THE MACRO SHOW

MAY 22, 2017

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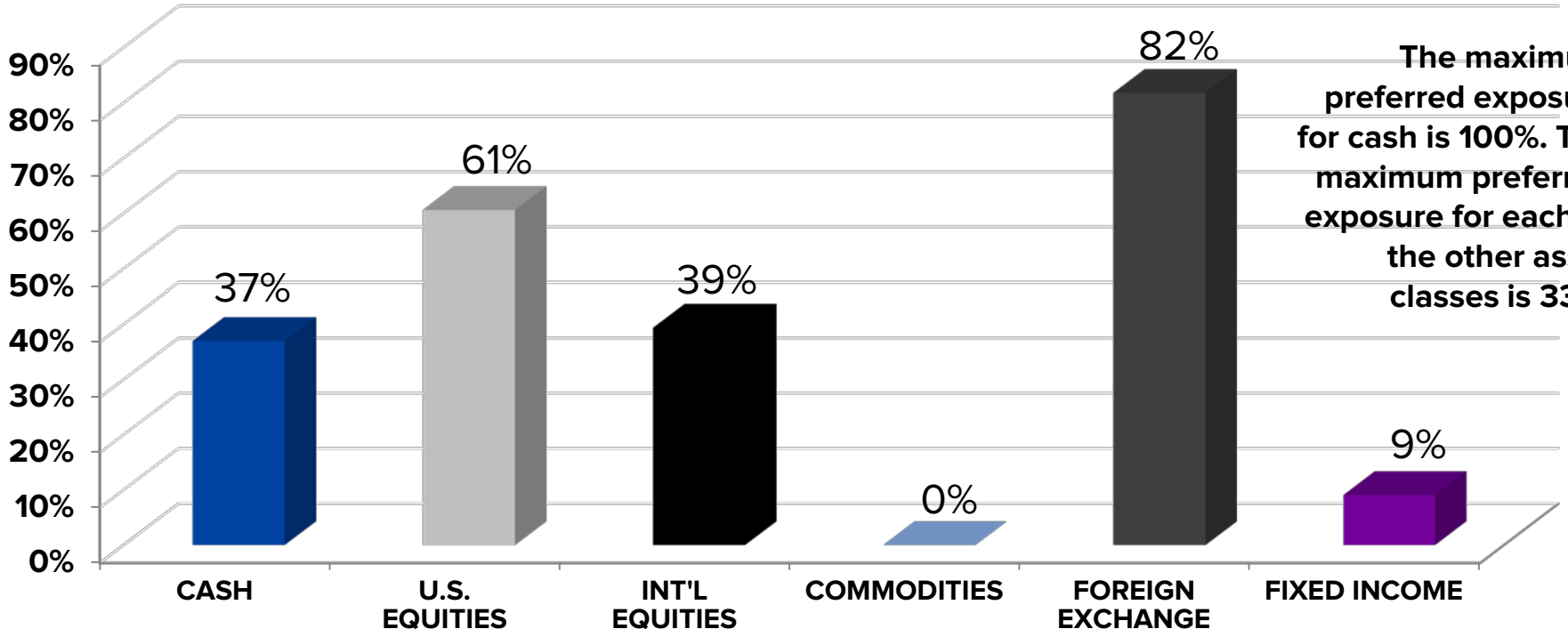
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
5/19/2017	36	21	13	0	27	3
5/22/2017	37	20	13	0	27	3

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
5/19/2017	36%	64%	39%	0%	82%	9%
5/22/2017	37%	61%	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 EURO

2 OIL

3 FTSE

EURO

Post Macron’s win (and Trump hate hitting new highs), USD is signaling exhaustion (immediate-term oversold) on the downside as the Euro registers the biggest net LONG position in all of macro (CFTC futures & options data = net long Euro position of over +39k contracts = 2.6x on a 1yr z-score).

OIL

We are seeing follow through of +0.8% this morning after a +5.2% reflation week for WTI – that puts it back above @Hedgeye's TREND signal line of $49.97/barrel ahead of the OPEC meeting this week with Oil's Volatility (OVX) signaling immediate-term oversold. We are in wait & watch mode on everything Energy (no position).

