



THE
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SHOW

APRIL 3, 2017

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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/31/2017	41	21	16	0	22	0
4/3/2017	44	20	15	0	21	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/31/2017	41%	64%	48%	0%	67%	0%
4/3/2017	44%	61%	45%	0%	64%	0%

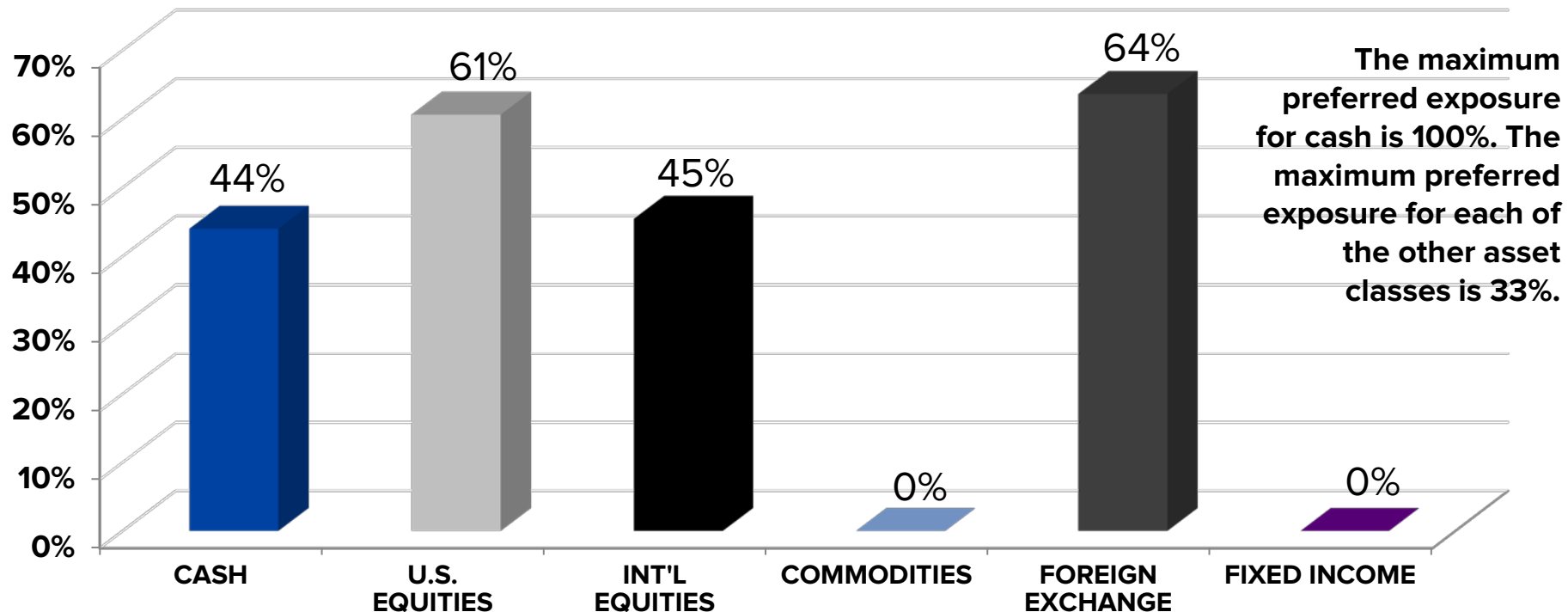
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

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1 Q1

2 ASIA

3 OIL

The background of the slide is a photograph of the New York Stock Exchange building. The classical architecture, including the pediment with sculptures and the columns, is visible. A large American flag is superimposed over the center of the image, partially obscuring the building. The text is overlaid on the left side of the flag.

Q1

It was a great quarter for both U.S. growth data (soft and hard) **#accelerating** and the commensurate real growth sectors like Tech (XLK +10.2%), Consumer Discretionary (XLY +8.1%), and Healthcare (XLV +7.9%). We wouldn't chase these after the latest ramp but remain a bull on pullbacks to the low-end of our risk ranges.



ASIA

Asia opens Q1 with green, across the board – Hang Seng +0.6% is now +3% in the last month, trying to catch up to big bullish breakouts in places like South Korea (KOSPI +0.3% overnight and +4.3% in the last month); India and Indonesia both +4.0% in the last month, respectively.

