THE MACRO SHOW

MARCH 20, 2017

LEGAL

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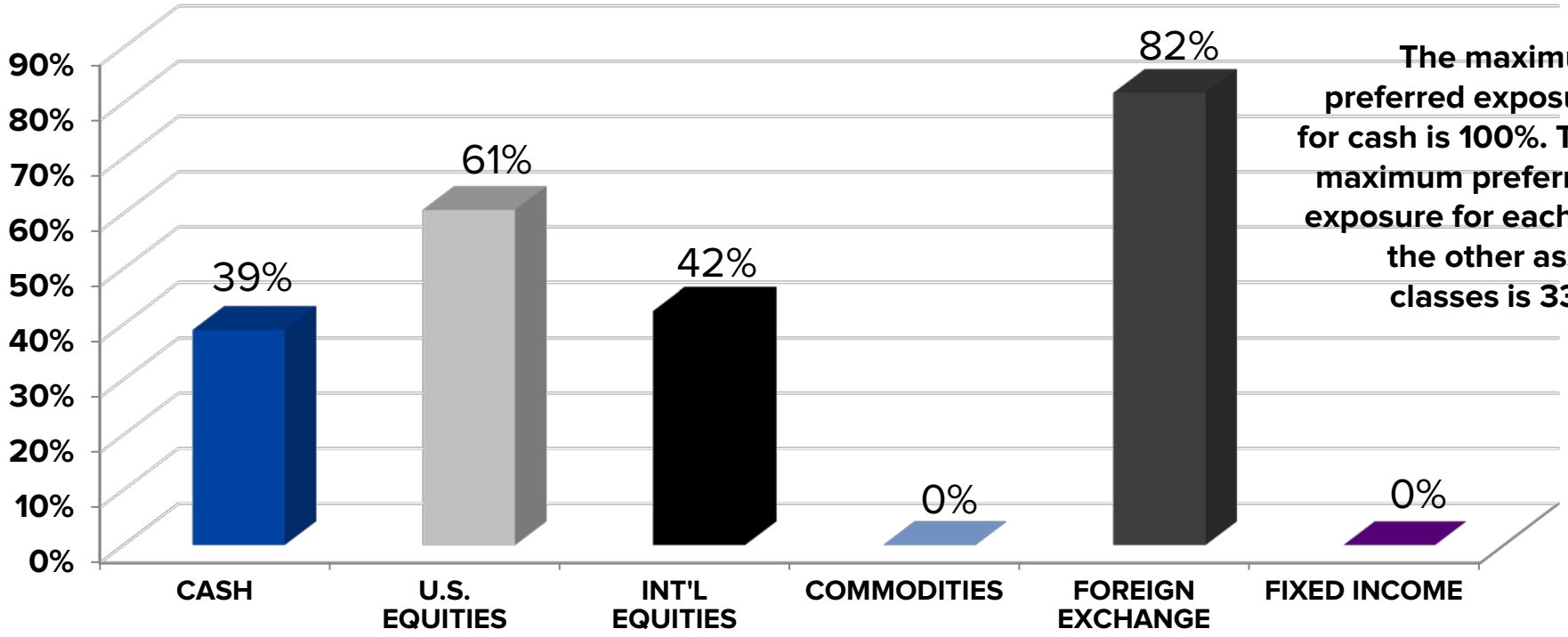
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/17/2017	37	21	15	0	27	0
3/20/2017	39	20	14	0	27	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/17/2017	37%	64%	45%	0%	82%	0%
3/20/2017	39%	61%	42%	0%	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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1 USD

2 OIL

3 NASDAQ

USD

Dollar Down, Rates Down last week as they “sold the news” on the rate hike in FX and Bond Yield terms. Looks like a simple correction (counter-TREND move) to us with USD Index approaching the low-end of its 99.75-102.25 risk range.

