



THE
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SHOW

MAY 11, 2017

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| | CASH | U.S. EQUITIES | INT'L EQUITIES | COMMODITIES | FOREIGN EXCHANGE | FIXED INCOME |
|-----------|------|------------------|-------------------|-------------|---------------------|-----------------|
| 5/10/2017 | 41 | 17 | 12 | 0 | 23 | 7 |
| 5/11/2017 | 43 | 16 | 11 | 0 | 23 | 7 |

| | CASH | U.S. EQUITIES | INT'L EQUITIES | COMMODITIES | FOREIGN EXCHANGE | FIXED INCOME |
|-----------|------|------------------|-------------------|-------------|---------------------|-----------------|
| 5/10/2017 | 41% | 52% | 36% | 0% | 70% | 21% |
| 5/11/2017 | 43% | 48% | 33% | 0% | 70% | 21% |

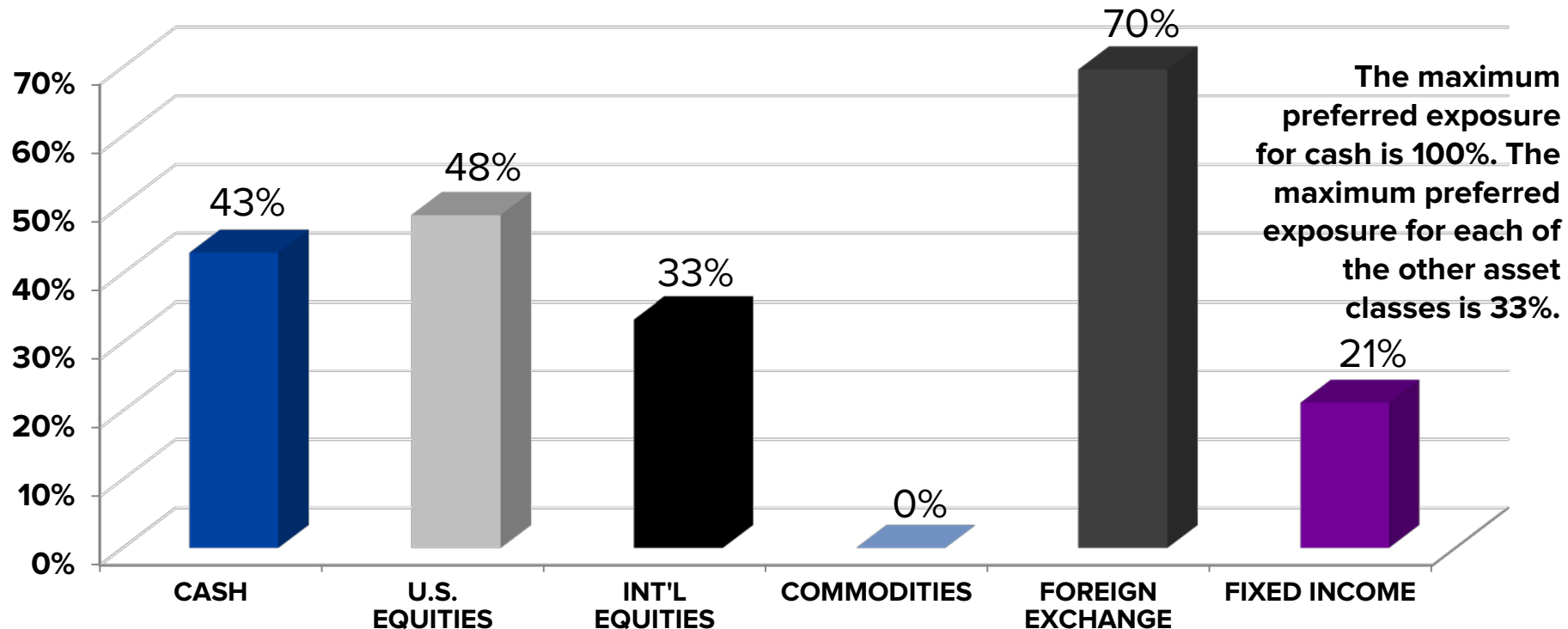
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

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1 ASIA

The background for the first section shows three flags: the Japanese flag (white with a red circle), the Chinese flag (red with yellow stars), and the South Korean flag (white with a blue and red Taegeukgi symbol and black trigrams).

2 OIL

The background for the second section is a photograph of an oil pumpjack (jackal) in a dry, desert-like landscape under a blue sky with scattered white clouds.

