THE MACRO SHOW

MARCH 22, 2017

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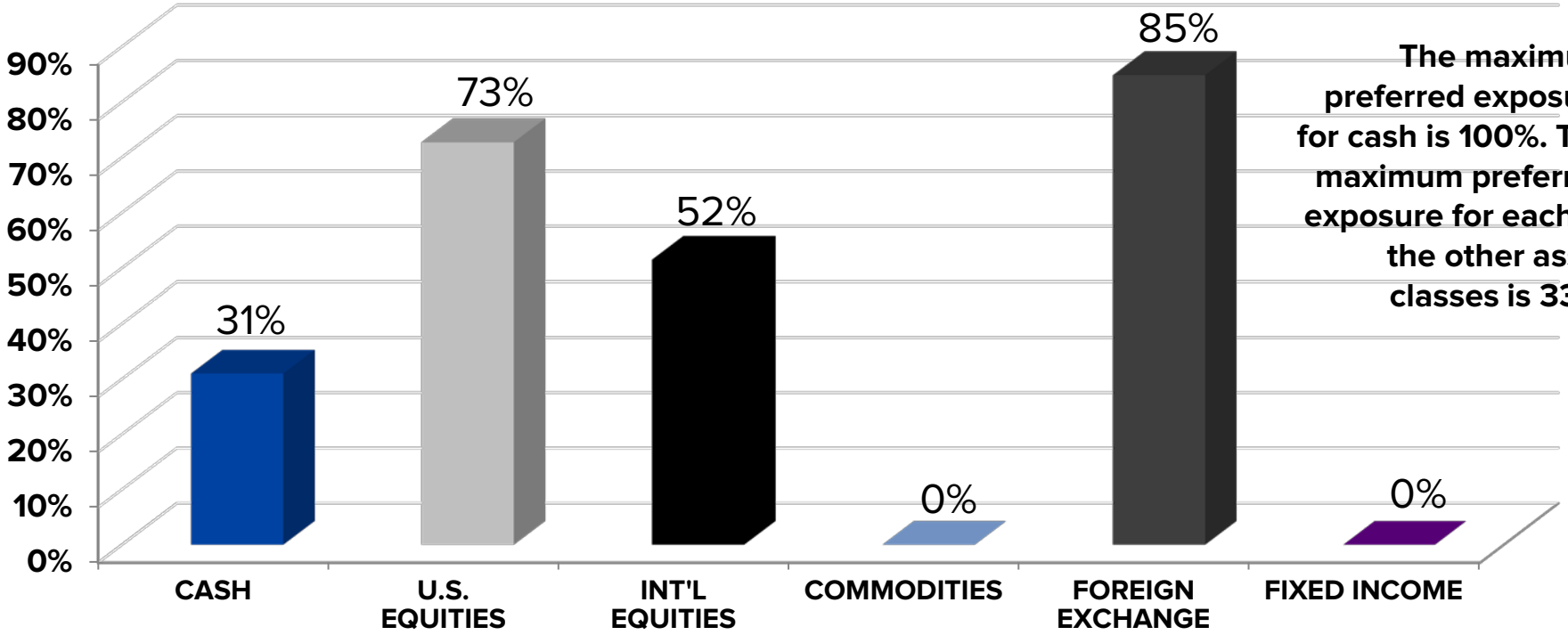
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/21/2017	35	22	16	0	27	0
3/22/2017	31	24	17	0	28	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/21/2017	35%	67%	48%	0%	82%	0%
3/22/2017	31%	73%	52%	0%	85%	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 VIX

2 NASDAQ

3 UST 10YR

VIX

All-front month VIX did yesterday was move back towards the top-end of our 10.69-12.87 risk range. Total U.S. Equity Volume was +12% vs. the 1-month average, so that registers as a potential 1-day concern, but at 2336, we will record our 1st immediate-term TRADE oversold signal in S&P 500 in March – good thing we raised Cash last week!

