



THE
MACRO
SHOW

JUNE 2, 2017

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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
6/1/2017	41	20	13	0	23	3
6/2/2017	42	18	12	0	24	4

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
6/1/2017	41%	61%	39%	0%	70%	9%
6/2/2017	42%	55%	36%	0%	73%	12%

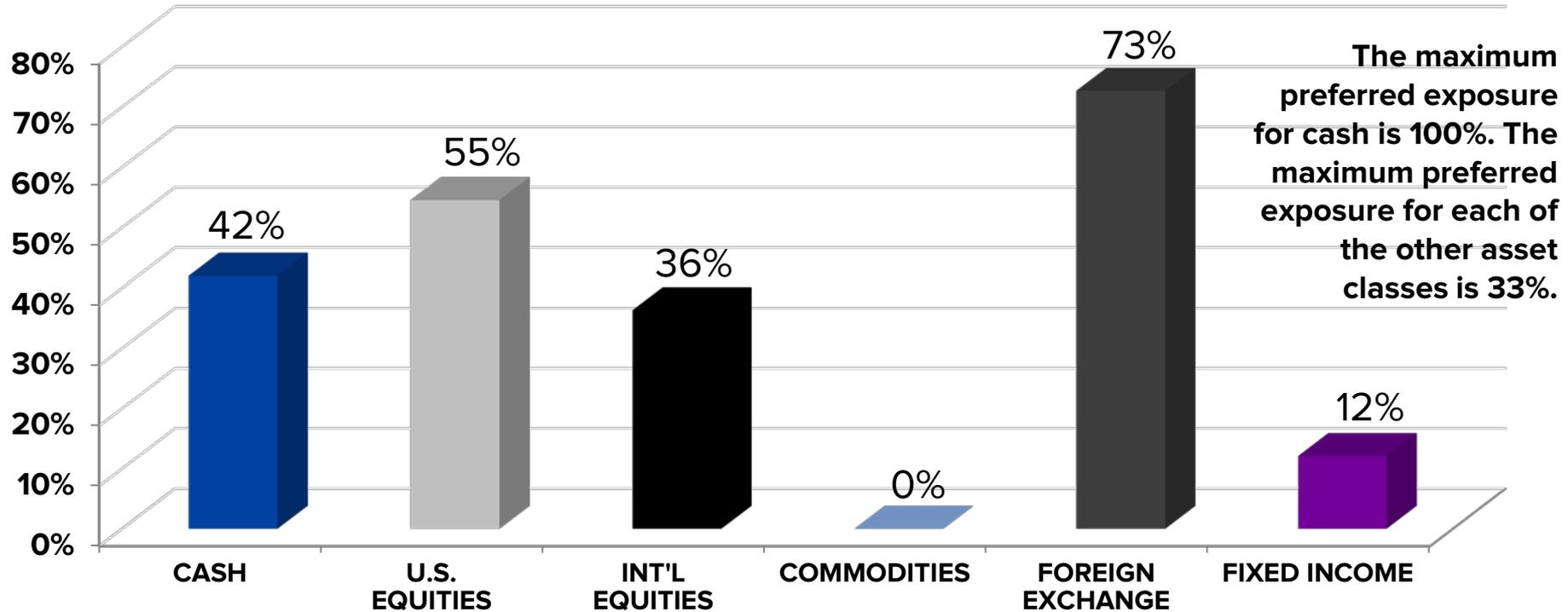
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

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1

ALL-TIME HIGHS

2

ASIA

3

OIL



ALL-TIME HIGHS

All-time remains a long-time here @Hedgeye... from “impeachment” to Paris, if you bought literally every damn dip (in real growth assets) for the last 6-7 months, you’ve absolutely crushed it. Long Reflation? Not so much. All-time closing highs for the S&P 500 = 2430 and Nasdaq = 6246, respectively.



ASIA

Big ramps in both Japan and South Korea overnight (both hitting new YTD highs) with the Nikkei +1.6% and KOSPI +1.2%; neither market has cared, whatsoever, about perceived U.S. “policy” risks (jobs and profit growth have trumped that) – this is what raging bull markets in equities do (and yes, they’re overbought today).