3 FINANCIALS

The background for the third section features a piggy bank and several stacks of US dollar bills, suggesting wealth and finance.



ASIA

Interesting divergences continue to manifest in Asian Equity markets with both the Nikkei and KOSPI registering fresh YTD highs overnight (KOSPI +1.2% was an all-time high like QQQ), but China still -6% in the last month and Thailand -0.5% overnight and -1.4% month-over-month.

An oil pumpjack is the central focus of the image, set against a backdrop of a clear blue sky with scattered white clouds. The pumpjack's long arm and counterweight are prominent. In the background, another pumpjack and some desert vegetation are visible. A large, semi-transparent blue circle is overlaid on the left side of the image, partially covering the pumpjack and the sky.

OIL

And the bounce... to a lower-high of \$48 WTI with intermediate-term TREND resistance of \$49.13 and Oil Volatility (OVX) still up at 34 (with TREND support at 30). Most U.S. listed Oil & Gas Stocks are approaching (or right at) the top-end of their respective ranges as well, so we wouldn't chase Energy here.



FINANCIALS

We wouldn't buy more Financials up here at the top-end of the risk range for the S&P 500 and UST bond yields either (wait for another pullback to the low-end of the range – we've had many). Bond yields continue to signal neither a break-down nor a breakout here = range bound, and so does the XLF ahead of a y/y Reflation Rollover in the PPI this morning.

MACRO GRIND

LONG GROWTH; SHORT REFLATION IS KILLING IT

IF YOU, LIKE US, HAVE BEEN LONG OF GROWTH AND SHORT OF REFLATION, THE ONLY QUESTION YOU NEED TO ASK YOUR NET WORTH IS, "WHY NOT HIGHER?"

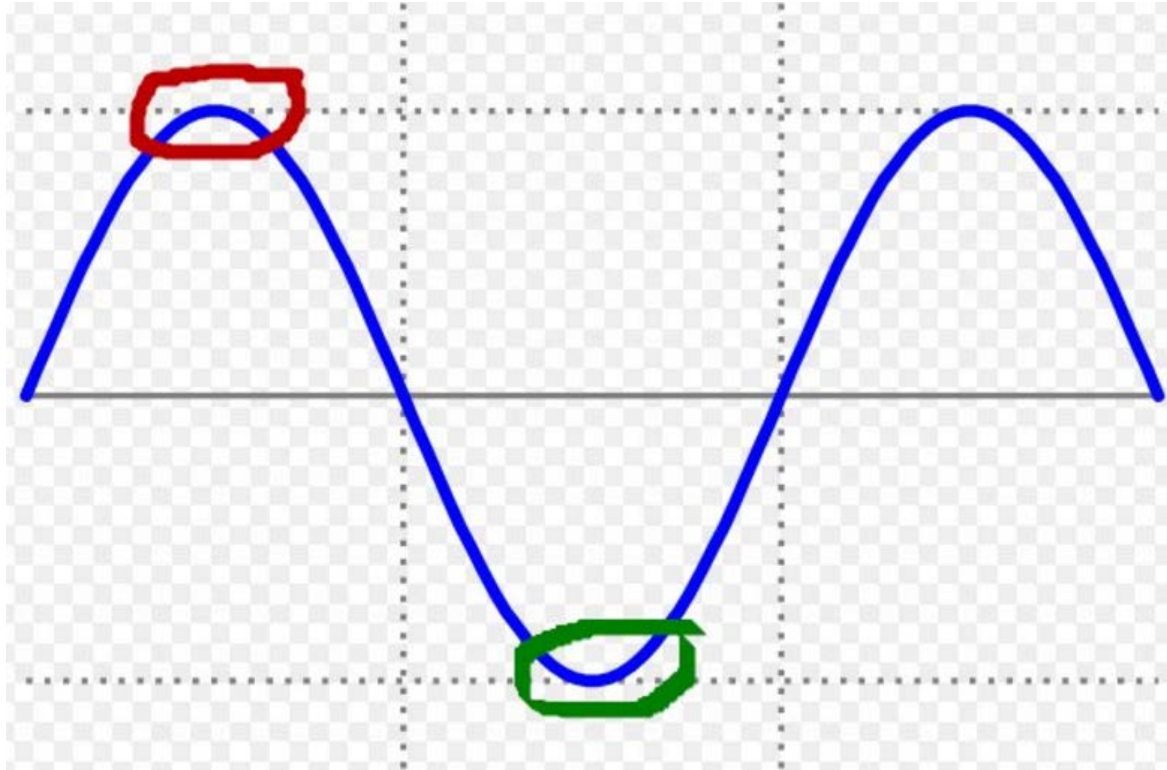


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A Y/Y ROLLOVER IN PPI "REFLATION"



