THE MACRO SHOW

MARCH 17, 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.

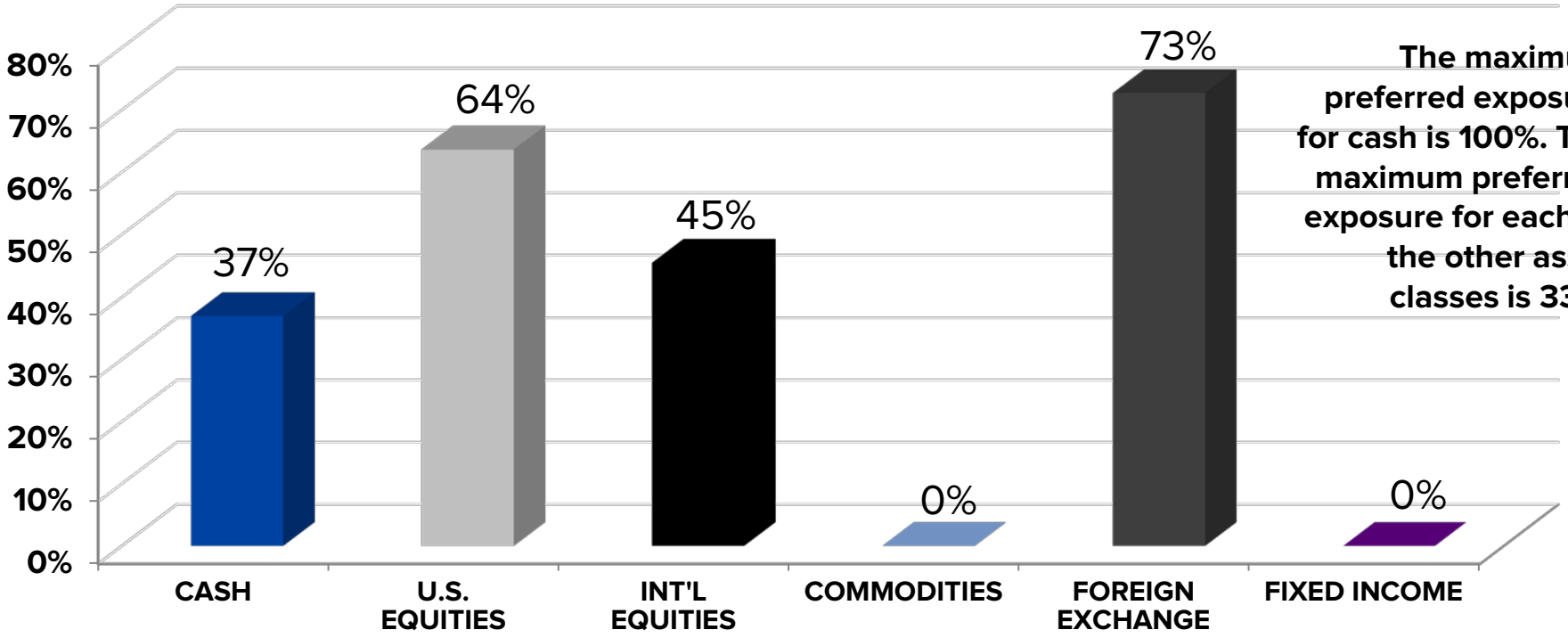
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/16/2017	31	23	16	4	26	0
3/17/2017	37	21	15	0	27	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
3/16/2017	31%	70%	48%	12%	79%	0%
3/17/2017	37%	64%	45%	0%	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



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

1 USD

2 EUROPE

3 OIL

USD

We raised Cash yesterday and there’s no better place to do that than in U.S. Dollars, not only is the USD signaling immediate-term TRADE oversold within its bullish TREND, but the Pound is signaling overbought vs. USD too. The USD is correlating inversely to Reflation’s Peak, so we would be selling commodity exposures on this bounce too.

