THE MACRO SHOW

APRIL 24, 2017

LEGAL

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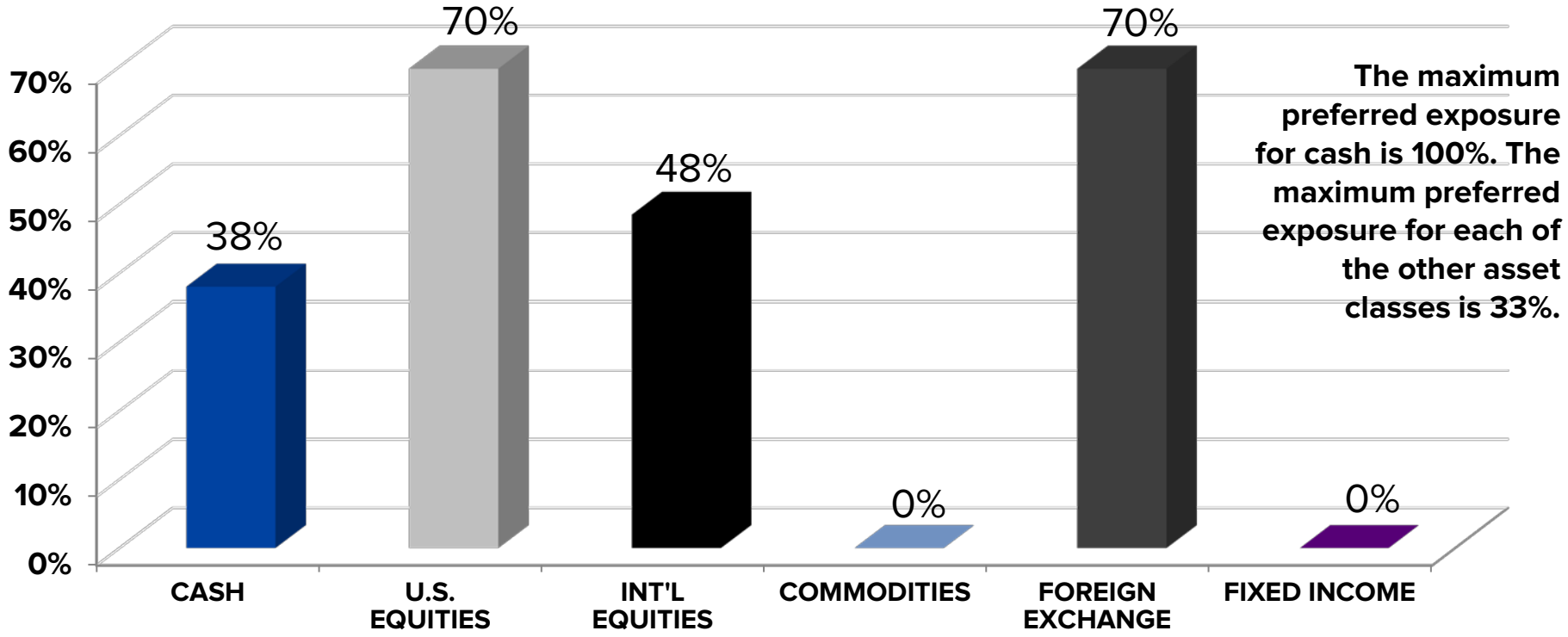
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
4/21/2017	44	22	12	0	22	0
4/24/2017	38	23	16	0	23	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
4/21/2017	44%	67%	36%	0%	67%	0%
4/24/2017	38%	70%	48%	0%	70%	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 FRANCE

