THE MACRO SHOW

JANUARY 4, 2017

LEGAL

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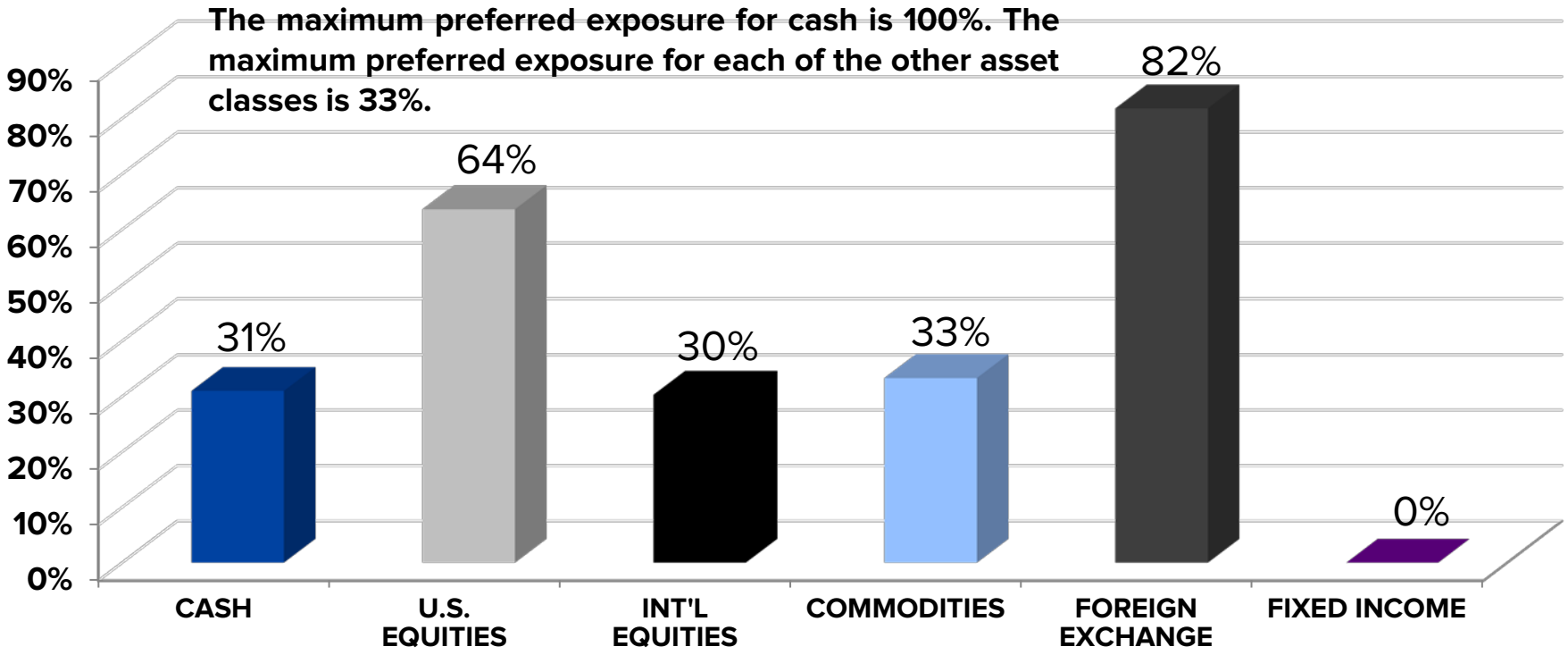
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/3/2016	26	23	10	11	29	1
1/4/2016	31	21	10	11	27	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/3/2016	26%	70%	30%	33%	88%	3%
1/4/2016	31%	64%	30%	33%	82%	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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THE MACRO SHOW

HEDGEYE TV

1 JAPAN

2 OIL

3 GOLD

JAPAN

ISM accelerates, Dollar Rallies, Yen Weakens = Nikkei +2.5% to start 2017, but signals immediate-term TRADE overbought within our bullish intermediate-term TREND view. We currently have both USA and Japan in Quad 2.

OIL

Wild ride yesterday, but we wouldn’t stress about it unless Oil’s Volatility (OVX) can sustain a level higher than 34-35. WTI’s risk range continues to narrow (that’s bullish for price, provided that the volatility regime change continues to be bearish) = $51.56-54.56/barrel. Natural Gas is signaling immediate-term oversold at $3.28 too.

GOLD

Unlike Oil, Gold on an intermediate-term TREND duration continues to signal a series of lower-highs with immediate-term downside to $1121/oz. It’s signaling overbought again today, so we would short both Gold and Long-term U.S. Treasuries here).