EUROPE

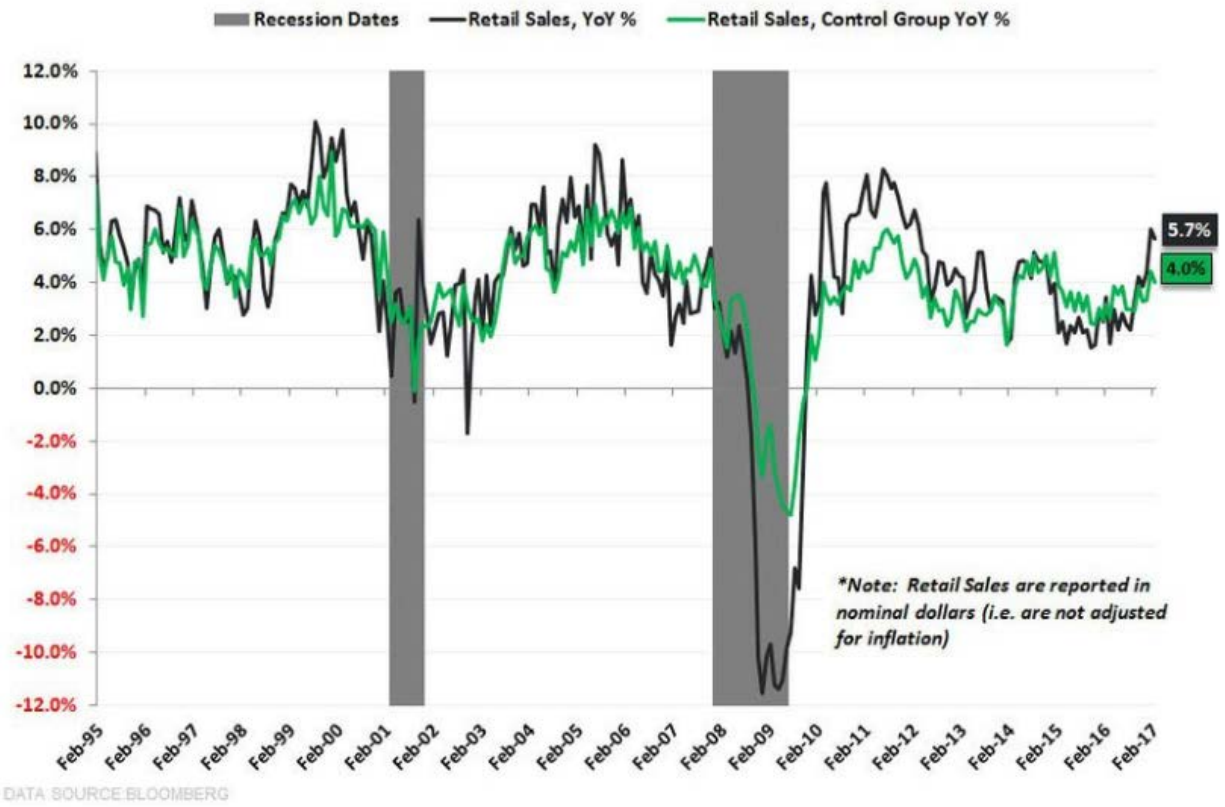
Straight up into the right for most major Global Equity Indices (KOSPI +4.8% in the last month to new highs), but the biggest ramps in European Equities have come from last year’s crashes. Spain in particular has gone parabolic but, like U.S. Equity Beta, finally signals immediate-term TRADE overbought this week with IBEX +7.5% in the last month!

