THE MACRO SHOW

JANUARY 9, 2017

LEGAL

DISCLAIMER

Hedgeye Risk Management is a registered investment advisor, registered with the State of Connecticut. Hedgeye Risk Management is not a broker dealer and does not provide investment advice to individuals. This research does not constitute an offer to sell, or a solicitation of an offer to buy any security. This research is presented without regard to individual investment preferences or risk parameters; it is general information and does not constitute specific investment advice. This presentation is based on information from sources believed to be reliable. Hedgeye Risk Management is not responsible for errors, inaccuracies or omissions of information. The opinions and conclusions contained in this report are those of Hedgeye Risk Management, and are intended solely for the use of Hedgeye Risk Management's clients and subscribers. In reaching these opinions and conclusions, Hedgeye Risk Management and its employees have relied upon research conducted by Hedgeye Risk Management's employees, which is based upon sources considered credible and reliable within the industry. Hedgeye Risk Management is not responsible for the validity or authenticity of the information upon which it has relied.

TERMS OF USE

This report is intended solely for the use of its recipient. Re-distribution or republication of this report and its contents are prohibited. For more detail please refer to the appropriate sections of the Hedgeye Services Agreement and the Terms of Use at www.hedgeye.com.

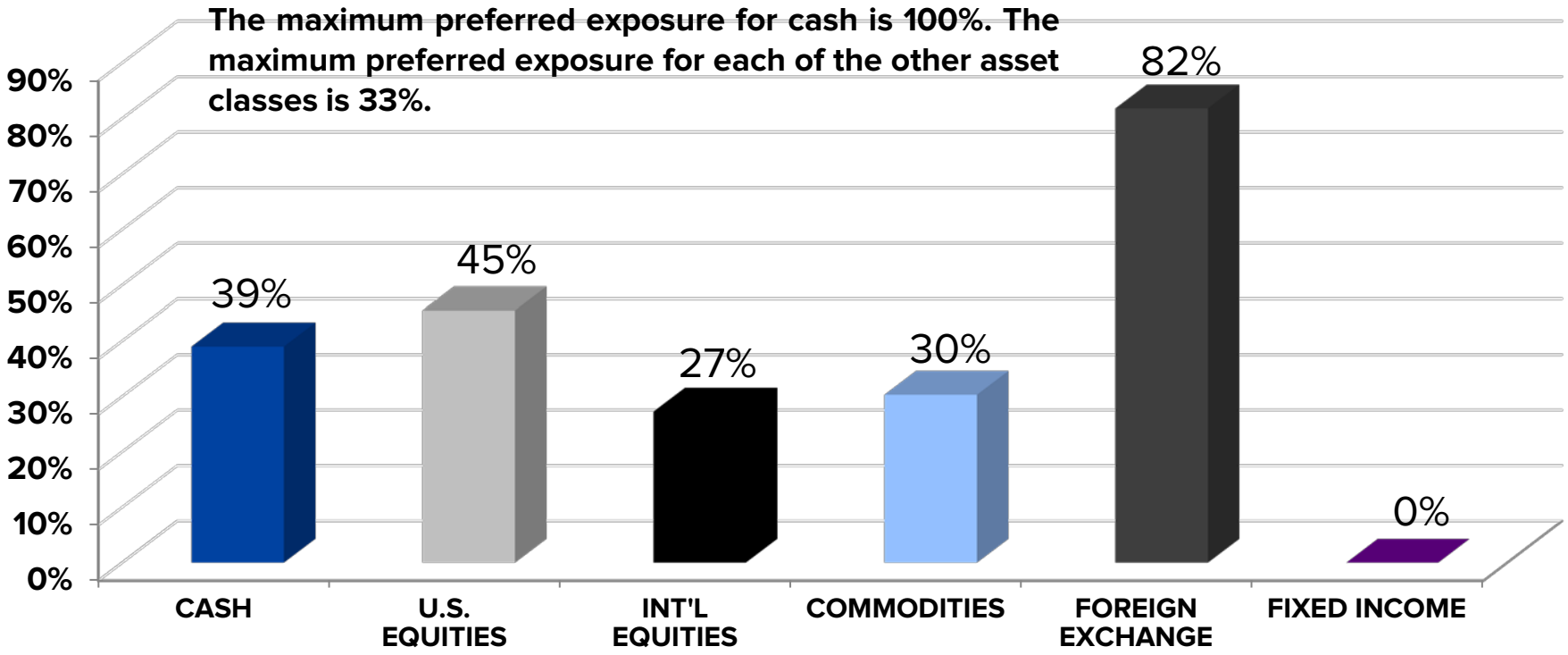
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/6/2017	33	18	10	11	28	0
1/9/2017	39	15	9	10	27	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
1/6/2017	33%	55%	30%	33%	85%	0%
1/9/2017	39%	45%	27%	30%	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



January 9, 2017

THE MACRO SHOW

HEDGEYE TV

1 GBP

2 NASDAQ

3 10YR YIELDS

GBP

After bouncing to the top-end of its immediate-term $1.21-1.24 risk range, the British Pound is straight back down at the low-end, -1.2% this morning on newsy headlines about Brexit. We would buy those and keep using USD as your lead on GBP/USD entry/exit points as the bottoming process for GBP continues to manifest.

NASDAQ

No topping process, yet, for “valuation” bears – as U.S. growth data accelerates, **High Beta + Growth** (Sales and EPS) style factors continue to pay off, in size. Last week’s all-time closing high for Nasdaq of 5,521 coincided with High Beta (as a style factor) taking on another +2.0% weekly return.

10YR YIELDS

Yields, globally, are lower this morning with European Yields having a “risk off” day (Italian 10YR -6bps to 1.90%). There is not much happening in the UST 10YR Yield after popping from 2.34% to 2.42% on the jobs report, risk range bound is what we see there at 2.35-2.60% ahead of this week’s U.S. economic data.

HEALTHCARE

TOM TOBIN

HEALTHCARE POSITION MONITOR

Sentiment Score[1]	Investment Ideas - Longs LONG		Trade	Trend	Tail
6	ATHN	athenahealth, Inc.	---	---	✓
6	EXAS	Exact Sciences Corporation	✓	✓	✓

Sentiment Score[1]	Investment Ideas - Shorts SHORT		Trade	Trend	Tail
89	CERN	Cerner Corporation	×	×	×
81	HOLX	Hologic, Inc.	×	×	×
59	AHS	AMN Healthcare Services, Inc.	×	×	×
53	ZBH	Zimmer Biomet Holdings, Inc.	---	×	×
41	HCA	HCA Holdings, Inc.	×	×	×
33	MD	MEDNAX, Inc.	×	×	×
22	QSII	Quality Systems, Inc.	---	---	×
17	MDRX	Allscripts Healthcare Solutions, Inc.	×	×	×
1	CPSI	Computer Programs and Systems, Inc.	---	---	×

Sentiment Score[1]	Long Bench LONG				
41	ILMN	Illumina, Inc.	---	---	---
56	EVH	Evolent Health Inc Class A	---	---	---
78	ABCO	Advisory Board Company	---	---	---

Sentiment Score[1]	Short Bench SHORT				
97	WOOF	VCA Inc.	---	---	---
79	LH	Laboratory Corporation of America Holdings	---	---	---
71	ICLR	ICON Plc	---	---	---
53	CRL	Charles River Laboratories International, Inc.	---	---	---
44	MDSO	Medidata Solutions, Inc.	---	---	---
36	LPNT	LifePoint Health, Inc.	---	---	---
24	PRXL	PAREXEL International Corporation	---	---	---
18	Q	Quintiles Transnational Holdings, Inc.	---	---	---
5	DGX	Quest Diagnostics Incorporated	---	---	---
1	CYH	Community Health Systems, Inc.	---	---	---

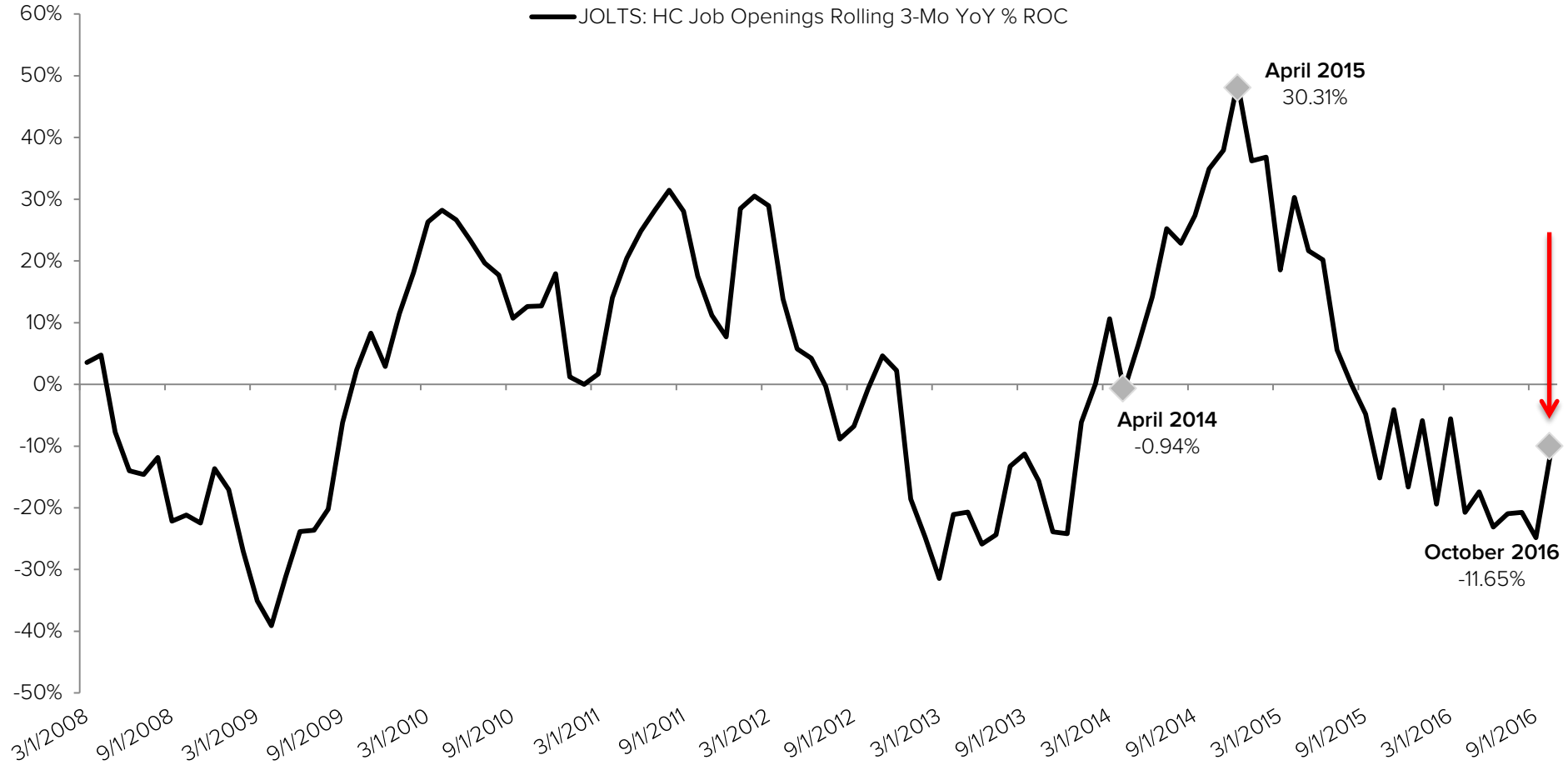
Data Source: FACTSET

© Hedgeye Risk Management LLC. All Rights Reserved.

HEALTHCARE EMPLOYMENT

© Hedgeye Risk Management LLC. All Rights Reserved.

