THE MACRO SHOW

FEBRUARY 14, 2017

LEGAL

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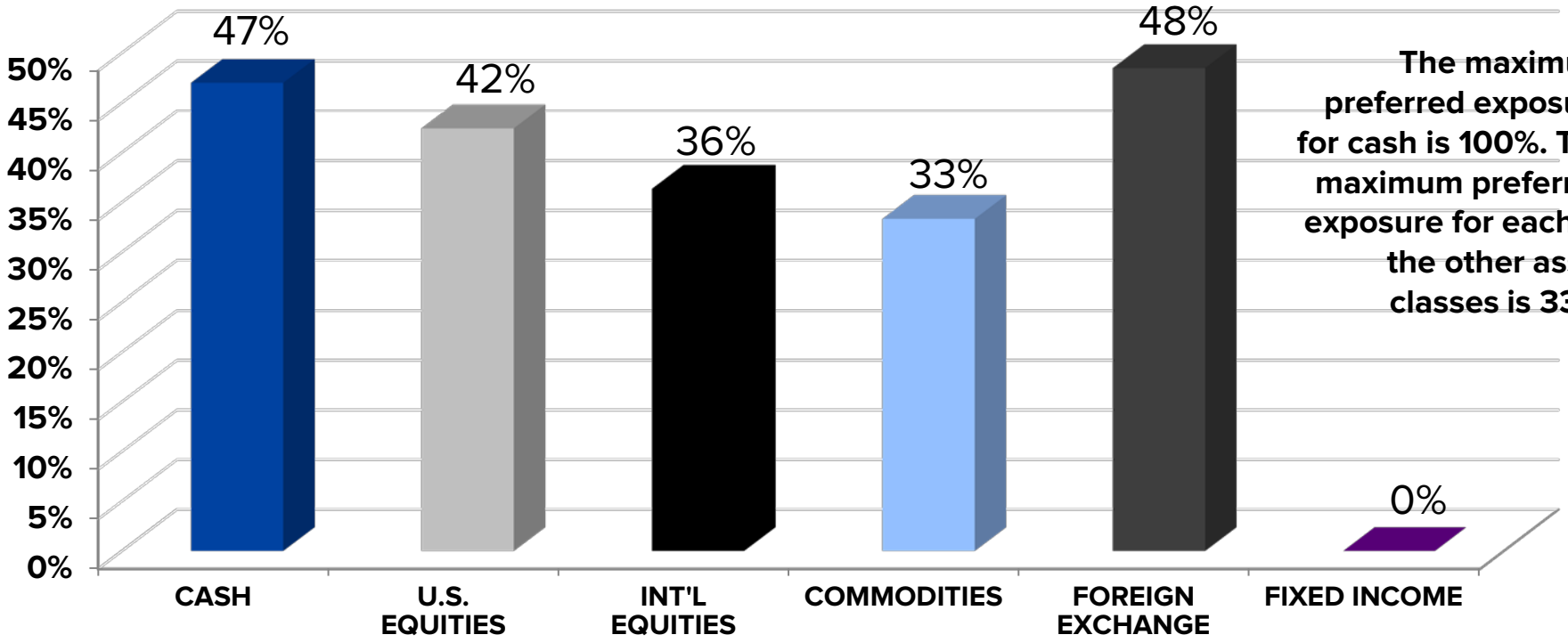
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/13/2017	45	15	13	10	17	0
2/14/2017	47	14	12	11	16	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/13/2017	45%	45%	39%	30%	52%	0%
2/14/2017	47%	42%	36%	33%	48%	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 FINANCIALS

2 EUROPE

3 COPPER

FINANCIALS

The last long that we left on this list finally blasted the bears yesterday, ramping +1.1% on the day (XLF), and signaled immediate-term TRADE overbought in doing so. The XLF will open this morning with an implied volatility DISCOUNT of -5%; hard not to make sales when an implied volatility premium gets smashed into a discount position.

