THE MACRO SHOW

FEBRUARY 15, 2017

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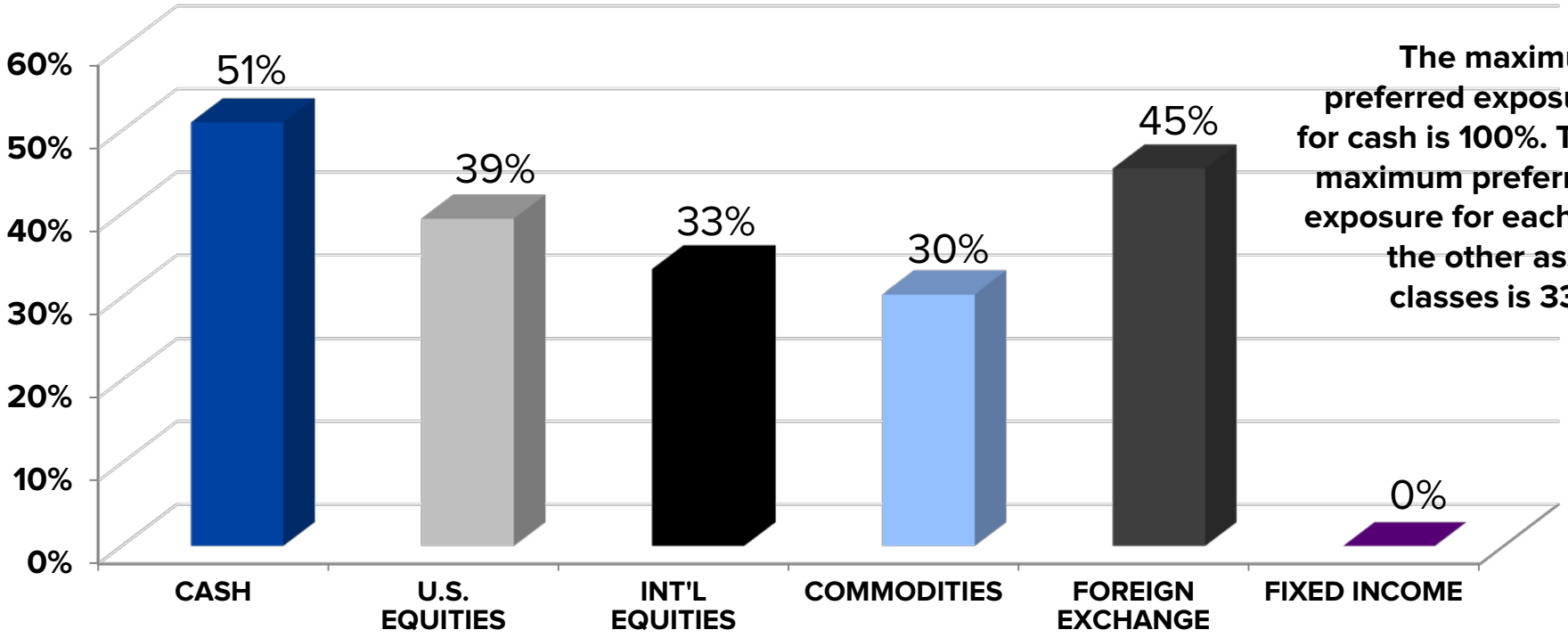
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/14/2017	47	14	12	11	16	0
2/15/2017	51	13	11	10	15	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/14/2017	47%	42%	36%	33%	48%	0%
2/15/2017	51%	39%	33%	30%	45%	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



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HEDGEYE TV

1 EURO

2 UST 10YR

3 EARNINGS

EURO

The Euro is back down to the low-end of our $1.05-1.08 risk range post yesterday's hawkish USD move. European stocks like that so we'll get another immediate-term TRADE overbought signal this morning in both the EuroStoxx50 and the DAX.

