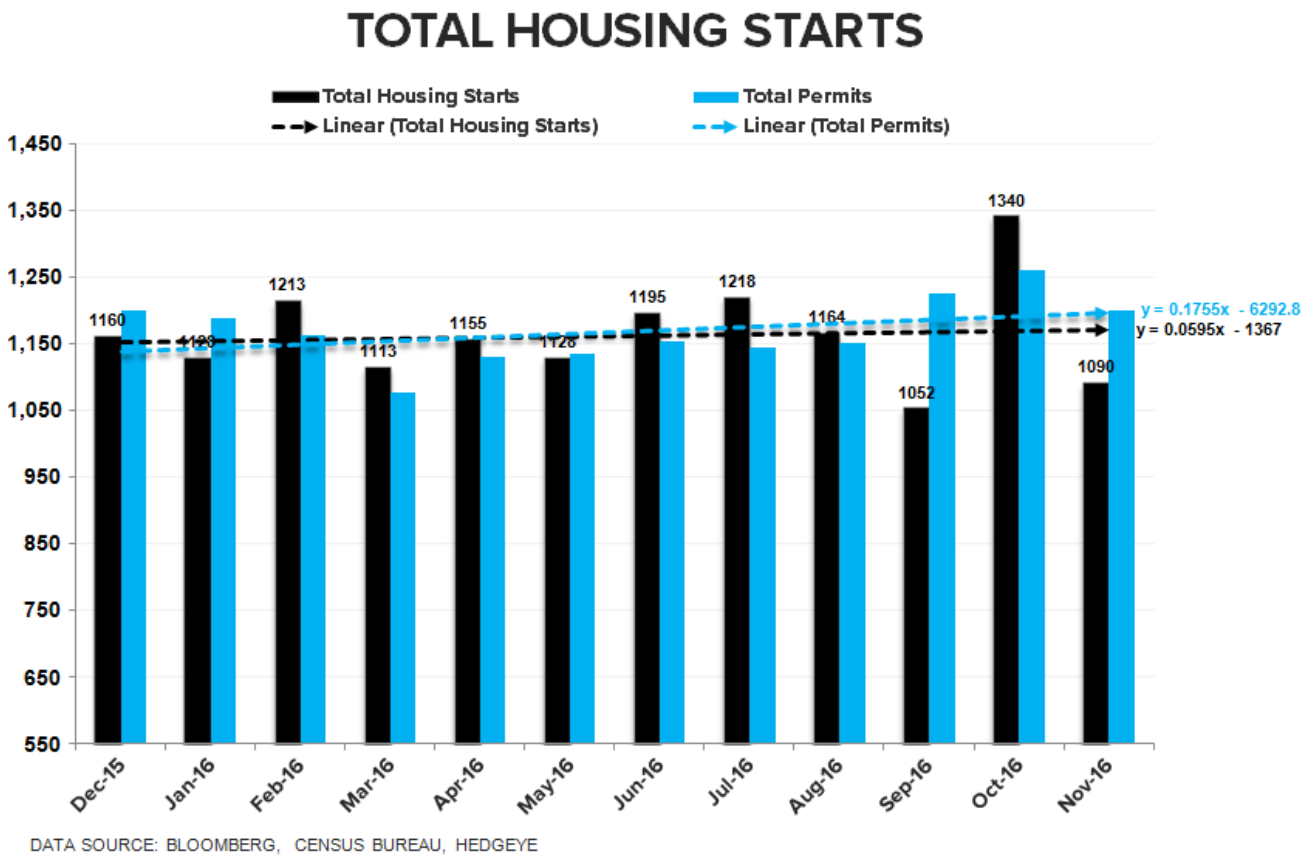
STARTS STAGNATION: 20 MONTHS & COUNTING



The combination of falling MF activity and crawling improvement in SF activity has left Total new construction Starts flat for the last 20 months.

