THE MACRO SHOW

JUNE 1, 2017

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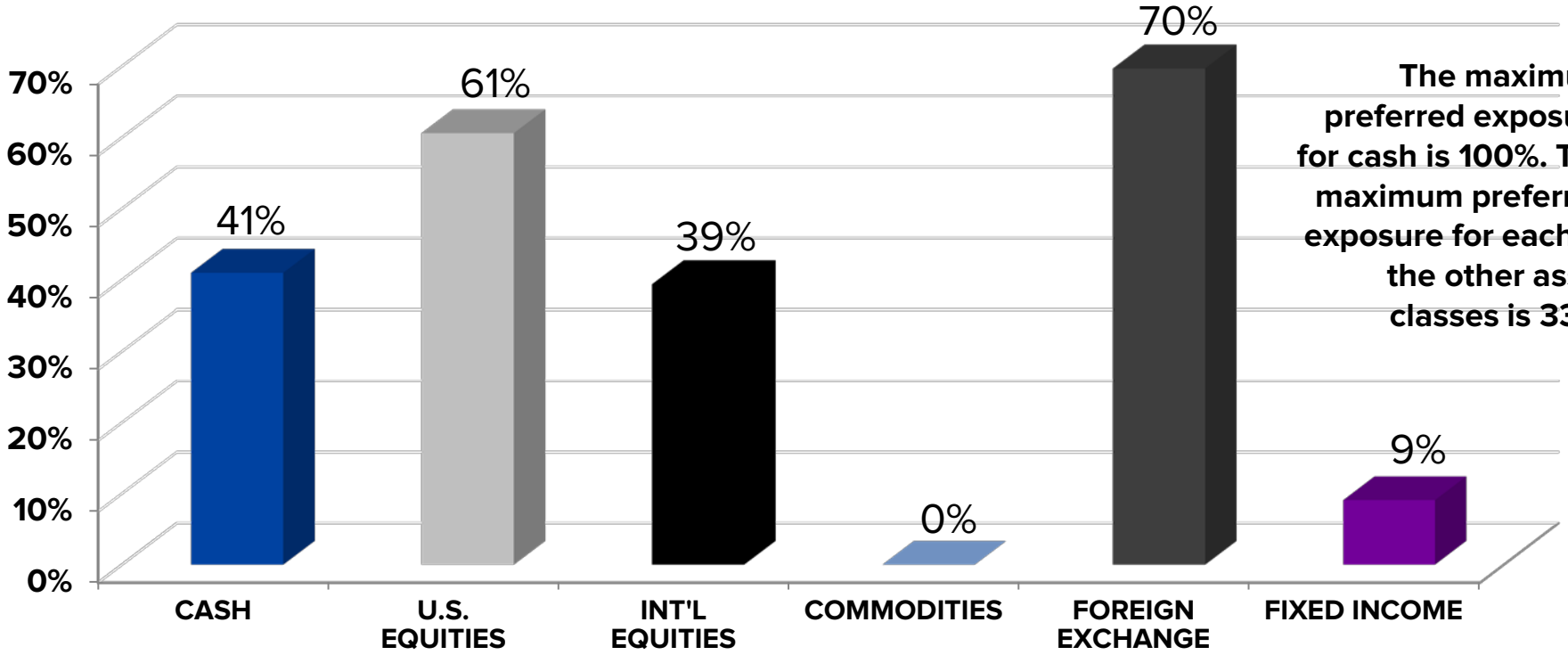
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
5/31/2017	44	19	12	0	22	3
6/1/2017	41	20	13	0	23	3

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
5/31/2017	44%	58%	36%	0%	67%	9%
6/1/2017	41%	61%	39%	0%	70%	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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HEDGEYE TV

1 CHINA

2 RATES

3 REAL GROWTH

CHINA

Don’t expect us to turn bullish on Chinese stocks anytime soon – with the Shanghai Comp -0.5% overnight and -1.7% in the last month, this looks like one of the many ways to be positioned for our ***Reflation’s Rollover*** Q2 Macro Theme. There are always short selling ideas somewhere…

RATES

Bond bulls have loved the ***Reflation Rollover Theme*** as it has taken the inflation expectations component of bond yields (which peaked when Reflation Peaked in Q117), but now that the 10YR Yield is close to the low-end of our 2.18-2.33% risk range and consensus net LONG positioning is mucho long 10YR Treasuries, good time to fade (again).