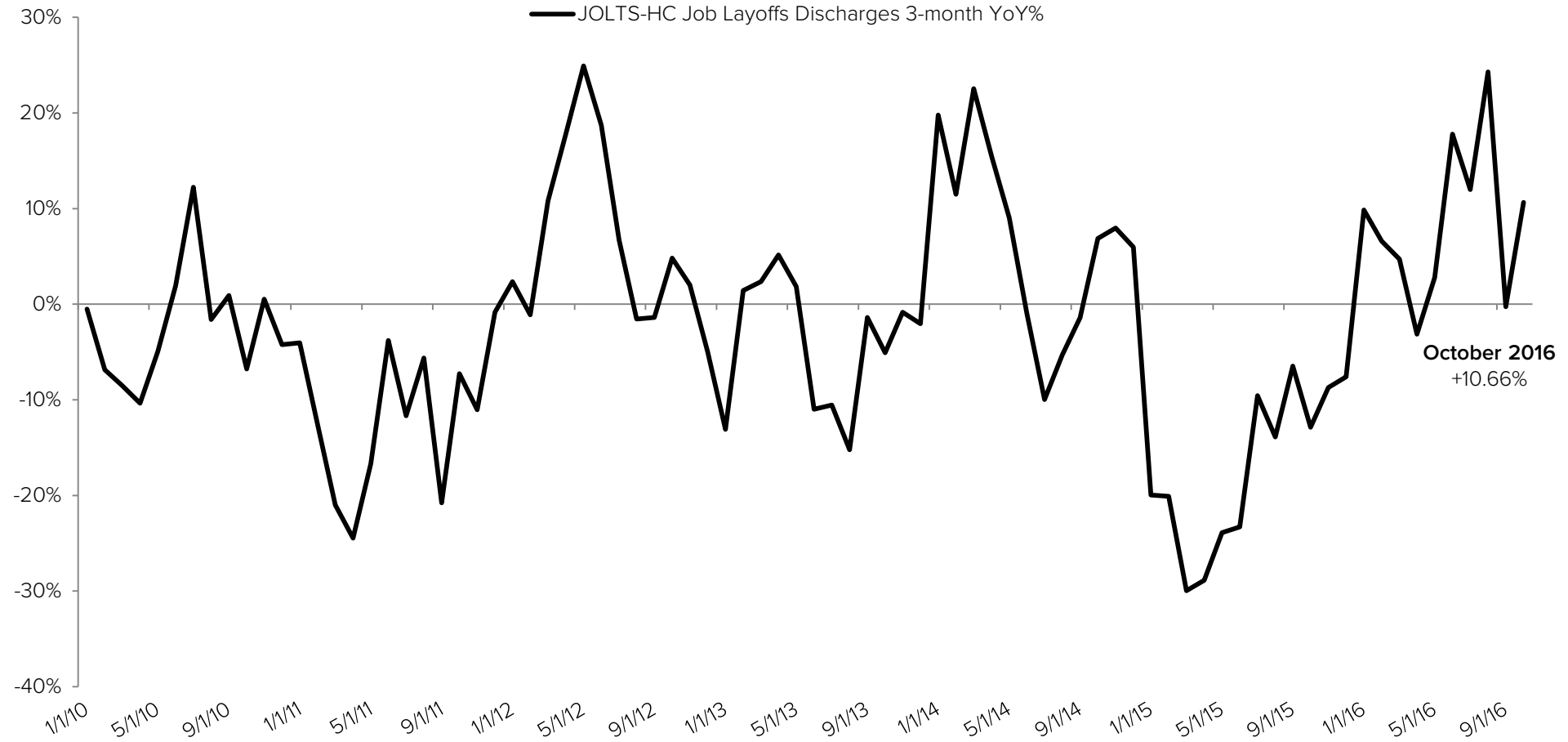
HEALTHCARE JOLTS NEGATIVE



Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

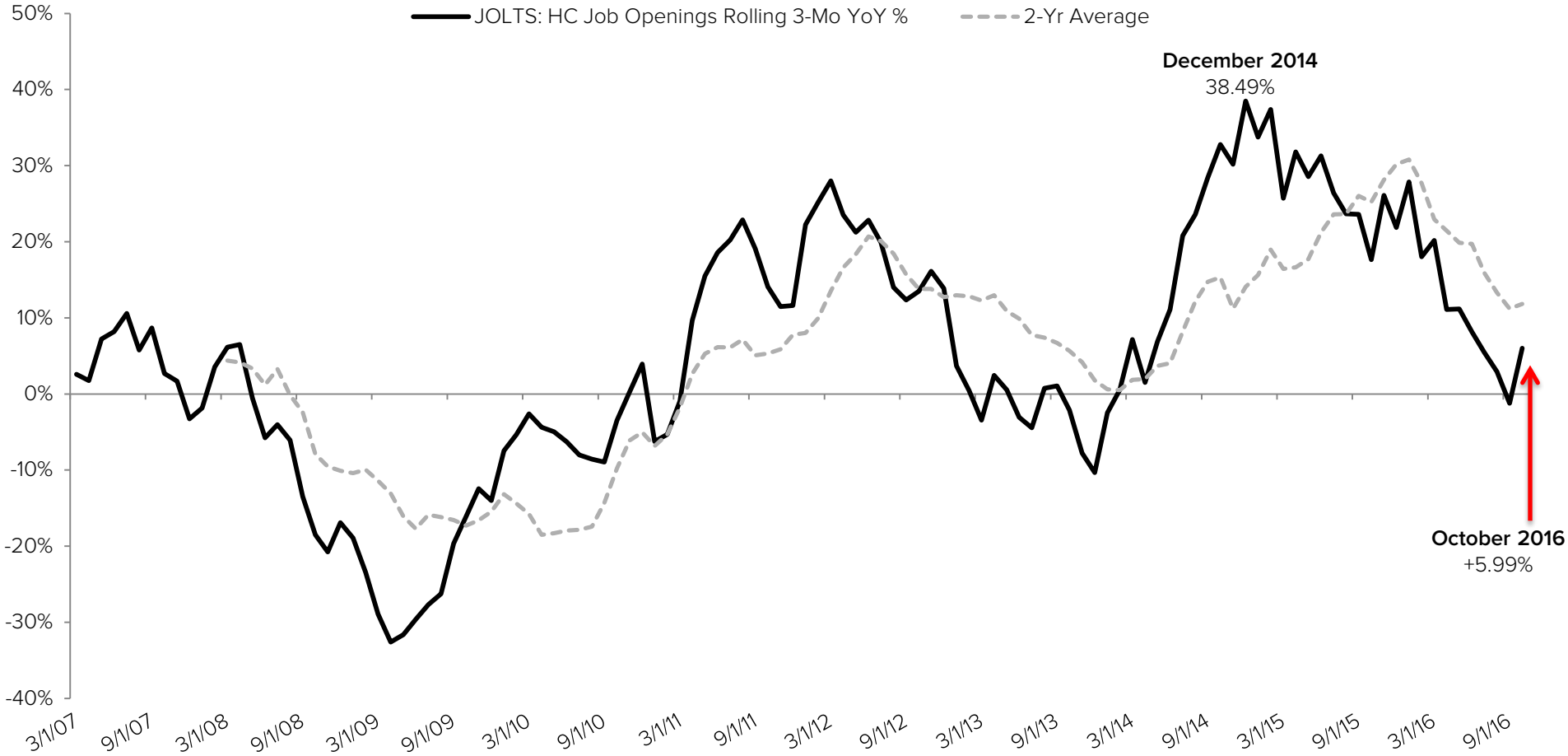
JOLTS HC LAYOFFS AND DISCHARGES



Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

HEALTHCARE JOLTS



Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

HEALTHCARE EMPLOYMENT GAINS

Data Source: BLS

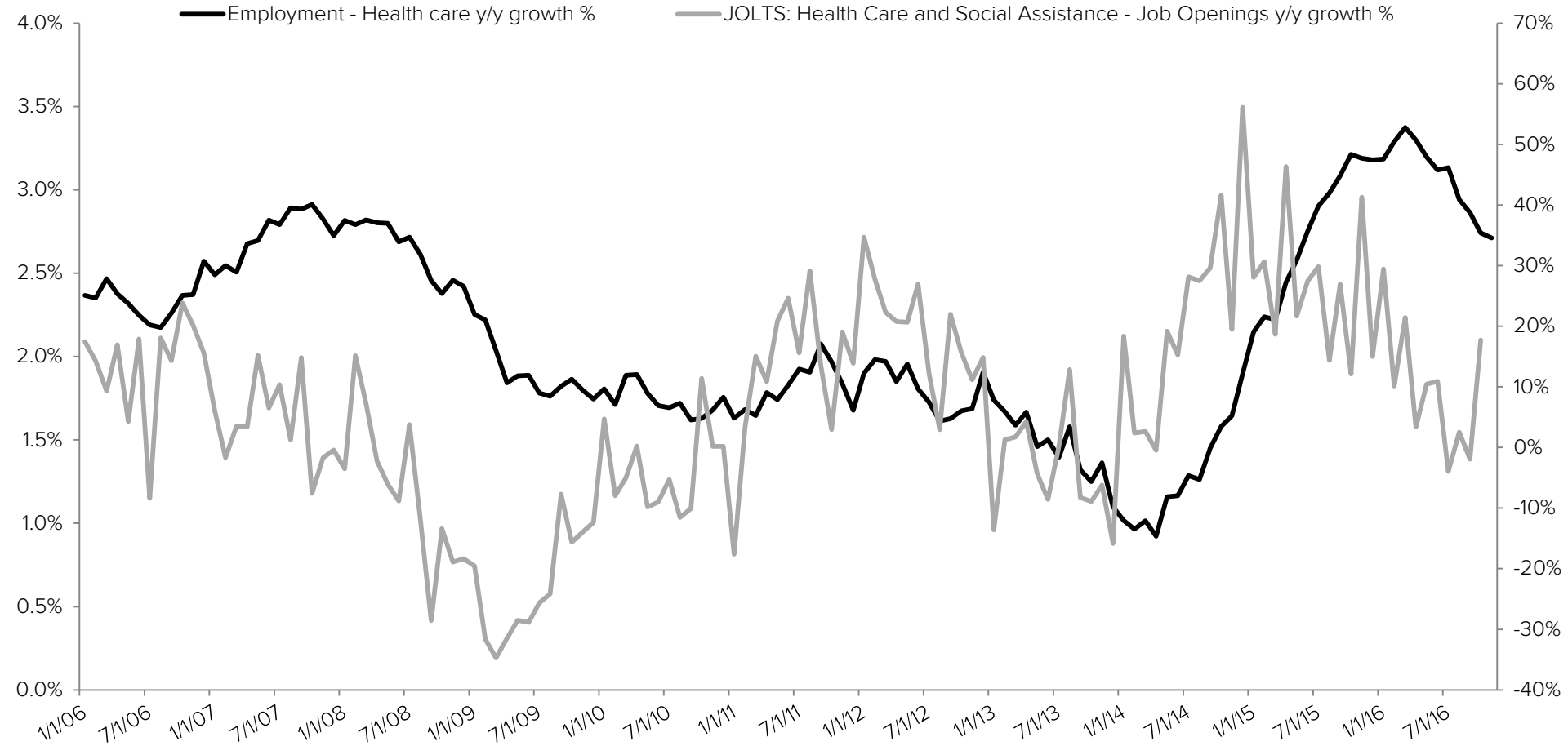
© Hedgeye Risk Management LLC. All Rights Reserved.

HEALTHCARE EMPLOYMENT

Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

HEALTHCARE EMPLOYMENT / JOLTS



Data Source: BLS

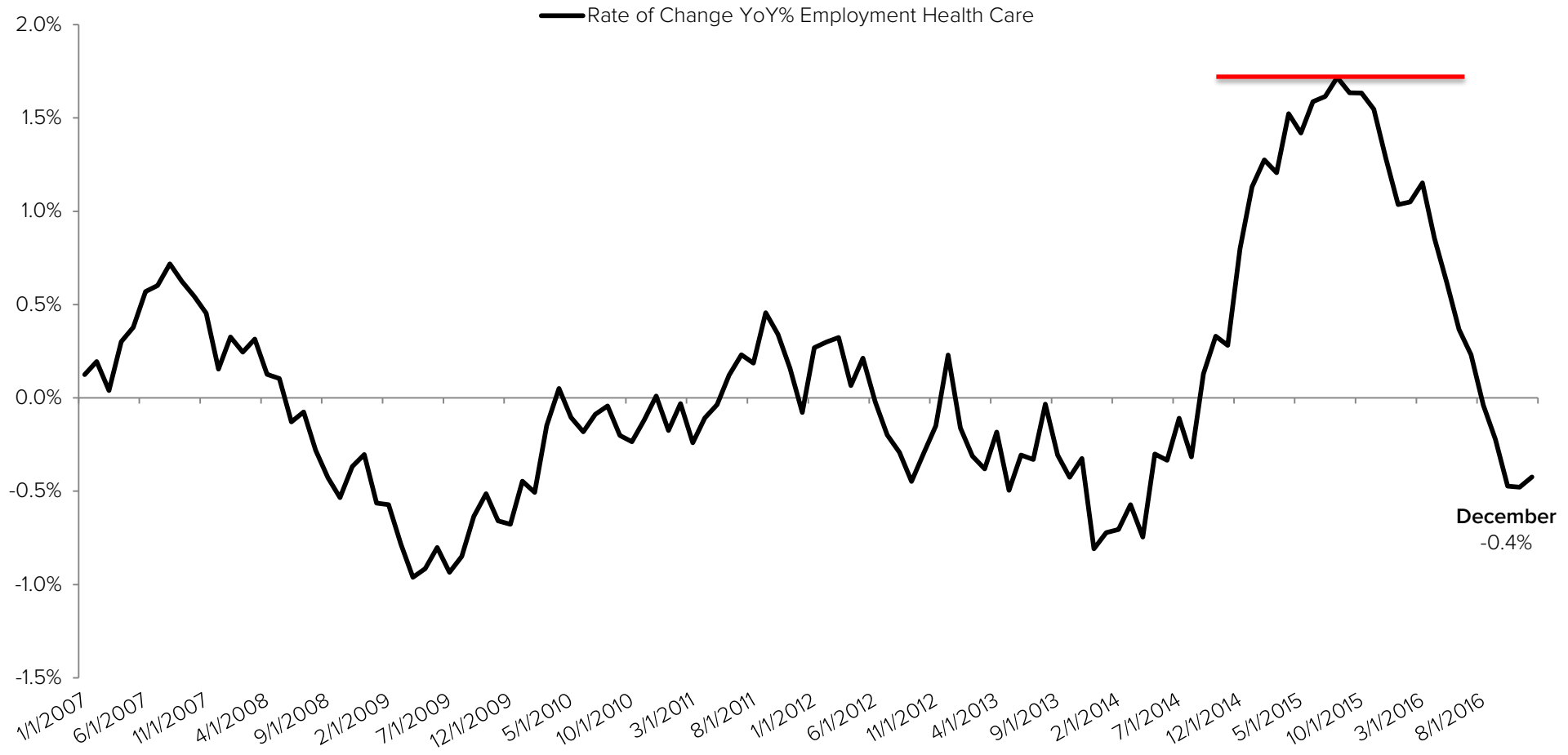
© Hedgeye Risk Management LLC. All Rights Reserved.