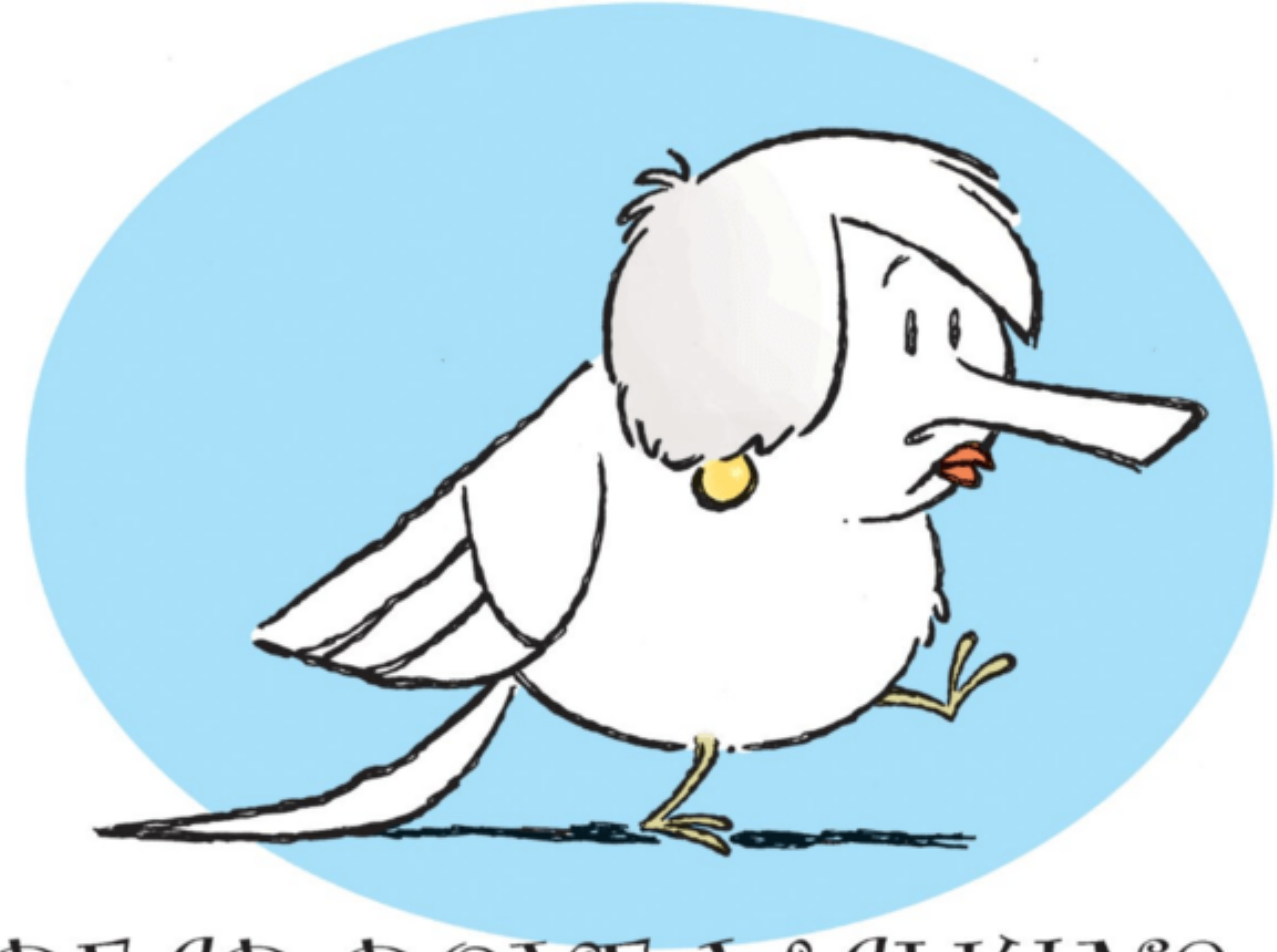
UST 10YR

The UST 10YR had a nice ramp back to 2.49% on the heels of Yellen telling consensus that neither she nor it is currently Hawkish Enough. If she's "data dependent", the data has clearly perpetuated this Dollar Up, Rates Up, Stocks Up 3 month TREND.