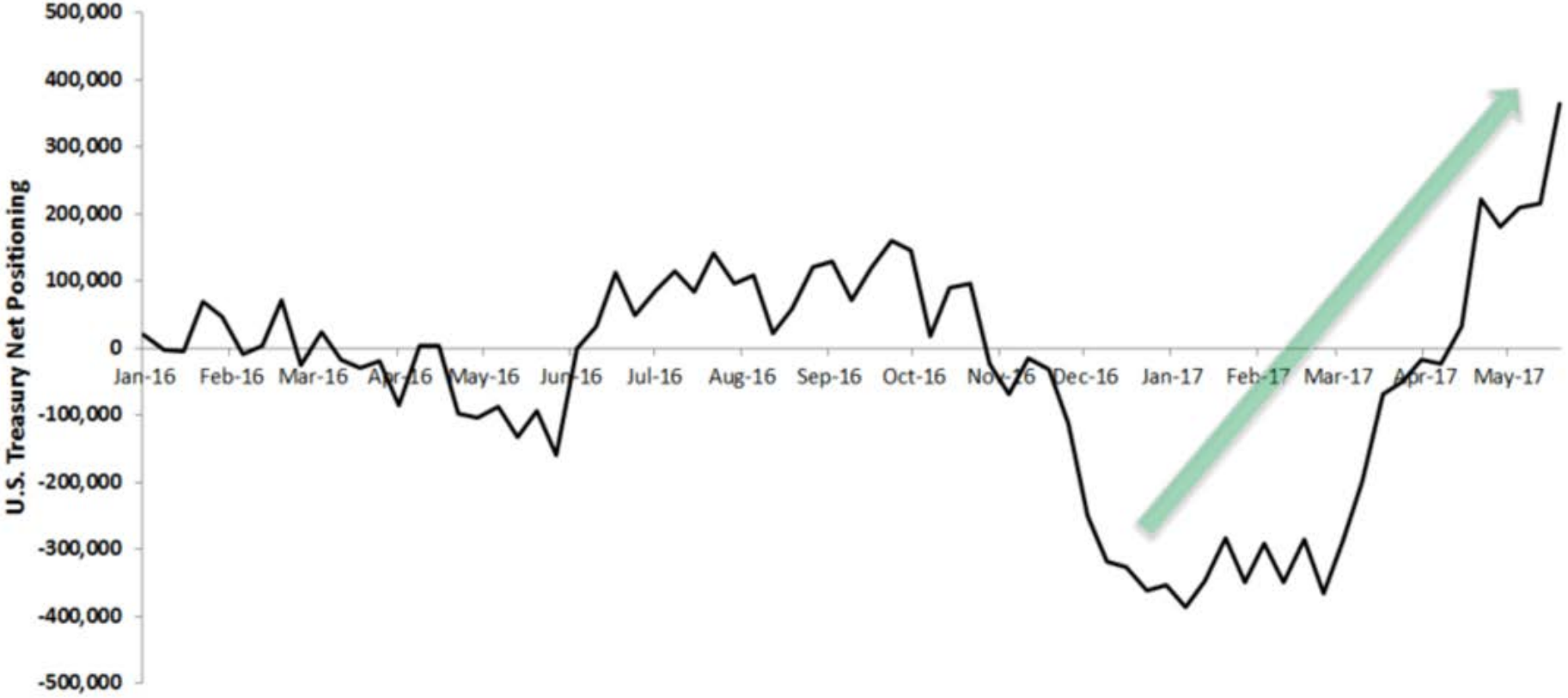
REAL GROWTH

Long Real Growth (Consumer Discretionary Stocks, XLY = +5.4% in the last month) vs. Short Reflation (CRB Index -5.7% in the last 3 months) should be well publicized as what drove long/short alpha in May (but it won't be) – when will consensus be positioned for both? We don't know. We're not there yet, thankfully…

