
THE
MACRO
SHOW
MAY 19, 2017

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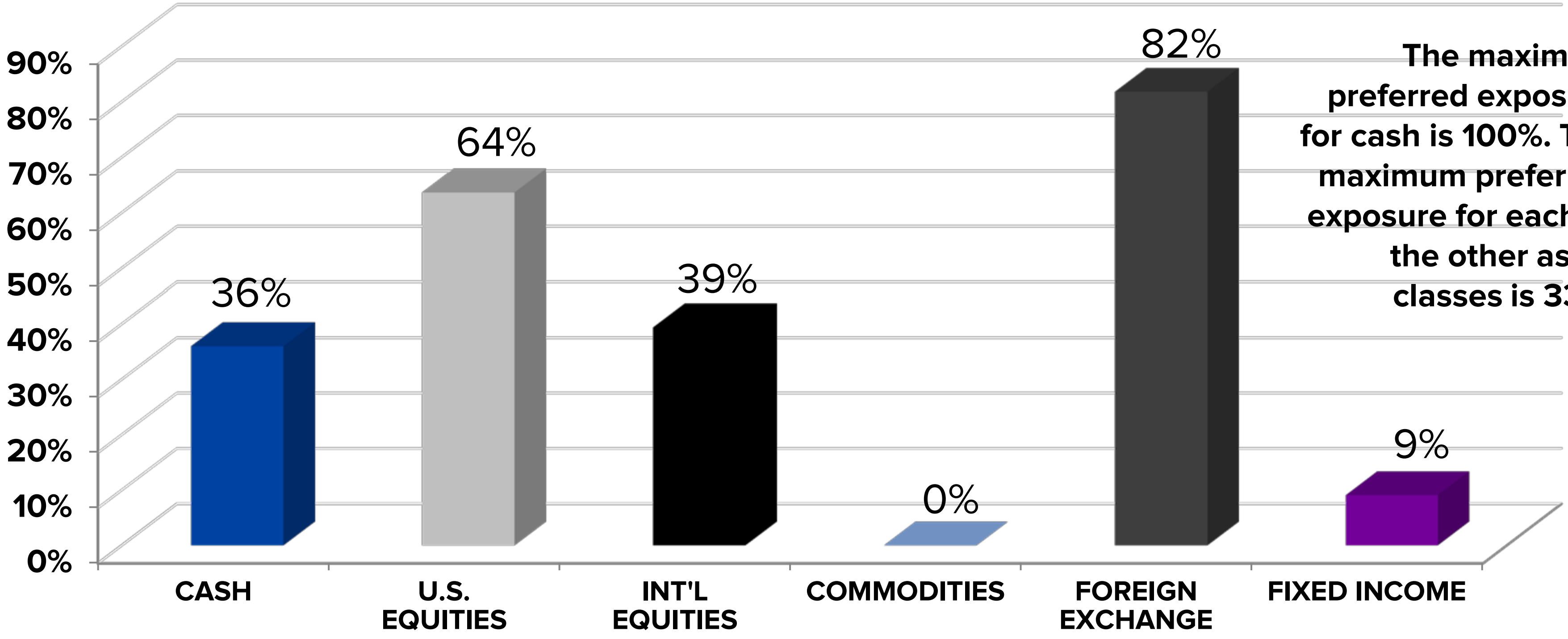
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
5/18/2017	38	20	12	0	26	4
5/19/2017	36	21	13	0	27	3

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
5/18/2017	38%	61%	36%	0%	79%	12%
5/19/2017	36%	64%	39%	0%	82%	9%

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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1 VIX
2 TECH
3 TREASURIES

VIX

Politically, plenty have their opinions… but fundamentally, what's really changed this week? We're taking up our U.S. GDP forecasts for Q2 to +2.35% y/y and +3.09% q/q SAAR, respectively, post the best Industrial Production growth rate in 28 months, and the low-end of our VIX risk range just dropped to 9.28!

TECH

All-time highs for both QQQ and XLK on Tuesday… then an correction day from an overbought signal… then the bounce… +0.6% Tech (XLK) gain yesterday pushes one of our Top 3 U.S. Equity Sector Style exposures to +13.6% YTD; keep buying the darn dips – that’s been the winning strategy almost 6 months into 2017.

3

TREASURIES

And … selling the rips in Long-term Treasuries keeps working too. You just have to wait for the low-end of the risk range (in yields) and we got that, finally, yesterday with the UST 10YR down at 2.18%. On the bounce, UST 10YR Yield is back up at 2.25% this morning with an immediate-term risk range of 2.18-2.44%.