Data Source: Census Bureau, Bloomberg, Hedgeye

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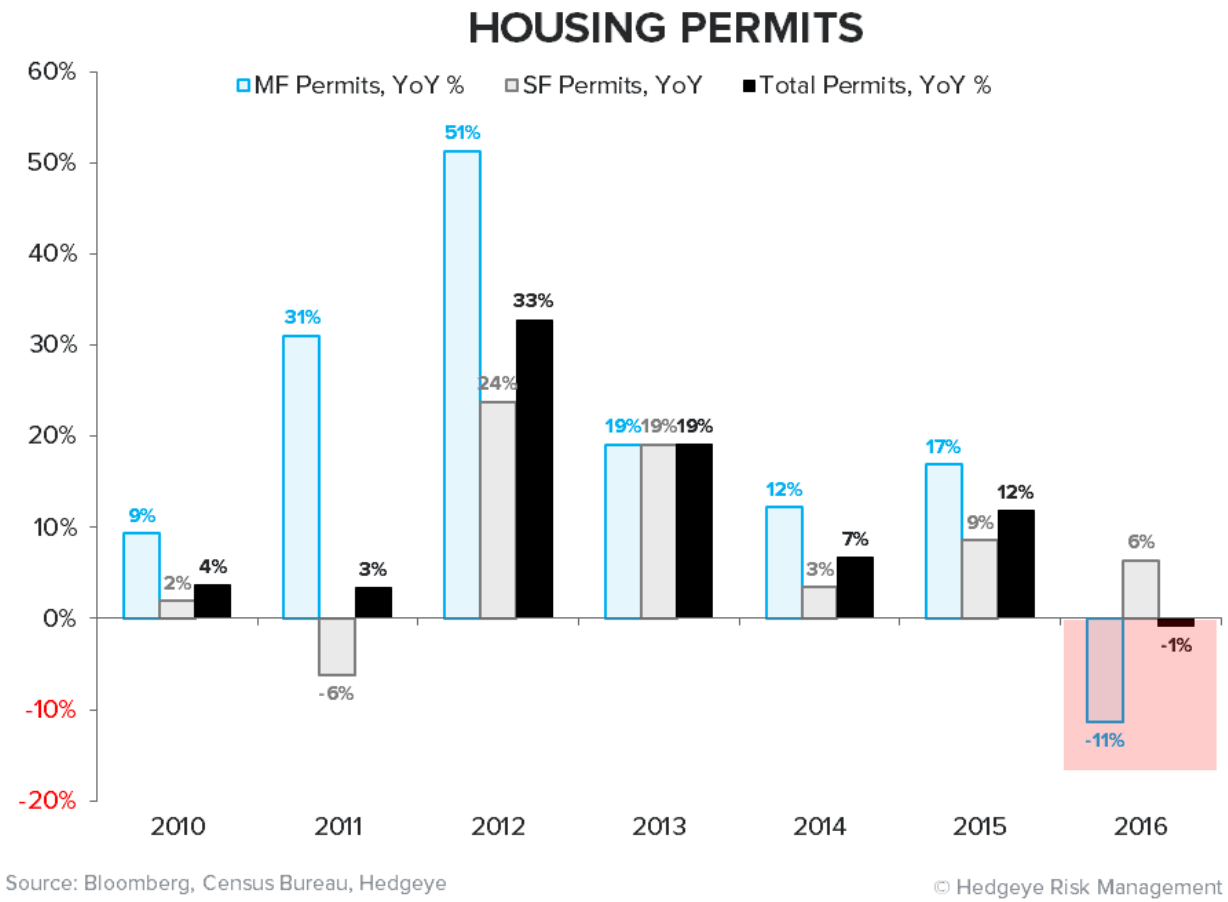
MF ↓ + SF ↑ = TOTAL ↓



The trend in Permit activity is similar to that prevailing in Starts with the net of rising SF activity and falling MF activity equating to zero growth in the headline.

With Permit growth running at a negative spread to Starts growth YTD near-term upside in Starts appears constrained.

Data Source: Census Bureau, Bloomberg, Hedgeye

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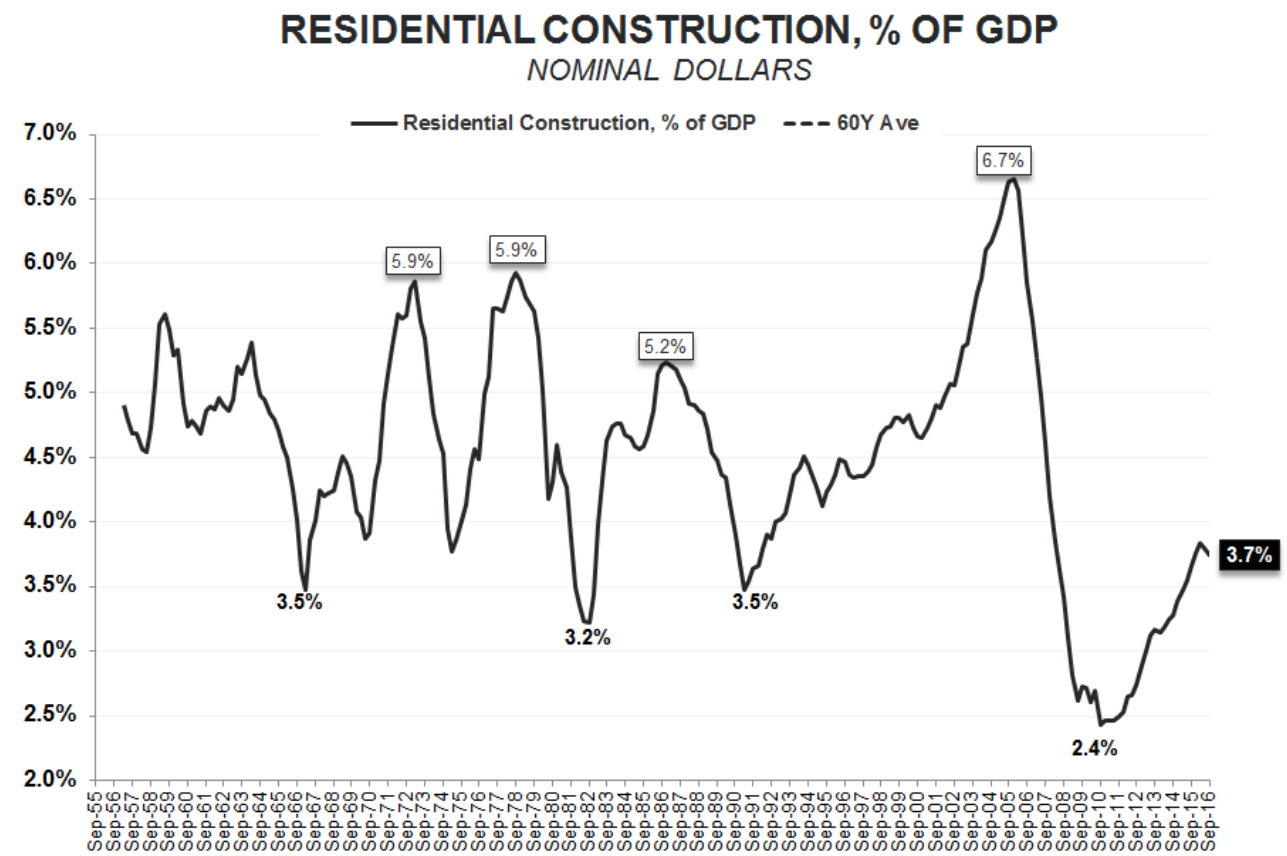
BIG PICTURE: HOUSING HYSTERESIS?



