THE MACRO SHOW

JANUARY 19, 2017

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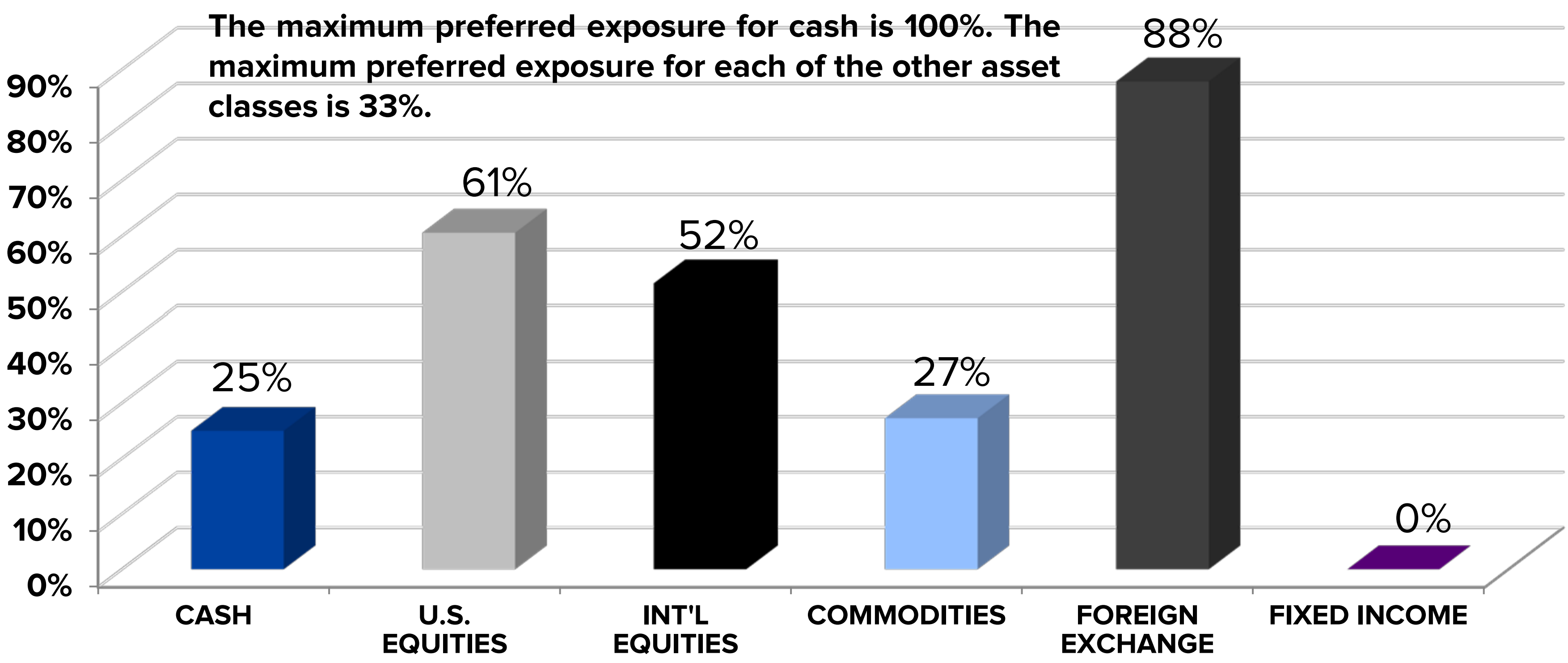
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/18/2017	25	20	17	9	29	0
1/19/2017	25	20	17	9	29	