THE MACRO SHOW

MAY 16, 2017

LEGAL

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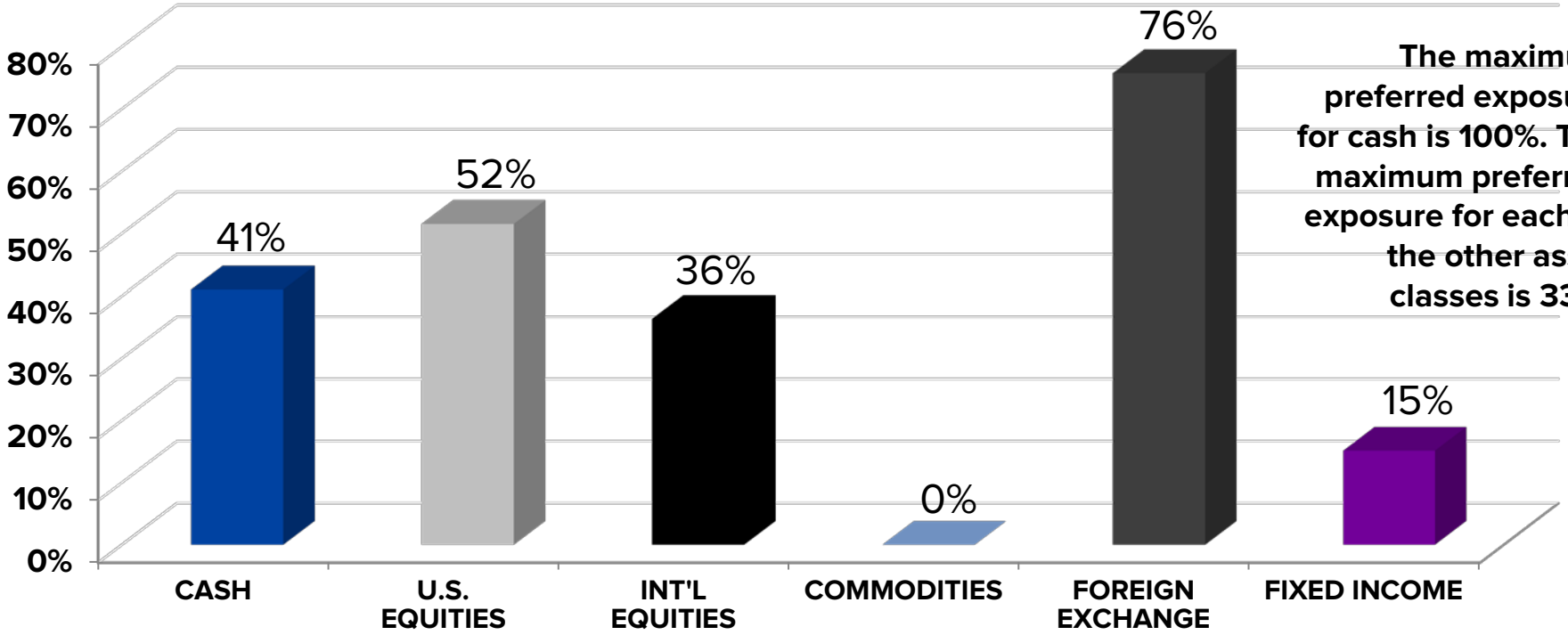
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
5/15/2017	41	18	12	0	23	6
5/16/2017	41	17	12	0	25	5

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
5/15/2017	41%	55%	36%	0%	70%	18%
5/16/2017	41%	52%	36%	0%	76%	15%

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 CAC40

3 COMMODITIES

NASDAQ

NASDAQ ramps to another all-time closing high of 6149 yesterday as Earnings Season ends with a bang (91 of 100 names have reported aggregate y/y SALES and EPS growth of +12.7% and +17.3%, respectively!). Not surprisingly, there’s still an overly bearish implied volatility premium (vs. 30 day realized) of +48% in the NDX.