DATA SOURCE: CENSUS BUREAU, BLOOMBERG

After 5 years of Housing recovery, resi construction remains just 3.7% of GDP – a level more consistent with cycle trough levels observed across the last 65 years.

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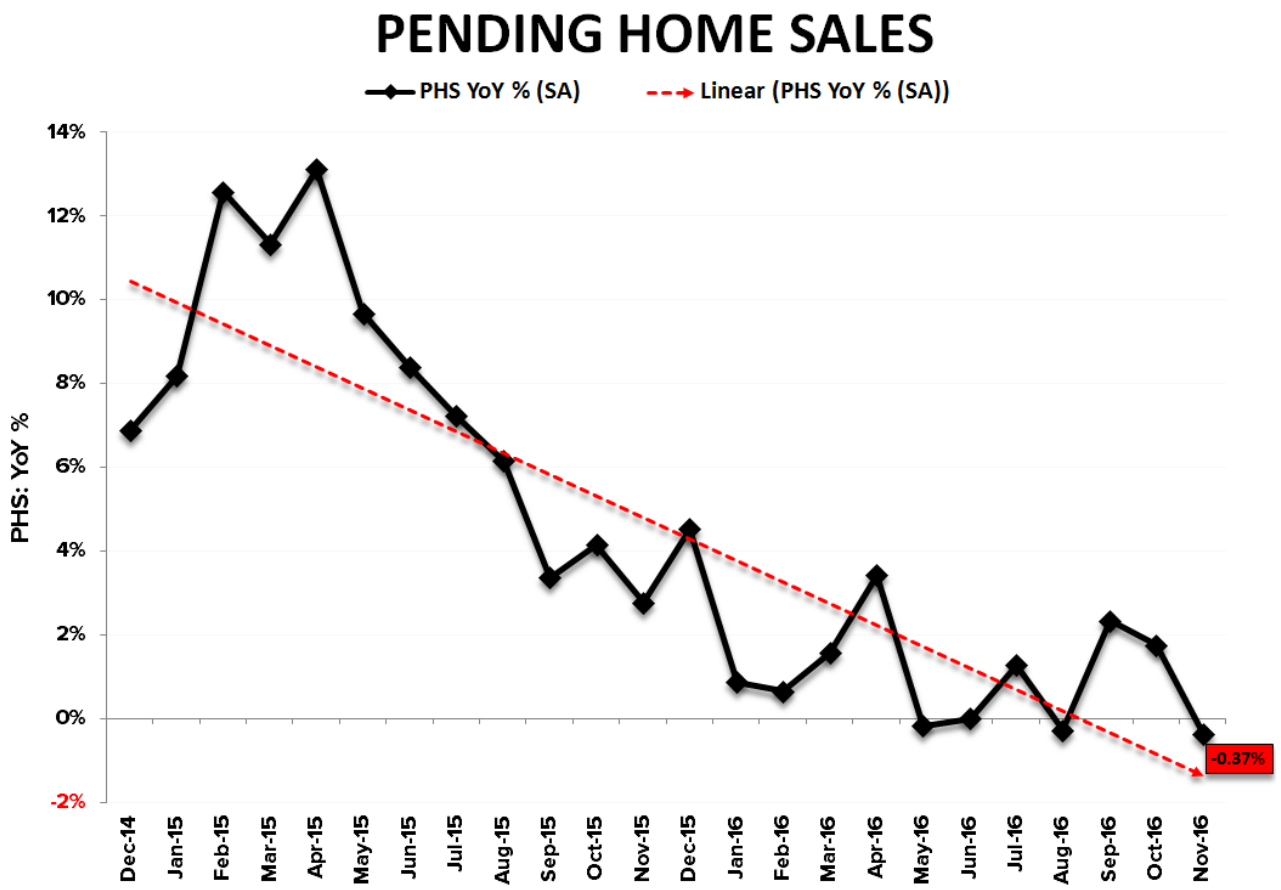
PENDING HOME SALES: CONVERGENCE TO ZERO



Pending Home Sales have done basically nothing over the last 6-months.

Signed contract activity has been +2% or less since May with 4 of those months printing zero or negative growth.

