THE MACRO SHOW

APRIL 21, 2017

LEGAL

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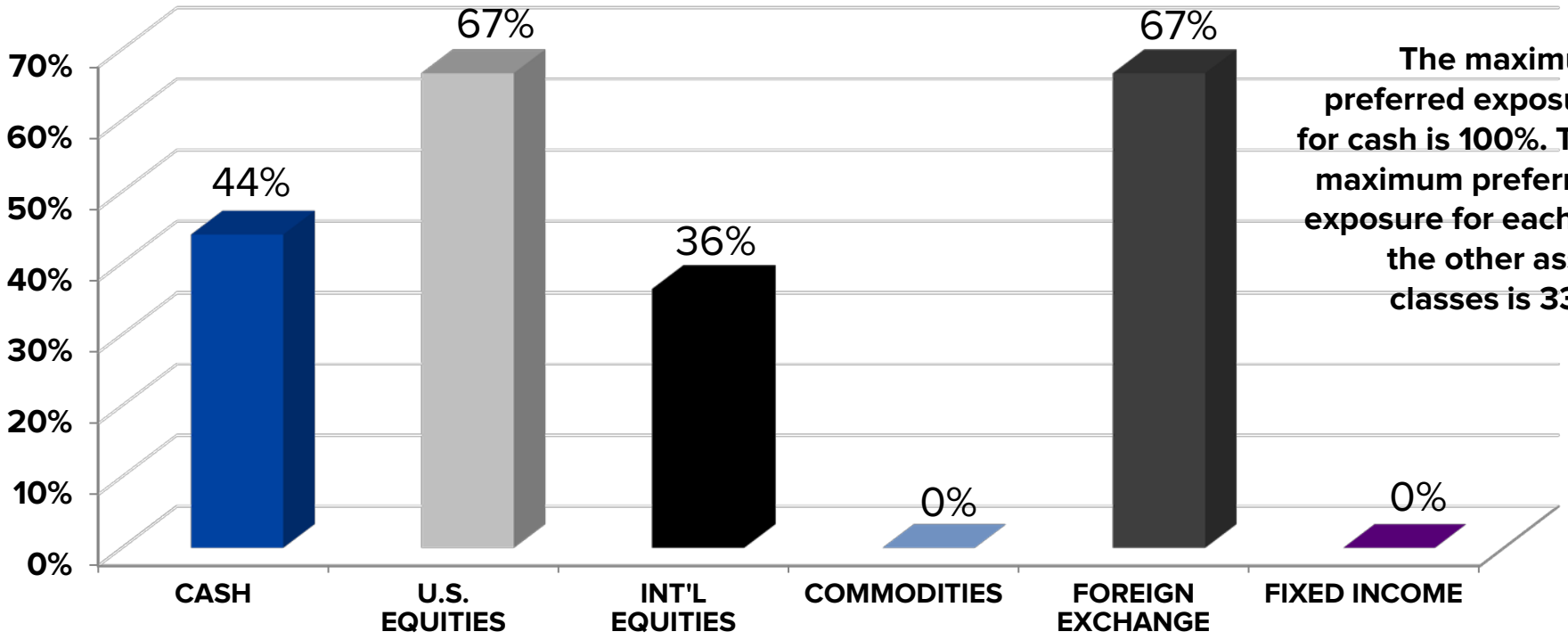
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
4/20/2017	33	26	17	0	24	0
4/21/2017	44	22	12	0	22	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
4/20/2017	33%	79%	52%	0%	73%	0%
4/21/2017	44%	67%	36%	0%	67%	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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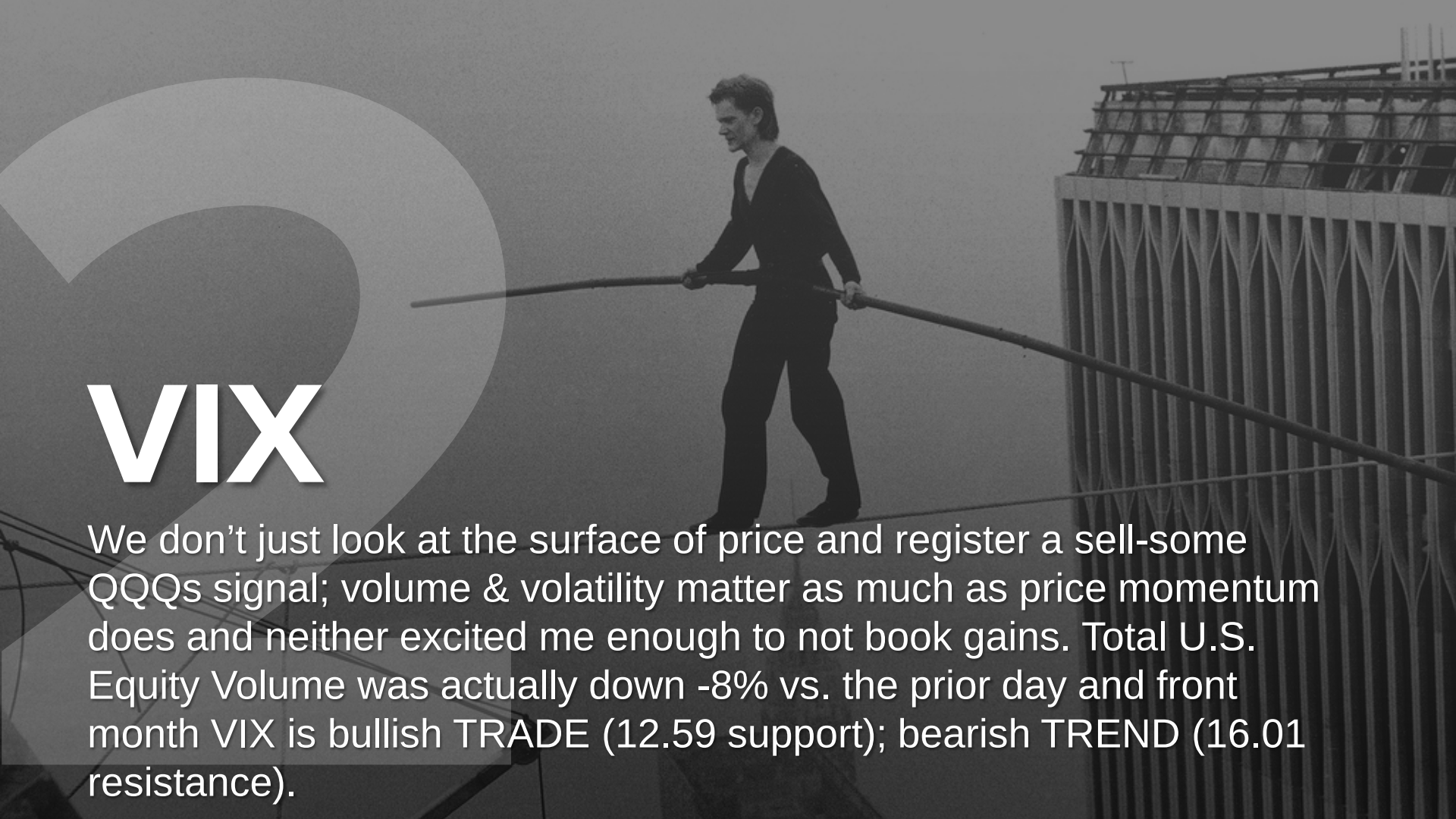
1 NASDAQ