EUROPE

Unlike U.S. Equities, European stocks aren’t making fresh all-time highs, daily. With the Euro signaling immediate-term TRADE oversold yesterday vs. USD at $1.05 (risk range = 1.05-1.08), EuroStoxx50 and DAX are both signaling immediate-term TRADE overbought this morning as Greece continues lower -0.7% (-4.1% in the last month).

COPPER

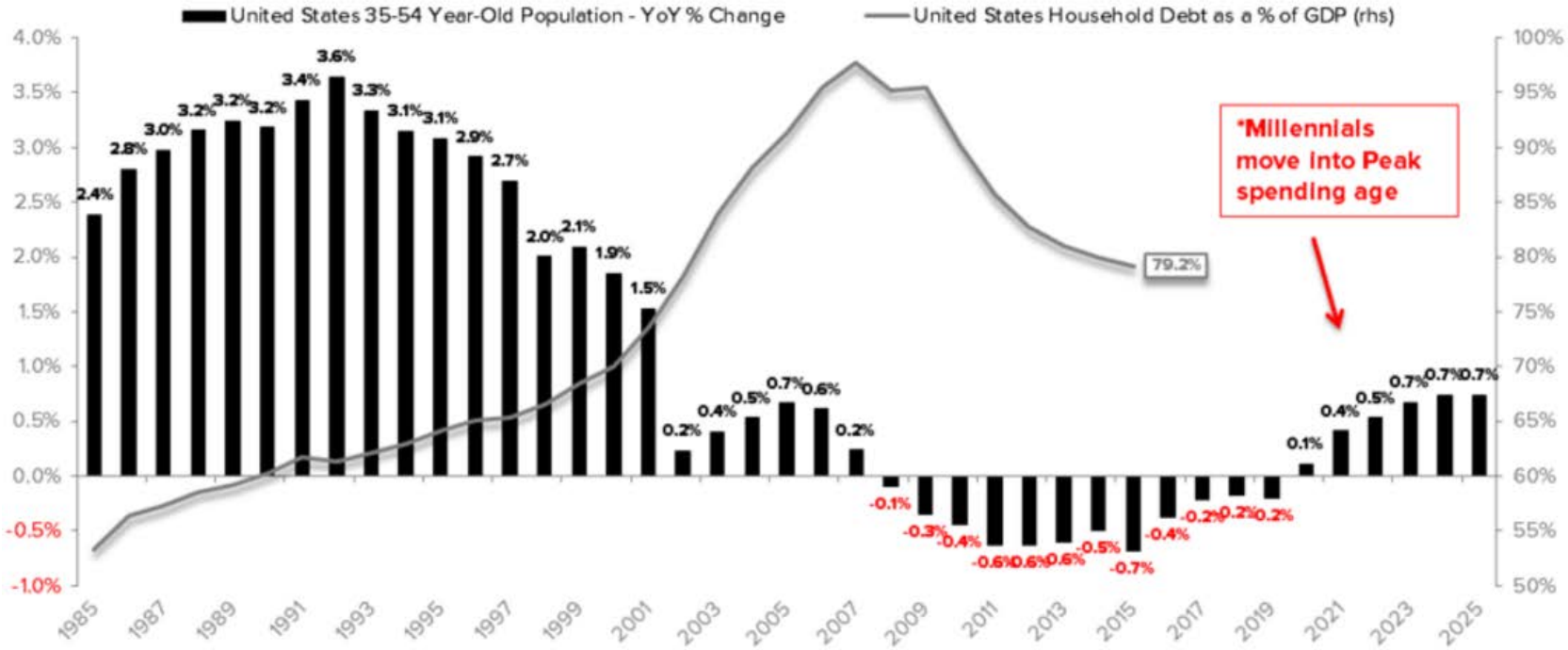
The Doctor finally flashes a big implied volatility DISCOUNT of -18.8% (vs. 30-day realized volatility), so that’s clean cut overbought at $2.80/lb as well ahead of what should be a hawkish PPI report in the USA this morning.

