THE MACRO SHOW

FEBRUARY 24, 2017

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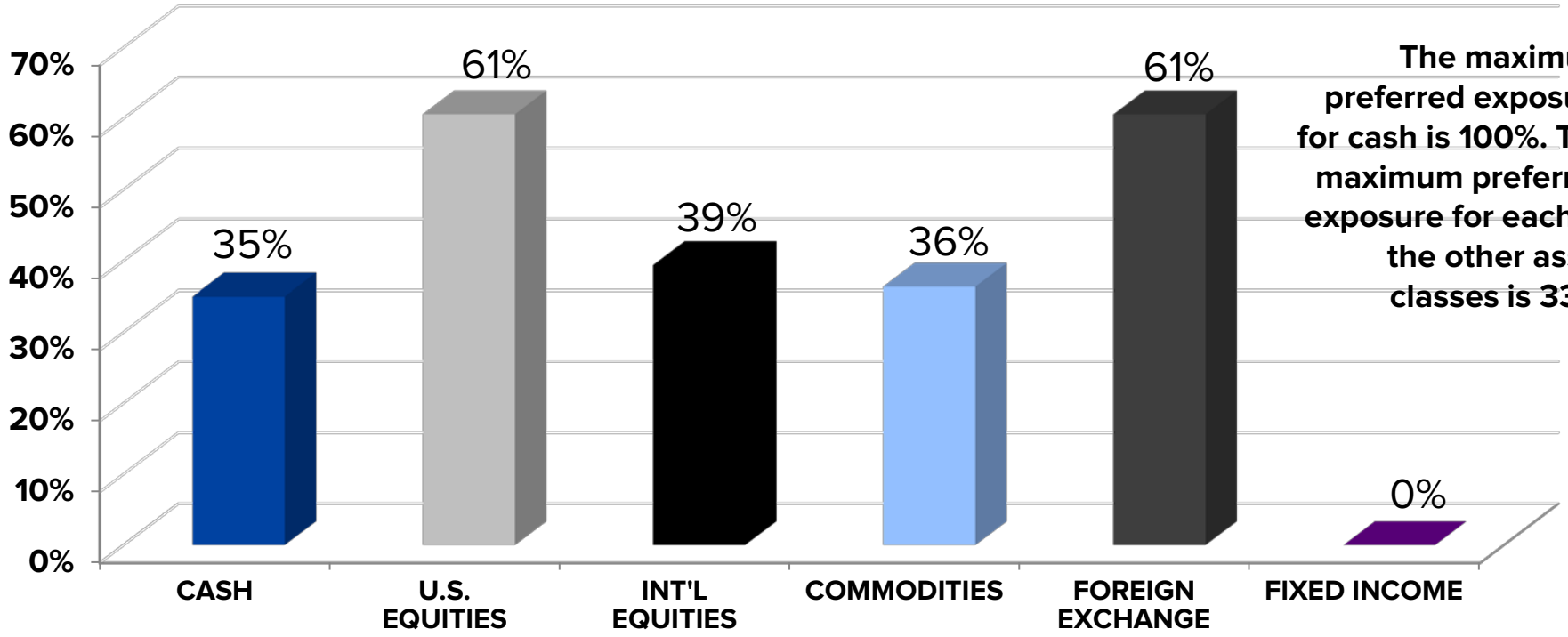
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/23/2017	45	16	11	11	17	0
2/24/2017	35	20	13	12	20	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/23/2017	45%	48%	33%	33%	52%	0%
2/24/2017	35%	61%	39%	36%	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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1 JAPAN

2 ITALY

3 UST 10YR

JAPAN

Minor correction in Japanese Equities to take advantage of (Nikkei -0.5%) on the standard Dollar Down, Yen Up move. JGB 10YR Yield sells off to +0.06% after toying with a “breakout” above +0.10%.