HEALTHCARE EMPLOYMENT

Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

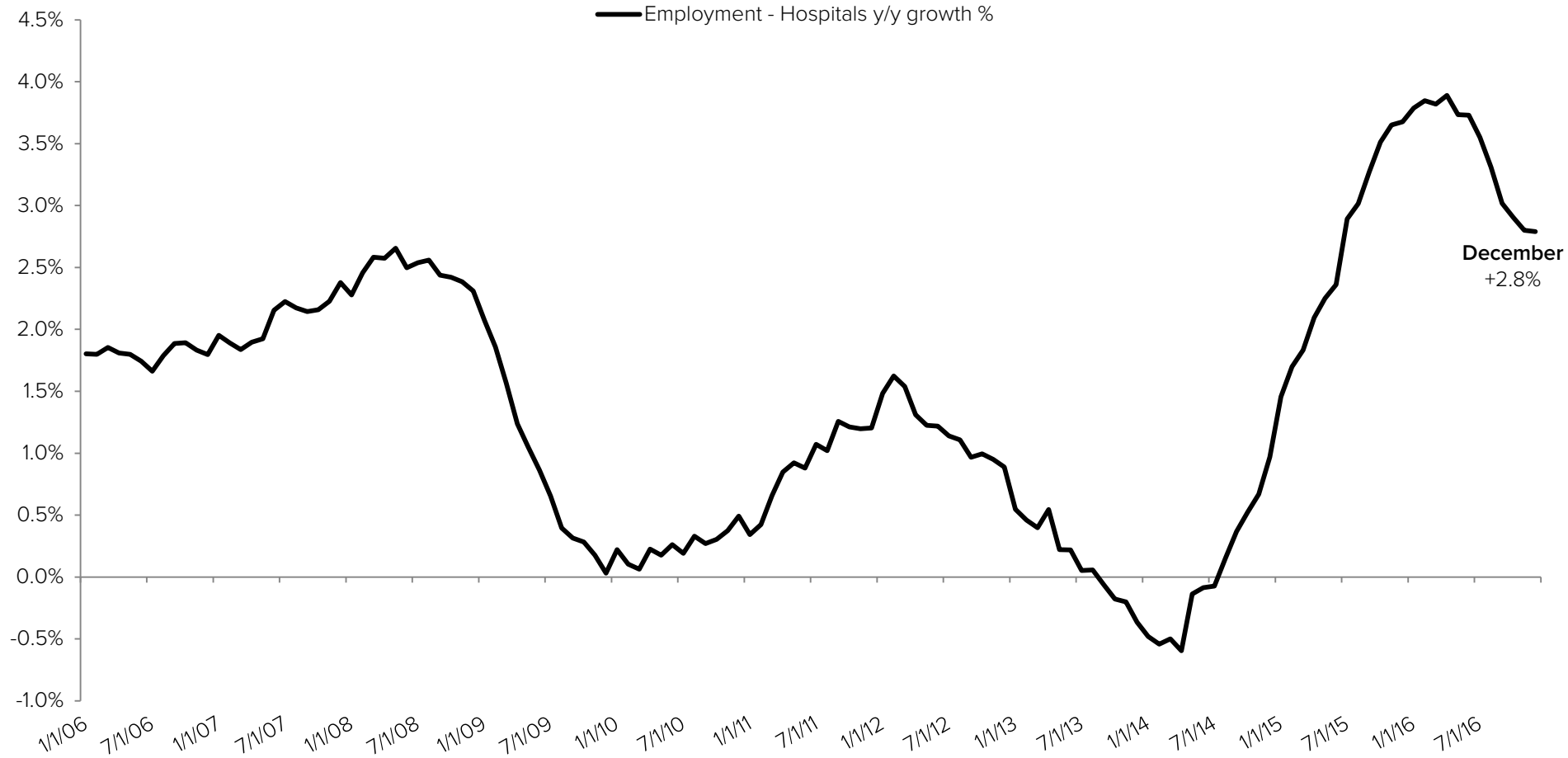
HEALTHCARE EMPLOYMENT SLOWING



Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

HOSPITAL EMPLOYMENT



Data Source: BLS

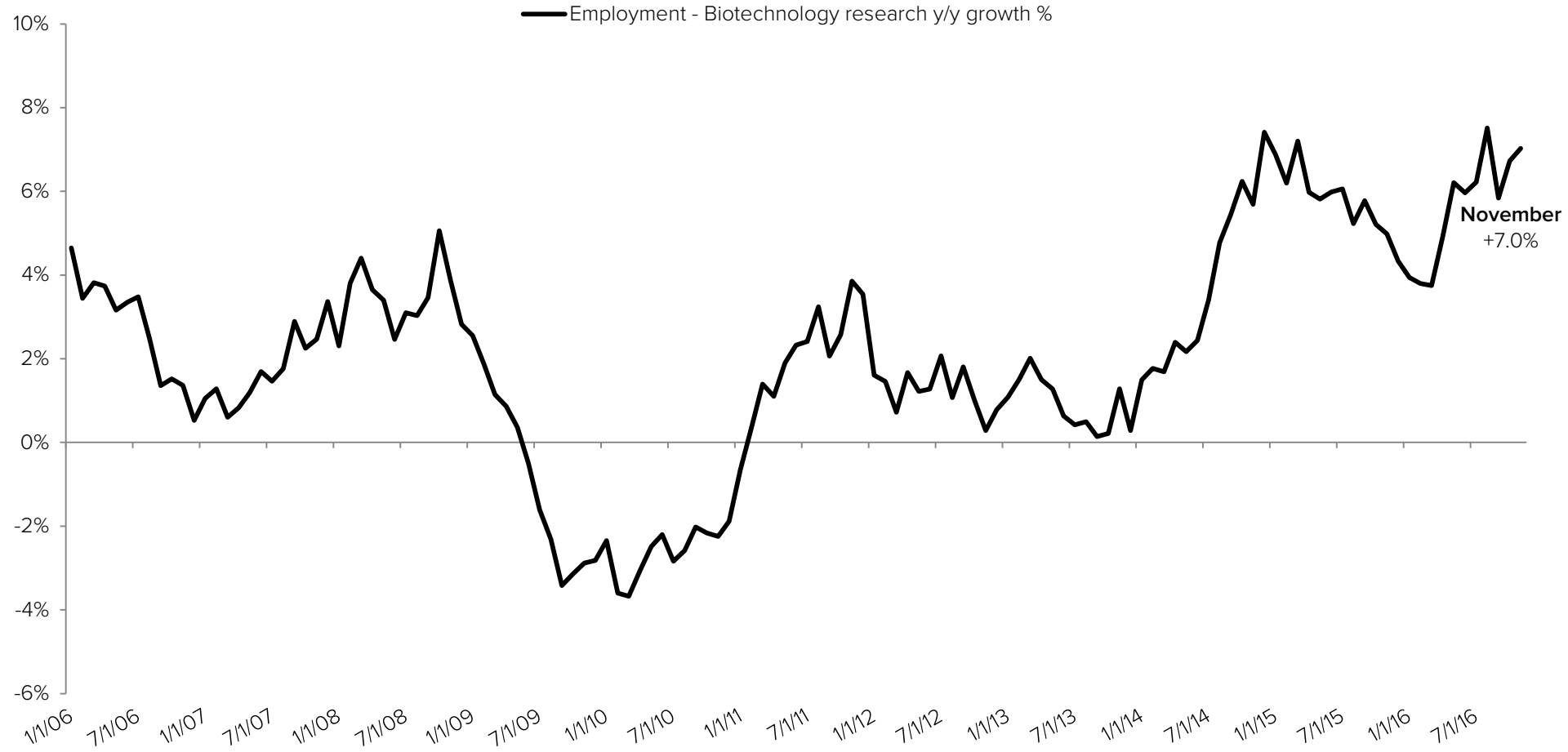
© Hedgeye Risk Management LLC. All Rights Reserved.