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LIGHT CRUDE OIL



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SOUTH KOREA SEOUL COMP



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TOKYO NIKKEI 225 AVERAGE INDEX

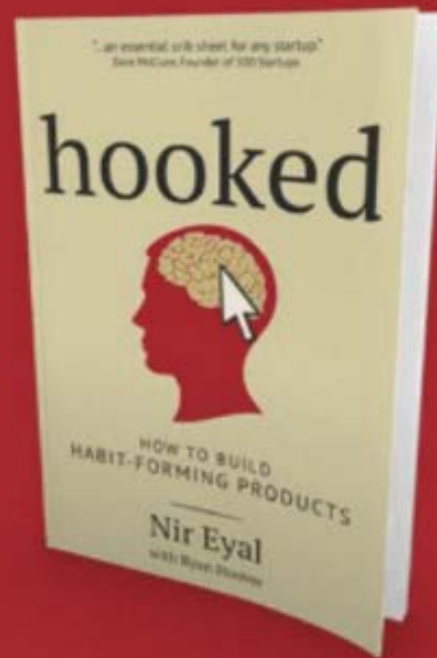


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The Hook



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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) | 8.8% | 15.5% | 447 / 498 |
| Energy | 33.0% | 622.3% | 34 / 34 |
| Materials | 9.1% | 19.4% | 25 / 25 |
| Industrials | 4.0% | -0.1% | 66 / 67 |
| Consumer Discretionary | 11.0% | 8.2% | 57 / 81 |
| Consumer Staples | 1.6% | 4.3% | 30 / 37 |
| Healthcare | 5.7% | 5.2% | 54 / 59 |
| Financials | 9.9% | 18.5% | 65 / 65 |
| Information Technology | 9.5% | 23.1% | 53 / 67 |
| Telecom | -4.7% | -4.6% | 4 / 4 |
| Utilities | 7.3% | 3.5% | 28 / 28 |
| Real Estate | 3.3% | 6.6% | 31 / 31 |

