THE MACRO SHOW

FEBRUARY 23, 2017

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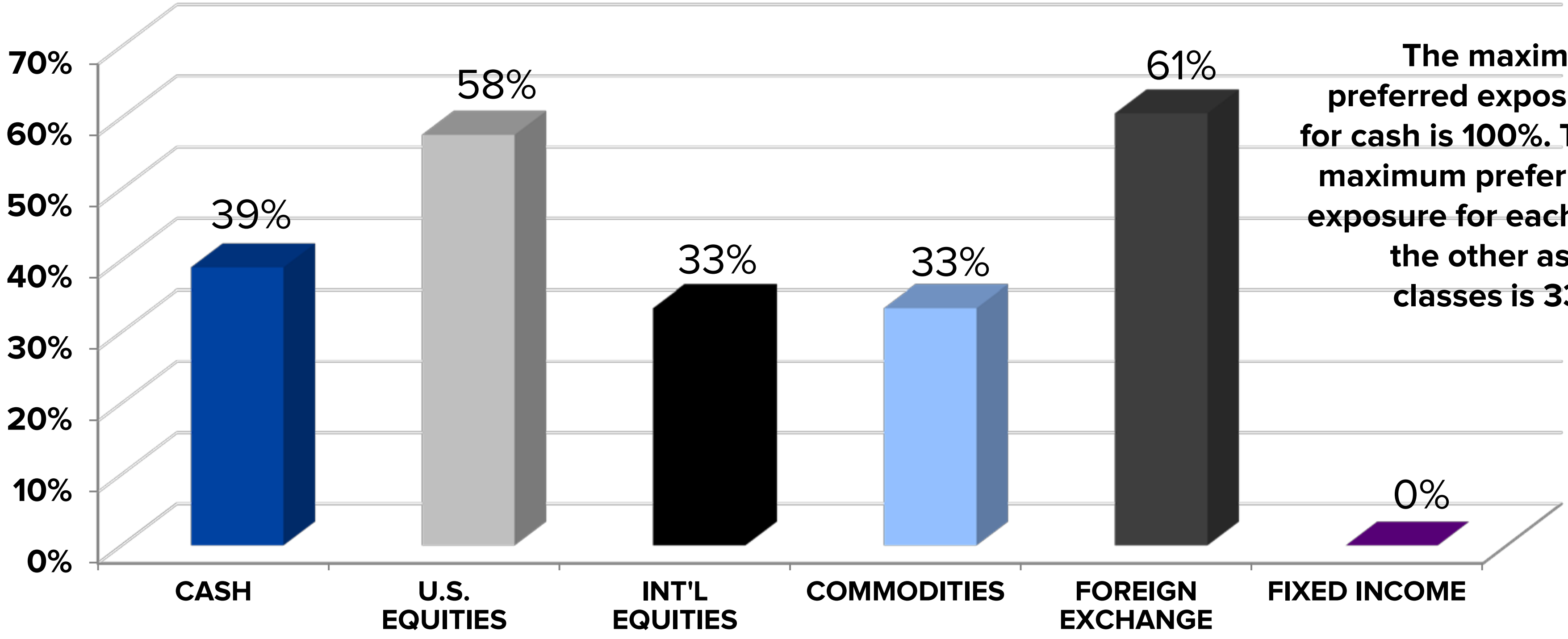
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/22/2017	45	16	11	11	17	0
2/23/2107	39	19	11	11	20	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/22/2017	45%	48%	33%	33%	52%	0%
2/23/2107	39%	58%	33%	33%	61%	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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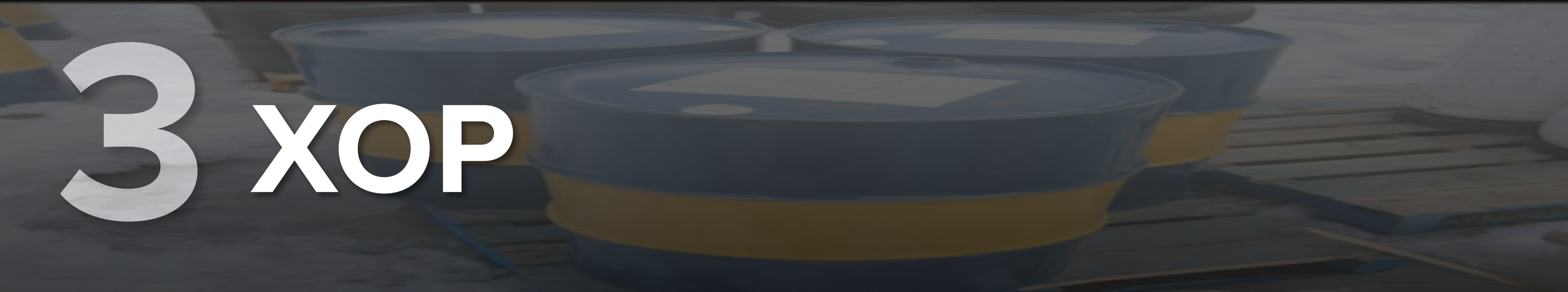
HEDGEYE TV