2 BUNDS

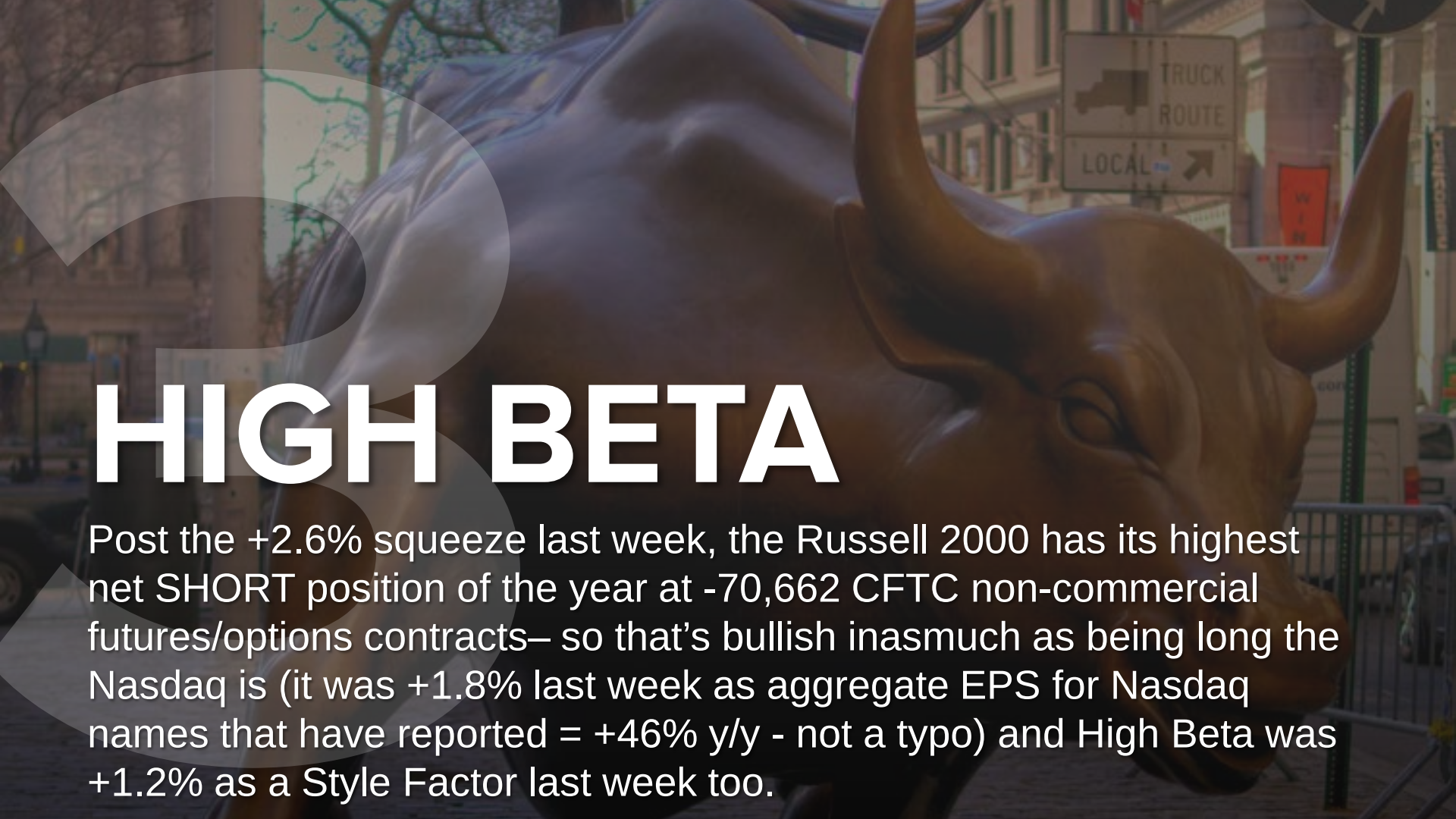
3 HIGH BETA

FRANCE

We covered our EUR/USD short Friday (in Real-Time Alerts) thinking this could happen, but not on this order of magnitude on the equity side of the trade. Wow! The CAC 40 is currently ripping a +4.4% move to new highs, Germany's DAX is up +2.9% to all-time highs, Spain and Italy are up +3.4% and +4.0%, respectively. It is a great day to book gains on the long side!

BUNDS

Really interesting macro unwind move going on here with Germany 10YR Bund Yield up +10bps to 0.35% (above our TREND signal line of 0.29%) vs. French 10s DOWN -9bps to 0.83%. The UST 10YR Yield is liking this move, up +5bps to 2.30% after testing the low-end of our 2.18-2.40% risk range last week.