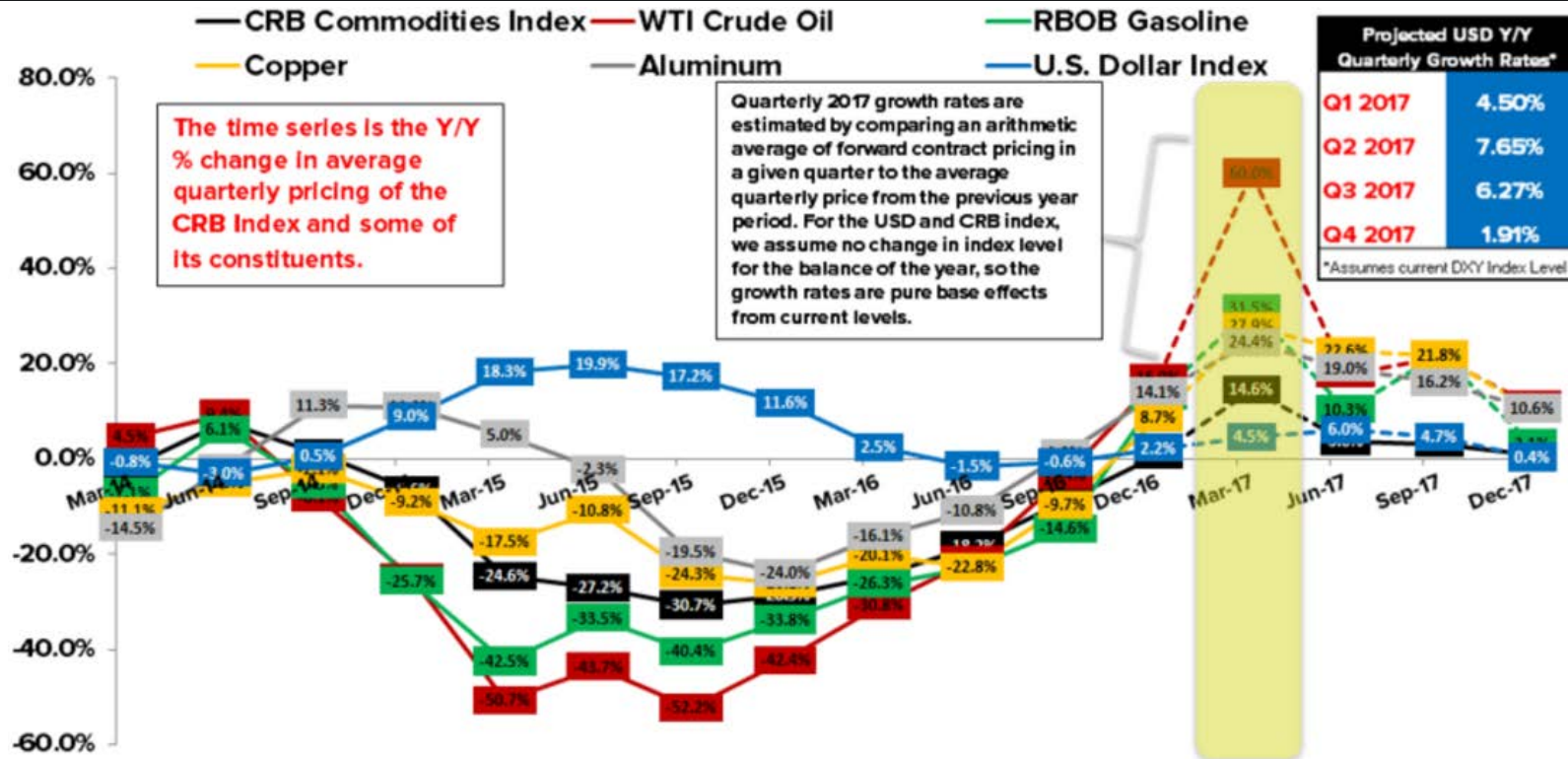
The background image shows a silhouette of an oil pumpjack against a dramatic, cloudy sky at sunset or sunrise. A large, semi-transparent 'OIL' text is overlaid on the left side of the image.

OIL

Oil was down small this morning after a +5.5% reflation last week – we're not bullish on Oil and/or Energy related securities as equity markets price in a move out of Quad2 (where both growth and inflation are accelerating) and into Quad1 (where inflation slows, sequentially, and real growth accelerates); WTI risk range = \$48.02-50.90.