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/18/2017	25%	61%	52%	27%	88%	0%
1/19/2017	25%	61%	52%	27%	88%	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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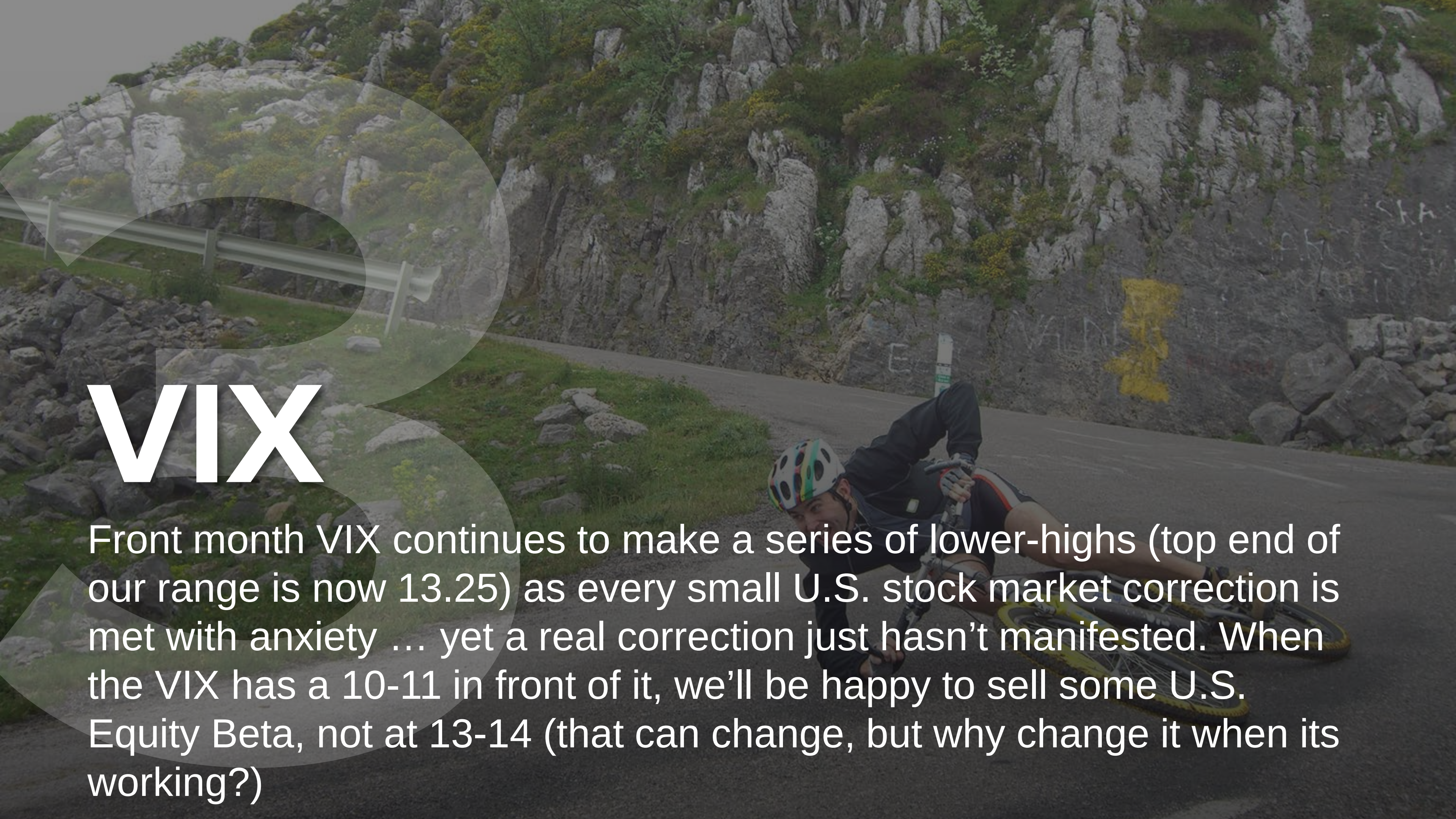
1 UST 10YR
2 YEN
3 VIX