OIL

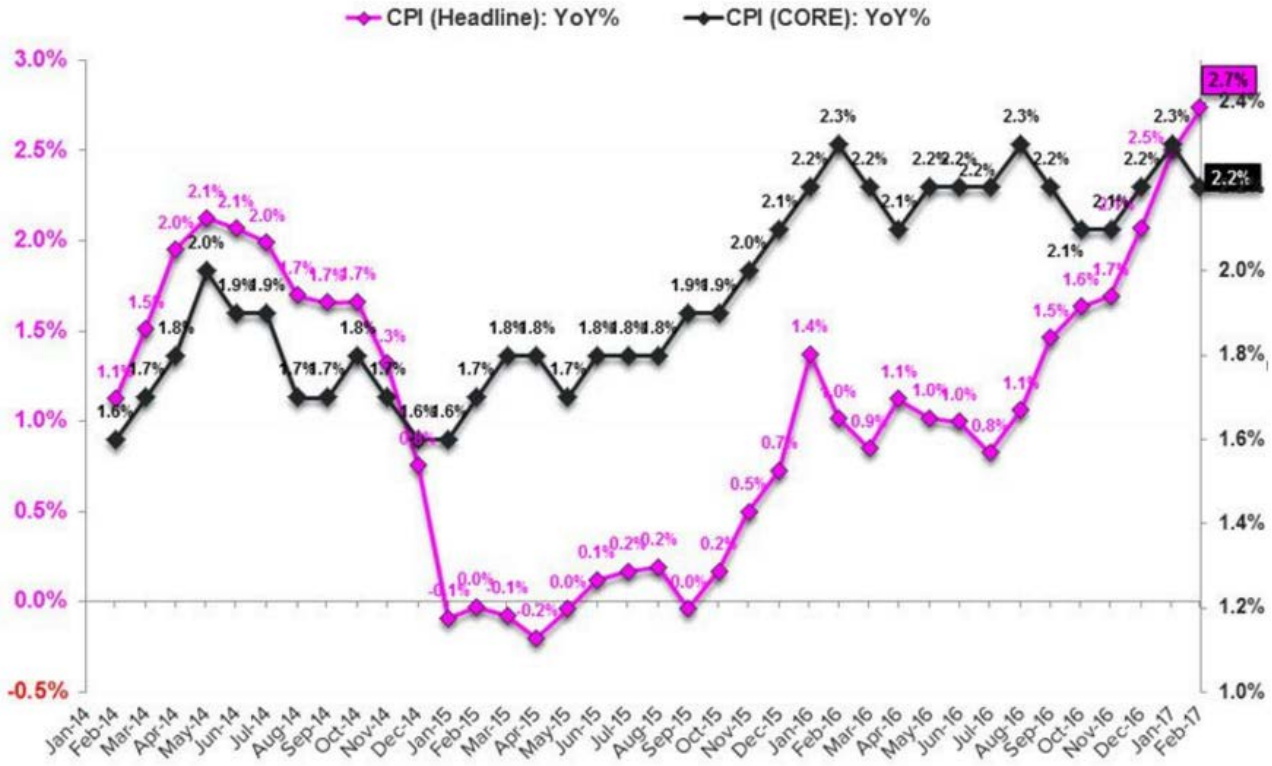
Saudi Oil Minister jaw-boning, but he's going to need a bigger jaw if he wants to clear WTI's long-term TAIL risk bar of $51.53 resistance. We think Oil, CRB Index, etc. *Deflation Risk* is right back on the table and probably why Global Equity markets are signaling overbought and/or exhaustion to the upside – they need Energy!