CAC40

France corrected -0.5% last week (from immediate-term overbought Macron highs) and now the French have to deal with $1.10 (top-end of the range) EUR/USD on “Trump/Russia fears” – that’s cool for us as we’ve been waiting for this level on the Euro (to re-short it) and also looking for European Growth Expectations to get really frothy…

COMMODTIES

Here’s another chance for you to capitalize on Reflation’s Rollover (with the CRB Index = 184, making another lower-highs within a bearish @Hedgeye TREND view); top end of the range for WTI = $49.48 this morning and Copper, Wheat, Cattle, etc. are already red (again); there’s always a bear market somewhere

MACRO GRIND

CHINA'S ECONOMY WILL CONTINUE TO SLOW

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REUTERS/JEFFERIES CRB COMMODITIES INDEX

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FRENCH CAC 40 INDEX

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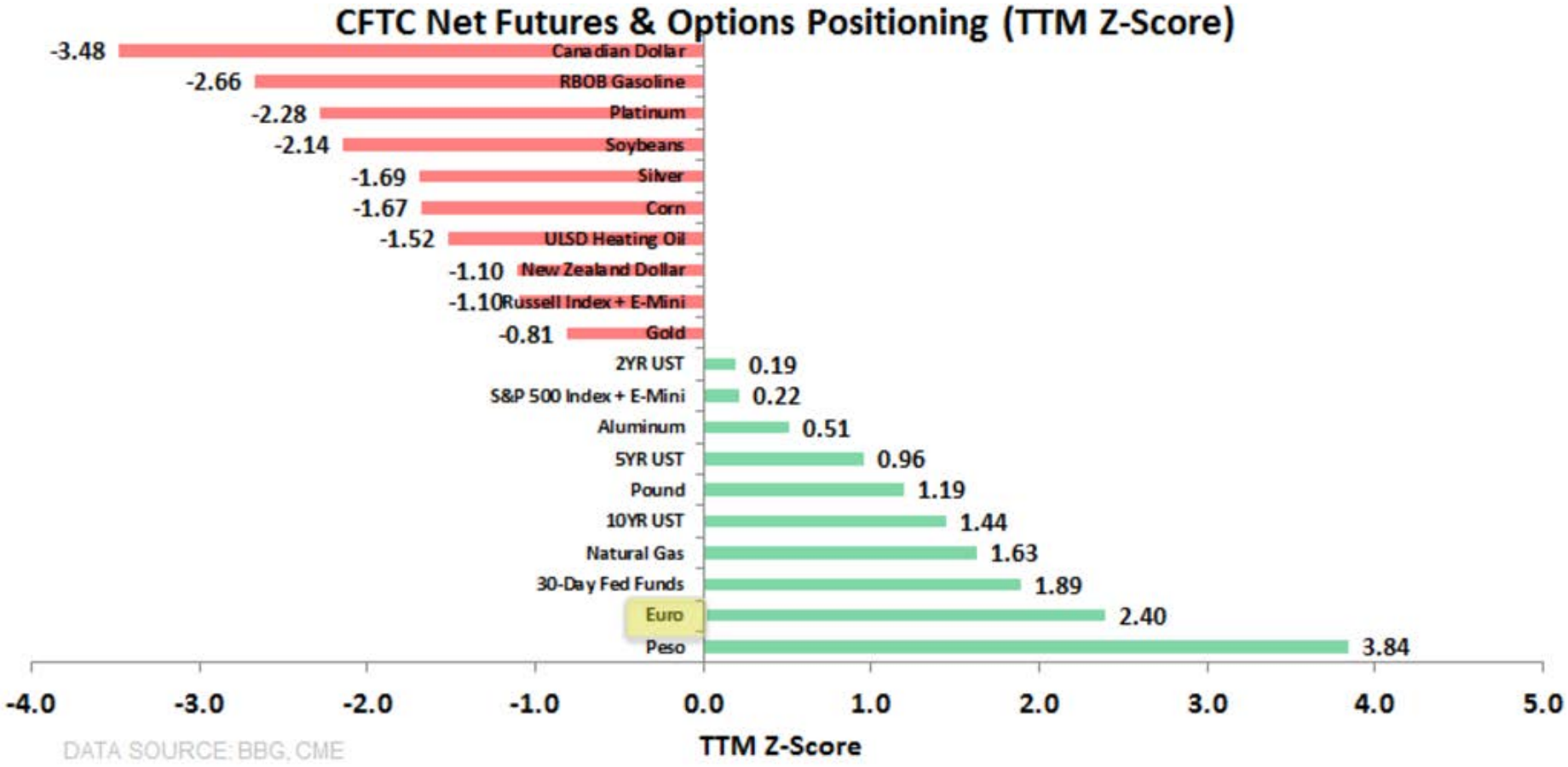
S&P REV. & EARNINGS COMPS & SCORECARD