UST 10YR

Nice pop for both the Financials (BAC) and the UST 10YR Yield (popping from 2.33% to 2.44%) on the #1 catalyst for our current macro view: The Data! That was the 1st POSITIVE y/y IP growth report in 15 months and a 32 month high for the CPI.

YEN

The Yen had its counter-TREDN rally but sold off (again) right where it should have (risk range = 112.50-117.75 vs USD) to 114.63 and the Nikkei loved that, rallying another +0.9% overnight (long Japanese Equities = bullish TREND @Hedgeye).

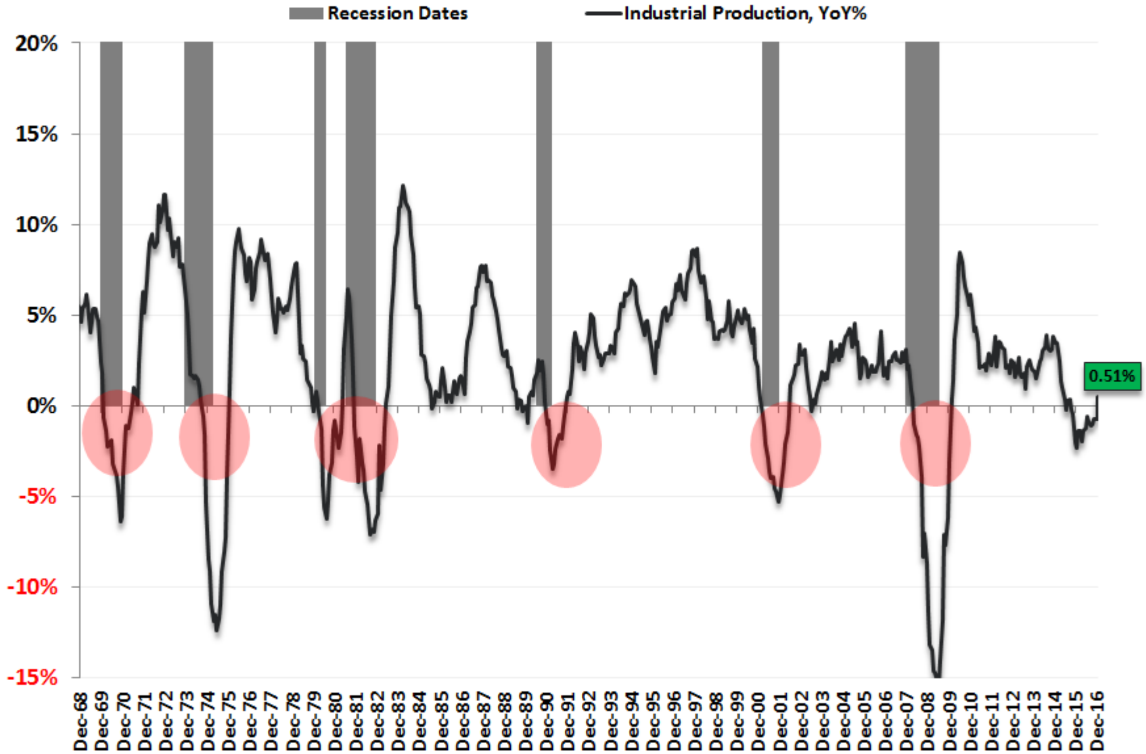


VIX

Front month VIX continues to make a series of lower-highs (top end of our range is now 13.25) as every small U.S. stock market correction is met with anxiety … yet a real correction just hasn't manifested. When the VIX has a 10-11 in front of it, we'll be happy to sell some U.S. Equity Beta, not at 13-14 (that can change, but why change it when its working?)

MACRO GRIND

INDUSTRIAL PRODUCTION



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10-YEAR U.S. TREASURY YIELD

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10-YEAR GOVERNMENT BOND YIELDS

Europe, Middle East & Africa

COUNTRY	YIELD	1 DAY
Germany »	0.39%	+4
United Kingdom »	1.39%	+6
France	0.87%	+5
Italy	1.99%	+5
Spain	1.48%	+5
Netherlands	0.50%	+4
Portugal	3.81%	+2
Greece	6.94%	-5
Switzerland	-0.17%	+3

Asia Pacific

COUNTRY	YIELD	1 DAY
Japan »	0.07%	+2
Australia »	2.76%	+8
New Zealand	3.18%	+10
Hong Kong	1.65%	+3
Singapore	2.35%	+5

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LONDON FINANCIAL TIMES INDEX