FTSE

Anti-Brexit Bears having as tough a time as those putting politics over rate-of-change process in the USA. The FTSE is up another +0.4% this morning and +5.5% in the last month alone as GBP finally signaled immediate-term TRADE overbought vs. USD last week.

MACRO GRIND

EURO

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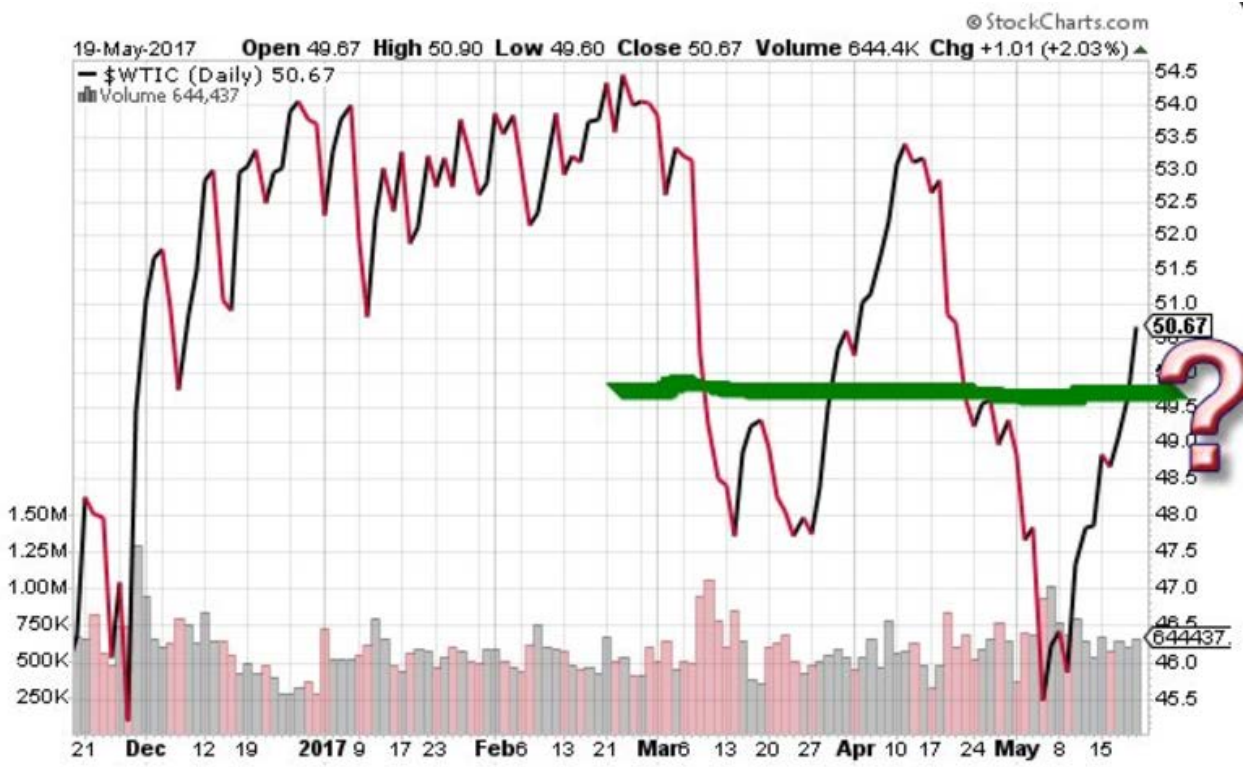
LIGHT CRUDE OIL



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LONDON FINANCIAL TIMES INDEX FTSE

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SOUTH KOREA SEOUL COMPOSITE

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SHANGHAI STOCK EXCHANGE COMP

