THE MACRO SHOW

MARCH 6, 2017

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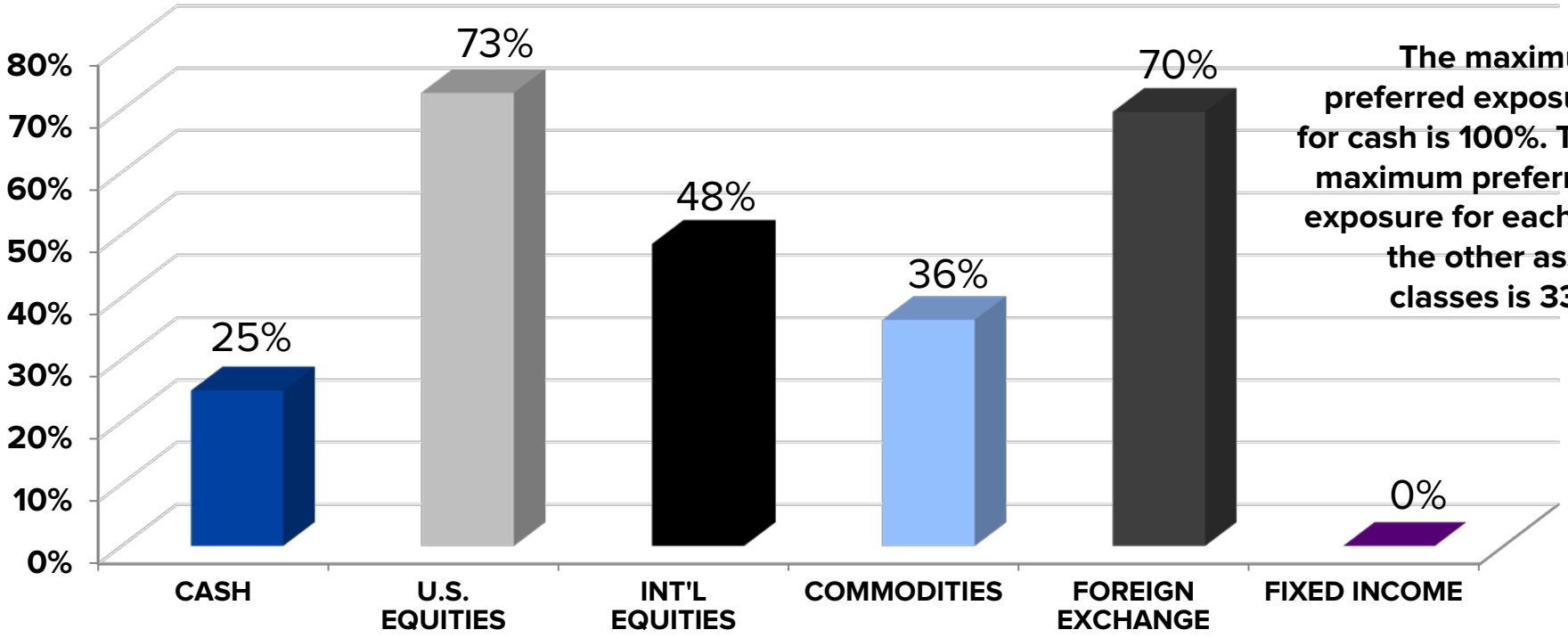
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/3/2017	25	23	15	13	24	0
3/6/2017	25	24	16	12	23	