THE MACRO SHOW

APRIL 25, 2017

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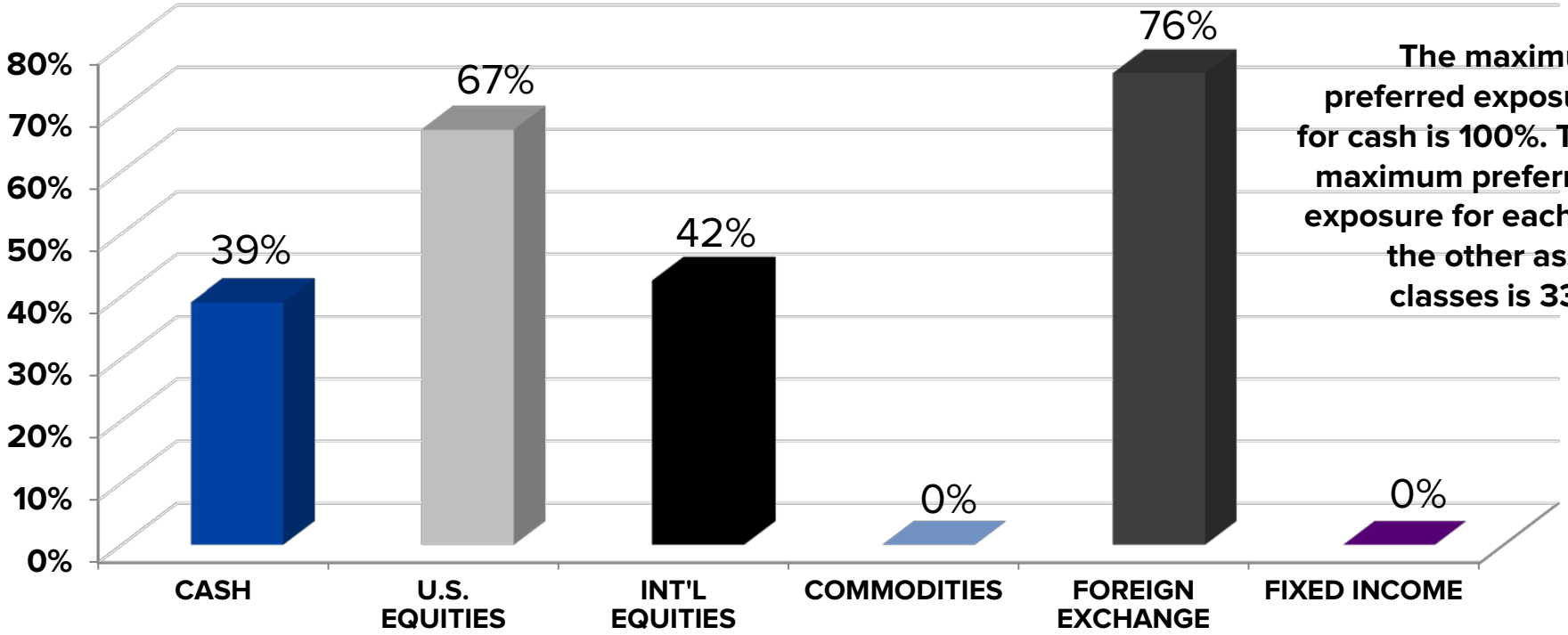
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
4/24/2017	38	23	16	0	23	0
4/25/2017	39	22	14	0	25	0