1
ASIA


2
OIL


3
XOP

ASIA

The Nikkei is still trading with a 0.94 r-square to the Yen (get USD/JPY right, you'll get Japanese Equities right). Chinese stocks (Shanghai Comp) back off a big @Hedgeye level of 3279 TREND resistance and Singapore continues to shine, up another +0.5% and +3.7% in the last month (bullish TREND @Hedgeye).

OIL

Oil saw a nice +1.5% rip to fresh 3-month highs and that comes at an important time as yesterday's selloff in both the commodities and equities shook some people out. Oil's Volatility (OVX) continues to signal bearish in our process (that's bullish for the trending price of Oil, even though it should signal overbought closer to $55 WTI).

XOP

The best macro way to play yesterday’s overreaction in Oil, Gas, and related Equities is to buy-back the Oil & Gas ETF (XOP) we’ve been waiting for the buy signal on. The XOP tapped the low-end of our $38.51-40.80 risk range yesterday, with 30-day realized volatility in XOP up at 21% (vs. SPX down at 6%), XOP has an implied volatility premium of +18% now.

MACRO GRIND

LIGHT CRUDE OIL

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EURO STOXX 50 INDEX

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SINGAPORE STRAITS TIMES INDEX

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EARNINGS SEASON

Q4 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.6%	5.1%	438 / 499
Energy	3.2%	-4.3%	27 / 35
Materials	4.4%	2.5%	24 / 25
Industrials	2.4%	-5.2%	68 / 68
Consumer Discretionary	8.9%	3.0%	61 / 81
Consumer Staples	2.4%	4.6%	33 / 37
Healthcare	4.8%	3.8%	53 / 60
Financials	4.4%	7.9%	61 / 63
Information Technology	7.1%	10.4%	60 / 66
Telecom	-2.9%	1.8%	4 / 5
Utilities	11.7%	9.6%	21 / 28
Real Estate	1.5%	12.0%	25 / 29