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/3/2017	25%	70%	45%	39%	73%	0%
3/6/2017	25%	73%	48%	36%	70%	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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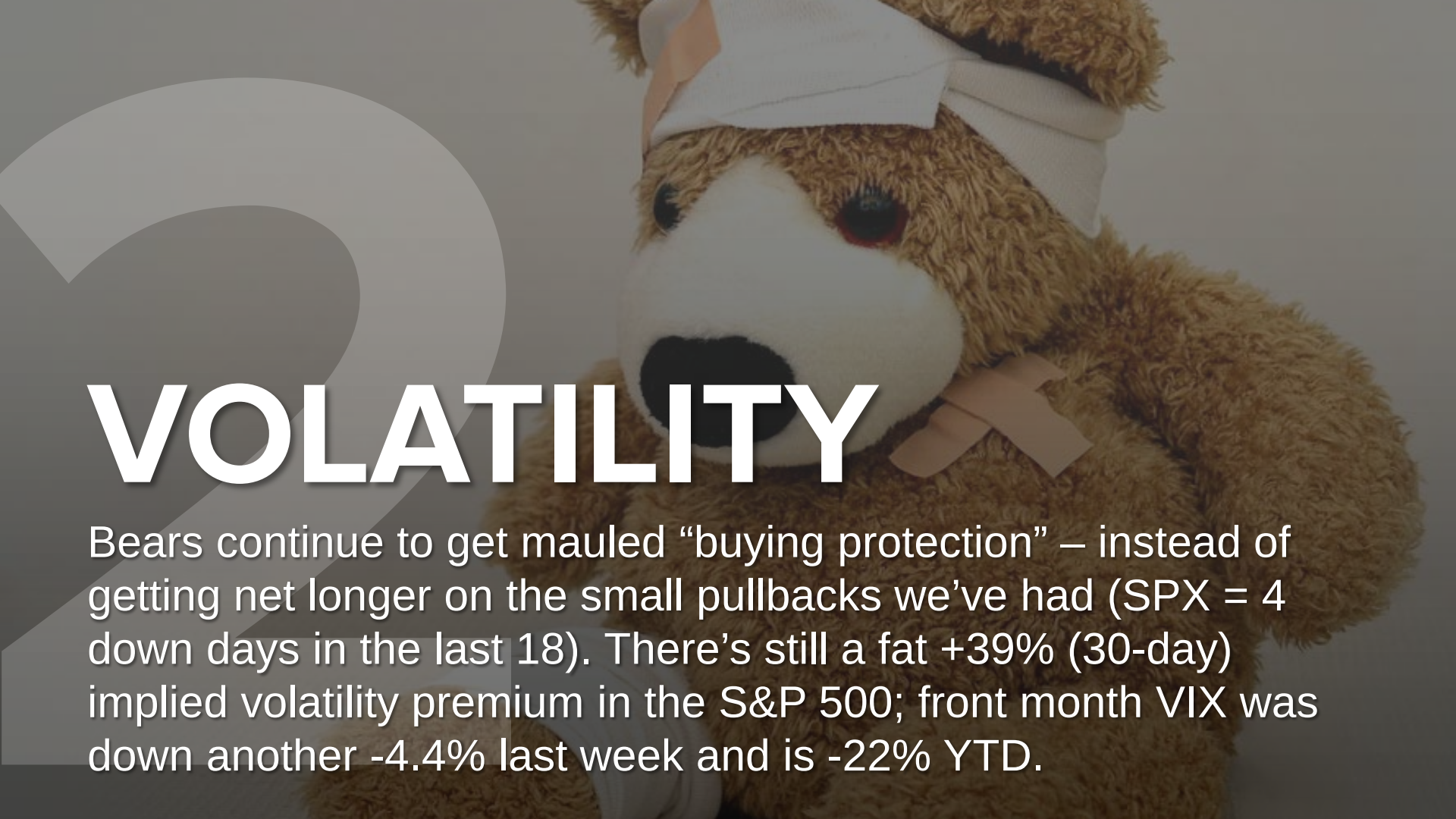
1 USD

