THE MACRO SHOW

APRIL 12, 2017

LEGAL

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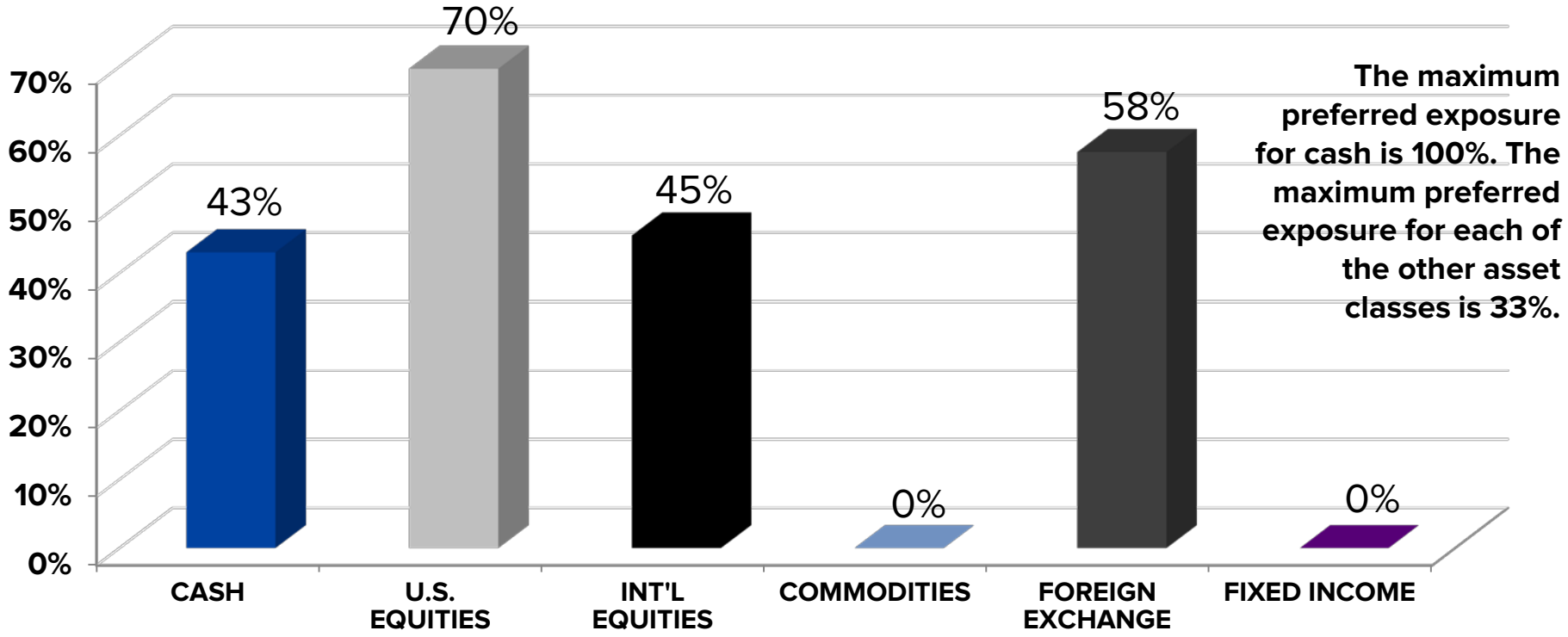
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
4/11/2017	43	23	15	0	19	0
4/12/2017	43	23	15	0	19	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