MACRO GRIND

2016 YEAR-END SCORE

G-20 END OF YEAR 2016 CLOSING PRICES							
COUNTRY (G20)	BENCHMARK EQUITY INDEX	PRICE	CURRENCY	PRICE	10Y BOND YIELD	COMMODITIES	PRICE
Argentina	ARGENTINA MERVAL INDEX	16,917.86	Argentine Peso Spot	15.88	-	Thomson Reuters/Jeffries CRB Commodity Index	192.51
Australia	ALL ORDINARIES INDX	5,719.10	Australian Dollar Spot	0.72	2.77%	Front-month Aluminum	12,765.00
Brazil	BRAZIL IBOVESPA INDEX	60,227.29	Brazilian Real Spot	3.26	11.40%	Front-month Cocoa	2,126.00
Canada	S&P/TSX COMPOSITE INDEX	15,287.59	Canadian Dollar Spot	1.34	1.72%	Front-month Coffee	137.05
China	SHANGHAI SE COMPOSITE	3,103.64	China Renminbi Spot	6.95	3.06%	Front-month High Grade Copper	250.55
France	CAC 40 INDEX	4,862.31	Euro Spot	1.05	0.69%	Front-month Corn	352.00
Germany	DAX INDEX	11,481.06	Euro Spot	1.05	0.21%	Front-month Cotton	70.65
India	S&P BSE SENSEX INDEX	26,626.46	Indian Rupee Spot	67.92	6.52%	Front-month Gold	1,151.70
Indonesia	JAKARTA COMPOSITE INDEX	5,296.71	Indonesian Rupiah Spot	13,473.00	7.97%	Front-month WTI Crude Oil	53.72
Italy	FTSE MIB INDEX	19,234.58	Euro Spot	1.05	1.82%	Front-month Brent Crude Oil	56.82
Japan	NIKKEI 225	19,114.37	Japanese Yen Spot	116.96	0.05%	Front-month Heating Oil (NY Harbor)	170.43
Mexico	DJ MEXICO STOCK INDEX	3,017.61	Mexican Peso Spot	20.73	7.44%	Front-month Lean Hogs	66.15
Russia	RUSSIAN RTS INDEX $	1,152.33	Russian Ruble Spot	61.54	8.46%	Front-month Live Cattle	119.00
Saudi Arabia	TADAWUL ALL SHARE INDEX	7,210.43	Saudi Riyal Spot	3.75	-	Front-month Lumber	316.60
South Africa	FTSE/JSE AFRICA TOP40 IX	43,901.99	S. African Rand Spot	13.74	8.92%	Front-month Natural Gas	3.72
South Korea	KOSPI INDEX	2,026.46	South Korean Won Spot	1,205.83	2.09%	Front-month Nickel	9,975.00
Spain	IBEX 35 INDEX	9,352.10	Euro Spot	1.05	1.38%	Front-month Orange Juice	198.10
Turkey	BIST 100 INDEX	78,138.66	Turkish Lira Spot	3.52	5.86%	Front-month Gasoline (RBOB)	166.51
United Kingdom	FTSE 100 INDEX	7,142.83	British Pound Spot	1.23	1.24%	Front-month Silver	15.99
United States	**S&P 500 INDEX**	**2,238.83**	**US Dollar Index**	**102.21**	-	Front-month Soybeans	996.50
United States	**DOW JONES INDUS. AVG**	**19,762.60**		**UST 2Y Yield**	**1.19%**	Front-month Sugar	19.51
United States	**NASDAQ COMPOSITE INDEX**	**5,383.12**		**UST 10Y Yield**	**2.44%**	Front-month Wheat	408.00
United States	**RUSSELL 2000 INDEX**	**1,357.13**		**UST 30Y Yield**	**3.07%**	National Average Regular Unleaded Gasoline Price	2.34