NASDAQ

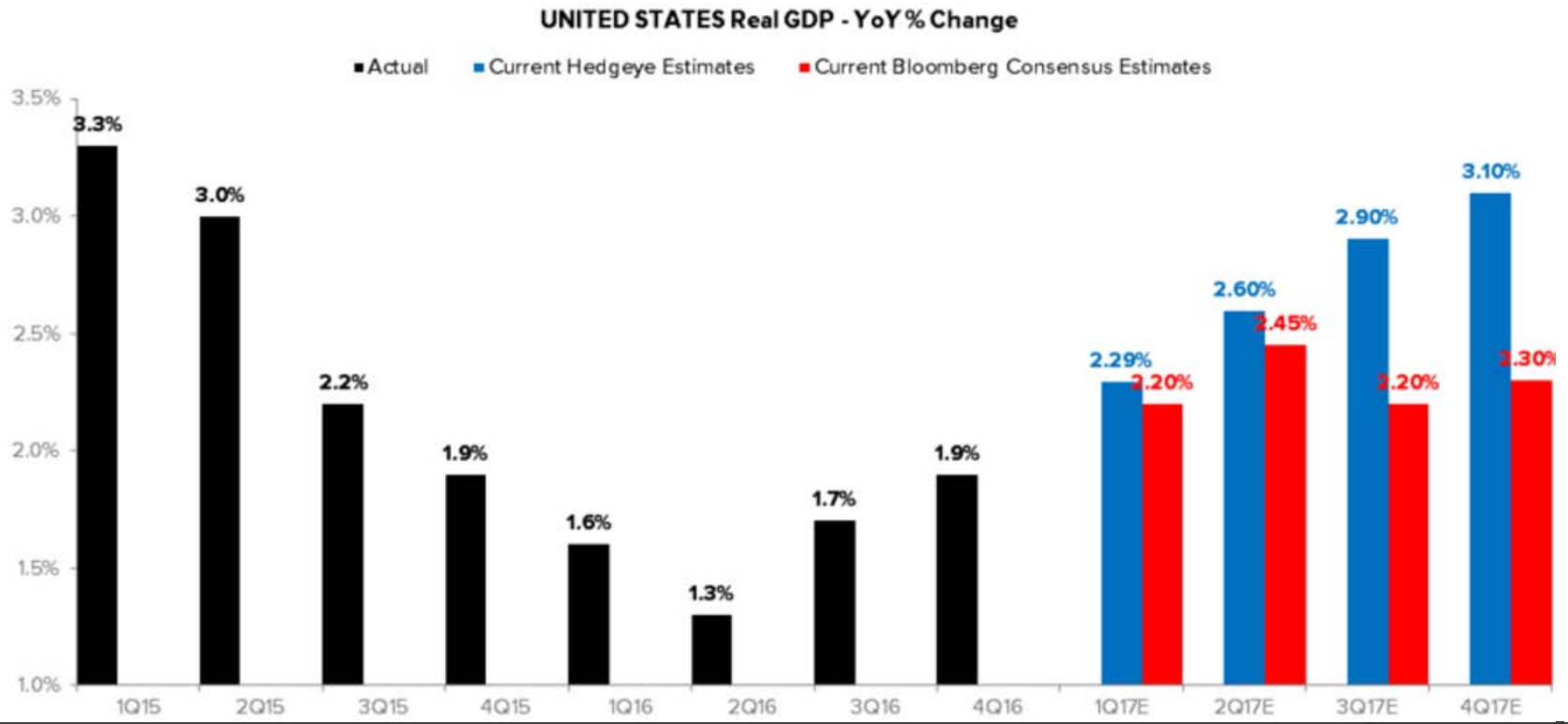
We signaled buy on the Financials (XLF) yesterday, and we'll signal buy on both the QQQ and SPY today (taking Cash position in the asset allocation model). While the Nasdaq has had corrections like the Financials just did (back in NOV-DEC), it really hasn't had one like yesterday all year long; buy or sell – bull or bear? From a price, bullish.

UST 10YR

Yield smashed down to where it’s been more than a few times in the last 2-3 months – every time it’s hit the 2.3-2.4% range and you bought the Financials (XLF) you made money. With our growth outlook, we’ll do that again instead of reading MSM headlines about Trump.