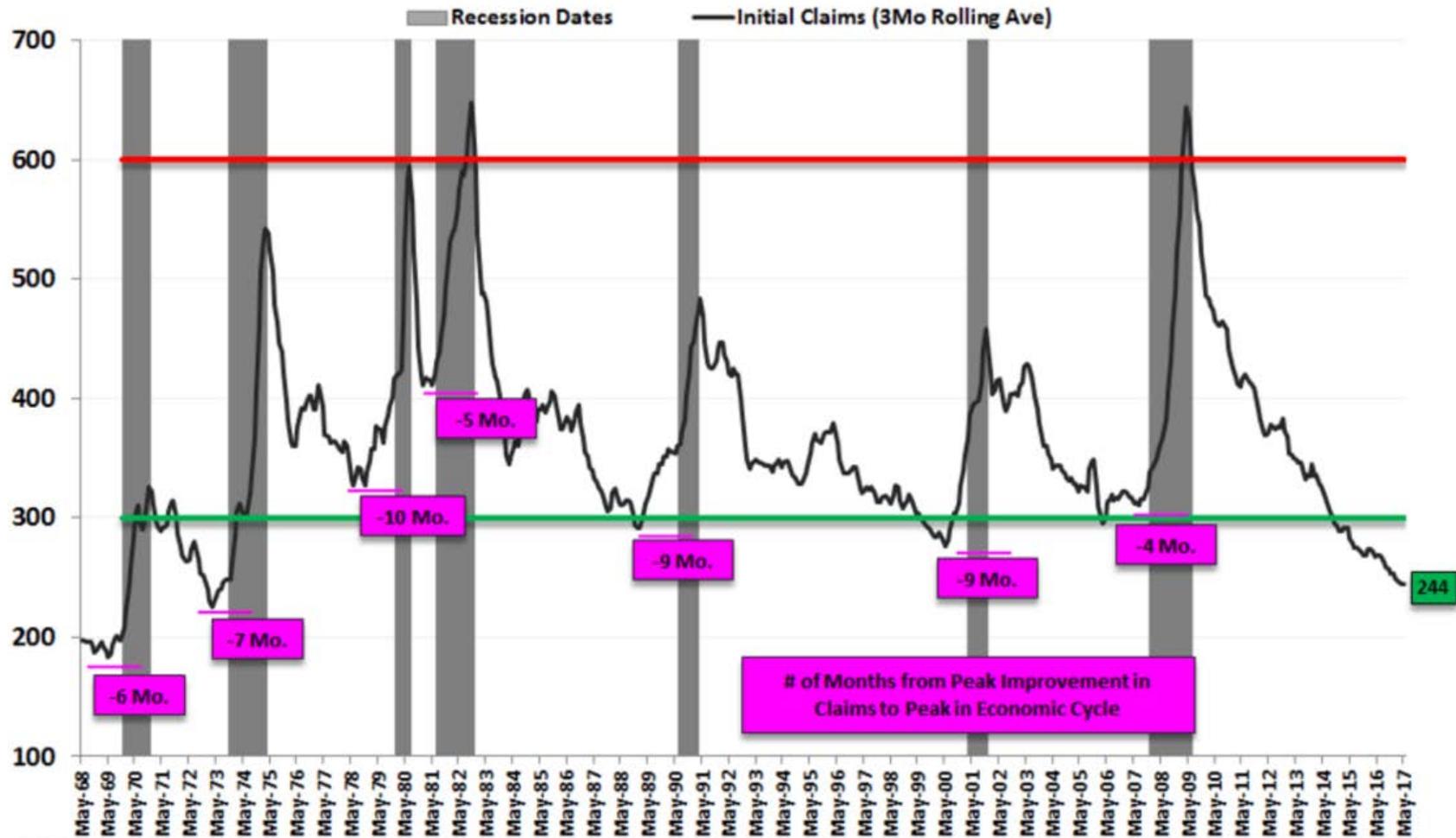
The background of the slide features a silhouette of several oil pumpjacks against a warm, orange-hued sunset sky. The pumpjacks are arranged in a line, receding into the distance. A large, semi-transparent number '3' is overlaid on the left side of the image, partially behind the text.