MACRO GRIND

#GROWTHSLOWING OR #GROWTHACCELERATING: CONSENSUS WEIGHS IN

CBT 10YR UST Net Futures & Options Positioning



DATA SOURCE: CFTC

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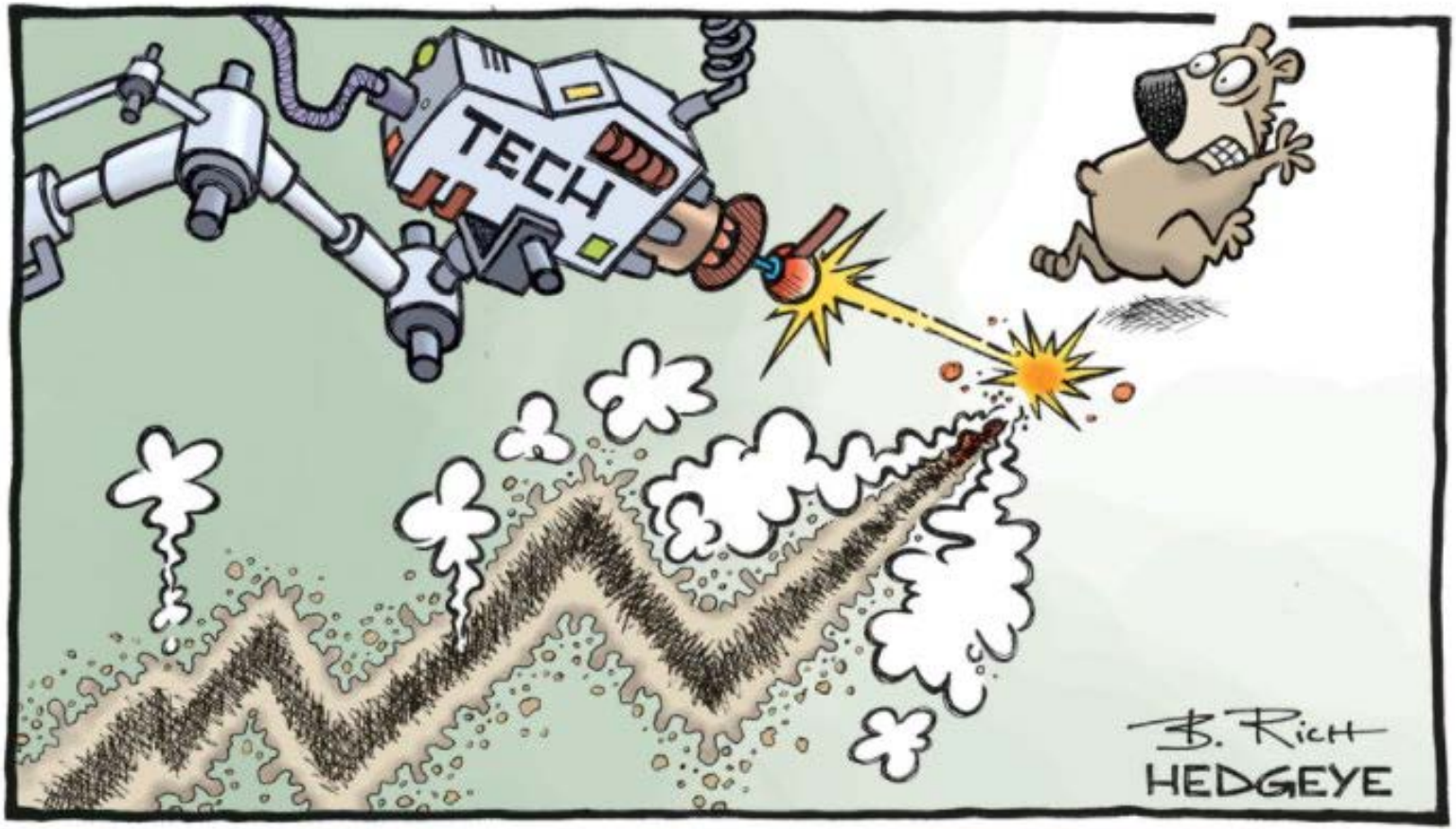
Cartoon of the Day: Zapped!