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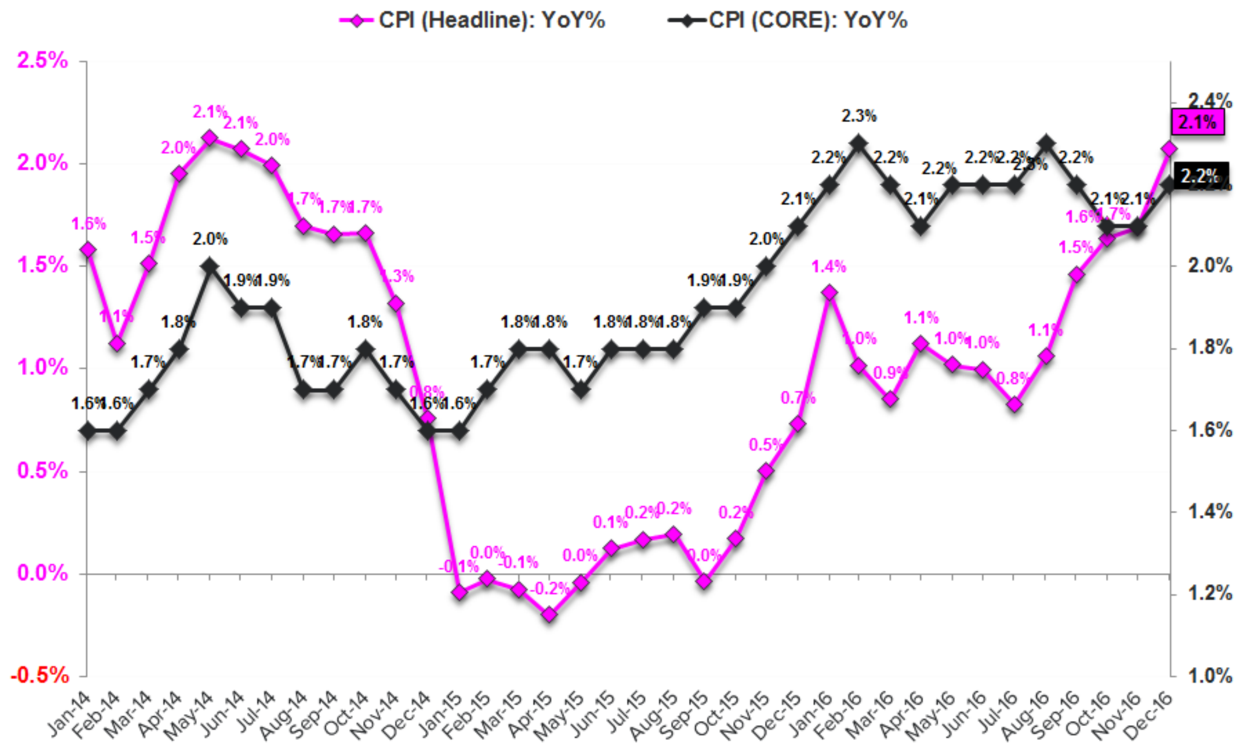
CPI: HEADLINE & CORE



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EARNINGS SEASON #ACCELERATING

Q4 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.6%	10.3%	34 / 500
Energy	0.0%	0.0%	0 / 35
Materials	19.4%	285.7%	1 / 25
Industrials	8.0%	-20.4%	6 / 67
Consumer Discretionary	5.7%	8.4%	7 / 82
Consumer Staples	-1.2%	5.0%	5 / 37
Healthcare	9.0%	1.2%	1 / 60
Financials	3.5%	14.1%	7 / 63
Information Technology	8.3%	7.2%	7 / 66
Telecom	0.0%	0.0%	0 / 5
Utilities	0.0%	0.0%	0 / 28
Real Estate	0.0%	0.0%	0 / 29

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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.
S&P 500	SPX	7.5%	8.5%	9.4%	9.3%	-10.5%	-21.0%	-20.3%
Russell 2000	RTY	14.4%	16.5%	16.0%	16.9%	0.2%	-3.6%	0.5%
Nasdaq	NDX	9.0%	12.4%	12.1%	12.4%	-9.4%	-14.9%	-12.5%
USD Index	UUP	9.4%	8.1%	7.3%	8.7%	-7.1%	-2.2%	4.7%
Energy	XLE	11.7%	18.0%	19.3%	16.5%	-10.0%	-16.3%	-16.5%
Energy	XOP	18.7%	33.9%	33.4%	27.0%	-8.2%	-16.8%	-18.0%
Materials	XLB	10.2%	10.9%	12.0%	12.8%	-9.4%	-15.0%	-16.2%
Industrials	XLI	10.2%	11.8%	11.9%	12.7%	-6.2%	-9.3%	-7.3%
Transports	IYT	14.1%	14.1%	13.4%	17.8%	-0.7%	0.4%	0.9%
WTI Crude Oil	USO	26.2%	36.3%	34.6%	29.2%	0.4%	-16.8%	-19.6%
Natural Gas	UNG	59.0%	54.6%	47.9%	48.2%	-1.3%	-2.2%	8.9%
Gold	GLD	12.5%	13.5%	13.2%	14.3%	-0.5%	-5.8%	-5.2%
Silver	SLV	22.6%	24.0%	23.9%	22.6%	-8.1%	-8.7%	-9.2%
Copper	JJC	25.0%	26.3%	23.3%	25.7%	-2.2%	-5.3%	1.5%
Corn	CORN	13.4%	16.7%	18.3%	16.7%	-3.9%	-7.5%	-18.2%
Soybeans	SOYB	18.4%	16.5%	15.9%	21.7%	-0.8%	1.0%	-2.8%
Wheat	WEAT	18.5%	18.4%	19.1%	26.1%	-24.9%	-13.9%	-16.9%