OIL

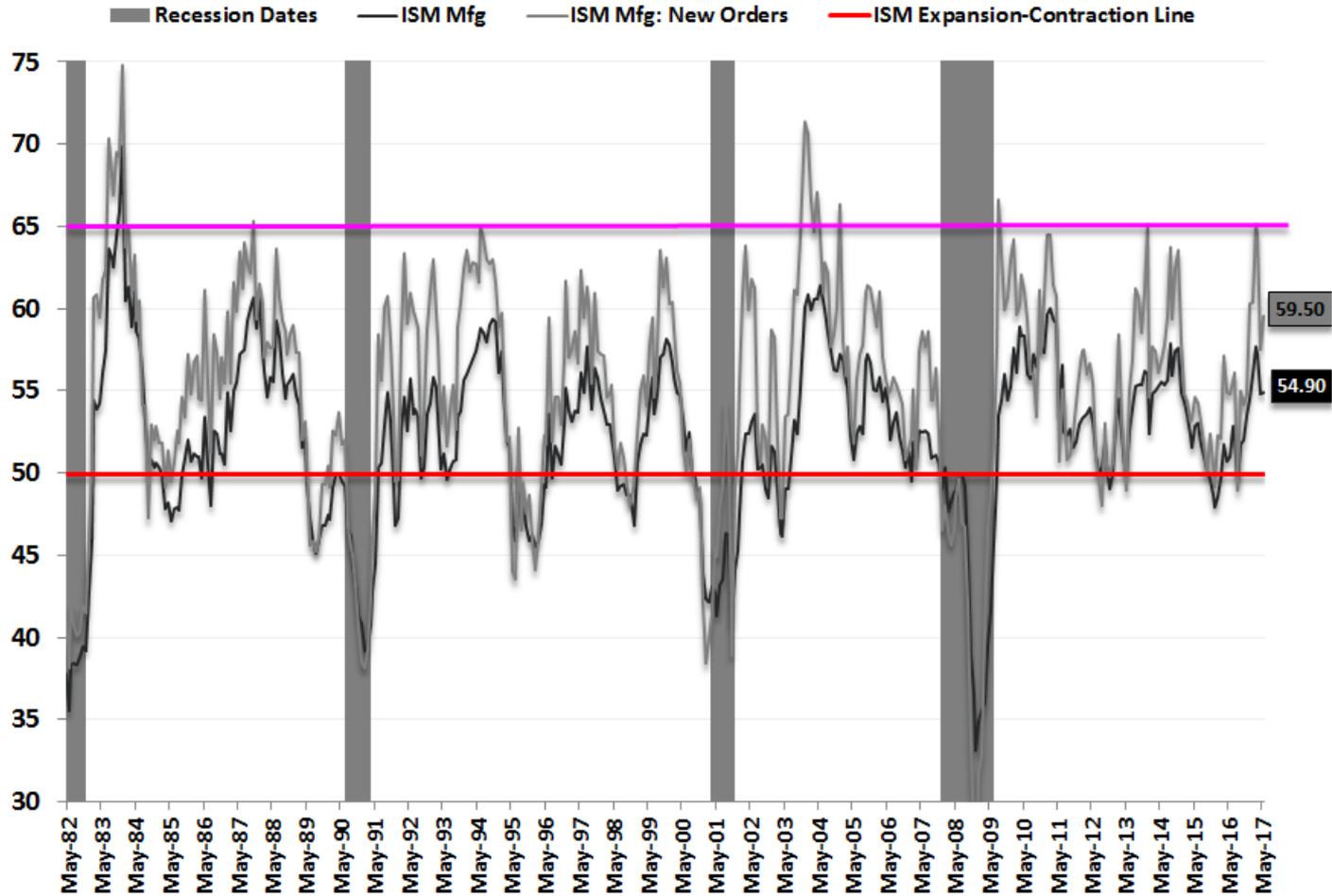
There's always a bear market somewhere and we'll reiterate the ***Reflation Rollover*** call again here this morning with WTI down -3.1%, moving back to bearish TREND and TAIL (risk) @Hedgeye – if you're short levered upstream MLP stocks and long real U.S. consumption growth, all good.

MACRO GRIND

of Months from Trough In Claims to Economic Peak



ISM Manufacturing



DATA SOURCE: BLOOMBERG, ISM



THE HEDGEYE 21

AN INTERVIEW WITH **DANIEL LACALLE**

The outspoken London-based economist, portfolio manager and bestselling author dishes on central bank insanity, his favorite TV show and big risks to the European Union experiment.



Daniel Lacalle Answers the Hedgeye 21

The outspoken London-based economist, portfolio manager and bestselling author Daniel Lacalle dishes on central bank insanity, his favorite TV show...