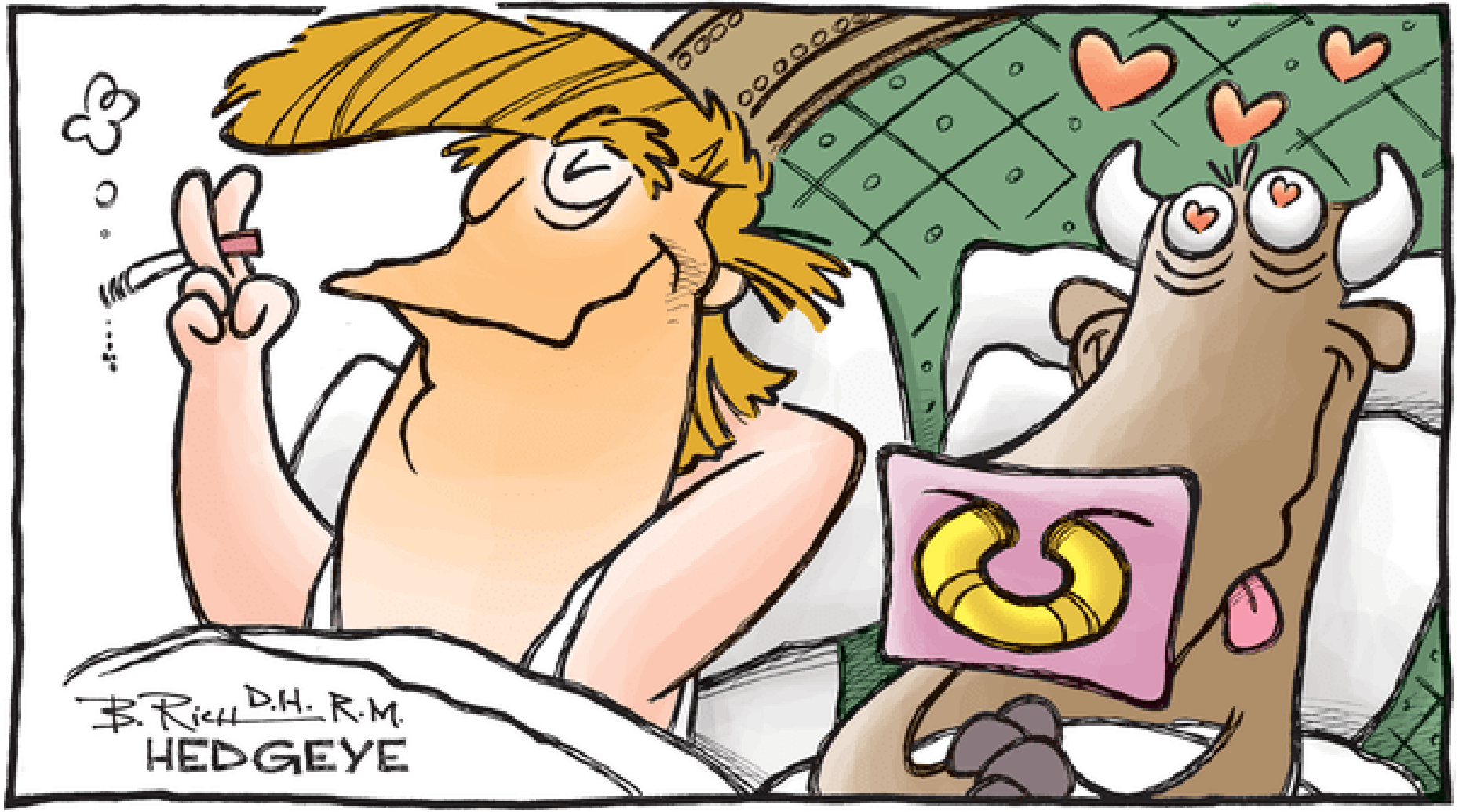
EARNINGS

370 of 500 companies have reported aggregate SALES and EPS growth of +4.3% and +5.2%, respectively – that's what happens when you compare against an earnings recession (1H 2016), and Q117 earnings are only going to be better (especially Energy and Financials).

MACRO GRIND



DEAD DOVE WALKING


B. Rich D.H. R.M.
HEDGEYE

HAWKISH ENOUGH? CONSENSUS WEIGHS IN...