OIL

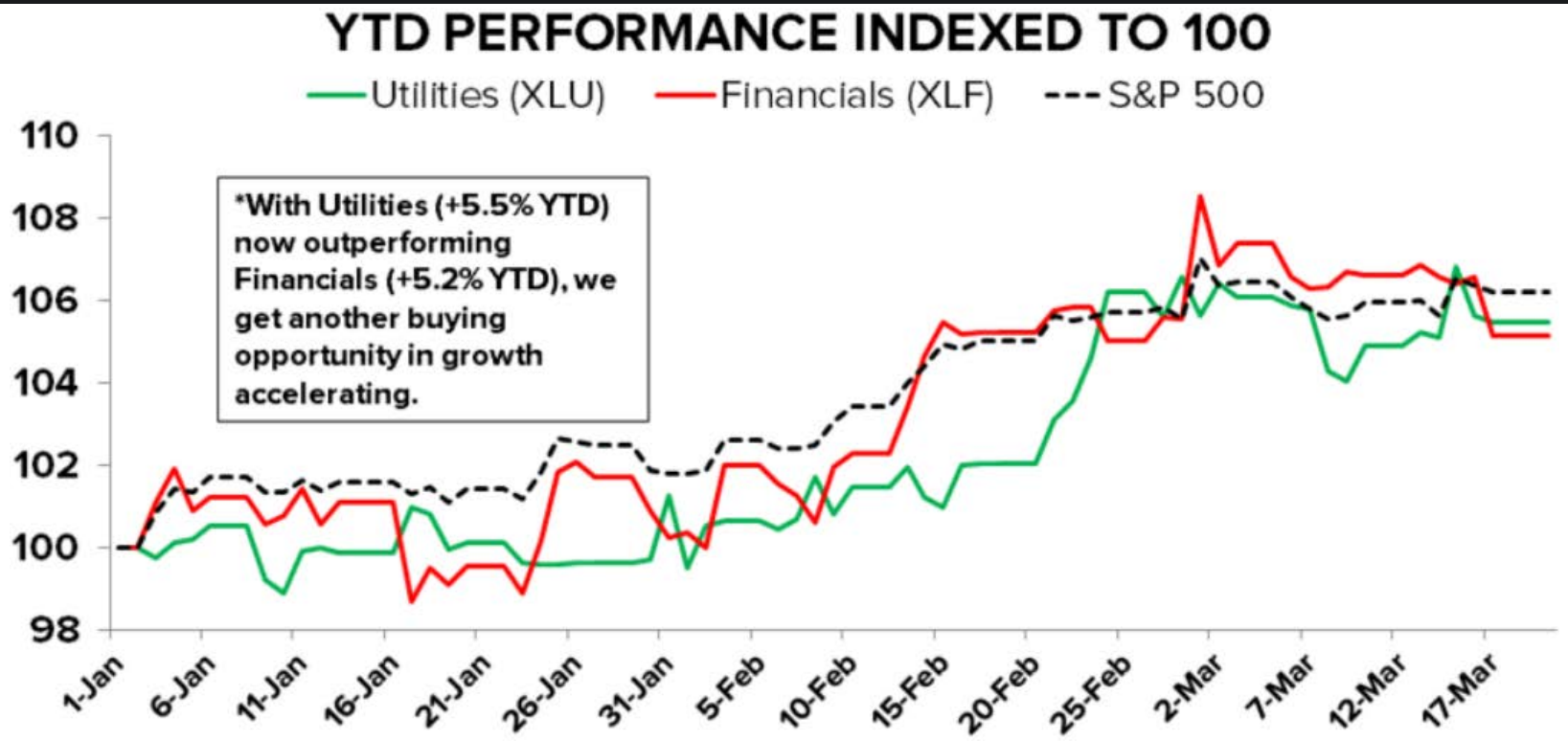
Oil = not good, dropping -1.0% this morning (WTI) after failing at both our long-term TAIL risk ($51.52) and intermediate-term TREND ($48.91) lines; immediate-term downside in the risk range there = $46.35/barrel.