Data Source: Bloomberg, NAR, Hedgeye

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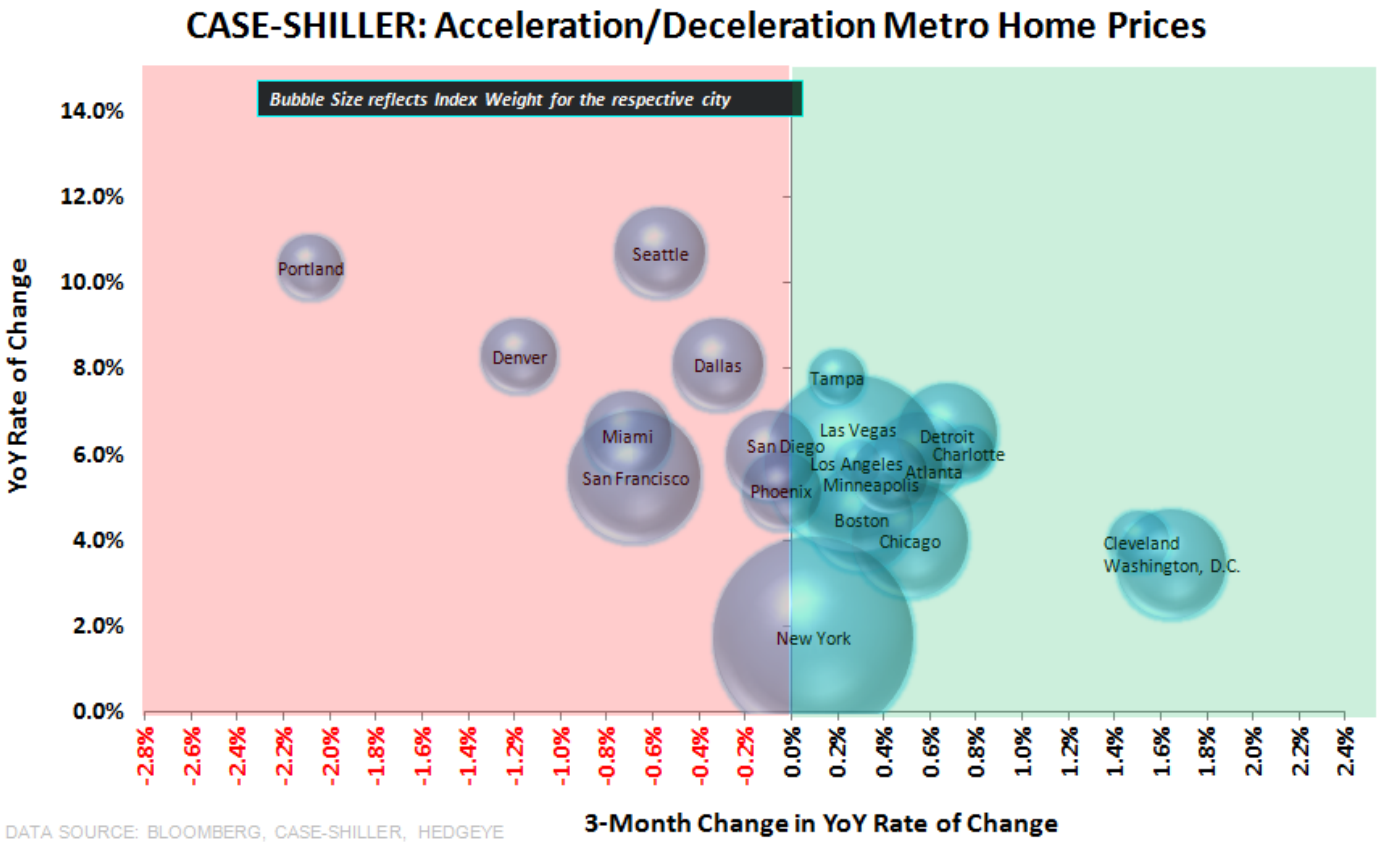
HPI → INDEX HEAVYWEIGHTS SLOWING



The divergence between the Case-Shiller 20-city index and the National series is largely a function of decelerating price growth in the 20-city index heavyweights and improving HPI trends more broadly.

New York, LA, and San Fran alone represent a collective 43% weighting in the 20-city index and each has slowed notably over the last couple quarters.

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THREE CASE STUDIES IN RISING RATES

1

OCTOBER 1993- DECEMBER 1994

Mortgage Rates rose +240 bps over the span of 14-months. **The S&P 500 Homebuilding index lost 33% of its value over that 14 month span.** By contrast, the S&P 500 was flat over the corresponding period.

2

OCTOBER 1998 - MAY 2000

Mortgage Rates rose +180 bps over the span of 19-months. **The S&P 500 Homebuilding index lost 29% of its value over that 14 month span**, but the S&P 500 was up 44% making the **relative underperformance a whopping 73%**.

3

DECEMBER 2012 – SEPTEMBER 2013

Mortgage Rates rose +120 bps over the span of 10-months. **The S&P 500 Homebuilding index lost 3% of its value over that 14 month span.** By contrast, the S&P 500 was up 19% over the corresponding period so the **relative underperformance was 22%**.