OFFICE OF PHYSICIANS EMPLOYMENT

Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

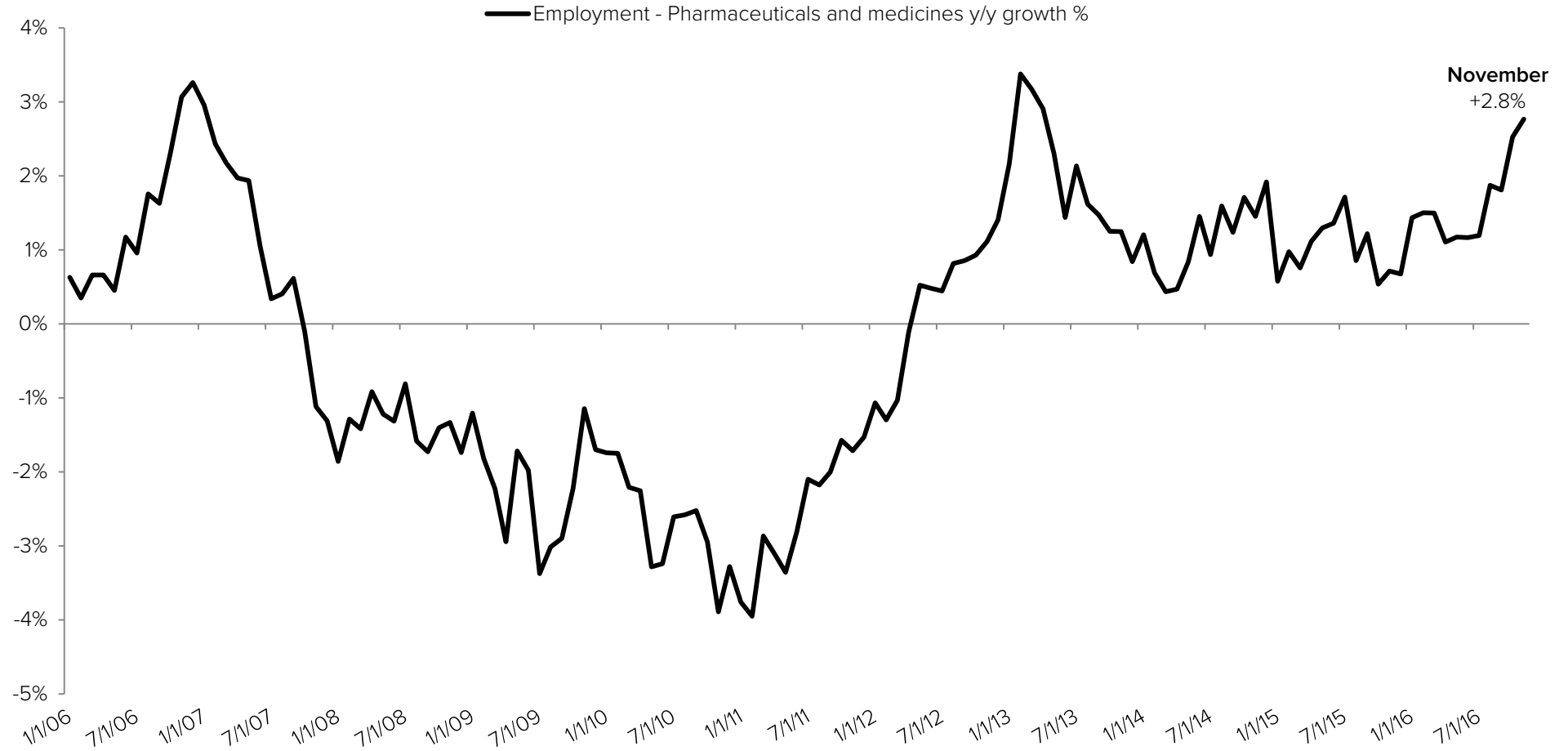
BIOTECH EMPLOYMENT



Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

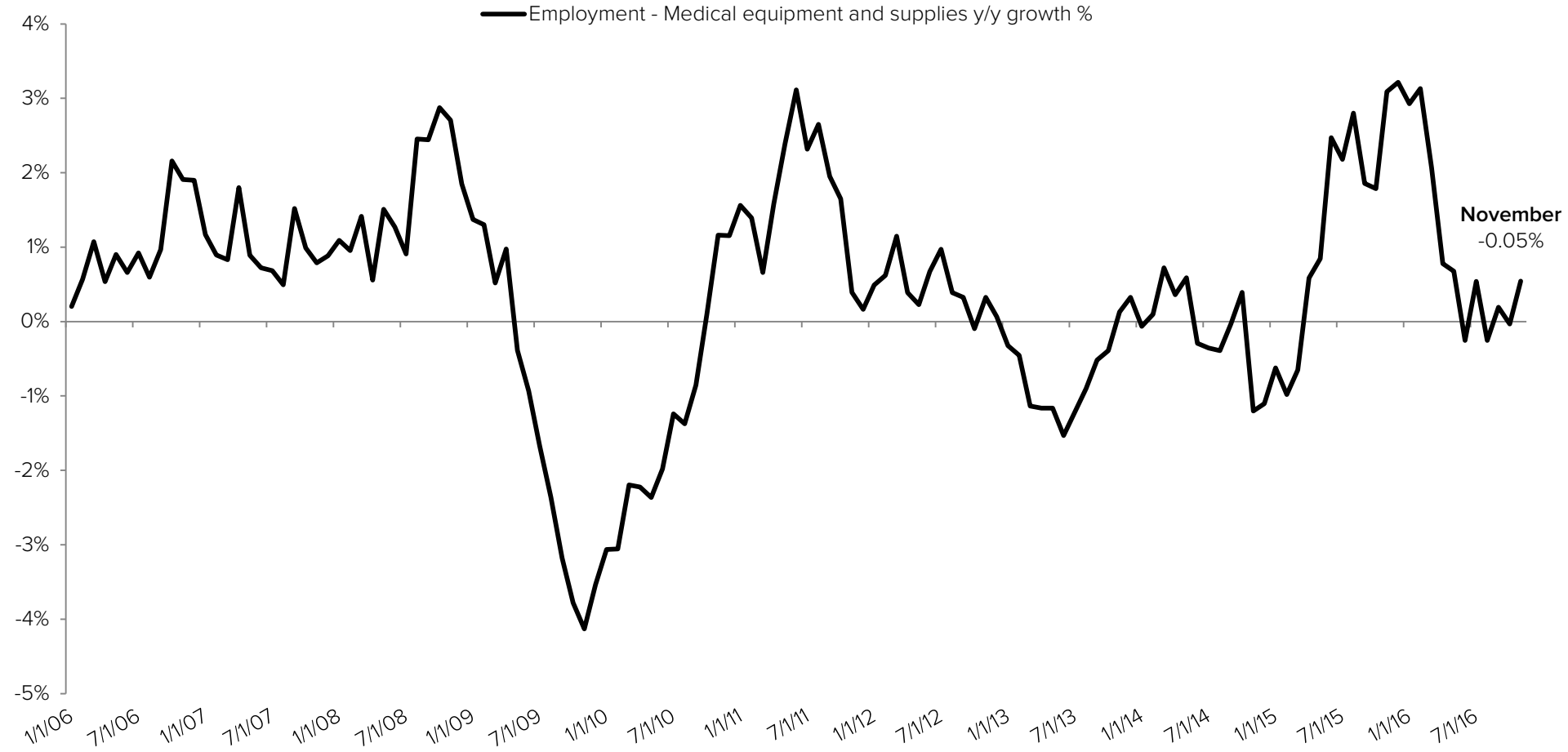
PHARMA EMPLOYMENT



Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

MEDICAL EQUIPMENT EMPLOYMENT



Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

VETERINARY EMPLOYMENT

Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

DENTAL EMPLOYMENT

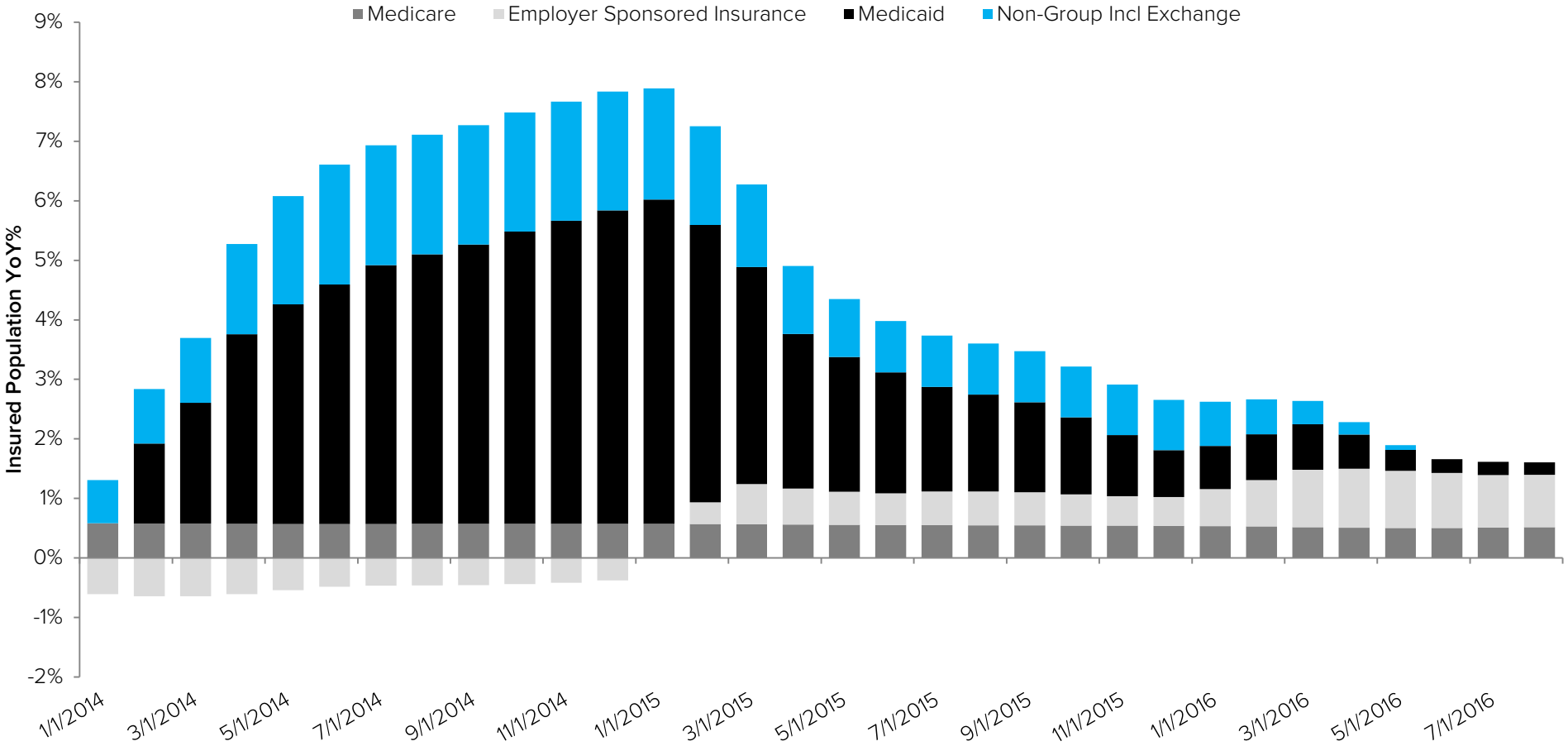
Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

HEALTHCARE THEMES

© Hedgeye Risk Management LLC. All Rights Reserved.

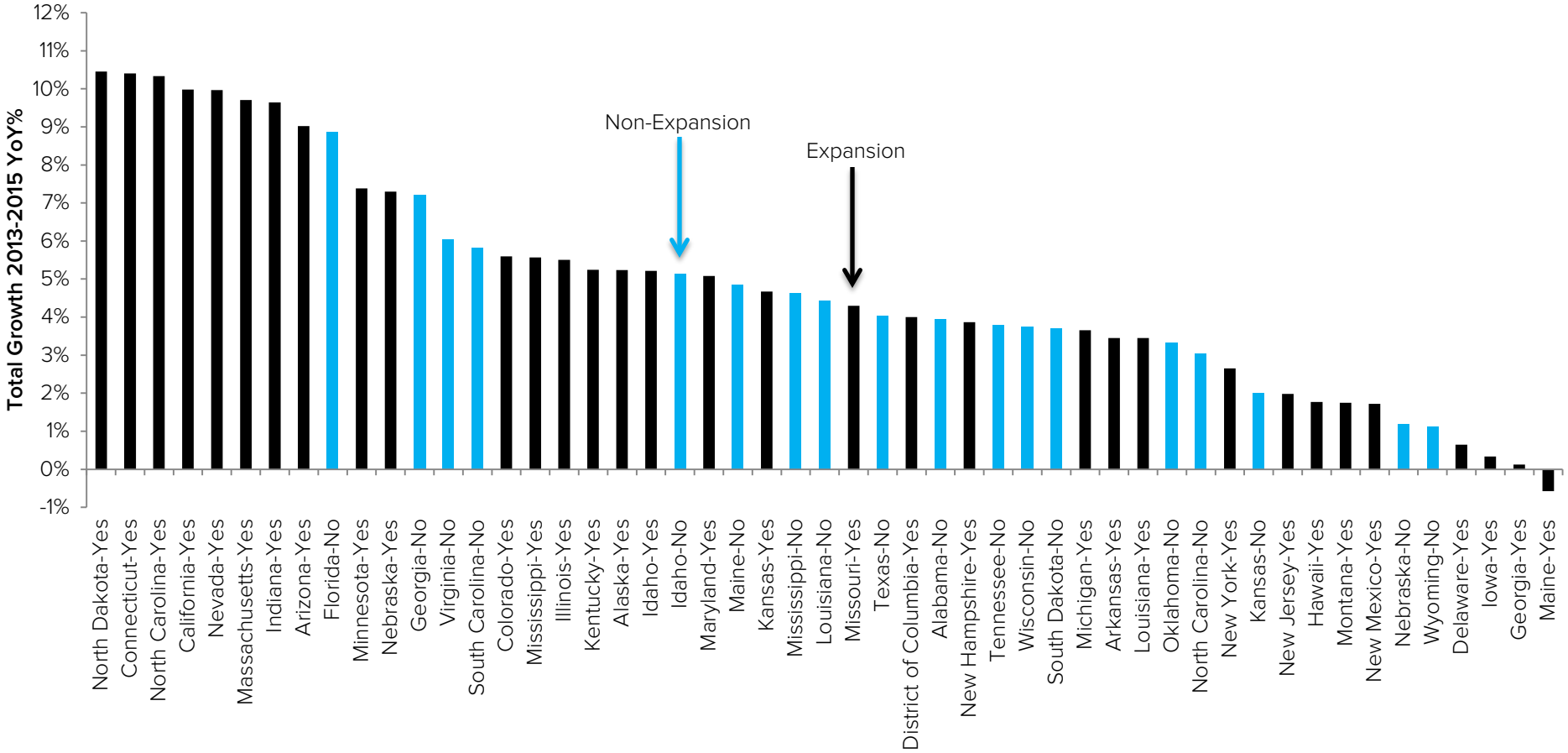
INSURED POPULATION SLOWING



DATA SOURCE: KAISER, BLS, CMS, HEDGEYE ESTIMATES

© Hedgeye Risk Management LLC. All Rights Reserved.

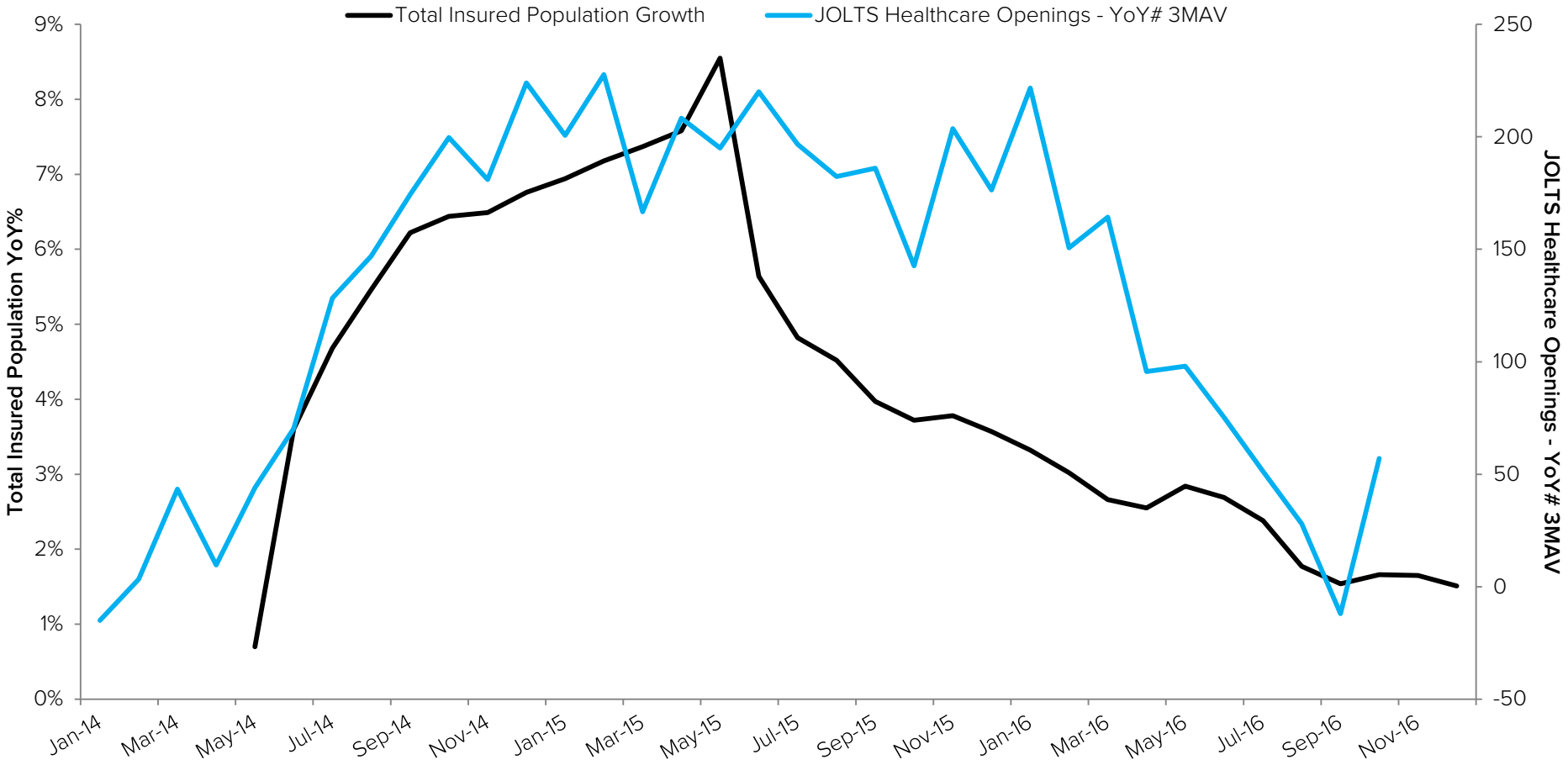
MEDICAID NOT THE ONLY DRIVER



DATA SOURCE: KAISER

© Hedgeye Risk Management LLC. All Rights Reserved.

INSURED POP & HC JOB OPENINGS

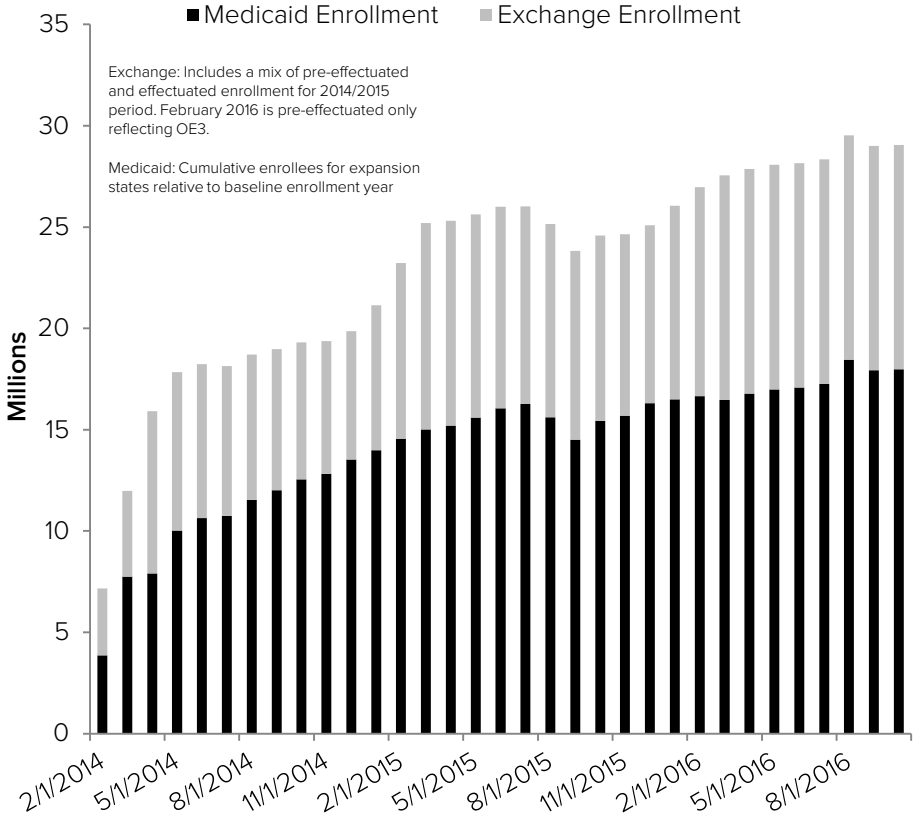


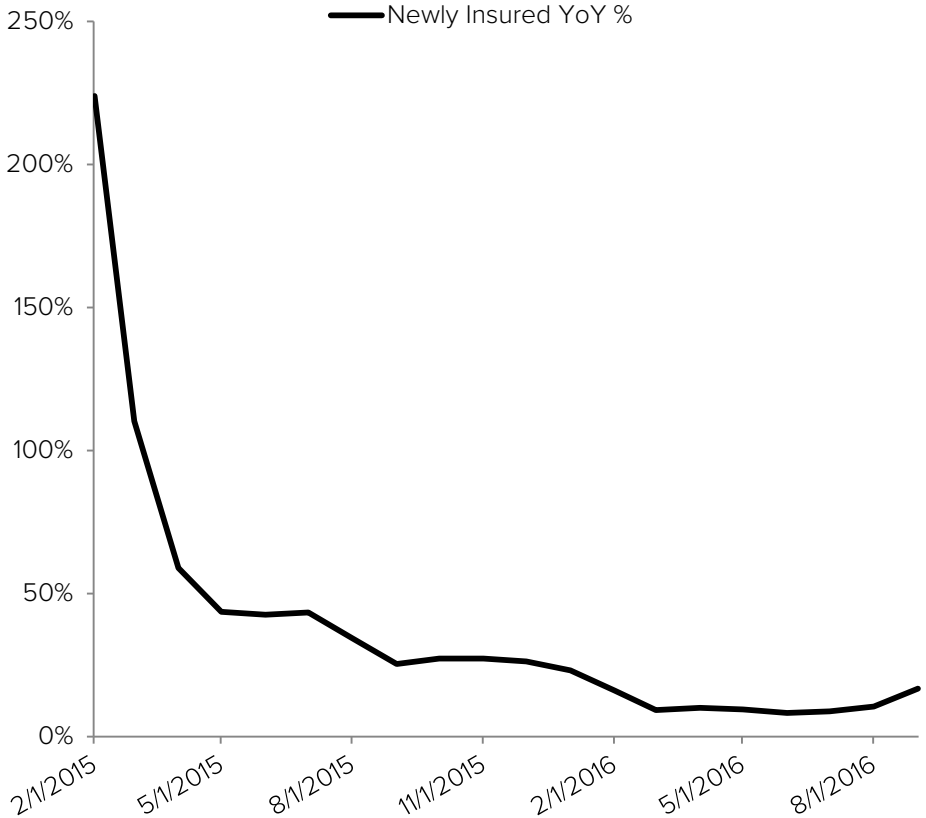
DATA SOURCE: MEDICAID EXPENDITURE PANEL, KAISER & MIPS

© Hedgeye Risk Management LLC. All Rights Reserved.

