THE MACRO SHOW

FEBRUARY 21, 2017

LEGAL

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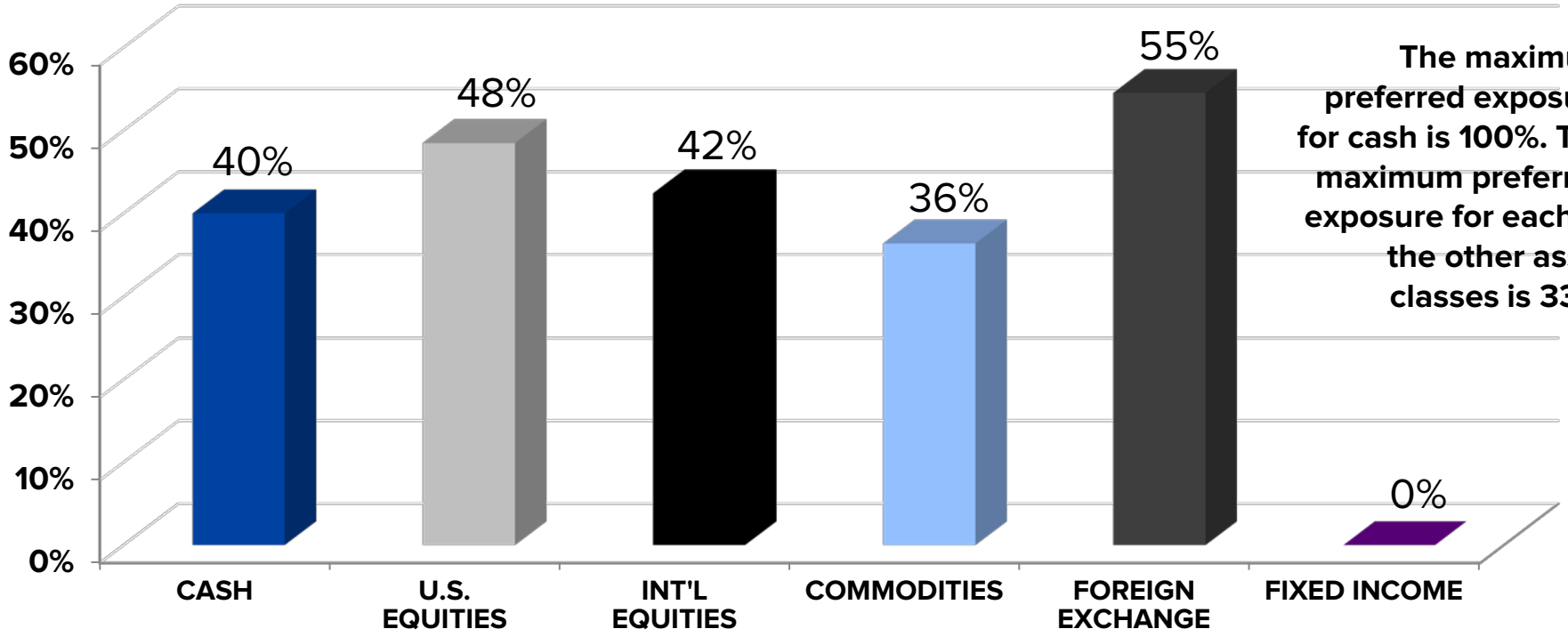
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/17/2017	42	15	13	11	19	0
2/21/2017	40	16	14	12	18	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
2/17/2017	42%	45%	39%	33%	58%	0%
2/21/2017	40%	48%	42%	36%	55%	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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February 21, 2017

THE MACRO SHOW

HEDGEYE TV

1 USD

2 EUROPE

3 OIL

USD

Good ***#StrongDollar*** morning to all (if you get paid in Dollars, that is!). The USD is coming off back-to-back weekly gains and the EUR/USD is getting sold -0.7% to $1.05 again. The 15-day correlation between the USD and S&P 500 is +0.83 and the 180-day correlation ins +0.73.

EUROPE

Equity markets love Down Euro and they're getting both that and Greek Bailout action this morning. Greece's 10YR Yield is down -35bps to 6.93% (that's -336bps y/y) and Greek stocks are up +1.5% as the EuroStoxx50 moves +0.6% ramps to 1-year highs .

OIL

WTI Oil moves +1.1% this morning as Oil's Volatility (OVX) signal continues to crash to new 1-year lows (24-25). The CFTC net long position in crude is consensus (+2.23x on a 1-year z-score) but consensus can remain right longer than bears can remain solvent.