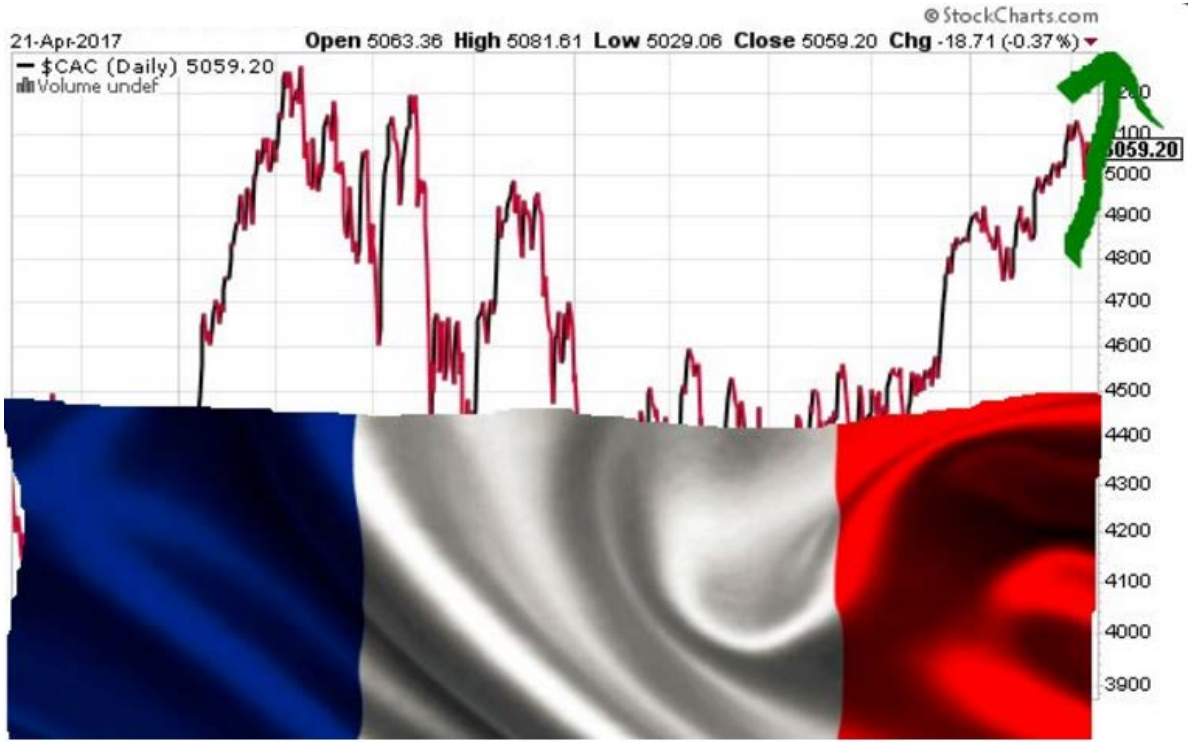


HIGH BETA

Post the +2.6% squeeze last week, the Russell 2000 has its highest net SHORT position of the year at -70,662 CFTC non-commercial futures/options contracts– so that's bullish inasmuch as being long the Nasdaq is (it was +1.8% last week as aggregate EPS for Nasdaq names that have reported = +46% y/y - not a typo) and High Beta was +1.2% as a Style Factor last week too.

MACRO GRIND

FRENCH CAC 40 INDEX



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04/21/17 10:04 AM EDT

BUY SIGNAL - COVERING SHORT FXE $103.61

currencySHARES®

FXE

While the immediate-term TRADE Overbought Signal was accurate, I don't want to be short Euros going into the French Election this weekend.

As Le Pen's probability of winning fell, the Euro rallied... and I have no edge on her winning this weekend...

Keith McCullough @KeithMcCullough · 2h
Use The Signal, Jedi
#Timestamped #Euro pic.twitter.com/ud5zEm27L9

GOLD – CONTINUOUS CONTRACT

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FTSE MIB (MILAN) INDEX

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SHANGHAI STOCK EXCHANGE COMP

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NASDAQ Q1 EPS GROWTH OF +46%

Hedgeye Earnings Scorecard & Outlook

Q1 2017 QTD — U.S. Index Comps

INDEX	SALES GROWTH (YY%)	EARNINGS GROWTH (YY%)	#REPORTED
S&P 500	4.7%	13.4%	94 / 497
NASDAQ 100	6.8%	45.9%	16 / 102
DOW JONES	3.1%	8.1%	11 / 30
RUSSELL 2000	6.2%	6.2%	178 / 1920

Sales Growth Expectations

Index	Q+1	Q+2	Q+3	Q+4
S&P 500	5.1%	5.0%	5.4%	5.8%
NASDAQ	9.9%	8.4%	9.7%	10.2%
DOW JONES	4.2%	6.4%	6.3%	6.1%
RUSSELL 2000	9.2%	10.8%	10.6%	6.6%