MACRO GRIND

FISHING FOR URGENCY?

UNITED STATES

PRIVATE SECTOR DELEVERAGING SHOULD BEGIN TO DISSIPATE IN 2-3 YEARS AS MILLENNIALS START TO COUNTERBALANCE THE SLOWDOWN IN BABY BOOMER DEMAND.



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HEDGEYE TV

GREECE (ATHENS) GENERAL SHARE

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EURO STOXX 50 INDEX

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EARNINGS SEASON

Q4 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.4%	5.2%	357 / 500
Energy	1.2%	-10.1%	19 / 35
Materials	5.2%	5.0%	19 / 25
Industrials	2.3%	-5.8%	58 / 67
Consumer Discretionary	7.0%	-0.9%	47 / 81
Consumer Staples	2.7%	7.3%	26 / 37
Healthcare	5.4%	3.4%	44 / 60
Financials	5.1%	11.0%	59 / 63
Information Technology	7.4%	10.2%	54 / 66
Telecom	-2.9%	1.8%	4 / 5
Utilities	9.0%	17.9%	9 / 28
Real Estate	0.3%	3.2%	17 / 29

Source: BBG

VOLATILITY

	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	6.2%	6.9%	8.0%	9.1%	-1.7%	-12.2%	-21.3%	SPX	30.4%	0.42	0.76	40.2%	1.20	1.44	34.8%	1.33	1.23
Russell 2000	RTY	14.5%	13.8%	15.5%	15.6%	-1.3%	-5.9%	-7.6%	RTY	5.2%	0.14	-0.03	18.1%	1.03	0.63	10.7%	0.70	0.04
Nasdaq 100	NDX	6.2%	9.3%	11.0%	10.5%	-8.4%	-20.2%	-24.9%	NDX	61.9%	1.60	2.13	24.6%	0.83	1.00	16.2%	0.50	0.49
USD Index	UUP	8.1%	7.9%	7.4%	8.3%	-6.5%	-7.9%	-2.4%	UUP	-2.1%	-0.63	-0.62	7.3%	-0.32	-0.31	20.8%	0.52	0.30
Consumer Discret.	XLY	6.4%	9.8%	10.3%	9.9%	-14.1%	-22.6%	-26.6%	XLY	51.6%	1.27	1.71	16.7%	0.32	0.48	19.4%	0.58	0.65
Financials	XLF	15.4%	14.5%	16.6%	14.8%	-7.6%	-15.6%	-13.6%	XLF	-4.7%	-0.43	-0.43	6.3%	0.19	0.08	-3.6%	-0.06	-0.44
Healthcare	XLV	10.1%	10.4%	13.8%	10.3%	-15.8%	-25.0%	-27.8%	XLV	1.5%	-0.25	-0.08	14.6%	0.72	0.75	-8.4%	-0.69	-0.72