FED FUNDS FUTURES – IMPLIED RATE HIKE PROBABILITIES

Current Implied Probabilities | 3) Add/Remove Rates

Dates • Meeting • Calculation | Calculated 02/15/2017 | Based on rate 0.50-0.75

Meeting	Prob Of Hike	Prob of Cut	0.5-0.75	0.75-1	1-1.25	1.25-1.5	1.5-1.75	1.75-2	2-2.25
03/15/2017	34.0%	0.0%	66.0%	34.0%	0.0%	0.0%	0.0%	0.0%	0.0%
05/03/2017	53.0%	0.0%	47.0%	43.2%	9.8%	0.0%	0.0%	0.0%	0.0%
06/14/2017	73.5%	0.0%	26.5%	44.9%	24.3%	4.3%	0.0%	0.0%	0.0%
07/26/2017	78.2%	0.0%	21.8%	41.6%	28.0%	7.8%	0.8%	0.0%	0.0%
09/20/2017	86.9%	0.0%	13.1%	33.7%	33.4%	15.9%	3.6%	0.3%	0.0%
11/01/2017	88.5%	0.0%	11.5%	31.2%	33.5%	18.1%	5.1%	0.7%	0.0%
12/13/2017	94.7%	0.0%	5.3%	20.6%	32.2%	26.3%	12.0%	3.1%	0.4%
01/31/2018	95.0%	0.0%	5.0%	19.7%	31.5%	26.7%	12.9%	3.6%	0.6%

Historical Analysis for Meeting 03/15/2017 | 4) Add/Remove Series

EURO

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10-YEAR U.S. TREASURY YIELD INDEX

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LONDON FINANCIAL TIMES INDEX

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EARNINGS SEASON

Q4 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.3%	5.2%	370 / 500
Energy	1.6%	-8.4%	21 / 35
Materials	5.3%	5.4%	20 / 25
Industrials	2.3%	-5.4%	58 / 67
Consumer Discretionary	7.0%	-0.5%	48 / 81
Consumer Staples	3.4%	7.2%	28 / 37
Healthcare	4.7%	3.6%	46 / 60
Financials	4.9%	9.8%	60 / 63
Information Technology	7.4%	10.2%	55 / 66
Telecom	-2.9%	1.8%	4 / 5
Utilities	9.0%	17.9%	9 / 28
Real Estate	-0.5%	11.4%	20 / 29

