



THE
MACRO
SHOW

JANUARY 18, 2017

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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/17/2017	29	17	16	10	28	0
1/18/2017	25	20	17	9	29	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/17/2017	29%	52%	48%	30%	85%	0%
1/18/2017	25%	61%	52%	27%	88%	0%

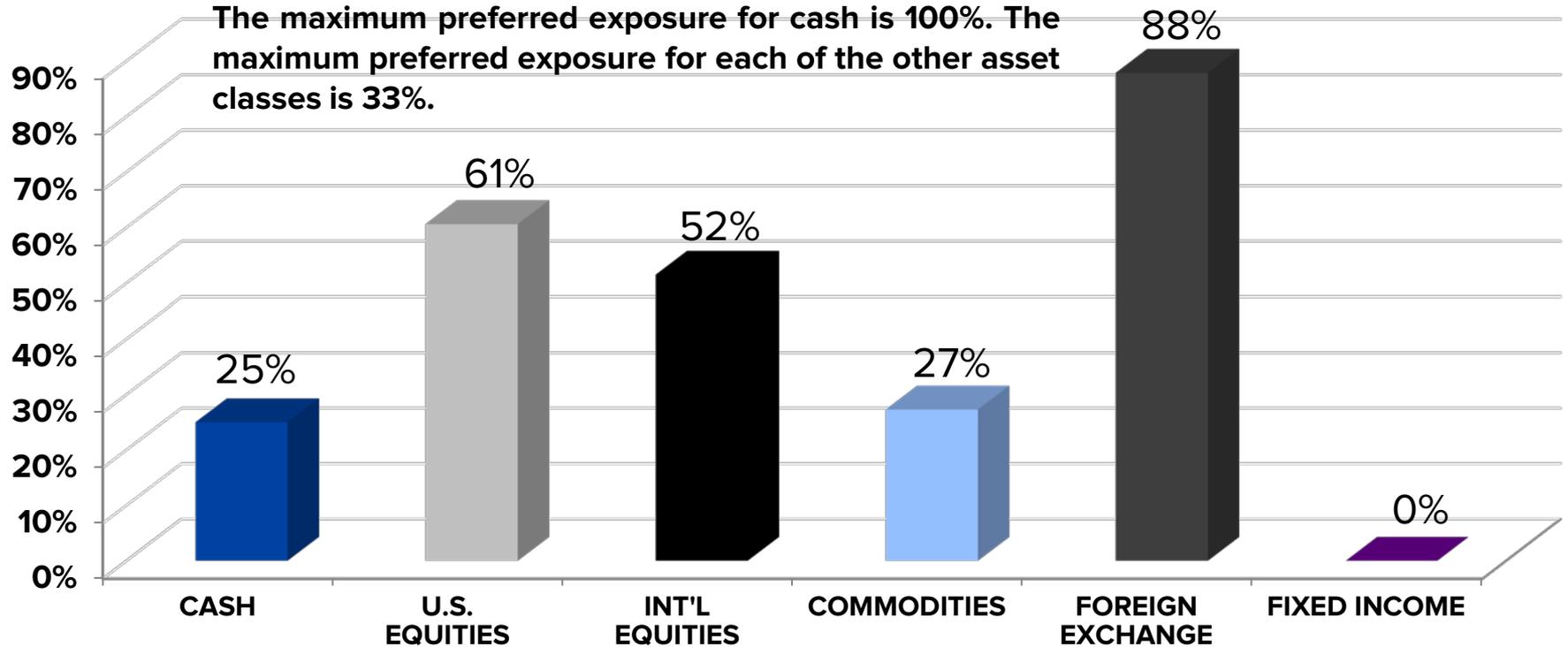
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