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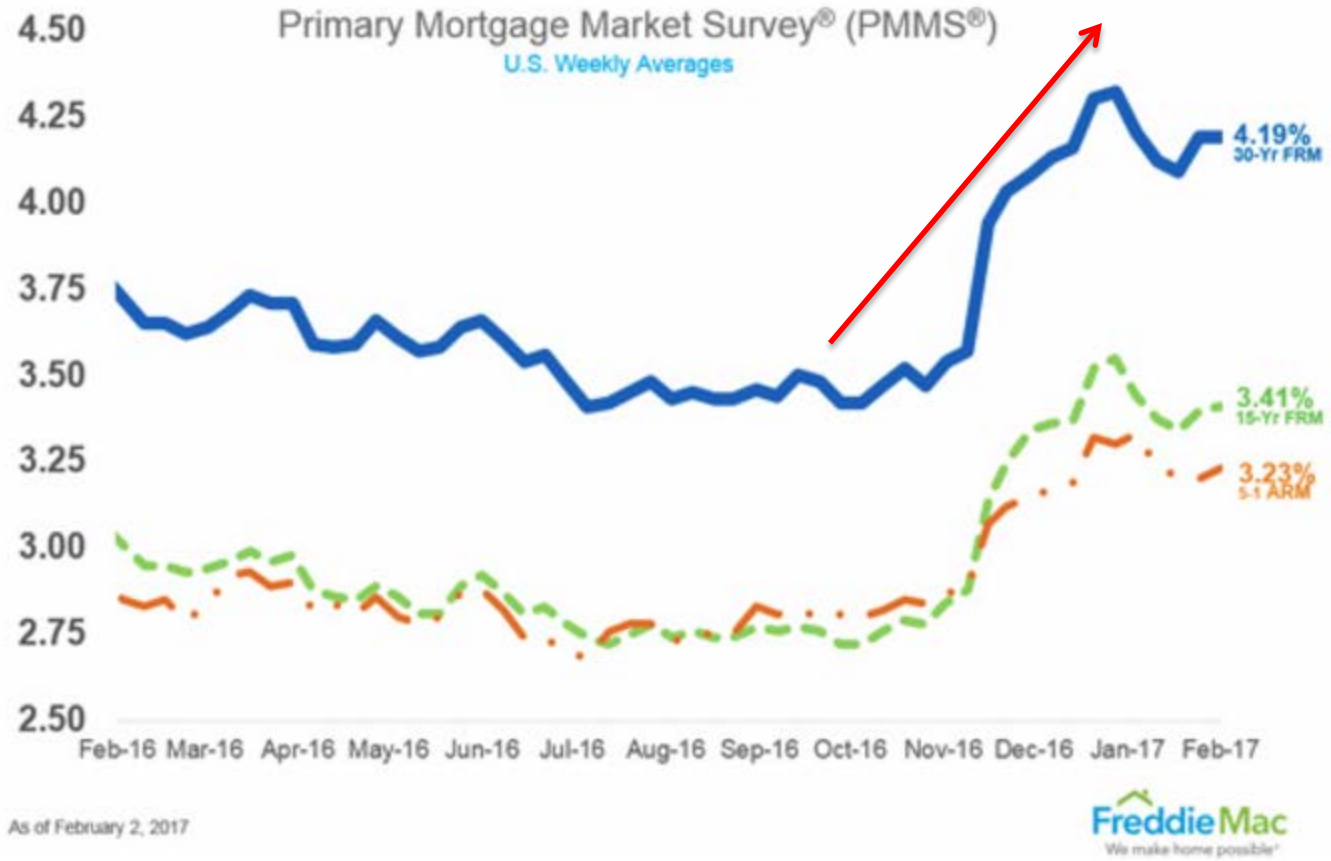
MORTGAGE RATES



Mortgage rates have put in roughly 2/3 the rise seen in 10Yr Tsy yields.

Data Source: Freddie Mac, Hedgeye

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WHY RATES MATTER TO HOUSING INVESTORS

LTM Correlation to the 10-Year Treasury Yield

		Avg R Value	Std Dev
1	Large Cap Banks	0.73	0.09
2	Midcap Banks	0.72	0.08
3	I-Banks/Boutiques	0.71	0.11
4	Small Cap Banks	0.65	0.16
5	Mortgage Insurers	0.61	0.12
6	Reinsurers	0.56	0.26
7	Life Insurers	0.52	0.29
8	E-Brokers	0.46	0.39
9	Financial Guaranty	0.41	0.54
10	Auto Insurers	0.37	0.19
11	P&C Insurers	0.35	0.34
12	Mortgage Finance	0.33	0.35
13	Consumer Finance	0.31	0.38
14	Debt Collectors	0.29	0.47
15	CRE Brokers	0.23	0.40
16	Exchanges	0.21	0.30
17	RE Services	0.17	0.50
18	Traditional AMs	0.13	0.35
19	Cards/Payments	0.13	0.35
20	Insurance Brokers	0.12	0.24
21	Alternative AMs	0.09	0.40
22	Homebuilders	0.05	0.42
23	Building Products	(0.06)	0.22
24	Fin Tech	(0.07)	0.42
25	SF REITs	(0.11)	0.06
26	Fin Services	(0.12)	0.28
27	Home Centers	(0.21)	0.29
28	Apartment REITs	(0.24)	0.19
29	Title Insurers	(0.33)	0.31

	Median R Value	Std Dev
Large Cap Banks	0.74	0.09
I-Banks/Boutiques	0.74	0.11
Midcap Banks	0.71	0.08
Small Cap Banks	0.70	0.16
Financial Guaranty	0.68	0.54
E-Brokers	0.61	0.39
Reinsurers	0.61	0.26
Mortgage Insurers	0.61	0.12
Life Insurers	0.57	0.29
Mortgage Finance	0.45	0.35
P&C Insurers	0.45	0.34
Debt Collectors	0.43	0.47
Consumer Finance	0.41	0.38
Auto Insurers	0.40	0.19
Exchanges	0.30	0.30
CRE Brokers	0.23	0.40
Traditional AMs	0.20	0.35
Alternative AMs	0.17	0.40
RE Services	0.17	0.50
Cards/Payments	0.06	0.35
Homebuilders	0.03	0.42
Insurance Brokers	0.03	0.24
Building Products	(0.01)	0.22
SF REITs	(0.08)	0.06
Fin Services	(0.09)	0.28
Fin Tech	(0.15)	0.42
Home Centers	(0.21)	0.29
Apartment REITs	(0.26)	0.19
Title Insurers	(0.49)	0.31