3 MONTH U.S. TREASURY YIELD

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RUSSIAN TRADING SYSTEM INDEX

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FTSE MILAN INDEX

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SHANGHAI STOCK EXCHANGE COMP

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TOKYO NIKKEI 225 AVERAGE

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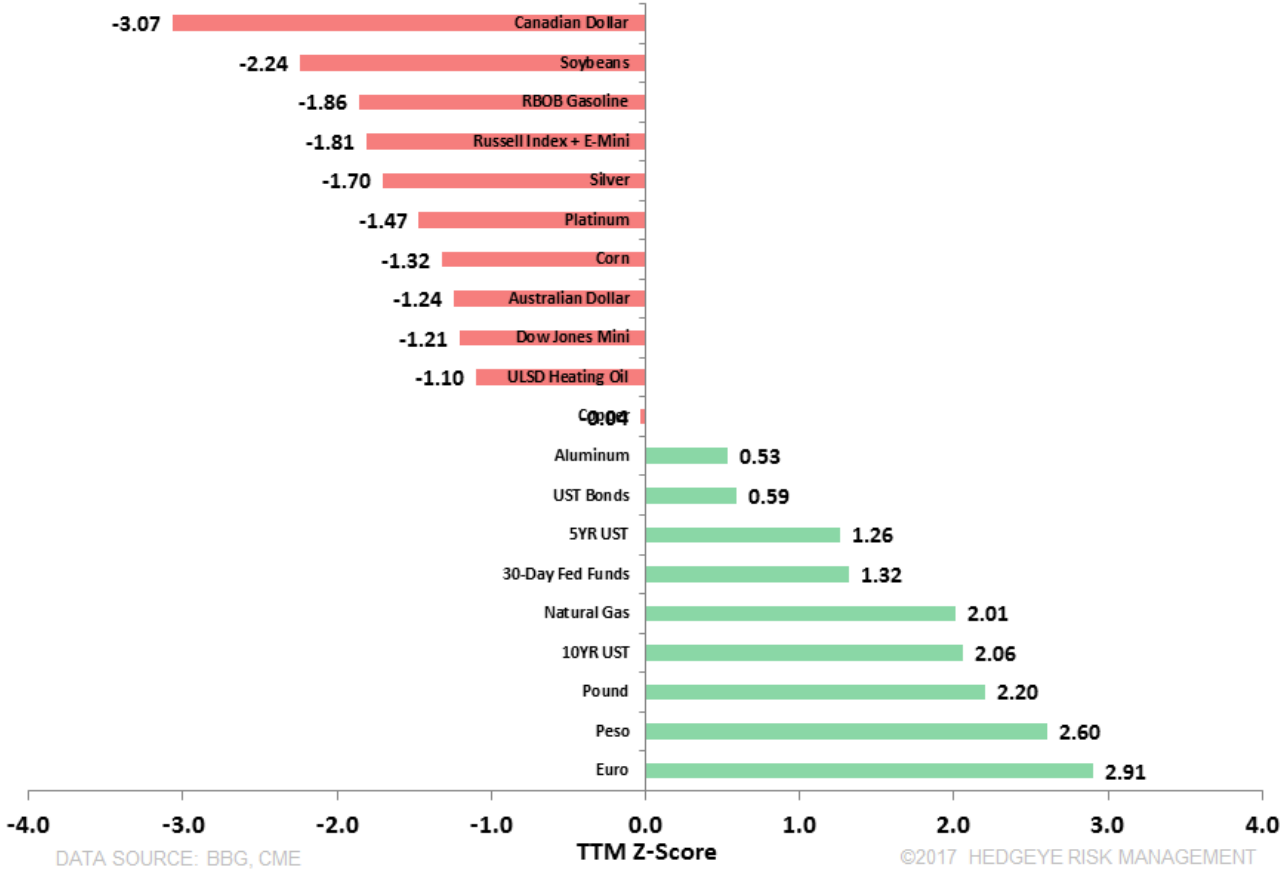
S&P REV. & EARNINGS COMPS & SCORECARD

Q1 2017 QTD — U.S. Index Comps

INDEX	SALES GROWTH (YY%)	EARNINGS GROWTH (YY%)	#REPORTED
S&P 500	7.8%	14.5%	491 / 498
NASDAQ 100	11.4%	17.6%	100 / 101
DOW JONES	5.8%	14.4%	30 / 30
RUSSELL 2000	6.6%	3.3%	1818 / 1914