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
4/24/2017	38%	70%	48%	0%	70%	0%
4/25/2017	39%	67%	42%	0%	76%	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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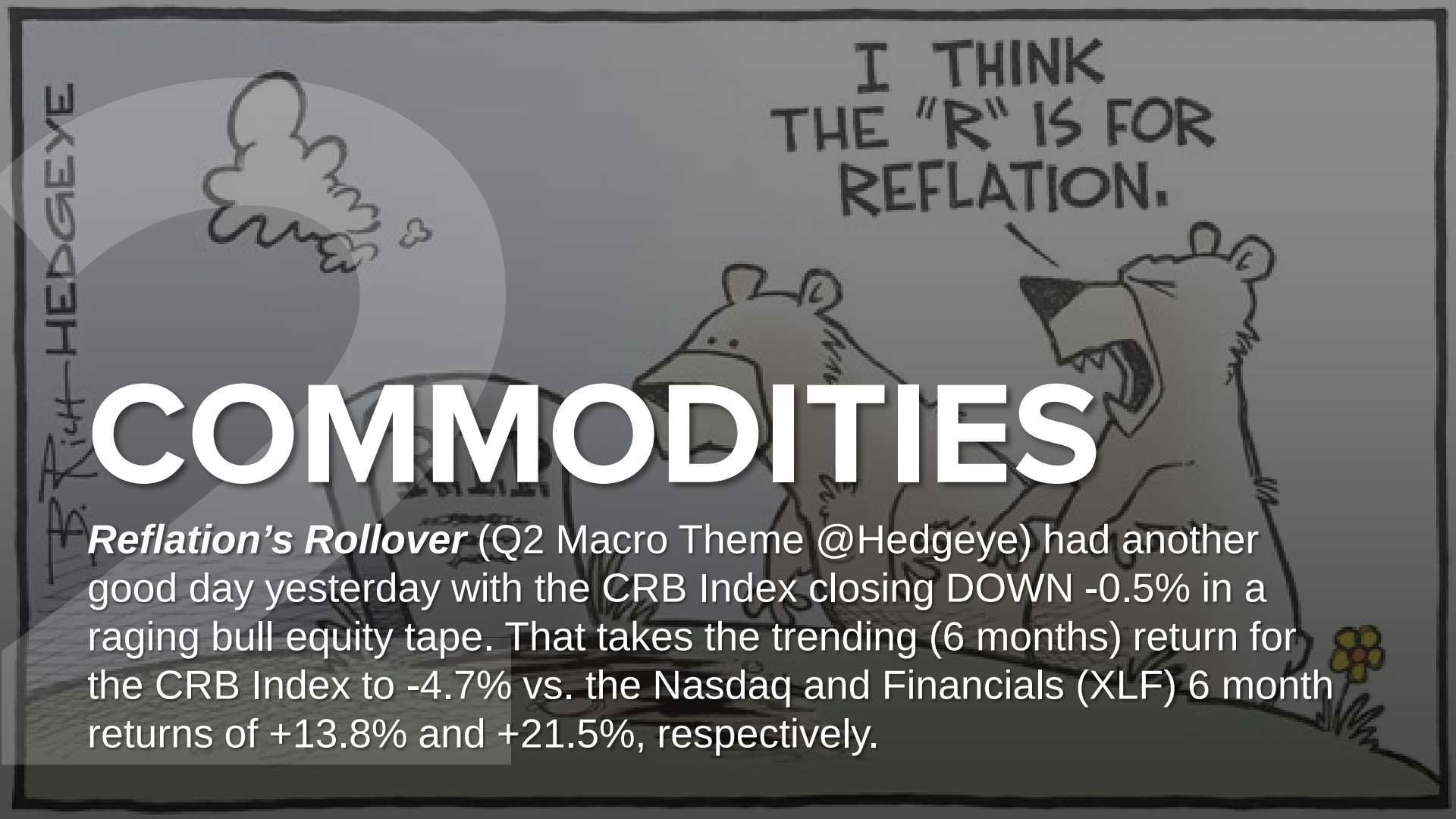
1 VIX

2 COMMODITIES

3 U.S. DOLLAR

VIX

What happens when “volatility” (in this case, front month VIX) goes from 16 to 11 in less than a week? Most bears capitulate. So, after the move, the S&P 500 implied volatility premium (vs. 30-day realized) just got smashed from +108% to +5% and the Russell’s implied volatility premium is at -7% DISCOUNT! #BookGains