MACRO GRIND

EARNINGS SEASON

Q4 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.8%	5.6%	411 / 500
Energy	3.2%	-5.9%	25 / 35
Materials	4.8%	0.7%	22 / 25
Industrials	2.3%	-5.3%	65 / 68
Consumer Discretionary	9.8%	2.6%	54 / 81
Consumer Staples	3.2%	9.5%	32 / 37
Healthcare	4.8%	3.8%	51 / 60
Financials	4.4%	7.9%	61 / 63
Information Technology	7.3%	10.5%	59 / 66
Telecom	-2.9%	1.8%	4 / 5
Utilities	10.0%	16.4%	15 / 28
Real Estate	1.2%	13.3%	22 / 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	5.8%	6.7%	7.7%	9.8%	5.6%	-4.1%	-14.9%	SPX	51.9%	1.01	1.49	44.2%	1.33	1.61	41.5%	1.65	1.56
Russell 2000	RTY	13.2%	13.7%	15.0%	14.9%	-4.6%	-9.3%	-11.8%	RTY	5.5%	0.15	-0.02	9.0%	0.50	0.09	6.9%	0.43	-0.20
Nasdaq 100	NDX	5.6%	9.0%	10.7%	11.2%	-0.3%	-13.0%	-19.2%	NDX	75.0%	1.95	2.58	23.9%	0.78	0.96	17.7%	0.58	0.58
USD Index	UUP	6.7%	7.9%	7.4%	8.9%	2.0%	-0.7%	4.9%	UUP	12.8%	0.01	-0.07	3.8%	-0.49	-0.45	17.5%	0.33	0.15
Consumer Discret.	XLY	5.7%	9.3%	10.1%	12.2%	7.0%	-3.6%	-9.4%	XLY	65.0%	1.67	2.20	19.9%	0.46	0.64	17.4%	0.48	0.53
Financials	XLF	15.1%	14.5%	16.6%	15.8%	-0.1%	-9.1%	-8.6%	XLF	-5.0%	-0.44	-0.44	8.5%	0.28	0.18	-0.5%	0.14	-0.28
Healthcare	XLV	9.9%	9.8%	13.2%	13.0%	8.2%	-3.7%	-8.7%	XLV	16.4%	0.33	0.54	26.0%	1.36	1.39	-2.8%	-0.30	-0.36
Technology	XLK	6.3%	10.1%	11.1%	13.0%	15.4%	2.4%	-3.8%	XLK	59.9%	1.61	2.15	15.6%	0.55	0.58	13.2%	0.54	0.40
Consumer Staples	XLP	8.8%	9.5%	10.6%	10.4%	6.9%	-6.8%	-11.5%	XLP	-2.6%	-0.44	-0.39	1.9%	-0.04	-0.18	-4.1%	-0.41	-0.64
Utilities	XLU	12.1%	14.6%	16.3%	13.9%	3.2%	-8.4%	-12.9%	XLU	1.1%	0.08	0.16	-10.2%	-0.71	-0.60	-16.5%	-1.47	-1.33
Energy	XLE	13.7%	16.5%	16.6%	17.5%	10.2%	-2.0%	-9.3%	XLE	11.7%	0.48	0.33	3.3%	0.71	0.07	4.8%	1.07	0.16
Energy	XOP	20.6%	30.8%	29.7%	26.7%	4.4%	-8.6%	-15.4%	XOP	22.5%	0.85	0.97	-13.6%	-0.49	-0.84	-7.1%	0.22	-0.33
Materials	XLB	11.2%	10.7%	10.9%	14.0%	6.2%	1.2%	-7.2%	XLB	9.6%	0.01	0.03	21.4%	0.86	0.67	25.4%	1.50	0.95
Industrials	XLI	9.2%	9.5%	10.7%	12.7%	5.2%	-2.8%	-7.1%	XLI	15.1%	0.10	0.31	23.1%	0.91	0.92	15.2%	0.89	0.57
Transports	IYT	14.1%	13.5%	13.6%	17.6%	3.3%	1.3%	-0.9%	IYT	8.6%	-0.14	0.01	24.7%	0.71	0.95	27.3%	1.09	1.25
WTI Crude Oil	USO	22.6%	30.5%	31.1%	25.9%	-5.4%	-17.0%	-24.8%	USO	-5.4%	-0.07	-0.38	-15.4%	-0.75	-1.11	-10.2%	-0.28	-0.76
Natural Gas	UNG	35.5%	49.1%	47.8%	39.3%	-7.2%	-16.7%	-12.0%	UNG	8.4%	0.46	-0.03	-20.0%	-1.36	-1.03	-19.5%	-1.47	-0.97
Gold	GLD	10.4%	12.3%	12.3%	12.7%	-6.6%	-11.8%	-14.1%	GLD	16.3%	0.60	0.43	2.1%	-0.06	-0.22	14.5%	0.95	0.57
Silver	SLV	14.7%	18.9%	21.0%	20.3%	-6.0%	-13.3%	-15.9%	SLV	30.6%	1.98	0.54	7.1%	0.30	-0.29	3.8%	-0.30	-0.48
Copper	JJC	29.0%	26.4%	25.9%	25.4%	4.2%	-6.5%	-2.5%	JJC	-16.2%	-0.50	-0.66	-5.2%	-0.47	-0.58	-2.3%	-0.44	-0.56
Corn	CORN	13.5%	15.7%	16.9%	19.4%	14.0%	12.6%	3.1%	CORN	22.8%	0.34	0.10	19.7%	0.32	0.02	14.8%	-0.04	-0.26
Soybeans	SOYB	16.1%	16.2%	15.8%	16.4%	-29.3%	-26.8%	-25.0%	SOYB	44.9%	0.23	0.02	12.9%	-0.56	-0.53	4.2%	-0.65	-0.69
Wheat	WEAT	20.4%	19.6%	19.7%	29.1%	2.2%	-1.6%	0.0%	WEAT	54.4%	-0.15	-0.01	49.4%	-0.25	0.03	40.9%	-0.43	0.02

