

The background of the image is a collage of various international banknotes. Visible currencies include the Euro (notes for 20, 100, and 200), the US Dollar (notes for 100 and 10), and the Chinese Yuan (notes for 1000 and 100). The banknotes are overlapping and slightly tilted, creating a textured, financial-themed background.

THE MACRO SHOW

JANUARY 5, 2017

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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/4/2017	31	21	10	11	27	0
1/5/2017	33	18	10	11	28	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/4/2017	31%	64%	30%	33%	82%	0%
1/5/2017	33%	55%	30%	33%	85%	0%

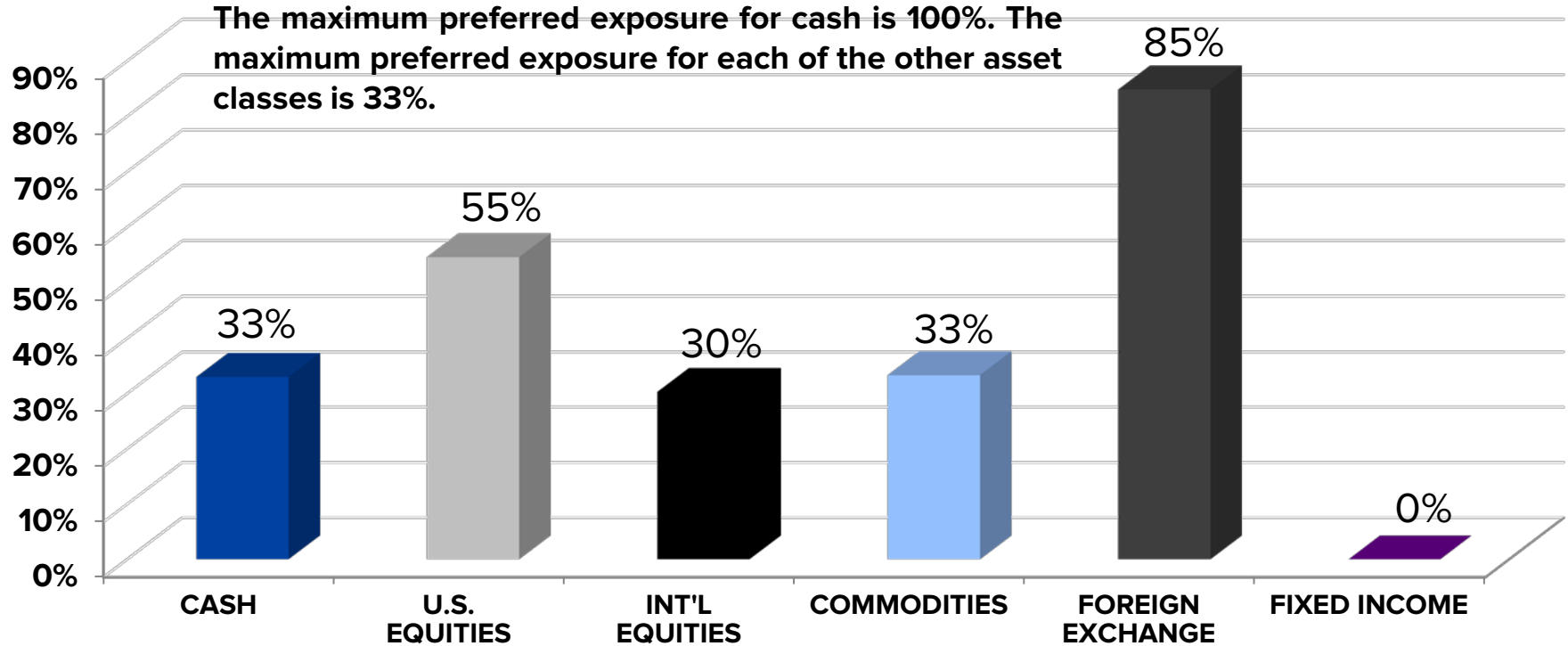
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

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1 UK



2 VOLUME



3 UST 10YR



UK

Oh have the Brexit Bears (on the economy) been wrong – UK Services PMI for DEC accelerates (again) to 56.2 DEC vs. 55.2 NOV and the FTSE hits yet another post Brexit high. We still like the Pound on pullbacks to the low-end of our range.