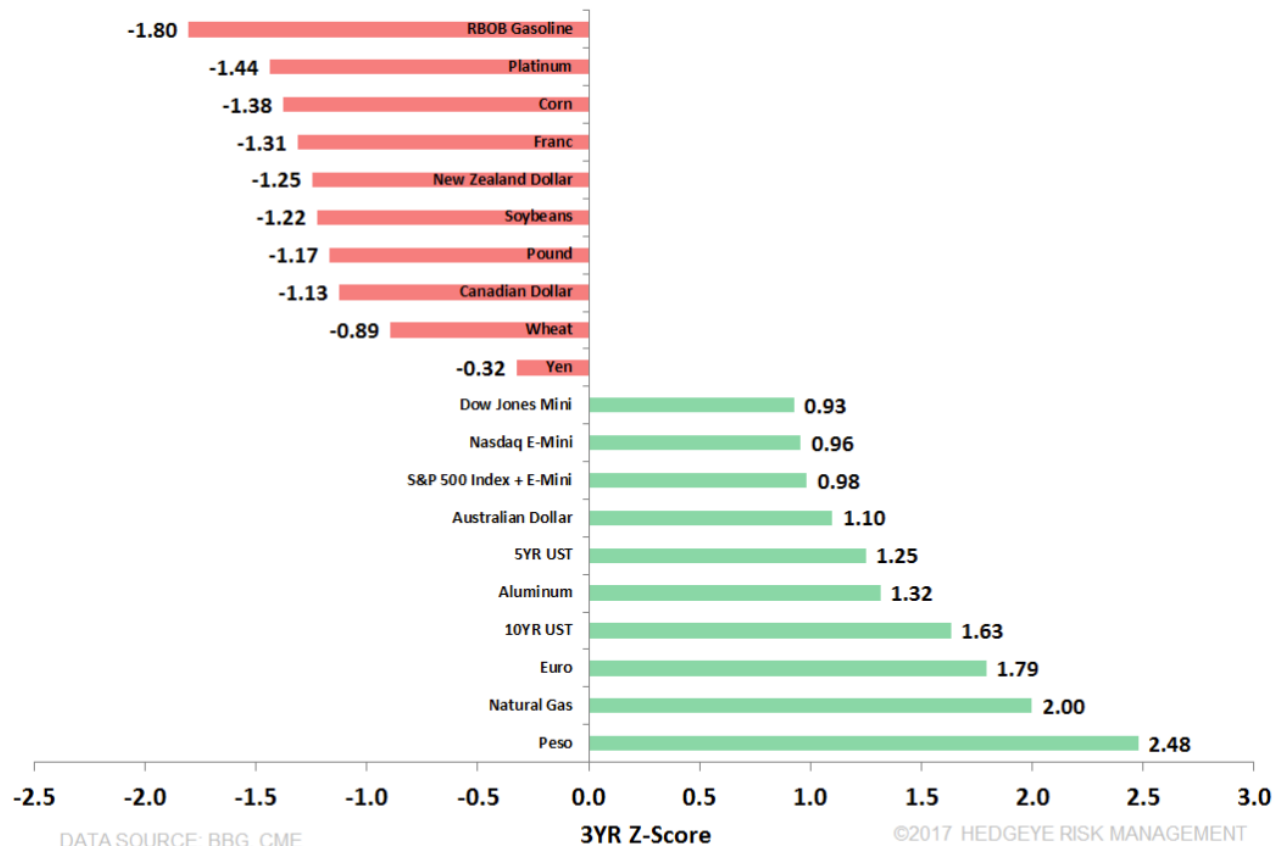
Source: BBG

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CFTC Net Futures & Options Positioning (3Yr Z-Score)