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ISHARES MSCI JAPAN ETF

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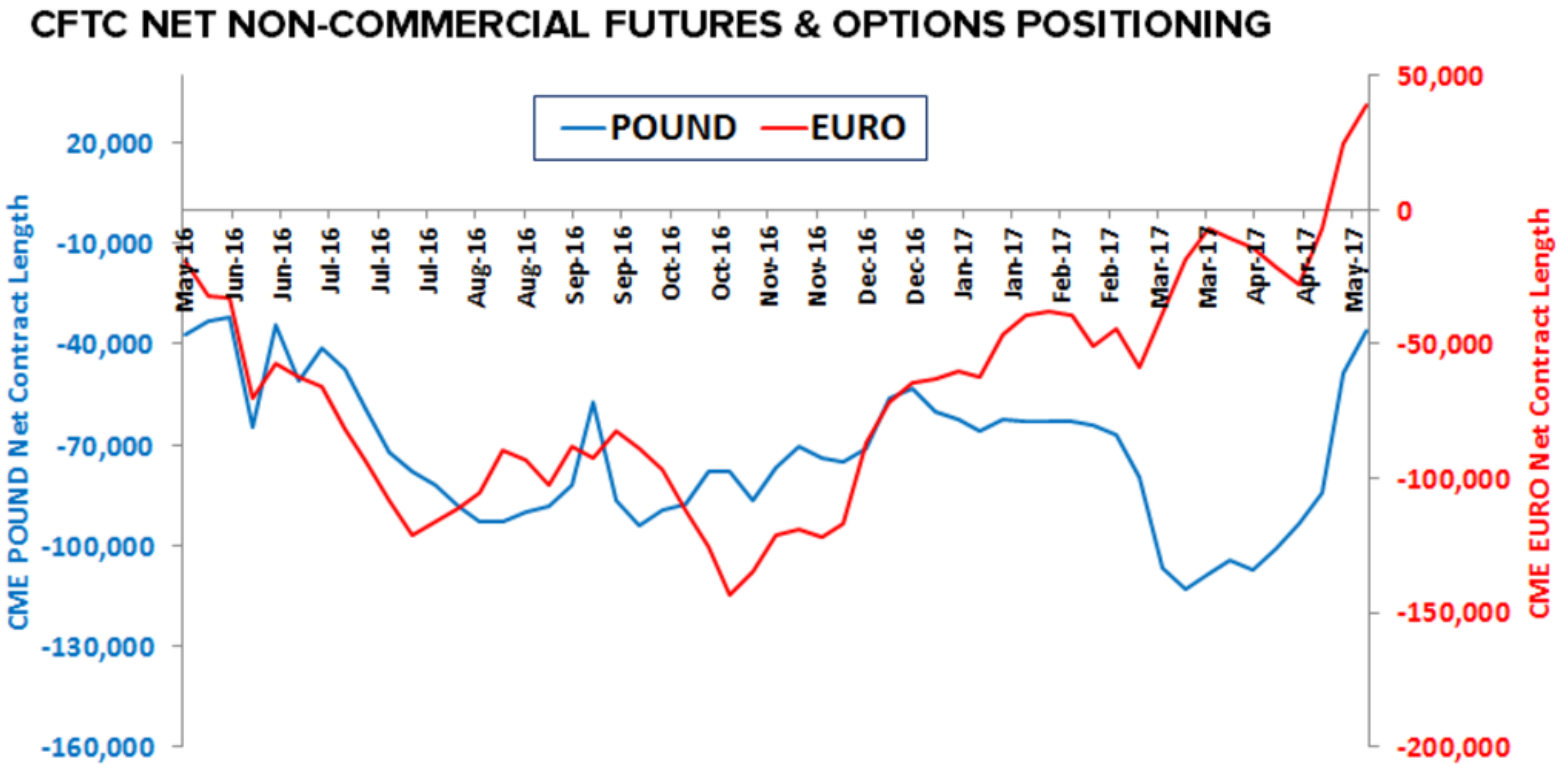
CURRENCIES: MARGINAL BULLISHNESS IN EUROPE VS USD