S&P REV. & EARNINGS COMPS & SCORECARD

Q1 2017 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	4.7%	13.4%	94 / 497
Energy	6.2%	-19.4%	2 / 33
Materials	11.9%	42.6%	4 / 25
Industrials	3.8%	-10.0%	19 / 67
Consumer Discretionary	3.1%	3.1%	14 / 81
Consumer Staples	-4.0%	2.6%	6 / 37
Healthcare	6.3%	12.6%	6 / 59
Financials	8.2%	20.7%	26 / 65
Information Technology	8.2%	27.3%	13 / 67
Telecom	-7.3%	-10.3%	1 / 4
Utilities	3.6%	14.6%	1 / 28
Real Estate	-5.2%	-3.5%	2 / 31

Source: BBG

		REALIZED VOLATILITY			IMPLIED VOLATILTY*				IMPLIED** VS. REALIZED VOLATILITY								
										30 Day			60 Day			3 Month		
		Duration of Realized (%)			At-The-Money %						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	7.1%	6.9%	6.9%	11.4%	3.7%	15.1%	5.7%	SPX	57.4%	0.88	1.50	65.6%	1.54	2.13	67.2%	1.91	2.36
Russell 2000	RTY	14.5%	13.9%	13.8%	15.9%	-3.8%	1.0%	-4.1%	RTY	10.0%	0.14	0.18	17.1%	0.69	0.52	19.2%	1.07	0.58
Nasdaq 100	NDX	7.5%	6.9%	7.4%	12.3%	0.1%	7.5%	-5.2%	NDX	64.0%	1.08	1.80	86.9%	2.31	3.14	79.8%	2.89	3.46
USD Index	UUP	6.7%	6.4%	7.3%	10.4%	15.7%	24.4%	20.5%	UUP	50.6%	1.55	1.43	33.1%	0.90	0.86	11.1%	-0.14	-0.09
Consumer Discret.	XLY	7.8%	7.4%	8.0%	13.2%	15.0%	18.7%	5.8%	XLY	67.0%	1.39	2.07	52.3%	1.30	1.89	51.6%	1.96	2.32
Financials	XLF	15.6%	15.2%	14.8%	19.6%	8.7%	19.1%	13.0%	XLF	21.8%	0.33	0.59	17.7%	0.41	0.57	23.3%	1.34	0.97
Healthcare	XLV	7.8%	8.6%	8.9%	12.2%	0.7%	1.6%	-10.8%	XLV	55.7%	1.37	1.96	40.4%	1.55	1.92	42.2%	2.16	2.38
Technology	XLK	7.5%	7.3%	7.8%	12.4%	0.2%	7.7%	-2.7%	XLK	65.3%	1.27	2.00	69.5%	2.05	2.66	64.8%	2.94	3.05
Consumer Staples	XLP	5.5%	6.6%	7.1%	10.6%	5.8%	8.0%	-2.9%	XLP	95.1%	2.66	3.36	58.6%	2.60	2.91	52.8%	2.69	2.65
Utilities	XLU	9.7%	11.6%	11.5%	13.4%	0.2%	-0.1%	-10.5%	XLU	38.1%	2.36	2.57	12.3%	1.04	1.30	13.7%	1.62	1.69
Energy	XLE	14.0%	15.1%	14.1%	18.3%	6.4%	9.9%	0.9%	XLE	32.1%	1.27	1.28	23.8%	1.60	1.11	31.3%	2.74	1.56
Energy	XOP	24.9%	25.3%	23.3%	30.2%	6.4%	11.3%	1.6%	XOP	24.8%	0.79	1.09	19.5%	1.24	1.15	28.2%	2.85	1.83
Materials	XLB	11.5%	10.6%	11.1%	14.3%	0.1%	5.9%	0.3%	XLB	24.6%	0.42	0.56	32.6%	1.22	1.12	29.5%	1.31	1.09
Industrials	XLI	10.7%	10.2%	9.9%	15.1%	9.8%	20.0%	13.6%	XLI	40.6%	0.84	1.27	36.8%	1.16	1.44	42.4%	1.99	1.99
Transports	IYT	14.9%	14.7%	14.2%	18.1%	4.5%	7.0%	4.4%	IYT	21.1%	0.15	0.52	21.0%	0.29	0.65	26.7%	0.77	1.09
Biotech	IBB	14.4%	16.2%	17.2%	19.1%	-3.4%	-7.4%	-20.2%	IBB	35.2%	1.50	1.53	21.2%	1.36	1.32	17.4%	1.75	1.25
WTI Crude Oil	USO	21.4%	22.4%	23.3%	27.2%	3.2%	1.8%	-12.0%	USO	3.2%	1.21	1.22	34.9%	1.99	1.39	30.5%	2.53	1.17
Natural Gas	UNG	28.5%	35.4%	42.5%	35.3%	0.8%	-8.0%	-19.6%	UNG	23.0%	1.46	0.42	-0.7%	0.01	-0.43	-16.0%	-0.87	-0.92
Gold	GLD	9.2%	9.7%	10.7%	14.6%	10.5%	13.2%	4.2%	GLD	57.5%	2.63	2.35	42.0%	2.34	2.01	26.3%	1.65	1.26
Silver	SLV	14.2%	17.0%	18.3%	20.1%	1.9%	-0.9%	-10.8%	SLV	41.2%	2.42	0.95	15.9%	1.24	0.14	6.8%	0.33	-0.30
Copper	JJC	21.5%	24.0%	24.5%	20.9%	-2.7%	-9.5%	-17.2%	JJC	-2.1%	-0.28	-0.33	-8.4%	-0.52	-0.61	-9.1%	-0.63	-0.75
Corn	CORN	12.3%	14.0%	13.8%	15.8%	-15.8%	-13.2%	-12.6%	CORN	33.8%	1.17	0.60	49.3%	2.00	1.56	59.8%	2.04	1.97
Soybeans	SOYB	8.1%	11.9%	13.5%	15.9%	-18.6%	-21.5%	-24.1%	SOYB	95.2%	1.51	0.87	31.1%	-0.12	-0.18	15.7%	-0.43	-0.46
Wheat	WEAT	16.2%	18.9%	18.7%	23.3%	-27.0%	-19.8%	-21.7%	WEAT	43.6%	-0.19	-0.17	22.9%	-0.66	-0.39	24.7%	-0.78	-0.30