Source: BBG

	REALIZED VOLATILITY				IMPLIED VOLATILTY*				IMPLIED** VS. REALIZED VOLATILITY									
										30 Day			60 Day			3 Month		
		Duration of Realized (%)			At-The-Money %						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	5.8%	6.8%	7.7%	9.0%	-3.3%	-11.0%	-21.7%	SPX	54.1%	1.05	1.55	44.2%	1.30	1.59	44.9%	1.77	1.72
Russell 2000	RTY	12.9%	13.7%	14.9%	15.2%	-2.7%	-7.3%	-10.4%	RTY	13.8%	0.50	0.39	10.6%	0.58	0.18	9.6%	0.64	-0.03
Nasdaq 100	NDX	5.6%	8.9%	10.7%	11.4%	1.7%	-10.5%	-17.6%	NDX	84.4%	2.17	2.88	28.1%	0.96	1.17	20.9%	0.74	0.75
USD Index	UUP	6.8%	7.9%	7.4%	8.1%	-7.2%	-9.8%	-5.0%	UUP	12.6%	0.01	-0.07	2.4%	-0.57	-0.51	18.2%	0.35	0.19
Consumer Discret.	XLY	5.8%	9.3%	10.1%	11.1%	-2.2%	-11.3%	-17.1%	XLY	71.6%	1.84	2.44	19.3%	0.42	0.60	19.2%	0.57	0.63
Financials	XLF	14.9%	14.5%	16.5%	15.9%	1.2%	-7.7%	-7.9%	XLF	-2.2%	-0.35	-0.34	10.1%	0.33	0.25	1.2%	0.24	-0.19
Healthcare	XLV	9.9%	9.8%	13.2%	12.0%	0.4%	-10.7%	-16.1%	XLV	16.9%	0.33	0.56	21.8%	1.10	1.15	-4.1%	-0.38	-0.43
Technology	XLK	6.4%	10.0%	11.1%	11.2%	-1.0%	-11.5%	-17.2%	XLK	57.2%	1.48	2.01	11.6%	0.35	0.38	13.2%	0.53	0.40
Consumer Staples	XLP	8.3%	9.4%	10.6%	9.5%	-1.9%	-13.5%	-18.7%	XLP	8.9%	0.08	0.11	1.0%	-0.11	-0.24	-5.4%	-0.49	-0.72
Utilities	XLU	11.6%	14.3%	16.2%	12.8%	-4.0%	-14.7%	-19.5%	XLU	7.2%	0.49	0.55	-10.1%	-0.69	-0.59	-16.2%	-1.40	-1.29
Energy	XLE	13.8%	16.8%	16.8%	16.8%	4.1%	-5.5%	-13.1%	XLE	12.6%	0.51	0.37	0.1%	0.45	-0.11	2.9%	0.91	0.06
Energy	XOP	21.2%	31.4%	30.1%	25.7%	-0.8%	-10.9%	-18.5%	XOP	17.6%	0.63	0.71	-18.1%	-0.82	-1.12	-12.3%	-0.23	-0.64
Materials	XLB	11.2%	10.7%	10.8%	12.9%	-3.1%	-6.1%	-14.1%	XLB	7.4%	-0.09	-0.05	21.1%	0.83	0.66	25.6%	1.49	0.96
Industrials	XLI	8.9%	9.4%	10.8%	11.7%	-2.5%	-9.7%	-14.1%	XLI	26.0%	0.48	0.74	25.2%	0.99	1.02	17.2%	1.01	0.69
Transports	IYT	14.0%	13.5%	13.7%	15.9%	-5.6%	-7.8%	-10.0%	IYT	12.3%	-0.02	0.16	17.7%	0.39	0.56	24.2%	0.91	1.04
WTI Crude Oil	USO	20.2%	29.9%	31.2%	25.2%	-6.9%	-17.5%	-26.5%	USO	-6.9%	0.63	0.39	-16.0%	-0.77	-1.13	-14.2%	-0.56	-0.94
Natural Gas	UNG	39.0%	51.8%	49.5%	40.3%	-3.0%	-13.6%	-9.7%	UNG	3.8%	0.13	-0.18	-22.2%	-1.48	-1.12	-21.4%	-1.57	-1.04
Gold	GLD	10.2%	11.5%	12.3%	12.7%	-5.8%	-11.4%	-13.7%	GLD	21.0%	0.88	0.66	10.6%	0.57	0.28	15.2%	1.02	0.61
Silver	SLV	14.4%	18.5%	21.0%	19.7%	-8.0%	-15.3%	-18.0%	SLV	34.9%	2.25	0.70	7.1%	0.32	-0.29	2.5%	-0.42	-0.55
Copper	JJC	27.3%	25.4%	25.4%	25.6%	5.5%	-4.6%	-1.9%	JJC	-8.0%	-0.38	-0.48	1.0%	-0.31	-0.37	-1.8%	-0.42	-0.53
Corn	CORN	13.4%	15.7%	15.7%	20.3%	15.7%	16.9%	7.9%	CORN	36.4%	0.90	0.69	29.2%	0.77	0.53	19.1%	0.14	-0.05
Soybeans	SOYB	15.9%	16.2%	15.8%	20.0%	-7.7%	-10.5%	-7.9%	SOYB	25.3%	-0.29	-0.31	23.1%	-0.35	-0.34	22.2%	-0.41	-0.38
Wheat	WEAT	20.7%	19.6%	18.3%	25.2%	-10.5%	-14.9%	-12.9%	WEAT	21.7%	-0.63	-0.44	28.5%	-0.65	-0.29	37.9%	-0.50	-0.04

