THE MACRO SHOW

JANUARY 31, 2017

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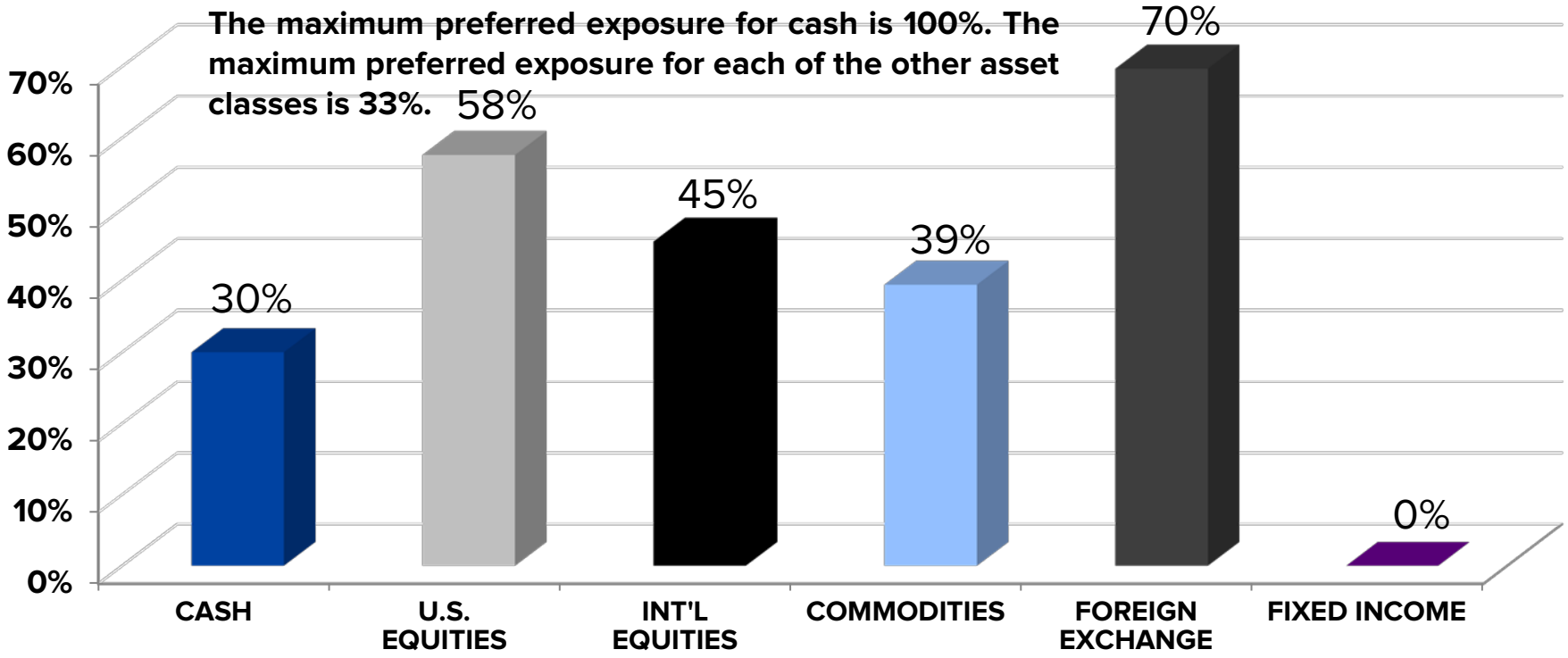
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/30/2017	34	17	14	11	24	0
1/31/2017	30	19	15	13	23	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/30/2017	34%	52%	42%	33%	73%	0%
1/31/2017	30%	58%	45%	39%	70%	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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1 NASDAQ

2 OIL & GAS STOCKS

3 RUSSIA

NASDAQ

The NASDAQ was not the 1st thing we opted to signal buy-more of yesterday (XOP was) as it was the 1st down day from the all-time closing high. The implied volatility premiums in both the Nasdaq and S&P 500 remain +24-25% (vs. 30-day realized), that’s one of the many reasons why we think the Pain Trade (from the right price) remains up, not down.

OIL & GAS STOCKS

Oil & Gas Stocks (XOP) was down -2.8% on the day, XOP signaled immediate-term TRADE oversold yesterday and the 30-day implied volatility signal in XOP is even higher than the SPX at +30% (as a buyer on red, we like that). Oil's Volatility signal (OVX) continues to signal a bullish-to-bearish TREND reversal (that's bullish for Energy assets in general).

RUSSIA

Russia is obviously a levered bet on both Oil and *#InflationAccelerating*, the Russian stock market has corrected for a few days after signaling immediate-term TRADE overbought last week in Real-Time Alerts. 1145 on the RTSI is the level we're interested in buying some of that exposure back – patience pays in this macro market.