Q1 2017 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	8.7%	15.4%	452 / 498
Energy	33.0%	622.3%	34 / 34
Materials	9.1%	19.4%	25 / 25
Industrials	4.0%	-0.1%	66 / 67
Consumer Discretionary	10.4%	7.9%	60 / 81
Consumer Staples	1.6%	4.3%	30 / 37
Healthcare	5.7%	5.3%	54 / 59
Financials	9.9%	18.4%	65 / 65
Information Technology	9.6%	22.8%	55 / 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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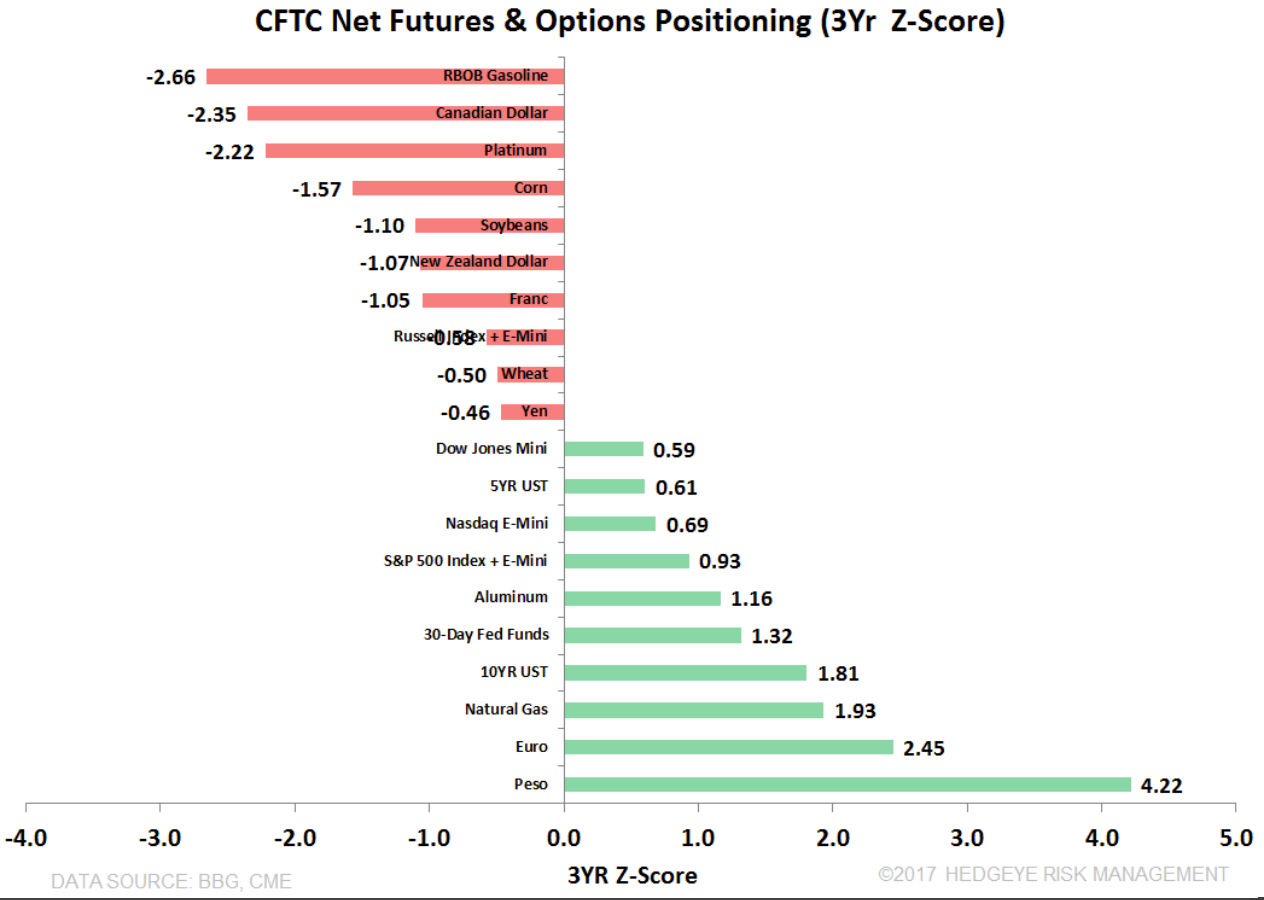