*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

REAL GROWTH CRUSHING REFLATION'S ROLLOVER

HEDGEYE RISK MANAGEMENT - SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$88.25	-0.23%	0.34%	8.42%
Financial Select Sector	XLF	$23.16	-1.03%	-2.40%	-0.39%
Health Care Select Sector	XLV	$73.68	-0.59%	-0.91%	6.88%
Technology Select Sector	XLK	$53.17	-0.21%	-0.26%	9.95%
Consumer Staples Select Sector	XLP	$55.00	-0.29%	0.77%	6.36%
Industrial Select Sector	XLI	$65.41	0.09%	0.54%	5.13%
Materials Select Sector	XLB	$52.20	-0.11%	-0.40%	5.03%
The Energy Select Sector	XLE	$67.79	-0.50%	-3.02%	-10.00%
Utilities Select Sector	XLU	$51.73	0.51%	0.82%	6.51%
S&P 500	SPX	2,348.69	-0.30%	-0.59%	4.91%

RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$88.25	0.08%	0.93%	3.51%
Financial Select Sector	XLF	$23.16	-0.72%	-1.81%	-5.29%
Health Care Select Sector	XLV	$73.68	-0.29%	-0.32%	1.97%
Technology Select Sector	XLK	$53.17	0.10%	0.33%	5.04%
Consumer Staples Select Sector	XLP	$55.00	0.01%	1.36%	1.46%
Industrial Select Sector	XLI	$65.41	0.40%	1.13%	0.22%
Materials Select Sector	XLB	$52.20	0.19%	0.19%	0.12%
The Energy Select Sector	XLE	$67.79	-0.20%	-2.42%	-14.90%
Utilities Select Sector	XLU	$51.73	0.81%	1.41%	1.60%