4/11/2017	43%	70%	45%	0%	58%	0%
4/11/2017	43%	70%	45%	0%	58%	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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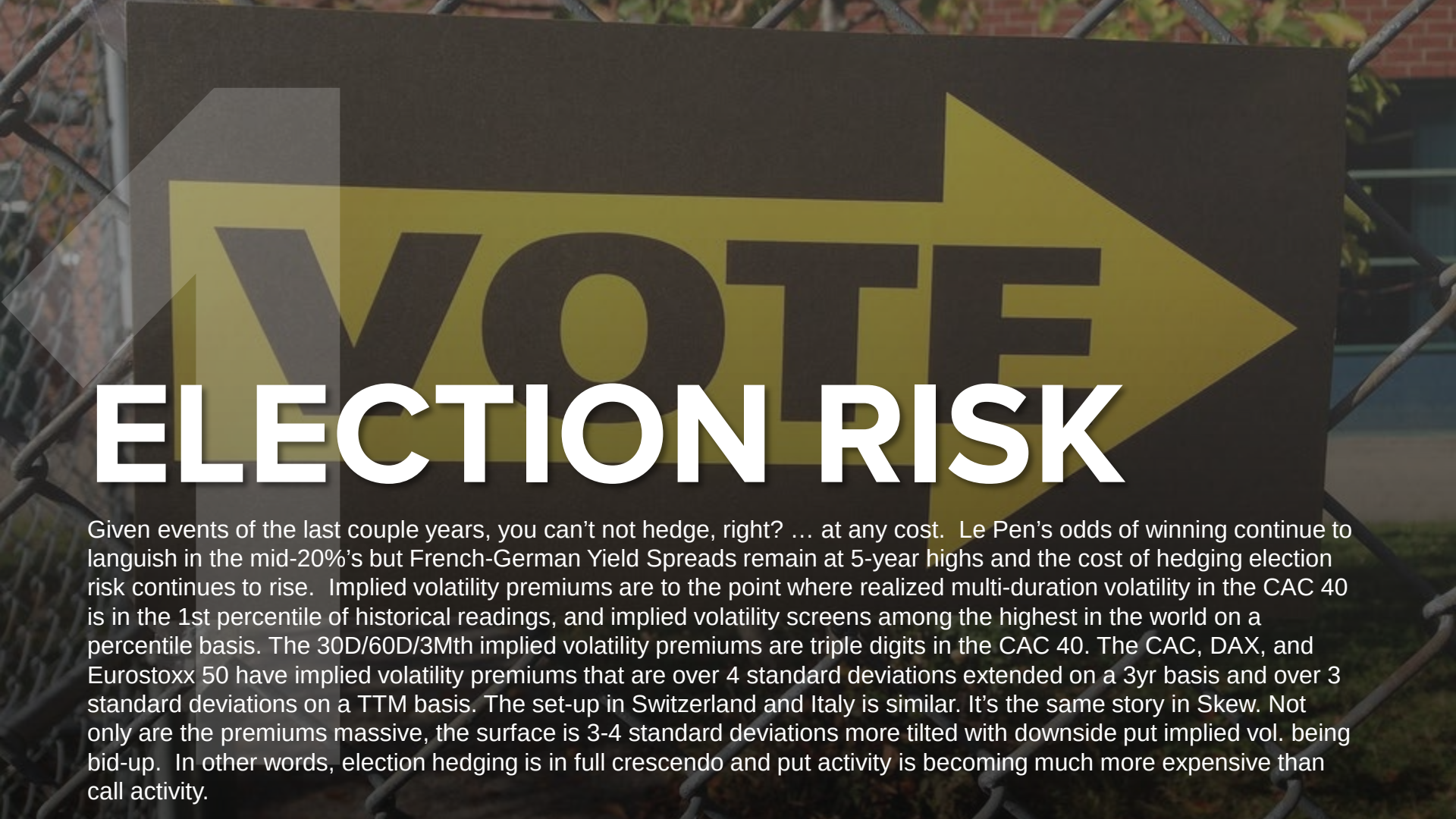
HEDGEYE TV