Mortgage Insurers	
Ticker	R Value
MTG	0.74
RDN	0.64
NMIH	0.57
ESNT	0.47
Average	0.61
Median	0.61
Std Dev	0.12

Title Insurers	
Ticker	R Value
STC	0.02
FAF	(0.49)
FNF	(0.52)
Average	(0.33)
Median	(0.49)
Std Dev	0.31

Home Centers	
Ticker	R Value
HD	(0.01)
LOW	(0.42)
Average	(0.21)
Median	(0.21)
Std Dev	0.29

RE Services	
Ticker	R Value
RMAX	0.52
RLGY	(0.19)
Average	0.17
Median	0.17
Std Dev	0.50

Apartment REITs	
Ticker	R Value
PPS	0.11
ESS	(0.06)
EQR	(0.19)
AIV	(0.20)
UDR	(0.32)
AVB	(0.37)
MAA	(0.41)
CPT	(0.45)
Average	(0.24)
Median	(0.26)
Std Dev	0.19

SF REITs	
Ticker	R Value
AMH	(0.07)
SBY	(0.08)
SWAY	(0.17)
Average	(0.11)
Median	(0.08)
Std Dev	0.06

Homebuilders	
Ticker	R Value
HOV	0.63
BZH	0.60
TOL	0.51
TMHC	0.40
WLH	0.31
MDC	0.27
KBH	0.03
MTH	(0.12)
SPF	(0.32)
LEN	(0.36)
PHM	(0.37)
NVR	(0.38)
DHI	(0.55)
Average	0.05
Median	0.03
Std Dev	0.42

Building Products	
Ticker	R Value
IBP	0.25
PGEM	0.15
AMWD	0.10
USG	0.08
BLD	0.06
AWI	0.03
SWK	(0.05)
OC	(0.07)
MHK	(0.08)
MAS	(0.26)
FBHS	(0.40)
SHW	(0.46)
Average	(0.06)
Median	(0.01)
Std Dev	0.22

Source: Hedgeye, Factset

These tables show the sensitivity of the various Financials & Housing subsectors to the 10-Year Treasury yield over the past year. We've highlighted the 8 housing sectors. 6 of the 8 are in the bottom quartile for rate sensitivity, meaning that that they are among the most inversely correlated subsectors in the group.

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MORTGAGE RATES IMPACT AFFORDABILITY

Affordability Dynamics

Assumptions:			
$56,516	Median Household Income, 2015	2014 Average 30 Year FRM	4.21%
$4,710	Median Household Monthly Income	2015 Average 30 Year FRM	3.90%
$1,319	Monthly Mortgage PMT @ 28% DTI	Current 30 Year FRM, 1/11/17	3.99%

30-Year Fixed Rate	Purchasing Power: PV of Mo. Payment	$ Chg in Affordability	% Chg in Affordability	Relevance	
1.50%	$382,102	$85,540	28.8%		
1.75%	$369,135	$72,573	24.5%		
2.00%	$356,775	$60,214	20.3%		
2.25%	$344,990	$48,428	16.3%		
2.50%	$333,748	$37,187	12.5%		
2.75%	$323,022	$26,461	8.9%		
3.00%	$312,784	$16,223	5.5%		
3.25%	$303,008	$6,447	2.2%		
3.42%	$296,561	$0	0.0%	July-August 2016 30 Year FRM Average:	3.42%
3.50%	$293,670	($2,891)	-1.0%		
3.53%	$292,578	($3,984)	-1.3%	Election Day Average 30 Year FRM:	3.53%
3.75%	$284,747	($11,814)	-4.0%		
3.99%	$276,552	($20,009)	-6.7%	Current 30 Year FRM, 1/11/17:	3.99%
4.00%	$276,219	($20,343)	-6.9%		
4.25%	$268,063	($28,498)	-9.6%		
4.50%	$260,262	($36,299)	-12.2%		
4.75%	$252,797	($43,764)	-14.8%		
5.00%	$245,651	($50,910)	-17.2%		
5.25%	$238,809	($57,753)	-19.5%		

Source: Bloomberg, Census, NAR, Bankrate

* Represents monthly mortgage payment at 28% DTI of Median Household Income

HEDGEYE

Mortgage rates have increased ~60 bps since mid-2016, shaving ~7% off affordability. Taken together with 6% HPI outpacing 3% income growth, affordability has effectively declined ~10% in the last year.

Data Source: Bloomberg, Bankrate, Census Bureau, Hedgeye

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EARNINGS SEASON

Q4 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.3%	5.9%	283 / 500
Energy	1.8%	-9.9%	16 / 35
Materials	6.1%	7.6%	16 / 25
Industrials	3.0%	-6.0%	45 / 67
Consumer Discretionary	8.6%	0.5%	33 / 81
Consumer Staples	0.8%	7.3%	17 / 37
Healthcare	4.6%	8.3%	36 / 60
Financials	5.1%	10.6%	52 / 63
Information Technology	7.0%	9.3%	43 / 66
Telecom	-2.9%	0.8%	2 / 5
Utilities	3.9%	21.6%	7 / 28
Real Estate	-1.2%	2.1%	15 / 29