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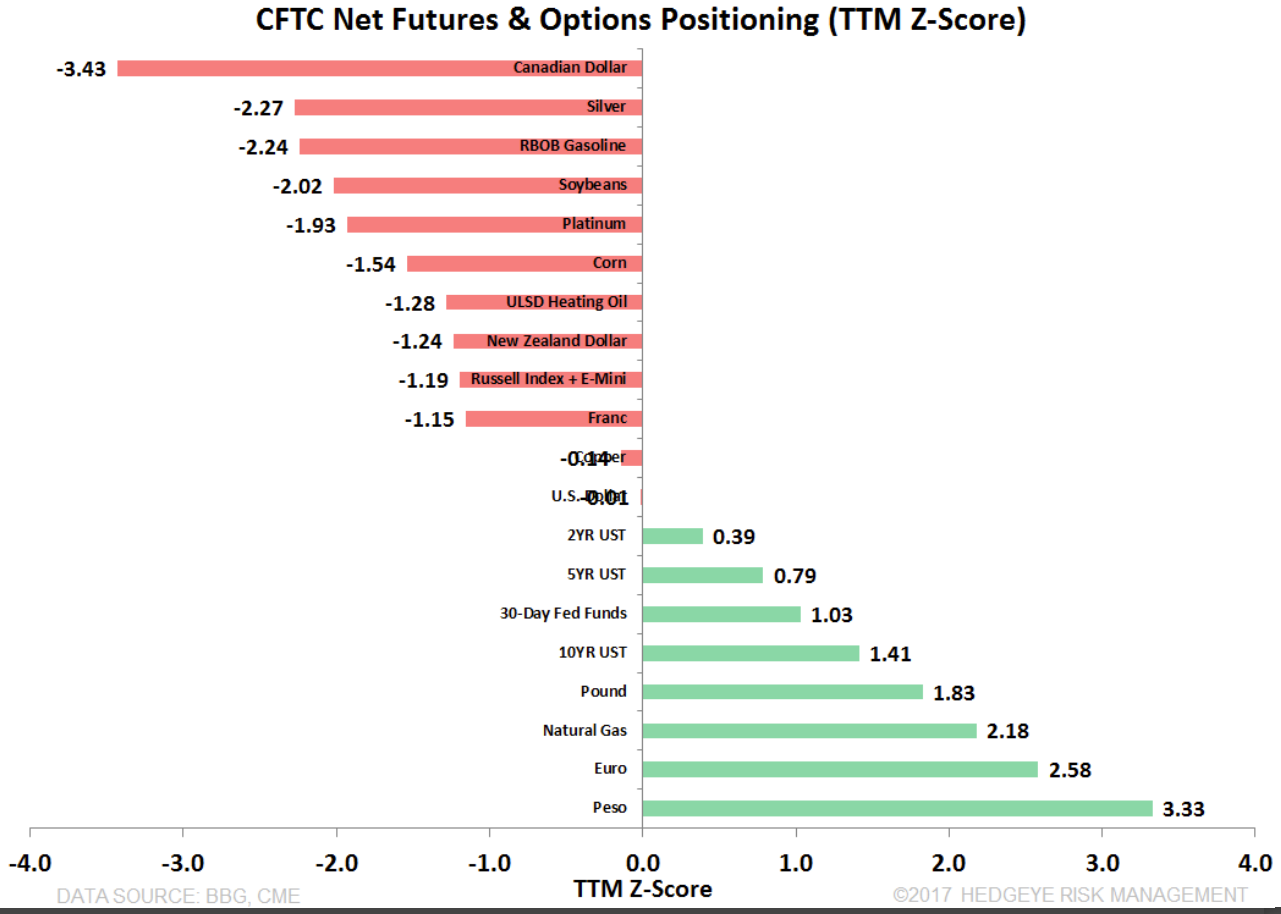
S&P REV. & EARNINGS COMPS & SCORECARD

Q1 2017 QTD — U.S. Index Comps

INDEX	SALES GROWTH (YY%)	EARNINGS GROWTH (YY%)	#REPORTED
S&P 500	8.0%	15.0%	470 / 498
NASDAQ 100	11.4%	17.3%	96 / 102
DOW JONES	5.8%	14.4%	30 / 30
RUSSELL 2000	7.3%	4.9%	1763 / 1916