1 ELECTION RISK

2 CRUDE OIL (USO)

3 FRANCE



ELECTION RISK

Given events of the last couple years, you can't not hedge, right? … at any cost. Le Pen's odds of winning continue to languish in the mid-20%'s but French-German Yield Spreads remain at 5-year highs and the cost of hedging election risk continues to rise. Implied volatility premiums are to the point where realized multi-duration volatility in the CAC 40 is in the 1st percentile of historical readings, and implied volatility screens among the highest in the world on a percentile basis. The 30D/60D/3Mth implied volatility premiums are triple digits in the CAC 40. The CAC, DAX, and Eurostoxx 50 have implied volatility premiums that are over 4 standard deviations extended on a 3yr basis and over 3 standard deviations on a TTM basis. The set-up in Switzerland and Italy is similar. It's the same story in Skew. Not only are the premiums massive, the surface is 3-4 standard deviations more tilted with downside put implied vol. being bid-up. In other words, election hedging is in full crescendo and put activity is becoming much more expensive than call activity.

CRUDE OIL (USO)

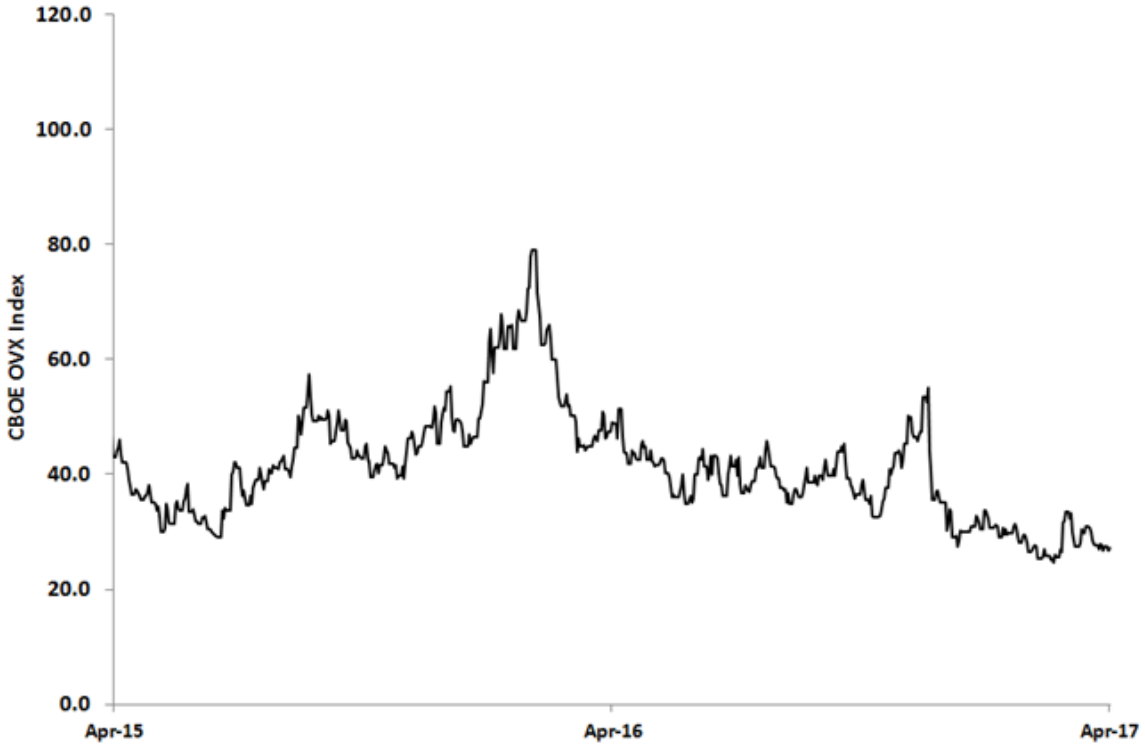
After a volatility event to kick off March, energy news has been relatively quiet with WTI +10% M/M and OVX being pushed lower once again. WTI is now close to YTD highs. The difference this time around is that the all-time high in net futures and options long contract positioning that peaked right before the March crash was cut for five straight weeks and USO has +20-30% implied volatility premiums on top of it instead of flat vol or discounts at peak bullishness like in late February, early March. So WTI has nearly re-traced its YTD highs and it’s been on more balanced sentiment.