28+ MILLION NEWLY INSURED

60% MEDICAID EXPANSION / 40% EXCHANGE



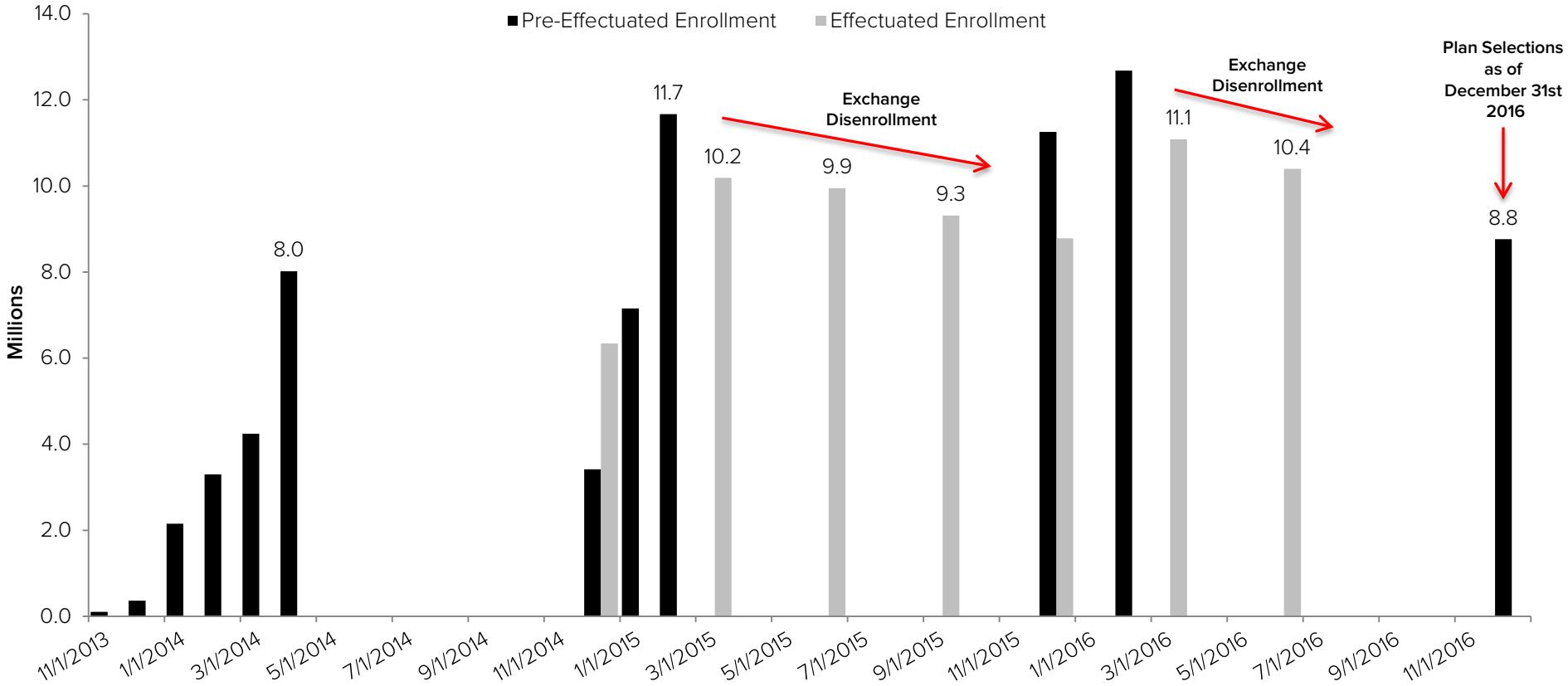


DATA SOURCE: CMS

© Hedgeye Risk Management LLC. All Rights Reserved.

EXCHANGE ENROLLMENT SLOWING

-22.17% YOY DECREASE IN PRE-EFFECTUATED ENROLLMENT DECEMBER 2016

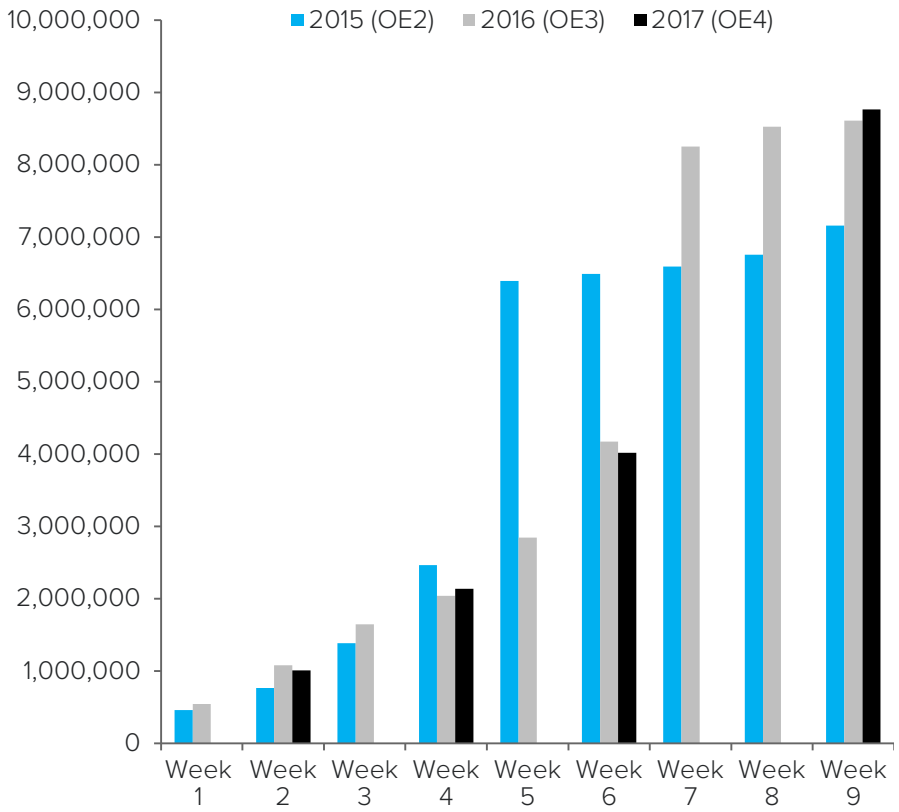


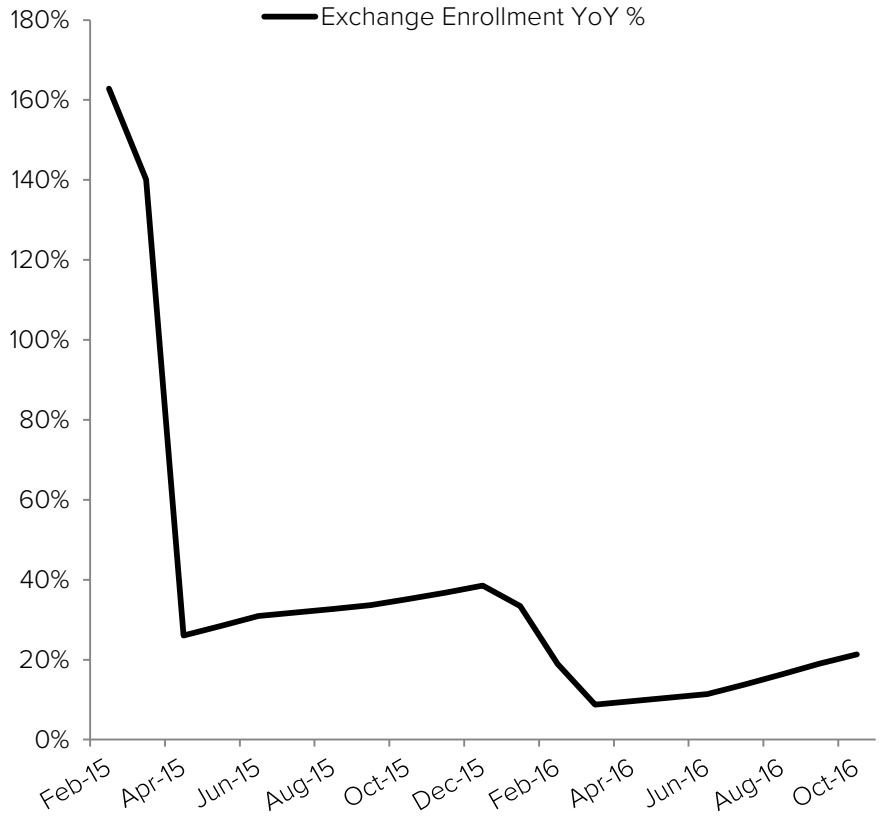
DATA SOURCE: CMS

© Hedgeye Risk Management LLC. All Rights Reserved.

FEDERAL EXCHANGE ENROLLMENT

+1.79% YOY INCREASE IN CUMULATIVE WEEK 9 OPEN ENROLLMENT





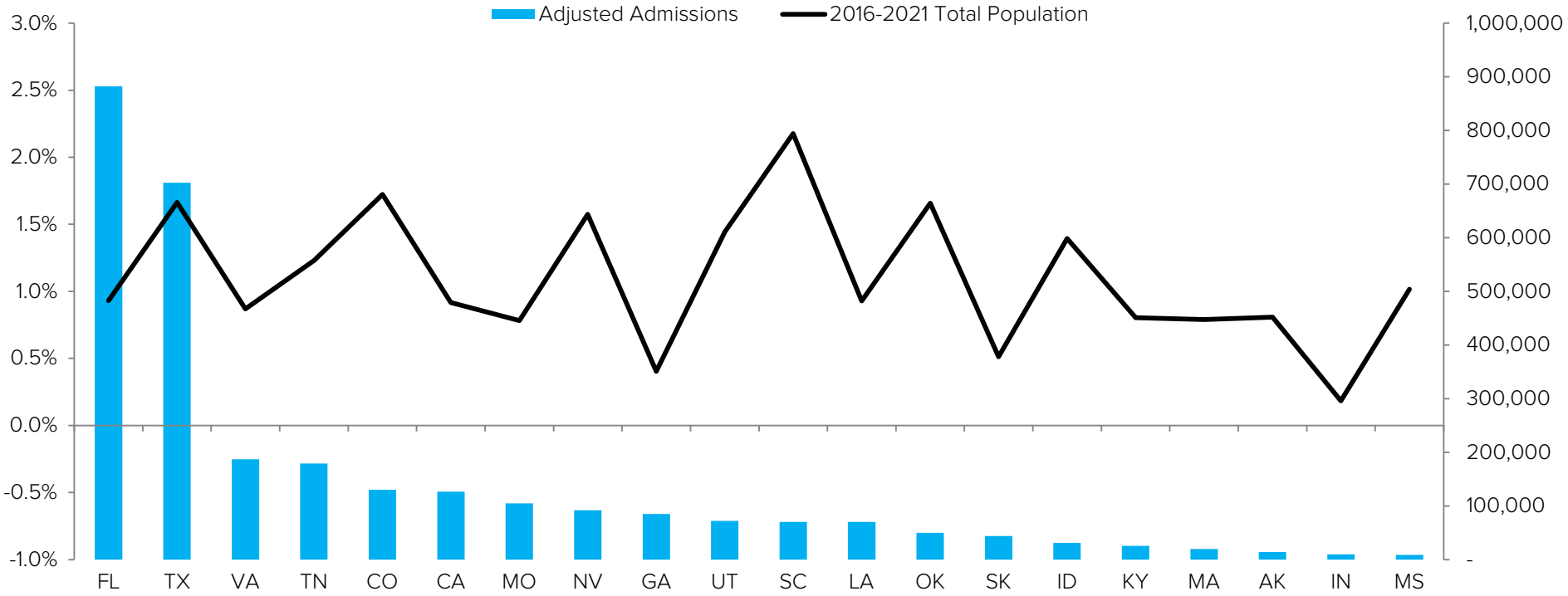
DATA SOURCE: CMS

© Hedgeye Risk Management LLC. All Rights Reserved.

HCA

© Hedgeye Risk Management LLC. All Rights Reserved.

TOTAL POPULATION GROWTH HCA MARKETS



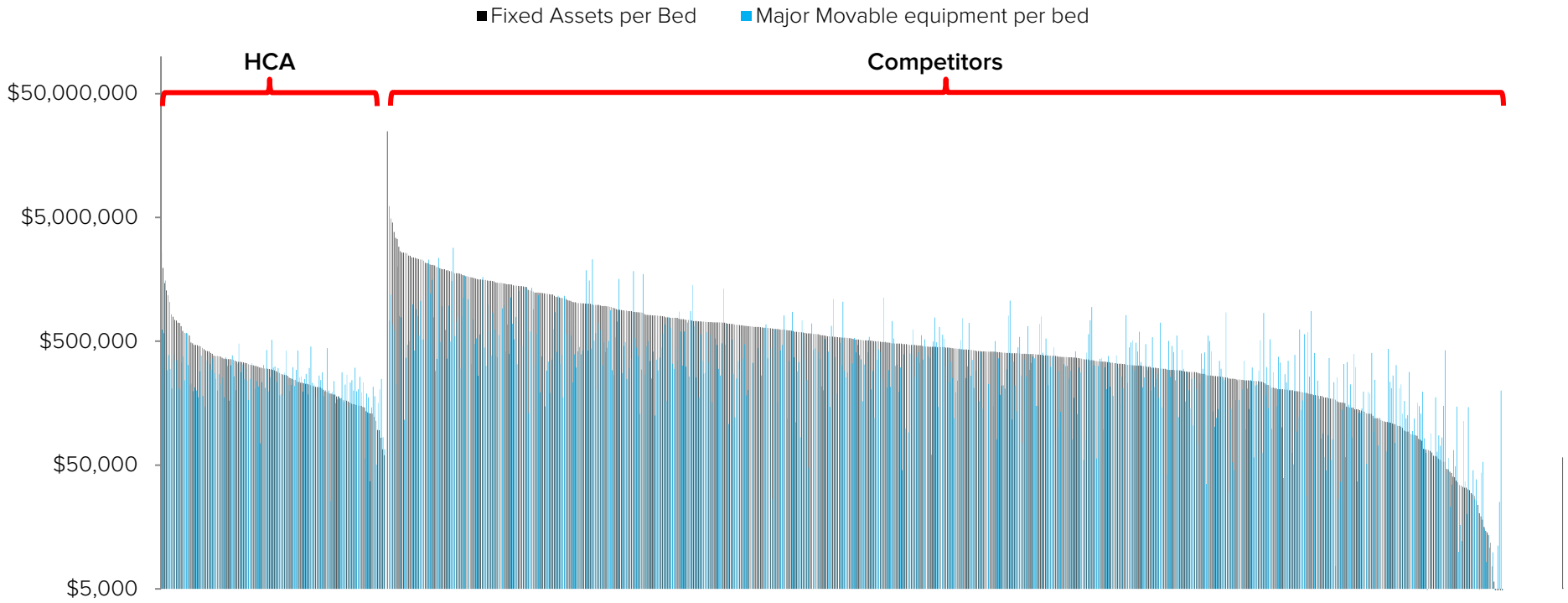
POPULATION GROWTH MODEST IN TOTAL

The combined annual growth for each CBSA combined by state will be modest over the coming 5 years at +1.37% for HCA, weighted for their CBSA exposure by admissions.