S&P 500 mInI **+4.50**

2434.00 +0.19%

🕒 5:39 AM



FTSE 100 **+21.46**

565.23 +0.28%

🕒 5:34 AM

Nikkei22

20170.00

🕒 5:29 AM



**Global Stocks Rally on
Growth Optimism; Oil
Drops: Markets Wrap**

COPPER



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REUTERS/JEFFERIES CRB INDEX



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RUSSIAN TRADING SYSTEM INDEX



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GERMAN DAX



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SOUTH KOREA SEOUL COMP



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TOKYO NIKKEI 225 AVERAGE



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S&P REV. & EARNINGS COMPS & SCORECARD

Q1 2017 QTD

U.S. Index Comps

INDEX	SALES GROWTH (YY%)	EARNINGS GROWTH (YY%)	#REPORTED
S&P 500	7.8%	14.5%	491 / 498
NASDAQ 100	11.4%	17.6%	100 / 101
DOW JONES	5.8%	14.4%	30 / 30
RUSSELL 2000	6.6%	3.3%	1818 / 1914

Q1 2017 QTD

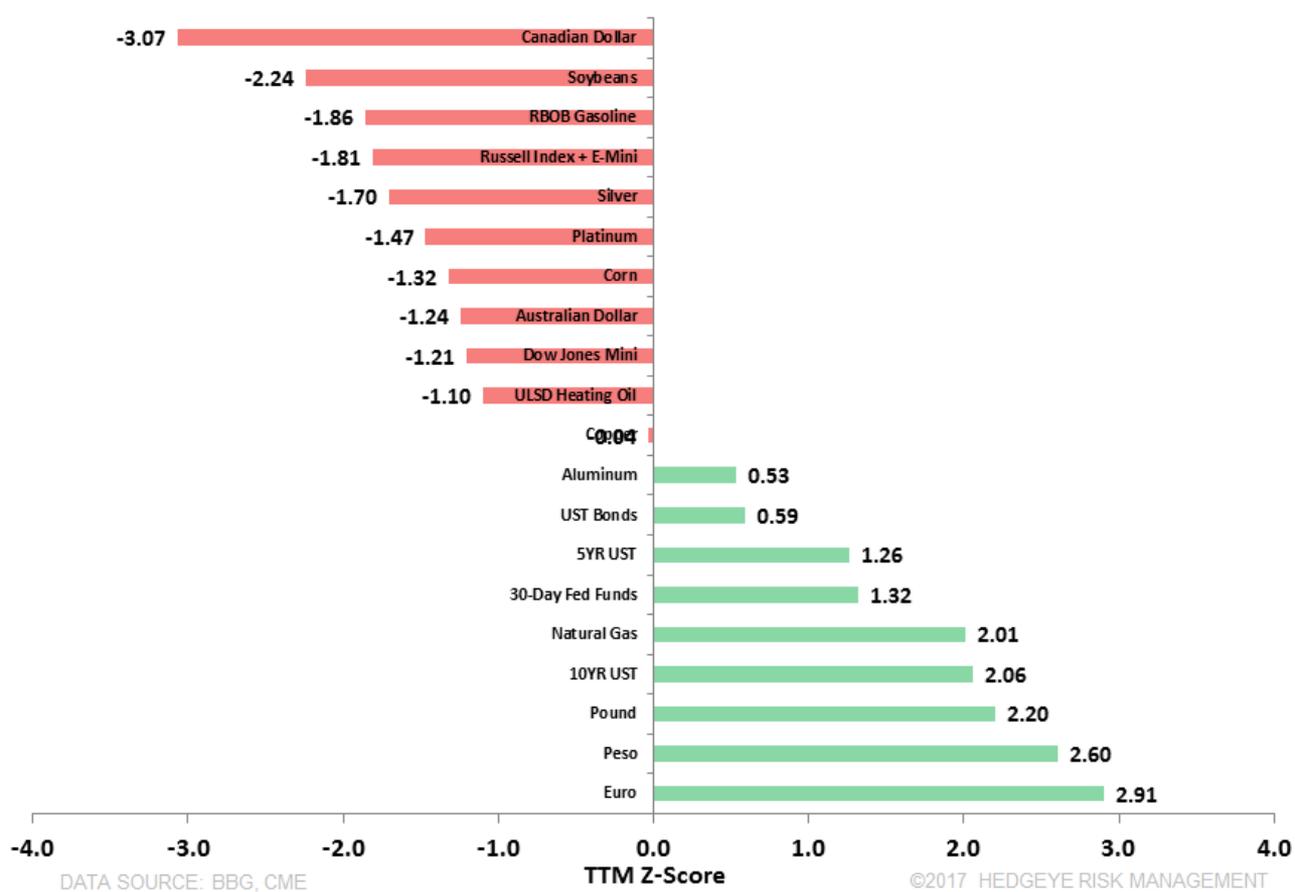
S&P 500 Sector Comps

S&P 500 SECTOR	SALES GROWTH (YY%)	EARNINGS GROWTH (YY%)	#REPORTED
S&P 500 (Aggregate)	7.8%	14.5%	491 / 498
Energy	33.0%	622.3%	34 / 34
Materials	9.1%	19.4%	25 / 25
Industrials	4.0%	0.8%	67 / 67
Consumer Discret.	8.1%	6.6%	78 / 80
Consumer Staples	1.5%	3.3%	33 / 36
Healthcare	5.4%	4.6%	59 / 60
Financials	9.9%	18.4%	65 / 65
Information Tech.	8.0%	21.0%	67 / 68
Telecom	-4.7%	-4.6%	4 / 4
Utilities	7.3%	3.4%	28 / 28
Real Estate	3.3%	6.6%	31 / 31