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		Duration of Realized (%)			At-The-Money %					30 Day			60 Day			3 Month		
											Z-Score			Z-Score			Z-Score	
Index/Security	Ticker	30D	60D	90D	Current	v 1M Avg	v 3M Avg	v 6M Avg.	Ticker	Premium	TTM	3Yr	Premium	TTM	3Yr	Premium	TTM	3Yr
S&P 500	SPX	6.3%	6.9%	6.5%	7.9%	-16.1%	-18.4%	-21.3%	SPX	27.1%	0.05	0.49	31.7%	0.22	0.76	54.8%	1.28	1.74
Russell 2000	RTY	12.2%	13.6%	13.4%	14.1%	-6.0%	-8.4%	-12.2%	RTY	14.5%	0.35	0.39	9.2%	0.12	0.07	17.5%	0.89	0.47
Nasdaq 100	NDX	6.8%	7.1%	6.7%	10.2%	-10.1%	-9.4%	-17.0%	NDX	48.0%	0.59	1.24	59.8%	1.18	1.92	84.2%	2.66	3.33
USD Index	UUP	6.2%	6.6%	6.7%	7.0%	-13.3%	-12.1%	-17.4%	UUP	11.7%	-0.07	-0.02	1.4%	-0.64	-0.50	0.5%	-0.72	-0.57
Consumer Discret.	XLY	7.7%	7.6%	7.0%	10.0%	-8.0%	-7.3%	-15.3%	XLY	30.7%	0.22	0.67	44.4%	0.87	1.47	56.4%	2.03	2.43
Financials	XLF	14.0%	14.9%	14.9%	14.0%	-11.3%	-13.1%	-17.0%	XLF	-2.1%	-0.46	-0.34	3.8%	-0.19	-0.07	11.3%	0.50	0.33
Healthcare	XLV	7.2%	7.8%	8.5%	10.1%	-9.3%	-13.2%	-21.1%	XLV	37.4%	0.62	1.16	41.7%	1.45	1.89	37.1%	1.64	1.96
Technology	XLK	6.8%	7.3%	7.0%	10.4%	-7.5%	-8.9%	-15.0%	XLK	46.9%	0.66	1.27	58.2%	1.39	2.07	77.0%	2.70	3.25
Consumer Staples	XLP	6.7%	6.2%	7.2%	8.7%	-10.1%	-9.9%	-17.1%	XLP	29.6%	0.40	0.79	60.7%	2.22	2.81	55.1%	2.34	2.60
Utilities	XLU	6.9%	10.0%	10.6%	10.8%	-10.6%	-15.9%	-23.7%	XLU	56.2%	2.62	3.34	14.9%	1.16	1.53	13.4%	1.40	1.67
Energy	XLE	14.1%	15.1%	14.5%	16.9%	0.5%	0.7%	-3.5%	XLE	19.4%	0.62	0.68	14.8%	0.86	0.64	20.3%	1.68	0.96
Energy	XOP	26.7%	26.9%	24.8%	29.9%	1.8%	6.7%	2.9%	XOP	13.0%	0.25	0.47	9.7%	0.51	0.57	20.7%	1.86	1.34
Materials	XLB	11.6%	11.7%	11.4%	12.3%	-6.9%	-7.0%	-9.7%	XLB	4.5%	-0.41	-0.19	17.8%	0.31	0.45	26.1%	1.03	0.90
Industrials	XLI	9.1%	9.9%	9.7%	11.2%	-10.5%	-9.8%	-12.7%	XLI	20.0%	0.14	0.43	19.3%	0.25	0.56	30.8%	1.17	1.29
Transports	IYT	13.2%	14.2%	14.2%	14.8%	-10.0%	-10.0%	-12.7%	IYT	11.9%	-0.16	0.11	15.6%	-0.03	0.35	20.3%	0.31	0.66
Biotech	IBB	13.2%	15.3%	16.5%	17.2%	-5.9%	-12.0%	-23.5%	IBB	29.6%	1.04	1.17	18.2%	1.02	1.07	14.6%	1.34	1.01
WTI Crude Oil	USO	27.4%	25.8%	24.5%	33.5%	13.2%	21.5%	11.5%	USO	13.2%	0.55	0.63	22.5%	1.02	0.75	26.6%	1.83	0.96
Natural Gas	UNG	27.0%	33.5%	34.1%	32.1%	-3.8%	-10.8%	-23.5%	UNG	19.4%	1.03	0.28	1.5%	0.11	-0.37	1.3%	0.21	-0.30
Gold	GLD	10.0%	9.9%	10.2%	10.4%	-15.0%	-15.5%	-22.8%	GLD	4.1%	-0.49	-0.24	7.5%	-0.10	0.01	10.5%	0.40	0.22
Silver	SLV	14.9%	17.0%	16.6%	18.0%	-8.6%	-8.5%	-17.2%	SLV	20.3%	0.81	0.21	6.7%	0.23	-0.33	15.3%	1.48	0.19
Copper	JJC	26.2%	23.6%	25.4%	19.0%	-10.8%	-15.4%	-24.6%	JJC	-27.6%	-0.63	-0.86	-14.9%	-0.66	-0.82	-19.1%	-0.92	-1.13
Coffee	JO	27.8%	26.3%	24.9%	26.4%	-5.6%	-3.8%	-6.6%	JO	-5.0%	-0.71	-0.71	1.6%	-0.15	-0.04	8.1%	0.63	0.80
Corn	CORN	17.0%	15.4%	14.7%	20.9%	8.3%	9.7%	15.1%	CORN	23.2%	0.48	0.11	49.8%	1.82	1.53	62.2%	1.96	2.02
Soybeans	SOYB	7.7%	9.4%	12.3%	15.1%	-20.4%	-20.7%	-27.1%	SOYB	95.7%	1.21	0.89	112.8%	1.41	1.33	75.1%	0.41	0.49
Wheat	WEAT	23.6%	20.8%	20.6%	32.0%	6.1%	7.0%	8.9%	WEAT	36.2%	-0.35	-0.25	49.5%	-0.11	0.04	39.9%	-0.24	-0.01