2 VOLATILITY

3 OIL

USD

After +4 straight up weeks for the USD Index the 30-day correlation between USD/SPY is now an impressive +0.89, so we're thinking Trump's team is starting to figure out that you can't have #MAGA without ***#StrongDollar*** (that's if he wants the "stocks are up because of me" narrative).



VOLATILITY

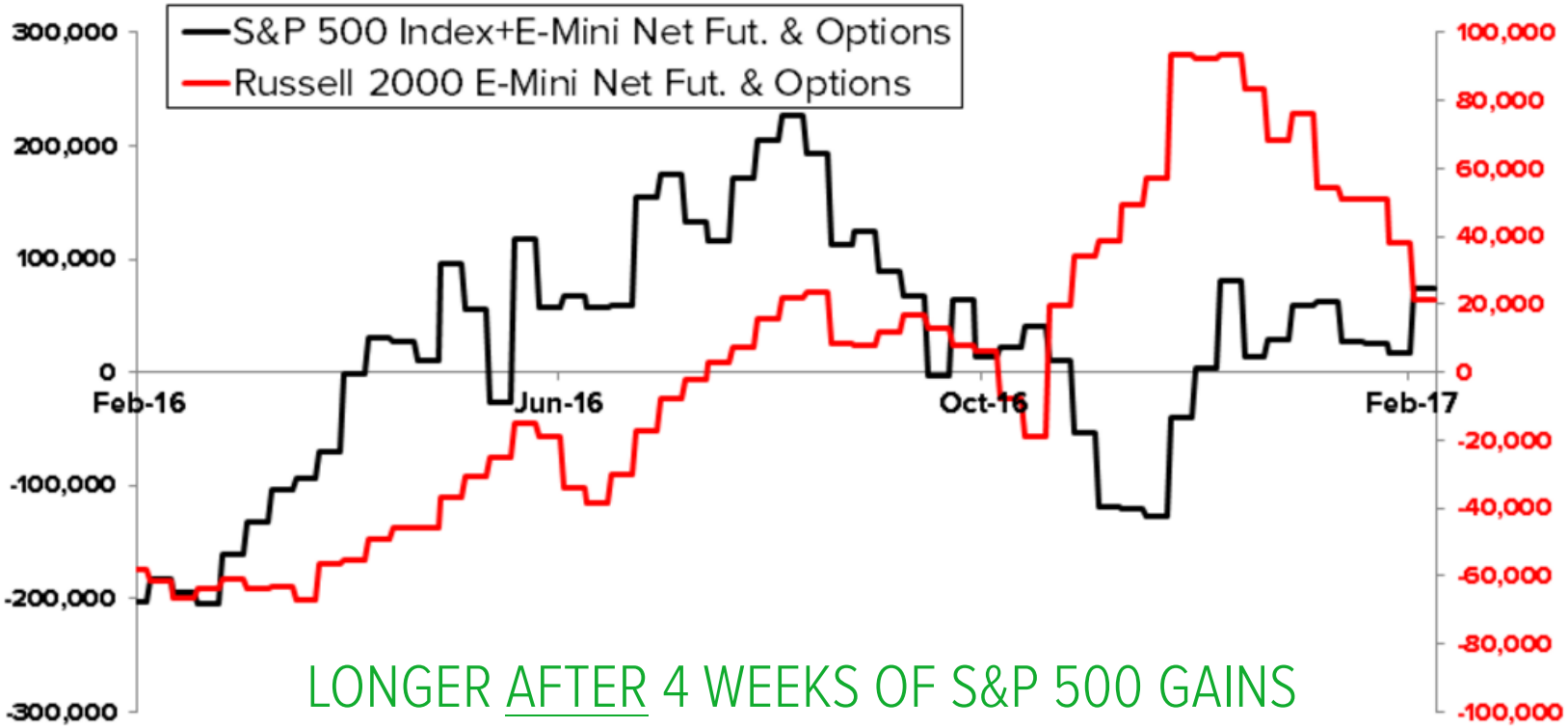
Bears continue to get mauled “buying protection” – instead of getting net longer on the small pullbacks we’ve had (SPX = 4 down days in the last 18). There’s still a fat +39% (30-day) implied volatility premium in the S&P 500; front month VIX was down another -4.4% last week and is -22% YTD.