MACRO GRIND

MANIC MARKETS: A DATA DRIVEN OVERLAY HELPS



March 22, 2017

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10-YEAR GOVERNMENT YIELDS

COUNTRY	YIELD	1 DAY	1 MONTH
Germany »	0.41%	-5	+13
United Kingdom »	1.20%	-5	+0
France	1.05%	-4	+4
Italy	2.26%	-5	+7
Spain	1.72%	-6	+5
Netherlands	0.65%	-4	+6
Portugal	4.10%	-7	+17
Greece	7.20%	-3	+12
Switzerland	-0.08%	-3	+13

10-YEAR U.S. TREASURY YIELD INDEX

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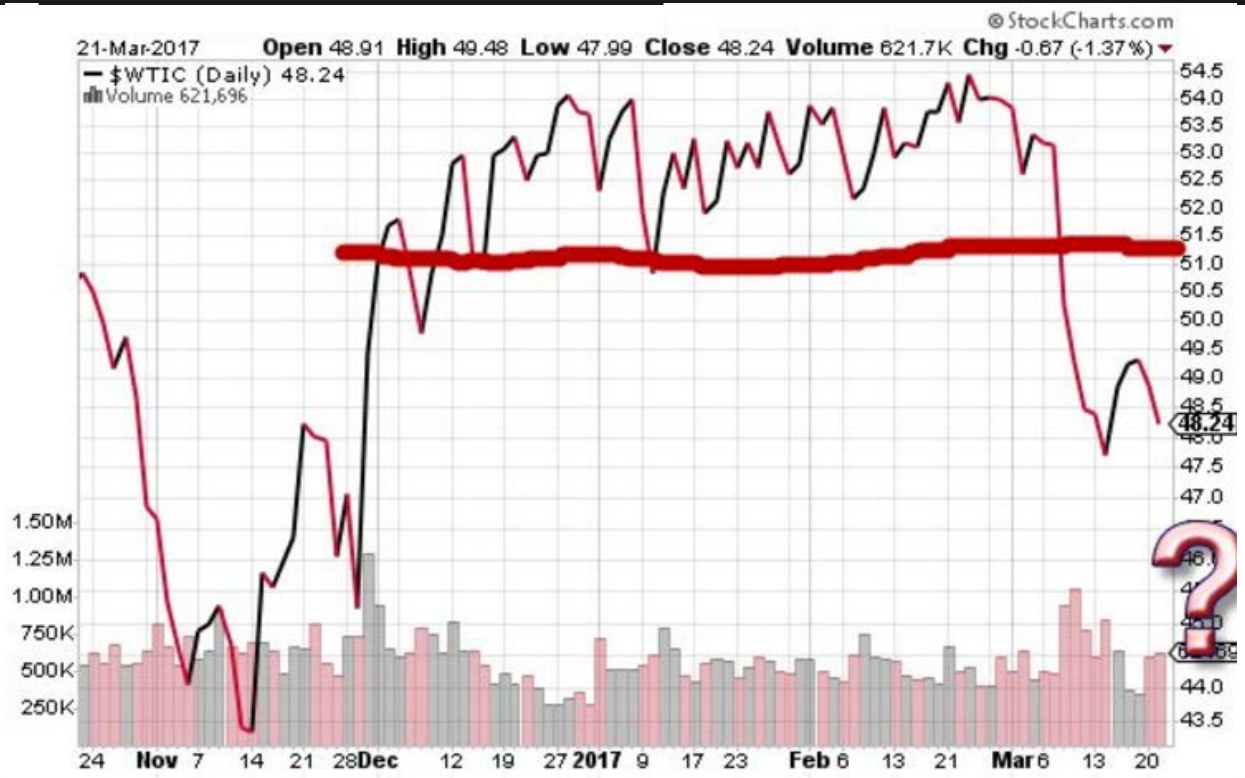
LIGHT CRUDE OIL