FRANCE

The latest Elabe French election poll shows Macron at 23%, Le Pen at 23%, Fillon at 19% and Melenchon at 17%. Versus just last month in which Macron and Le Pen looked set to advance to the second round vote, recent poll numbers suggest any of the four main candidates have a chance to advance. We believe that this new uncertainty on the outcome, and any strength in a politically extreme candidates (like Le Pen or Melenchon) will pressure the EUR/USD to the downside.

MACRO GRIND

CBOE CRUDE OIL VOLATILITY INDEX



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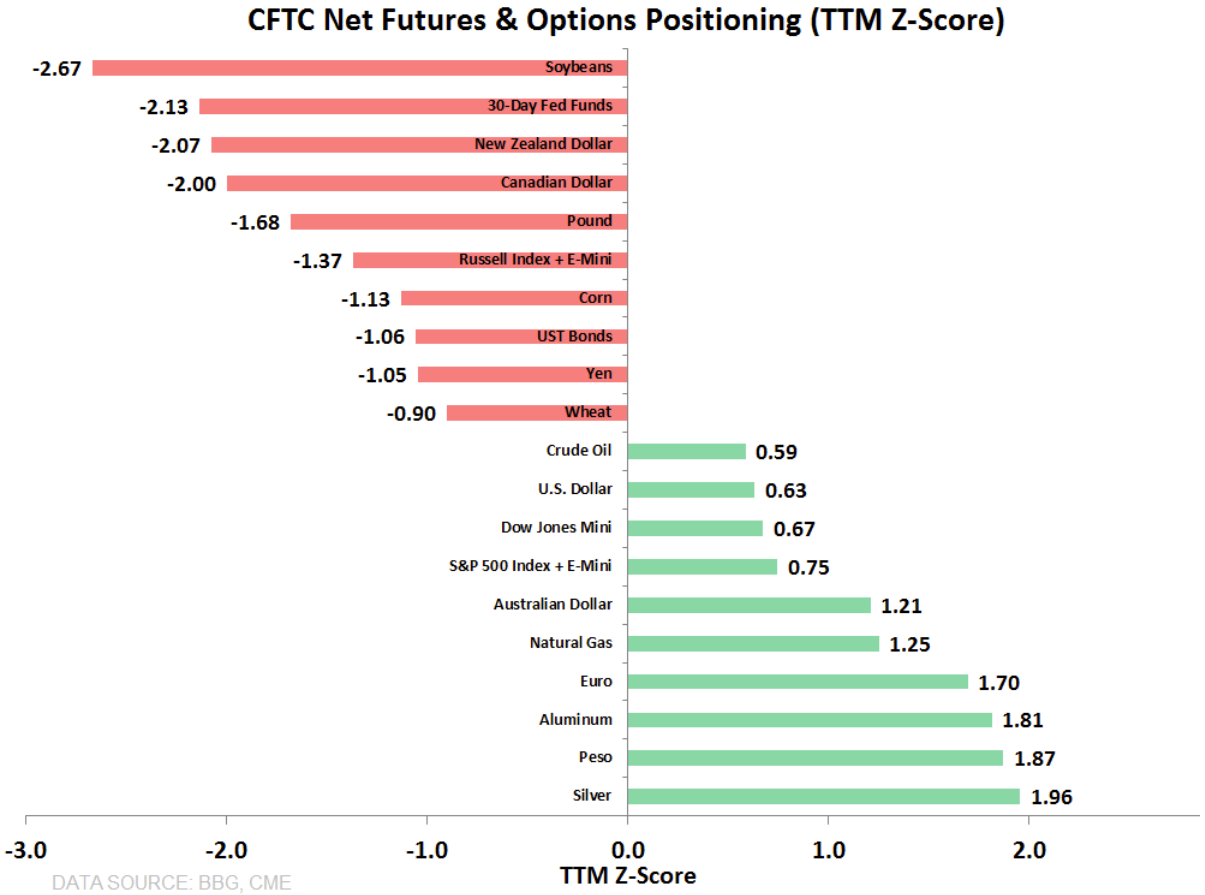
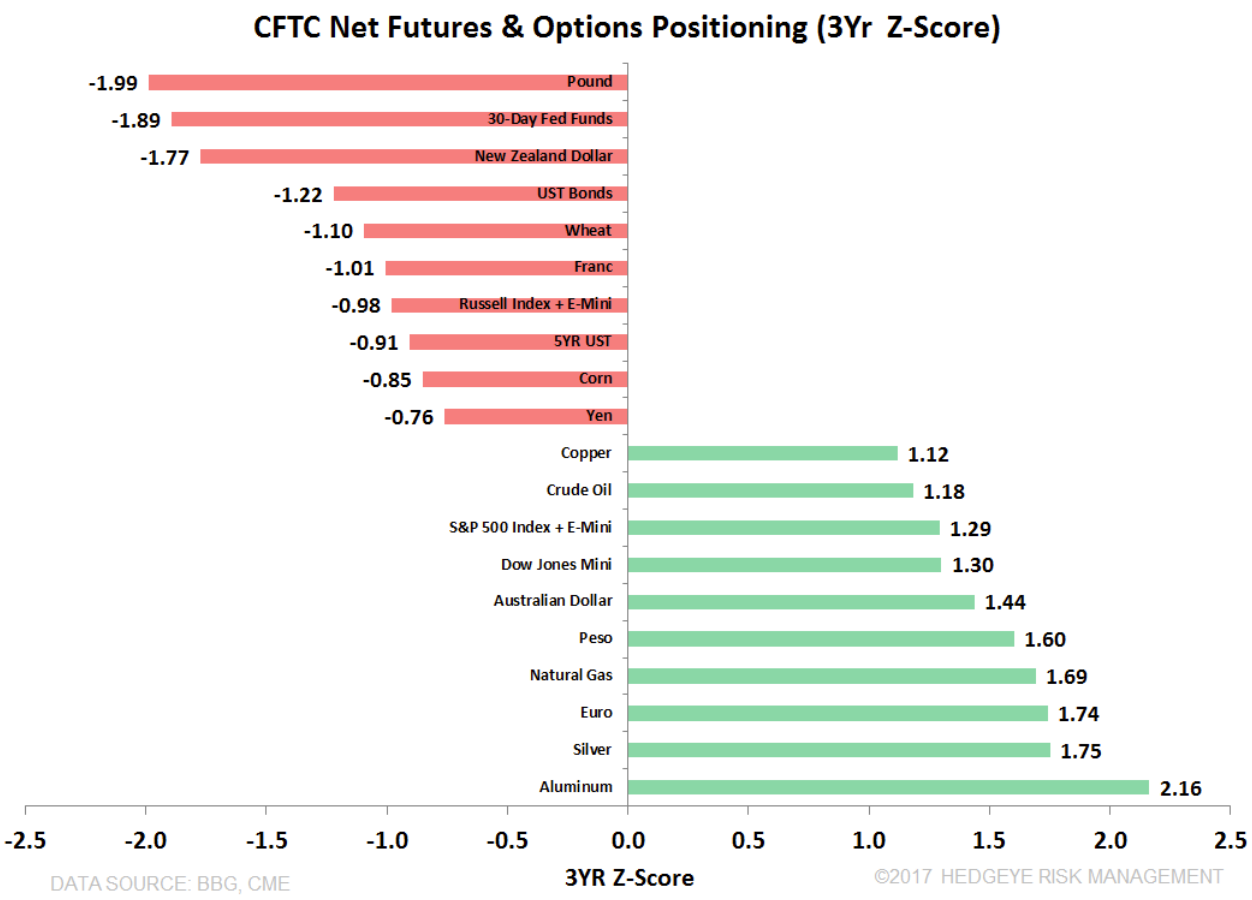