**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*

IMPLIED** VS. REALIZED VOLATILITY

	30 Day			60 Day			3 Month		
		Z-Score			Z-Score			Z-Score	
Ticker	Premium	TTM	3Yr	Premium	TTM	3Yr	Premium	TTM	3Yr
SPX	26.3%	0.37	0.64	26.6%	0.75	0.84	24.4%	0.90	0.72
RTY	17.0%	0.66	0.56	6.1%	0.28	-0.09	15.2%	0.95	0.31
NDX	37.2%	0.90	1.23	10.2%	0.16	0.25	23.7%	0.91	0.92
UUP	-7.6%	-0.93	-0.85	10.9%	-0.09	-0.18	26.2%	0.96	0.56
XLE	41.7%	2.10	1.76	-4.3%	0.07	-0.38	-4.9%	0.21	-0.38
XOP	44.2%	2.02	2.18	-15.0%	-0.75	-0.99	-9.4%	-0.11	-0.50
XLB	24.9%	0.62	0.59	22.4%	0.95	0.73	19.4%	1.21	0.66
XLI	25.1%	0.52	0.74	7.6%	0.15	0.11	14.4%	0.81	0.52
IYT	26.5%	0.52	0.81	28.5%	0.91	1.19	40.0%	1.96	2.19
USO	0.4%	0.43	0.17	-19.0%	-1.08	-1.36	-13.3%	-0.62	-0.95
UNG	-18.3%	-1.43	-0.89	-15.4%	-1.17	-0.89	-9.0%	-0.80	-0.62
GLD	14.3%	0.48	0.35	10.7%	0.51	0.31	12.7%	0.72	0.47
SLV	0.0%	-0.37	-0.60	-2.2%	-0.89	-0.77	0.3%	-0.80	-0.69
JJC	2.9%	-0.25	-0.28	-3.1%	-0.46	-0.54	5.6%	-0.22	-0.25
CORN	24.5%	0.38	0.21	11.1%	-0.18	-0.44	5.0%	-0.51	-0.77
SOYB	17.5%	-0.54	-0.46	15.6%	-0.53	-0.49	13.0%	-0.53	-0.55
WEAT	40.8%	-0.41	-0.18	57.3%	-0.16	0.17	57.7%	0.00	0.35