MACRO GRIND

10-YEAR GERMAN TREASURY YIELD

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RUSSIAN TRADING SYSTEM INDEX

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BRITISH POUND TO U.S. DOLLAR

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EARNINGS SEASON

Q4 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	3.0%	4.4%	175 / 500
Energy	-1.8%	-51.2%	8 / 35
Materials	4.4%	14.2%	10 / 25
Industrials	1.3%	-8.0%	32 / 67
Consumer Discretionary	3.0%	-6.7%	20 / 81
Consumer Staples	-1.2%	1.9%	10 / 37
Healthcare	6.6%	16.4%	15 / 60
Financials	4.1%	8.8%	38 / 63
Information Technology	8.1%	9.8%	32 / 66
Telecom	-2.9%	0.8%	2 / 5
Utilities	-3.4%	15.6%	2 / 28
Real Estate	0.2%	-0.9%	5 / 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.	IMPLIED** VS. REALIZED VOLATILITY Ticker	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	6.5%	8.4%	8.6%	9.4%	-3.6%	-16.3%	-18.5%	SPX	24.0%	0.27	0.55	17.8%	0.38	0.45	26.1%	0.96	0.81
Russell 2000	RTY	14.1%	16.2%	15.8%	15.3%	-5.8%	-11.1%	-9.2%	RTY	3.3%	0.07	-0.12	-3.0%	-0.21	-0.61	5.0%	0.24	-0.33
Nasdaq 100	NDX	8.2%	11.9%	11.4%	11.3%	-11.7%	-19.9%	-19.5%	NDX	24.9%	0.46	0.75	-0.3%	-0.31	-0.28	13.0%	0.34	0.32
USD Index	UUP	7.8%	8.2%	7.2%	9.1%	-1.4%	1.5%	9.2%	UUP	4.1%	-0.38	-0.40	11.7%	-0.07	-0.14	27.4%	0.97	0.61
Energy	XLE	11.7%	18.5%	18.3%	15.0%	-12.4%	-21.4%	-23.3%	XLE	20.7%	1.01	0.77	-17.1%	-0.84	-1.06	-10.8%	-0.21	-0.67
Energy	XOP	17.2%	33.5%	31.9%	24.5%	-10.1%	-21.9%	-23.9%	XOP	30.2%	1.31	1.41	-25.3%	-1.43	-1.61	-19.1%	-0.86	-1.07
Materials	XLB	12.2%	12.1%	12.1%	13.1%	-2.5%	-10.6%	-13.7%	XLB	-1.2%	-0.40	-0.36	10.5%	0.40	0.19	14.6%	0.93	0.42
Industrials	XLI	9.5%	12.0%	11.3%	11.9%	-8.5%	-14.0%	-13.2%	XLI	16.5%	0.19	0.39	1.8%	-0.11	-0.18	13.0%	0.73	0.44
Transports	IYT	13.4%	14.9%	13.3%	17.2%	-3.7%	-3.3%	-3.4%	IYT	19.4%	0.26	0.49	15.2%	0.33	0.45	29.9%	1.33	1.48
WTI Crude Oil	USO	23.6%	34.5%	33.9%	28.8%	-1.5%	-16.4%	-19.4%	USO	-1.5%	0.53	0.23	-15.7%	-0.85	-1.16	-13.3%	-0.57	-0.93
Natural Gas	UNG	54.9%	52.5%	47.9%	40.6%	-11.8%	-17.4%	-8.6%	UNG	-21.6%	-1.61	-0.98	-22.0%	-1.53	-1.11	-13.9%	-1.12	-0.78
Gold	GLD	10.8%	13.4%	13.1%	13.5%	-1.4%	-10.2%	-9.0%	GLD	15.6%	0.53	0.41	-0.3%	-0.27	-0.34	3.7%	0.08	-0.11
Silver	SLV	15.6%	23.6%	23.1%	21.4%	-6.3%	-12.7%	-12.9%	SLV	28.9%	2.06	0.49	-8.5%	-1.49	-1.08	-3.9%	-1.16	-0.94
Copper	JJC	26.4%	26.9%	23.8%	21.0%	-19.5%	-24.5%	-18.1%	JJC	-4.6%	-0.35	-0.44	-15.0%	-0.74	-0.94	8.1%	-0.14	-0.15
Corn	CORN	13.8%	16.8%	17.7%	16.9%	-1.0%	-4.1%	-14.2%	CORN	19.3%	0.20	-0.03	0.6%	-0.62	-0.99	-4.4%	-0.82	-1.21
Soybeans	SOYB	17.8%	16.4%	15.6%	20.4%	-9.3%	-7.6%	-8.3%	SOYB	14.2%	-0.61	-0.51	19.3%	-0.46	-0.42	15.0%	-0.51	-0.51
Wheat	WEAT	18.3%	18.3%	19.2%	16.8%	-43.2%	-42.7%	-44.5%	WEAT	-8.4%	-1.09	-0.82	-0.8%	-1.22	-0.73	35.3%	-0.60	-0.08
Sugar	SGG	29.6%	32.1%	30.2%	26.2%	-13.8%	-15.6%	-21.6%	SGG	-13.3%	-0.74	-0.53	-15.9%	-1.33	-0.72	-7.0%	-0.35	-0.02