CFTC Net Futures & Options Positioning (TTM Z-Score)
-2.67 Soybeans
-2.13 30-Day Fed Funds
-2.07 New Zealand Dollar
-2.00 Canadian Dollar
-1.68 Pound
-1.37 Russell Index + E-Mini
-1.13 Corn
-1.06 UST Bonds
-1.05 Yen
-0.90 Wheat
Crude Oil 0.59
U.S. Dollar 0.63
Dow Jones Mini 0.67
S&P 500 Index + E-Mini 0.75
Australian Dollar 1.21
Natural Gas 1.25
Euro 1.70
Aluminum 1.81
Peso 1.87
Silver 1.96
-3.0
-2.0
-1.0
0.0
1.0
2.0
TTM Z-Score
DATA SOURCE: BBG, CME



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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	7.4%	6.6%	6.9%	10.5%	6.5%	9.2%	-4.0%	SPX	40.6%	0.51	1.02	59.1%	1.45	1.97	62.2%	1.90	2.27
Russell 2000	RTY	14.6%	14.0%	14.1%	16.3%	5.5%	4.4%	-2.4%	RTY	10.0%	0.21	0.20	17.1%	0.76	0.54	18.9%	1.11	0.57
Nasdaq 100	NDX	7.4%	6.7%	8.1%	12.1%	10.1%	6.9%	-7.5%	NDX	59.5%	1.09	1.76	86.5%	2.63	3.39	61.3%	2.46	2.79
USD Index	UUP	7.2%	6.9%	7.5%	8.8%	12.1%	6.5%	3.8%	UUP	17.2%	0.19	0.17	24.3%	0.50	0.48	9.6%	-0.25	-0.18
Consumer Discret.	XLY	7.1%	6.9%	8.5%	11.4%	7.9%	2.2%	-9.8%	XLY	51.7%	1.01	1.58	69.6%	2.24	2.83	42.8%	1.62	1.91
Financials	XLF	16.1%	15.4%	14.8%	17.9%	9.9%	10.1%	3.6%	XLF	10.3%	-0.04	0.15	16.6%	0.42	0.53	20.8%	1.28	0.86
Healthcare	XLV	8.1%	8.9%	9.1%	11.7%	-0.3%	-3.8%	-16.1%	XLV	43.4%	1.09	1.56	36.7%	1.51	1.81	38.9%	2.22	2.29
Technology	XLK	7.9%	7.2%	9.1%	12.5%	9.5%	8.5%	-3.2%	XLK	52.2%	1.05	1.67	64.3%	2.11	2.60	34.6%	1.58	1.57
Consumer Staples	XLP	5.1%	7.2%	7.8%	9.2%	-3.3%	-5.7%	-16.5%	XLP	86.2%	2.92	3.25	38.6%	1.83	1.91	38.2%	2.05	1.88
Utilities	XLU	10.8%	11.7%	11.9%	12.8%	-1.7%	-4.8%	-15.5%	XLU	17.8%	1.11	1.27	11.4%	1.05	1.20	9.7%	1.32	1.27
Energy	XLE	15.9%	14.7%	13.7%	16.8%	1.5%	1.0%	-8.7%	XLE	7.8%	0.15	0.16	21.4%	1.50	1.00	26.3%	2.61	1.33
Energy	XOP	27.8%	24.6%	22.5%	27.4%	-0.2%	2.0%	-8.6%	XOP	0.3%	-0.24	-0.16	20.2%	1.37	1.21	28.8%	3.43	1.90
Materials	XLB	12.1%	11.5%	11.0%	13.7%	3.6%	4.0%	-5.0%	XLB	4.1%	-0.43	-0.18	18.9%	0.52	0.53	28.6%	1.34	1.07
Industrials	XLI	10.5%	9.8%	9.7%	12.8%	4.3%	4.8%	-3.5%	XLI	22.4%	0.23	0.58	35.5%	1.20	1.43	39.5%	2.01	1.90
Transports	IYT	14.7%	14.4%	14.1%	16.4%	1.3%	-1.9%	-5.1%	IYT	8.2%	-0.27	-0.03	17.7%	0.19	0.50	26.6%	0.83	1.12
WTI Crude Oil	USO	25.6%	21.9%	23.8%	25.3%	-8.7%	-7.3%	-19.5%	USO	-8.7%	-0.41	-0.50	33.9%	2.06	1.35	22.1%	2.12	0.79
Natural Gas	UNG	28.6%	35.8%	45.6%	36.1%	1.2%	-10.0%	-18.3%	UNG	24.2%	1.62	0.46	2.5%	0.21	-0.28	-20.3%	-1.17	-1.06
Gold	GLD	9.6%	10.1%	10.5%	12.7%	7.0%	0.0%	-9.0%	GLD	32.2%	1.43	1.18	25.4%	1.44	1.10	20.0%	1.33	0.88
Silver	SLV	19.3%	17.2%	18.6%	20.1%	5.7%	-1.5%	-11.5%	SLV	3.8%	-0.11	-0.46	16.4%	1.39	0.17	8.1%	0.51	-0.22
Copper	JJC	20.1%	24.3%	24.0%	22.6%	2.1%	-5.3%	-11.4%	JJC	7.2%	-0.15	-0.14	-14.3%	-0.67	-0.83	-2.0%	-0.40	-0.48
Corn	CORN	14.4%	14.3%	14.8%	18.4%	-3.5%	1.3%	0.1%	CORN	20.3%	0.53	0.02	40.7%	1.61	1.13	43.3%	1.36	1.18
Soybeans	SOYB	9.4%	12.2%	14.3%	17.3%	-9.7%	-16.6%	-18.0%	SOYB	84.7%	1.41	0.72	30.9%	-0.13	-0.18	4.3%	-0.60	-0.65
Wheat	WEAT	16.8%	18.8%	18.6%	32.4%	10.6%	11.6%	9.1%	WEAT	82.8%	0.47	0.34	50.9%	-0.11	0.03	34.2%	-0.51	-0.12