COMMODITIES

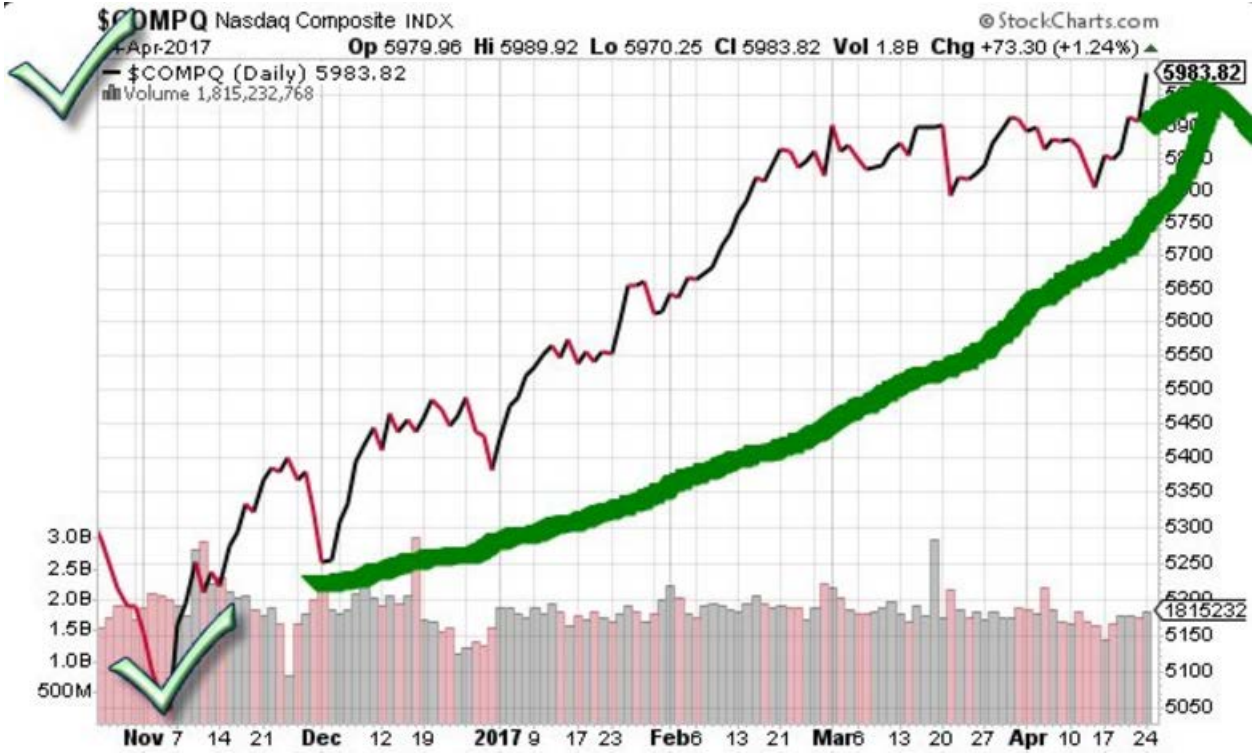
Reflation's Rollover (Q2 Macro Theme @Hedgeye) had another good day yesterday with the CRB Index closing DOWN -0.5% in a raging bull equity tape. That takes the trending (6 months) return for the CRB Index to -4.7% vs. the Nasdaq and Financials (XLF) 6 month returns of +13.8% and +21.5%, respectively.

U.S. DOLLAR

We are obviously not going to send you many actionable buy signals in U.S. Equities after the move, but U.S. currency is a great spot to pivot this morning with the EUR/USD testing @Hedgeye TREND resistance of $1.09. There are plenty of U.S. ***#GrowthAccelerating*** catalysts for USD as both real GDP and U.S. profit growth continue to accelerate.