*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	$86.61	0.32%	2.10%	6.40%
Financial Select Sector	XLF	$24.47	0.04%	4.98%	5.25%
Health Care Select Sector	XLV	$73.66	0.14%	4.45%	6.85%
Technology Select Sector	XLK	$52.19	0.35%	4.21%	7.92%
Consumer Staples Select Sector	XLP	$54.46	0.50%	3.56%	5.32%
Industrial Select Sector	XLI	$65.89	0.17%	3.96%	5.90%
Materials Select Sector	XLB	$52.30	-0.29%	0.65%	5.23%
The Energy Select Sector	XLE	$71.97	-0.55%	-1.28%	-4.45%
Utilities Select Sector	XLU	$49.57	0.06%	0.79%	2.06%
S&P 500	SPX	2,351.16	0.17%	3.17%	5.02%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$86.61	0.16%	-1.07%	1.38%
Financial Select Sector	XLF	$24.47	-0.13%	1.80%	0.23%
Health Care Select Sector	XLV	$73.66	-0.03%	1.28%	1.83%
Technology Select Sector	XLK	$52.19	0.18%	1.04%	2.90%
Consumer Staples Select Sector	XLP	$54.46	0.33%	0.38%	0.30%
Industrial Select Sector	XLI	$65.89	0.00%	0.79%	0.88%
Materials Select Sector	XLB	$52.30	-0.45%	-2.52%	0.21%
The Energy Select Sector	XLE	$71.97	-0.72%	-4.45%	-9.47%
Utilities Select Sector	XLU	$49.57	-0.11%	-2.38%	-2.96%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.0%	0.4%	2.8%	6.9%	7.3%	3.7%
	Low Debt/EV	0.5%	1.6%	3.6%	5.6%	4.6%	5.5%
SI	High Short Interest	0.5%	0.8%	2.9%	5.0%	4.3%	3.9%
	Low Short Interest	0.2%	1.7%	3.9%	7.5%	10.3%	5.2%
BETA	High Beta	0.1%	1.2%	4.1%	8.8%	16.7%	6.0%
	Low Beta	0.3%	0.9%	2.9%	6.5%	0.5%	3.3%
YIELD	High Yield	0.2%	0.5%	1.5%	3.9%	1.1%	1.2%
	Low Yield	0.3%	1.1%	3.5%	6.6%	5.8%	5.9%
MKT CAP	MCAP Bottom 25%	0.3%	0.7%	1.8%	2.5%	1.5%	2.3%
	MCAP Top 25%	0.2%	1.7%	3.6%	7.8%	10.3%	5.2%
Sales	Top 25% Sales Growth	0.1%	0.2%	2.0%	6.3%	5.8%	4.2%
	Bottom 25% Sales Growth	0.3%	1.2%	2.7%	4.7%	2.6%	3.4%
EPS	Top 25% EPS Growth	0.0%	0.4%	2.9%	7.6%	11.3%	5.4%
	Bottom 25% EPS Growth	0.2%	0.9%	1.7%	3.2%	0.5%	1.4%