*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	$87.12	0.01%	2.70%	7.03%
Financial Select Sector	XLF	$24.61	0.08%	5.58%	5.85%
Health Care Select Sector	XLV	$73.88	-0.15%	4.76%	7.17%
Technology Select Sector	XLK	$52.52	0.11%	4.87%	8.60%
Consumer Staples Select Sector	XLP	$54.96	0.02%	4.51%	6.29%
Industrial Select Sector	XLI	$66.04	-0.27%	4.20%	6.14%
Materials Select Sector	XLB	$52.61	0.27%	1.25%	5.86%
The Energy Select Sector	XLE	$71.36	-1.52%	-2.11%	-5.[illegible]%
Utilities Select Sector	XLU	$50.30	0.42%	2.28%	[illegible].56%
S&P 500	SPX	2,362.82	-0.11%	3.68%	5.54%

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HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$87.12	0.12%	-0.98%	1.49%
Financial Select Sector	XLF	$24.61	0.19%	1.89%	0.31%
Health Care Select Sector	XLV	$73.88	-0.04%	1.08%	1.63%
Technology Select Sector	XLK	$52.52	0.22%	1.19%	3.06%
Consumer Staples Select Sector	XLP	$54.96	0.13%	0.82%	0.75%
Industrial Select Sector	XLI	$66.04	-0.16%	0.51%	0.60%
Materials Select Sector	XLB	$52.61	0.38%	-2.43%	0.32%
The Energy Select Sector	XLE	$71.36	-1.41%	-5.80%	-10.80%
Utilities Select Sector	XLU	$50.30	0.53%	-1.41%	-1.98%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.2%	0.7%	3.2%	6.1%	8.2%	4.5%
	Low Debt/EV	-0.2%	1.2%	3.6%	5.0%	5.2%	5.8%
SI	High Short Interest	-0.6%	0.5%	2.6%	3.6%	4.7%	4.1%
	Low Short Interest	-0.1%	1.4%	4.4%	7.3%	11.0%	5.7%
BETA	High Beta	-0.7%	0.0%	3.6%	7.5%	17.6%	6.1%
	Low Beta	-0.1%	1.6%	3.3%	6.2%	1.0%	4.0%
YIELD	High Yield	-0.1%	0.8%	1.8%	3.2%	1.8%	1.9%
	Low Yield	-0.7%	0.4%	3.4%	5.4%	6.0%	6.0%
MKT CAP	MCAP Bottom 25%	-0.5%	0.6%	1.7%	1.9%	2.2%	2.5%
	MCAP Top 25%	0.0%	1.3%	4.0%	7.6%	11.1%	5.9%
Sales	Top 25% Sales Growth	-0.6%	-0.2%	1.6%	5.0%	6.1%	4.5%
	Bottom 25% Sales Growth	-0.2%	1.0%	2.9%	4.3%	3.1%	4.0%
EPS	Top 25% EPS Growth	-0.7%	-0.5%	2.0%	6.1%	11.5%	5.3%
	Bottom 25% EPS Growth	-0.3%	0.9%	2.0%	2.8%	1.3%	2.0%