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	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	7.8%	7.1%	7.1%	8.6%	-9.2%	-11.7%	-23.1%	SPX	9.0%	-0.37	-0.04	42.5%	0.95	1.37	55.8%	1.89	2.11
Russell 2000	RTY	15.4%	14.7%	14.9%	13.5%	-9.7%	-14.4%	-19.1%	RTY	-12.0%	-0.74	-0.91	5.0%	0.11	-0.16	10.2%	0.57	0.02
Nasdaq 100	NDX	7.5%	7.7%	9.6%	8.6%	-19.4%	-27.4%	-35.6%	NDX	14.3%	-0.18	0.22	48.4%	1.45	1.96	29.7%	1.05	1.21
USD Index	UUP	7.1%	7.6%	7.7%	6.9%	-6.5%	-18.7%	-18.0%	UUP	-3.2%	-0.69	-0.63	14.2%	0.04	0.03	4.8%	-0.48	-0.42
Consumer Discret.	XLY	8.2%	7.6%	9.2%	8.8%	-16.7%	-24.9%	-31.9%	XLY	7.6%	-0.42	-0.10	48.2%	1.56	1.99	32.3%	1.15	1.37
Financials	XLF	16.5%	15.5%	16.6%	13.6%	-11.7%	-16.9%	-21.0%	XLF	-17.6%	-0.98	-0.95	1.4%	-0.10	-0.16	-0.2%	0.10	-0.25
Healthcare	XLV	9.5%	9.9%	10.5%	11.4%	-4.6%	-9.8%	-19.0%	XLV	20.3%	0.34	0.66	29.5%	1.26	1.49	23.2%	1.40	1.36
Technology	XLK	7.7%	7.8%	10.6%	9.2%	-15.9%	-22.7%	-29.6%	XLK	19.0%	0.07	0.47	46.6%	1.68	1.99	14.2%	0.48	0.46
Consumer Staples	XLP	6.4%	7.6%	9.8%	8.8%	-9.7%	-13.9%	-22.5%	XLP	37.4%	1.27	1.30	36.3%	1.95	1.87	5.8%	0.14	-0.04
Utilities	XLU	13.3%	12.5%	14.8%	12.1%	-9.6%	-14.1%	-22.5%	XLU	-9.6%	-0.71	-0.54	8.0%	0.86	0.93	-6.8%	-0.39	-0.35
Energy	XLE	16.5%	14.6%	17.5%	15.6%	-7.1%	-8.2%	-16.9%	XLE	-5.0%	-0.43	-0.45	22.7%	1.68	1.10	4.4%	0.86	0.15
Energy	XOP	26.3%	22.8%	30.6%	26.0%	-4.2%	-5.0%	-15.2%	XOP	-0.8%	-0.24	-0.23	22.9%	1.73	1.42	-6.1%	0.27	-0.25
Materials	XLB	11.8%	11.9%	11.4%	11.6%	-10.0%	-13.2%	-20.6%	XLB	-1.6%	-0.63	-0.40	14.9%	0.40	0.36	14.6%	0.67	0.40
Industrials	XLI	11.1%	10.1%	10.4%	11.2%	-5.7%	-10.4%	-16.7%	XLI	0.2%	-0.57	-0.33	29.4%	1.01	1.17	26.7%	1.48	1.24
Transports	IYT	15.4%	14.4%	14.7%	14.5%	-11.1%	-15.0%	-16.9%	IYT	-5.9%	-0.73	-0.65	16.3%	0.22	0.45	18.3%	0.48	0.62
WTI Crude Oil	USO	23.4%	23.2%	31.0%	27.2%	2.8%	-1.6%	-16.7%	USO	2.8%	0.49	0.41	24.8%	1.69	0.93	-1.0%	0.44	-0.30
Natural Gas	UNG	40.6%	45.3%	47.1%	36.3%	-5.4%	-15.8%	-18.6%	UNG	-10.6%	-0.82	-0.71	-19.3%	-1.13	-1.06	-22.9%	-1.43	-1.12
Gold	GLD	10.5%	11.0%	12.6%	10.8%	-9.9%	-18.6%	-24.1%	GLD	3.4%	-0.28	-0.23	13.9%	0.73	0.45	2.4%	0.04	-0.25
Silver	SLV	19.2%	18.0%	22.4%	17.1%	-12.1%	-21.8%	-26.5%	SLV	-10.4%	-1.16	-1.00	7.3%	0.38	-0.29	-10.8%	-1.93	-1.31
Copper	JJC	25.5%	26.1%	25.6%	23.3%	-2.1%	-6.0%	-8.6%	JJC	-8.5%	-0.37	-0.47	89.0%	1.89	2.68	-9.7%	-0.65	-0.82
Corn	CORN	14.5%	14.5%	15.1%	19.1%	1.9%	7.8%	3.2%	CORN	31.8%	0.88	0.53	47.8%	1.80	1.53	50.9%	1.52	1.54
Soybeans	SOYB	12.2%	14.7%	15.1%	14.0%	-24.3%	-34.2%	-34.2%	SOYB	14.7%	-0.53	-0.47	3.0%	-0.72	-0.71	24.1%	-0.38	-0.34
Wheat	WEAT	20.3%	20.3%	19.5%	16.0%	-39.8%	-46.7%	-44.4%	WEAT	-21.2%	-1.20	-1.01	-9.8%	-1.33	-0.88	-2.5%	-1.60	-0.81