*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	$84.96	-0.12%	4.37%	4.37%
Financial Select Sector	XLF	$23.46	-0.80%	0.90%	0.90%
Health Care Select Sector	XLV	$69.41	-0.49%	0.68%	0.68%
Technology Select Sector	XLK	$50.33	-0.81%	4.07%	4.07%
Consumer Staples Select Sector	XLP	$52.34	-0.08%	1.22%	1.22%
Industrial Select Sector	XLI	$63.94	-0.85%	2.76%	2.76%
Materials Select Sector	XLB	$52.27	-1.02%	5.17%	5.17%
The Energy Select Sector	XLE	$72.87	-1.83%	-3.25%	-3.25%
Utilities Select Sector	XLU	$48.43	0.08%	-0.29%	-0.29%
S&P 500	SPX	2,280.90	-0.60%	1.88%	1.88%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$84.96	0.48%	2.49%	2.49%
Financial Select Sector	XLF	$23.46	-0.20%	-0.98%	-0.98%
Health Care Select Sector	XLV	$69.41	0.11%	-1.20%	-1.20%
Technology Select Sector	XLK	$50.33	-0.21%	2.19%	2.19%
Consumer Staples Select Sector	XLP	$52.34	0.52%	-0.66%	-0.66%
Industrial Select Sector	XLI	$63.94	-0.25%	0.89%	0.89%
Materials Select Sector	XLB	$52.27	-0.42%	3.29%	3.29%
The Energy Select Sector	XLE	$72.87	-1.23%	-5.13%	-5.13%
Utilities Select Sector	XLU	$48.43	0.68%	-2.17%	-2.17%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.8%	0.8%	1.8%	9.9%	7.6%	1.8%
	Low Debt/EV	-0.5%	0.6%	2.4%	5.4%	2.2%	2.4%
SI	High Short Interest	-0.7%	0.2%	1.5%	7.1%	4.7%	1.5%
	Low Short Interest	-0.5%	0.8%	1.9%	7.7%	6.1%	1.9%
BETA	High Beta	-1.1%	1.2%	3.1%	14.0%	16.2%	3.1%
	Low Beta	-0.3%	-0.4%	0.1%	1.8%	-5.1%	0.1%
YIELD	High Yield	-0.5%	-0.5%	-0.6%	3.7%	-1.9%	-0.7%
	Low Yield	-0.9%	0.6%	2.6%	7.0%	4.6%	2.6%
MKT CAP	MCAP Bottom 25%	-0.7%	0.2%	1.0%	5.6%	0.6%	1.0%
	MCAP Top 25%	-0.5%	0.8%	2.3%	8.7%	8.6%	2.3%
Sales	Top 25% Sales Growth	-1.1%	0.3%	2.3%	6.7%	5.7%	2.3%
	Bottom 25% Sales Growth	-0.5%	0.1%	1.4%	6.2%	1.4%	1.4%
EPS	Top 25% EPS Growth	-0.8%	1.0%	3.2%	10.7%	11.7%	3.2%
	Bottom 25% EPS Growth	-0.8%	-0.5%	0.1%	5.1%	-0.7%	0.1%