NASDAQ

The Nasdaq is up less than the Russell 2000 (which was +1.9% last week), but up another +0.7% to +9.6% YTD nevertheless. All 3 of the major U.S. Equity indices we model (SPY, COMP, RUT) are signaling exhaustion at the top-end of their respective risk ranges – it would be nice to get a real correction to buy into again.

MACRO GRIND

CONSENSUS NOT BULLISH ENOUGH



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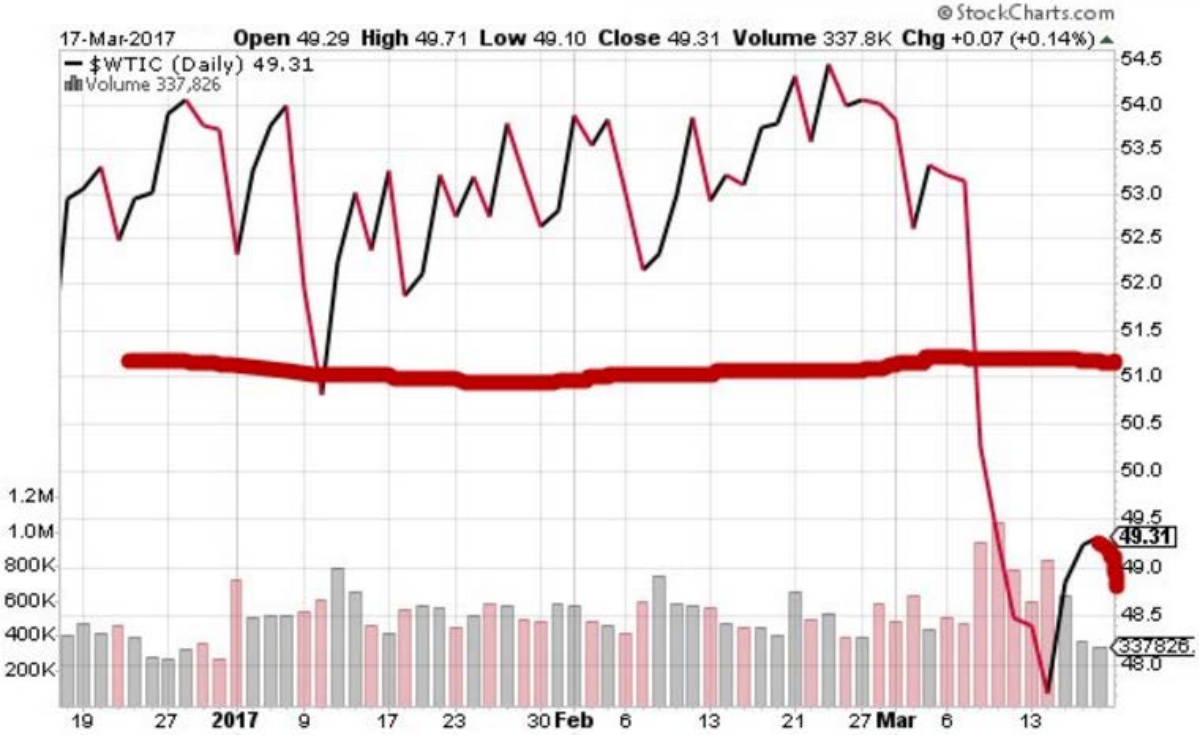
LIGHT CRUDE OIL