*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	$86.05	-1.27%	-0.37%	5.71%
Financial Select Sector	XLF	$23.57	-2.89%	-3.95%	1.38%
Health Care Select Sector	XLV	$74.46	-0.77%	-0.71%	8.01%
Technology Select Sector	XLK	$52.61	-1.43%	0.50%	8.79%
Consumer Staples Select Sector	XLP	$55.04	-0.07%	-0.11%	6.44%
Industrial Select Sector	XLI	$64.56	-1.53%	-1.97%	3.76%
Materials Select Sector	XLB	$51.75	-1.66%	-0.96%	4.12%
The Energy Select Sector	XLE	$69.21	-0.77%	-3.04%	-8.11%
Utilities Select Sector	XLU	$51.61	1.39%	-0.31%	6.26%
S&P 500	SPX	2,344.02	-1.24%	-0.83%	4.70%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$86.05	-0.03%	0.46%	1.01%
Financial Select Sector	XLF	$23.57	-1.65%	-3.12%	-3.32%
Health Care Select Sector	XLV	$74.46	0.47%	0.12%	3.31%
Technology Select Sector	XLK	$52.61	-0.18%	1.33%	4.09%
Consumer Staples Select Sector	XLP	$55.04	1.17%	0.72%	1.74%
Industrial Select Sector	XLI	$64.56	-0.28%	-1.14%	-0.94%
Materials Select Sector	XLB	$51.75	-0.42%	-0.13%	-0.57%
The Energy Select Sector	XLE	$69.21	0.47%	-2.21%	-12.81%
Utilities Select Sector	XLU	$51.61	2.63%	0.52%	1.56%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-1.3%	-0.8%	-3.0%	1.3%	6.2%	2.6%
	Low Debt/EV	-1.3%	-0.7%	-1.2%	3.4%	7.4%	5.1%
SI	High Short Interest	-1.8%	-1.0%	-4.6%	-3.1%	2.6%	-1.1%
	Low Short Interest	-1.2%	-1.0%	-0.6%	4.0%	10.1%	5.1%
BETA	High Beta	-2.4%	-2.3%	-4.7%	0.4%	13.2%	2.5%
	Low Beta	-0.1%	0.6%	0.5%	4.9%	2.9%	4.7%
YIELD	High Yield	-0.9%	0.0%	-2.1%	-0.4%	0.6%	0.2%
	Low Yield	-1.5%	-1.3%	-3.1%	2.6%	5.6%	4.0%
MKT CAP	MCAP Bottom 25%	-1.6%	-1.0%	-4.5%	-3.0%	0.8%	-1.3%
	MCAP Top 25%	-1.1%	-0.9%	-0.5%	4.4%	11.1%	5.5%
Sales	Top 25% Sales Growth	-1.5%	-0.9%	-2.5%	1.6%	7.1%	3.2%
	Bottom 25% Sales Growth	-1.2%	-0.7%	-2.5%	0.0%	2.5%	1.2%
EPS	Top 25% EPS Growth	-1.7%	-0.7%	-3.6%	0.7%	7.9%	2.0%
	Bottom 25% EPS Growth	-1.0%	-0.5%	-2.3%	0.0%	2.0%	1.2%