MACRO GRIND

U.S. RETAIL SALES

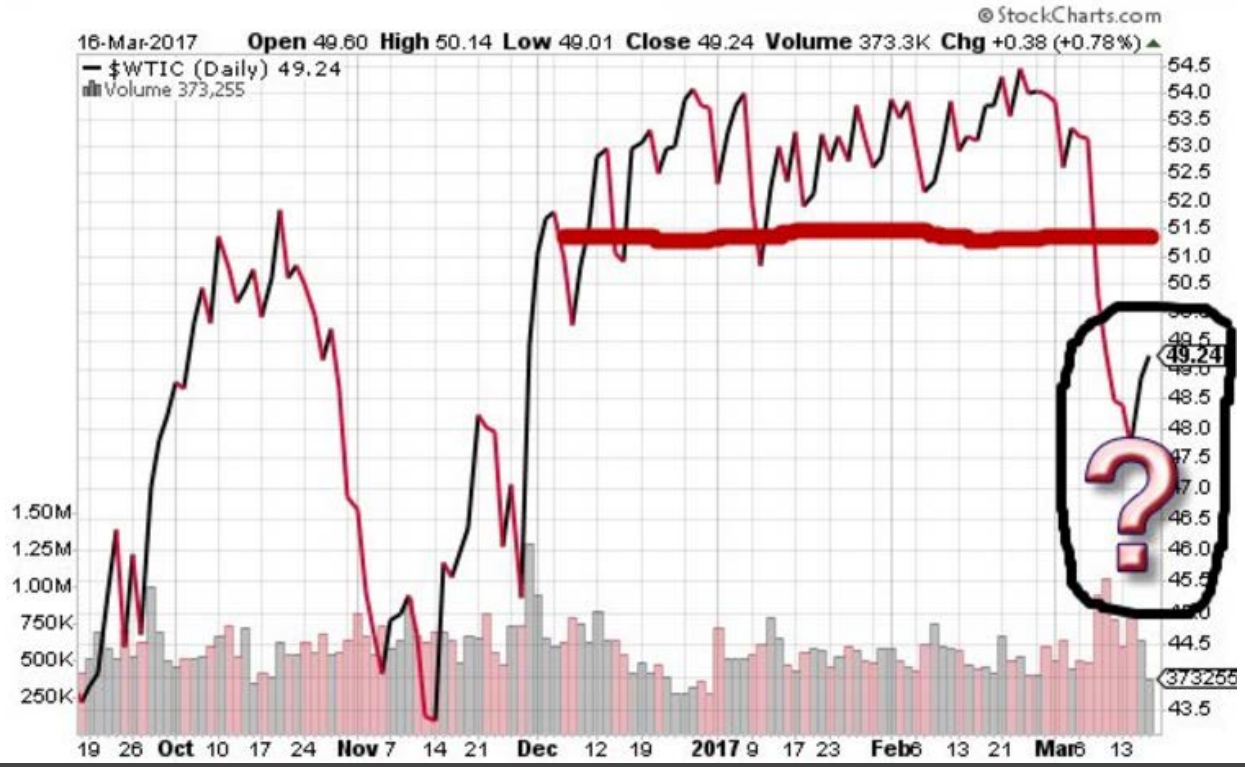


CPI: HEADLINE & CORE



DATA SOURCE: BLOOMBERG, HEDGEYE

LIGHT CRUDE OIL



March 17, 2017

THE MACRO SHOW

HEDGEYE TV

LIGHT CRUDE OIL

March 17, 2017

THE MACRO SHOW

HEDGEYE TV

SOUTH KOREA SEOUL COMPOSITE

March 17, 2017

THE MACRO SHOW

HEDGEYE TV

Volatility Comparison

Ticker:	NDX Index			
	30D	60D	3Mth	6Mth
Realized Vol %	5.6	7.0	10.0	10.5
Realized Vol Percentile	0.0%	0.0%	0.1%	0.0%
Implied Vol. %	9.8	12.1	13.0	14.4
Implied Vol. Percentile	0.3%	0.8%	0.6%	0.3%
Implied Vol. Premium	73.8%	73.3%	29.6%	37.7%
Ticker:	QQQ US Equity			
	30D	60D	3Mth	6Mth
Realized Vol %	5.5	6.8	10.0	10.4
Realized Vol Percentile	0.0%	0.0%	0.3%	0.0%
Implied Vol. %	9.9	12.1	12.7	14.2
Implied Vol. Percentile	0.3%	1.0%	0.4%	0.2%
Implied Vol. Premium	78.1%	78.8%	27.8%	36.7%