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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	6.6%	6.6%	6.9%	8.6%	-9.5%	-11.7%	-23.2%	SPX	27.9%	0.20	0.60	55.8%	1.47	1.95	59.5%	2.11	2.32
Russell 2000	RTY	13.1%	13.6%	14.9%	13.6%	-10.3%	-14.8%	-19.2%	RTY	3.3%	-0.04	-0.15	13.6%	0.64	0.34	10.2%	0.58	0.01
Nasdaq 100	NDX	5.7%	6.9%	9.2%	9.6%	-11.6%	-19.9%	-28.5%	NDX	66.7%	1.41	2.08	69.2%	2.36	2.97	37.4%	1.48	1.64
USD Index	UUP	7.0%	7.5%	7.7%	6.4%	-14.7%	-25.1%	-23.7%	UUP	-9.4%	-0.97	-0.87	-1.7%	-0.75	-0.66	1.5%	-0.67	-0.58
Consumer Discret.	XLY	7.2%	7.4%	8.8%	9.6%	-10.7%	-19.2%	-26.4%	XLY	37.3%	0.59	1.04	55.3%	1.92	2.38	40.5%	1.62	1.86
Financials	XLF	13.6%	14.1%	17.1%	12.8%	-18.0%	-22.7%	-26.1%	XLF	-5.1%	-0.53	-0.46	8.8%	0.20	0.18	-2.9%	-0.05	-0.40
Healthcare	XLV	9.0%	9.8%	11.9%	12.1%	1.6%	-4.6%	-14.2%	XLV	53.8%	1.65	2.07	41.8%	1.93	2.18	14.9%	0.84	0.82
Technology	XLK	6.1%	7.1%	10.3%	10.1%	-9.7%	-16.5%	-23.8%	XLK	49.2%	1.08	1.62	58.7%	2.30	2.61	14.7%	0.52	0.49
Consumer Staples	XLP	7.0%	7.6%	10.1%	9.1%	-7.1%	-11.9%	-20.8%	XLP	26.9%	0.81	0.85	29.0%	1.54	1.44	3.4%	0.00	-0.18
Utilities	XLU	12.6%	12.1%	16.0%	12.9%	-4.1%	-9.2%	-17.6%	XLU	2.0%	0.07	0.22	16.2%	1.61	1.60	-9.5%	-0.68	-0.62
Energy	XLE	17.0%	14.6%	17.7%	15.6%	-8.1%	-9.1%	-18.0%	XLE	-7.6%	-0.54	-0.58	20.8%	1.57	0.99	5.1%	0.93	0.19
Energy	XOP	26.7%	22.5%	31.3%	26.1%	-3.9%	-5.2%	-15.6%	XOP	0.0%	-0.20	-0.20	24.8%	1.89	1.54	-7.6%	0.15	-0.34
Materials	XLB	10.9%	11.3%	11.5%	12.3%	-6.1%	-9.3%	-17.0%	XLB	11.1%	-0.06	0.07	17.0%	0.52	0.46	18.1%	0.87	0.57
Industrials	XLI	10.0%	9.6%	10.8%	11.7%	-2.7%	-7.4%	-13.7%	XLI	13.1%	-0.07	0.20	34.4%	1.27	1.43	23.4%	1.28	1.04
Transports	IYT	14.3%	14.1%	14.3%	16.3%	-1.4%	-5.1%	-7.2%	IYT	14.5%	0.00	0.24	22.6%	0.52	0.79	23.4%	0.77	0.95
WTI Crude Oil	USO	23.6%	23.2%	31.0%	28.0%	5.9%	0.8%	-15.0%	USO	5.9%	0.59	0.49	28.8%	1.97	1.13	-0.5%	0.49	-0.28
Natural Gas	UNG	39.4%	47.5%	48.7%	35.1%	-9.4%	-19.5%	-21.4%	UNG	-8.7%	-0.70	-0.64	-24.5%	-1.48	-1.25	-26.4%	-1.70	-1.24
Gold	GLD	10.9%	10.9%	12.5%	11.1%	-9.1%	-17.4%	-22.1%	GLD	2.8%	-0.29	-0.26	16.0%	0.89	0.57	4.4%	0.20	-0.12
Silver	SLV	19.6%	18.1%	22.4%	18.7%	-6.6%	-16.1%	-20.4%	SLV	-3.6%	-0.68	-0.75	11.2%	0.83	-0.09	-7.5%	-1.56	-1.13
Copper	JJC	24.7%	25.5%	26.5%	23.1%	-4.2%	-8.0%	-9.2%	JJC	-5.9%	-0.33	-0.42	-7.8%	-0.52	-0.63	-10.5%	-0.68	-0.86
Corn	CORN	14.6%	14.4%	16.3%	15.4%	-17.8%	-12.6%	-16.8%	CORN	5.8%	-0.30	-0.62	19.5%	0.36	0.02	20.6%	0.26	0.04
Soybeans	SOYB	12.6%	15.0%	15.3%	13.9%	-23.0%	-34.0%	-34.2%	SOYB	10.7%	-0.64	-0.54	-19.3%	-1.14	-1.10	-9.5%	-0.79	-0.88
Wheat	WEAT	20.5%	20.1%	19.6%	22.7%	-19.2%	-25.2%	-21.2%	WEAT	11.0%	-0.72	-0.59	19.1%	-0.76	-0.44	25.0%	-0.82	-0.29