ITALY

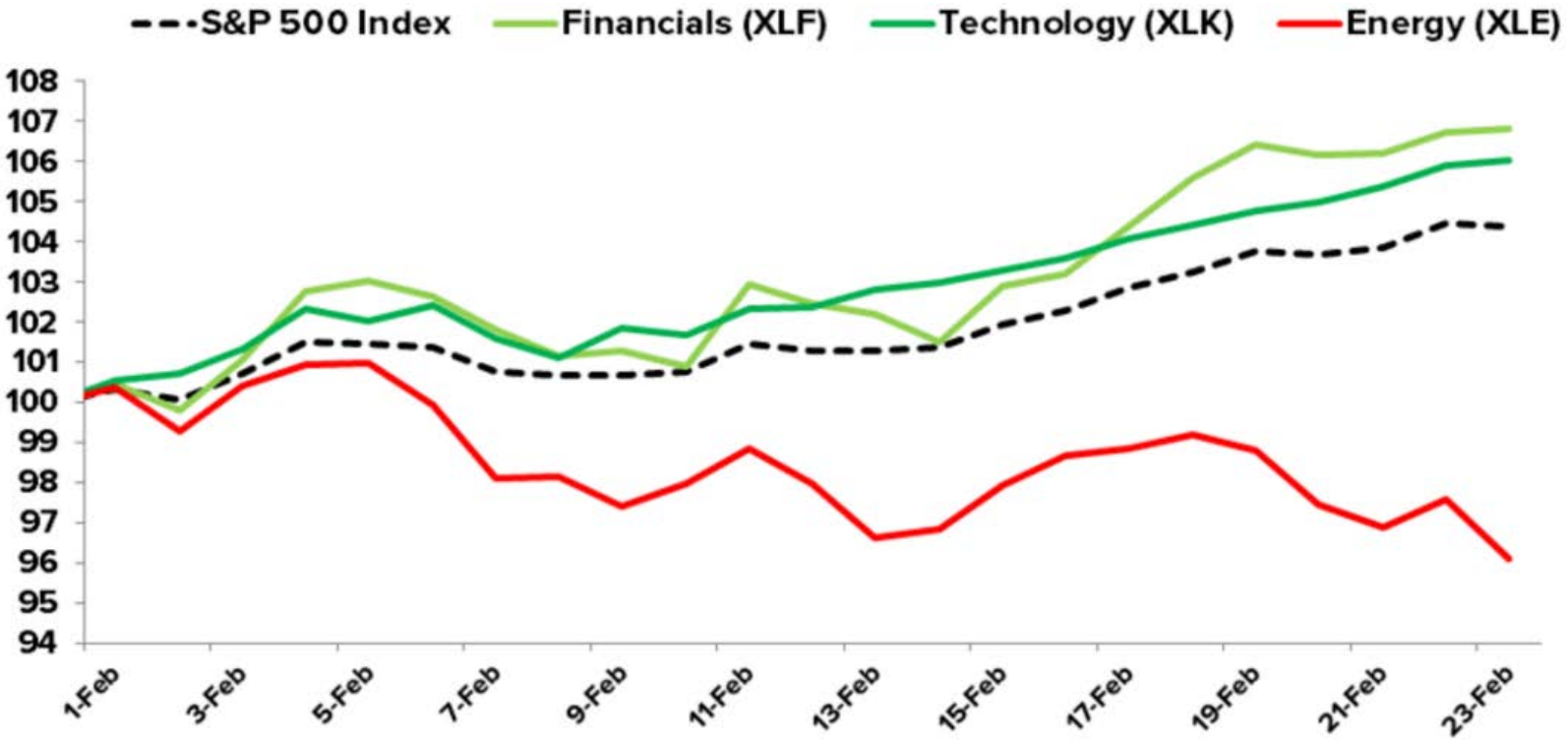
Awesome month for U.S. Growth (Equity) bulls; terrible month for Italian ones. The MIB Index was down another -0.4% this morning and down -4.1% in the last month, flashing a major negative divergence vs. Eurostoxx50, DAX, etc.

UST 10YR

Dollar Down, Rates Down morning registers an immediate-term overbought signal in Gold at $1256 and a big short-selling opportunity in most things Low-Beta-Safe-Yield (which we do not like and want to be short, on balance).

MACRO GRIND

FEB SCORECARD TO DATE: INDEX TO 100



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10-YEAR GOVERNMENT BOND YIELDS

COUNTRY	YIELD	1 DAY	1 MONTH
Germany »	0.20%	-3	-20
United Kingdom »	1.12%	-3	-27
France	0.95%	-2	+6

OVX VOLATILITY INDEX – CRUDE OIL

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FTSE MIB (MILAN) INDEX

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TOKYO NIKKEI 225 AVERAGE INDEX