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

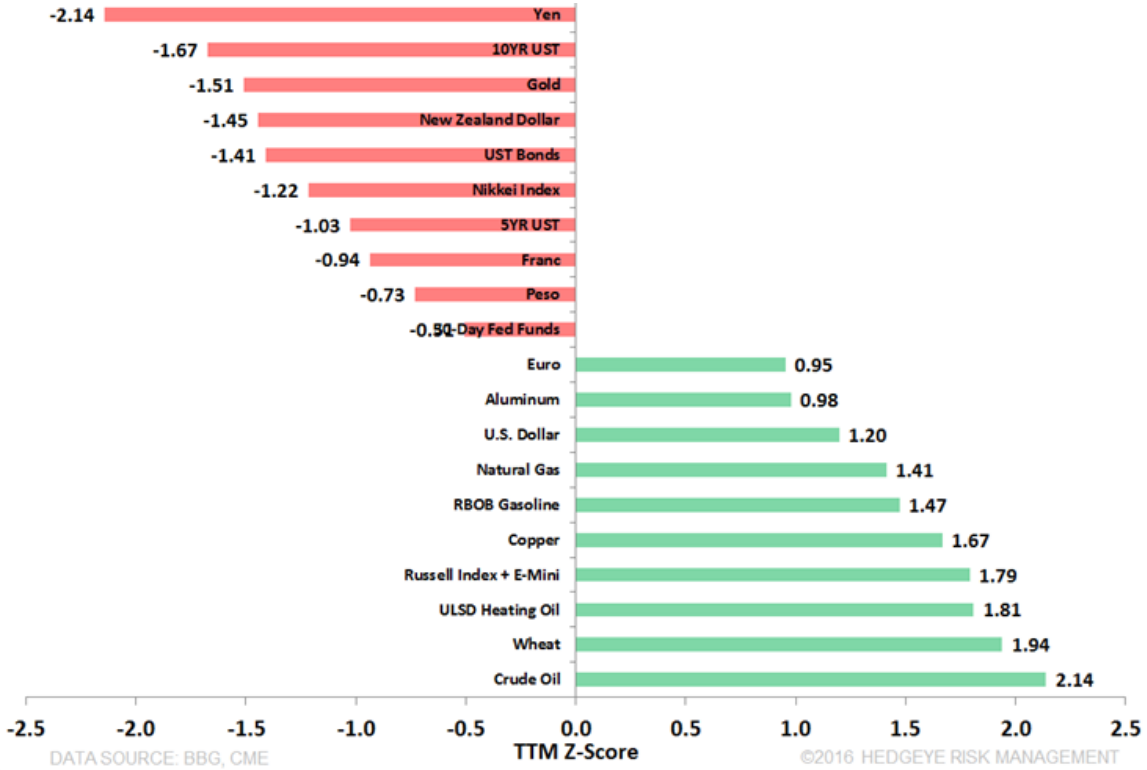
HEDGEYE RATES & SPREADS

	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	0.50%	-0.5	1.5	1	22	-5	34	37	40
3M LIBOR	1.04%	0.0	0.1	4	15	0	42	59	63
2Y T-Note	1.21%	-0.6	6.9	2	36	-9	72	54	69
5Y T-Note	1.95%	0.3	8.6	2	62	-17	106	45	65
10Y T-Note	2.49%	0.4	9.1	4	64	-15	117	33	36
30Y T-Note	3.08%	2.1	9.3	1	46	-13	99	18	5
2Y-10Y Spread, Bps	128	1.0	2.2	2.0	28	-6	45	-20	-34
IG SPREAD (AAABBB)	1.51%	0.0	-3.0	1	-8	-79	4	-18	-26
HIGH YIELD	6.17%	0.0	-11.9	-23	-26	-315	12	-47	-41
5Y BREAKEVEN	2.03%	0.3	9.0	16.7	39.9	-0.8	117.4	47.5	30.7

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)	59,172	31,090	(15,622)	50,401	4,024	*0.45X*	*0.90X*
Russell 2000 (mini)	76,244	7,794	52,261	31,556	(6,836)	*1.76X*	*2.99X*
10Y Treasury	(283,099)	63,085	(221,173)	(63,097)	(33,188)	*-1.67X*	*-2.17X*
CRUDE OIL	526,834	18,132	437,447	401,624	371,165	*2.14X*	*2.53X*
GOLD	59,679	(257)	89,158	157,530	171,841	*-1.47X*	*-0.54X*
COPPER	50,030	3,695	46,024	18,167	(792)	*1.67X*	*2.81X*
$USD	48,326	(716)	52,446	37,206	27,329	*1.20X*	*0.55X*
JPY	(70,868)	12,031	(37,704)	7,565	28,401	*-2.14X*	*-0.66X*
EUR	(46,218)	16,141	(93,206)	(96,768)	(77,155)	*0.95X*	*0.85X*
GBP	(62,577)	3,148	(68,647)	(77,027)	(60,166)	*-0.11X*	*-1.07X*

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



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MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (1/30) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	11%	16%	28%	54%
Total Exchange Volume**	13%	0%	-7%	-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)

Source: Bloomberg, Hedgeye

KEY $USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.45	-0.63	0.78	0.71	0.76	*0.95*	*-0.91*	*45%*	*55%*
BRENT Oil	-0.61	0.22	0.51	0.67	0.55	*0.77*	*-0.78*	*46%*	*54%*
CRB Index	-0.01	-0.87	0.79	0.67	0.58	*0.83*	*-0.89*	*24%*	*76%*
GOLD	-0.49	-0.91	-0.94	-0.97	-0.83	*0.90*	*-0.97*	*16%*	*84%*

**Days = Trading Days*