	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	6.8%	6.6%	7.8%	8.6%	-9.5%	-11.7%	-23.2%	SPX	24.3%	0.10	0.48	55.6%	1.46	1.94	42.2%	1.34	1.49
Russell 2000	RTY	13.8%	13.7%	15.4%	13.6%	-10.3%	-14.8%	-19.2%	RTY	-1.7%	-0.27	-0.40	12.7%	0.58	0.29	6.6%	0.31	-0.22
Nasdaq 100	NDX	5.6%	7.0%	10.0%	9.6%	-11.6%	-19.9%	-28.5%	NDX	67.9%	1.44	2.12	68.9%	2.35	2.96	26.8%	0.93	1.06
USD Index	UUP	7.0%	7.5%	7.9%	6.4%	-14.7%	-25.1%	-23.7%	UUP	-9.4%	-0.97	-0.87	-1.9%	-0.76	-0.67	-0.1%	-0.76	-0.65
Consumer Discret.	XLY	7.1%	7.6%	9.6%	9.6%	-10.7%	-19.2%	-26.4%	XLY	37.5%	0.60	1.05	52.6%	1.80	2.24	29.9%	1.04	1.23
Financials	XLF	14.0%	14.0%	17.3%	12.8%	-18.0%	-22.7%	-26.1%	XLF	-7.9%	-0.62	-0.57	9.5%	0.23	0.21	-4.1%	-0.13	-0.46
Healthcare	XLV	8.4%	9.5%	12.5%	12.1%	1.6%	-4.6%	-14.2%	XLV	65.4%	2.09	2.55	45.5%	2.13	2.38	9.7%	0.49	0.48
Technology	XLK	6.1%	7.1%	10.8%	10.1%	-9.7%	-16.5%	-23.8%	XLK	47.6%	1.03	1.56	59.1%	2.32	2.63	8.9%	0.19	0.17
Consumer Staples	XLP	6.6%	7.4%	10.4%	9.1%	-7.1%	-11.9%	-20.8%	XLP	34.8%	1.17	1.19	32.3%	1.76	1.65	0.7%	-0.17	-0.35
Utilities	XLU	12.6%	12.1%	16.3%	12.9%	-4.1%	-9.2%	-17.6%	XLU	2.3%	0.09	0.24	16.3%	1.62	1.61	-10.9%	-0.83	-0.75
Energy	XLE	17.2%	14.6%	18.0%	15.6%	-8.1%	-9.1%	-18.0%	XLE	-8.8%	-0.60	-0.63	21.0%	1.59	1.01	3.2%	0.78	0.09
Energy	XOP	27.3%	22.5%	31.5%	26.1%	-3.9%	-5.2%	-15.6%	XOP	-2.3%	-0.29	-0.31	24.8%	1.89	1.54	-8.4%	0.08	-0.39
Materials	XLB	10.9%	11.3%	11.8%	12.3%	-6.1%	-9.3%	-17.0%	XLB	11.1%	-0.06	0.07	17.0%	0.52	0.46	15.6%	0.74	0.45
Industrials	XLI	10.1%	9.7%	11.5%	11.7%	-2.7%	-7.4%	-13.7%	XLI	11.2%	-0.15	0.12	33.6%	1.24	1.39	16.0%	0.80	0.60
Transports	IYT	14.9%	14.2%	15.2%	16.3%	-1.4%	-5.1%	-7.2%	IYT	9.5%	-0.18	0.02	21.5%	0.47	0.73	16.6%	0.41	0.51
WTI Crude Oil	USO	23.7%	23.4%	31.2%	28.0%	5.9%	0.8%	-15.0%	USO	5.9%	0.57	0.47	28.0%	1.92	1.09	-0.9%	0.46	-0.30
Natural Gas	UNG	40.3%	47.7%	48.7%	35.1%	-9.4%	-19.5%	-21.4%	UNG	-10.8%	-0.85	-0.71	-24.9%	-1.50	-1.26	-26.4%	-1.70	-1.24
Gold	GLD	10.9%	11.1%	12.8%	11.1%	-9.1%	-17.4%	-22.1%	GLD	2.8%	-0.29	-0.26	14.4%	0.78	0.48	1.5%	-0.03	-0.31
Silver	SLV	19.6%	18.1%	22.5%	18.7%	-6.6%	-16.1%	-20.4%	SLV	-3.4%	-0.66	-0.74	11.2%	0.83	-0.09	-7.7%	-1.58	-1.14
Copper	JJC	26.1%	25.5%	26.8%	23.1%	-4.2%	-8.0%	-9.2%	JJC	-10.9%	-0.40	-0.52	-7.7%	-0.52	-0.63	-11.5%	-0.71	-0.90
Corn	CORN	14.4%	14.4%	16.3%	15.4%	-17.8%	-12.6%	-16.8%	CORN	6.8%	-0.26	-0.58	19.0%	0.34	-0.01	20.8%	0.26	0.05
Soybeans	SOYB	12.8%	15.4%	15.4%	13.9%	-23.0%	-34.0%	-34.2%	SOYB	8.7%	-0.69	-0.58	-21.2%	-1.18	-1.13	-9.9%	-0.80	-0.89
Wheat	WEAT	20.7%	20.2%	19.6%	22.7%	-19.2%	-25.2%	-21.2%	WEAT	9.7%	-0.74	-0.61	18.3%	-0.78	-0.45	24.9%	-0.82	-0.29