MACRO GRIND

NASDAQ COMPOSITE INDEX



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10-YEAR GOVERNMENT BOND YIELDS

COUNTRY	YIELD	1 DAY	1 MONTH
Germany »	0.37%	+4	-4
United Kingdom »	1.10%	+5	-10
France	0.84%	+2	-14
Italy	2.22%	+5	+1
Spain	1.62%	+4	-5
Netherlands	0.59%	+5	-5
Portugal	3.53%	+2	-56
Greece	6.25%	-3	-96
Switzerland	-0.16%	+0	-9

6-MONTH RETURNS

Index/Security	Ticker	D/D %	W/W%	1M%	3M%	6M%
S&P 500	SPX	1.08%	1.07%	1.20%	4.53%	10.96%
Russell 2000	RTY	1.31%	2.70%	3.29%	3.41%	14.84%
Nasdaq 100	NDX	1.21%	2.02%	2.86%	8.79%	13.81%
USD Index	USIP	-0.89%	-1.19%	-0.54%	-1.25%	0.47%
CRB Cmdty Index	CRB	-0.52%	-3.45%	-1.48%	-6.74%	-4.66%
Consumer Discret.	XLY	0.65%	1.58%	2.86%	5.83%	12.77%
Financials	XLF	2.25%	1.63%	0.47%	2.29%	21.50%

REUTERS/JEFFERIES CRB INDEX

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GERMAN DAX COMPOSITE

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SOUTH KOREA SEOUL COMPOSITE

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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)	4.4%	13.2%	107 / 497
Energy	6.6%	-13.3%	4 / 33
Materials	8.2%	35.6%	5 / 25
Industrials	3.9%	-8.5%	20 / 67
Consumer Discretionary	3.1%	2.6%	16 / 81
Consumer Staples	-3.6%	2.4%	7 / 37
Healthcare	4.6%	11.6%	8 / 59
Financials	8.1%	20.7%	28 / 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	1.6%	7.9%	4 / 31