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HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$81.88	0.59%	0.59%	0.59%
Financial Select Sector	XLF	$23.51	1.12%	1.12%	1.12%
Health Care Select Sector	XLV	$69.84	1.31%	1.31%	1.31%
Technology Select Sector	XLK	$48.79	0.89%	0.89%	0.89%
Consumer Staples Select Sector	XLP	$51.90	0.37%	0.37%	0.37%
Industrial Select Sector	XLI	$62.59	0.59%	0.59%	0.59%
Materials Select Sector	XLB	$49.99	0.58%	0.58%	0.58%
The Energy Select Sector	XLE	$76.17	1.13%	1.13%	1.13%
Utilities Select Sector	XLU	$48.4[illegible]	-0.25%	-0.25%	-0.25%
S&P 500	SPX	2,257.83	0.85%	0.85%	0.85%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$81.88	-0.26%	-0.26%	-0.26%
Financial Select Sector	XLF	$23.51	0.27%	0.27%	0.27%
Health Care Select Sector	XLV	$69.84	0.46%	0.46%	0.46%
Technology Select Sector	XLK	$48.79	0.04%	0.04%	0.04%
Consumer Staples Select Sector	XLP	$51.90	-0.48%	-0.48%	-0.48%
Industrial Select Sector	XLI	$62.59	-0.25%	-0.25%	-0.25%
Materials Select Sector	XLB	$49.99	-0.27%	-0.27%	-0.27%
The Energy Select Sector	XLE	$76.17	0.28%	0.28%	0.28%
Utilities Select Sector	XLU	$48.45	-1.10%	-1.10%	-1.10%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	1.2%	0.0%	2.4%	6.4%	11.4%	0.9%
	Low Debt/EV	0.9%	-0.3%	1.8%	1.5%	4.5%	0.9%
SI	High Short Interest	1.1%	-0.3%	1.4%	4.2%	9.9%	1.1%
	Low Short Interest	1.1%	-0.1%	2.2%	5.1%	8.5%	0.7%
BETA	High Beta	1.5%	-0.3%	1.9%	9.8%	23.5%	1.2%
	Low Beta	0.2%	0.0%	3.2%	-0.2%	-4.3%	0.2%
YIELD	High Yield	0.9%	0.3%	2.5%	2.4%	3.3%	0.5%
	Low Yield	1.2%	-0.1%	1.8%	2.1%	8.5%	1.2%
MKT CAP	MCAP Bottom 25%	1.1%	0.0%	0.2%	1.8%	4.6%	0.7%
	MCAP Top 25%	1.0%	-0.2%	2.7%	6.4%	10.3%	1.0%
Sales	Top 25% Sales Growth	1.1%	-0.2%	1.9%	2.8%	6.9%	1.1%
	Bottom 25% Sales Growth	1.2%	0.3%	2.1%	4.6%	8.3%	0.9%
EPS	Top 25% EPS Growth	1.1%	-0.2%	2.4%	5.3%	11.4%	1.1%
	Bottom 25% EPS Growth	1.1%	0.2%	2.0%	3.7%	5.1%	0.7%

**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	0.52%	-1.0	-2.0	3	17	-4	36	39	42
3M LIBOR	1.00%	0.0	0.0	5	13	0	39	57	60
2Y T-Note	1.22%	2.6	-4.0	12	39	-8	72	57	71
5Y T-Note	1.95%	1.5	-5.4	12	72	-17	106	45	67
10Y T-Note	2.45%	0.0	-6.4	6	76	-19	114	29	33
30Y T-Note	3.05%	-1.9	-4.7	-2	64	-16	96	13	2
2Y-10Y Spread, Bps	124	-2.1	-1.9	-5.2	37	-10	41	-28	-38
IG SPREAD (AAABBB)	1.50%	0.0	-5.0	-14	-13	-80	0	-19	-28
HIGH YIELD	6.19%	-22.2	-23.0	-53	2	-314	3	-45	-43
5Y BREAKEVEN	1.90%	3.4	2.9	12.0	41.2	-0.1	104.1	34.3	17.7

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)	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	(5,26[illegible])	*-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*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (1/3) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	22%	30%	26%	44%
Total Exchange Volume**	31%	11%	6%	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	0.53	0.65	0.76	0.67	0.74	*0.95*	*-0.91*	*49%*	*51%*
BRENT Oil	0.16	0.49	0.64	0.64	0.48	*0.77*	*-0.78*	*46%*	*54%*
CRB Index	-0.04	0.34	0.87	0.64	0.39	*0.83*	*-0.89*	*21%*	*79%*
GOLD	-0.29	-0.78	-0.97	-0.96	-0.75	*0.90*	*-0.97*	*16%*	*84%*

**Days = Trading Days*

OTHER KEY METRICS

METRIC	PRICE	1D % Chg	5D % Chg	1M % Chg	3M % Chg	MTD % Chg	YTD % Chg	vs. 52-Wk High	vs. 52-Wk Low
Brent Oil	$55.47	-2.38%	-1.33%	1.85%	9.04%	-2.0%	-2.0%	-5%	105%
Gold	$1,159	0.99%	1.50%	-1.58%	-8.64%	0.8%	0.8%	-16%	8%
VIX	$12.85	-8.48%	-0.77%	-8.99%	-5.72%	-8.5%	-8.5%	-60%	18%