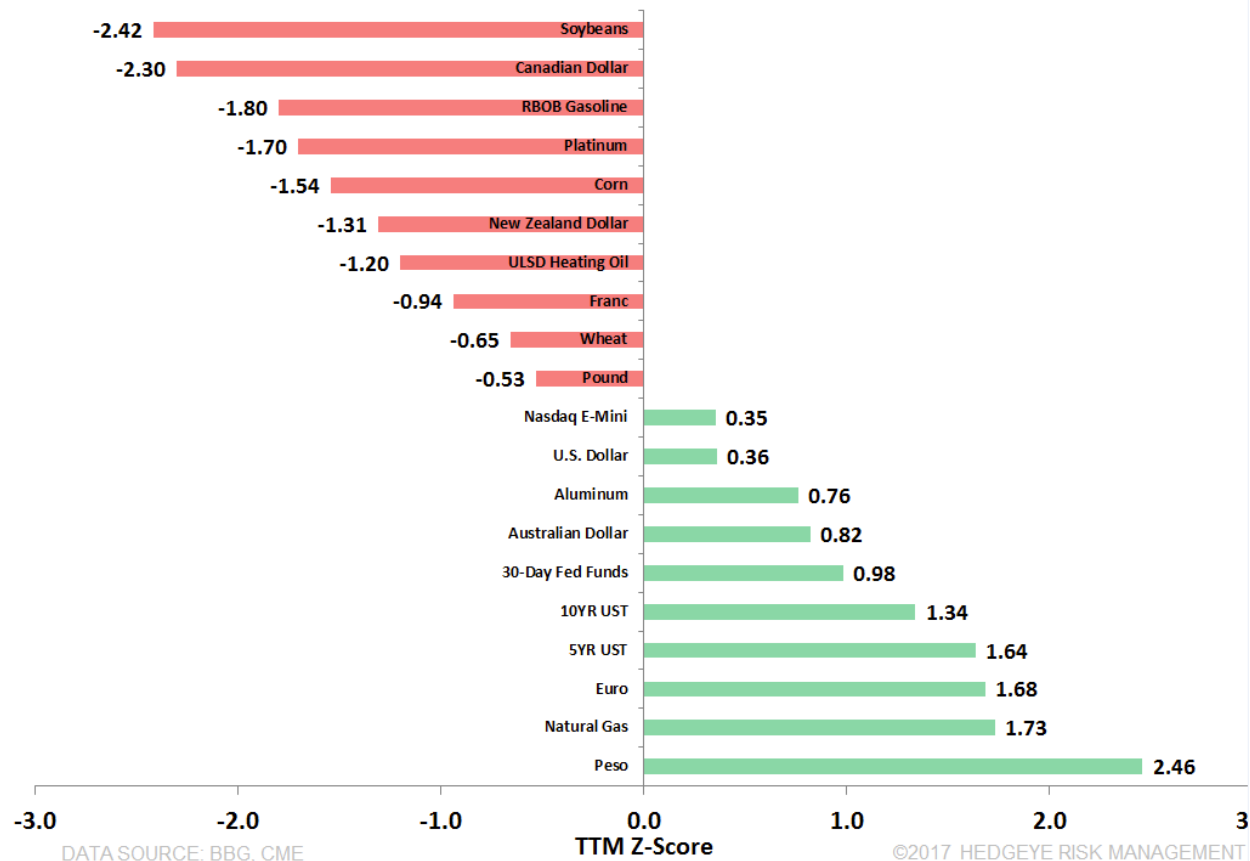


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CFTC Net Futures & Options Positioning (TTM Z-Score)