*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	$87.36	0.13%	1.15%	7.32%
Financial Select Sector	XLF	$24.45	-0.98%	-0.37%	5.16%
Health Care Select Sector	XLV	$75.16	-0.55%	0.23%	9.02%
Technology Select Sector	XLK	$53.34	0.22%	1.89%	10.30%
Consumer Staples Select Sector	XLP	$54.98	-0.27%	-0.22%	6.32%
Industrial Select Sector	XLI	$65.68	0.55%	-0.27%	5.56%
Materials Select Sector	XLB	$52.34	0.43%	0.17%	5.31%
The Energy Select Sector	XLE	$69.80	-0.07%	-2.21%	-7.33%
Utilities Select Sector	XLU	$51.23	0.60%	-1.04%	5.48%
S&P 500	SPX	2,378.25	-0.13%	0.62%	6.23%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$87.36	0.26%	0.53%	1.09%
Financial Select Sector	XLF	$24.45	-0.85%	-0.98%	-1.07%
Health Care Select Sector	XLV	$75.16	-0.42%	-0.39%	2.79%
Technology Select Sector	XLK	$53.34	0.35%	1.27%	4.07%
Consumer Staples Select Sector	XLP	$54.98	-0.14%	-0.84%	0.10%
Industrial Select Sector	XLI	$65.68	0.68%	-0.89%	-0.67%
Materials Select Sector	XLB	$52.34	0.56%	-0.45%	-0.92%
The Energy Select Sector	XLE	$69.80	0.06%	-2.83%	-13.56%
Utilities Select Sector	XLU	$51.23	0.73%	-1.66%	-0.75%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.2%	0.4%	-0.4%	3.3%	9.3%	4.4%
	Low Debt/EV	0.2%	0.6%	0.8%	5.0%	10.4%	6.7%
SI	High Short Interest	0.0%	0.7%	-1.9%	-0.9%	5.4%	1.0%
	Low Short Interest	-0.1%	0.3%	1.6%	5.7%	13.3%	6.7%
BETA	High Beta	-0.7%	0.1%	-1.2%	3.8%	18.1%	5.4%
	Low Beta	0.3%	0.9%	1.7%	4.9%	4.4%	5.1%
YIELD	High Yield	0.2%	0.9%	0.0%	0.5%	2.9%	1.5%
	Low Yield	-0.2%	0.2%	-0.5%	4.8%	8.8%	6.0%
MKT CAP	MCAP Bottom 25%	0.0%	0.9%	-1.4%	-0.6%	3.7%	1.2%
	MCAP Top 25%	-0.1%	0.2%	1.5%	6.1%	14.4%	7.1%
Sales	Top 25% Sales Growth	0.0%	0.5%	-0.1%	3.7%	10.4%	5.0%
	Bottom 25% Sales Growth	-0.1%	0.6%	0.0%	1.6%	5.4%	3.0%
EPS	Top 25% EPS Growth	0.0%	0.6%	-1.3%	2.6%	11.1%	3.7%
	Bottom 25% EPS Growth	0.0%	0.6%	-0.1%	1.3%	5.0%	2.7%