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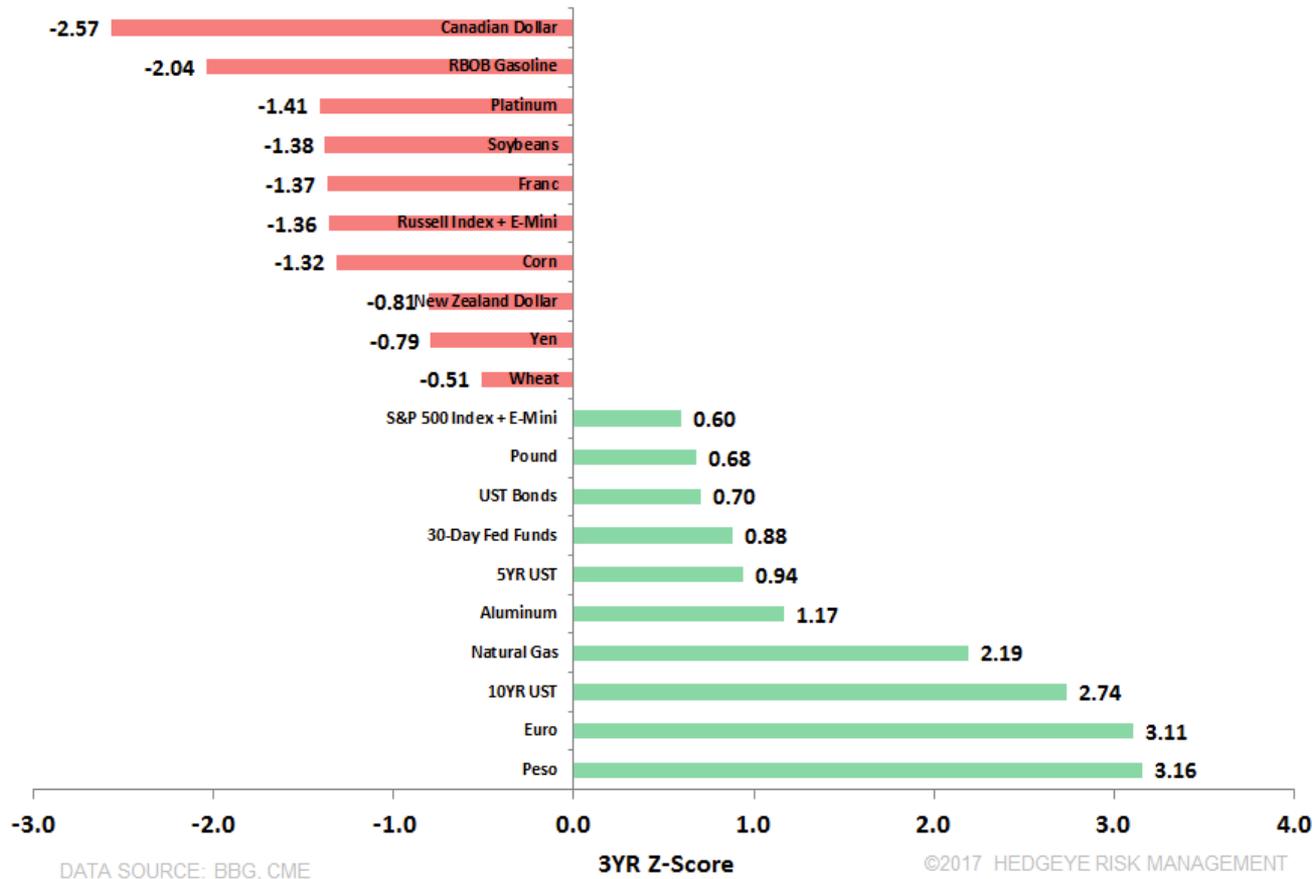
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Index/Security	REALIZED VOLATILITY				IMPLIED VOLATILITY*				IMPLIED** VS. REALIZED VOLATILITY									
	Ticker	Duration of Realized (%)			Current	At-The-Money %			Ticker	30 Day			60 Day			3 Month		
		30D	60D	90D		v 1M Avg	v 3M Avg	v 6M Avg.		Premium	Z-Score	3Yr	Premium	Z-Score	3Yr	Premium	Z-Score	3Yr
S&P 500	SPX	8.1%	7.6%	7.3%	8.2%	-3.3%	-14.5%	-16.4%	SPX	-7.2%	-0.88	-0.63	13.9%	-0.45	0.04	31.9%	0.20	0.72
Russell 2000	RTY	13.8%	13.9%	13.8%	14.0%	-2.8%	-8.2%	-11.2%	RTY	-2.7%	-0.44	-0.47	3.2%	-0.31	-0.29	12.7%	0.37	0.15
Nasdaq 100	NDX	10.3%	9.0%	8.3%	11.7%	3.3%	3.1%	-2.5%	NDX	6.4%	-0.57	-0.16	36.4%	0.32	0.98	60.3%	1.46	2.12
USD Index	UUP	6.4%	6.6%	6.5%	6.5%	-7.8%	-16.4%	-21.9%	UUP	1.6%	-0.44	-0.39	4.1%	-0.44	-0.36	12.5%	0.03	0.01
Consumer Discret.	XLY	9.0%	8.3%	7.9%	9.0%	-12.0%	-15.7%	-22.0%	XLY	-3.5%	-0.83	-0.59	20.3%	-0.17	0.37	42.0%	1.09	1.58
Financials	XLF	15.3%	15.2%	15.2%	15.1%	1.6%	-6.2%	-9.3%	XLF	-2.1%	-0.42	-0.33	2.4%	-0.24	-0.14	6.8%	0.12	0.09
Healthcare	XLV	8.2%	8.1%	8.6%	10.1%	-2.2%	-10.6%	-17.6%	XLV	16.0%	-0.14	0.33	30.8%	0.81	1.29	30.7%	1.13	1.52
Technology	XLK	10.7%	9.2%	8.7%	11.2%	-0.8%	-2.3%	-6.8%	XLK	-4.3%	-0.75	-0.46	27.6%	0.23	0.78	46.2%	1.17	1.71
Consumer Staples	XLP	6.8%	6.2%	6.7%	9.3%	-0.1%	-3.5%	-9.0%	XLP	38.2%	0.64	1.11	58.3%	1.80	2.51	57.7%	2.18	2.60
Utilities	XLU	7.1%	8.5%	10.2%	10.1%	-8.8%	-19.1%	-26.2%	XLU	40.1%	1.57	2.24	24.1%	1.78	2.21	10.8%	1.05	1.36