*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	$87.51	-0.08%	-0.50%	7.51%
Financial Select Sector	XLF	$23.39	-0.30%	-1.43%	0.60%
Health Care Select Sector	XLV	$74.17	-0.13%	-0.26%	7.59%
Technology Select Sector	XLK	$52.76	-0.38%	-1.03%	9.10%
Consumer Staples Select Sector	XLP	$54.88	0.04%	0.55%	6.13%
Industrial Select Sector	XLI	$65.38	0.14%	0.49%	5.08%
Materials Select Sector	XLB	$52.46	-0.27%	0.10%	5.55%
The Energy Select Sector	XLE	$70.90	0.01%	1.43%	-5.87%
Utilities Select Sector	XLU	$51.47	-0.04%	0.31%	5.97%
S&P 500	SPX	2,353.78	-0.14%	-0.38%	5.13%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$87.51	0.06%	-0.12%	2.37%
Financial Select Sector	XLF	$23.39	-0.15%	-1.05%	-4.53%
Health Care Select Sector	XLV	$74.17	0.01%	0.12%	2.45%
Technology Select Sector	XLK	$52.76	-0.23%	-0.65%	3.96%
Consumer Staples Select Sector	XLP	$54.88	0.18%	0.93%	1.00%
Industrial Select Sector	XLI	$65.38	0.28%	0.87%	-0.06%
Materials Select Sector	XLB	$52.46	-0.12%	0.47%	0.42%
The Energy Select Sector	XLE	$70.90	0.16%	1.81%	-11.00%
Utilities Select Sector	XLU	$51.47	0.10%	0.69%	0.84%