January 18, 2017

THE MACRO SHOW

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January 18, 2017

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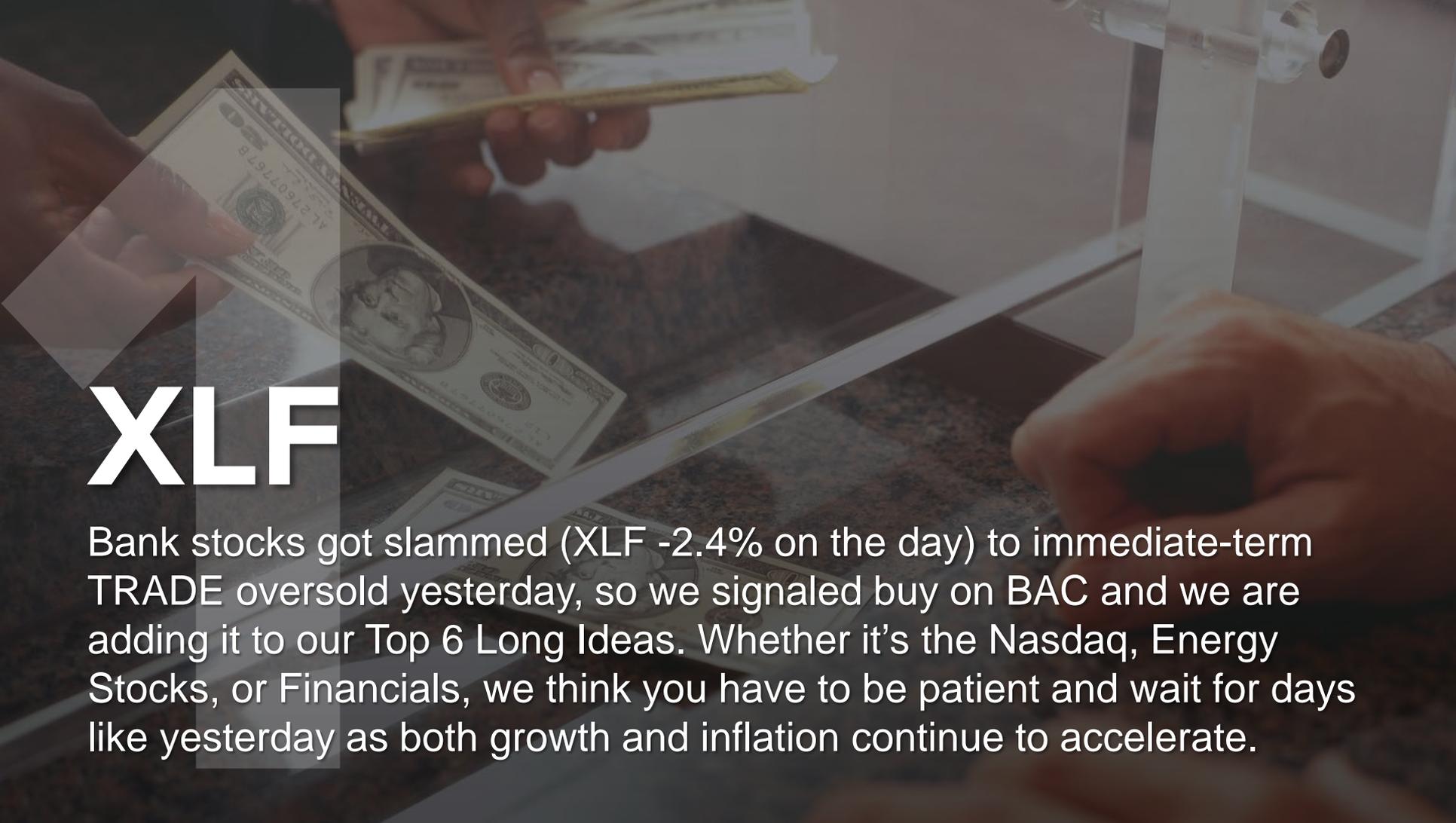
1 XLF



2 VIX



3 OIL

The background image shows a close-up of hands counting US dollar bills. A hand on the left is holding a bill, while another hand on the right is using a scale to weigh a stack of bills. The scene is dimly lit, with a focus on the texture of the paper and the movement of the hands. A semi-transparent dark grey rectangle is overlaid on the left side of the image, containing the text.