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EARNINGS SEASON

Q4 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.6%	4.9%	452 / 500
Energy	2.6%	-10.1%	31 / 35
Materials	4.4%	2.5%	24 / 25
Industrials	2.4%	-5.2%	68 / 68
Consumer Discretionary	8.6%	2.8%	65 / 81
Consumer Staples	2.4%	4.6%	34 / 37
Healthcare	4.8%	3.8%	54 / 60
Financials	4.4%	7.9%	61 / 63
Information Technology	7.0%	10.3%	61 / 66
Telecom	-2.9%	1.8%	4 / 5
Utilities	11.6%	9.5%	21 / 28
Real Estate	2.6%	11.7%	28 / 29

Source: BBG

	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	5.8%	6.7%	7.7%	9.0%	-3.3%	-10.8%	-21.5%	SPX	56.1%	1.10	1.61	50.8%	1.55	1.89	48.8%	1.95	1.91
Russell 2000	RTY	13.1%	13.5%	15.0%	15.2%	-2.7%	-7.2%	-10.4%	RTY	10.5%	0.35	0.23	13.0%	0.72	0.33	10.7%	0.72	0.04
Nasdaq 100	NDX	5.9%	8.9%	10.7%	11.6%	3.4%	-8.7%	-16.0%	NDX	77.4%	1.94	2.61	31.1%	1.09	1.31	23.3%	0.87	0.89
USD Index	UUP	6.8%	7.9%	7.4%	7.9%	-8.8%	-11.6%	-7.0%	UUP	11.4%	-0.05	-0.11	0.9%	-0.64	-0.57	19.0%	0.40	0.23
Consumer Discret.	XLY	6.3%	9.3%	10.2%	10.9%	-4.0%	-12.8%	-18.6%	XLY	53.4%	1.23	1.72	18.2%	0.37	0.55	18.5%	0.53	0.59
Financials	XLF	14.8%	14.2%	16.5%	15.9%	1.0%	-7.7%	-8.0%	XLF	0.0%	-0.28	-0.25	12.5%	0.41	0.36	2.7%	0.33	-0.11
Healthcare	XLV	9.4%	9.8%	13.2%	12.4%	3.9%	-7.5%	-13.3%	XLV	26.3%	0.70	0.96	27.4%	1.40	1.46	-1.6%	-0.22	-0.27
Technology	XLK	6.3%	10.0%	11.1%	11.2%	-0.8%	-11.2%	-17.0%	XLK	65.8%	1.74	2.34	12.5%	0.39	0.42	15.1%	0.64	0.51
Consumer Staples	XLP	8.3%	9.4%	10.6%	9.6%	-1.4%	-12.8%	-18.2%	XLP	7.5%	0.01	0.04	1.9%	-0.05	-0.19	-4.1%	-0.40	-0.64
Utilities	XLU	11.6%	13.9%	16.3%	12.9%	-3.2%	-14.0%	-18.9%	XLU	8.1%	0.55	0.61	-6.8%	-0.36	-0.30	-15.9%	-1.36	-1.25
Energy	XLE	13.4%	16.5%	16.8%	17.7%	8.9%	-0.4%	-8.5%	XLE	27.2%	1.18	1.04	7.0%	0.97	0.27	8.0%	1.31	0.33
Energy	XOP	20.9%	30.5%	30.1%	27.3%	4.7%	-5.1%	-13.3%	XOP	28.6%	1.08	1.27	-10.4%	-0.24	-0.63	-7.2%	0.22	-0.33
Materials	XLB	11.2%	10.7%	10.9%	12.8%	-4.3%	-7.0%	-14.9%	XLB	9.9%	0.00	0.04	19.9%	0.77	0.60	25.9%	1.49	0.97
Industrials	XLI	9.2%	9.4%	10.9%	11.8%	-2.0%	-9.2%	-13.7%	XLI	23.8%	0.39	0.65	26.4%	1.04	1.08	17.8%	1.05	0.73
Transports	IYT	14.2%	13.7%	13.9%	16.9%	0.1%	-2.4%	-4.7%	IYT	14.9%	0.06	0.27	23.5%	0.64	0.87	25.0%	0.94	1.09
WTI Crude Oil	USO	19.1%	30.0%	31.3%	25.7%	-4.8%	-15.3%	-24.8%	USO	-4.8%	1.20	1.00	-14.1%	-0.64	-1.04	-13.4%	-0.50	-0.91
Natural Gas	UNG	39.2%	51.0%	49.6%	40.5%	-2.0%	-12.8%	-9.2%	UNG	2.8%	0.05	-0.21	-20.6%	-1.37	-1.06	-20.8%	-1.53	-1.02
Gold	GLD	10.4%	11.4%	12.3%	12.4%	-8.0%	-13.5%	-15.8%	GLD	14.4%	0.48	0.33	9.2%	0.47	0.20	13.3%	0.87	0.48
Silver	SLV	14.4%	18.4%	21.1%	19.4%	-9.1%	-16.4%	-19.1%	SLV	30.8%	1.93	0.55	6.1%	0.21	-0.34	1.4%	-0.55	-0.62
Copper	JJC	29.5%	26.4%	26.1%	24.5%	1.1%	-8.6%	-6.2%	JJC	-4.1%	-0.32	-0.40	-7.2%	-0.51	-0.64	-2.4%	-0.44	-0.56
Corn	CORN	14.1%	16.0%	15.8%	21.1%	19.0%	21.4%	12.4%	CORN	31.4%	0.69	0.47	31.8%	0.90	0.67	26.6%	0.42	0.32
Soybeans	SOYB	16.0%	16.1%	15.8%	20.3%	-4.3%	-8.6%	-6.0%	SOYB	27.1%	-0.24	-0.28	61.4%	0.43	0.36	360.2%	4.00	5.34
Wheat	WEAT	20.2%	19.6%	18.3%	23.7%	-15.3%	-20.2%	-18.0%	WEAT	17.3%	-0.69	-0.50	20.9%	-0.79	-0.40	29.5%	-0.74	-0.20