*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	$89.90	0.02%	-0.18%	10.44%
Financial Select Sector	XLF	$23.74	0.76%	0.89%	2.11%
Health Care Select Sector	XLV	$75.77	0.65%	0.36%	9.91%
Technology Select Sector	XLK	$55.87	0.56%	2.74%	15.53%
Consumer Staples Select Sector	XLP	$55.14	0.33%	-0.07%	6.63%
Industrial Select Sector	XLI	$66.61	0.47%	0.41%	7.06%
Materials Select Sector	XLB	$53.07	0.87%	0.00%	6.78%
The Energy Select Sector	XLE	$68.28	0.78%	0.65%	-9.35%
Utilities Select Sector	XLU	$51.95	0.43%	0.48%	6.96%
S&P 500	SPX	2,402.32	0.48%	0.76%	7.30%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$89.90	-0.46%	-0.94%	3.14%
Financial Select Sector	XLF	$23.74	0.29%	0.13%	-5.19%
Health Care Select Sector	XLV	$75.77	0.17%	-0.40%	2.60%
Technology Select Sector	XLK	$55.87	0.08%	1.98%	8.23%
Consumer Staples Select Sector	XLP	$55.14	-0.15%	-0.83%	-0.67%
Industrial Select Sector	XLI	$66.61	-0.01%	-0.35%	-0.25%
Materials Select Sector	XLB	$53.07	0.40%	-0.76%	-0.52%
The Energy Select Sector	XLE	$68.28	0.30%	-0.11%	-16.65%
Utilities Select Sector	XLU	$51.95	-0.05%	-0.28%	-0.34%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.6%	-0.4%	0.1%	-1.5%	6.7%	3.8%
	Low Debt/EV	0.6%	0.5%	4.6%	3.8%	10.6%	10.0%
SI	High Short Interest	0.6%	0.1%	1.3%	-2.4%	2.9%	1.3%
	Low Short Interest	0.6%	-0.1%	3.3%	2.0%	9.9%	7.7%
BETA	High Beta	1.1%	0.2%	3.0%	-1.5%	8.5%	5.7%
	Low Beta	0.3%	0.0%	0.8%	3.2%	8.5%	6.0%
YIELD	High Yield	0.5%	-0.7%	-0.7%	-1.5%	1.7%	-0.3%
	Low Yield	0.7%	0.6%	3.7%	1.8%	10.4%	9.3%
MKT CAP	MCAP Bottom 25%	0.7%	-0.9%	-0.2%	-3.7%	0.4%	-0.4%
	MCAP Top 25%	0.5%	0.3%	3.4%	2.7%	11.1%	8.6%
Sales	Top 25% Sales Growth	0.8%	0.7%	2.7%	1.6%	10.9%	8.1%
	Bottom 25% Sales Growth	0.5%	-0.8%	0.1%	-1.7%	1.4%	0.9%
EPS	Top 25% EPS Growth	0.7%	1.0%	3.5%	1.3%	11.1%	8.1%
	Bottom 25% EPS Growth	0.4%	-0.8%	-0.2%	-0.8%	3.5%	2.0%