2 VIX

3 EUROPE

NASDAQ

The Nasdaq ripped the bears to yet another all-time closing high of 5916 so we signaled to sell-some (Real-Time Alerts) on that intraday move in addition to selling some Biotech (IBB). We realize it’s not easy for some people to own “expensive” but one the way to risk manage not getting plugged at the highs is simply to reduce net long exposure after ramps.



VIX

We don’t just look at the surface of price and register a sell-some QQQs signal; volume & volatility matter as much as price momentum does and neither excited me enough to not book gains. Total U.S. Equity Volume was actually down -8% vs. the prior day and front month VIX is bullish TRADE (12.59 support); bearish TREND (16.01 resistance).

EUROPE

If 6 year highs in European PMIs can’t get European Equities excited, what will? If this is as good as it gets for European growth and inflation data, the market may indeed be front-running what Quad 3 and Quad 4 looks like across Europe in the back half of 2017– both the DAX and MIB Index breaking immediate-term TRADE support this morning.

MACRO GRIND

GOLD

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GERMAN DAX COMPOSITE

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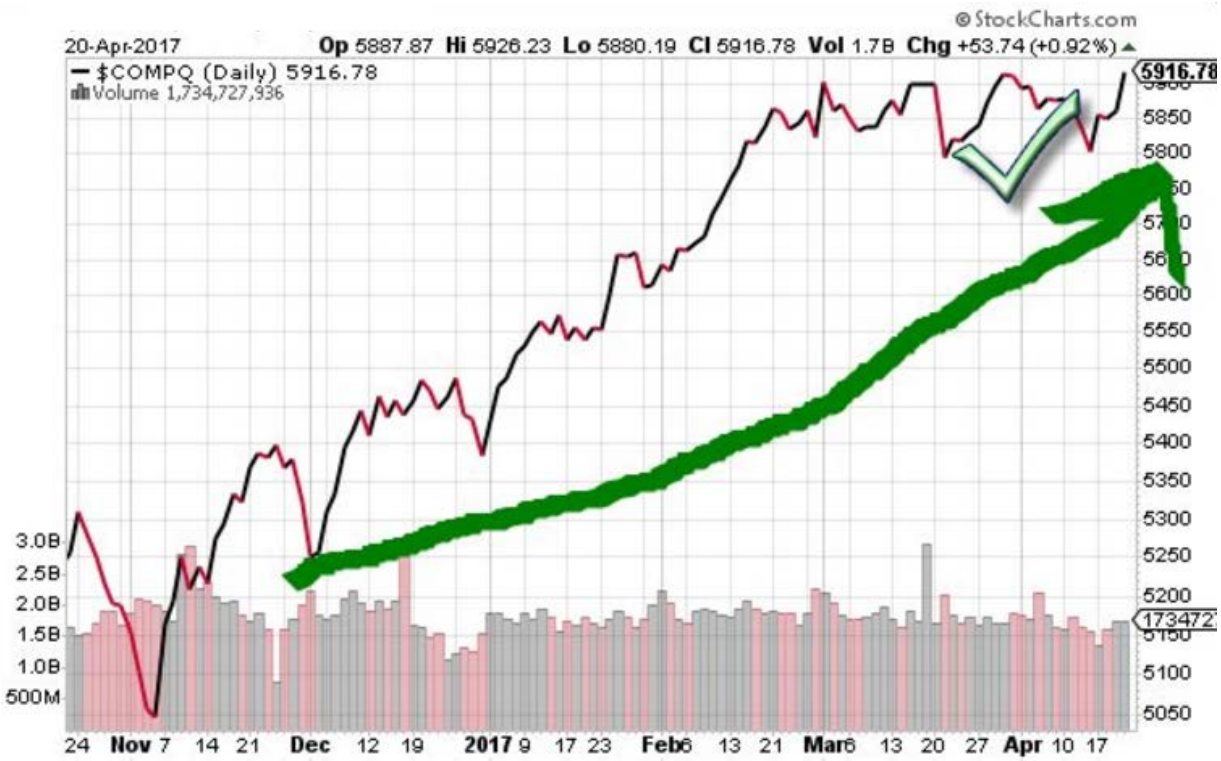
NASDAQ COMPOSITE INDEX