MACRO GRIND

10-YEAR U.S. TREASURY YIELD

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FTSE MIB (MILAN) INDEX

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DOW JONES INDONESIA STOCK INDEX

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THE REAL REASON STOCK HAVE BEEN RIPPING

+13.1% **SPWH** (Sportsmans Warehouse $5.35, +0.62) -- *earnings*
+9.0% **ADSK** (Autodesk $104.50, +8.67) -- *earnings*
+8.5% **MCK** (McKesson $153.50, +12.06) -- *earnings*
+4.5% **ROST** (Ross Stores $63.80, +2.73) -- *earnings*
+2.7% **GPS** (Gap $23.82, +0.63) -- *earnings*
+2.4% **CBI** (Chicago Bridge $19.81, +0.46) -- *CEO retires*
+2.0% **AMAT** (Applied Materials $44.80, +0.89) -- *earnings*
+1.4% **CRM** (Salesforce.com $89.00, +1.25) -- *earnings*

S&P REV. & EARNINGS COMPS & SCORECARD

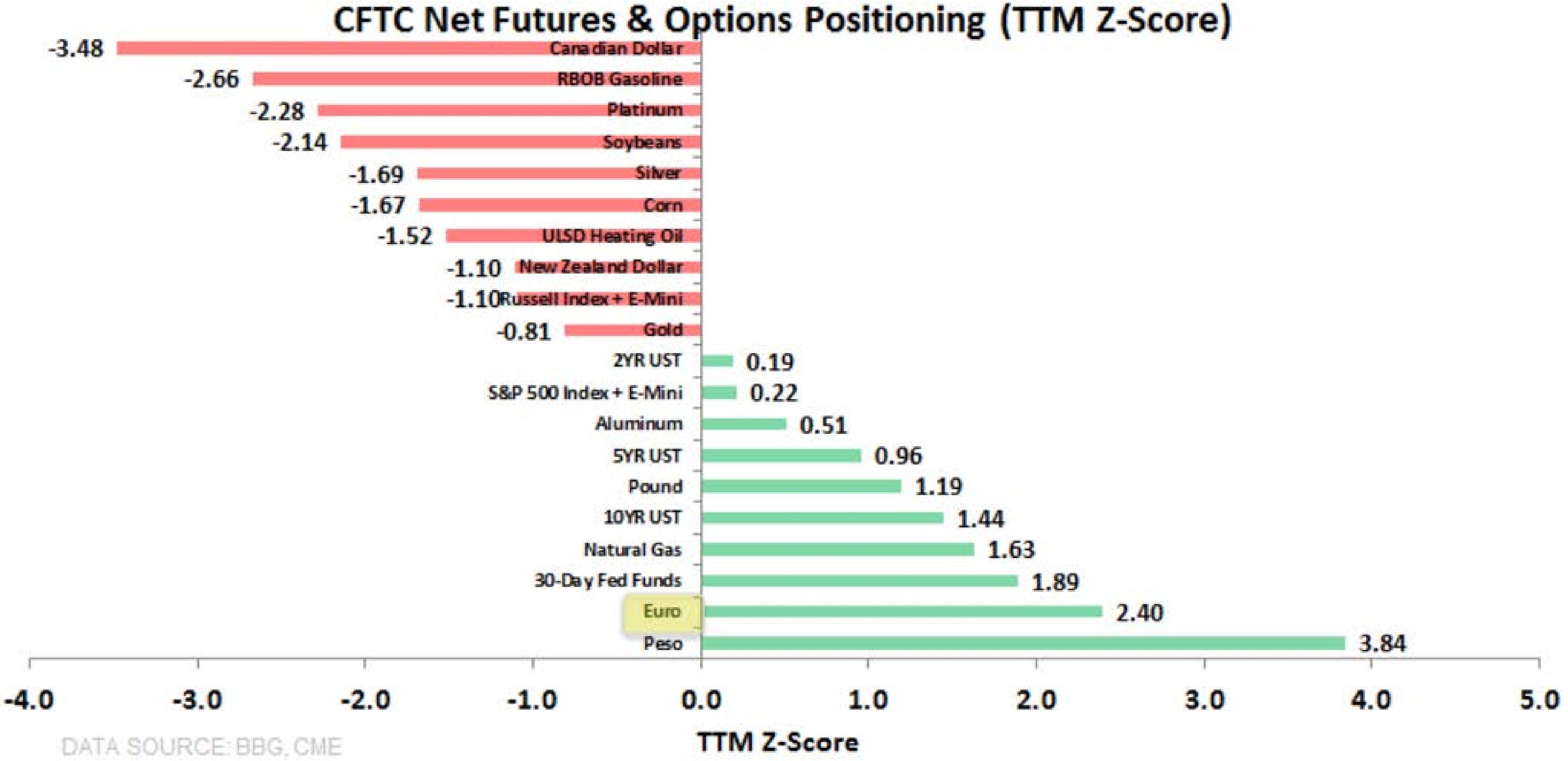
Q1 2017 QTD — U.S. Index Comps

INDEX	SALES GROWTH (YY%)	EARNINGS GROWTH (YY%)	#REPORTED
S&P 500	8.1%	14.9%	464 / 498
NASDAQ 100	11.4%	17.3%	95 / 102
DOW JONES	5.8%	14.4%	30 / 30

Q1 2017 QTD — S&P 500 Sector Comps

S&P 500 SECTOR	SALES GROWTH (YY%)	EARNINGS GROWTH (YY%)	#REPORTED
S&P 500 (Aggregate)	8.1%	14.9%	464 / 498
Energy	33.0%	622.3%	34 / 34
Materials	9.1%	19.4%	25 / 25
Industrials	4.0%	-0.1%	66 / 67
Consumer Discret.	8.6%	7.0%	67 / 81
Consumer Staples	1.5%	3.5%	31 / 37
Healthcare	5.7%	5.4%	54 / 59
Financials	9.9%	18.4%	65 / 65
Information Tech.	9.6%	21.6%	59 / 67
Telecom	-4.7%	-4.6%	4 / 4
Utilities	7.3%	3.4%	28 / 28
Real Estate	3.3%	6.6%	31 / 31

Source: BBG



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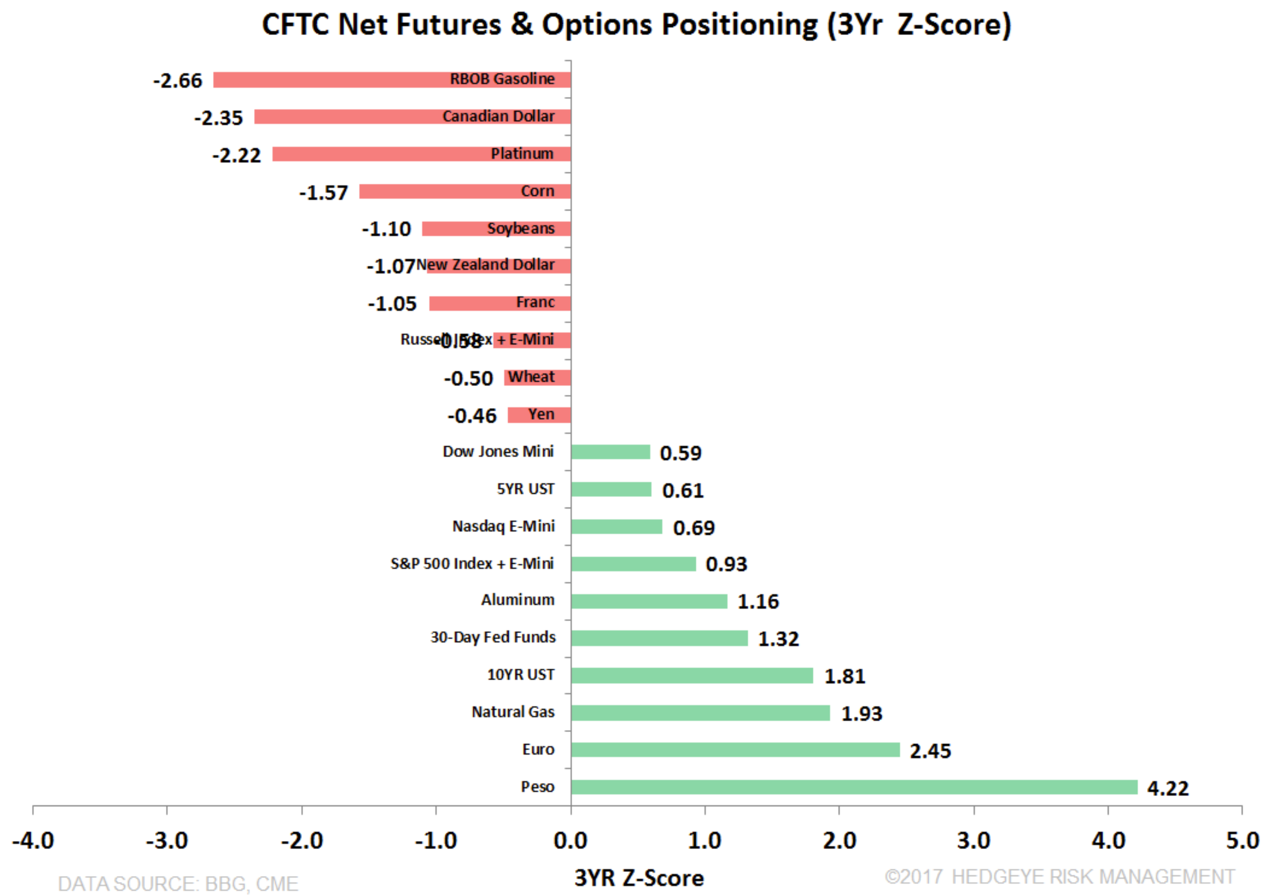

