THE MACRO SHOW

MAY 3, 2017

LEGAL

DISCLAIMER

Hedgeye Risk Management is a registered investment advisor, registered with the State of Connecticut. Hedgeye Risk Management is not a broker dealer and does not provide investment advice to individuals. This research does not constitute an offer to sell, or a solicitation of an offer to buy any security. This research is presented without regard to individual investment preferences or risk parameters; it is general information and does not constitute specific investment advice. This presentation is based on information from sources believed to be reliable. Hedgeye Risk Management is not responsible for errors, inaccuracies or omissions of information. The opinions and conclusions contained in this report are those of Hedgeye Risk Management, and are intended solely for the use of Hedgeye Risk Management's clients and subscribers. In reaching these opinions and conclusions, Hedgeye Risk Management and its employees have relied upon research conducted by Hedgeye Risk Management's employees, which is based upon sources considered credible and reliable within the industry. Hedgeye Risk Management is not responsible for the validity or authenticity of the information upon which it has relied.

TERMS OF USE

This report is intended solely for the use of its recipient. Re-distribution or republication of this report and its contents are prohibited. For more detail please refer to the appropriate sections of the Hedgeye Services Agreement and the Terms of Use at www.hedgeye.com.

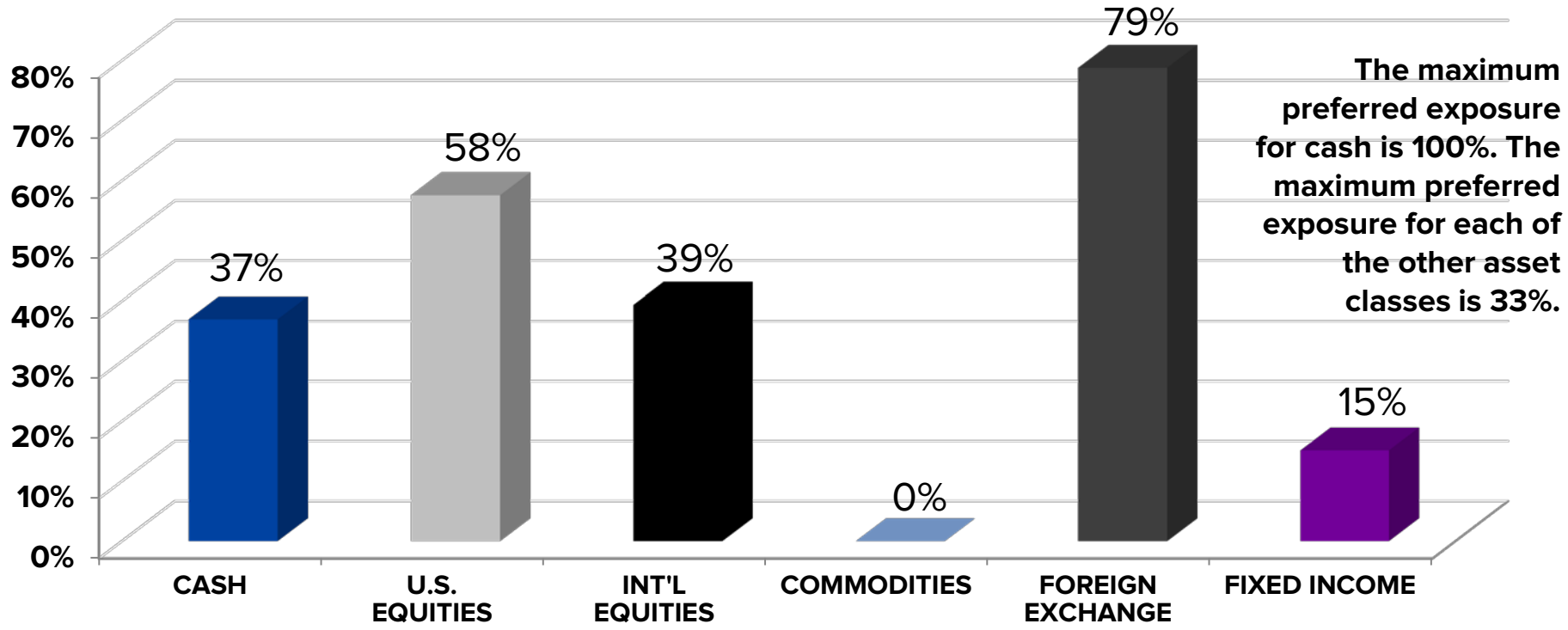
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
5/2/2017	37	19	13	0	26	5
5/3/2017	37	19	13	0	26	5

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
5/2/2017	37%	58%	39%	0%	79%	15%
5/3/2017	37%	58%	39%	0%	79%	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



May 3, 2017

THE MACRO SHOW

HEDGEYE TV

1 EARNINGS SEASON

2 CONSUMER STAPLES

3 CONSUMER DISCRETIONARY

EARNINGS SEASON

~60% of SPX constituents having reported. Earnings growth in all three of the major U.S. benchmark indices is up at least 15% Y/Y, marking the best RoC figures since 2011. And looking at actual earnings vs. estimates, the magnitude of upside earnings surprises is at its widest since 1Q15.