*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	-0.01%	1.32%	7.51%
Financial Select Sector	XLF	$24.78	0.16%	0.98%	6.58%
Health Care Select Sector	XLV	$75.85	-0.97%	1.15%	10.02%
Technology Select Sector	XLK	$53.43	0.06%	2.06%	10.48%
Consumer Staples Select Sector	XLP	$55.42	0.14%	0.58%	7.17%
Industrial Select Sector	XLI	$65.62	-0.46%	-0.36%	5.46%
Materials Select Sector	XLB	$52.28	-0.68%	0.06%	5.19%
The Energy Select Sector	XLE	$70.27	-0.71%	-1.56%	-6.70%
Utilities Select Sector	XLU	$51.31	-1.10%	-0.89%	5.64%
S&P 500	SPX	2,381.38	-0.16%	0.75%	6.37%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$87.51	0.15%	0.57%	1.14%
Financial Select Sector	XLF	$24.78	0.32%	0.23%	0.21%
Health Care Select Sector	XLV	$75.85	-0.80%	0.40%	3.66%
Technology Select Sector	XLK	$53.43	0.22%	1.31%	4.12%
Consumer Staples Select Sector	XLP	$55.42	0.31%	-0.17%	0.81%
Industrial Select Sector	XLI	$65.62	-0.29%	-1.11%	-0.90%
Materials Select Sector	XLB	$52.28	-0.52%	-0.69%	-1.18%
The Energy Select Sector	XLE	$70.27	-0.54%	-2.31%	-13.07%
Utilities Select Sector	XLU	$51.31	-0.94%	-1.64%	-0.73%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	-0.3%	0.9%	-0.1%	3.6%	9.8%	4.6%
	Low Debt/EV	-0.3%	0.9%	1.1%	4.8%	10.3%	6.5%
SI	High Short Interest	-0.1%	1.1%	-1.4%	-0.8%	5.4%	1.1%
	Low Short Interest	-0.2%	0.7%	1.8%	5.9%	13.6%	6.8%
BETA	High Beta	-0.1%	1.1%	-0.5%	4.4%	18.8%	6.1%
	Low Beta	-0.5%	0.9%	1.6%	4.9%	4.4%	4.8%
YIELD	High Yield	-0.3%	1.1%	0.0%	0.6%	3.1%	1.3%
	Low Yield	-0.4%	0.7%	-0.1%	4.8%	9.0%	6.1%
MKT CAP	MCAP Bottom 25%	-0.1%	1.4%	-1.0%	-0.4%	4.0%	1.2%
	MCAP Top 25%	-0.2%	0.6%	1.9%	6.3%	14.4%	7.2%
Sales	Top 25% Sales Growth	-0.3%	0.8%	0.0%	3.7%	10.4%	5.1%
	Bottom 25% Sales Growth	-0.2%	1.1%	0.3%	2.1%	6.0%	3.3%
EPS	Top 25% EPS Growth	-0.3%	0.9%	-1.2%	2.7%	11.1%	3.8%
	Bottom 25% EPS Growth	-0.3%	1.1%	0.1%	1.5%	5.4%	2.6%