Q1 2017 QTD — S&P 500 Sector Comps

S&P 500 SECTOR	SALES GROWTH (YY%)	EARNINGS GROWTH (YY%)	#REPORTED
S&P 500 (Aggregate)	8.0%	15.0%	470 / 498
Energy	33.0%	622.3%	34 / 34
Materials	9.1%	19.4%	25 / 25
Industrials	4.0%	0.8%	67 / 67
Consumer Discret.	8.4%	7.0%	69 / 81
Consumer Staples	1.5%	3.4%	32 / 37
Healthcare	5.5%	5.2%	55 / 59
Financials	9.9%	18.4%	65 / 65
Information Tech.	9.5%	22.4%	60 / 67
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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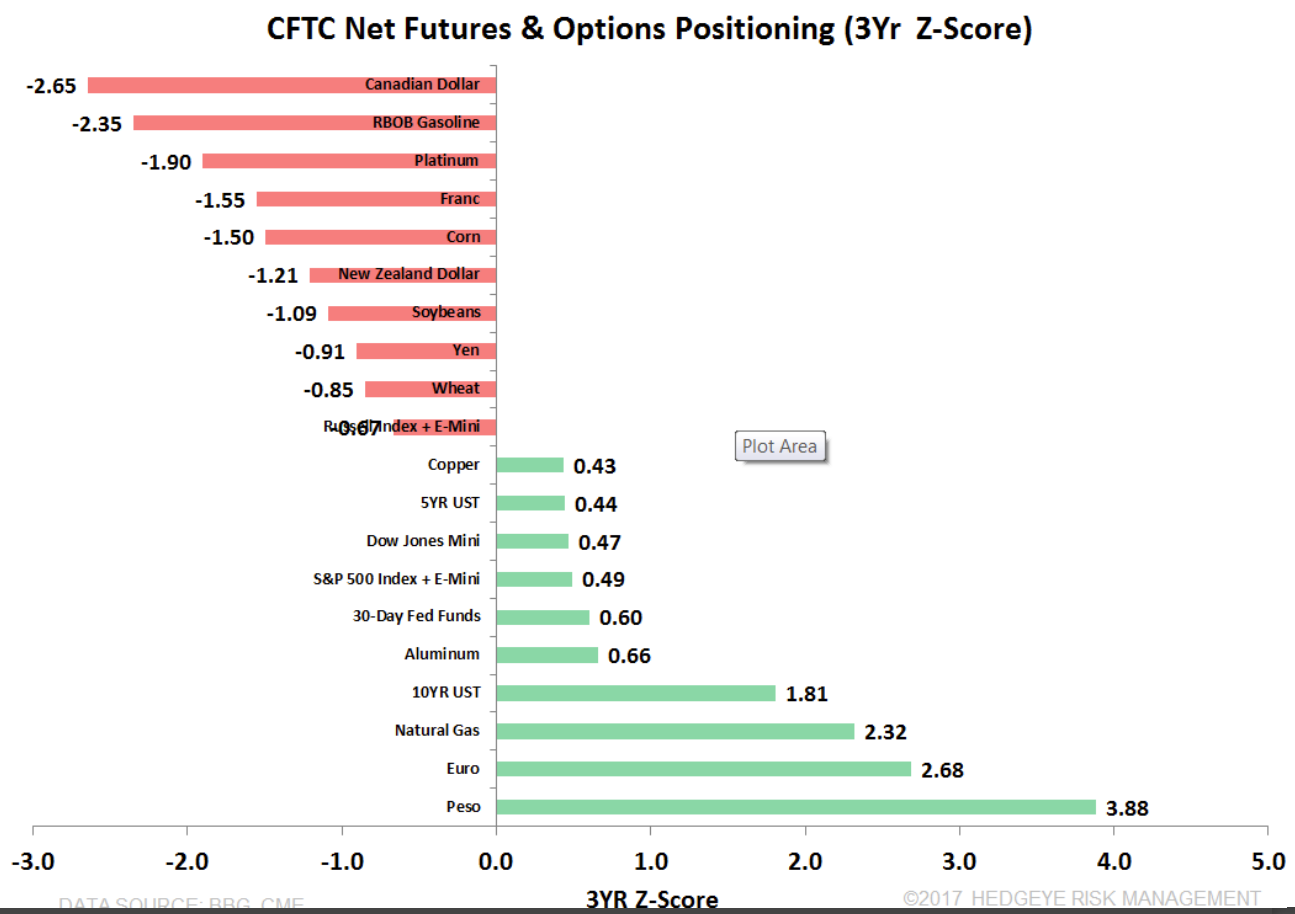