Source: BBG

VOLATILITY

	REALIZED VOLATILITY				IMPLIED VOLATILTY*				IMPLIED** VS. REALIZED VOLATILITY									
		Duration of Realized (%)			At-The-Money %					30 Day			60 Day			3 Month		
											Z-Score			Z-Score			Z-Score	
Index/Security	Ticker	30D	60D	90D	Current	v 1M Avg	v 3M Avg	v 6M Avg.	Ticker	Premium	TTM	3Yr	Premium	TTM	3Yr	Premium	TTM	3Yr
S&P 500	SPX	6.3%	6.9%	8.0%	9.7%	3.2%	-8.0%	-15.8%	SPX	34.2%	0.54	0.90	50.6%	1.64	1.93	42.9%	1.75	1.65
Russell 2000	RTY	14.5%	13.7%	15.5%	16.9%	6.1%	0.7%	-0.2%	RTY	11.1%	0.39	0.27	26.3%	1.49	1.11	15.2%	1.00	0.33
Nasdaq 100	NDX	7.5%	9.6%	11.0%	11.1%	-6.3%	-17.6%	-20.9%	NDX	34.2%	0.73	1.09	26.8%	0.93	1.12	20.5%	0.72	0.74
USD Index	UUP	8.2%	7.9%	7.4%	8.8%	-2.8%	-2.2%	4.3%	UUP	-4.4%	-0.74	-0.70	11.8%	-0.09	-0.12	23.0%	0.67	0.41
Consumer Discret.	XLY	7.0%	9.8%	10.3%	10.5%	-12.2%	-19.5%	-22.4%	XLY	47.0%	1.12	1.54	21.9%	0.54	0.75	24.3%	0.84	0.95
Financials	XLF	15.3%	14.7%	16.7%	16.2%	-1.8%	-9.1%	-5.5%	XLF	1.0%	-0.25	-0.21	11.5%	0.38	0.32	0.8%	0.17	-0.21
Healthcare	XLV	10.1%	10.3%	13.8%	11.7%	-7.8%	-16.9%	-17.8%	XLV	11.1%	0.11	0.33	22.6%	1.17	1.21	-3.7%	-0.40	-0.42
Technology	XLK	7.4%	10.7%	11.4%	10.8%	-8.3%	-17.9%	-20.3%	XLK	38.9%	0.97	1.36	13.2%	0.44	0.46	14.5%	0.60	0.47
Consumer Staples	XLP	8.7%	9.5%	10.6%	9.6%	-5.1%	-16.9%	-18.3%	XLP	6.0%	-0.06	-0.01	6.1%	0.23	0.08	-0.3%	-0.19	-0.40
Utilities	XLU	12.1%	14.9%	16.7%	12.7%	-8.2%	-19.0%	-19.9%	XLU	2.9%	0.17	0.28	-9.4%	-0.66	-0.54	-15.9%	-1.46	-1.29
Energy	XLE	13.3%	17.9%	16.9%	17.2%	5.1%	-6.6%	-11.4%	XLE	29.0%	1.31	1.14	1.8%	0.58	-0.02	8.1%	1.29	0.33
Energy	XOP	20.2%	32.7%	30.1%	28.1%	7.4%	-7.3%	-11.7%	XOP	35.9%	1.44	1.67	-12.4%	-0.44	-0.78	-3.2%	0.49	-0.10
Materials	XLB	11.8%	10.7%	11.9%	13.7%	4.0%	-3.1%	-9.3%	XLB	13.5%	0.17	0.18	31.7%	1.37	1.15	22.0%	1.32	0.79
Industrials	XLI	9.1%	9.3%	11.2%	11.8%	-3.7%	-11.3%	-13.3%	XLI	26.7%	0.52	0.79	35.2%	1.52	1.56	17.6%	1.01	0.72
Transports	IYT	13.7%	13.4%	13.7%	16.5%	-5.3%	-5.8%	-7.0%	IYT	19.3%	0.23	0.48	31.7%	1.04	1.35	33.2%	1.43	1.67
WTI Crude Oil	USO	23.3%	33.3%	31.8%	27.5%	-4.2%	-16.6%	-21.4%	USO	-4.2%	0.66	0.40	-13.8%	-0.68	-1.04	-7.5%	-0.15	-0.65
Natural Gas	UNG	47.7%	49.7%	48.4%	42.5%	-4.8%	-12.3%	-4.8%	UNG	-9.8%	-0.81	-0.60	-15.3%	-1.06	-0.86	-14.6%	-1.15	-0.80
Gold	GLD	11.9%	12.5%	13.7%	14.0%	2.2%	-5.4%	-5.7%	GLD	12.5%	0.35	0.25	9.8%	0.46	0.25	5.0%	0.19	-0.04
Silver	SLV	16.1%	20.0%	23.2%	22.6%	3.4%	-5.9%	-7.0%	SLV	36.9%	2.53	0.79	17.9%	1.45	0.26	1.2%	-0.60	-0.63
Copper	JJC	26.7%	25.1%	24.6%	24.2%	-2.5%	-13.6%	-6.4%	JJC	-8.7%	-0.40	-0.51	-0.2%	-0.35	-0.42	3.6%	-0.27	-0.32
Corn	CORN	12.5%	15.4%	16.9%	19.3%	14.5%	10.5%	0.2%	CORN	52.5%	1.57	1.41	21.9%	0.41	0.14	9.9%	-0.24	-0.50
Soybeans	SOYB	16.2%	16.4%	15.4%	19.5%	-18.2%	-13.2%	-11.6%	SOYB	19.3%	-0.48	-0.42	14.6%	-0.54	-0.51	19.3%	-0.46	-0.44
Wheat	WEAT	19.6%	19.4%	20.0%	25.2%	-5.4%	-11.5%	-14.3%	WEAT	28.4%	-0.54	-0.35	29.0%	-0.66	-0.27	25.7%	-0.86	-0.26