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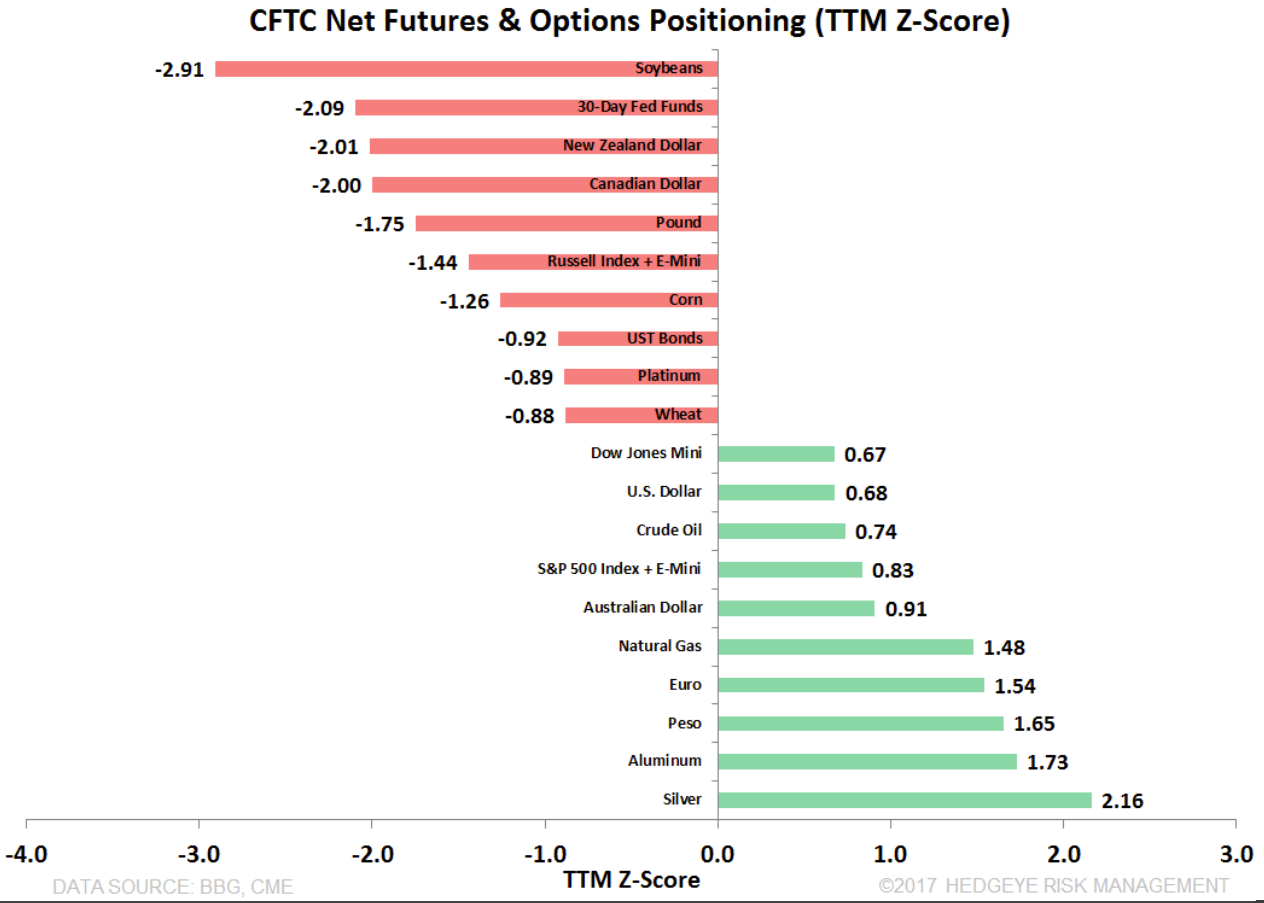
S&P REV. & EARNINGS COMPS & SCORECARD

Q1 2017 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	5.1%	14.2%	85 / 498
Energy	7.2%	-7.0%	1 / 33
Materials	11.9%	42.7%	4 / 25
Industrials	6.5%	-19.6%	14 / 67
Consumer Discretionary	3.2%	2.4%	13 / 81
Consumer Staples	-4.0%	2.6%	6 / 37
Healthcare	6.3%	12.6%	6 / 59
Financials	8.3%	21.0%	25 / 65
Information Technology	8.2%	25.2%	13 / 68
Telecom	-7.3%	-10.3%	1 / 4
Utilities	0.0%	0.0%	0 / 28
Real Estate	-5.2%	-3.5%	2 / 31