SOURCE: AHA, ESRI

© Hedgeye Risk Management LLC. All Rights Reserved.

FIXED AND MOVABLE EQUIPMENT ASSETS PER BED



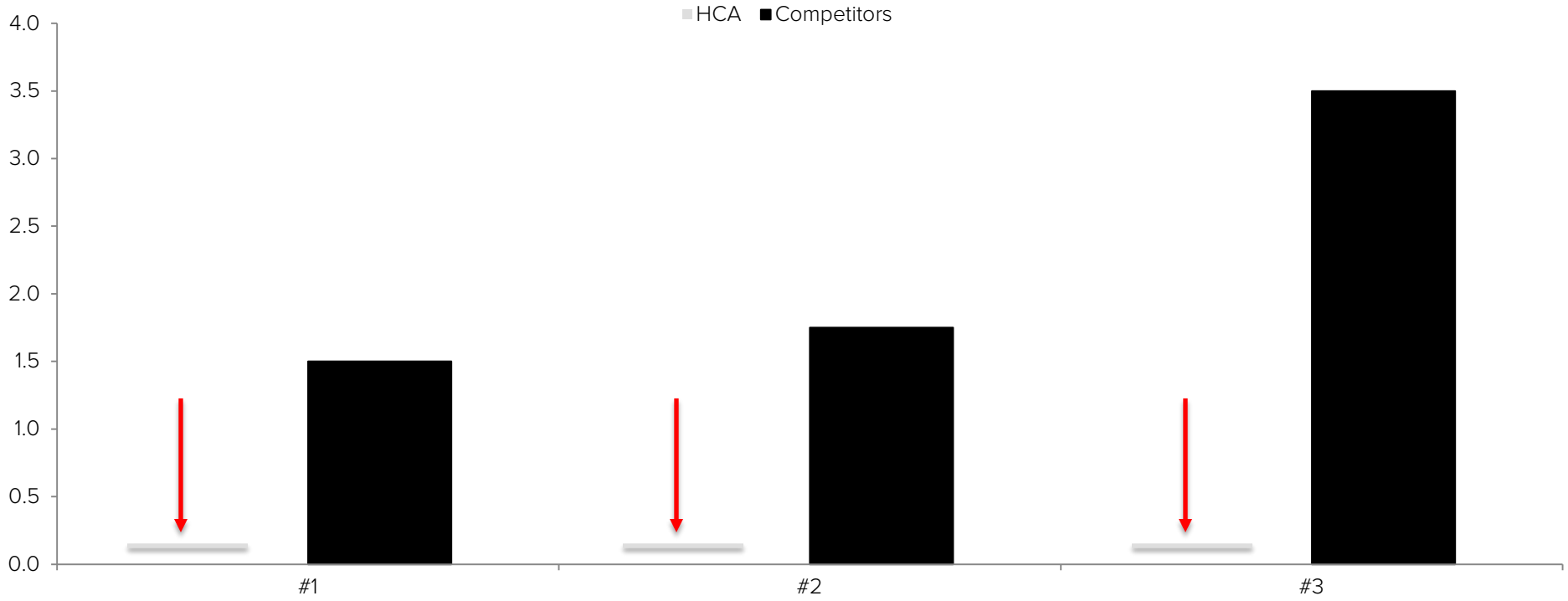
HCA INVESTS LESS PER BED COMPARED TO IN MARKET COMPETITORS

The capital advantage in not apparent in either fixed or major movable medical equipment when comparing HCA to its in-market competition.

SOURCE: AHA

© Hedgeye Risk Management LLC. All Rights Reserved.

U.S. NEWS RANKINGS | NATIONAL RANKINGS



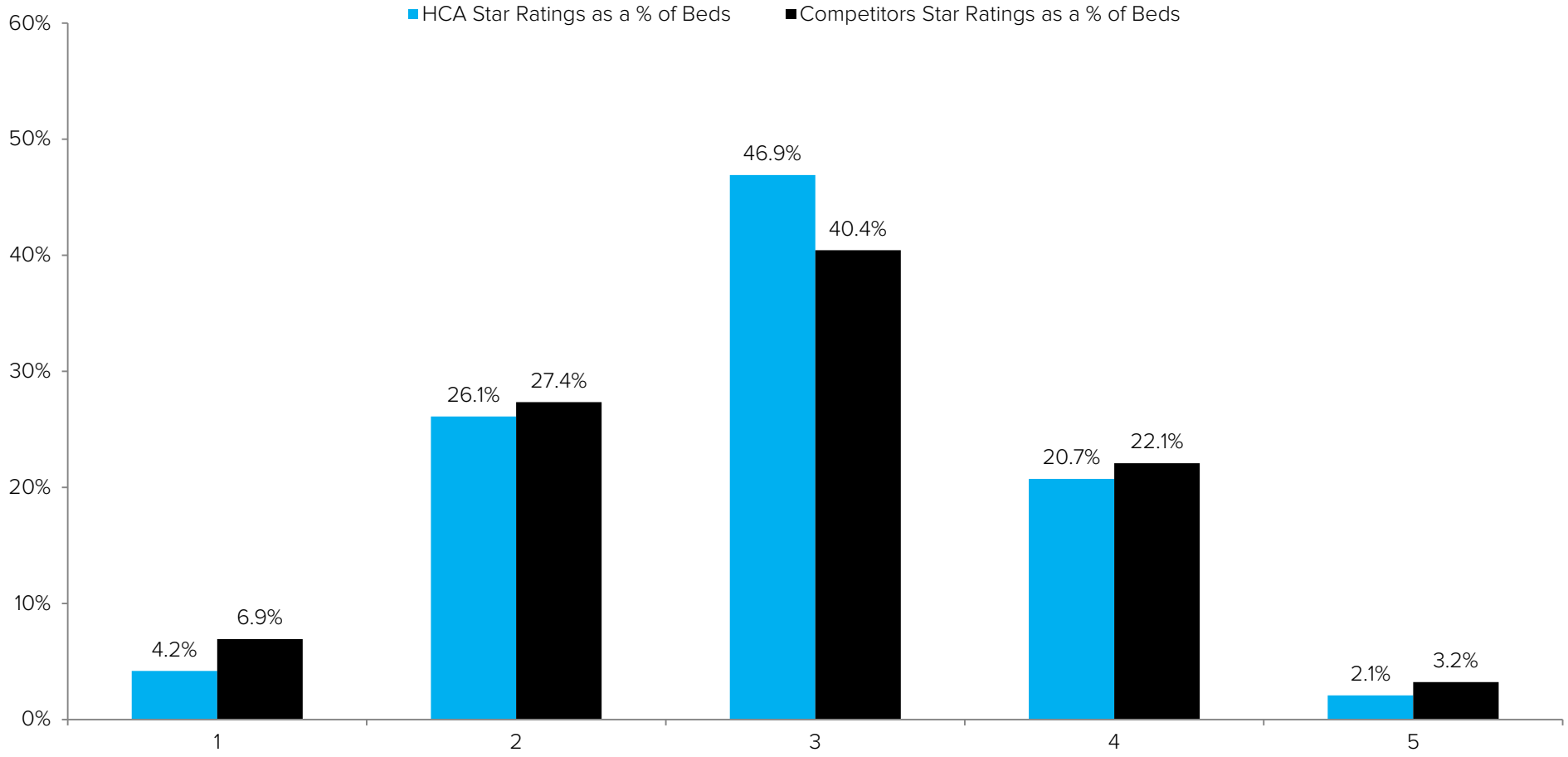
NO NATIONALLY RANKED HOSPITALS AMONG HCA FACILITIES

These rankings reinforce local market consumer attitudes and will likely have increasing influence on facility pricing power.

SOURCE: U.S. NEWS

© Hedgeye Risk Management LLC. All Rights Reserved.

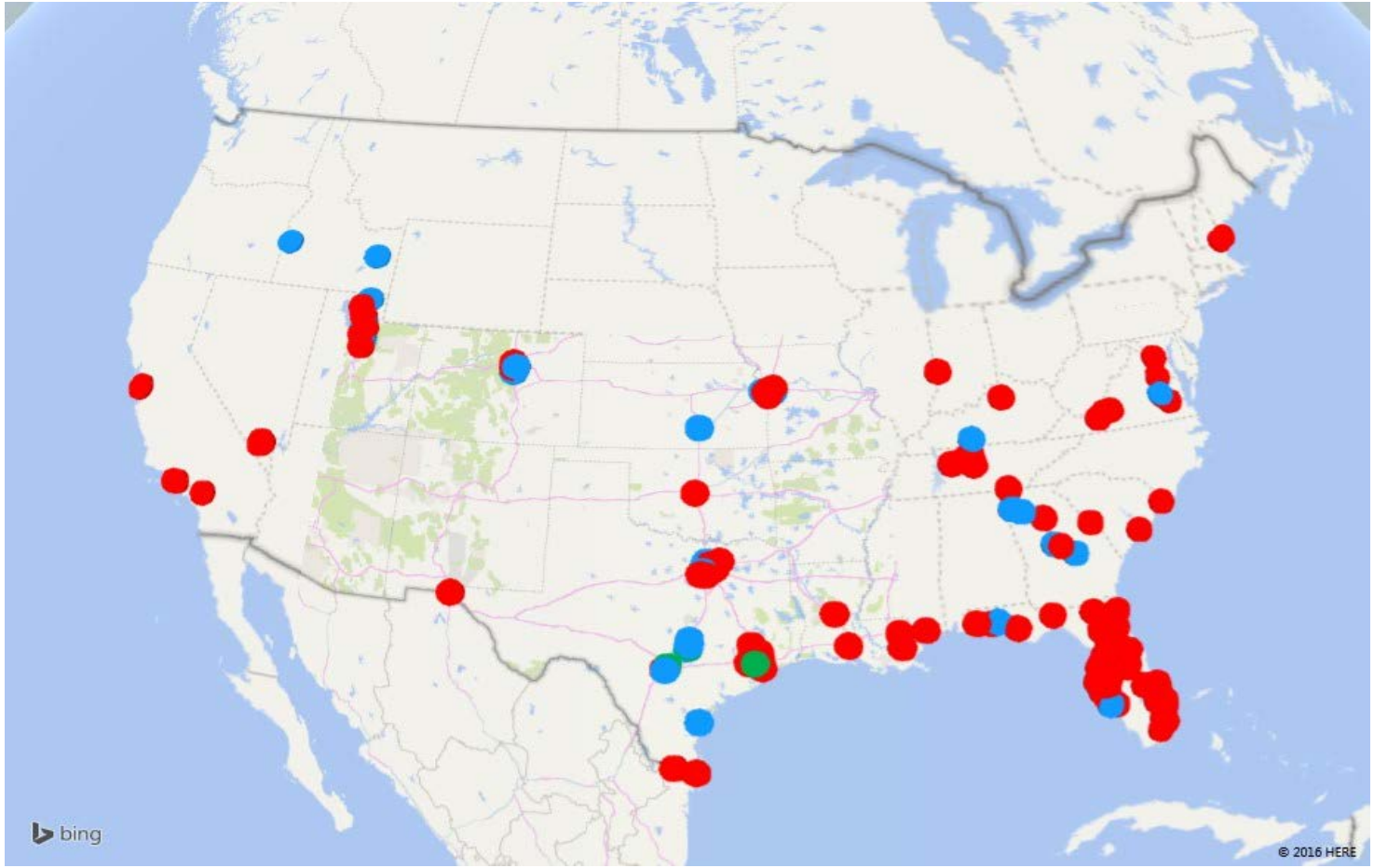
STAR RATINGS AS A % OF BEDS



SOURCE: CMS

© Hedgeye Risk Management LLC. All Rights Reserved.

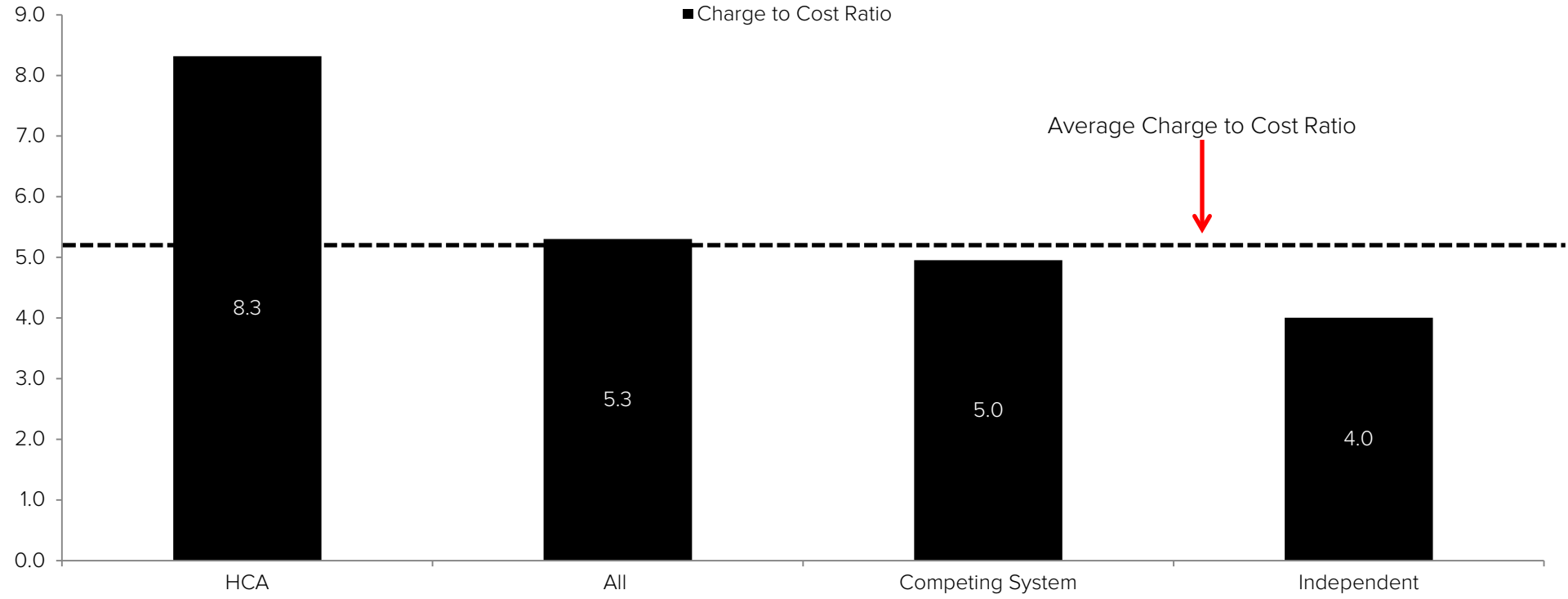
MOST HCA HOSPITALS HAVE A LOW STAR RATING



SOURCE: CMS

© Hedgeye Risk Management LLC. All Rights Reserved.