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		REALIZED VOLATILITY			IMPLIED VOLATILTY*				IMPLIED** VS. REALIZED VOLATILITY									
										30 Day			60 Day			3 Month		
		Duration of Realized (%)			At-The-Money %						Z-Score			Z-Score			Z-Score	
Index/Security	Ticker	30D	60D	90D	Current	v 1M Avg	v 3M Avg	v 6M Avg.	Ticker	Premium	TTM	3Yr	Premium	TTM	3Yr	Premium	TTM	3Yr
S&P 500	SPX	8.5%	7.9%	7.2%	10.9%	18.8%	11.7%	8.8%	SPX	27.5%	0.05	0.51	42.2%	0.61	1.17	62.3%	1.57	2.04
Russell 2000	RTY	14.3%	14.7%	14.1%	16.1%	9.5%	4.7%	0.7%	RTY	13.3%	0.29	0.33	10.8%	0.23	0.16	21.0%	1.20	0.69
Nasdaq 100	NDX	10.7%	9.1%	8.1%	12.9%	16.0%	14.7%	6.3%	NDX	21.2%	-0.16	0.34	48.3%	0.76	1.46	74.3%	2.17	2.84
USD Index	UUP	6.8%	6.9%	6.8%	7.8%	-0.8%	-1.2%	-7.2%	UUP	11.7%	-0.07	-0.02	4.8%	-0.46	-0.35	5.7%	-0.41	-0.33
Consumer Discret.	XLY	9.4%	8.3%	7.7%	11.6%	7.1%	6.8%	-1.7%	XLY	22.8%	-0.02	0.38	40.1%	0.68	1.27	59.4%	2.14	2.55
Financials	XLF	16.8%	16.3%	15.8%	17.8%	15.0%	10.4%	5.9%	XLF	5.8%	-0.17	-0.03	11.3%	0.12	0.27	16.4%	0.83	0.60
Healthcare	XLV	8.5%	8.3%	8.8%	11.5%	5.8%	-0.7%	-8.7%	XLV	36.8%	0.59	1.13	46.1%	1.65	2.11	37.3%	1.63	1.96
Technology	XLK	11.1%	9.6%	8.6%	12.8%	16.0%	12.4%	5.9%	XLK	14.6%	-0.24	0.18	43.0%	0.82	1.43	65.3%	2.12	2.66
Consumer Staples	XLP	6.7%	5.9%	6.9%	10.1%	5.5%	3.9%	-3.7%	XLP	48.9%	1.01	1.52	85.5%	3.25	4.05	67.7%	2.94	3.26
Utilities	XLU	7.1%	9.7%	10.4%	11.3%	-5.0%	-12.1%	-19.8%	XLU	60.0%	2.72	3.51	21.0%	1.63	2.02	17.4%	1.75	2.04
Energy	XLE	13.9%	14.8%	14.4%	17.8%	5.9%	5.3%	1.7%	XLE	30.3%	1.12	1.17	21.0%	1.31	0.97	23.7%	1.95	1.14
Energy	XOP	25.3%	26.3%	24.5%	31.6%	7.3%	12.3%	9.4%	XOP	24.3%	0.73	1.04	13.0%	0.72	0.77	22.5%	1.96	1.44
Materials	XLB	13.2%	12.5%	12.0%	13.5%	4.4%	1.8%	-0.6%	XLB	4.4%	-0.41	-0.20	14.9%	0.13	0.32	19.7%	0.61	0.59
Industrials	XLI	11.0%	10.7%	10.2%	13.7%	12.1%	10.0%	7.1%	XLI	23.6%	0.28	0.58	28.5%	0.72	1.01	37.8%	1.59	1.67
Transports	IYT	16.2%	15.4%	15.0%	18.2%	11.6%	10.0%	7.2%	IYT	12.3%	-0.15	0.12	18.2%	0.11	0.49	20.9%	0.34	0.69
Biotech	IBB	14.9%	16.2%	16.8%	18.6%	3.0%	-4.1%	-16.3%	IBB	29.1%	0.99	1.14	21.9%	1.24	1.31	18.4%	1.62	1.28
WTI Crude Oil	USO	26.7%	25.4%	23.8%	31.6%	4.2%	13.7%	5.8%	USO	4.2%	0.43	0.49	22.1%	0.98	0.72	27.5%	1.85	1.00
Natural Gas	UNG	25.7%	28.7%	32.9%	32.4%	-2.4%	-9.2%	-22.2%	UNG	26.3%	1.46	0.52	18.6%	1.15	0.33	6.4%	0.52	-0.11
Gold	GLD	11.7%	10.7%	10.5%	11.8%	-0.5%	-3.5%	-11.4%	GLD	0.9%	-0.67	-0.39	11.5%	0.18	0.23	18.4%	0.98	0.73
Silver	SLV	16.2%	17.4%	16.8%	18.0%	-7.4%	-7.9%	-16.5%	SLV	11.4%	0.25	-0.14	6.5%	0.22	-0.33	16.9%	1.69	0.29
Copper	JJC	24.8%	22.3%	24.6%	19.1%	-10.0%	-14.1%	-23.0%	JJC	-22.8%	-0.56	-0.75	-13.2%	-0.61	-0.76	-21.0%	-0.96	-1.20
Coffee	JO	30.9%	27.6%	25.7%	27.8%	-0.1%	1.2%	-1.6%	JO	-9.1%	-1.02	-1.07	8.4%	0.53	0.68	15.9%	1.54	1.63
Corn	CORN	17.2%	15.5%	15.0%	21.2%	8.5%	10.7%	16.7%	CORN	24.8%	0.55	0.18	51.6%	1.87	1.62	62.0%	1.93	2.00
Soybeans	SOYB	9.7%	10.1%	12.3%	17.5%	-7.9%	-8.3%	-15.8%	SOYB	79.6%	0.82	0.60	73.0%	0.64	0.58	42.3%	-0.04	-0.04
Wheat	WEAT	23.7%	20.7%	20.6%	34.5%	13.0%	15.5%	16.6%	WEAT	44.9%	-0.21	-0.13	58.4%	0.07	0.18	54.3%	0.22	0.27