OIL

Crude remains the only consensus macro net long position from a positioning perspective (looking at CFTC futures & options net long positioning of > 2.0x on a 1-yr z-score) and it continues to correct within what looks like a range bound setup of $52-55 (WTI -1.2% last week and -0.5% this am to $53.05).

MACRO GRIND

CFTC FUTURES & OPTIONS POSITIONING



LONGER AFTER 4 WEEKS OF S&P 500 GAINS

U.S. DOLLAR INDEX

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LIGHT CRUDE OIL

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FRENCH CAC 40 INDEX

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EARNINGS SEASON

Q4 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.9%	6.3%	487 / 497
Energy	3.2%	-9.0%	34 / 34
Materials	4.0%	2.0%	25 / 25
Industrials	2.4%	-5.4%	67 / 67
Consumer Discretionary	7.9%	4.3%	73 / 80
Consumer Staples	2.6%	4.5%	35 / 36
Healthcare	5.2%	4.3%	59 / 60
Financials	5.7%	6.6%	64 / 64
Information Technology	7.0%	11.4%	66 / 66
Telecom	-1.7%	0.5%	5 / 5
Utilities	9.2%	110.4%	28 / 28
Real Estate	3.6%	11.4%	30 / 30

Source: BBG

	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	6.9%	7.2%	8.0%	10.1%	5.9%	0.7%	-11.7%	SPX	38.9%	0.56	1.00	56.1%	1.64	2.06	52.6%	1.96	2.04
Russell 2000	RTY	14.3%	14.1%	15.7%	16.0%	1.6%	-1.8%	-5.9%	RTY	9.6%	0.28	0.18	19.6%	1.06	0.70	12.6%	0.83	0.16
Nasdaq 100	NDX	6.8%	7.8%	10.6%	11.3%	0.3%	-10.5%	-18.1%	NDX	57.5%	1.23	1.82	58.7%	2.22	2.65	30.6%	1.20	1.28
USD Index	UUP	6.5%	7.9%	7.6%	7.6%	-8.6%	-14.2%	-10.7%	UUP	16.7%	0.17	0.08	2.4%	-0.57	-0.50	17.0%	0.26	0.13
Consumer Discret.	XLY	7.4%	9.2%	10.1%	11.0%	-2.9%	-11.5%	-17.9%	XLY	40.7%	0.77	1.20	27.2%	0.75	1.00	26.7%	0.94	1.07
Financials	XLF	15.5%	14.8%	17.3%	16.9%	5.5%	-1.6%	-2.7%	XLF	10.2%	0.04	0.14	19.1%	0.64	0.66	7.6%	0.61	0.16
Healthcare	XLV	9.2%	9.5%	13.1%	12.4%	4.5%	-5.8%	-12.9%	XLV	34.2%	0.97	1.28	35.3%	1.76	1.88	3.8%	0.13	0.08