Source: BBG



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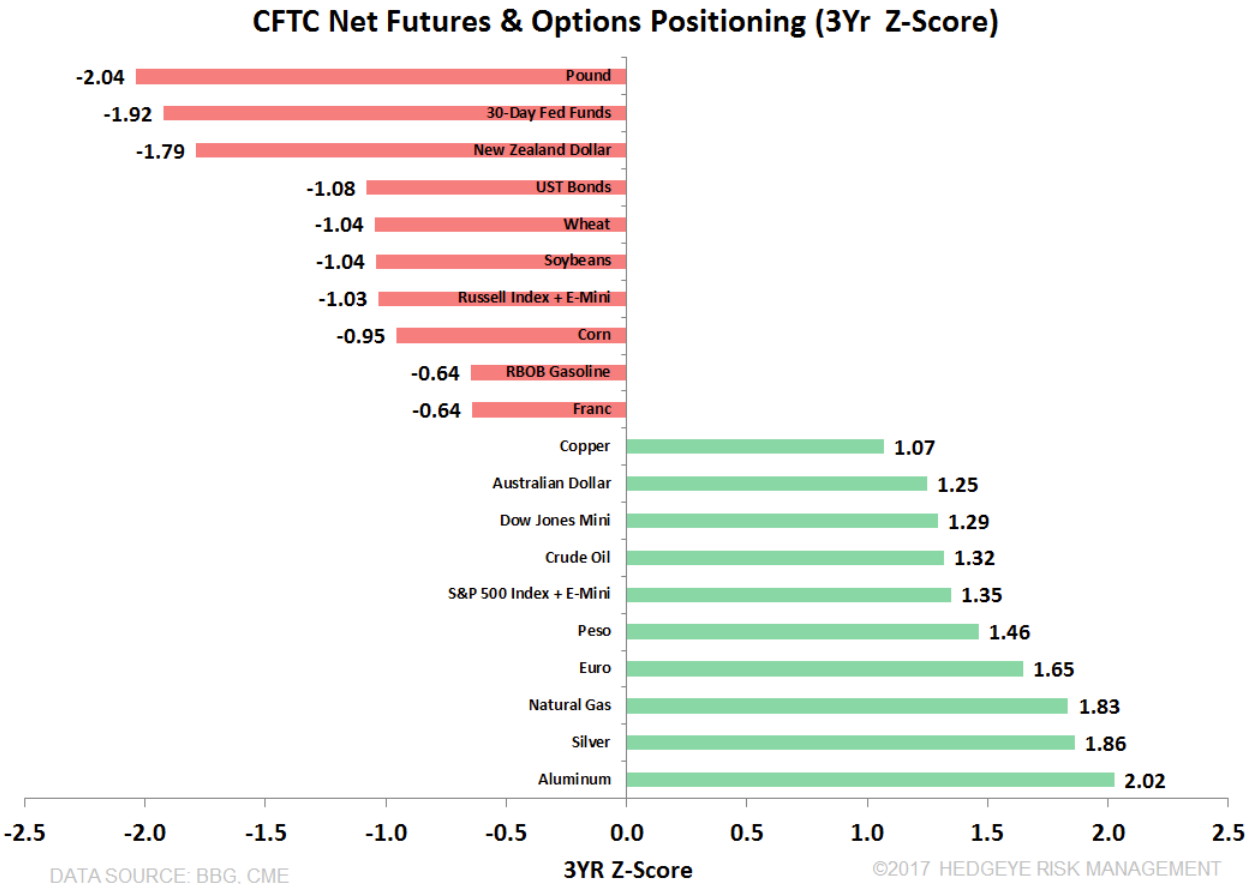
CFTC Net Futures & Options Positioning (3Yr Z-Score)
-2.04 Pound
-1.92 30-Day Fed Funds
-1.79 New Zealand Dollar
-1.08 UST Bonds
-1.04 Wheat
-1.04 Soybeans
-1.03 Russell Index + E-Mini
-0.95 Corn
-0.64 RBOB Gasoline
-0.64 Franc
Copper 1.07
Australian Dollar 1.25
Dow Jones Mini 1.29
Crude Oil 1.32
S&P 500 Index + E-Mini 1.35
Peso 1.46
Euro 1.65
Natural Gas 1.83
Silver 1.86
Aluminum 2.02
-2.5 -2.0 -1.5 -1.0 -0.5 0.0 0.5 1.0 1.5 2.0 2.5