*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	$86.32	0.57%	1.76%	6.04%
Financial Select Sector	XLF	$24.33	1.16%	4.38%	4.65%
Health Care Select Sector	XLV	$72.87	0.79%	3.33%	5.70%
Technology Select Sector	XLK	$51.72	0.33%	3.27%	6.95%
Consumer Staples Select Sector	XLP	$53.63	0.02%	1.98%	3.71%
Industrial Select Sector	XLI	$65.41	0.05%	3.20%	5.13%
Materials Select Sector	XLB	$52.52	-0.02%	1.08%	5.67%
The Energy Select Sector	XLE	$73.66	0.33%	1.04%	-2.20%
Utilities Select Sector	XLU	$49.17	-0.73%	-0.02%	1.24%
S&P 500	SPX	2,337.58	0.40%	2.58%	4.41%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$86.32	0.17%	-0.82%	1.63%
Financial Select Sector	XLF	$24.33	0.76%	1.80%	0.23%
Health Care Select Sector	XLV	$72.87	0.39%	0.76%	1.29%
Technology Select Sector	XLK	$51.72	-0.07%	0.70%	2.54%
Consumer Staples Select Sector	XLP	$53.63	-0.38%	-0.60%	-0.70%
Industrial Select Sector	XLI	$65.41	-0.35%	0.63%	0.72%
Materials Select Sector	XLB	$52.52	-0.42%	-1.50%	1.26%
The Energy Select Sector	XLE	$73.66	-0.07%	-1.53%	-6.61%
Utilities Select Sector	XLU	$49.17	-1.13%	-2.60%	-3.18%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.1%	1.7%	2.2%	7.7%	8.8%	3.8%
	Low Debt/EV	0.4%	2.3%	2.2%	5.4%	4.2%	4.4%
SI	High Short Interest	0.4%	2.3%	2.0%	5.4%	5.6%	3.6%
	Low Short Interest	0.3%	1.9%	2.6%	7.4%	9.6%	4.3%
BETA	High Beta	0.6%	2.9%	3.0%	9.8%	18.7%	5.9%
	Low Beta	-0.2%	1.2%	2.2%	6.1%	-1.4%	2.5%
YIELD	High Yield	0.1%	1.6%	0.8%	3.9%	0.8%	1.1%
	Low Yield	0.6%	2.5%	2.4%	7.3%	6.3%	5.6%
MKT CAP	MCAP Bottom 25%	0.3%	2.2%	0.6%	2.2%	2.3%	2.0%
	MCAP Top 25%	0.5%	1.9%	2.8%	7.9%	9.9%	4.6%
Sales	Top 25% Sales Growth	0.4%	2.1%	1.7%	8.4%	7.2%	4.4%
	Bottom 25% Sales Growth	0.4%	1.9%	1.7%	3.9%	2.5%	2.7%
EPS	Top 25% EPS Growth	0.4%	2.4%	2.4%	8.9%	12.1%	5.4%
	Bottom 25% EPS Growth	0.4%	1.8%	0.9%	3.2%	1.4%	1.5%