Technology	XLK	6.8%	10.3%	11.4%	10.7%	-5.7%	-16.7%	-20.6%	XLK	51.6%	1.37	1.84	14.9%	0.53	0.55	13.6%	0.56	0.42
Consumer Staples	XLP	8.5%	9.5%	10.5%	8.8%	-9.8%	-21.8%	-24.8%	XLP	4.9%	-0.10	-0.06	3.1%	0.04	-0.11	-1.8%	-0.27	-0.50
Utilities	XLU	11.5%	14.5%	16.4%	12.8%	-5.5%	-16.7%	-19.7%	XLU	10.8%	0.72	0.80	-8.0%	-0.51	-0.41	-14.7%	-1.31	-1.17
Energy	XLE	13.6%	16.9%	16.7%	15.2%	-4.6%	-16.1%	-21.5%	XLE	11.8%	0.50	0.34	-2.1%	0.30	-0.23	1.8%	0.81	0.00
Energy	XOP	20.6%	31.8%	29.9%	25.2%	-2.3%	-15.5%	-20.7%	XOP	21.1%	0.81	0.90	-17.0%	-0.76	-1.06	-9.0%	0.03	-0.45
Materials	XLB	11.9%	10.9%	11.8%	12.6%	-3.9%	-9.8%	-16.5%	XLB	2.0%	-0.29	-0.24	18.9%	0.76	0.57	15.3%	0.93	0.46
Industrials	XLI	9.5%	9.5%	11.2%	11.6%	-4.1%	-11.9%	-15.1%	XLI	18.3%	0.22	0.45	27.5%	1.13	1.15	14.9%	0.86	0.55
Transports	IYT	13.8%	13.3%	13.7%	16.1%	-5.7%	-7.4%	-9.0%	IYT	16.6%	0.14	0.36	29.6%	0.93	1.22	29.0%	1.19	1.38
WTI Crude Oil	USO	24.1%	32.1%	31.8%	26.0%	-6.8%	-19.1%	-25.2%	USO	-6.8%	0.25	-0.03	-16.4%	-0.82	-1.17	-13.0%	-0.50	-0.90
Natural Gas	UNG	48.4%	50.2%	48.6%	41.1%	-5.5%	-13.9%	-8.0%	UNG	-13.8%	-1.09	-0.74	-17.6%	-1.21	-0.94	-17.4%	-1.35	-0.90
Gold	GLD	11.5%	12.4%	12.4%	13.5%	-1.6%	-7.0%	-8.9%	GLD	15.0%	0.52	0.37	8.3%	0.37	0.15	17.0%	1.11	0.73
Silver	SLV	16.0%	19.2%	21.6%	22.2%	2.0%	-6.5%	-8.5%	SLV	37.9%	2.62	0.82	16.0%	1.29	0.16	8.0%	0.13	-0.23
Copper	JJC	29.7%	26.5%	25.7%	23.9%	-1.8%	-13.4%	-7.9%	JJC	-18.8%	-0.54	-0.72	-10.2%	-0.60	-0.75	-7.4%	-0.61	-0.77
Corn	CORN	12.9%	15.4%	17.0%	19.0%	13.9%	10.6%	0.4%	CORN	48.6%	1.41	1.23	25.6%	0.60	0.34	14.9%	-0.04	-0.26
Soybeans	SOYB	16.1%	16.3%	15.3%	24.5%	2.6%	8.7%	11.6%	SOYB	53.6%	0.43	0.17	42.1%	0.03	0.00	48.6%	-0.05	0.08
Wheat	WEAT	20.3%	19.4%	19.9%	33.6%	21.5%	15.2%	15.4%	WEAT	66.0%	0.01	0.14	73.3%	0.19	0.40	51.8%	-0.13	0.23