Q1 2017 QTD — S&P 500 Sector Comps

S&P 500 SECTOR	SALES GROWTH (YY%)	EARNINGS GROWTH (YY%)	#REPORTED
S&P 500 (Aggregate)	7.8%	14.5%	491 / 498
Energy	33.0%	622.3%	34 / 34
Materials	9.1%	19.4%	25 / 25
Industrials	4.0%	0.8%	67 / 67
Consumer Discret.	8.1%	6.6%	78 / 80
Consumer Staples	1.5%	3.3%	33 / 36
Healthcare	5.4%	4.6%	59 / 60
Financials	9.9%	18.4%	65 / 65
Information Tech.	8.0%	21.0%	67 / 68
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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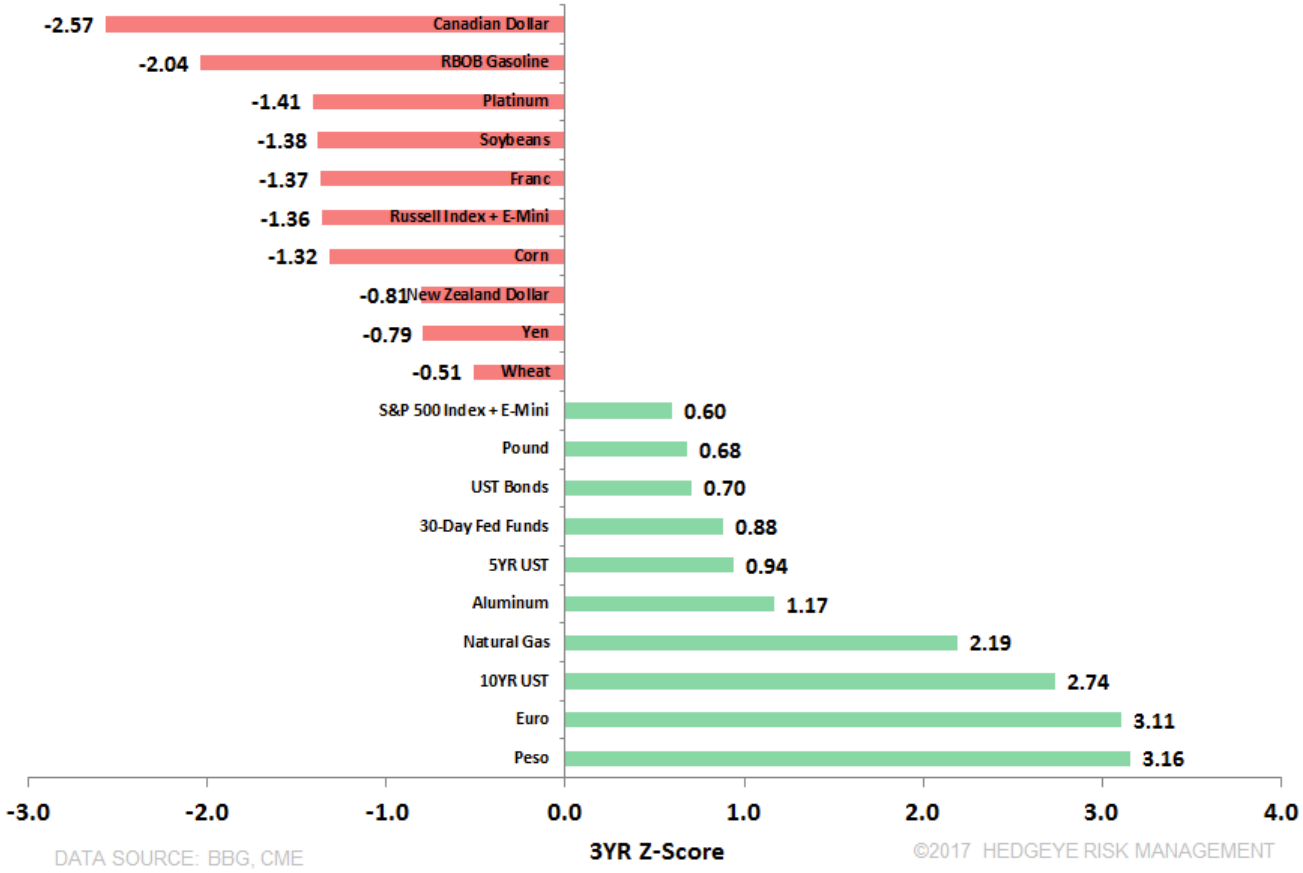