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

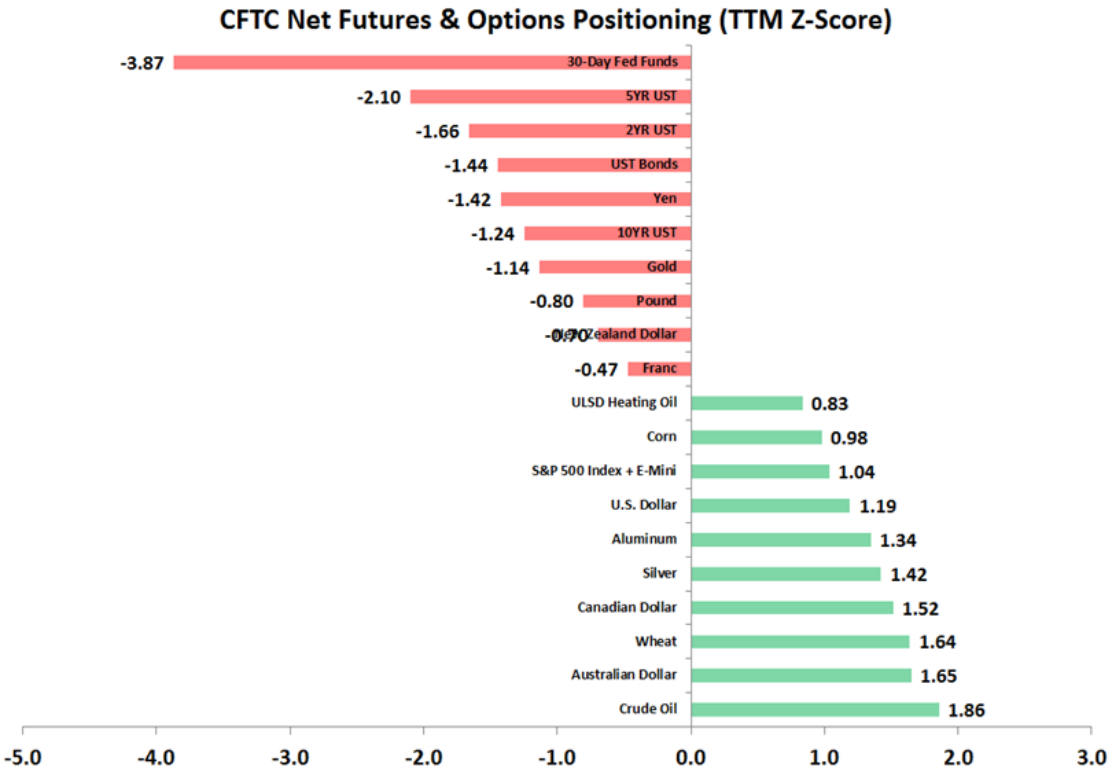
HEDGEYE RATES & SPREADS

	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	0.73%	0.5	-1.5	21	23	-5	57	57	61
3M LIBOR	1.15%	0.0	3.1	10	15	0	53	66	73
2Y T-Note	1.31%	-1.8	-3.9	13	6	-8	82	60	77
5Y T-Note	2.02%	-3.2	-8.3	12	-5	-13	113	50	69
10Y T-Note	2.50%	-4.0	-7.4	9	-9	-14	118	36	36
30Y T-Note	3.11%	-4.1	-5.5	9	-6	-10	102	23	8
2Y-10Y Spread, Bps	119	-2.2	-3.5	-4.1	-15	-6	36	-24	-41
IG SPREAD (AAABBB)	1.54%	2.0	0.0	1	-2	-49	9	-15	-21
HIGH YIELD	6.02%	1.1	-7.0	0	-51	-198	30	-63	-54
5Y BREAKEVEN	2.01%	0.1	0.8	1.3	25.3	-6.3	76.2	45.5	29.1