CONSUMER STAPLES

A week of underperformance and implied volatility repriced quickly. XLP -2.0% over the last 5 days, and implied vol spiked 38% w/w. That's -2.10% of relative underperformance against SPY which is +9bps over that 5 days. For context on what the move in implied volatility has been relative to other indices (VIX at YTD low yesterday), see the chart which shows the XLP at the money put implied volatility spread to SPY in volatility % points and Z-Score format (+3.5x extended on a 3 yr Z-score basis). XLP implied volatility is usually priced at a discount to SPY. It's not just front month. For example, the 60D implied volatility premium at +90% is by far highest among US sectors and ~4x extended on a TTM and 3Yr Z-Score basis.

CONSUMER DISCRETIONARY

Earnings season has likely been a boon to consumer discretionary constituents. A relative sector outperformer, earnings growth has outpaced estimates by 12.5% (40/81 reported in the S&P 500). The last time the actual earnings to estimates gap has been this wide in consumer discretionary was in Q3 2010 (on top of a recessionary base).

HEALTHCARE

TOM TOBIN & ANDREW FREEDMAN

MAJOR THEMES 2Q17

- TRUMP RALLY BLUES FOR OUR SHORTS, MULTIPLE MADNESS
- INSURED MEDICAL CONSUMER GROWTH SLOWING
- HARD AND SOFT DATA, DOES IT MATTER TO HEALTH CARE?
- PROVIDER LABOR COST PRESSURE EMERGING AS A CRITICAL HEADWIND
- MATERNITY TRENDS WORSENING
- BIO-DOLLARS, CLINCIAL TRIAL TREND, WEAKNESS EMERGING
- REPEAL AND REPLACE, THE PATH FORWARD
- LEGISLATION NOT NEEDED, REGULATION TOOLS IN PLACE
- MEDICAID IS OVER-ENROLLED AND LIKELY TO DECLINE
- EXPANSION FROM HERE NEUTRAL TO NEGATIVE

© Hedgeye Risk Management LLC. All Rights Reserved.

HEALTHCARE POSITION MONITOR

Sentiment Score[1]	Investment Ideas - Longs LONG		Trade	Trend	Tail
18	EXAS	Exact Sciences Corporation	✓	✓	✓

Sentiment Score[1]	Investment Ideas - Shorts SHORT		Trade	Trend	Tail
84	ZBH	Zimmer Biomet Holdings, Inc.	---	×	×
79	HOLX	Hologic, Inc.	×	×	×
78	HQY	HealthEquity Inc	×	×	---
59	QSII	Quality Systems, Inc.	---	×	×
46	HCA	HCA Holdings, Inc.	×	×	×
53	CERN	Cerner Corporation	×	×	×
29	MDRX	Allscripts Healthcare Solutions, Inc.	×	×	×
20	MD	MEDNAX, Inc.	×	×	×
1	CPSI	Computer Programs and Systems, Inc.	---	×	×

Sentiment Score[1]	Long Bench LONG				
18	ATHN	athenahealth, Inc.	---	---	---
12	EVH	Evolent Health Inc Class A	---	---	---
29	ILMN	Illumina, Inc.	---	---	---
78	HQY	HealthEquity Inc	---	---	---

Sentiment Score[1]	Short Bench SHORT				
88	OMCL	Omnicell, Inc.	---	---	---
88	LH	Laboratory Corporation of America Holdings	---	---	---
27	ABCO	Advisory Board Company	---	---	---
71	MDSO	Medidata Solutions, Inc.	---	---	---
22	DGX	Quest Diagnostics Incorporated	---	---	---
7	LPNT	LifePoint Health, Inc.	---	---	---
5	THC	Tenet Healthcare Corporation	---	---	---
6	TDOC	Teladoc Inc	---	---	---
2	CYH	Community Health Systems, Inc.	---	---	---