Energy	XLE	14.0%	13.8%	14.6%	15.9%	-3.5%	-4.7%	-6.8%	XLE	15.5%	0.41	0.49	16.4%	0.92	0.72	11.5%	0.84	0.49
Energy	XOP	26.2%	25.2%	25.4%	27.3%	-5.0%	-2.9%	-3.2%	XOP	4.5%	-0.13	0.04	9.7%	0.47	0.57	10.3%	0.93	0.71
Materials	XLB	12.5%	11.9%	11.2%	11.9%	-5.5%	-10.1%	-11.9%	XLB	-13.9%	-1.16	-0.86	2.4%	-0.60	-0.25	12.3%	0.05	0.22
Industrials	XLI	9.9%	10.3%	10.1%	11.4%	-1.5%	-8.3%	-10.3%	XLI	5.9%	-0.35	-0.13	14.4%	0.02	0.31	22.5%	0.56	0.80
Transports	IYT	14.9%	14.8%	14.9%	14.8%	-4.8%	-9.6%	-12.1%	IYT	-2.6%	-0.66	-0.52	3.4%	-0.68	-0.33	8.4%	-0.49	-0.13
Biotech	IBB	16.0%	15.0%	15.9%	17.7%	-2.1%	-6.7%	-18.0%	IBB	8.4%	-0.05	0.09	21.5%	1.11	1.25	18.0%	1.40	1.21
WTI Crude Oil	USO	31.3%	26.6%	25.4%	29.2%	-5.3%	3.1%	1.8%	USO	-5.3%	-0.47	-0.50	10.1%	0.26	0.14	16.1%	1.01	0.47
Natural Gas	UNG	30.6%	29.8%	33.6%	34.9%	5.3%	0.3%	-13.5%	UNG	14.9%	0.65	0.12	17.4%	1.00	0.27	4.2%	0.35	-0.22
Gold	GLD	10.9%	10.2%	10.3%	10.7%	-2.6%	-10.8%	-18.0%	GLD	-2.6%	-0.85	-0.54	8.1%	-0.09	0.04	12.3%	0.47	0.32
Silver	SLV	16.8%	16.2%	17.0%	18.2%	-3.2%	-5.5%	-13.7%	SLV	10.3%	0.18	-0.17	16.9%	1.39	0.21	13.3%	1.19	0.07
Copper	JJC	22.0%	21.5%	23.4%	18.1%	-8.1%	-16.0%	-24.4%	JJC	-19.4%	-0.49	-0.66	-15.9%	-0.65	-0.85	-22.4%	-1.00	-1.23
Coffee	JO	25.0%	25.5%	25.6%	27.3%	-1.4%	0.0%	-2.4%	JO	11.1%	0.52	0.59	8.5%	0.50	0.66	10.2%	0.84	1.00
Corn	CORN	18.0%	15.5%	15.3%	24.0%	9.1%	20.8%	28.2%	CORN	29.0%	0.73	0.36	53.9%	1.78	1.68	52.1%	1.43	1.49
Soybeans	SOYB	10.4%	9.2%	11.3%	19.4%	3.1%	1.5%	-5.3%	SOYB	89.5%	0.97	0.78	100.2%	1.10	1.08	54.6%	0.14	0.16
Wheat	WEAT	22.5%	19.5%	20.0%	26.6%	-13.1%	-10.0%	-12.2%	WEAT	20.5%	-0.60	-0.47	40.9%	-0.29	-0.11	43.5%	-0.11	0.05