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	REALIZED VOLATILITY				IMPLIED VOLATILTY*				IMPLIED** VS. REALIZED VOLATILITY									
		Duration of Realized (%)			At-The-Money %					30 Day			60 Day			3 Month		
											Z-Score			Z-Score			Z-Score	
Index/Security	Ticker	30D	60D	90D	Current	v 1M Avg	v 3M Avg	v 6M Avg.	Ticker	Premium	TTM	3Yr	Premium	TTM	3Yr	Premium	TTM	3Yr
S&P 500	SPX	8.1%	7.4%	7.3%	8.7%	1.7%	-10.1%	-12.0%	SPX	-1.0%	-0.71	-0.42	20.2%	-0.22	0.29	36.1%	0.39	0.90
Russell 2000	RTY	13.2%	13.5%	13.7%	14.2%	-1.5%	-7.1%	-10.1%	RTY	7.4%	0.03	0.04	8.3%	0.04	0.00	16.5%	0.73	0.39
Nasdaq 100	NDX	10.5%	9.0%	8.3%	12.1%	7.6%	6.9%	1.0%	NDX	8.7%	-0.50	-0.08	40.8%	0.48	1.15	63.7%	1.61	2.27
USD Index	UUP	6.4%	6.6%	6.5%	7.0%	-1.4%	-10.4%	-16.4%	UUP	7.4%	-0.20	-0.15	7.6%	-0.27	-0.21	13.0%	0.06	0.03
Consumer Discret.	XLY	9.1%	8.1%	7.9%	9.7%	-6.2%	-10.1%	-16.7%	XLY	-4.9%	-0.87	-0.64	25.6%	0.05	0.61	40.1%	0.98	1.48
Financials	XLF	15.6%	14.9%	15.2%	14.7%	-0.7%	-8.6%	-11.6%	XLF	-5.7%	-0.54	-0.47	4.3%	-0.16	-0.05	11.4%	0.45	0.33
Healthcare	XLV	7.8%	7.8%	8.5%	10.5%	1.1%	-7.7%	-14.9%	XLV	20.1%	0.01	0.49	38.1%	1.18	1.66	31.9%	1.21	1.59
Technology	XLK	10.9%	9.2%	8.7%	11.9%	5.2%	3.4%	-1.4%	XLK	-6.8%	-0.82	-0.55	33.7%	0.46	1.03	51.4%	1.40	1.95
Consumer Staples	XLP	6.5%	6.0%	6.6%	9.4%	0.7%	-2.8%	-8.4%	XLP	25.6%	0.23	0.63	61.0%	1.93	2.65	53.8%	2.01	2.40
Utilities	XLU	7.1%	9.0%	10.2%	10.6%	-4.4%	-15.1%	-22.4%	XLU	39.5%	1.55	2.22	20.9%	1.55	1.96	13.0%	1.26	1.58
Energy	XLE	13.9%	14.7%	14.7%	16.7%	1.3%	-0.3%	-2.6%	XLE	18.7%	0.56	0.64	14.5%	0.78	0.62	16.4%	1.30	0.75
Energy	XOP	25.8%	26.5%	25.4%	28.2%	-2.2%	-0.1%	-0.5%	XOP	10.9%	0.15	0.36	7.2%	0.31	0.42	13.2%	1.16	0.88
Materials	XLB	12.4%	11.6%	11.9%	12.5%	-0.3%	-5.3%	-7.1%	XLB	-1.2%	-0.62	-0.40	9.6%	-0.18	0.07	10.4%	-0.07	0.13
Industrials	XLI	10.3%	10.3%	10.2%	11.1%	-3.5%	-10.2%	-12.1%	XLI	-0.4%	-0.58	-0.38	13.4%	-0.03	0.26	22.1%	0.55	0.78
Transports	IYT	15.2%	14.6%	15.0%	15.2%	-2.7%	-7.4%	-9.8%	IYT	-2.1%	-0.65	-0.50	6.9%	-0.50	-0.14	8.9%	-0.45	-0.09
Biotech	IBB	15.1%	14.6%	15.7%	18.7%	3.2%	-2.0%	-13.8%	IBB	25.1%	0.77	0.93	30.7%	1.69	1.86	25.5%	1.98	1.74
WTI Crude Oil	USO	31.3%	28.9%	25.4%	29.9%	-3.0%	5.7%	3.8%	USO	-3.0%	-0.54	-0.57	3.2%	-0.15	-0.20	16.7%	1.06	0.49
Natural Gas	UNG	30.6%	30.3%	33.7%	35.0%	5.7%	0.4%	-13.5%	UNG	17.4%	0.82	0.21	15.7%	0.91	0.20	4.5%	0.37	-0.20
Gold	GLD	10.9%	10.3%	10.3%	10.8%	-2.3%	-10.6%	-17.8%	GLD	-3.4%	-0.90	-0.58	7.0%	-0.16	-0.03	12.0%	0.45	0.30
Silver	SLV	16.9%	16.5%	17.0%	18.4%	-2.5%	-4.7%	-13.1%	SLV	10.0%	0.17	-0.18	15.8%	1.27	0.15	13.9%	1.27	0.11
Copper	JJC	22.2%	21.6%	23.9%	17.2%	-13.0%	-20.1%	-28.1%	JJC	-21.7%	-0.52	-0.72	-19.1%	-0.73	-0.96	-24.9%	-1.08	-1.34
Coffee	JO	28.7%	25.6%	25.7%	27.3%	-1.4%	-0.2%	-2.5%	JO	-1.6%	-0.43	-0.46	7.9%	0.45	0.60	9.3%	0.75	0.91
Corn	CORN	18.4%	15.6%	15.5%	24.7%	12.9%	24.7%	32.2%	CORN	32.5%	0.93	0.52	57.0%	1.94	1.84	53.4%	1.49	1.55
Soybeans	SOYB	10.4%	9.3%	11.3%	26.7%	42.2%	39.8%	30.3%	SOYB	138.5%	2.04	1.66	148.6%	2.01	1.98	57.8%	0.19	0.21
Wheat	WEAT	24.1%	20.0%	20.1%	28.3%	-8.8%	-4.3%	-6.6%	WEAT	29.6%	-0.46	-0.34	44.5%	-0.21	-0.05	48.8%	0.06	0.15