3YR Z-Score
DATA SOURCE: BBG, CME
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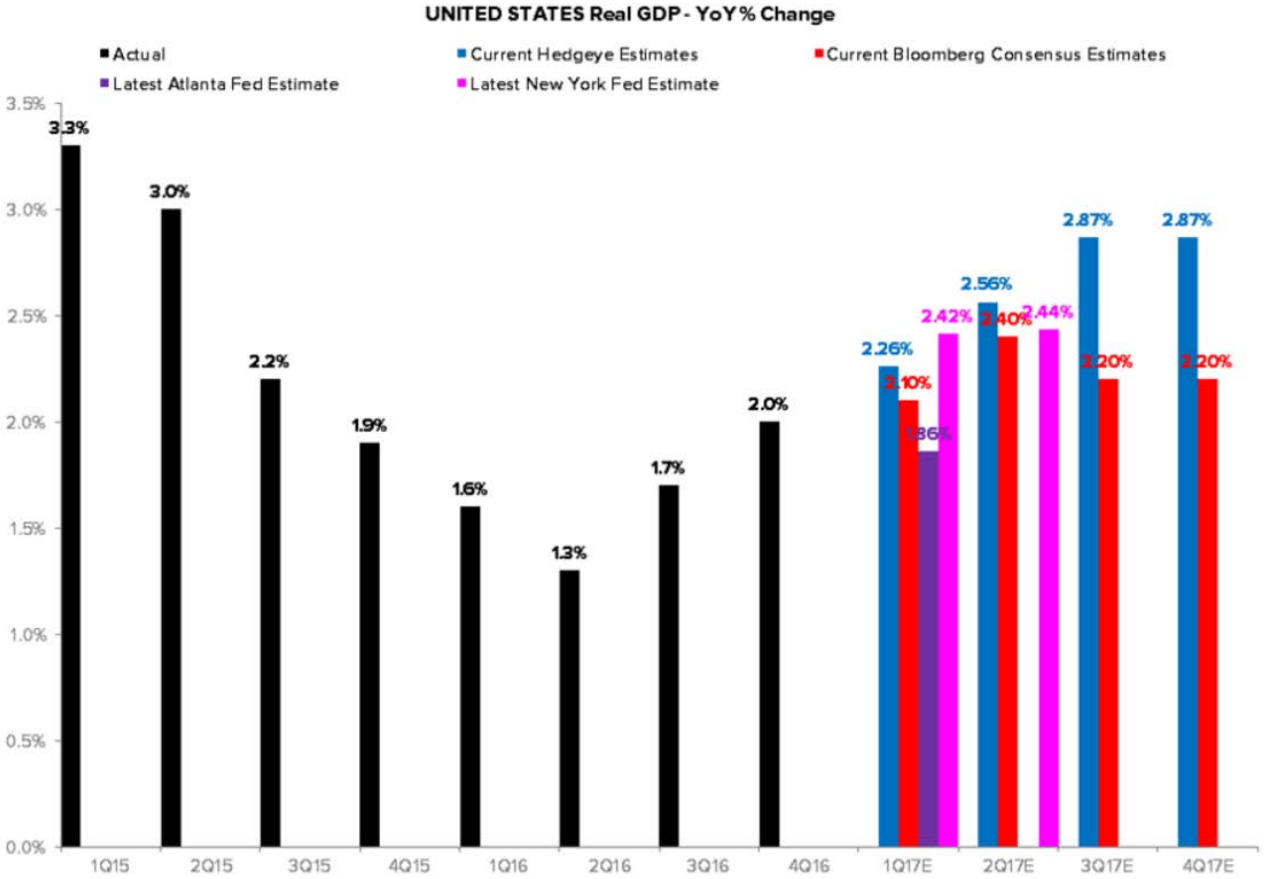
UNITED STATES Real GDP - YoY % Change
Actual
Current Hedgeye Estimates
Current Bloomberg Consensus Estimates
Latest Atlanta Fed Estimate
Latest New York Fed Estimate
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
3.3%
3.0%
2.2%
1.9%
1.6%
1.3%
1.7%
2.0%
2.26%
2.10%
1.86%
2.42%
2.56%
2.40%
2.44%
2.87%
2.20%
2.87%
2.20%
1Q15
2Q15
3Q15
4Q15
1Q16
2Q16
3Q16
4Q16
1Q17E
2Q17E
3Q17E
4Q17E