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

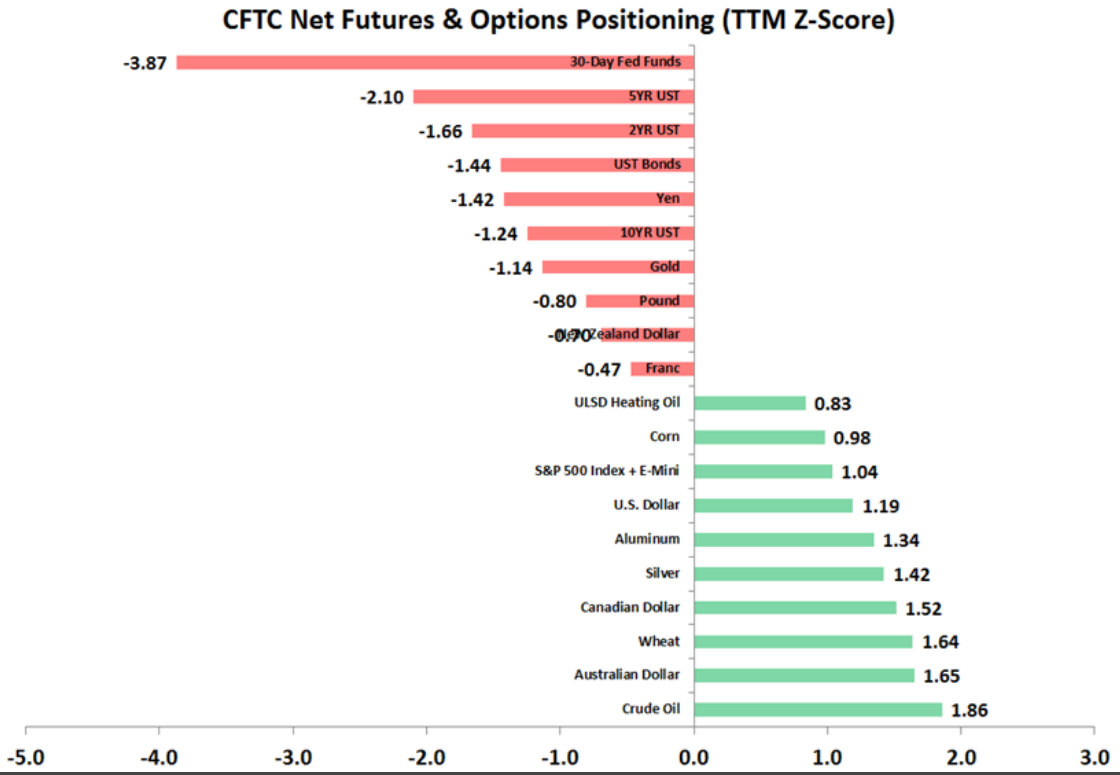
HEDGEYE RATES & SPREADS

	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	0.76%	3.1	-0.5	24	25	-2	60	60	64
3M LIBOR	1.16%	0.0	1.9	10	16	0	53	66	73
2Y T-Note	1.26%	-2.9	-11.7	5	7	-14	76	55	71
5Y T-Note	1.95%	-3.8	-18.2	3	-7	-20	106	42	62
10Y T-Note	2.42%	-4.3	-18.3	-1	-12	-22	110	28	27
30Y T-Note	3.03%	-4.3	-14.0	-1	-7	-18	95	16	1
2Y-10Y Spread, Bps	116	-1.5	-6.6	-6.5	-19	-8	34	-27	-44
IG SPREAD (AAABBB)	1.53%	0.0	-1.0	1	-1	-50	8	-16	-22
HIGH YIELD	6.06%	0.0	-16.4	8	-44	-195	33	-59	-50
5Y BREAKEVEN	1.97%	-3.0	0.5	-4.9	15.7	-10.3	72.2	41.5	25.1

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)	145,088	19,508	47,993	24,161	40,515	1.14X	1.65X
Russell 2000 (mini)	(22,513)	(12,196)	53,136	35,601	4,621	-0.61X	-0.04X
10Y Treasury	(197,951)	90,014	(321,668)	(168,253)	(75,913)	-0.70X	-1.14X
CRUDE OIL	500,159	(55,758)	527,117	458,947	408,867	1.12X	1.83X
GOLD	49,835	(44,058)	66,725	109,684	168,380	-1.51X	-0.65X
COPPER	22,591	(7,316)	44,009	32,651	7,423	0.47X	1.31X
$USD	47,699	(3,315)	49,074	45,443	29,587	0.98X	0.46X
JPY	(73,263)	(15,890)	(66,943)	(21,529)	14,310	-1.64X	-0.73X
EUR	(38,707)	20,059	(52,089)	(81,503)	(75,007)	1.08X	1.08X
GBP	(106,693)	(27,059)	(66,664)	(72,795)	(65,520)	-2.13X	-2.14X