*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>MTD %</u> <u>Chg</u>	<u>YTD %</u> <u>Chg</u>
Consumer Discretionary	XLY	\$91.91	0.94%	0.94%	12.91%
Financial Select Sector	XLF	\$23.54	1.25%	1.25%	1.25%
Health Care Select Sector	XLV	\$76.92	1.10%	1.10%	11.58%
Technology Select Sector	XLK	\$56.67	0.25%	0.25%	17.18%
Consumer Staples Select Sector	XLP	\$57.10	0.81%	0.81%	10.42%
Industrial Select Sector	XLI	\$67.94	0.62%	0.62%	9.19%
Materials Select Sector	XLB	\$53.72	1.21%	1.21%	8.09%
The Energy Select Sector	XLE	\$65.85	0.63%	0.63%	-12.57%
Utilities Select Sector	XLU	\$54.22	0.71%	0.71%	11.63%
S&P 500	SPX	2,430.06	0.76%	0.76%	8.54%



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HEDGEYE SECTOR RELATIVE PERFORMANCE

	<u>Ticker</u>	<u>Price</u>	<u>1-Day % Chg</u>	<u>MTD % Chg</u>	<u>YTD % Chg</u>
Consumer Discretionary	XLY	\$91.91	0.19%	0.19%	4.37%
Financial Select Sector	XLF	\$23.54	0.49%	0.49%	-7.29%
Health Care Select Sector	XLV	\$76.92	0.35%	0.35%	3.03%
Technology Select Sector	XLK	\$56.67	-0.51%	-0.51%	8.64%
Consumer Staples Select Sector	XLP	\$57.10	0.06%	0.06%	1.88%
Industrial Select Sector	XLI	\$67.94	-0.14%	-0.14%	0.65%
Materials Select Sector	XLB	\$53.72	0.45%	0.45%	-0.45%
The Energy Select Sector	XLE	\$65.85	-0.13%	-0.13%	-21.11%
Utilities Select Sector	XLU	\$54.22	-0.05%	-0.05%	3.09%

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HEDGEYE STYLE FACTOR PERFORMANCE