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

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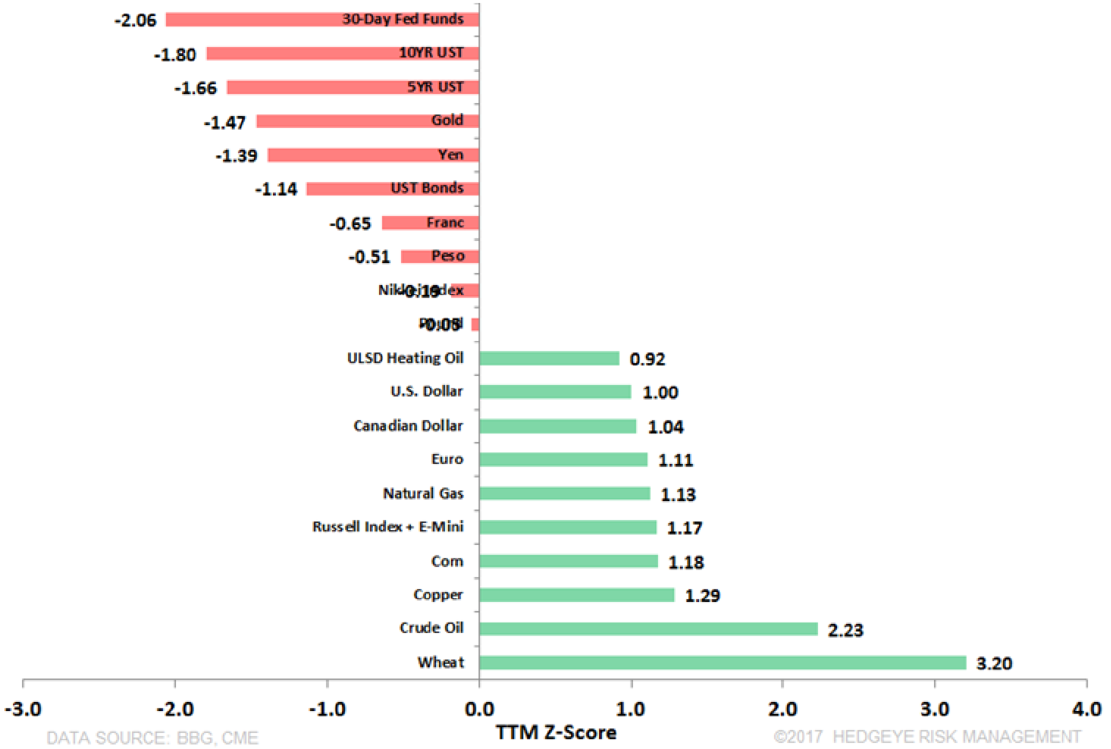
HEDGEYE RATES & SPREADS

	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	0.51%	0.0	-2.0	2	3	-4	36	37	40
3M LIBOR	1.05%	0.0	1.2	1	13	0	43	58	64
2Y T-Note	1.22%	0.9	-3.0	3	13	-8	72	53	69
5Y T-Note	1.90%	-1.8	-9.0	-4	13	-22	101	39	59
10Y T-Note	2.41%	-1.6	-8.0	-5	10	-23	109	26	28
30Y T-Note	3.03%	-0.8	-4.5	-2	3	-18	94	14	1
2Y-10Y Spread, Bps	120	-2.6	-5.0	-8.2	-3	-14	37	-26	-41
IG SPREAD (AAABBB)	1.52%	0.0	-2.0	0	-8	-78	5	-17	-24
HIGH YIELD	5.98%	0.0	-6.1	-29	-60	-285	8	-67	-60
5Y BREAKEVEN	2.02%	0.2	-1.2	5.3	25.7	-5.0	96.8	46.7	30.1

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)	25,945	(1,102)	(12,282)	38,670	18,454	*0.07X*	*0.55X*
Russell 2000 (mini)	51,009	(97)	64,868	37,251	(693)	*1.09X*	*2.10X*
10Y Treasury	(348,133)	(56,436)	(288,952)	(109,883)	(53,017)	*-1.80X*	*-2.56X*
CRUDE OIL	557,570	29,704	480,790	429,652	388,414	*2.23X*	*2.75X*
GOLD	67,982	(7,745)	68,758	135,955	172,097	*-1.38X*	*-0.43X*
COPPER	44,855	(6,661)	50,468	24,318	3,882	*1.29X*	*2.35X*
$USD	45,794	(882)	51,236	40,644	27,864	*1.00X*	*0.41X*
JPY	(47,050)	7,128	(56,854)	(3,957)	22,819	*-1.39X*	*-0.26X*
EUR	(39,194)	(1,357)	(71,441)	(88,441)	(75,974)	*1.11X*	*0.99X*
GBP	(62,741)	417	(64,599)	(74,172)	(61,643)	*-0.05X*	*-1.04X*

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



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MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (2/22) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	2%	2%	21%	51%
Total Exchange Volume**	-4%	-3%	-3%	-6%
Total Traded Value (R3K)***	-10%	-6%	-6%	-4%

*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	0.87	0.40	0.60	0.71	0.72	*0.95*	*-0.91*	*43%*	*57%*
BRENT Oil	0.24	-0.14	0.54	0.64	0.67	*0.77*	*-0.78*	*46%*	*54%*
CRB Index	0.22	0.13	0.54	0.64	0.68	*0.83*	*-0.89*	*25%*	*75%*
GOLD	0.38	0.08	-0.90	-0.94	-0.92	*0.90*	*-0.97*	*16%*	*84%*

**Days = Trading Days*