The background of the slide is a photograph of the New York Stock Exchange building. The building's facade is visible, featuring a pediment with a relief sculpture and a row of columns. The words "NEW YORK STOCK EXCHANGE" are inscribed in gold letters above the columns. A large American flag is superimposed over the lower half of the image, partially covering the building and the text. The word "VOLUME" is written in large, white, sans-serif capital letters across the middle of the image, overlapping the flag and the building.

VOLUME

Our price/volume/volatility signal continues to signal buying opportunities on slowing volume DOWN days. The last 2 UP days for the S&P 500 have seen Total U.S. Equity Market Volume +11% and +30%, respectively, vs. the 1-month average.



UST 10YR

One of the few remaining economic data series that has NOT accelerated is NFP – if that were to change tomorrow, we see Gold getting smoked and the 10yr getting to at least 2.61%; the y/y NFP “compare” for JAN is a lot easier than the comp for DEC, so we might have to wait another month; but the probability isn’t low that the jobs market stops slowing Q1/Q2.

MACRO GRIND

10-YEAR U.S. TREASURY YIELD



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REUTERS/JEFFERIES CRB INDEX



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LONDON FINANCIAL TIMES (FTSE 100)



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VOLATILITY PREMIUMS

Volatility Screen		U.S. Dollar		Ticker:		UUP US Equity	
	D/D %	W/W %	M/M %	3M %	6M %	YTD %	
Performance:	0.91%	0.26%	2.50%	7.49%	7.84%	0.91%	
Realized Vol	Current %	vs. 1M Avg.	vs. 3M Avg.	vs. 6M Avg.	TTM Z-Score	3Yr Z-Score	
30D	8.0	4.2%	24.5%	8.5%	0.23	0.23	
60D	7.2	7.2%	11.4%	-5.3%	-0.58	-0.12	
3-M th	6.8	2.4%	-3.2%	-11.9%	-1.47	-0.30	
6-M th	7.7	1.1%	1.0%	-3.4%	-1.20	0.10	
Implied Vol	Current %	vs. 1M Avg.	vs. 3M Avg.	vs. 6M Avg.	TTM Z-Score	3Yr Z-Score	
30D	9.9	13.6%	17.7%	25.3%	1.44	1.04	
60D	9.8	4.5%	12.6%	18.3%	1.72	1.08	
3-M th	9.9	2.4%	12.9%	17.8%	2.04	1.20	
6-M th	9.9	-0.9%	10.3%	16.0%	1.97	1.35	
Implied Vol Premium	Current	M Avg. Premium	3M Avg. Prem.	6M Avg. Premium	1Yr Avg.	3Yr Avg.	
30D	24.1%	13.9%	33.6%	14.1%	13.2%	15.8%	
60D	36.2%	39.9%	35.1%	14.5%	11.6%	15.1%	
3-M th	44.9%	44.8%	25.8%	11.6%	8.5%	14.0%	
6-M th	29.3%	32.0%	18.5%	8.0%	5.3%	12.7%	
SKEW (90-110%)	TTM Z-Score	3Yr Z-Score	SKEW (80-120%)		TTM Z-Score	3Yr Z-Score	
30D	-0.04	0.14	30D		-0.05	0.12	
60D	0.57	0.87	60D		-0.34	-0.16	
3-M th	1.10	1.07	3-M th		-0.19	-0.05	
6-M th	0.20	0.71	6-M th		0.20	0.57	

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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	\$82.97	1.33%	1.93%	1.93%
Financial Select Sector	XLF	\$23.70	0.81%	1.94%	1.94%
Health Care Select Sector	XLV	\$70.39	0.79%	2.10%	2.10%
Technology Select Sector	XLK	\$48.96	0.35%	1.24%	1.24%
Consumer Staples Select Sector	XLP	\$51.90	0.00%	0.37%	0.37%
Industrial Select Sector	XLI	\$62.96	0.59%	1.19%	1.19%
Materials Select Sector	XLB	\$50.72	1.46%	2.05%	2.05%
The Energy Select Sector	XLE	\$76.01	-0.21%	0.92%	0.92%
Utilities Select Sector	XLU	\$48.63	0.37%	0.12%	0.12%
S&P 500	SPX	2,270.75	0.57%	1.43%	1.43%

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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	\$82.97	0.76%	0.50%	0.50%
Financial Select Sector	XLF	\$23.70	0.24%	0.51%	0.51%
Health Care Select Sector	XLV	\$70.39	0.22%	0.68%	0.68%
Technology Select Sector	XLK	\$48.96	-0.22%	-0.19%	-0.19%
Consumer Staples Select Sector	XLP	\$51.90	-0.57%	-1.06%	-1.06%
Industrial Select Sector	XLI	\$62.96	0.02%	-0.24%	-0.24%
Materials Select Sector	XLB	\$50.72	0.89%	0.63%	0.63%
The Energy Select Sector	XLE	\$76.01	-0.78%	-0.51%	-0.51%
Utilities Select Sector	XLU	\$48.63	-0.20%	-1.30%	-1.30%