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

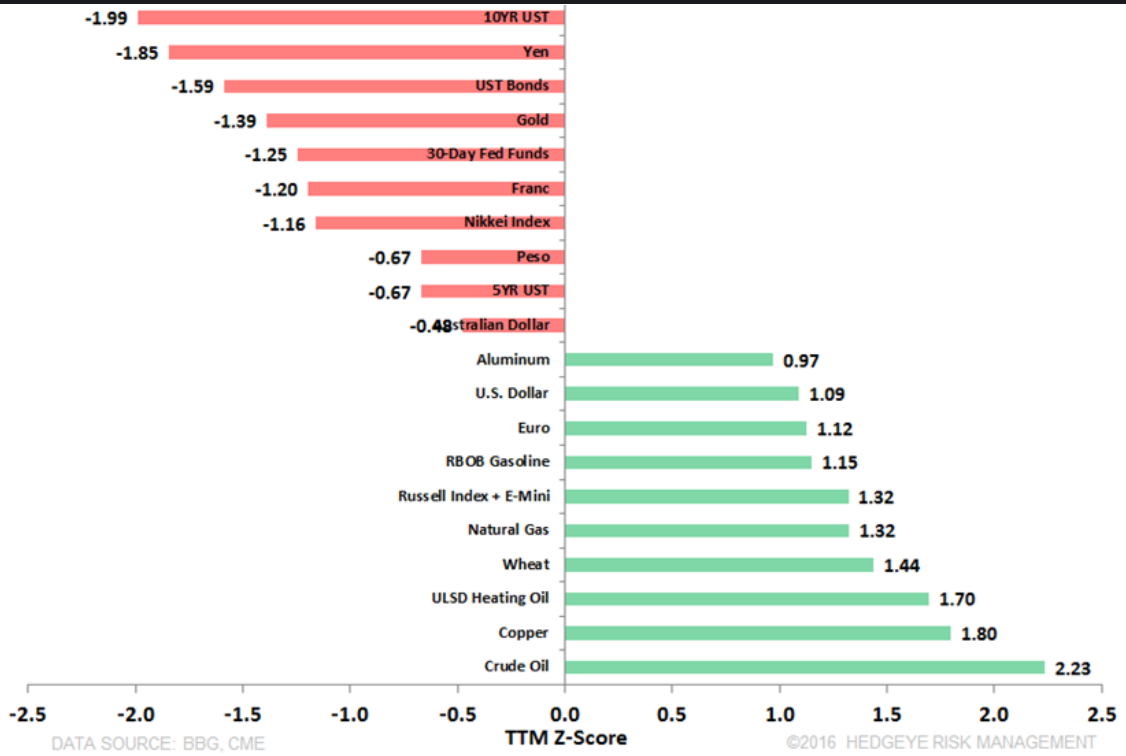
HEDGEYE RATES & SPREADS

	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	0.54%	0.5	0.5	2	6	-2	38	40	43
3M LIBOR	1.04%	0.0	0.5	2	13	0	42	58	63
2Y T-Note	1.24%	3.3	9.3	4	24	-6	74	55	71
5Y T-Note	1.97%	4.8	16.1	7	30	-15	108	46	66
10Y T-Note	2.48%	3.4	13.4	7	25	-16	116	33	34
30Y T-Note	3.07%	2.6	11.0	7	10	-15	98	17	4
2Y-10Y Spread, Bps	124	0.5	4.3	3.5	1	-10	42	-23	-37
IG SPREAD (AAABBB)	1.52%	0.0	-1.0	0	-9	-78	5	-17	-24
HIGH YIELD	5.89%	-0.6	-7.8	-26	-74	-320	0	-74	-68
5Y BREAKEVEN	1.97%	0.5	4.3	5.3	27.9	-10.1	96.5	41.7	25.0

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)	27,047	(35,712)	(13,532)	44,293	14,[illegible]	0.11X	0.57X
Russell 2000 (mini)	51,106	(3,340)	62,453	35,578	(2,660)	1.13X	2.14X
10Y Treasury	(291,697)	57,860	(263,391)	(95,636)	(46,253)	-1.54X	-2.13X
CRUDE OIL	527,866	(15,964)	463,451	420,815	381,940	1.93X	2.42X
GOLD	75,727	3,660	73,687	143,097	172,596	-1.29X	-0.33X
COPPER	51,516	(5,426)	50,462	22,411	2,493	1.55X	2.69X
$USD	46,676	224	51,427	39,511	27,585	1.08X	0.46X
JPY	(54,178)	7,927	(51,908)	(114)	24,612	-1.60X	-0.38X
EUR	(37,837)	1,443	(77,729)	(91,000)	(75,960)	1.15X	1.00X
GBP	(63,158)	119	(65,696)	(75,338)	(61,078)	-0.10X	-1.06X

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



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MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (2/14) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	13%	2%	24%	52%
Total Exchange Volume**	7%	2%	1%	-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)

Source: Bloomberg, Hedgeye

KEY $USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation High	Low	% Time Pos	% Time Neg
SPX	0.86	-0.22	0.70	0.72	0.74	*0.95*	*-0.91*	*42%*	*58%*
BRENT Oil	-0.08	-0.23	0.49	0.67	0.62	*0.77*	*-0.78*	*46%*	*54%*
CRB Index	0.07	-0.62	0.64	0.67	0.62	*0.83*	*-0.89*	*24%*	*76%*
GOLD	0.18	-0.65	-0.93	-0.96	-0.90	*0.90*	*-0.97*	*15%*	*85%*

**Days = Trading Days*

OTHER KEY METRICS

METRIC	PRICE	1D % Chg	5D % Chg	1M % Chg	3M % Chg	MTD % Chg	YTD % Chg	vs. 52-Wk High	vs. 52-Wk Low
Brent Oil	$55.97	0.68%	1.54%	0.94%	19.21%	0.4%	-1.3%	-4%	76%
Gold	$1,228	0.23%	-1.08%	2.57%	-0.05%	1.2%	6.8%	-11%	9%
VIX	$10.74	-2.98%	-6.20%	-4.36%	-19.67%	-10.4%	-23.5%	-61%	8%