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	REALIZED VOLATILITY				IMPLIED VOLATILTY*				IMPLIED** VS. REALIZED VOLATILITY									
		Duration of Realized (%)			At-The-Money %					30 Day			60 Day			3 Month		
											Z-Score			Z-Score			Z-Score	
Index/Security	Ticker	30D	60D	90D	Current	v 1M Avg	v 3M Avg	v 6M Avg.	Ticker	Premium	TTM	3Yr	Premium	TTM	3Yr	Premium	TTM	3Yr
S&P 500	SPX	8.7%	8.0%	7.3%	9.3%	2.0%	-4.8%	-7.2%	SPX	3.9%	-0.60	-0.27	24.8%	-0.05	0.48	47.6%	0.93	1.41
Russell 2000	RTY	14.4%	14.8%	14.1%	15.6%	6.6%	1.6%	-2.2%	RTY	3.1%	-0.18	-0.17	5.6%	-0.12	-0.14	17.0%	0.83	0.43
Nasdaq 100	NDX	10.8%	9.1%	8.2%	12.6%	13.1%	11.5%	3.8%	NDX	6.8%	-0.57	-0.14	37.8%	0.40	1.05	67.0%	1.84	2.50
USD Index	UUP	6.8%	7.0%	6.9%	7.1%	-9.1%	-10.3%	-15.8%	UUP	7.4%	-0.25	-0.19	1.7%	-0.61	-0.48	3.3%	-0.54	-0.43
Consumer Discret.	XLY	9.5%	8.4%	7.7%	12.1%	12.3%	11.5%	3.0%	XLY	10.0%	-0.42	-0.09	35.9%	0.50	1.08	54.1%	1.84	2.27
Financials	XLF	17.0%	16.3%	15.8%	16.3%	5.4%	0.7%	-3.1%	XLF	-11.1%	-0.76	-0.69	-0.6%	-0.37	-0.27	5.5%	0.08	0.02
Healthcare	XLV	8.5%	8.2%	8.7%	11.9%	9.6%	2.6%	-5.5%	XLV	34.1%	0.49	1.03	41.6%	1.42	1.87	36.9%	1.59	1.93
Technology	XLK	11.2%	9.6%	8.6%	13.9%	24.8%	20.9%	14.3%	XLK	-1.4%	-0.68	-0.37	31.5%	0.39	0.96	56.5%	1.71	2.24
Consumer Staples	XLP	6.8%	6.0%	7.0%	11.1%	16.4%	14.3%	6.3%	XLP	31.8%	0.46	0.87	70.6%	2.54	3.26	55.4%	2.27	2.57
Utilities	XLU	7.0%	9.2%	10.3%	12.3%	3.6%	-4.4%	-12.7%	XLU	60.6%	2.72	3.52	27.1%	2.11	2.53	17.4%	1.75	2.05
Energy	XLE	14.5%	15.0%	14.4%	17.3%	3.1%	2.4%	-0.9%	XLE	16.9%	0.49	0.56	14.4%	0.80	0.61	19.7%	1.61	0.93
Energy	XOP	26.5%	26.6%	24.8%	28.6%	-2.9%	1.4%	-0.8%	XOP	14.5%	0.31	0.55	8.1%	0.39	0.47	18.8%	1.66	1.21
Materials	XLB	13.4%	12.6%	12.0%	14.3%	11.1%	7.8%	5.4%	XLB	-0.3%	-0.61	-0.37	11.8%	-0.05	0.18	18.3%	0.51	0.52
Industrials	XLI	11.7%	11.0%	10.4%	13.6%	11.4%	8.9%	6.2%	XLI	2.0%	-0.52	-0.29	17.7%	0.17	0.48	29.0%	1.03	1.18
Transports	IYT	16.4%	15.3%	14.9%	17.5%	7.9%	6.0%	3.4%	IYT	3.3%	-0.47	-0.27	13.3%	-0.16	0.22	17.0%	0.10	0.45
Biotech	IBB	14.8%	16.2%	16.0%	20.2%	11.9%	4.2%	-8.9%	IBB	28.1%	0.94	1.09	21.0%	1.17	1.24	25.1%	2.14	1.76
WTI Crude Oil	USO	27.4%	25.8%	23.6%	29.2%	-4.2%	5.1%	-1.8%	USO	-4.2%	-0.03	0.00	13.5%	0.48	0.30	25.4%	1.71	0.90
Natural Gas	UNG	26.2%	28.7%	33.0%	34.5%	3.8%	-3.3%	-17.1%	UNG	25.0%	1.37	0.47	19.5%	1.20	0.37	6.8%	0.54	-0.09
Gold	GLD	11.8%	10.6%	10.6%	11.4%	-3.3%	-7.0%	-14.6%	GLD	-6.4%	-1.09	-0.74	6.9%	-0.14	-0.03	14.3%	0.67	0.46
Silver	SLV	16.7%	17.7%	17.0%	19.1%	-1.6%	-2.3%	-11.4%	SLV	7.1%	-0.02	-0.31	6.5%	0.22	-0.33	17.1%	1.72	0.30
Copper	JJC	25.9%	22.8%	25.0%	19.3%	-8.8%	-12.9%	-22.0%	JJC	-27.7%	-0.62	-0.85	-16.0%	-0.68	-0.86	-22.9%	-1.02	-1.28
Coffee	JO	30.9%	27.4%	25.7%	25.7%	-6.9%	-6.1%	-8.6%	JO	-12.8%	-1.29	-1.37	-6.1%	-0.90	-0.86	3.7%	0.13	0.33
Corn	CORN	18.0%	16.0%	15.2%	23.9%	21.0%	24.4%	31.2%	CORN	18.2%	0.19	-0.11	45.6%	1.57	1.31	56.7%	1.70	1.74
Soybeans	SOYB	9.8%	10.2%	12.3%	15.1%	-19.2%	-20.3%	-26.8%	SOYB	17.4%	-0.54	-0.51	40.7%	0.03	-0.02	23.3%	-0.30	-0.34
Wheat	WEAT	24.4%	21.0%	20.7%	34.4%	12.5%	15.0%	16.0%	WEAT	30.7%	-0.44	-0.33	63.6%	0.17	0.26	52.3%	0.15	0.22