*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	$85.83	0.12%	1.18%	5.44%
Financial Select Sector	XLF	$24.05	1.14%	3.17%	3.44%
Health Care Select Sector	XLV	$72.30	0.61%	2.52%	4.87%
Technology Select Sector	XLK	$51.55	0.45%	2.94%	6.60%
Consumer Staples Select Sector	XLP	$53.62	0.00%	1.96%	3.69%
Industrial Select Sector	XLI	$65.38	1.00%	3.16%	5.08%
Materials Select Sector	XLB	$52.53	0.83%	1.10%	5.69%
The Energy Select Sector	LE	$73.42	0.19%	0.71%	-2.52%
Utilities Select Sector	XLU	$49.53	0.49%	0.71%	1.98%
S&P 500	SPX	2,328.25	0.52%	2.17%	3.99%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$85.83	-0.41%	-0.99%	1.45%
Financial Select Sector	XLF	$24.05	0.61%	1.01%	-0.55%
Health Care Select Sector	XLV	$72.30	0.09%	0.36%	0.88%
Technology Select Sector	XLK	$51.55	-0.08%	0.77%	2.60%
Consumer Staples Select Sector	XLP	$53.62	-0.52%	-0.21%	-0.30%
Industrial Select Sector	XLI	$65.38	0.48%	0.99%	1.08%
Materials Select Sector	XLB	$52.53	0.30%	-1.07%	1.70%
The Energy Select Sector	XLE	$73.42	-0.33%	-1.45%	-6.52%
Utilities Select Sector	XLU	$49.53	-0.04%	-1.46%	-2.02%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.4%	1.2%	2.1%	9.2%	8.8%	3.7%
	Low Debt/EV	0.2%	1.9%	1.8%	5.1%	3.6%	4.0%
SI	High Short Interest	0.1%	1.6%	1.6%	6.4%	5.3%	3.2%
	Low Short Interest	0.6%	1.6%	2.3%	7.4%	9.3%	4.0%
BETA	High Beta	0.6%	1.8%	2.3%	10.7%	17.6%	5.2%
	Low Beta	0.2%	1.6%	2.3%	6.5%	-1.3%	2.6%
YIELD	High Yield	0.3%	1.4%	0.8%	4.6%	0.7%	1.0%
	Low Yield	0.2%	1.7%	2.0%	7.1%	5.8%	5.1%
MKT CAP	MCAP Bottom 25%	0.1%	1.3%	0.4%	3.5%	1.9%	1.7%
	MCAP Top 25%	0.5%	1.5%	2.3%	7.3%	9.3%	4.1%
Sales	Top 25% Sales Growth	0.2%	1.3%	1.4%	8.4%	7.1%	4.0%
	Bottom 25% Sales Growth	0.2%	1.2%	1.2%	4.7%	2.4%	2.4%
EPS	Top 25% EPS Growth	0.4%	1.6%	2.1%	9.2%	11.7%	5.0%
	Bottom 25% EPS Growth	0.2%	0.9%	0.4%	4.4%	1.3%	1.0%