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%	0.2%	2.4%	10.9%	4.2%
	Low Debt/EV	-0.1%	0.2%	-0.5%	3.0%	8.7%	5.7%
SI	High Short Interest	0.0%	1.1%	0.6%	-0.9%	4.2%	0.5%
	Low Short Interest	-0.1%	-0.1%	-1.0%	3.7%	12.8%	5.8%
BETA	High Beta	-0.1%	0.1%	-0.6%	1.2%	14.4%	4.3%
	Low Beta	0.1%	0.6%	1.2%	5.2%	7.6%	5.5%
YIELD	High Yield	0.2%	0.7%	0.7%	0.9%	4.6%	1.1%
	Low Yield	-0.2%	0.2%	0.1%	2.2%	8.8%	5.8%
MKT CAP	MCAP Bottom 25%	0.1%	0.7%	0.0%	-1.0%	3.6%	0.2%
	MCAP Top 25%	-0.2%	-0.4%	-1.2%	3.5%	12.4%	5.5%
Sales	Top 25% Sales Growth	-0.1%	0.3%	1.3%	3.0%	10.8%	6.0%
	Bottom 25% Sales Growth	0.1%	0.4%	-0.4%	1.2%	5.7%	2.1%
EPS	Top 25% EPS Growth	-0.1%	0.3%	1.9%	2.1%	12.3%	5.5%
	Bottom 25% EPS Growth	0.0%	0.6%	-0.1%	1.1%	5.2%	1.6%

**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	0.81%	0.5	3.6	7	30	-2	65	63	68
3M LIBOR	1.16%	0.0	0.6	3	13	0	53	65	73
2Y T-Note	1.23%	-4.0	-1.8	-12	5	-16	74	50	68
5Y T-Note	1.83%	-7.0	-6.0	-27	-5	-32	94	30	49
10Y T-Note	2.30%	-7.0	-6.4	-28	-8	-34	98	16	15
30Y T-Note	2.93%	-6.1	-7.1	-24	-3	-28	84	6	-9
2Y-10Y Spread, Bps	106	-3.0	-4.6	-15.9	-12	-18	24	-34	-53
IG SPREAD (AAABBB)	1.56%	0.0	0.0	2	1	-44	11	-13	-18
HIGH YIELD	5.65%	-1.0	-3.0	-44	-52	-225	2	-100	-89
5Y BREAKEVEN	1.86%	-2.6	-6.1	-14.6	-5.1	-21.7	60.8	30.0	13.9

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)	116,247	(36,907)	71,385	27,993	54,870	*0.75X*	*1.33X*
Russell 2000 (mini)	(54,098)	541	20,132	29,091	5,365	*-1.37X*	*-0.94X*
10Y Treasury	(16,398)	34,239	(252,050)	(198,004)	(75,937)	*0.34X*	*0.36X*
CRUDE OIL	462,560	4,552	519,241	472,896	414,984	*0.59X*	*1.34X*
GOLD	115,605	16,455	78,341	91,701	164,353	*-0.60X*	*0.21X*
COPPER	26,842	(2,979)	39,135	37,519	9,193	*0.54X*	*1.42X*
$USD	42,914	(1,315)	47,076	49,711	31,145	*0.63X*	*0.20X*
JPY	(50,064)	8,644	(62,028)	(39,346)	7,794	*-1.05X*	*-0.33X*
EUR	(10,347)	(3,192)	(39,529)	(71,757)	(72,372)	*1.70X*	*1.63X*
GBP	(104,224)	4,178	(78,728)	(75,628)	(69,491)	*-1.68X*	*-1.97X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (4/11) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	30%	13%	14%	55%
Total Exchange Volume**	17%	-3%	-5%	-6%

*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	0.56	0.61	-0.36	0.39	0.66	*0.95*	*-0.75*	*53%*	*47%*
BRENT Oil	0.93	0.58	0.33	0.55	0.70	*0.77*	*-0.78*	*56%*	*44%*
CRB Index	-0.77	0.04	-0.61	0.55	0.75	*0.83*	*-0.86*	*33%*	*67%*
GOLD	0.38	-0.56	-0.73	-0.79	-0.92	*0.90*	*-0.97*	*17%*	*83%*

**Days = Trading Days*