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| Index/Security | REALIZED VOLATILITY | | | | IMPLIED VOLATILITY* | | | | IMPLIED** VS. REALIZED VOLATILITY | | | | | | | | | |
|-------------------|--------------------------|-------|-------|---------|---------------------|----------|-----------|--------|-----------------------------------|---------|-------|---------|---------|-------|---------|--------|-------|-------|
| | Duration of Realized (%) | | | | At-The-Money % | | | | 30 Day | 60 Day | | | 3 Month | | | | | |
| | | | | | | | | | | Z-Score | | | Z-Score | | | | | |
| 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 | 6.2% | 6.9% | 6.6% | 7.6% | -24.3% | -22.6% | -25.8% | SPX | 20.9% | -0.13 | 0.29 | 34.6% | 0.34 | 0.88 | 52.6% | 1.21 | 1.66 |
| Russell 2000 | RTY | 12.4% | 13.5% | 13.7% | 13.8% | -10.9% | -10.7% | -14.4% | RTY | 7.6% | 0.03 | 0.06 | 8.8% | 0.10 | 0.05 | 11.0% | 0.33 | 0.06 |
| Nasdaq 100 | NDX | 6.8% | 7.2% | 6.9% | 10.5% | -9.6% | -6.2% | -14.8% | NDX | 43.9% | 0.49 | 1.11 | 59.4% | 1.19 | 1.93 | 78.1% | 2.51 | 3.14 |
| USD Index | UUP | 6.4% | 6.7% | 7.2% | 6.8% | -18.0% | -14.7% | -19.6% | UUP | 3.5% | -0.43 | -0.34 | 0.1% | -0.72 | -0.56 | -5.2% | -1.08 | -0.84 |
| Consumer Discret. | XLY | 7.5% | 7.7% | 7.3% | 9.8% | -11.9% | -9.5% | -18.0% | XLY | 31.0% | 0.24 | 0.69 | 36.2% | 0.53 | 1.11 | 51.5% | 1.80 | 2.19 |
| Financials | XLF | 14.4% | 14.8% | 15.0% | 13.1% | -20.4% | -19.3% | -23.2% | XLF | -10.6% | -0.75 | -0.67 | -0.3% | -0.36 | -0.26 | 5.6% | 0.12 | 0.03 |
| Healthcare | XLV | 7.1% | 8.0% | 8.8% | 10.3% | -9.5% | -11.6% | -20.5% | XLV | 43.3% | 0.84 | 1.40 | 38.3% | 1.31 | 1.74 | 34.7% | 1.53 | 1.84 |
| Technology | XLK | 6.7% | 7.3% | 7.1% | 10.2% | -11.8% | -10.6% | -17.2% | XLK | 42.8% | 0.56 | 1.14 | 65.1% | 1.68 | 2.38 | 77.1% | 2.84 | 3.34 |
| Consumer Staples | XLP | 6.7% | 6.5% | 7.1% | 8.5% | -14.0% | -12.7% | -20.3% | XLP | 27.6% | 0.35 | 0.72 | 45.4% | 1.58 | 2.04 | 42.5% | 1.75 | 1.94 |
| Utilities | XLU | 7.1% | 10.2% | 10.6% | 11.5% | -7.2% | -11.1% | -19.8% | XLU | 54.6% | 2.69 | 3.34 | 15.0% | 1.18 | 1.54 | 14.5% | 1.55 | 1.79 |
| Energy | XLE | 13.8% | 15.3% | 14.6% | 16.9% | -0.7% | 0.3% | -4.5% | XLE | 20.9% | 0.70 | 0.75 | 10.5% | 0.54 | 0.41 | 17.6% | 1.49 | 0.83 |
| Energy | XOP | 27.0% | 27.0% | 24.9% | 29.9% | 2.6% | 7.5% | 2.7% | XOP | 12.7% | 0.24 | 0.46 | 7.9% | 0.41 | 0.46 | 17.1% | 1.62 | 1.13 |
| Materials | XLB | 11.3% | 11.6% | 11.6% | 11.6% | -14.3% | -12.4% | -15.2% | XLB | 6.3% | -0.34 | -0.12 | 18.5% | 0.36 | 0.48 | 19.8% | 0.65 | 0.61 |
| Industrials | XLI | 9.1% | 9.9% | 9.7% | 10.5% | -18.6% | -15.2% | -18.3% | XLI | 13.9% | -0.08 | 0.19 | 18.2% | 0.20 | 0.51 | 25.9% | 0.88 | 1.03 |
| Transports | IYT | 13.3% | 14.5% | 14.2% | 14.2% | -15.8% | -13.8% | -16.4% | IYT | 6.7% | -0.35 | -0.12 | 9.5% | -0.35 | 0.01 | 16.9% | 0.12 | 0.45 |
| Biotech | IBB | 13.3% | 15.8% | 17.2% | 18.2% | -1.8% | -7.5% | -20.0% | IBB | 29.1% | 1.04 | 1.16 | 18.0% | 1.03 | 1.07 | 12.0% | 1.17 | 0.83 |
| WTI Crude Oil | USO | 27.3% | 25.2% | 24.6% | 33.1% | 16.1% | 21.5% | 9.5% | USO | 16.1% | 0.59 | 0.65 | 28.0% | 1.37 | 1.02 | 27.6% | 1.95 | 1.01 |
| Natural Gas | UNG | 25.8% | 33.3% | 39.0% | 32.7% | -3.5% | -10.2% | -23.0% | UNG | 19.9% | 1.09 | 0.30 | 0.3% | 0.04 | -0.42 | -11.5% | -0.59 | -0.78 |
| Gold | GLD | 10.1% | 10.0% | 10.5% | 10.3% | -18.9% | -17.0% | -24.0% | GLD | -1.0% | -0.78 | -0.48 | 7.0% | -0.12 | -0.02 | 5.4% | 0.02 | -0.11 |
| Silver | SLV | 13.8% | 16.9% | 17.0% | 17.8% | -11.4% | -10.4% | -19.0% | SLV | 25.0% | 1.12 | 0.39 | 9.7% | 0.56 | -0.18 | 13.8% | 1.30 | 0.11 |
| Copper | JJC | 26.5% | 23.5% | 25.9% | 19.8% | -7.6% | -12.8% | -21.8% | JJC | -24.9% | -0.59 | -0.80 | -11.2% | -0.58 | -0.70 | -17.2% | -0.87 | -1.06 |
| Coffee | JO | 27.4% | 26.4% | 25.4% | 27.4% | -2.7% | -0.5% | -3.7% | JO | 0.8% | -0.30 | -0.24 | 5.5% | 0.21 | 0.38 | 10.7% | 0.93 | 1.08 |
| Corn | CORN | 17.6% | 15.8% | 14.9% | 21.1% | 10.9% | 11.4% | 16.1% | CORN | 18.0% | 0.21 | -0.12 | 49.6% | 1.84 | 1.53 | 66.8% | 2.19 | 2.26 |
| Soybeans | SOYB | 8.7% | 10.4% | 12.6% | 25.8% | 32.3% | 33.1% | 23.6% | SOYB | 197.7% | 3.51 | 2.65 | 105.8% | 1.42 | 1.22 | 44.7% | 0.01 | 0.01 |
| Wheat | WEAT | 23.6% | 20.9% | 20.8% | 42.2% | 40.9% | 40.9% | 44.4% | WEAT | 76.2% | 0.29 | 0.30 | 56.1% | 0.03 | 0.15 | 45.2% | -0.08 | 0.09 |