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

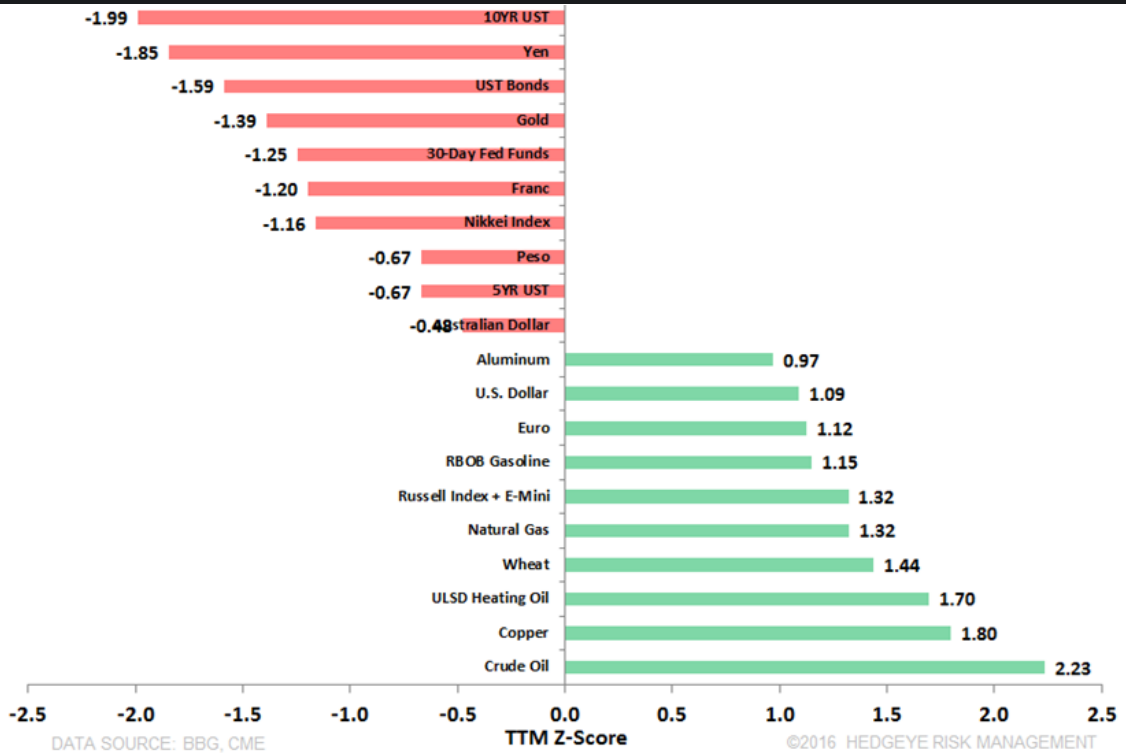
HEDGEYE RATES & SPREADS

	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	0.53%	0.0	1.5	1	2	-2	38	39	42
3M LIBOR	1.04%	0.0	-0.2	1	13	-1	42	57	63
2Y T-Note	1.21%	1.2	3.7	1	20	-9	71	52	68
5Y T-Note	1.92%	2.8	6.8	2	23	-20	103	41	61
10Y T-Note	2.44%	2.9	4.3	4	17	-20	112	29	31
30Y T-Note	3.04%	2.6	1.4	4	2	-18	95	14	1
2Y-10Y Spread, Bps	124	1.8	0.7	3.2	-2	-10	41	-23	-37
IG SPREAD (AAABBB)	1.54%	0.0	0.0	2	-8	-76	7	-15	-22
HIGH YIELD	5.90%	-1.8	-2.0	-25	-85	-319	0	-74	-68
5Y BREAKEVEN	1.97%	-0.8	-0.5	4.8	28.2	-10.6	96.0	41.2	24.5

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)	27,047	(35,712)	(13,532)	44,293	14,[illegible]	0.11X	0.57X
Russell 2000 (mini)	51,106	(3,340)	62,453	35,578	(2,660)	1.13X	2.14X
10Y Treasury	(291,697)	57,860	(263,391)	(95,636)	(46,253)	-1.54X	-2.13X
CRUDE OIL	527,866	(15,964)	463,451	420,815	381,940	1.93X	2.42X
GOLD	75,727	3,660	73,687	143,097	172,596	-1.29X	-0.33X
COPPER	51,516	(5,426)	50,462	22,411	2,493	1.55X	2.69X
$USD	46,676	224	51,427	39,511	27,585	1.08X	0.46X
JPY	(54,178)	7,927	(51,908)	(114)	24,612	-1.60X	-0.38X
EUR	(37,837)	1,443	(77,729)	(91,000)	(75,960)	1.15X	1.00X
GBP	(63,158)	119	(65,696)	(75,338)	(61,078)	-0.10X	-1.06X

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



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MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (2/13) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-6%	-10%	10%	34%
Total Exchange Volume**	-3%	-5%	-6%	-10%

*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	0.74	-0.41	0.71	0.72	0.74	*0.95*	*-0.91*	*42%*	*58%*
BRENT Oil	-0.11	-0.26	0.48	0.67	0.60	*0.77*	*-0.78*	*46%*	*54%*
CRB Index	-0.19	-0.73	0.65	0.67	0.61	*0.83*	*-0.89*	*24%*	*76%*
GOLD	0.10	-0.75	-0.93	-0.96	-0.89	*0.90*	*-0.97*	*15%*	*85%*

**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	$55.59	-1.96%	0.98%	0.25%	25.12%	0.4%	-1.3%	-5%	75%
Gold	$1,225	-0.68%	-0.70%	2.33%	0.32%	1.2%	6.8%	-11%	9%
VIX	$11.07	2.03%	-1.95%	-1.42%	-23.55%	-7.7%	-21.2%	-60%	11%