MACRO GRIND

Q1 2017 REFLATION'S PEAK: TOP-DOWN DRIVERS THAT FRONT-RUN INFLATION



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GERMAN DAX COMPOSITE



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SOUTH KOREA SEOUL COMPOSITE



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HONG KONG HANG SENG



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Index/Security	REALIZED VOLATILITY				IMPLIED VOLATILITY*				IMPLIED** VS. REALIZED VOLATILITY									
	Duration of Realized (%)				At-The-Money %				30 Day			60 Day			3 Month			
									Z-Score			Z-Score			Z-Score			
	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	7.6%	6.7%	7.0%	9.8%	1.0%	1.2%	-11.2%	SPX	20.3%	-0.07	0.34	47.2%	1.06	1.53	54.6%	1.68	1.98
Russell 2000	RTY	14.9%	13.9%	14.0%	14.9%	-2.7%	-5.5%	-11.0%	RTY	-5.2%	-0.46	-0.57	8.1%	0.24	0.03	13.8%	0.77	0.25
Nasdaq 100	NDX	7.6%	6.8%	8.5%	11.0%	2.8%	-5.2%	-16.5%	NDX	35.0%	0.39	0.94	69.0%	2.15	2.79	45.5%	1.76	2.02
USD Index	UUP	7.2%	7.0%	7.6%	8.7%	16.1%	3.5%	2.7%	UUP	2.8%	-0.43	-0.39	22.1%	0.41	0.38	9.0%	-0.27	-0.21
Consumer Discret.	XLY	7.7%	6.8%	8.9%	10.0%	-4.7%	-13.0%	-21.9%	XLY	16.6%	-0.14	0.25	55.2%	1.75	2.25	27.5%	0.82	1.06
Financials	XLF	16.2%	15.5%	15.0%	16.6%	4.1%	1.3%	-4.2%	XLF	-1.4%	-0.45	-0.31	8.4%	0.13	0.16	15.4%	0.99	0.57
Healthcare	XLV	8.7%	9.2%	9.7%	10.9%	-8.3%	-12.3%	-22.0%	XLV	22.3%	0.34	0.72	25.2%	0.95	1.22	25.5%	1.44	1.48
Technology	XLK	8.0%	7.3%	9.4%	11.3%	2.1%	-4.0%	-13.1%	XLK	25.6%	0.24	0.71	57.8%	1.99	2.41	28.7%	1.28	1.26
Consumer Staples	XLP	5.9%	7.5%	8.5%	9.0%	-7.5%	-10.3%	-19.9%	XLP	39.1%	1.26	1.35	26.9%	1.22	1.26	23.8%	1.21	1.04
Utilities	XLU	12.7%	12.2%	13.8%	13.6%	1.5%	-1.2%	-11.7%	XLU	1.6%	0.03	0.20	12.6%	1.21	1.29	-1.0%	0.20	0.22
Energy	XLE	16.6%	15.0%	16.3%	16.0%	-4.6%	-5.2%	-13.9%	XLE	-7.6%	-0.59	-0.57	11.6%	0.84	0.48	5.5%	0.89	0.22
Energy	XOP	28.1%	24.3%	29.6%	26.6%	-2.8%	-2.3%	-12.3%	XOP	-4.1%	-0.41	-0.40	13.3%	1.00	0.80	-4.4%	0.38	-0.14
Materials	XLB	12.1%	11.5%	11.1%	12.9%	-1.5%	-3.3%	-11.4%	XLB	3.4%	-0.45	-0.21	14.0%	0.31	0.31	25.8%	1.22	0.94
Industrials	XLI	10.9%	10.1%	9.9%	11.8%	-3.4%	-5.4%	-12.0%	XLI	1.8%	-0.54	-0.26	20.4%	0.51	0.69	30.0%	1.53	1.39
Transports	IYT	15.5%	14.8%	14.2%	16.0%	-1.9%	-5.7%	-7.7%	IYT	-1.5%	-0.60	-0.45	10.9%	-0.10	0.13	19.2%	0.48	0.67
WTI Crude Oil	USO	24.9%	23.4%	28.7%	26.6%	-3.7%	-3.9%	-17.0%	USO	-3.7%	-0.13	-0.21	19.3%	1.24	0.64	2.1%	0.63	-0.15
Natural Gas	UNG	39.6%	37.4%	45.7%	33.2%	-9.4%	-19.9%	-25.2%	UNG	-15.8%	-1.13	-0.90	-9.0%	-0.48	-0.70	-23.2%	-1.39	-1.15
Gold	GLD	10.0%	10.3%	11.5%	11.9%	0.5%	-7.8%	-15.5%	GLD	14.4%	0.35	0.31	16.9%	0.89	0.62	6.3%	0.31	0.00
Silver	SLV	19.4%	17.2%	18.9%	18.7%	-2.7%	-11.2%	-18.6%	SLV	-7.1%	-0.90	-0.87	11.6%	0.89	-0.07	4.4%	0.03	-0.43
Copper	JJC	20.9%	25.0%	24.6%	20.3%	-12.9%	-17.0%	-19.5%	JJC	-0.8%	-0.26	-0.31	-13.8%	-0.67	-0.82	-8.7%	-0.62	-0.77
Corn	CORN	14.1%	13.7%	15.0%	19.1%	2.3%	6.2%	3.3%	CORN	22.5%	0.69	0.12	49.1%	2.21	1.60	47.9%	1.58	1.41
Soybeans	SOYB	10.4%	14.1%	14.6%	23.9%	20.0%	14.7%	12.3%	SOYB	95.1%	1.72	0.91	57.1%	0.35	0.31	30.2%	-0.28	-0.23
Wheat	WEAT	18.3%	19.3%	19.1%	25.6%	0.7%	-10.8%	-11.3%	WEAT	34.0%	-0.31	-0.29	27.0%	-0.59	-0.33	19.5%	-0.97	-0.40