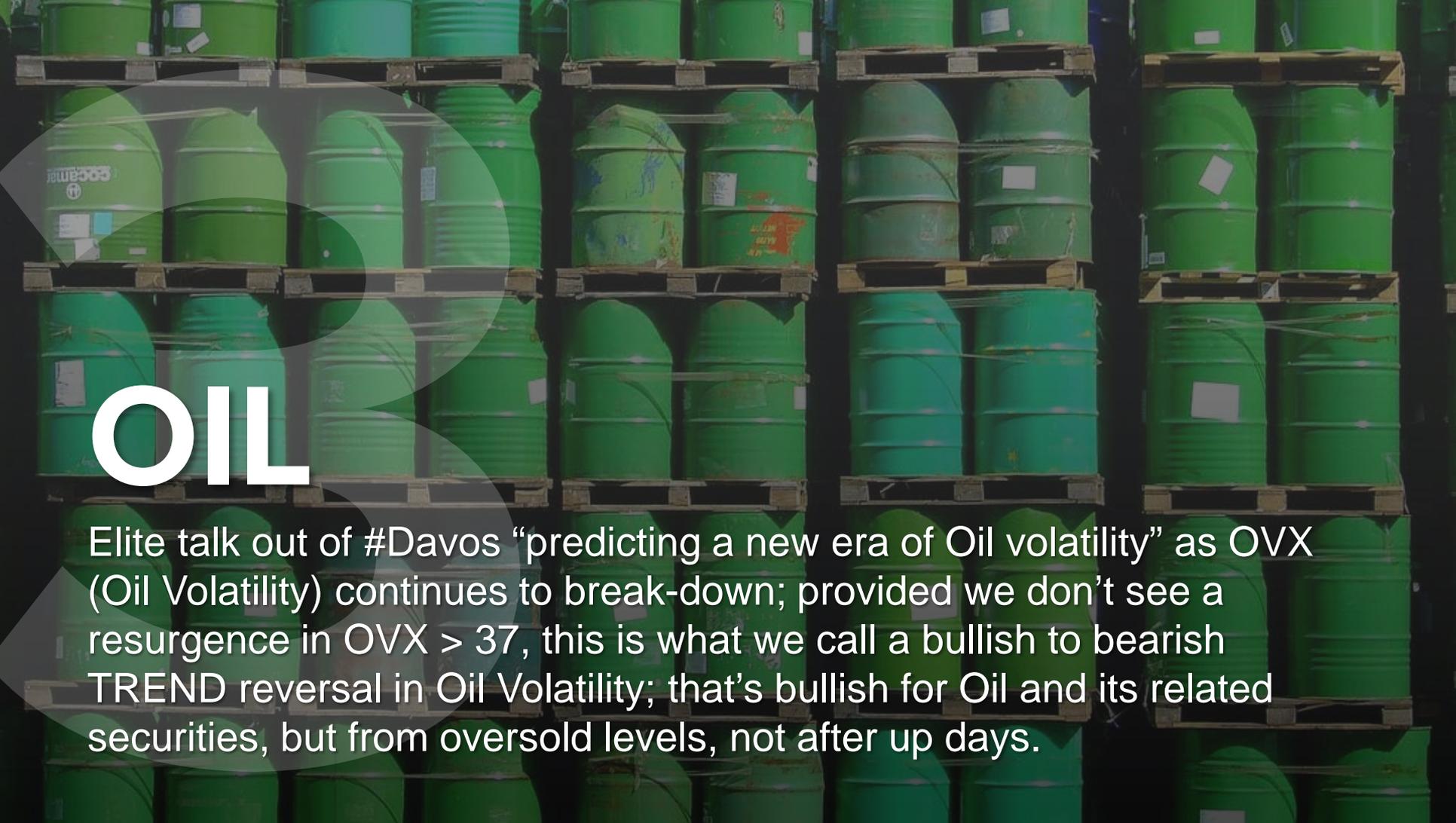
XLF

Bank stocks got slammed (XLF -2.4% on the day) to immediate-term TRADE oversold yesterday, so we signaled buy on BAC and we are adding it to our Top 6 Long Ideas. Whether it's the Nasdaq, Energy Stocks, or Financials, we think you have to be patient and wait for days like yesterday as both growth and inflation continue to accelerate.