*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	$88.65	0.58%	-1.57%	8.91%
Financial Select Sector	XLF	$23.15	0.39%	-1.61%	-0.43%
Health Care Select Sector	XLV	$74.82	0.44%	-0.90%	8.53%
Technology Select Sector	XLK	$54.92	0.59%	0.99%	13.56%
Consumer Staples Select Sector	XLP	$55.05	0.07%	-0.24%	6.46%
Industrial Select Sector	XLI	$65.30	0.14%	-1.57%	4.95%
Materials Select Sector	XLB	$51.99	0.06%	-2.04%	4.61%
The Energy Select Sector	XLE	$67.25	-0.03%	-0.87%	-10.71%
Utilities Select Sector	XLU	$51.88	0.35%	0.35%	6.81%
S&P 500	SPX	2,365.72	0.37%	-0.78%	5.67%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$88.65	0.21%	-0.79%	3.24%
Financial Select Sector	XLF	$23.15	0.02%	-0.84%	-6.10%
Health Care Select Sector	XLV	$74.82	0.07%	-0.13%	2.86%
Technology Select Sector	XLK	$54.92	0.22%	1.77%	7.90%
Consumer Staples Select Sector	XLP	$55.05	-0.30%	0.54%	0.79%
Industrial Select Sector	XLI	$65.30	-0.23%	-0.79%	-0.72%
Materials Select Sector	XLB	$51.99	-0.31%	-1.26%	-1.06%
The Energy Select Sector	XLE	$67.25	-0.40%	-0.09%	-16.38%
Utilities Select Sector	XLU	$51.88	-0.02%	1.12%	1.15%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.2%	-1.7%	-2.1%	-3.2%	5.1%	1.9%
	Low Debt/EV	0.5%	-1.2%	2.5%	2.0%	8.7%	8.5%
SI	High Short Interest	0.3%	-2.3%	-1.1%	-4.0%	0.9%	-0.7%
	Low Short Interest	0.3%	-1.3%	0.9%	0.3%	7.9%	5.9%
BETA	High Beta	0.4%	-2.3%	-0.5%	-3.6%	5.4%	3.0%
	Low Beta	0.3%	-0.3%	-0.6%	2.0%	8.4%	5.4%
YIELD	High Yield	0.2%	-1.3%	-2.8%	-3.0%	0.9%	-1.8%
	Low Yield	0.4%	-1.6%	1.4%	0.2%	8.6%	7.8%
MKT CAP	MCAP Bottom 25%	0.1%	-2.7%	-3.2%	-6.0%	-1.7%	-2.7%
	MCAP Top 25%	0.3%	-1.3%	1.1%	1.0%	9.1%	6.8%
Sales	Top 25% Sales Growth	0.5%	-1.3%	0.6%	0.5%	8.3%	6.3%
	Bottom 25% Sales Growth	-0.1%	-1.8%	-2.0%	-3.5%	0.3%	-0.9%
EPS	Top 25% EPS Growth	0.3%	-1.6%	0.8%	0.0%	8.3%	5.9%
	Bottom 25% EPS Growth	0.2%	-1.3%	-2.1%	-2.8%	2.3%	0.2%