*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	$91.05	0.26%	1.10%	11.86%
Financial Select Sector	XLF	$23.25	-0.85%	-1.19%	0.00%
Health Care Select Sector	XLV	$76.08	0.40%	0.77%	[illegible]
Technology Select Sector	XLK	$56.53	-0.16%	3.95%	16.89%
Consumer Staples Select Sector	XLP	$56.64	0.28%	2.65%	9.53%
Industrial Select Sector	XLI	$67.52	0.19%	1.78%	8.52%
Materials Select Sector	XLB	$53.08	0.30%	0.02%	6.80%
The Energy Select Sector	XLE	$65.44	-0.43%	-3.54%	-13[illegible]%
Utilities Select Sector	XLU	$53.84	0.50%	4.1[illegible]	[illegible].85%
S&P 500	SPX	2,411.80	-0.05%	1.16%	7.73%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$91.05	0.31%	-0.06%	4.13%
Financial Select Sector	XLF	$23.25	-0.81%	-2.35%	-7.73%
Health Care Select Sector	XLV	$76.08	0.44%	-0.39%	2.63%
Technology Select Sector	XLK	$56.53	-0.11%	2.80%	9.17%
Consumer Staples Select Sector	XLP	$56.64	0.33%	1.49%	1.81%
Industrial Select Sector	XLI	$67.52	0.24%	0.62%	0.79%
Materials Select Sector	XLB	$53.08	0.35%	-1.14%	-0.93%
The Energy Select Sector	XLE	$65.44	-0.38%	-4.70%	-20.84%
Utilities Select Sector	XLU	$53.84	0.55%	2.98%	3.12%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.0%	0.5%	-0.4%	-1.9%	5.7%	4.0%
	Low Debt/EV	0.2%	0.7%	1.7%	4.1%	10.7%	10.8%
SI	High Short Interest	-0.1%	-0.5%	-2.1%	-3.2%	-1.0%	-1.1%
	Low Short Interest	0.0%	0.8%	1.0%	2.6%	10.6%	9.0%
BETA	High Beta	-0.3%	-0.5%	-1.3%	-1.9%	4.9%	4.4%
	Low Beta	0.3%	1.1%	1.5%	2.4%	10.5%	7.7%
YIELD	High Yield	0.0%	0.3%	-0.8%	-2.7%	1.1%	-0.4%
	Low Yield	-0.1%	0.0%	0.3%	2.2%	9.9%	9.6%
MKT CAP	MCAP Bottom 25%	-0.2%	-0.6%	-3.4%	-4.7%	-2.1%	-2.1%
	MCAP Top 25%	0.1%	0.9%	1.3%	2.6%	11.1%	9.5%
Sales	Top 25% Sales Growth	-0.1%	-0.5%	0.8%	2.5%	9.1%	8.5%
	Bottom 25% Sales Growth	0.0%	0.4%	-1.3%	-2.3%	2.1%	1.1%
EPS	Top 25% EPS Growth	-0.1%	-0.2%	0.8%	2.4%	9.0%	8.2%
	Bottom 25% EPS Growth	0.1%	0.0%	-1.2%	-2.1%	3.1%	1.7%