Technology	XLK	7.6%	8.9%	11.2%	11.4%	0.5%	-9.1%	-15.2%	XLK	40.6%	0.87	1.33	38.1%	1.57	1.70	19.6%	0.86	0.75
Consumer Staples	XLP	7.6%	8.7%	10.6%	10.2%	3.7%	-5.6%	-12.7%	XLP	26.6%	0.86	0.86	21.5%	1.23	1.04	4.6%	0.11	-0.11
Utilities	XLU	12.5%	12.5%	16.6%	14.5%	8.2%	-1.9%	-8.5%	XLU	17.1%	1.11	1.19	17.8%	1.95	1.76	-8.8%	-0.60	-0.57
Energy	XLE	15.2%	13.4%	17.1%	17.0%	1.4%	-2.4%	-11.7%	XLE	11.5%	0.41	0.31	30.4%	2.53	1.55	7.0%	1.17	0.28
Energy	XOP	23.7%	21.0%	30.7%	26.6%	-1.1%	-5.4%	-15.2%	XOP	13.8%	0.42	0.50	29.7%	2.56	1.89	-6.8%	0.25	-0.31
Materials	XLB	12.4%	11.4%	11.4%	13.1%	-1.9%	-4.5%	-12.4%	XLB	2.7%	-0.32	-0.24	19.1%	0.69	0.56	25.5%	1.39	0.94
Industrials	XLI	10.4%	10.3%	11.3%	12.6%	4.4%	-2.3%	-7.4%	XLI	18.3%	0.16	0.42	27.9%	1.06	1.14	22.5%	1.30	0.99
Transports	IYT	15.8%	14.7%	14.6%	16.4%	-1.7%	-4.8%	-6.9%	IYT	5.4%	-0.28	-0.15	13.0%	0.15	0.29	16.2%	0.45	0.51
WTI Crude Oil	USO	17.3%	22.2%	31.2%	23.9%	-7.4%	-16.5%	-29.2%	USO	-7.4%	1.52	1.39	10.7%	0.99	0.22	-17.4%	-0.77	-1.08
Natural Gas	UNG	40.1%	49.8%	50.1%	39.2%	-4.9%	-14.1%	-12.2%	UNG	-3.1%	-0.35	-0.42	-21.3%	-1.37	-1.10	-22.0%	-1.55	-1.07
Gold	GLD	10.4%	11.3%	12.5%	12.6%	-3.7%	-10.1%	-13.0%	GLD	23.4%	0.97	0.77	19.5%	1.19	0.79	14.4%	0.96	0.54
Silver	SLV	18.2%	20.1%	22.1%	20.6%	-1.8%	-10.2%	-13.7%	SLV	13.2%	0.54	-0.12	5.0%	0.08	-0.40	0.1%	-0.67	-0.69
Copper	JJC	27.5%	25.9%	26.5%	24.9%	5.7%	-4.5%	-1.0%	JJC	-8.0%	-0.37	-0.47	-3.4%	-0.41	-0.50	-5.1%	-0.51	-0.66
Corn	CORN	15.8%	14.5%	16.2%	18.7%	3.0%	6.6%	0.0%	CORN	17.6%	0.13	-0.12	37.9%	1.18	0.99	34.8%	0.76	0.72
Soybeans	SOYB	14.8%	16.4%	15.8%	16.7%	-14.3%	-23.3%	-21.7%	SOYB	20.3%	-0.40	-0.38	5.2%	-0.72	-0.67	16.6%	-0.49	-0.47
Wheat	WEAT	20.4%	19.5%	18.7%	26.0%	-16.0%	-16.4%	-10.8%	WEAT	27.3%	-0.52	-0.38	33.4%	-0.53	-0.22	38.9%	-0.45	-0.03