*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	$86.52	-0.68%	1.99%	6.29%
Financial Select Sector	XLF	$24.61	0.00%	5.58%	5.85%
Health Care Select Sector	XLV	$74.42	0.73%	5.53%	7.95%
Technology Select Sector	XLK	$52.51	-0.02%	4.85%	8.58%
Consumer Staples Select Sector	XLP	$55.09	0.24%	4.75%	6.54%
Industrial Select Sector	XLI	$65.61	-0.65%	3.52%	5.45%
Materials Select Sector	XLB	$52.32	-0.55%	0.69%	5.27%
The Energy Select Sector	XLE	$71.66	0.42%	-1.70%	-4.86%
Utilities Select Sector	XLU	$50.82	1.03%	3.33%	4.63%
S&P 500	SPX	2,363.81	0.04%	3.73%	5.58%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$86.52	-0.72%	-1.74%	0.71%
Financial Select Sector	XLF	$24.61	-0.04%	1.85%	0.27%
Health Care Select Sector	XLV	$74.42	0.69%	1.80%	2.37%
Technology Select Sector	XLK	$52.51	-0.06%	1.12%	3.00%
Consumer Staples Select Sector	XLP	$55.09	0.19%	1.03%	0.95%
Industrial Select Sector	XLI	$65.61	-0.69%	-0.21%	-0.13%
Materials Select Sector	XLB	$52.32	-0.59%	-3.03%	-0.31%
The Energy Select Sector	XLE	$71.66	0.38%	-5.43%	-10.44%
Utilities Select Sector	XLU	$50.82	0.99%	-0.39%	-0.95%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.0%	0.6%	3.7%	6.0%	8.1%	4.7%
	Low Debt/EV	-0.4%	0.0%	3.5%	4.6%	4.2%	5.4%
SI	High Short Interest	-0.6%	-0.5%	2.3%	2.5%	3.5%	3.6%
	Low Short Interest	0.2%	0.9%	4.9%	7.4%	10.9%	5.9%
BETA	High Beta	-0.4%	-0.9%	3.5%	6.5%	16.0%	5.6%
	Low Beta	0.5%	1.8%	4.0%	7.2%	1.7%	4.5%
YIELD	High Yield	0.1%	1.0%	2.3%	3.6%	1.5%	2.1%
	Low Yield	-0.4%	-0.6%	3.6%	4.6%	4.8%	5.7%
MKT CAP	MCAP Bottom 25%	-0.4%	-0.4%	1.6%	1.0%	0.9%	2.2%
	MCAP Top 25%	0.1%	0.9%	4.5%	7.6%	11.0%	6.0%
Sales	Top 25% Sales Growth	-0.3%	-0.9%	1.4%	4.5%	6.1%	4.0%
	Bottom 25% Sales Growth	0.1%	0.7%	3.3%	4.5%	2.7%	4.0%
EPS	Top 25% EPS Growth	-0.4%	-1.3%	1.4%	4.8%	9.4%	4.2%
	Bottom 25% EPS Growth	0.0%	0.8%	3.1%	3.6%	1.5%	3.0%