Source: BBG

		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	7.9%	7.2%	7.0%	9.2%	-16.7%	-8.0%	-15.0%	SPX	5.0%	-0.60	-0.22	30.3%	0.21	0.73	42.3%	0.86	1.27
Russell 2000	RTY	14.9%	14.1%	14.0%	14.5%	-12.0%	-8.1%	-12.6%	RTY	-7.4%	-0.66	-0.69	4.4%	-0.17	-0.21	8.0%	0.14	-0.13
Nasdaq 100	NDX	8.2%	7.2%	7.4%	10.9%	-11.0%	-4.3%	-15.3%	NDX	20.6%	-0.15	0.36	54.6%	1.13	1.82	60.2%	1.95	2.47
USD Index	UUP	7.1%	6.7%	7.5%	7.6%	-16.7%	-9.2%	-12.2%	UUP	-2.4%	-0.68	-0.58	11.5%	-0.18	-0.08	-2.0%	-0.94	-0.71
Consumer Discret.	XLY	8.0%	7.4%	8.0%	10.5%	-9.0%	-5.6%	-15.6%	XLY	30.9%	0.24	0.72	46.0%	1.01	1.60	45.0%	1.57	1.93
Financials	XLF	17.2%	15.9%	15.3%	15.7%	-12.5%	-4.4%	-9.1%	XLF	-13.1%	-0.91	-0.77	1.2%	-0.28	-0.19	7.1%	0.30	0.12
Healthcare	XLV	8.4%	8.7%	9.0%	11.3%	-6.4%	-5.8%	-17.2%	XLV	30.8%	0.48	0.97	32.8%	1.13	1.52	34.9%	1.67	1.92
Technology	XLK	8.3%	7.7%	7.8%	10.6%	-14.8%	-8.1%	-16.9%	XLK	22.2%	0.01	0.49	43.9%	1.03	1.56	51.7%	2.17	2.34
Consumer Staples	XLP	6.2%	6.7%	7.2%	9.3%	-7.6%	-5.4%	-14.7%	XLP	56.8%	1.37	1.86	41.6%	1.64	1.94	38.9%	1.81	1.83
Utilities	XLU	9.7%	11.6%	11.5%	12.4%	-7.1%	-7.1%	-16.8%	XLU	22.9%	1.35	1.58	6.9%	0.58	0.84	8.5%	1.07	1.18
Energy	XLE	14.1%	15.0%	14.0%	16.3%	-5.7%	-2.7%	-10.4%	XLE	18.5%	0.61	0.65	9.8%	0.54	0.36	19.2%	1.73	0.92
Energy	XOP	24.9%	25.3%	23.2%	28.5%	0.2%	4.5%	-4.1%	XOP	22.5%	0.69	0.97	12.3%	0.76	0.71	22.0%	2.29	1.45
Materials	XLB	12.0%	10.9%	11.3%	13.0%	-9.1%	-3.7%	-8.4%	XLB	8.3%	-0.29	-0.04	22.0%	0.60	0.64	21.7%	0.83	0.71
Industrials	XLI	11.5%	10.6%	10.1%	12.0%	-12.7%	-4.5%	-9.3%	XLI	3.6%	-0.51	-0.21	16.0%	0.11	0.41	25.5%	0.94	1.03
Transports	IYT	15.7%	15.1%	14.5%	16.3%	-6.4%	-3.5%	-6.0%	IYT	0.8%	-0.57	-0.36	9.1%	-0.34	-0.01	17.5%	0.24	0.51
Biotech	IBB	15.2%	16.3%	17.3%	18.2%	-7.5%	-11.5%	-23.7%	IBB	16.4%	0.51	0.57	13.2%	0.81	0.77	10.2%	1.13	0.72
WTI Crude Oil	USO	21.5%	22.3%	23.3%	29.8%	13.0%	11.5%	-3.4%	USO	13.0%	1.35	1.39	33.8%	1.90	1.33	29.6%	2.41	1.13
Natural Gas	UNG	28.5%	35.4%	42.5%	35.1%	0.4%	-8.1%	-20.0%	UNG	20.3%	1.27	0.33	-0.8%	-0.01	-0.44	-16.9%	-0.93	-0.95
Gold	GLD	9.6%	9.8%	10.8%	11.9%	-11.1%	-8.0%	-15.3%	GLD	22.9%	0.62	0.67	21.0%	0.90	0.79	12.5%	0.60	0.36
Silver	SLV	14.1%	17.0%	18.3%	18.7%	-5.4%	-7.4%	-16.7%	SLV	28.3%	1.50	0.47	12.3%	0.85	-0.04	4.5%	0.04	-0.43
Copper	JJC	21.1%	23.9%	24.5%	20.6%	-3.5%	-10.1%	-18.1%	JJC	-0.9%	-0.26	-0.30	-13.5%	-0.64	-0.78	-15.4%	-0.82	-1.01
Corn	CORN	12.1%	14.0%	13.8%	18.8%	1.1%	3.2%	4.3%	CORN	40.2%	1.51	0.88	39.0%	1.44	1.01	50.3%	1.62	1.50
Soybeans	SOYB	8.4%	12.1%	13.5%	16.0%	-16.9%	-19.3%	-23.1%	SOYB	90.2%	1.37	0.78	30.8%	-0.11	-0.19	11.9%	-0.47	-0.52
Wheat	WEAT	14.6%	18.8%	18.7%	22.0%	-30.9%	-23.7%	-25.6%	WEAT	50.4%	-0.08	-0.08	16.9%	-0.77	-0.49	18.6%	-0.96	-0.42