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

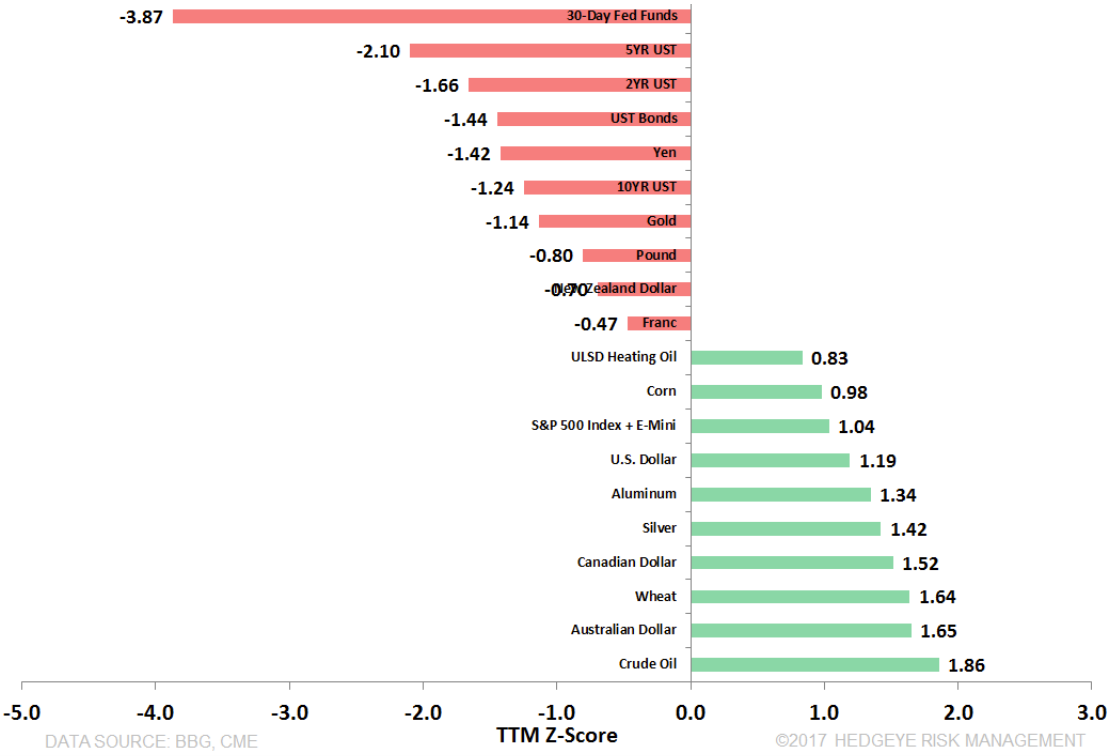
HEDGEYE RATES & SPREADS

	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	0.72%	0.0	-0.5	20	23	-6	56	56	60
3M LIBOR	1.15%	0.0	2.9	9	15	0	52	66	73
2Y T-Note	1.33%	3.3	-4.0	13	8	-6	84	62	79
5Y T-Note	2.05%	4.7	-8.6	11	-2	-10	116	53	72
10Y T-Note	2.54%	4.7	-6.5	9	-5	-10	122	40	40
30Y T-Note	3.15%	4.3	-3.8	10	-2	-6	106	27	12
2Y-10Y Spread, Bps	121	1.4	-2.5	-3.7	-13	-3	39	-23	-39
IG SPREAD (AAABBB)	1.55%	0.0	4.0	3	-1	-57	10	-14	-20
HIGH YIELD	6.01%	-14.2	-11.5	-15	-52	-199	28	-63	-55
5Y BREAKEVEN	2.01%	-0.6	-0.9	-1.0	25.2	-6.4	76.1	45.3	29.0

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)	125,580	51,944	27,036	22,947	33,774	0.95X	1.48X
Russell 2000 (mini)	(10,317)	(31,761)	59,248	36,781	3,830	-0.31X	0.30X
10Y Treasury	(287,965)	77,654	(330,840)	(157,855)	(72,427)	-1.24X	-1.91X
CRUDE OIL	555,917	(7,676)	525,620	453,575	405,609	1.86X	2.54X
GOLD	93,893	(27,827)	68,192	117,339	170,245	-0.99X	-0.09X
COPPER	29,907	(8,113)	46,966	30,801	6,977	0.71X	1.62X
$USD	51,014	6,209	49,761	44,263	29,004	1.19X	0.62X
JPY	(57,373)	(8,070)	(66,121)	(16,493)	16,568	-1.42X	-0.45X
EUR	(58,766)	(14,224)	(55,756)	(83,414)	(75,713)	0.51X	0.72X
GBP	(79,634)	(12,515)	(63,928)	(71,845)	(63,691)	-0.80X	-1.45X