*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	$87.00	-0.15%	0.73%	6.88%
Financial Select Sector	XLF	$24.97	0.48%	1.75%	7.40%
Health Care Select Sector	XLV	$75.80	0.40%	1.08%	9.95%
Technology Select Sector	XLK	$52.86	0.23%	0.97%	9.31%
Consumer Staples Select Sector	XLP	$55.14	-0.38%	0.07%	6.63%
Industrial Select Sector	XLI	$66.32	0.11%	0.70%	6.59%
Materials Select Sector	XLB	$52.66	-0.08%	0.78%	5.96%
The Energy Select Sector	XLE	$71.99	-0.18%	0.85%	-4.42%
Utilities Select Sector	XLU	$51.52	-0.31%	-0.48%	6.07%
S&P 500	SPX	2,383.12	0.05%	0.82%	6.44%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$87.00	-0.20%	-0.09%	0.43%
Financial Select Sector	XLF	$24.97	0.43%	0.93%	0.95%
Health Care Select Sector	XLV	$75.80	0.35%	0.26%	3.51%
Technology Select Sector	XLK	$52.86	0.18%	0.15%	2.86%
Consumer Staples Select Sector	XLP	$55.14	-0.43%	-0.75%	0.19%
Industrial Select Sector	XLI	$66.32	0.06%	-0.13%	0.14%
Materials Select Sector	XLB	$52.66	-0.13%	-0.04%	-0.49%
The Energy Select Sector	XLE	$71.99	-0.23%	0.03%	-10.87%
Utilities Select Sector	XLU	$51.52	-0.36%	-1.31%	-0.37%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.1%	0.1%	2.2%	7.0%	8.9%	5.4%
	Low Debt/EV	-0.2%	0.2%	3.3%	6.6%	6.6%	6.0%
SI	High Short Interest	-0.2%	-0.9%	0.8%	2.7%	3.2%	2.5%
	Low Short Interest	0.1%	0.7%	3.9%	8.8%	11.4%	6.7%
BETA	High Beta	0.2%	0.7%	2.0%	7.1%	16.8%	6.1%
	Low Beta	-0.3%	-0.1%	3.5%	7.9%	2.4%	4.8%
YIELD	High Yield	-0.3%	-0.6%	2.1%	3.9%	1.7%	2.3%
	Low Yield	0.0%	0.1%	2.0%	6.4%	6.1%	5.7%
MKT CAP	MCAP Bottom 25%	-0.4%	-1.0%	0.7%	1.2%	1.0%	1.3%
	MCAP Top 25%	0.0%	0.8%	4.0%	8.8%	12.1%	6.9%
Sales	Top 25% Sales Growth	0.1%	0.6%	1.7%	6.3%	8.1%	5.2%
	Bottom 25% Sales Growth	-0.2%	1.8%	1.8%	4.4%	3.4%	3.2%
EPS	Top 25% EPS Growth	0.2%	0.7%	0.8%	5.8%	10.4%	4.7%
	Bottom 25% EPS Growth	-0.3%	-0.8%	2.1%	4.0%	2.8%	2.5%