**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	0.91%	2.0	3.6	11	40	-1	75	71	76
3M LIBOR	1.18%	0.0	-0.3	2	13	-1	55	64	74
2Y T-Note	1.27%	2.0	-6.9	11	8	-13	77	51	69
5Y T-Note	1.77%	1.5	-14.6	7	-13	-38	88	24	41
10Y T-Note	2.23%	0.3	-16.0	6	-19	-41	91	10	7
30Y T-Note	2.90%	-1.5	-12.5	7	-12	-31	81	5	-12
2Y-10Y Spread, Bps	96	-1.7	-9.1	-4.6	-27	-28	14	-40	-62
IG SPREAD (AAABBB)	1.50%	0.0	-3.0	-5	-3	-50	5	-20	-23
HIGH YIELD	5.90%	0.0	-4.7	21	-12	-159	28	-76	-62
5Y BREAKEVEN	1.73%	1.8	-9.5	-2.6	-26.8	-34.4	48.1	17.7	1.5

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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)	84,574	(4,452)	105,168	44,094	68,653	*0.20X*	*0.97X*
Russell 2000 (mini)	(39,987)	(28,008)	(27,687)	20,442	7,632	*-1.13X*	*-0.50X*
10Y Treasury	209,940	29,946	(54,347)	(176,341)	(57,168)	*1.43X*	*2.10X*
CRUDE OIL	387,606	(41,613)	487,453	483,988	421,854	*-0.42X*	*0.42X*
GOLD	99,920	(48,512)	111,995	89,512	157,219	*-0.72X*	*-0.02X*
COPPER	8,257	(10,269)	24,416	37,963	13,239	*-0.16X*	*0.64X*
$USD	35,719	(4,246)	44,126	47,823	34,439	*0.07X*	*-0.22X*
JPY	(34,317)	(7,752)	(46,392)	(51,832)	(2,341)	*-0.60X*	*-0.08X*
EUR	24,928	31,858	(22,813)	(48,100)	(71,225)	*2.42X*	*2.34X*
GBP	(48,913)	35,433	(89,921)	(76,754)	(74,187)	*1.23X*	*-0.41X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (5/18) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-5%	-3%	-4%	28%
Total Exchange Volume**	-2%	18%	20%	19%

*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	0.66	-0.56	-0.19	-0.52	0.49	*0.95*	*-0.76*	*50%*	*50%*
BRENT Oil	-0.44	0.66	0.55	0.56	0.62	*0.81*	*-0.78*	*58%*	*42%*
CRB Index	-0.86	-0.60	0.31	0.56	0.70	*0.83*	*-0.86*	*40%*	*60%*
GOLD	-0.49	0.39	-0.29	-0.69	-0.84	*0.90*	*-0.97*	*22%*	*78%*

**Days = Trading Days*

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