*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

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HEDGEYE SECTOR PERFORMANCE

| <u>SECTOR</u> | <u>Ticker</u> | <u>Price</u> | <u>1-Day %</u> <u>Chg</u> | <u>MTD %</u> <u>Chg</u> | <u>YTD %</u> <u>Chg</u> |
|--------------------------------|---------------|--------------|------------------------------|----------------------------|----------------------------|
| Consumer Discretionary | XLY | \$90.55 | -0.34% | 0.54% | 11.24% |
| Financial Select Sector | XLF | \$23.81 | 0.34% | 1.19% | 2.41% |
| Health Care Select Sector | XLV | \$75.37 | -0.29% | -0.17% | 9.33% |
| Technology Select Sector | XLK | \$55.49 | 0.38% | 2.04% | 14.74% |
| Consumer Staples Select Sector | XLP | \$55.04 | 0.07% | -0.25% | 6.44% |
| Industrial Select Sector | XLI | \$66.69 | -0.21% | 0.53% | 7.18% |
| Materials Select Sector | XLB | \$52.82 | 0.32% | -0.47% | 6.28% |
| The Energy Select Sector | XLE | \$68.12 | 1.32% | 0.41% | -9.56% |
| Utilities Select Sector | XLU | \$51.41 | 0.16% | -0.56% | 5.85% |
| S&P 500 | SPX | 2,399.63 | 0.11% | 0.65% | 7.18% |

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HEDGEYE SECTOR RELATIVE PERFORMANCE

| | <u>Ticker</u> | <u>Price</u> | <u>1-Day %</u> <u>Chg</u> | <u>MTD %</u> <u>Chg</u> | <u>YTD %</u> <u>Chg</u> |
|--------------------------------|---------------|--------------|------------------------------|----------------------------|----------------------------|
| Consumer Discretionary | XLY | \$90.55 | -0.45% | -0.10% | 4.06% |
| Financial Select Sector | XLF | \$23.81 | 0.22% | 0.54% | -4.77% |
| Health Care Select Sector | XLV | \$75.37 | -0.40% | -0.82% | 2.14% |
| Technology Select Sector | XLK | \$55.49 | 0.27% | 1.39% | 7.56% |
| Consumer Staples Select Sector | XLP | \$55.04 | -0.04% | -0.90% | -0.74% |
| Industrial Select Sector | XLI | \$66.69 | -0.32% | -0.12% | 0.00% |
| Materials Select Sector | XLB | \$52.82 | 0.21% | -1.12% | -0.90% |
| The Energy Select Sector | XLE | \$68.12 | 1.21% | -0.23% | -16.74% |
| Utilities Select Sector | XLU | \$51.41 | 0.04% | -1.21% | -1.34% |

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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% | -0.9% | -0.4% | 9.1% | 3.9% |
| | Low Debt/EV | 0.3% | 1.2% | 3.5% | 5.1% | 11.5% | 10.0% |
| SI | High Short Interest | 0.9% | 1.7% | 0.6% | -0.7% | 6.0% | 2.2% |
| | Low Short Interest | 0.1% | 0.2% | 2.1% | 3.7% | 10.7% | 7.6% |
| BETA | High Beta | 0.5% | 0.6% | 0.8% | 0.5% | 11.4% | 6.1% |
| | Low Beta | 0.3% | 0.4% | 0.3% | 3.2% | 9.6% | 5.9% |
| YIELD | High Yield | 0.5% | 0.4% | -0.8% | -0.2% | 3.7% | 0.4% |
| | Low Yield | 0.5% | 1.2% | 2.4% | 3.0% | 11.9% | 9.3% |
| MKTCAP | MCAP Bottom 25% | 0.4% | 0.7% | -0.8% | -1.7% | 3.3% | 0.6% |
| | MCAP Top 25% | 0.1% | 0.3% | 2.0% | 4.0% | 11.3% | 8.3% |
| Sales | Top 25% Sales Growth | 0.7% | 1.1% | 1.1% | 2.4% | 12.5% | 7.9% |
| | Bottom 25% Sales Growth | 0.2% | 0.7% | 0.2% | 0.4% | 4.1% | 2.1% |
| EPS | Top 25% EPS Growth | 0.9% | 1.3% | 1.4% | 1.9% | 12.5% | 7.5% |
| | Bottom 25% EPS Growth | 0.3% | 0.3% | -0.5% | 0.4% | 5.3% | 2.4% |