*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	$89.25	0.68%	-0.90%	9.64%
Financial Select Sector	XLF	$23.35	0.86%	-0.76%	0.43%
Health Care Select Sector	XLV	$75.03	0.28%	-0.62%	8.83%
Technology Select Sector	XLK	$55.24	0.58%	1.58%	14.23%
Consumer Staples Select Sector	XLP	$55.35	0.54%	0.31%	7.04%
Industrial Select Sector	XLI	$66.16	1.32%	-0.27%	6.33%
Materials Select Sector	XLB	$52.44	0.87%	-1.19%	5.51%
The Energy Select Sector	XLE	$68.08	1.23%	0.35%	-9.61%
Utilities Select Sector	XLU	$52.08	0.39%	0.74%	7.23%
S&P 500	SPX	2,381.73	0.68%	-0.10%	6.38%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$89.25	0.00%	-0.80%	3.26%
Financial Select Sector	XLF	$23.35	0.19%	-0.66%	-5.95%
Health Care Select Sector	XLV	$75.03	-0.40%	-0.52%	2.45%
Technology Select Sector	XLK	$55.24	-0.09%	1.69%	7.84%
Consumer Staples Select Sector	XLP	$55.35	-0.13%	0.41%	0.66%
Industrial Select Sector	XLI	$66.16	0.64%	-0.17%	-0.05%
Materials Select Sector	XLB	$52.44	0.19%	-1.08%	-0.87%
The Energy Select Sector	XLE	$68.08	0.56%	0.46%	-16.00%
Utilities Select Sector	XLU	$52.08	-0.29%	0.84%	0.84%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	1.0%	-0.2%	-1.2%	-3.1%	5.0%	2.8%
	Low Debt/EV	0.7%	-0.2%	2.1%	2.2%	8.7%	9.2%
SI	High Short Interest	1.1%	-0.4%	-0.6%	-3.8%	0.7%	0.4%
	Low Short Interest	0.6%	-0.5%	0.9%	0.2%	7.9%	6.6%
BETA	High Beta	1.2%	-0.4%	0.0%	-3.3%	5.4%	4.1%
	Low Beta	0.5%	0.3%	0.1%	1.6%	8.4%	5.9%
YIELD	High Yield	0.8%	-0.1%	-1.8%	-3.1%	0.5%	-1.2%
	Low Yield	1.1%	0.0%	1.9%	0.5%	8.4%	8.9%
MKT CAP	MCAP Bottom 25%	0.7%	-1.0%	-2.8%	-6.0%	-1.9%	-2.0%
	MCAP Top 25%	0.6%	-0.5%	1.3%	0.9%	9.1%	7.5%
Sales	Top 25% Sales Growth	1.2%	0.3%	1.5%	0.9%	8.1%	7.6%
	Bottom 25% Sales Growth	0.5%	-0.8%	-1.7%	-3.9%	0.2%	-0.5%
EPS	Top 25% EPS Growth	1.0%	-0.2%	1.6%	0.3%	7.9%	6.8%
	Bottom 25% EPS Growth	0.8%	-0.1%	-1.3%	-2.8%	2.4%	0.9%