Source: Bloomberg, HRM

HEDGEYE

HEDGEYE SECTOR PERFORMANCE

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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	-0.5%	0.5%	0.7%	2.3%	11.2%	3.9%
	Low Debt/EV	-0.2%	1.6%	0.6%	4.0%	10.0%	6.7%
SI	High Short Interest	-0.5%	0.9%	1.0%	-0.4%	7.0%	1.0%
	Low Short Interest	-0.3%	[illegible]	0.3%	3.9%	[illegible]	5.8%
BETA	High Beta	-0.7%	1.2%	0.8%	1.1%	14.6%	3.2%
	Low Beta	-0.1%	0.7%	1.0%	5.3%	7.5%	6.3%
YIELD	High Yield	-0.4%	0.4%	0.7%	1.0%	4.2%	1.1%
	Low Yield	-0.4%	1.1%	1.1%	3.2%	11.2%	6.5%
MKT CAP	MCAP Bottom 25%	-0.6%	1.0%	0.8%	-0.2%	6.6%	1.1%
	MCAP Top 25%	-0.3%	1.0%	-0.3%	3.4%	11.4%	5.5%
Sales	Top 25% Sales Growth	-0.3%	0.6%	1.1%	2.2%	11.7%	5.5%
	Bottom 25% Sales Growth	-0.5%	0.7%	0.4%	1.4%	6.6%	2.3%
EPS	Top 25% EPS Growth	-0.5%	0.4%	1.2%	1.5%	12.0%	5.0%
	Bottom 25% EPS Growth	-0.3%	0.8%	0.9%	2.1%	6.6%	2.7%

**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	0.77%	-1.5	-3.0	2	27	-6	61	59	64
3M LIBOR	1.16%	0.3		0	11	0	53	64	72
2Y T-Note	1.18%	-0.4	-2.5	-8	-1	-22	68	44	62
5Y T-Note	1.77%	0.6	0.1	-18	-17	-38	88	24	43
10Y T-Note	2.25%	1.6	1.1	-17	-22	-39	93	12	10
30Y T-Note	2.90%	1.9	0.9	-13	-15	-31	81	4	-12
2Y-10Y Spread, Bps	107	2.0	3.6	-9.0	-21	-17	25	-33	-52
IG SPREAD (AAABBB)	1.53%	-3.0	-2.0	-3	1	-47	8	-17	-21
HIGH YIELD	5.67%	-1.4		-42	-60	-192	4	-98	-86
5Y BREAKEVEN	1.78%	-1.8	-8.6	-19.6	-19.4	-29.9	52.6	21.8	5.7

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)	141,484	15,681	88,694	34,768	63,147	*0.99X*	*1.53X*
Russell 2000 (mini)	(70,662)	(14,017)	(1,334)	22,766	5,296	*-1.74X*	*-1.39X*
10Y Treasury	31,558	55,314	(195,109)	(193,547)	(75,921)	*0.62X*	*0.75X*
CRUDE OIL	497,267	20,071	517,848	474,710	419,346	*0.95X*	*1.73X*
GOLD	161,263	20,856	92,751	94,498	162,996	*-0.02X*	*0.79X*
COPPER	16,314	(9,552)	35,152	38,128	10,903	*0.17X*	*0.97X*
$USD	43,402	(896)	45,969	49,424	32,311	*0.60X*	*0.20X*
JPY	(29,668)	4,764	(54,323)	(41,660)	3,982	*-0.62X*	*0.02X*
EUR	(20,923)	(6,591)	(32,795)	(66,042)	(71,362)	*1.34X*	*1.48X*
GBP	(101,267)	6,338	(84,920)	(77,387)	(71,472)	*-1.39X*	*-1.84X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (4/13) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-2%	1%	3%	42%
Total Exchange Volume**	-3%	3%	-4%	-6%
Total Traded Value (R3K)***	11%	16%	7%	10%

*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	0.29	0.39	-0.38	0.04	0.64	*0.95*	*-0.75*	*54%*	*46%*
BRENT Oil	0.48	0.32	0.35	0.43	0.67	*0.77*	*-0.78*	*56%*	*44%*
CRB Index	0.55	-0.01	-0.36	0.43	0.75	*0.83*	*-0.86*	*33%*	*67%*
GOLD	-0.59	-0.38	-0.76	-0.72	-0.89	*0.90*	*-0.97*	*17%*	*83%*

**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	$51.96	-1.94%		1.96%	-6.36%	-1.9%	-7.6%	-11%	25%
Gold	$1,284	0.20%	-0.10%	3.18%	6.12%	2.8%	11.9%	-7%	14%
VIX	$14.63	3.39%		17.32%	26.78%	18.3%	4.2%	-45%	47%