Source: BBG

VOLATILITY

Index/Security	Ticker	REALIZED VOLATILITY Duration of Realized (%) 30D	60D	90D	IMPLIED VOLATILTY* At-The-Money % Current	v 1M Avg	v 3M Avg	v 6M Avg.	Ticker	IMPLIED** VS. REALIZED VOLATILITY 30 Day Premium	30 Day Z-Score TTM	30 Day Z-Score 3Yr	60 Day Premium	60 Day Z-Score TTM	60 Day Z-Score 3Yr	3 Month Premium	3 Month Z-Score TTM	3 Month Z-Score 3Yr
S&P 500	SPX	6.7%	6.9%	8.3%	9.5%	0.7%	-11.8%	-17.7%	SPX	21.5%	0.18	0.46	47.3%	1.54	1.79	32.9%	1.26	1.15
Russell 2000	RTY	14.4%	14.7%	15.7%	15.6%	-1.4%	-7.4%	-7.4%	RTY	1.5%	-0.02	-0.20	9.8%	0.54	0.15	6.6%	0.36	-0.22
Nasdaq 100	NDX	8.1%	10.6%	11.1%	11.1%	-7.3%	-18.5%	-20.6%	NDX	21.0%	0.31	0.60	13.0%	0.30	0.41	17.1%	0.54	0.55
USD Index	UUP	8.0%	8.1%	7.4%	8.8%	-2.9%	-2.0%	4.9%	UUP	-2.8%	-0.68	-0.65	7.4%	-0.30	-0.31	22.9%	0.67	0.40
Consumer Discret.	XLY	7.2%	9.7%	10.3%	11.3%	-6.7%	-14.0%	-16.2%	XLY	43.7%	1.03	1.42	23.7%	0.64	0.85	23.4%	0.79	0.90
Financials	XLF	14.9%	16.8%	16.9%	16.2%	-2.4%	-9.3%	-5.0%	XLF	1.0%	-0.25	-0.20	-3.3%	-0.18	-0.37	-1.6%	0.02	-0.34
Healthcare	XLV	10.6%	11.1%	14.2%	11.7%	-9.3%	-18.9%	-18.1%	XLV	-0.2%	-0.32	-0.15	11.0%	0.51	0.55	-7.5%	-0.66	-0.66
Technology	XLK	8.1%	11.9%	11.5%	10.9%	-9.3%	-18.2%	-19.6%	XLK	25.9%	0.54	0.85	0.8%	-0.16	-0.17	12.2%	0.46	0.34
Consumer Staples	XLP	8.6%	11.1%	10.8%	10.1%	-1.1%	-13.0%	-13.7%	XLP	13.8%	0.30	0.32	-6.6%	-0.61	-0.71	-2.2%	-0.32	-0.53
Utilities	XLU	11.8%	15.6%	17.0%	13.5%	-3.9%	-15.0%	-15.2%	XLU	13.0%	0.81	0.94	-10.0%	-0.73	-0.60	-15.0%	-1.40	-1.21
Energy	XLE	12.4%	18.0%	16.8%	15.6%	-5.4%	-16.2%	-19.9%	XLE	21.0%	0.96	0.78	-8.3%	-0.18	-0.58	1.8%	0.80	0.00
Energy	XOP	18.4%	32.4%	29.8%	25.7%	-2.2%	-16.1%	-19.6%	XOP	31.3%	1.27	1.44	-18.7%	-0.92	-1.18	-8.9%	0.00	-0.45
Materials	XLB	12.0%	11.2%	12.0%	14.1%	7.1%	-1.2%	-6.6%	XLB	9.2%	0.00	0.02	25.8%	1.11	0.89	21.9%	1.33	0.79
Industrials	XLI	9.4%	10.1%	11.3%	12.1%	-2.7%	-10.4%	-11.5%	XLI	21.8%	0.36	0.59	24.0%	0.98	0.99	16.2%	0.93	0.64
Transports	IYT	13.8%	14.4%	13.7%	17.7%	0.6%	0.3%	-0.6%	IYT	24.9%	0.42	0.72	25.9%	0.79	1.03	35.0%	1.54	1.79
WTI Crude Oil	USO	23.1%	34.0%	31.9%	26.5%	-8.0%	-20.9%	-24.8%	USO	-8.0%	0.43	0.15	-19.1%	-1.03	-1.32	-11.7%	-0.44	-0.85
Natural Gas	UNG	49.8%	50.2%	48.3%	42.6%	-4.8%	-12.4%	-4.3%	UNG	-10.2%	-0.83	-0.61	-14.4%	-1.01	-0.83	-13.3%	-1.07	-0.75
Gold	GLD	11.4%	13.7%	13.6%	13.7%	1.1%	-7.5%	-7.4%	GLD	13.1%	0.37	0.28	-0.8%	-0.30	-0.37	2.7%	0.01	-0.18
Silver	SLV	16.4%	24.0%	23.4%	21.2%	-3.1%	-12.0%	-12.6%	SLV	24.8%	1.63	0.34	-9.1%	-1.50	-1.10	-4.8%	-1.21	-0.98
Copper	JJC	27.3%	26.0%	24.6%	18.4%	-25.8%	-33.6%	-28.6%	JJC	-29.1%	-0.69	-0.95	-30.8%	-1.12	-1.47	-28.5%	-1.30	-1.65
Corn	CORN	14.3%	15.4%	17.7%	16.7%	0.3%	-4.4%	-13.9%	CORN	17.2%	0.12	-0.13	14.5%	0.05	-0.25	3.6%	-0.49	-0.81
Soybeans	SOYB	17.0%	16.4%	15.6%	25.8%	9.0%	15.3%	16.6%	SOYB	79.5%	0.97	0.60	159.5%	2.36	2.14	237.5%	2.49	3.34
Wheat	WEAT	20.4%	19.3%	19.8%	30.1%	7.7%	5.3%	1.6%	WEAT	47.3%	-0.27	-0.10	60.5%	-0.06	0.21	58.1%	0.04	0.35