**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	0.90%	-0.5	3.6	11	39	-1	74	70	76
3M LIBOR	1.19%	0.0	-0.8	2	12	0	56	65	74
2Y T-Note	1.27%	0.2	-2.0	9	8	-13	78	51	69
5Y T-Note	1.78%	0.8	-6.6	4	-12	-37	89	25	42
10Y T-Note	2.23%	0.5	-9.1	2	-18	-40	92	11	8
30Y T-Note	2.90%	-0.4	-9.2	2	-13	-32	81	5	-12
2Y-10Y Spread, Bps	96	0.3	-7.1	-7.3	-26	-28	14	-40	-61
IG SPREAD (AAABBB)	1.51%	1.0	-1.0	-4	-2	-49	6	-19	-22
HIGH YIELD	5.90%	-6.2	1.0	22	-12	-153	28	-76	-61
5Y BREAKEVEN	1.76%	3.1	-0.3	0.3	-23.7	-31.3	51.2	20.9	4.6

CFTC NON-COMMERCIAL NET LONG POSITIONING

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)	31,477	(53,097)	99,500	43,609	67,938	-0.47X	0.48X
Russell 2000 (mini)	(43,796)	(3,809)	(28,926)	17,971	6,643	-1.19X	-0.61X
10Y Treasury	216,631	6,691	(33,502)	(161,227)	(51,902)	1.41X	2.12X
CRUDE OIL	381,457	(6,169)	479,298	480,044	421,077	-0.48X	0.35X
GOLD	69,923	(29,997)	108,759	88,758	155,540	-1.07X	-0.40X
COPPER	8,775	518	23,212	36,840	13,153	-0.14X	0.65X
$USD	34,234	(1,485)	43,365	47,301	34,435	-0.01X	-0.31X
JPY	(59,061)	(24,744)	(47,367)	(52,110)	(3,431)	-1.05X	-0.51X
EUR	39,291	14,363	(18,036)	(44,739)	(69,099)	2.58X	2.57X
GBP	(35,700)	13,213	(85,750)	(75,175)	(73,447)	1.83X	-0.04X

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (5/19) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-9%	-10%	-13%	15%
Total Exchange Volume**	-13%	2%	4%	3%
Total Traded Value (R3K)***	19%	24%	27%	30%

*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	0.63	-0.52	-0.19	-0.54	0.47	*0.95*	*-0.76*	*50%*	*50%*
BRENT Oil	-0.64	0.55	0.53	0.55	0.61	*0.81*	*-0.78*	*58%*	*42%*
CRB Index	-0.83	-0.71	0.27	0.55	0.68	*0.83*	*-0.86*	*40%*	*60%*
GOLD	-0.68	0.39	-0.29	-0.69	-0.84	*0.90*	*-0.97*	*22%*	*78%*

**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	$53.61	2.09%	5.45%	1.28%	-3.94%	2.0%	-6.3%	-8%	29%
Gold	$1,256	0.71%	2.24%	-1.90%	1.73%	-1.0%	9.4%	-9%	12%
VIX	$12.04	-17.87%	15.77%	-19.36%	4.79%	11.3%	-14.2%	-55%	26%