*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

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HEDGEYE SECTOR PERFORMANCE

<u>SECTOR</u>	<u>Ticker</u>	<u>Price</u>	<u>1-Day %</u> <u>Chg</u>	<u>March %</u> <u>Chg</u>	<u>YTD %</u> <u>Chg</u>
Consumer Discretionary	XLY	\$87.95	0.01%	1.83%	8.05%
Financial Select Sector	XLF	\$23.73	-0.84%	-3.30%	2.06%
Health Care Select Sector	XLV	\$74.36	-0.28%	-0.84%	7.86%
Technology Select Sector	XLK	\$53.31	-0.19%	1.83%	10.24%
Consumer Staples Select Sector	XLP	\$54.58	-0.29%	-0.94%	5.55%
Industrial Select Sector	XLI	\$65.06	-0.41%	-1.21%	4.56%
Materials Select Sector	XLB	\$52.41	-0.02%	0.31%	5.45%
The Energy Select Sector	XLE	\$69.90	-0.34%	-2.07%	-7.20%
Utilities Select Sector	XLU	\$51.31	0.39%	-0.89%	5.64%
S&P 500	SPX	2,362.72	-0.23%	-0.04%	5.53%

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HEDGEYE SECTOR RELATIVE PERFORMANCE

	<u>Ticker</u>	<u>Price</u>	<u>1-Day % Chg</u>	<u>March % Chg</u>	<u>YTD % Chg</u>
Consumer Discretionary	XLY	\$87.95	0.24%	1.87%	2.51%
Financial Select Sector	XLF	\$23.73	-0.61%	-3.26%	-3.47%
Health Care Select Sector	XLV	\$74.36	-0.06%	-0.80%	2.33%
Technology Select Sector	XLK	\$53.31	0.04%	1.87%	4.70%
Consumer Staples Select Sector	XLP	\$54.58	-0.07%	-0.90%	0.02%
Industrial Select Sector	XLI	\$65.06	-0.19%	-1.18%	-0.97%
Materials Select Sector	XLB	\$52.41	0.21%	0.35%	-0.08%
The Energy Select Sector	XLE	\$69.90	-0.12%	-2.03%	-12.73%
Utilities Select Sector	XLU	\$51.31	0.62%	-0.85%	0.11%

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HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.0%	1.2%	-2.2%	3.9%	7.5%	3.9%
	Low Debt/EV	-0.1%	1.0%	-0.6%	6.3%	7.8%	6.3%
SI	High Short Interest	-0.1%	1.9%	-1.6%	1.6%	3.4%	1.6%
	Low Short Interest	-0.2%	0.7%	-1.6%	5.6%	10.3%	5.6%
BETA	High Beta	-0.2%	2.8%	-2.6%	4.8%	13.6%	4.8%
	Low Beta	0.0%	0.1%	-0.3%	5.1%	4.0%	5.1%
YIELD	High Yield	0.1%	0.8%	-1.8%	1.0%	0.9%	1.0%
	Low Yield	-0.1%	1.8%	-0.9%	5.8%	6.5%	5.8%
MKT CAP	MCAP Bottom 25%	0.0%	1.7%	-1.8%	0.3%	1.4%	0.3%
	MCAP Top 25%	-0.3%	0.7%	-1.5%	6.0%	11.3%	6.0%
Sales	Top 25% Sales Growth	0.0%	2.0%	-0.6%	5.6%	8.5%	5.6%
	Bottom 25% Sales Growth	-0.1%	1.0%	-1.7%	2.5%	4.2%	2.5%
EPS	Top 25% EPS Growth	0.0%	2.2%	-0.9%	4.8%	8.9%	4.8%
	Bottom 25% EPS Growth	0.0%	1.0%	-1.7%	2.4%	3.8%	2.4%