*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	$88.82	0.65%	0.99%	9.12%
Financial Select Sector	XLF	$23.68	2.25%	-0.21%	1.85%
Health Care Select Sector	XLV	$74.41	0.99%	0.07%	7.93%
Technology Select Sector	XLK	$53.80	1.18%	0.92%	11.25%
Consumer Staples Select Sector	XLP	$55.50	0.91%	1.69%	7.33%
Industrial Select Sector	XLI	$66.34	1.42%	1.97%	6.62%
Materials Select Sector	XLB	$52.80	1.15%	0.74%	6.24%
The Energy Select Sector	XLE	$68.19	0.59%	-2.45%	-9.47%
Utilities Select Sector	XLU	$52.00	0.52%	1.34%	7.06%
S&P 500	SPX	2,374.15	1.08%	0.48%	6.04%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$88.82	-0.44%	0.51%	3.07%
Financial Select Sector	XLF	$23.68	1.16%	-0.69%	-4.19%
Health Care Select Sector	XLV	$74.41	-0.09%	-0.42%	1.89%
Technology Select Sector	XLK	$53.80	0.10%	0.44%	5.20%
Consumer Staples Select Sector	XLP	$55.50	-0.17%	1.20%	1.29%
Industrial Select Sector	XLI	$66.34	0.34%	1.48%	0.58%
Materials Select Sector	XLB	$52.80	0.07%	0.26%	0.19%
The Energy Select Sector	XLE	$68.19	-0.49%	-2.93%	-15.51%
Utilities Select Sector	XLU	$52.00	-0.56%	0.86%	1.02%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.9%	0.6%	1.2%	2.5%	12.0%	4.8%
	Low Debt/EV	1.2%	2.0%	2.0%	4.5%	10.8%	8.0%
SI	High Short Interest	0.8%	0.9%	1.7%	-0.7%	7.5%	1.8%
	Low Short Interest	1.2%	1.4%	1.6%	4.9%	12.8%	7.0%
BETA	High Beta	1.5%	1.7%	2.5%	1.5%	16.4%	5.1%
	Low Beta	0.6%	0.5%	1.5%	5.6%	7.6%	6.7%
YIELD	High Yield	0.4%	0.2%	1.2%	1.0%	4.3%	1.5%
	Low Yield	1.2%	1.5%	2.0%	3.7%	11.9%	7.7%
MKT CAP	MCAP Bottom 25%	0.8%	0.9%	1.2%	-0.6%	7.2%	1.9%
	MCAP Top 25%	1.0%	1.1%	1.0%	4.1%	12.0%	6.5%
Sales	Top 25% Sales Growth	0.9%	0.7%	1.8%	2.1%	11.8%	6.4%
	Bottom 25% Sales Growth	0.8%	0.9%	1.4%	1.6%	7.2%	3.2%
EPS	Top 25% EPS Growth	0.8%	0.4%	1.8%	1.0%	12.9%	6.0%
	Bottom 25% EPS Growth	0.7%	0.8%	1.6%	2.4%	6.7%	3.3%

**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%	1.5	-1.5	3	28	-4	62	60	65
3M LIBOR	1.16%	0.0		0	12	0	53	64	72
2Y T-Note	1.23%	4.9	2.8	-3	4	-17	73	49	67
5Y T-Note	1.80%	3.1	2.6	-14	-13	-34	91	27	46
10Y T-Note	2.27%	2.5	2.3	-14	-19	-37	96	14	13
30Y T-Note	2.93%	2.7	1.9	-8	-12	-28	84	7	-9
2Y-10Y Spread, Bps	104	-2.4	-0.5	-11.2	-23	-20	22	-35	-54
IG SPREAD (AAABBB)	1.53%	0.0	-2.0	-1	3	-47	8	-17	-20
HIGH YIELD	5.65%	-2.3	-3.8	-61	-60	-195	1	-101	-88
5Y BREAKEVEN	1.81%	3.2	0.0	-14.9	-16.3	-26.7	55.8	25.1	9.0

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)	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*	7%	7%	10%	51%
Total Exchange Volume**	7%	9%	2%	0%
Total Traded Value (R3K)***	-3%	12%	4%	7%

*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	-0.14	0.22	-0.38	-0.04	0.64	0.95	-0.75	54%	46%
BRENT Oil	0.67	0.40	0.38	0.40	0.67	0.77	-0.78	56%	44%
CRB Index	0.61	0.06	-0.30	0.40	0.75	0.83	-0.86	33%	67%
GOLD	-0.52	-0.33	-0.75	-0.72	-0.89	0.90	-0.97	17%	83%

*Days = Trading Days