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

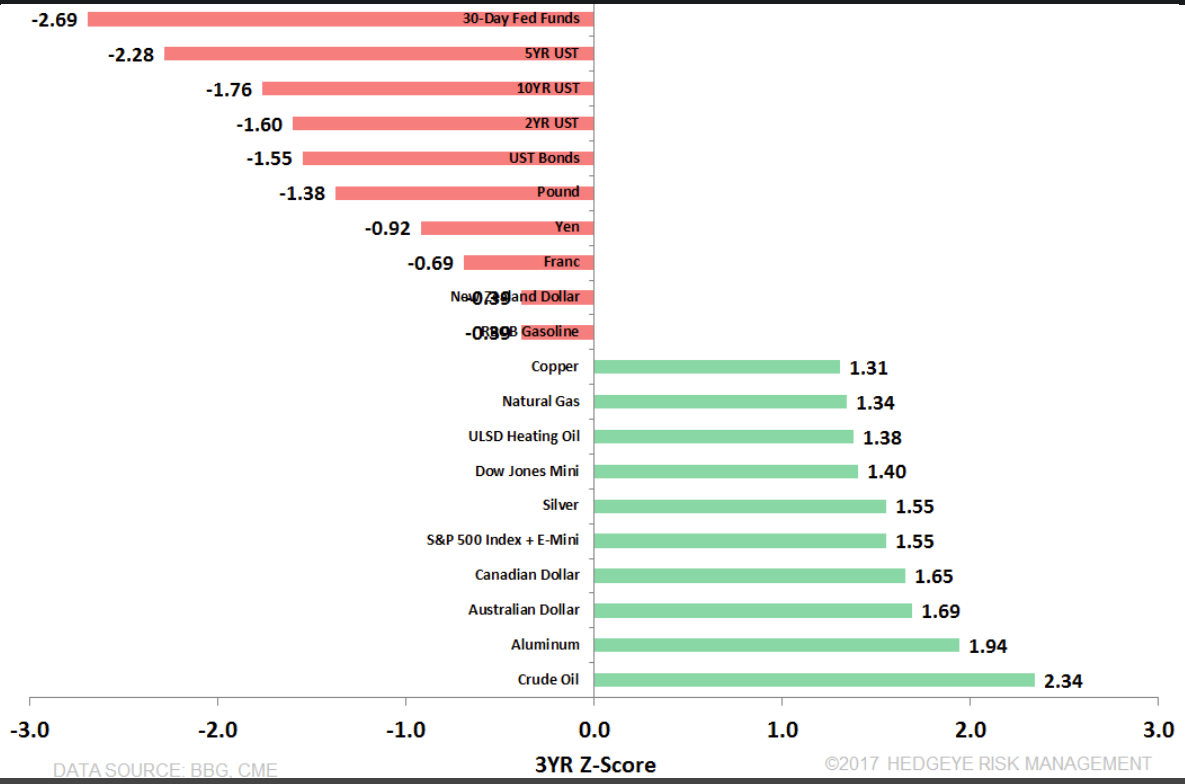


March 17, 2017

THE MACRO SHOW

HEDGEYE TV

CFTC NET FUTURES & OPTIONS POSITIONING (3YR Z-SCORE)



March 17, 2017

THE MACRO SHOW

HEDGEYE TV

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (3/16) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-2%	8%	20%	55%
Total Exchange Volume**	-15%	-5%	0%	-4%

*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	-0.13	0.72	0.05	0.65	0.70	*0.95*	*-0.75*	*50%*	*50%*
BRENT Oil	0.19	-0.15	0.21	0.45	0.72	*0.77*	*-0.78*	*49%*	*51%*
CRB Index	0.41	0.04	-0.13	0.45	0.76	*0.83*	*-0.86*	*28%*	*72%*
GOLD	-0.23	-0.26	-0.65	-0.84	-0.93	*0.90*	*-0.97*	*17%*	*83%*

**Days = Trading Days*