VIX

One major component of this 2 (going on 3) month rally **#GrowthAccelerating** assets is the combination of a TREND duration break-down of front month volatility and rising implied volatility premiums – put simply, PMs keep betting on a correction in beta that really hasn't come. The VIX risk range is now 10.91-13.16.



OIL

Elite talk out of #Davos “predicting a new era of Oil volatility” as OVX (Oil Volatility) continues to break-down; provided we don’t see a resurgence in $OVX > 37$, this is what we call a bullish to bearish TREND reversal in Oil Volatility; that’s bullish for Oil and its related securities, but from oversold levels, not after up days.

MACRO GRIND

GOLD – CONTINUOUS CONTRACT



January 18, 2017

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RUSSIAN TRADING SYSTEM



January 18, 2017

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HANG SENG



January 18, 2017

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EARNINGS SEASON #ACCELERATING

Q4 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.6%	10.3%	34 / 500
Energy	0.0%	0.0%	0 / 35
Materials	19.4%	285.7%	1 / 25
Industrials	8.0%	-20.4%	6 / 67
Consumer Discretionary	5.7%	8.4%	7 / 82
Consumer Staples	-1.2%	5.0%	5 / 37
Healthcare	9.0%	1.2%	1 / 60
Financials	3.5%	14.1%	7 / 63
Information Technology	8.3%	7.2%	7 / 66
Telecom	0.0%	0.0%	0 / 5
Utilities	0.0%	0.0%	0 / 28
Real Estate	0.0%	0.0%	0 / 29

January 18, 2017

THE MACRO SHOW

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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	\$84.10	0.17%	3.32%	3.32%
Financial Select Sector	XLF	\$22.95	-2.38%	-1.29%	-1.29%
Health Care Select Sector	XLV	\$70.56	-0.51%	2.35%	2.35%
Technology Select Sector	XLK	\$49.47	-0.38%	2.30%	2.30%
Consumer Staples Select Sector	XLP	\$52.25	1.42%	1.04%	1.04%
Industrial Select Sector	XLI	\$62.73	-0.78%	0.82%	0.82%
Materials Select Sector	XLB	\$50.64	-0.45%	1.89%	1.89%
The Energy Select Sector	XLE	\$74.84	0.62%	-0.64%	-0.64%
Utilities Select Sector	XLU	\$49.04	1.09%	0.97%	0.97%
S&P 500	SPX	2,267.89	-0.30%	1.30%	1.30%

January 18, 2017

THE MACRO SHOW

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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	\$84.10	0.46%	2.02%	2.02%
Financial Select Sector	XLF	\$22.95	-2.09%	-2.59%	-2.59%
Health Care Select Sector	XLV	\$70.56	-0.21%	1.05%	1.05%
Technology Select Sector	XLK	\$49.47	-0.09%	1.00%	1.00%
Consumer Staples Select Sector	XLP	\$52.25	1.71%	-0.25%	-0.25%
Industrial Select Sector	XLI	\$62.73	-0.48%	-0.48%	-0.48%
Materials Select Sector	XLB	\$50.64	-0.16%	0.59%	0.59%
The Energy Select Sector	XLE	\$74.84	0.92%	-1.94%	-1.94%
Utilities Select Sector	XLU	\$49.04	1.39%	-0.33%	-0.33%

January 18, 2017

THE MACRO SHOW

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HEDGEYE STYLE FACTOR PERFORMANCE