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

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HEDGEYE RATES & SPREADS

		1D	5D	1M	3M	vs. 52-Wk, Bps		vs.	vs.
	Price	Bps Chg	Bps Chg	Bps Chg	Bps Chg	High	Low	3Y Ave	5Y Ave
3M T-Bill	0.75%	-2.0	-1.0	15	25	-4	59	58	63
3M LIBOR	1.15%	0.1	-0.4	8	15	-1	53	65	72
2Y T-Note	1.25%	-1.6	-0.3	-1	7	-14	76	53	70
5Y T-Note	1.92%	-0.5	-2.4	-1	-1	-23	103	40	59
10Y T-Note	2.39%	1.1	-2.5	0	-6	-25	107	25	24
30Y T-Note	3.01%	2.4	-0.4	1	-6	-20	92	14	-1
2Y-10Y Spread, Bps	113	2.7	-2.2	0.4	-12	-11	31	-28	-46
IG SPREAD (AAABBB)	1.57%	3.0	3.0	12	7	-45	12	-12	-17
HIGH YIELD	6.11%	-7.4	-14.0	20	-29	-189	39	-54	-44
5Y BREAK EVEN	1.95%	-0.8	-0.7	-4.9	8.9	-12.5	70.0	39.2	23.0

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CFTC NON-COMMERCIAL NET LONG POSITIONING

METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	Z-Score	
						1Y	3Y
SPX (Index + E-mini)	153,373	73,787	68,723	24,919	50,656	1.21X	1.70X
Russell 2000 (mini)	(54,639)	(13,879)	31,506	31,187	5,185	-1.37X	-0.96X
10Y Treasury	(51,070)	17,492	(278,019)	(183,533)	(77,283)	0.15X	0.08X
CRUDE OIL	458,008	(16,981)	522,047	470,024	412,808	0.55X	1.30X
GOLD	99,150	33,179	72,106	97,534	165,276	-0.82X	-0.01X
COPPER	29,821	7,960	40,484	35,236	8,485	0.66X	1.56X
USD	44,166	(2,040)	47,947	47,901	30,649	0.73X	0.27X
JPY	(58,708)	13,826	(64,699)	(31,511)	9,792	-1.24X	-0.48X
EUR	(7,155)	11,090	(43,590)	(75,750)	(73,125)	1.85X	1.67X
GBP	(108,402)	4,869	(75,334)	(75,775)	(68,329)	-1.96X	-2.10X

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

<u>INDEX/SECURITY</u>	VOLUME: (3/31) vs.			
	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	12%	-4%	-1%	34%
Total Exchange Volume**	8%	-5%	-5%	-6%
Total Traded Value (R3K)***	33%	10%	12%	16%

*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)

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KEY \$USD CORRELATIONS

METRIC						52-Wk Rolling 30D Correlation			
	15D	30D	90D	120D	180D	High	Low	% Time Pos	% Time Neg
SPX	0.68	0.61	-0.24	0.45	0.67	0.95	-0.75	53%	47%
BRENT Oil	0.18	0.59	0.30	0.51	0.71	0.77	-0.78	53%	47%
CRB Index	-0.03	0.11	-0.49	0.51	0.75	0.83	-0.86	30%	70%
GOLD	-0.91	-0.55	-0.71	-0.83	-0.93	0.90	-0.97	17%	83%

*Days = Trading Days

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OTHER KEY METRICS

METRIC	PRICE	1D % Chg	5D % Chg	1M % Chg	3M % Chg	MTD % Chg	YTD % Chg	vs. 52-Wk	
								High	Low
Brent Oil	\$52.83	0.78%	4.00%	-4.96%	-7.02%	0.0%	-5.8%	-9%	42%
Gold	\$1,249	-0.34%	0.45%	0.06%	8.86%	0.0%	8.9%	-9%	11%
VIX	\$12.37	8.32%	-4.55%	-4.26%	-11.89%	0.0%	-11.9%	-54%	24%

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