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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	1.2%	1.0%	4.0%	9.3%	13.1%	2.4%
	Low Debt/EV	1.0%	0.3%	2.7%	2.9%	5.5%	1.9%
SI	High Short Interest	1.4%	0.5%	2.8%	6.1%	11.3%	2.5%
	Low Short Interest	0.7%	0.3%	3.2%	6.6%	9.5%	1.7%
BETA	High Beta	1.3%	0.4%	3.5%	12.0%	25.4%	2.9%
	Low Beta	0.6%	0.4%	3.8%	1.6%	-3.8%	0.8%
YIELD	High Yield	0.9%	0.9%	3.6%	4.8%	4.6%	1.8%
	Low Yield	1.4%	0.8%	3.2%	4.0%	9.9%	2.6%
MKTCAP	MCAP Bottom 25%	1.5%	1.0%	2.0%	4.6%	6.8%	2.6%
	MCAP Top 25%	0.6%	0.2%	3.3%	7.4%	11.0%	1.6%
Sales	Top 25% Sales Growth	1.1%	0.5%	3.0%	4.5%	8.0%	2.3%
	Bottom 25% Sales Growth	1.1%	1.0%	3.6%	7.0%	10.0%	2.4%
EPS	Top 25% EPS Growth	1.2%	0.8%	3.6%	7.0%	12.6%	2.3%
	Bottom 25% EPS Growth	1.0%	0.8%	3.5%	6.0%	6.3%	2.1%

**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%	3.6	1.5	6	20	-3	37	40	42
3M LIBOR	1.00%	0.0	0.1	5	13	0	39	57	60
2Y T-Note	1.21%	0.0	-4.0	12	39	-9	72	56	71
5Y T-Note	1.93%	-1.0	-6.4	11	71	-19	104	44	65
10Y T-Note	2.44%	-0.5	-6.9	6	75	-20	112	28	31
30Y T-Note	3.04%	-0.6	-5.3	-2	63	-17	95	12	1
2Y-10Y Spread, Bps	123	-0.5	-2.9	-6.2	36	-11	40	-29	-39
IG SPREAD (AAABBB)	1.47%	0.0	-8.0	-17	-16	-83	0	-22	-31
HIGH YIELD	6.19%	0.0	-23.0	-53	2	-314	3	-45	-43
5Y BREAK EVEN	1.89%	0.0	2.2	11.3	40.4	-2.7	103.4	33.5	17.0

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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)	3,023	42,573	(18,885)	60,552	(10,832)	0.11X	0.34X
Russell 2000 (mini)	92,296	(1,193)	30,868	15,564	(17,049)	2.67X	4.05X
10Y Treasury	(361,517)	(35,970)	(89,047)	5,981	(5,260)	-2.99X	-3.29X
CRUDE OIL	502,646	6,378	418,001	374,937	349,569	2.13X	2.40X
GOLD	41,247	(12,664)	122,961	191,042	168,082	-1.53X	-0.77X
COPPER	45,653	(6,208)	29,989	9,894	(7,369)	1.86X	2.91X
\$USD	52,650	276	47,855	31,767	26,664	1.56X	0.78X
JPY	(86,330)	(12,246)	1,677	26,468	36,727	-3.58X	-0.89X
EUR	(64,133)	7,609	(107,909)	(103,440)	(83,408)	0.54X	0.52X
GBP	(53,021)	2,925	(76,216)	(77,258)	(58,081)	0.22X	-0.87X

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

<u>INDEX/SECURITY</u>	<u>VOLUME: (1/4) vs.</u>			
	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	-15%	11%	8%	23%
<hr/>				
Total Exchange Volume**	-5%	5%	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

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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	0.44	0.66	0.77	0.68	0.75	0.95	-0.91	49%	51%
BRENT Oil	-0.37	0.50	0.64	0.65	0.49	0.77	-0.78	46%	54%
CRB Index	0.32	0.36	0.87	0.65	0.40	0.83	-0.89	22%	78%
GOLD	-0.49	-0.79	-0.97	-0.96	-0.75	0.90	-0.97	16%	84%

*Days = Trading Days

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