GROSS CHARGES FAR HIGHER THAN COMPETITORS

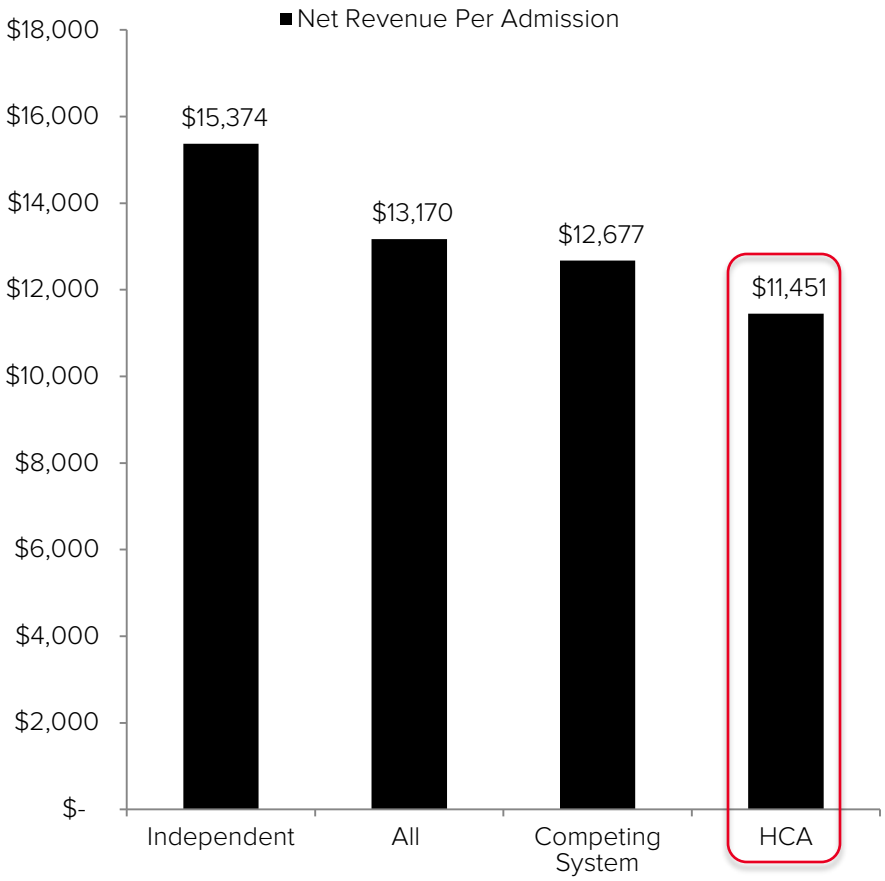


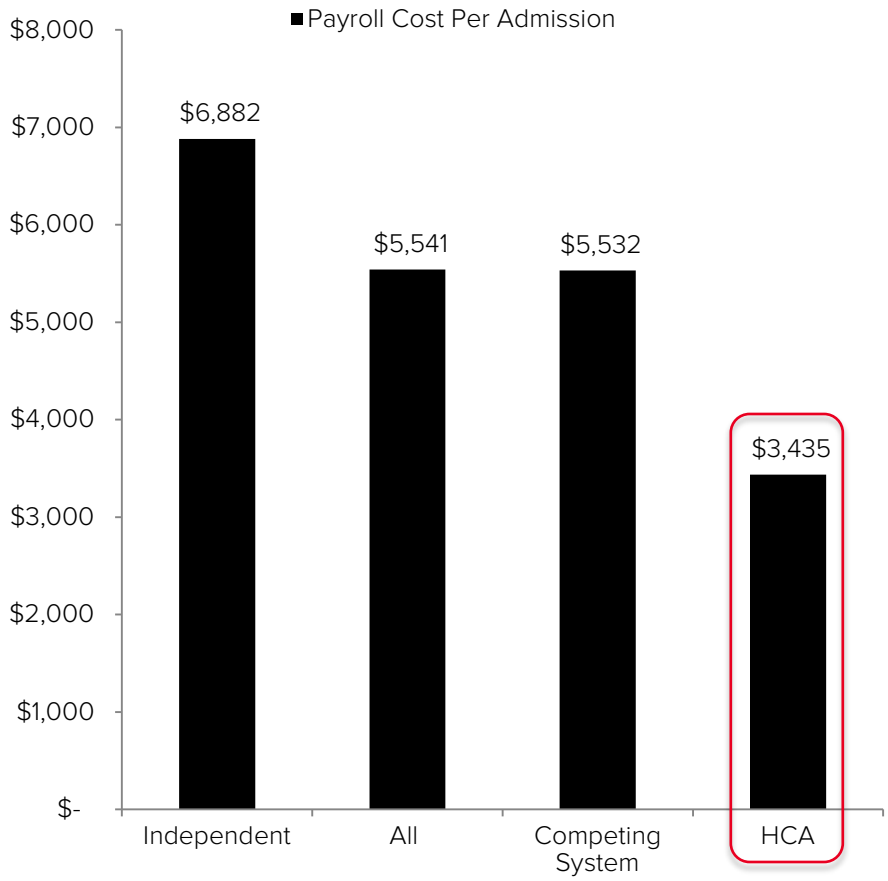
HCA GROSS CHARGE TO COST RATIO SIN

SOURCE: AMERICAN HOSPITAL ASSOCIATION

© Hedgeye Risk Management LLC. All Rights Reserved.

NET REVENUE AND PAYROLL COST PER ADMISSION





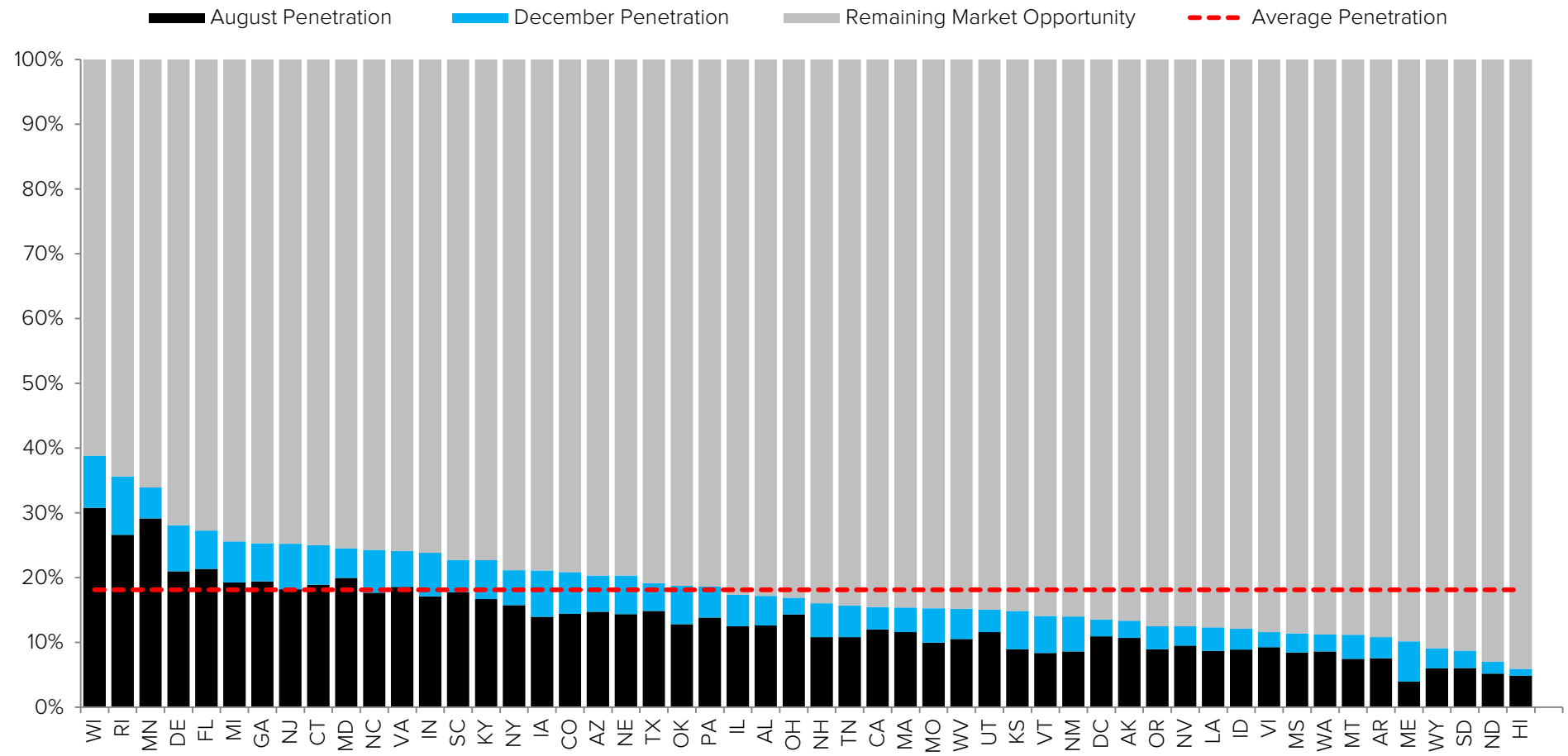
SOURCE: AMERICAN HOSPITAL ASSOCIATION

© Hedgeye Risk Management LLC. All Rights Reserved.

EXAS

© Hedgeye Risk Management LLC. All Rights Reserved.

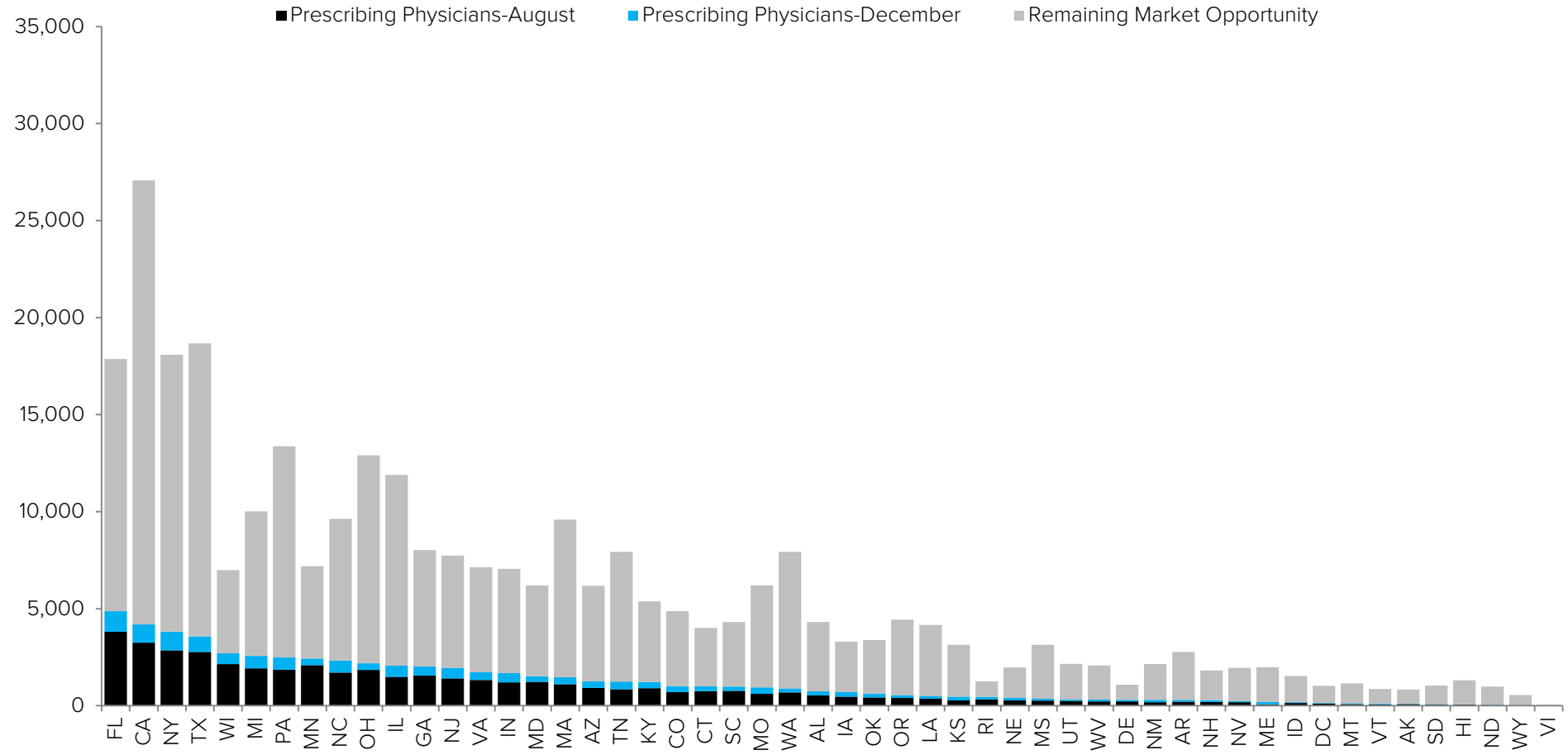
LARGE REMAINING MARKET OPPORTUNITY



SOURCE: HEDGEYE ESTIMATES & MEDICARE.GOV

© Hedgeye Risk Management LLC. All Rights Reserved.