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

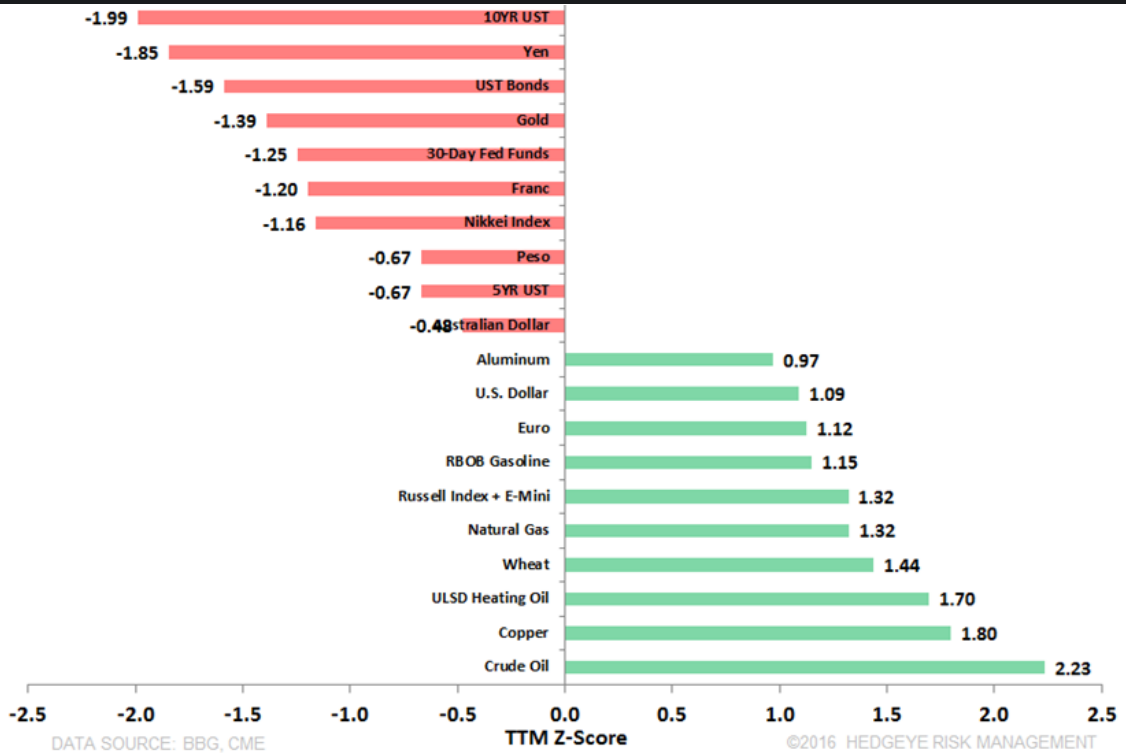
HEDGEYE RATES & SPREADS

	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%	-2.0	-2.0	-1	9	-4	36	37	40
3M LIBOR	1.05%	1.5	2.0	3	15	0	43	59	64
2Y T-Note	1.19%	-5.8	-0.1	4	14	-11	69	50	66
5Y T-Note	1.90%	-9.0	1.5	8	17	-22	101	39	59
10Y T-Note	2.41%	-7.9	0.7	9	11	-22	110	27	28
30Y T-Note	3.02%	-5.5	1.7	9	1	-19	93	13	0
2Y-10Y Spread, Bps	123	-2.0	0.9	5.4	-3	-11	40	-23	-38
IG SPREAD (AAABBB)	1.53%	-1.0	-1.0	1	0	-77	6	-16	-23
HIGH YIELD	6.02%	-1.8	9.9	-18	-56	-282	12	-62	-56
5Y BREAKEVEN	2.00%	-3.6	2.4	8.5	26.6	-7.4	99.2	44.4	27.7

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)	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)



MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (2/17) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	5%	-2%	18%	46%
Total Exchange Volume**	-6%	-4%	-4%	-7%
Total Traded Value (R3K)***	25%	20%	22%	24%

*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	-0.01	0.65	0.70	0.73	*0.95*	*-0.91*	*42%*	*58%*
BRENT Oil	-0.07	-0.53	0.52	0.66	0.65	*0.77*	*-0.78*	*46%*	*54%*
CRB Index	0.29	-0.19	0.59	0.66	0.65	*0.83*	*-0.89*	*24%*	*76%*
GOLD	0.42	-0.37	-0.92	-0.95	-0.91	*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	$55.81	0.11%	-1.57%	0.61%	20.05%	1.1%	-0.6%	-4%	75%
Gold	$1,235	0.07%	0.08%	1.44%	1.49%	2.0%	7.6%	-10%	10%
VIX	$11.49	-4.01%	5.90%	-3.20%	-13.93%	-4.2%	-18.2%	-57%	15%