		1D	1W	1M	3M	6M	YTD
FACTOR		% Chg					
Debt	High Debt/EV	0.0%	0.3%	0.5%	10.0%	7.6%	1.3%
	Low Debt/EV	-0.1%	0.6%	0.9%	5.0%	2.5%	2.3%
SI	High Short Interest	-0.1%	0.3%	0.0%	7.1%	5.6%	1.6%
	Low Short Interest	-0.4%	0.0%	0.5%	7.9%	6.0%	1.6%
BETA	High Beta	-1.0%	-0.3%	-0.1%	13.1%	16.0%	1.6%
	Low Beta	0.7%	0.6%	0.9%	2.4%	-4.1%	1.0%
YIELD	High Yield	0.3%	0.1%	-0.2%	4.8%	0.5%	0.7%
	Low Yield	-0.4%	0.2%	1.4%	6.3%	5.5%	2.6%
MKT CAP	MCAP Bottom 25%	-0.1%	0.3%	-0.4%	5.6%	2.1%	1.4%
	MCAP Top 25%	-0.3%	-0.2%	0.5%	8.6%	7.4%	1.4%
Sales	Top 25% Sales Growth	-0.2%	0.1%	1.0%	6.5%	5.3%	2.3%
	Bottom 25% Sales Growth	0.0%	0.1%	-0.1%	6.6%	3.5%	1.2%
EPS	Top 25% EPS Growth	-0.5%	0.0%	1.0%	9.1%	9.3%	2.1%
	Bottom 25% EPS Growth	0.1%	0.2%	0.1%	6.7%	2.2%	1.2%

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

January 18, 2017

THE MACRO SHOW

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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	0.52%	0.0	1.5	3	22	-3	37	39	42
3M LIBOR	1.02%	0.1	0.6	3	15	0	41	58	62
2Y T-Note	1.15%	-4.1	-3.3	-10	34	-15	66	49	64
5Y T-Note	1.82%	-7.8	-5.7	-25	57	-30	93	32	53
10Y T-Note	2.33%	-7.1	-5.0	-27	56	-31	101	17	20
30Y T-Note	2.93%	-5.7	-3.6	-24	41	-28	84	2	-10
2Y-10Y Spread, Bps	117	-3.0	-1.7	-16.6	22	-17	35	-32	-44
IG SPREAD (AAABBB)	1.55%	3.0	5.0	-1	-3	-75	8	-14	-22
HIGH YIELD	6.20%	4.5	4.4	-33	-18	-313	14	-44	-41
5Y BREAK EVEN	1.92%	-0.4	3.4	15.5	32.1	-2.2	106.1	36.2	19.5

January 18, 2017

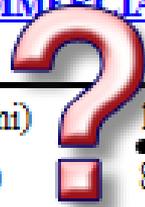
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CFTC NON-COMMERCIAL NET LONG POSITIONING

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METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	Z-Score	
						1Y	3Y
SPX (Index + E-mini)	14,181	(67,243)	(16,460)	59,714	(3,999)	0.14X	0.46X
Russell 2000 (mini)	83,293	(10,479)	42,219	25,015	(11,615)	2.10X	3.40X
10Y Treasury	(386,239)	(32,670)	(158,438)	(30,226)	(19,844)	-2.65X	-3.29X
CRUDE OIL	483,875	(15,160)	427,395	386,309	360,522	1.74X	2.03X
GOLD	54,399	19,839	102,192	172,985	170,037	-1.46X	-0.60X
COPPER	47,633	3,259	36,680	14,730	(4,185)	1.74X	2.86X
\$USD	53,060	(1,235)	52,603	34,880	27,127	1.50X	0.77X
JPY	(81,368)	3,412	(19,896)	16,241	33,069	-2.77X	-0.83X
EUR	(60,431)	2,716	(103,113)	(101,436)	(80,039)	0.58X	0.61X
GBP	(62,642)	(2,533)	(71,530)	(77,874)	(59,270)	-0.15X	-1.10X



January 18, 2017

THE MACRO SHOW

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY

VOLUME: (1/17) vs.

	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	26%	35%	23%	44%
<hr/>				
Total Exchange Volume**	16%	11%	-6%	-7%

*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)

January 18, 2017

THE MACRO SHOW

HEDGEYE
TV

KEY \$USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.56	-0.05	0.82	0.71	0.76	0.95	-0.91	48%	52%
BRENT Oil	0.36	0.35	0.63	0.68	0.51	0.77	-0.78	46%	54%
CRB Index	-0.79	-0.49	0.86	0.68	0.53	0.83	-0.89	24%	76%
GOLD	-0.91	-0.77	-0.96	-0.97	-0.80	0.90	-0.97	16%	84%

**Days = Trading Days*

January 18, 2017

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