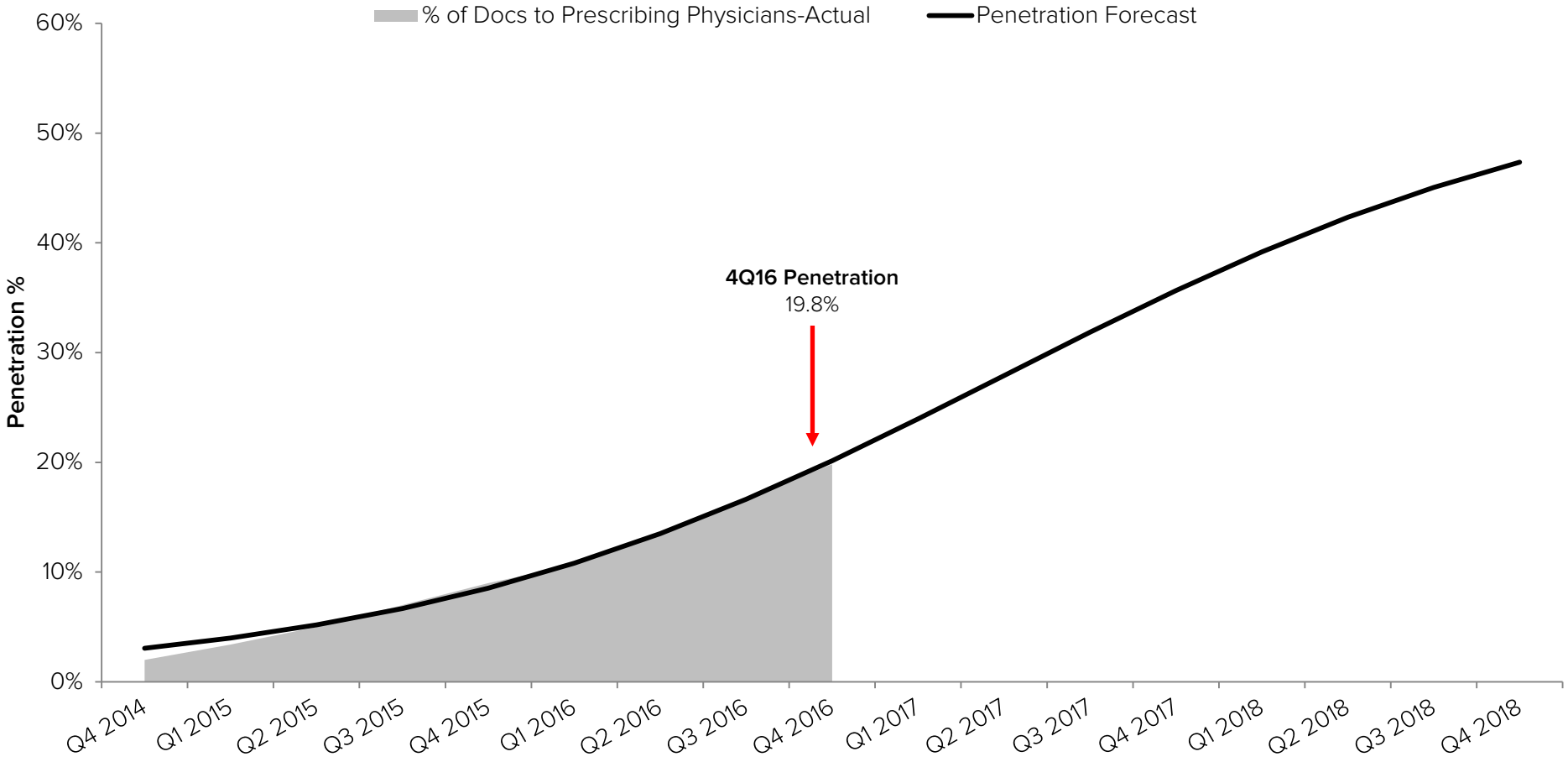
PRESCRIBING PHYSICIANS



SOURCE: HEDGEYE ESTIMATES & MEDICARE.GOV

© Hedgeye Risk Management LLC. All Rights Reserved.

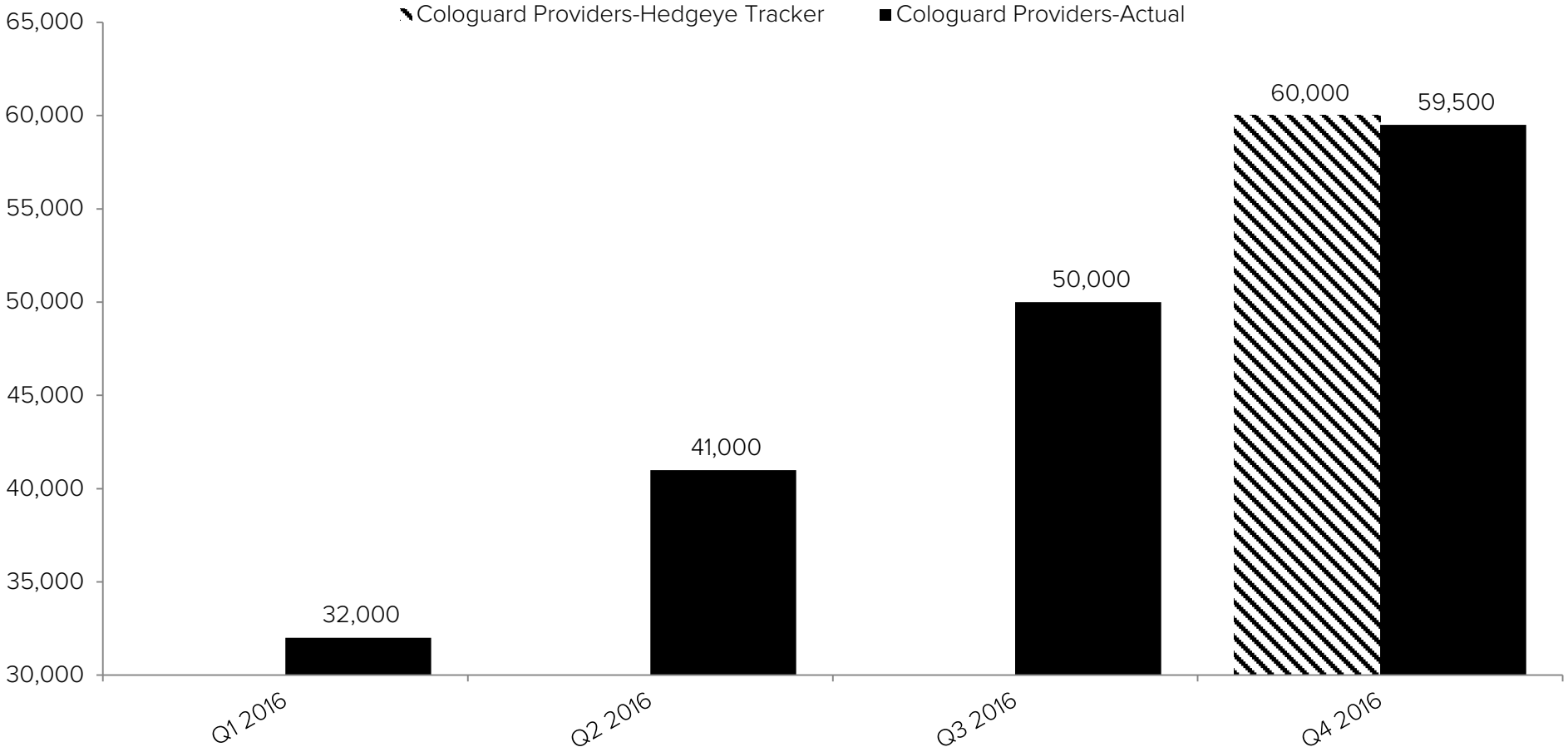
PHYSICIAN ADOPTION



SOURCE: HEDGEYE ESTIMATES & COMPANY FILINGS

© Hedgeye Risk Management LLC. All Rights Reserved.

COLOGUARD-TRACKER



SOURCE: HEDGEYE ESTIMATES & COMPANY FILINGS

© Hedgeye Risk Management LLC. All Rights Reserved.

MACRO GRIND

10-YEAR GOVERNMENT YEILDS

COUNTRY	YIELD	1 DAY	1 MONTH
Germany »	0.29%	0	-7
United Kingdom »	1.34%	-4	-11
France	0.81%	-2	+1
Italy	1.90%	-6	-13
Spain	1.48%	-6	-2
Netherlands	0.44%	-2	-6
Portugal	3.93%	-9	+13
Greece	6.66%	-3	+10
Switzerland	-0.18%	-2	-5

HEDGEYE SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$83.32	0.49%	2.36%	2.36%
Financial Select Sector	XLF	$23.54	0.34%	1.25%	1.25%
Health Care Select Sector	XLV	$70.95	0.28%	2.92%	2.92%
Technology Select Sector	XLK	$49.40	0.73%	2.15%	2.15%
Consumer Staples Select Sector	XLP	$52.12	0.10%	0.79%	0.79%
Industrial Select Sector	XLI	$63.14	0.57%	1.48%	1.48%
Materials Select Sector	XLB	$50.62	0.10%	1.85%	1.85%
The Energy Select Sector	XLE	$75.89	0.09%	0.76%	0.76%
Utilities Select Sector	XLU	$48.83	0.31%	0.54%	0.54%
S&P 500	SPX	2,276.98	0.35%	1.70%	1.70%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$83.32	0.14%	0.65%	0.65%
Financial Select Sector	XLF	$23.54	-0.01%	-0.46%	-0.46%
Health Care Select Sector	XLV	$70.95	-0.07%	1.21%	1.21%
Technology Select Sector	XLK	$49.40	0.38%	0.45%	0.45%
Consumer Staples Select Sector	XLP	$52.12	-0.26%	-0.91%	-0.91%
Industrial Select Sector	XLI	$63.14	0.22%	-0.23%	-0.23%
Materials Select Sector	XLB	$50.62	-0.25%	0.15%	0.15%
The Energy Select Sector	XLE	$75.89	-0.26%	-0.95%	-0.95%
Utilities Select Sector	XLU	$48.83	-0.04%	-1.17%	-1.17%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.0%	1.7%	0.1%	8.9%	11.6%	2.0%
	Low Debt/EV	0.4%	1.4%	0.1%	2.9%	3.6%	2.1%
SI	High Short Interest	0.1%	1.4%	-2.0%	5.3%	9.8%	2.0%
	Low Short Interest	0.5%	1.6%	1.7%	6.8%	8.6%	2.1%
BETA	High Beta	0.2%	2.0%	-1.3%	10.6%	23.1%	2.5%
	Low Beta	0.1%	0.8%	2.4%	2.7%	-4.3%	1.0%
YIELD	High Yield	0.1%	1.3%	0.3%	4.6%	3.3%	1.5%
	Low Yield	0.2%	2.3%	0.4%	4.0%	8.2%	2.8%
MKT CAP	MCAP Bottom 25%	0.1%	1.7%	-2.6%	3.9%	5.3%	2.0%
	MCAP Top 25%	0.5%	1.4%	1.7%	7.6%	10.0%	1.9%
Sales	Top 25% Sales Growth	0.3%	2.3%	0.6%	5.3%	7.5%	2.9%
	Bottom 25% Sales Growth	0.1%	1.4%	-0.6%	6.0%	7.8%	1.7%
EPS	Top 25% EPS Growth	0.3%	2.3%	0.6%	7.6%	12.2%	2.7%
	Bottom 25% EPS Growth	0.1%	1.7%	-0.2%	5.6%	5.2%	1.9%

**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%	0.0	1.5	3	19	-4	36	39	41
3M LIBOR	1.01%	0.0	1.1	6	14	0	40	57	61
2Y T-Note	1.21%	4.8	2.2	10	36	-9	71	55	70
5Y T-Note	1.92%	8.1	-0.3	9	65	-20	103	43	64
10Y T-Note	2.42%	7.5	-2.5	3	68	-22	110	26	29
30Y T-Note	3.01%	6.4	-5.6	-7	56	-20	92	9	-2
2Y-10Y Spread, Bps	121	2.7	-4.7	-6.5	32	-13	39	-30	-41
IG SPREAD (AAABBB)	1.50%	1.0	0.0	-8	-13	-80	3	-19	-28
HIGH YIELD	6.06%	1.1	-34.7	-56	-25	-327	1	-57	-55
5Y BREAKEVEN	1.89%	2.3	2.5	6.9	35.0	-2.9	103.1	33.3	16.7

CFTC NON-COMMERCIAL NET LONG POSITIONING

CFTC NON-COMMERCIAL NET LONG POSITIONING						Z-Score	
METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	1Y	3Y
SPX (Index + E-mini)	81,424	78,401	(17,841)	61,460	(7,072)	0.69X	1.11X
Russell 2000 (mini)	93,772	1,476	36,804	20,650	(14,276)	2.48X	3.89X
10Y Treasury	(353,569)	7,948	(127,395)	(10,959)	(12,457)	-2.66X	-3.10X
CRUDE OIL	499,035	(3,611)	425,464	380,821	354,969	1.99X	2.29X
GOLD	34,560	(6,687)	109,837	181,336	169,008	-1.65X	-0.86X
COPPER	44,374	(1,279)	33,342	12,350	(5,906)	1.72X	2.78X
$USD	54,295	1,645	51,104	33,374	26,927	1.61X	0.84X
JPY	(84,780)	1,550	(10,168)	21,100	35,128	-3.16X	-0.88X
EUR	(63,147)	986	(105,929)	(102,727)	(81,625)	0.53X	0.55X
GBP	(60,109)	(7,088)	(73,587)	(77,752)	(58,677)	-0.06X	-1.05X

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (1/6) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-17%	-11%	-16%	-4%
Total Exchange Volume**	-11%	-2%	-9%	-12%
Total Traded Value (R3K)***	-12%	-11%	-14%	-12%

*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	-0.04	0.63	0.79	0.69	0.75	*0.95*	*-0.91*	*49%*	*51%*
BRENT Oil	-0.53	0.5[illegible]	0.64	0.66	0.50	*0.77*	*-0.78*	*46%*	*54%*
CRB Index	0.02	0.36	0.88	0.66	0.44	*0.83*	*-0.89*	*23%*	*77%*
GOLD	-0.76	-0.78	-0.97	-0.96	-0.77	*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	$57.10	0.37%	0.49%	5.88%	8.74%	0.5%	0.5%	-2%	111%
Gold	$1,173	-0.63%	2.19%	0.24%	-6.52%	2.2%	2.2%	-15%	9%
VIX	$11.32	-3.00%	-19.37%	-3.99%	-11.84%	-19.4%	-19.4%	-65%	4%