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

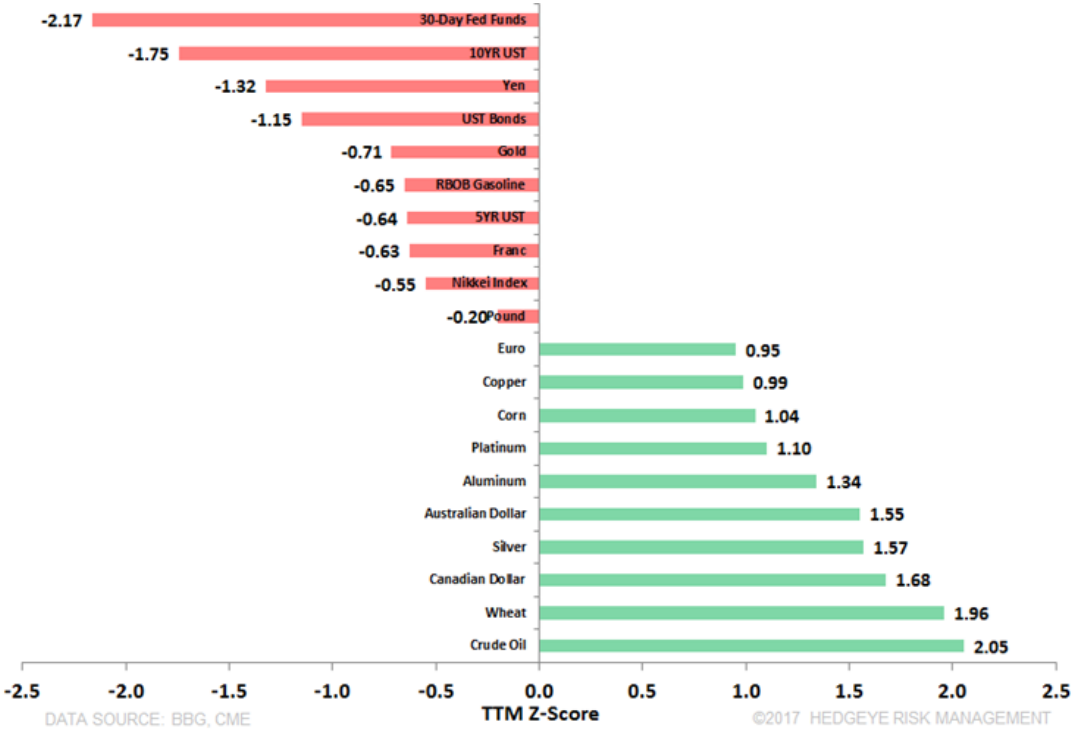
HEDGEYE RATES & SPREADS

	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	0.70%	3.6	19.3	20	23	-2	54	54	58
3M LIBOR	1.10%	0.0	4.6	7	15	0	48	62	68
2Y T-Note	1.31%	-0.3	16.2	11	21	-4	81	61	77
5Y T-Note	2.01%	-0.6	20.5	10	19	-11	112	49	69
10Y T-Note	2.48%	0.0	16.6	1	9	-16	116	33	34
30Y T-Note	3.07%	-0.2	12.0	-2	1	-14	98	19	4
2Y-10Y Spread, Bps	117	0.3	0.4	-9.5	-11	-13	35	-27	-43
IG SPREAD (AAABBB)	1.49%	-1.0	-3.0	-4	-15	-72	4	-20	-26
HIGH YIELD	5.78%	3.3	-14.7	-15	-94	-230	5	-87	-79
5Y BREAKEVEN	2.05%	4.0	4.7	0.4	27.8	-2.0	80.3	49.6	33.1

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)	73,636	56,112	8,039	25,551	27,624	0.46X	1.00X
Russell 2000 (mini)	21,444	(16,601)	63,833	38,076	2,753	0.40X	1.22X
10Y Treasury	(365,619)	(81,014)	(327,867)	(141,819)	(66,416)	-1.75X	-2.59X
CRUDE OIL	563,593	(22,636)	516,593	444,728	400,760	2.05X	2.69X
GOLD	121,720	39,256	67,185	124,458	171,291	-0.65X	0.27X
COPPER	38,020	(4,386)	48,997	28,479	6,345	0.99X	1.98X
$USD	44,805	(971)	50,029	42,948	28,528	0.89X	0.35X
JPY	(49,303)	(2,646)	(64,550)	(12,232)	18,880	-1.32X	-0.31X
EUR	(44,542)	6,253	(60,205)	(85,088)	(75,958)	0.95X	0.93X
GBP	(67,119)	(3,124)	(63,578)	(72,172)	(63,072)	-0.20X	-1.13X

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



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MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (3/3) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	6%	-3%	12%	42%
Total Exchange Volume**	-8%	-1%	0%	-3%
Total Traded Value (R3K)***	-7%	-11%	-10%	-8%

*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	1[illegible]D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	0.6[illegible]	0.89	0.50	0.67	0.70	*0.95*	*-0.83*	*46%*	*54%*
BRENT Oil	-0.23	0.24	0.55	0.60	0.72	*0.77*	*-0.78*	*48%*	*52%*
CRB Index	0.17	0.14	0.43	0.60	0.74	*0.83*	*-0.86*	*27%*	*73%*
GOLD	-0.04	0.55	-0.81	-0.89	-0.93	*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	$55.90	1.49%	-0.16%	-1.60%	2.64%	-1.3%	-0.7%	-4%	54%
Gold	$1,235	0.05%	-1.78%	1.19%	4.87%	-1.1%	7.6%	-10%	10%
VIX	$10.96	-7.20%	4.45%	-0.09%	-22.38%	-15.2%	-21.9%	-59%	10%