	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	7.2%	6.9%	6.9%	10.8%	-1.2%	8.7%	-0.7%	SPX	50.5%	0.69	1.28	62.0%	1.43	2.00	65.7%	1.87	2.31
Russell 2000	RTY	14.4%	13.9%	13.9%	14.9%	-9.6%	-5.6%	-10.4%	RTY	3.1%	-0.17	-0.16	13.2%	0.44	0.30	15.3%	0.76	0.33
Nasdaq 100	NDX	7.5%	6.9%	7.4%	12.1%	0.1%	6.1%	-6.8%	NDX	60.5%	0.99	1.70	85.0%	2.28	3.10	77.0%	2.82	3.37
USD Index	UUP	6.9%	6.6%	7.4%	10.2%	16.3%	22.6%	18.6%	UUP	44.9%	1.33	1.22	30.2%	0.76	0.73	10.0%	-0.22	-0.15
Consumer Discret.	XLY	7.7%	7.4%	8.1%	12.1%	7.2%	8.6%	-3.5%	XLY	55.5%	1.04	1.65	63.8%	1.79	2.42	55.6%	2.20	2.56
Financials	XLF	15.4%	15.0%	14.8%	16.9%	-4.7%	3.2%	-2.2%	XLF	9.8%	-0.09	0.12	14.8%	0.30	0.44	18.1%	1.02	0.70
Healthcare	XLV	7.7%	8.7%	8.9%	13.1%	8.6%	9.2%	-4.3%	XLV	71.7%	1.96	2.60	38.7%	1.48	1.85	39.7%	2.03	2.24
Technology	XLK	7.6%	7.3%	7.9%	12.3%	0.5%	6.9%	-3.7%	XLK	62.1%	1.19	1.90	65.6%	1.93	2.52	63.5%	2.93	3.01
Consumer Staples	XLP	5.6%	6.7%	7.1%	11.3%	13.5%	15.0%	3.1%	XLP	100.0%	2.90	3.58	61.3%	2.81	3.09	55.6%	2.92	2.84
Utilities	XLU	9.8%	11.6%	11.6%	13.1%	-1.7%	-2.5%	-12.8%	XLU	33.0%	2.03	2.25	14.2%	1.22	1.46	16.9%	1.97	2.00
Energy	XLE	13.9%	15.1%	14.1%	18.1%	5.7%	8.7%	-0.7%	XLE	31.5%	1.26	1.26	22.4%	1.51	1.04	28.4%	2.53	1.42
Energy	XOP	24.9%	25.3%	23.3%	31.6%	12.2%	17.0%	6.3%	XOP	29.0%	0.98	1.31	25.2%	1.62	1.49	33.2%	3.33	2.14
Materials	XLB	11.6%	10.6%	11.2%	14.6%	3.3%	8.6%	2.4%	XLB	24.8%	0.43	0.57	31.4%	1.16	1.07	29.7%	1.32	1.10
Industrials	XLI	10.8%	10.2%	9.9%	14.8%	9.2%	18.3%	11.6%	XLI	35.9%	0.67	1.09	34.3%	1.05	1.33	40.7%	1.90	1.90
Transports	IYT	15.2%	14.8%	14.3%	18.3%	6.6%	8.3%	5.6%	IYT	20.3%	0.13	0.49	20.1%	0.26	0.61	26.3%	0.76	1.08
Biotech	IBB	14.3%	16.0%	17.2%	18.8%	-5.1%	-9.6%	-22.0%	IBB	32.6%	1.39	1.40	21.5%	1.39	1.35	16.9%	1.73	1.21
WTI Crude Oil	USO	21.6%	22.5%	23.2%	25.9%	-1.8%	-3.2%	-16.3%	USO	-1.8%	0.73	0.71	25.8%	1.46	0.94	20.9%	1.87	0.73
Natural Gas	UNG	28.7%	35.3%	43.7%	34.2%	-2.5%	-11.4%	-22.2%	UNG	18.7%	1.19	0.27	-2.5%	-0.10	-0.50	-20.7%	-1.17	-1.09
Gold	GLD	9.2%	9.9%	10.7%	14.1%	8.0%	8.9%	0.2%	GLD	51.6%	2.34	2.08	33.8%	1.82	1.54	22.5%	1.39	1.02
Silver	SLV	14.2%	17.2%	18.5%	20.0%	2.2%	-1.5%	-11.4%	SLV	41.3%	2.47	0.95	14.9%	1.14	0.09	7.4%	0.41	-0.26
Copper	JJC	21.7%	24.4%	24.7%	22.3%	3.7%	-3.7%	-11.3%	JJC	2.8%	-0.21	-0.23	-8.9%	-0.53	-0.63	-8.1%	-0.59	-0.71
Corn	CORN	12.4%	14.0%	13.8%	17.8%	-6.4%	-2.5%	-2.1%	CORN	45.1%	1.80	1.10	53.1%	2.21	1.76	62.2%	2.15	2.09
Soybeans	SOYB	7.9%	11.9%	13.5%	22.7%	17.1%	10.7%	8.3%	SOYB	183.7%	3.76	2.39	58.5%	0.46	0.34	30.2%	-0.24	-0.23
Wheat	WEAT	16.3%	18.9%	18.7%	40.5%	28.0%	38.8%	36.0%	WEAT	144.8%	1.44	1.18	55.4%	-0.01	0.11	34.8%	-0.47	-0.11