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

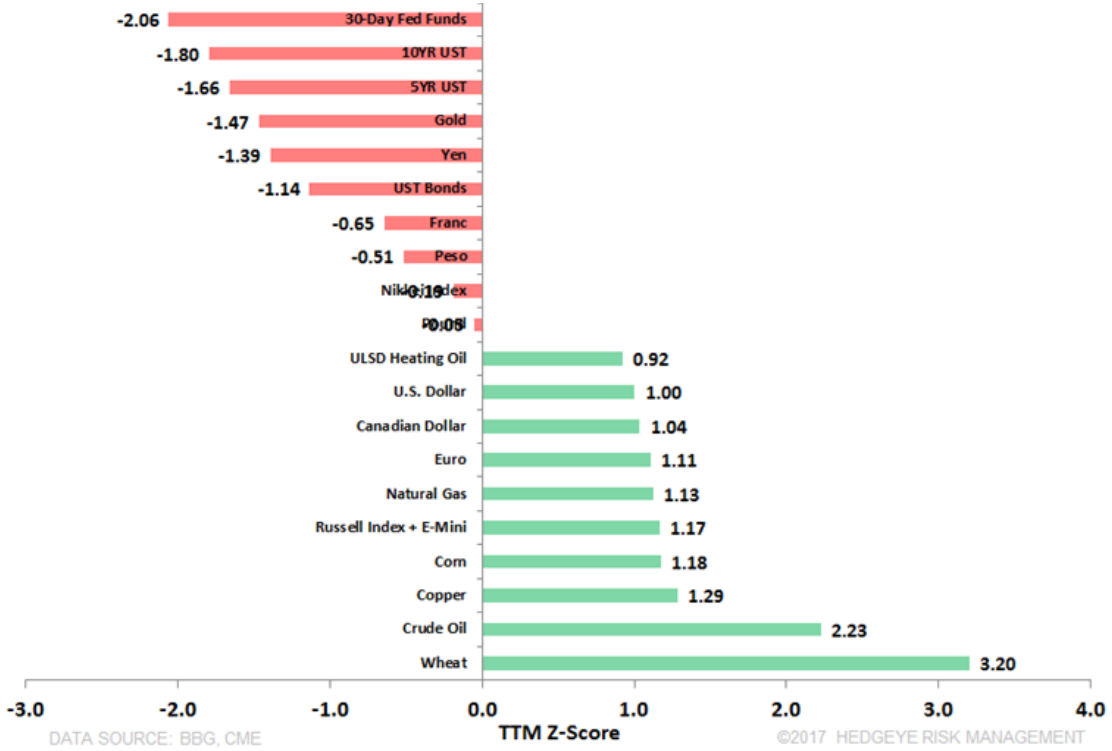
HEDGEYE RATES & SPREADS

	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	0.51%	-0.5	-1.0	2	2	-5	35	36	39
3M LIBOR	1.05%	0.0	-0.2	2	12	0	43	58	64
2Y T-Note	1.18%	-3.4	-2.0	4	6	-12	69	49	65
5Y T-Note	1.86%	-4.6	-7.8	0	3	-26	97	35	54
10Y T-Note	2.37%	-4.1	-7.5	-3	2	-27	105	22	23
30Y T-Note	3.01%	-2.0	-3.6	3	-1	-20	92	12	-1
2Y-10Y Spread, Bps	119	-0.7	-5.5	-6.4	-4	-15	37	-27	-42
IG SPREAD (AAABBB)	1.52%	0.0	0.0	-2	-10	-77	5	-17	-24
HIGH YIELD	5.92%	-3.4	-24.1	-38	-72	-291	2	-72	-65
5Y BREAKEVEN	2.03%	0.2	0.3	8.6	25.6	-4.8	93.1	46.8	30.3

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: (2/23) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	6%	7%	27%	60%
Total Exchange Volume**	10%	6%	7%	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	0.83	0.49	0.58	0.70	0.72	*0.95*	*-0.91*	*43%*	*57%*
BRENT Oil	0.37	-0.09	0.54	0.64	0.67	*0.77*	*-0.78*	*46%*	*54%*
CRB Index	0.35	0.10	0.52	0.64	0.69	*0.83*	*-0.89*	*25%*	*75%*
GOLD	0.18	0.20	-0.89	-0.93	-0.92	*0.90*	*-0.97*	*16%*	*84%*

**Days = Trading Days*