*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	$83.95	-0.18%	3.13%	3.13%
Financial Select Sector	XLF	$23.14	0.83%	-0.47%	-0.47%
Health Care Select Sector	XLV	$70.47	-0.13%	2.22%	2.22%
Technology Select Sector	XLK	$49.60	0.26%	2.56%	2.56%
Consumer Staples Select Sector	XLP	$52.43	0.34%	1.39%	1.39%
Industrial Select Sector	XLI	$62.97	0.38%	1.21%	1.21%
Materials Select Sector	XLB	$50.96	0.63%	2.54%	2.54%
The Energy Select Sector	XLE	$74.67	-0.23%	-0.86%	-0.86%
Utilities Select Sector	XLU	$48.98	-0.12%	0.84%	0.84%
S&P 500	SPX	2,271.89	0.18%	1.48%	1.48%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$83.95	-0.35%	1.66%	1.66%
Financial Select Sector	XLF	$23.14	0.65%	-1.95%	-1.95%
Health Care Select Sector	XLV	$70.47	-0.30%	0.74%	0.74%
Technology Select Sector	XLK	$49.60	0.09%	1.09%	1.09%
Consumer Staples Select Sector	XLP	$52.43	0.17%	-0.08%	-0.08%
Industrial Select Sector	XLI	$62.97	0.21%	-0.27%	-0.27%
Materials Select Sector	XLB	$50.96	0.46%	1.06%	1.06%
The Energy Select Sector	XLE	$74.67	-0.40%	-2.34%	-2.34%
Utilities Select Sector	XLU	$48.98	-0.30%	-0.63%	-0.63%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.1%	0.5%	0.7%	9.1%	7.2%	1.5%
	Low Debt/EV	0.1%	0.2%	1.0%	4.4%	2.5%	2.5%
SI	High Short Interest	0.2%	0.2%	0.2%	6.4%	5.4%	1.8%
	Low Short Interest	0.3%	0.3%	0.9%	7.5%	6.1%	2.0%
BETA	High Beta	0.4%	-0.2%	0.5%	12.8%	16.3%	2.2%
	Low Beta	0.0%	0.9%	0.9%	1.8%	-4.1%	1.0%
YIELD	High Yield	0.0%	0.5%	-0.2%	4.0%	-0.1%	0.7%
	Low Yield	0.2%	0.0%	1.6%	5.7%	5.9%	2.9%
MKT CAP	MCAP Bottom 25%	0.1%	0.2%	-0.3%	4.9%	1.5%	1.5%
	MCAP Top 25%	0.3%	0.1%	0.9%	8.2%	7.6%	1.7%
Sales	Top 25% Sales Growth	0.1%	0.1%	1.1%	5.6%	5.5%	2.5%
	Bottom 25% Sales Growth	0.3%	0.5%	0.3%	6.4%	3.4%	1.6%
EPS	Top 25% EPS Growth	0.4%	0.1%	1.4%	8.8%	9.9%	2.5%
	Bottom 25% EPS Growth	0.2%	0.4%	0.2%	6.0%	2.3%	1.3%

**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	0.52%	0.0	1.5	3	19	-3	37	39	42
3M LIBOR	1.02%	0.0	0.3	3	14	0	41	58	62
2Y T-Note	1.22%	6.5	3.2	-4	42	-8	72	55	70
5Y T-Note	1.93%	10.8	4.3	-14	70	-19	104	43	64
10Y T-Note	2.42%	9.7	5.0	-17	68	-22	111	27	30
30Y T-Note	3.01%	7.5	5.1	-17	50	-21	92	10	-2
2Y-10Y Spread, Bps	121	3.4	2.0	-13.2	27	-13	38	-29	-41
IG SPREAD (AAABBB)	1.52%	0.0	-3.0	-4	-7	-78	5	-17	-25
HIGH YIELD	6.20%	0.0	2.7	-33	-15	-313	14	-44	-41
5Y BREAKEVEN	1.92%	0.5	1.0	16.0	34.1	-2.5	106.5	36.7	20.0

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CFTC NON-COMMERCIAL NET LONG POSITIONING

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)	14,181	(67,243)	(16,460)	59,714	(3,999)	*0.14X*	*0.46X*
Russell 2000 (mini)	83,293	(10,479)	42,219	25,015	(11,615)	*2.10X*	*3.40X*
10Y Treasury	(386,239)	(32,670)	(158,438)	(30,226)	(19,844)	*-2.65X*	*-3.29X*
CRUDE OIL	483,875	(15,160)	427,395	386,309	360,522	*1.74X*	*2.03X*
GOLD	54,399	19,839	102,192	172,985	170,037	*-1.46X*	*-0.60X*
COPPER	47,633	3,259	36,680	14,730	(4,185)	*1.74X*	*2.86X*
$USD	53,060	(1,235)	52,603	34,880	27,127	*1.50X*	*0.77X*
JPY	(81,368)	3,412	(19,896)	16,241	33,069	*-2.77X*	*-0.83X*
EUR	(60,431)	2,716	(103,113)	(101,436)	(80,039)	*0.58X*	*0.61X*
GBP	(62,642)	(2,533)	(71,530)	(77,874)	(59,270)	*-0.15X*	*-1.10X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (1/18) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	0%	32%	22%	44%
Total Exchange Volume**	-8%	2%	-13%	-14%

*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	-0.53	-0.24	0.82	0.71	0.76	*0.95*	*-0.91*	*48%*	*52%*
BRENT Oil	0.32	0.24	0.62	0.68	0.52	*0.77*	*-0.78*	*46%*	*54%*
CRB Index	-0.78	-0.61	0.86	0.68	0.54	*0.83*	*-0.89*	*24%*	*76%*
GOLD	-0.90	-0.81	-0.96	-0.97	-0.80	*0.90*	*-0.97*	*16%*	*84%*

**Days = Trading Days*