*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	$88.45	1.05%	0.57%	8.66%
Financial Select Sector	XLF	$23.40	1.69%	-1.39%	0.65%
Health Care Select Sector	XLV	$74.12	0.62%	-0.32%	7.51%
Technology Select Sector	XLK	$53.28	0.91%	[illegible]	10.17%
Consumer Staples Select Sector	XLP	$55.16	-0.20%	1.0[illegible]%	6.67%
Industrial Select Sector	XLI	$65.35	1.21%	0.45%	5.03%
Materials Select Sector	XLB	$52.26	1.10%	-0.29%	5.15%
The Energy Select Sector	XL[illegible]	$68.13	0.49%	-2.53%	-9.55%
Utilities Select Sector	[illegible]LU	$51.47	-0.39%	0.31%	5.97%
S&P 500	SPX	2,355.84	0.76%	-0.29%	5.23%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$88.45	0.30%	0.86%	3.43%
Financial Select Sector	XLF	$23.40	0.94%	-1.10%	-4.58%
Health Care Select Sector	XLV	$74.12	-0.13%	-0.03%	2.29%
Technology Select Sector	XLK	$53.28	0.15%	0.23%	4.95%
Consumer Staples Select Sector	XLP	$55.16	-0.95%	1.35%	1.45%
Industrial Select Sector	XLI	$65.35	0.45%	0.74%	-0.20%
Materials Select Sector	XLB	$52.26	0.35%	0.00%	-0.08%
The Energy Select Sector	XLE	$68.13	-0.27%	-2.24%	-14.77%
Utilities Select Sector	XLU	$51.47	-1.14%	0.60%	0.74%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.6%	0.1%	-0.1%	2.8%	11.4%	4.4%
	Low Debt/EV	1.0%	1.2%	-0.1%	4.2%	10.1%	6.9%
SI	High Short Interest	1.0%	0.6%	-0.1%	0.1%	7.2%	1.5%
	Low Short Interest	0.8%	0.7%	-0.6%	4.2%	12.6%	6.1%
BETA	High Beta	1.3%	0.7%	-0.8%	1.7%	15.0%	3.9%
	Low Beta	0.2%	0.5%	1.2%	5.4%	7.6%	6.4%
YIELD	High Yield	0.4%	0.2%	0.1%	1.2%	4.3%	1.2%
	Low Yield	0.8%	0.8%	0.3%	3.6%	11.3%	6.9%
MKT CAP	MCAP Bottom 25%	1.0%	0.7%	-0.2%	0.4%	7.1%	1.9%
	MCAP Top 25%	0.8%	0.5%	-1.1%	3.7%	12.0%	5.7%
Sales	Top 25% Sales Growth	0.8%	0.1%	0.1%	2.5%	11.8%	5.8%
	Bottom 25% Sales Growth	0.8%	0.5%	-0.1%	1.9%	6.9%	2.9%
EPS	Top 25% EPS Growth	0.8%	0.0%	0.4%	1.8%	12.4%	5.4%
	Bottom 25% EPS Growth	0.7%	0.5%	0.2%	2.2%	6.8%	2.9%