*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

HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$84.24	-0.30%	-0.70%	3.49%
Financial Select Sector	XLF	$23.61	-0.46%	1.29%	1.55%
Health Care Select Sector	XLV	$71.50	0.11%	1.39%	3.71%
Technology Select Sector	XLK	$50.72	0.06%	1.28%	4.88%
Consumer Staples Select Sector	XLP	$52.71	-0.55%	0.23%	1.93%
Industrial Select Sector	XLI	$63.71	0.14%	0.52%	2.39%
Materials Select Sector	XLB	$51.94	-0.27%	-0.04%	4.51%
The Energy Select Sector	XLE	$72.78	-0.84%	-0.16%	-3.37%
Utilities Select Sector	XLU	$48.80	-0.20%	-0.77%	0.47%
S&P 500	SPX	2,292.56	-0.21%	0.60%	2.40%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$84.24	-0.08%	-1.30%	1.09%
Financial Select Sector	XLF	$23.61	-0.25%	0.69%	-0.85%
Health Care Select Sector	XLV	$71.50	0.32%	0.79%	1.31%
Technology Select Sector	XLK	$50.72	0.27%	0.68%	2.48%
Consumer Staples Select Sector	XLP	$52.71	-0.34%	-0.37%	-0.47%
Industrial Select Sector	XLI	$63.71	0.35%	-0.08%	-0.01%
Materials Select Sector	XLB	$51.94	-0.06%	-0.64%	2.11%
The Energy Select Sector	XLE	$72.78	-0.63%	-0.77%	-5.77%
Utilities Select Sector	XLU	$48.80	0.01%	-1.37%	-1.93%

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*

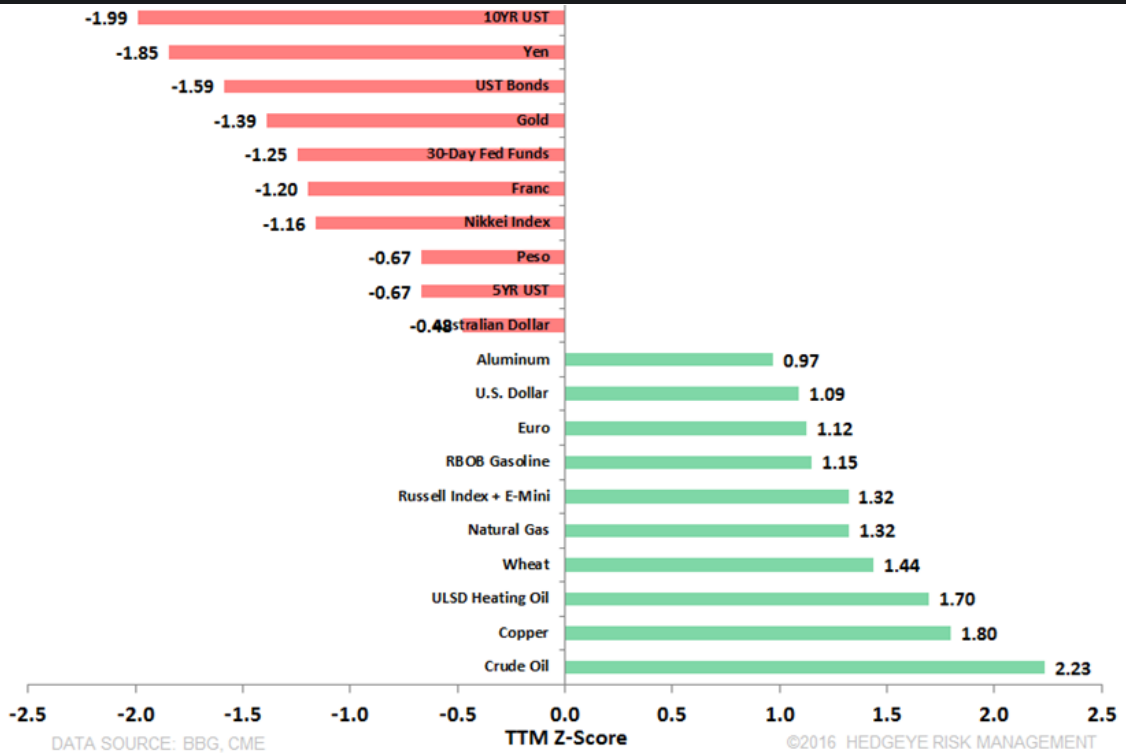
HEDGEYE RATES & SPREADS

	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	0.52%	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 BREAKEVEN	2.02%	-2.7	-1.1	13.6	47.7	-5.2	116.7	46.7	29.9

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)	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*

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



February 7, 2017

THE MACRO SHOW

HEDGEYE TV

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (2/6) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-10%	9%	26%	54%
Total Exchange Volume**	-8%	-9%	-15%	-15%

*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	-0.40	-0.71	0.75	0.72	0.75	*0.95*	*-0.91*	*42%*	*58%*
BRENT Oil	-0.72	0.09	0.44	0.67	0.57	*0.77*	*-0.78*	*46%*	*54%*
CRB Index	-0.56	-0.83	0.71	0.67	0.59	*0.83*	*-0.89*	*24%*	*76%*
GOLD	-0.41	-0.90	-0.92	-0.97	-0.86	*0.90*	*-0.97*	*16%*	*84%*

**Days = Trading Days*