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)



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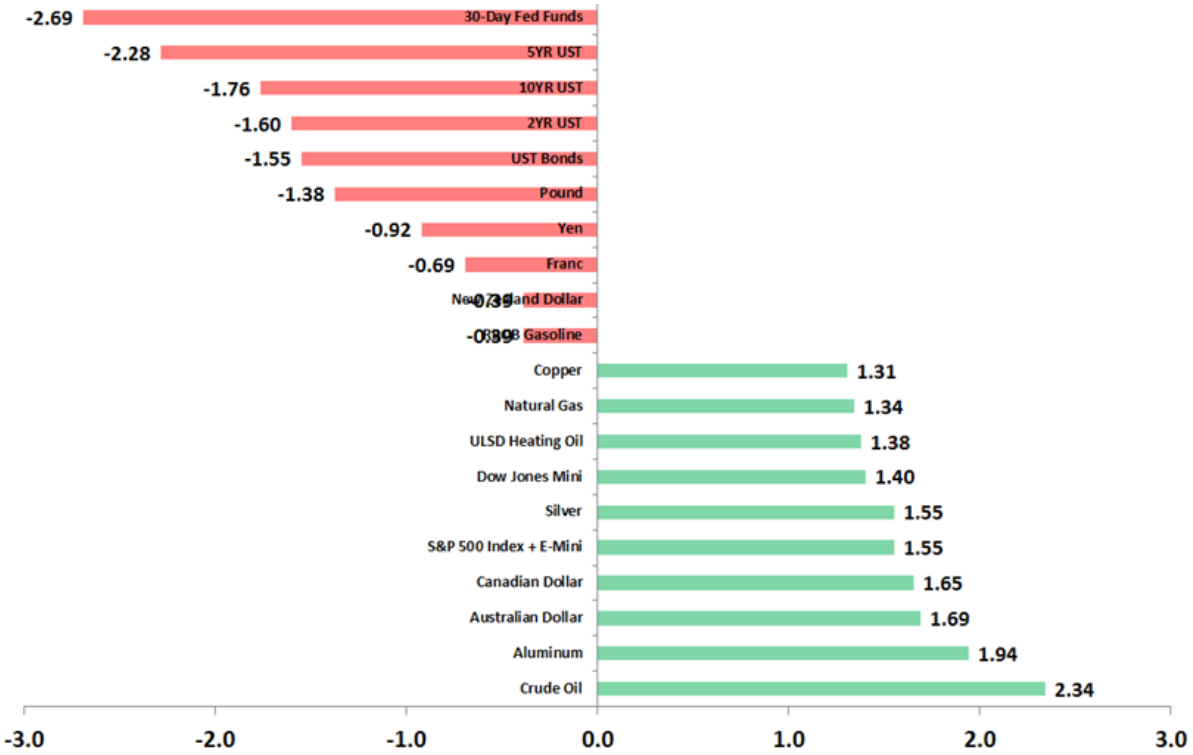
CFTC NET FUTURES & OPTIONS POSITIONING (3YR Z-SCORE)



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MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (3/17) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	1%	9%	21%	56%
Total Exchange Volume**	47%	38%	47%	41%
Total Traded Value (R3K)***	222%	168%	200%	199%

*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	-0.20	0.60	-0.02	0.64	0.70	*0.95*	*-0.75*	*50%*	*50%*
BRENT Oil	0.35	-0.02	0.15	0.44	0.72	*0.77*	*-0.78*	*49%*	*51%*
CRB Index	0.02	-0.07	-0.20	0.44	0.76	*0.83*	*-0.86*	*28%*	*72%*
GOLD	-0.19	-0.32	-0.65	-0.83	-0.93	*0.90*	*-0.97*	*17%*	*83%*

**Days = Trading Days*