**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	0.97%	4.1	5.1	18	37	0	81	76	82
3M LIBOR	1.20%	0.0	0.4	3	14	0	58	65	75
2Y T-Note	1.28%	-0.2	0.0	2	2	-12	79	51	70
5Y T-Note	1.75%	-0.3	-3.4	-6	-18	-39	86	22	38
10Y T-Note	2.20%	-0.5	-4.6	-8	-19	-43	89	8	5
30Y T-Note	2.87%	-1.2	-5.9	-9	-13	-35	78	2	-15
2Y-10Y Spread, Bps	92	-0.3	-4.6	-9.6	-21	-32	10	-43	-65
IG SPREAD (AAABBB)	1.47%	0.0	0.0	-7	2	-53	2	-23	-25
HIGH YIELD	5.84%	0.0	-5.2	-13	-8	-151	22	-83	-66
5Y BREAKEVEN	1.76%	0.3	0.5	-5.8	-24.1	-31.7	50.8	20.7	4.2

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)	45,299	13,822	101,636	47,414	66,977	-0.28X	0.60X
Russell 2000 (mini)	(72,369)	(28,573)	(37,419)	13,877	5,96[illegible]	-1.81X	-1.41X
10Y Treasury	365,011	148,380	16,468	(145,959)	(43,08[illegible]	2.06X	3.16X
CRUDE OIL	400,402	18,965	465,004	482,532	421,207	-0.25X	0.58X
GOLD	117,661	47,738	111,466	88,621	154,543	-0.46X	0.21X
COPPER	13,130	4,355	20,960	35,566	14,197	-0.04X	0.81X
$USD	31,273	(2,961)	42,249	46,465	34,822	-0.21X	-0.48X
JPY	(53,266)	5,795	(47,875)	(54,432)	(4,884)	-0.91X	-0.41X
EUR	65,580	26,289	(9,084)	(37,626)	(67,218)	2.91X	2.96X
GBP	(27,399)	8,301	(82,935)	(73,523)	(73,341)	2.20X	0.20X

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (5/31) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	13%	0%	-8%	17%
Total Exchange Volume**	40%	20%	20%	17%

*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	-0.17	-0.43	-0.38	-0.66	0.27	*0.95*	*-0.76*	*50%*	*50%*
BRENT Oil	-0.66	-0.49	0.46	0.54	0.51	*0.81*	*-0.78*	*60%*	*40%*
CRB Index	-0.66	-0.84	0.07	0.54	0.53	*0.83*	*-0.86*	*40%*	*60%*
GOLD	-0.91	-0.25	-0.36	-0.71	-0.80	*0.90*	*-0.97*	*21%*	*79%*

**Days = Trading Days*