**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	0.79%	-1.0	-1.5	6	29	-4	63	60	65
3M LIBOR	1.16%					0	53	64	72
2Y T-Note	1.18%	0.8	-2.1	-10	0	-21	69	45	62
5Y T-Note	1.76%	2.5	-0.5	-22	-17	-38	87	24	42
10Y T-Note	2.23%	1.8	-0.5	-23	-23	-41	91	10	9
30Y T-Note	2.88%	0.9	-1.0	-19	-17	-33	79	2	-14
2Y-10Y Spread, Bps	105	1.0	1.5	-12.5	-23	-19	22	-35	-54
IG SPREAD (AAABBB)	1.55%	0.0	0.0	2	3	-45	10	-15	-19
HIGH YIELD	5.68%	0.1	1.0	-37	-58	-191	5	-97	-85
5Y BREAKEVEN	1.80%	3.5	-6.9	-20.8	-17.7	-28.1	54.4	23.5	7.5

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)	125,803	9,556	84,295	30,499	61,611	*0.80X*	*1.40X*
Russell 2000 (mini)	(56,645)	(2,547)	4,444	26,503	6,786	*-1.47X*	*-1.00X*
10Y Treasury	(23,756)	(7,358)	(213,998)	(202,551)	(78,028)	*0.31X*	*0.30X*
CRUDE OIL	477,196	14,636	519,563	473,807	417,818	*0.73X*	*1.51X*
GOLD	140,407	24,802	87,042	91,827	163,030	*-0.28X*	*0.52X*
COPPER	25,866	(976)	36,721	39,001	10,797	*0.47X*	*1.36X*
$USD	44,298	1,384	46,182	49,665	32,094	*0.66X*	*0.26X*
JPY	(34,432)	15,632	(56,378)	(42,140)	4,641	*-0.71X*	*-0.06X*
EUR	(14,332)	(3,985)	(33,785)	(67,847)	(72,351)	*1.56X*	*1.58X*
GBP	(107,605)	(3,381)	(83,558)	(76,432)	(70,888)	*-1.73X*	*-2.03X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (4/13) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-8%	3%	5%	45%
Total Exchange Volume**	1%	4%	0%	-3%
Total Traded Value (R3K)***	9%	-3%	-10%	-8%

*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	0.26	0.42	-0.39	0.13	0.65	*0.95*	*-0.75*	*54%*	*46%*
BRENT Oil	0.42	0.25	0.34	0.46	0.68	*0.77*	*-0.78*	*56%*	*44%*
CRB Index	0.41	-0.02	-0.40	0.46	0.75	*0.83*	*-0.86*	*33%*	*67%*
GOLD	-0.51	-0.43	-0.76	-0.73	-0.89	*0.90*	*-0.97*	*17%*	*83%*

**Days = Trading Days*