		1D	1W	1M	3M	6M	YTD
		% Chg					
Debt	FACTOR						
	High Debt/EV	1.2%	1.4%	0.9%	-1.0%	7.1%	5.3%
	Low Debt/EV	0.9%	1.5%	2.0%	4.2%	12.7%	11.7%
SI	High Short Interest	1.5%	1.0%	-0.6%	-2.1%	0.7%	0.3%
	Low Short Interest	0.9%	1.3%	1.7%	2.5%	11.9%	9.9%
BETA	High Beta	1.3%	0.6%	0.1%	-1.3%	6.7%	5.7%
	Low Beta	0.9%	1.5%	2.5%	3.1%	11.7%	8.6%
YIELD	High Yield	0.9%	1.0%	0.2%	-2.1%	2.1%	0.4%
	Low Yield	1.3%	1.0%	1.3%	2.8%	12.2%	10.9%
MKT CAP	MCAP Bottom 25%	1.5%	1.0%	-1.8%	-3.6%	-0.4%	-0.6%
	MCAP Top 25%	0.8%	1.4%	1.9%	2.6%	12.5%	10.3%
Sales	Top 25% Sales Growth	1.1%	0.5%	1.5%	2.9%	11.2%	9.6%
	Bottom 25% Sales Growth	1.2%	1.5%	0.3%	-1.5%	3.4%	2.2%
EPS	Top 25% EPS Growth	1.1%	0.7%	1.6%	2.9%	10.6%	9.2%
	Bottom 25% EPS Growth	1.0%	1.0%	0.0%	-1.4%	4.4%	2.6%

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

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HEDGEYE RATES & SPREADS

	Price	1D	5D	1M	3M	vs. 52-Wk, Bps		vs.	vs.
		Bps Chg	Bps Chg	Bps Chg	Bps Chg	High	Low	3Y Ave	5Y Ave
3M T-Bill	0.97%	0.0	4.6	13	31	-2	80	75	81
3M LIBOR	1.21%	0.0	0.8	4	11	0	59	66	76
2Y T-Note	1.30%	0.8	-0.4	3	-2	-10	81	53	72
5Y T-Note	1.77%	1.0	-2.8	-4	-25	-38	88	24	40
10Y T-Note	2.22%	0.9	-3.5	-7	-27	-42	90	10	6
30Y T-Note	2.87%	-0.1	-4.9	-11	-21	-35	78	2	-15
2Y-10Y Spread, Bps	92	-0.4	-3.6	-10.6	-25	-33	9	-43	-66
IG SPREAD (AAABBB)	1.46%	0.0	0.0	-9	-4	-54	1	-24	-26
HIGH YIELD	5.45%	-39.2	-40.1	-42	-29	-189	0	-121	-105
5Y BREAK EVEN	1.77%	0.8	1.4	-0.7	-24.7	-30.8	51.6	21.5	5.1

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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)	45,299	13,822	103,970	54,086	67,191	-0.28X	0.60X
Russell 2000 (mini)	(72,369)	(28,573)	(42,325)	12,877	6,686	-1.83X	-1.41X
10Y Treasury	365,011	148,380	48,309	(147,302)	(40,794)	2.05X	3.16X
CRUDE OIL	400,402	18,965	456,788	487,886	421,671	-0.26X	0.58X
GOLD	117,661	47,738	110,612	88,030	154,519	-0.46X	0.21X
COPPER	13,130	4,355	19,539	34,857	15,238	-0.07X	0.81X
USD	31,273	(2,961)	42,036	46,192	35,310	-0.24X	-0.48X
JPY	(53,266)	5,795	(47,756)	(56,489)	(5,308)	-0.90X	-0.41X
EUR	65,580	26,289	(6,129)	(34,249)	(67,898)	2.92X	2.96X
GBP	(27,399)	8,301	(84,253)	(73,502)	(74,152)	2.24X	0.20X

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

<u>INDEX/SECURITY</u>	VOLUME: (6/1) vs.			
	<u>Prior Day</u>	<u>1M Ave</u>	<u>3M ave</u>	<u>1Y Ave</u>
Total Market Volume*	-0.1%	0.0%	-8%	17%

Total Exchange Volume**	-13%	4%	5%	3%

*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

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KEY \$USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.23	-0.43	-0.41	-0.67	0.25	0.95	-0.76	50%	50%
BRENT Oil	-0.48	-0.53	0.47	0.55	0.51	0.81	-0.78	60%	40%
CRB Index	-0.51	-0.85	0.03	0.55	0.50	0.83	-0.86	40%	60%
GOLD	-0.89	-0.37	-0.37	-0.71	-0.80	0.90	-0.97	21%	79%

*Days = Trading Days

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