**Mean Performance of Top Quartile vs. Bottom Quartile, S&P500 Companies*

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HEDGEYE RATES & SPREADS

| | | 1D | 5D | 1M | 3M | vs. 52-Wk, Bps | | vs. | vs. |
|--------------------|-------|---------|---------|---------|---------|----------------|------|--------|--------|
| | Price | Bps Chg | Bps Chg | Bps Chg | Bps Chg | High | Low | 3Y Ave | 5Y Ave |
| 3M T-Bill | 0.89% | -0.5 | 1.5 | 8 | 36 | -2 | 73 | 69 | 75 |
| 3M LIBOR | 1.18% | 0.0 | 0.3 | 3 | 15 | 0 | 56 | 65 | 74 |
| 2Y T-Note | 1.35% | 1.4 | 4.9 | 12 | 17 | -5 | 85 | 60 | 78 |
| 5Y T-Note | 1.92% | 1.5 | 5.1 | 11 | 5 | -23 | 103 | 39 | 57 |
| 10Y T-Note | 2.39% | 1.6 | 6.0 | 12 | 1 | -25 | 107 | 26 | 24 |
| 30Y T-Note | 3.03% | 1.4 | 4.2 | 11 | 4 | -19 | 94 | 17 | 1 |
| 2Y-10Y Spread, Bps | 104 | -1.8 | -0.9 | -2.4 | -18 | -20 | 22 | -33 | -54 |
| IG SPREAD (AAABBB) | 1.52% | 0.0 | 0.0 | -4 | -2 | -48 | 7 | -18 | -21 |
| HIGH YIELD | 5.95% | -1.6 | 0.4 | 30 | 3 | -153 | 34 | -71 | -57 |
| 5Y BREAK EVEN | 1.79% | 3.3 | 4.3 | -7.1 | -18.8 | -28.8 | 53.7 | 23.2 | 7.1 |

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CFTC NON-COMMERCIAL NET LONG POSITIONING

| METRIC | Latest | W/W Chg | 3M Ave | 6M Ave | 1Y Ave | Z-Score | |
|----------------------|----------|----------|-----------|-----------|----------|---------|--------|
| | | | | | | 1Y | 1Y |
| SPX (Index + E-mini) | 89,026 | (21,291) | 94,649 | 41,062 | 66,415 | 0.29X | 1.29X |
| Russell 2000 (mini) | (11,979) | 18,153 | (14,626) | 21,210 | 6,496 | -0.44X | 0.29X |
| 10Y Treasury | 179,994 | (41,848) | (115,533) | (180,899) | (64,313) | 1.34X | 1.90X |
| CRUDE OIL | 429,219 | (27,474) | 503,636 | 475,845 | 421,109 | 0.10X | 0.91X |
| GOLD | 148,432 | (16,849) | 106,748 | 94,089 | 160,996 | -0.16X | 0.61X |
| COPPER | 18,526 | 5,950 | 29,315 | 39,426 | 11,798 | 0.21X | 1.04X |
| USD | 39,965 | (3,519) | 45,097 | 48,473 | 33,524 | 0.36X | 0.01X |
| JPY | (26,565) | (2,741) | (47,971) | (46,781) | 635 | -0.51X | 0.06X |
| EUR | (6,930) | 21,016 | (28,901) | (57,039) | (71,046) | 1.68X | 1.78X |
| GBP | (84,346) | 9,238 | (88,926) | (78,217) | (73,174) | -0.53X | -1.36X |

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

| <u>INDEX/SECURITY</u> | VOLUME: (5/10) vs. | | | |
|-------------------------|---------------------------|---------------|---------------|---------------|
| | <u>Prior Day</u> | <u>1M Ave</u> | <u>3M ave</u> | <u>1Y Ave</u> |
| Total Market Volume* | -3% | -7% | -3% | 29% |
| Total Exchange Volume** | 0% | 2% | 0% | -1% |

*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

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KEY \$USD CORRELATIONS

| METRIC | 15D | 30D | 90D | 120D | 180D | 52-Wk Rolling 30D Correlation | | | |
|-----------|-------|-------|-------|-------|-------|-------------------------------|-------|------------|------------|
| | | | | | | High | Low | % Time Pos | % Time Neg |
| SPX | -0.57 | -0.73 | -0.26 | -0.47 | 0.55 | 0.95 | -0.76 | 50% | 50% |
| BRENT Oil | 0.25 | 0.77 | 0.54 | 0.45 | 0.66 | 0.81 | -0.78 | 56% | 44% |
| CRB Index | -0.54 | 0.18 | 0.40 | 0.45 | 0.75 | 0.83 | -0.86 | 39% | 61% |
| GOLD | 0.18 | 0.26 | -0.44 | -0.71 | -0.86 | 0.90 | -0.97 | 19% | 81% |

**Days = Trading Days*

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