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



March 22, 2017

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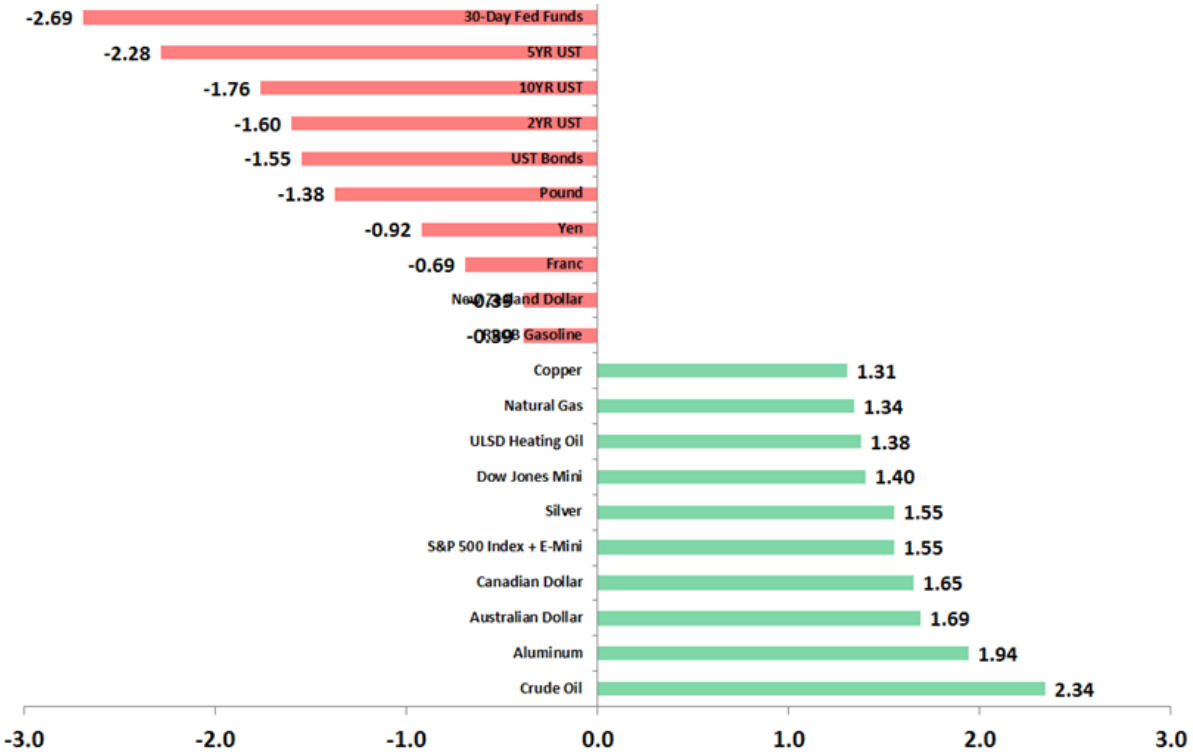
CFTC NET FUTURES & OPTIONS POSITIONING (3YR Z-SCORE)



March 22, 2017

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (3/21) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	21%	12%	23%	61%
Total Exchange Volume**	45%	18%	27%	22%

*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)

KEY $USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	0.24	0.41	-0.10	0.62	0.69	*0.95*	*-0.75*	*51%*	*49%*
BRENT Oil	0.63	0.24	0.13	0.44	0.72	*0.77*	*-0.78*	*50%*	*50%*
CRB Index	-0.32	-0.25	-0.32	0.44	0.76	*0.83*	*-0.86*	*28%*	*72%*
GOLD	-0.36	-0.36	-0.66	-0.82	-0.93	*0.90*	*-0.97*	*17%*	*83%*

**Days = Trading Days*