**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	0.87%	-0.5	-1.5	7	34	-5	71	67	73
3M LIBOR	1.18%	0.0	0.1	2	15	-1	56	64	74
2Y T-Note	1.29%	-4.4	-2.0	9	10	-11	80	53	72
5Y T-Note	1.85%	-6.8	-3.5	8	-4	-30	96	32	49
10Y T-Note	2.33%	-6.2	-2.3	9	-8	-31	101	20	17
30Y T-Note	2.99%	-3.7	0.6	10	-2	-22	90	14	-3
2Y-10Y Spread, Bps	104	-1.7	-0.3	-0.2	-18	-21	21	-33	-54
IG SPREAD (AAABBB)	1.52%	-1.0	0.0	-6	-2	-48	7	-18	-21
HIGH YIELD	5.89%	-5.3	-7.7	21	-3	-159	27	-77	-63
5Y BREAKEVEN	1.77%	-6.1	0.1	-11.2	-21.1	-31.1	51.4	21.0	4.8

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)	99,074	42,771	67,518	0.22X	0.97X
Russell 2000 (mini)	(39,987)	(28,008)	(21,633)	20,410	6,605	-1.10X	-0.50X
10Y Treasury	209,940	29,946	(76,946)	(170,168)	(58,598)	1.44X	2.10X
CRUDE OIL	387,606	(41,613)	492,847	478,149	421,599	-0.42X	0.42X
GOLD	99,920	(48,512)	108,609	91,148	158,573	-0.73X	-0.02X
COPPER	8,257	(10,269)	25,988	38,225	12,396	-0.13X	0.64X
$USD	35,719	(4,246)	44,254	47,841	33,978	0.10X	-0.22X
JPY	(34,317)	(7,752)	(46,443)	(49,175)	(1,173)	-0.62X	-0.08X
EUR	24,928	31,858	(24,073)	(50,901)	(70,228)	2.40X	2.34X
GBP	(48,913)	35,433	(87,830)	(76,763)	(73,480)	1.19X	-0.41X

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (5/15) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	13%	-10%	-9%	21%
Total Exchange Volume**	4%	-5%	-6%	-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	0.20	-0.75	-0.23	-0.49	0.53	*0.95*	*-0.76*	*50%*	*50%*
BRENT Oil	-0.13	0.79	0.55	0.52	0.64	*0.81*	*-0.78*	*57%*	*43%*
CRB Index	-0.37	-0.01	0.49	0.52	0.73	*0.83*	*-0.86*	*40%*	*60%*
GOLD	-0.42	0.37	-0.35	-0.70	-0.85	*0.90*	*-0.97*	*21%*	*79%*

**Days = Trading Days*