[1]Percentile rank within sub-sector (1 = High Short Interest, Negative Sell Side / 100 = Low Short Interest, Positive Sell Side)

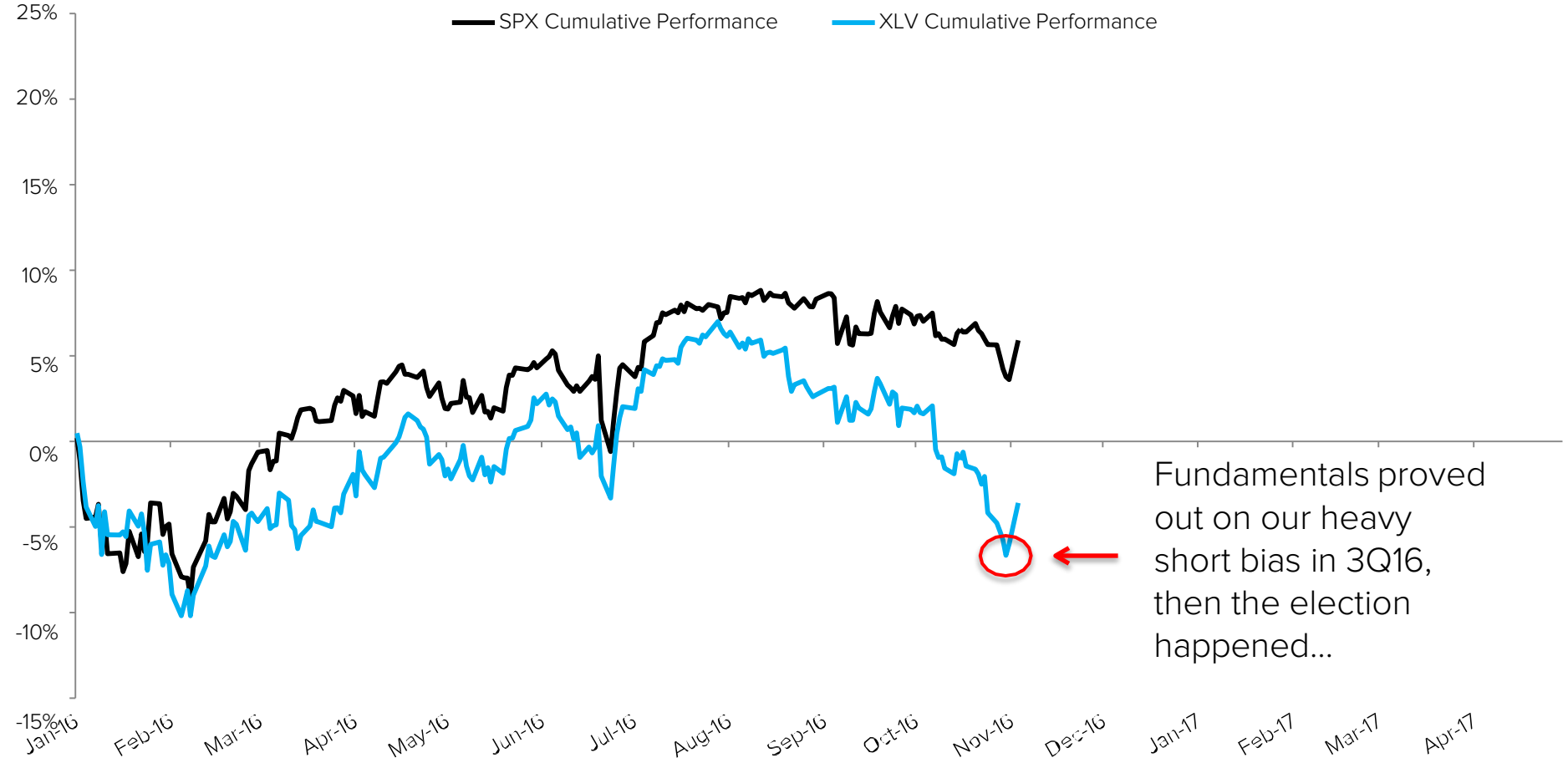
Bench = Timing is not right, or research in progress.

Hedgeye's "bench" represents Hedgeye's outlook on companies currently under Hedgeye's review, or for which timing is not right for greater coverage. Hedgeye may or may not provide further commentary on any or all companies represented on the bench and representation of a company on the bench does not forecast whether Hedgeye will or will not issue any additional material on that company.

SOURCE: FACTSET

© Hedgeye Risk Management LLC. All Rights Reserved.

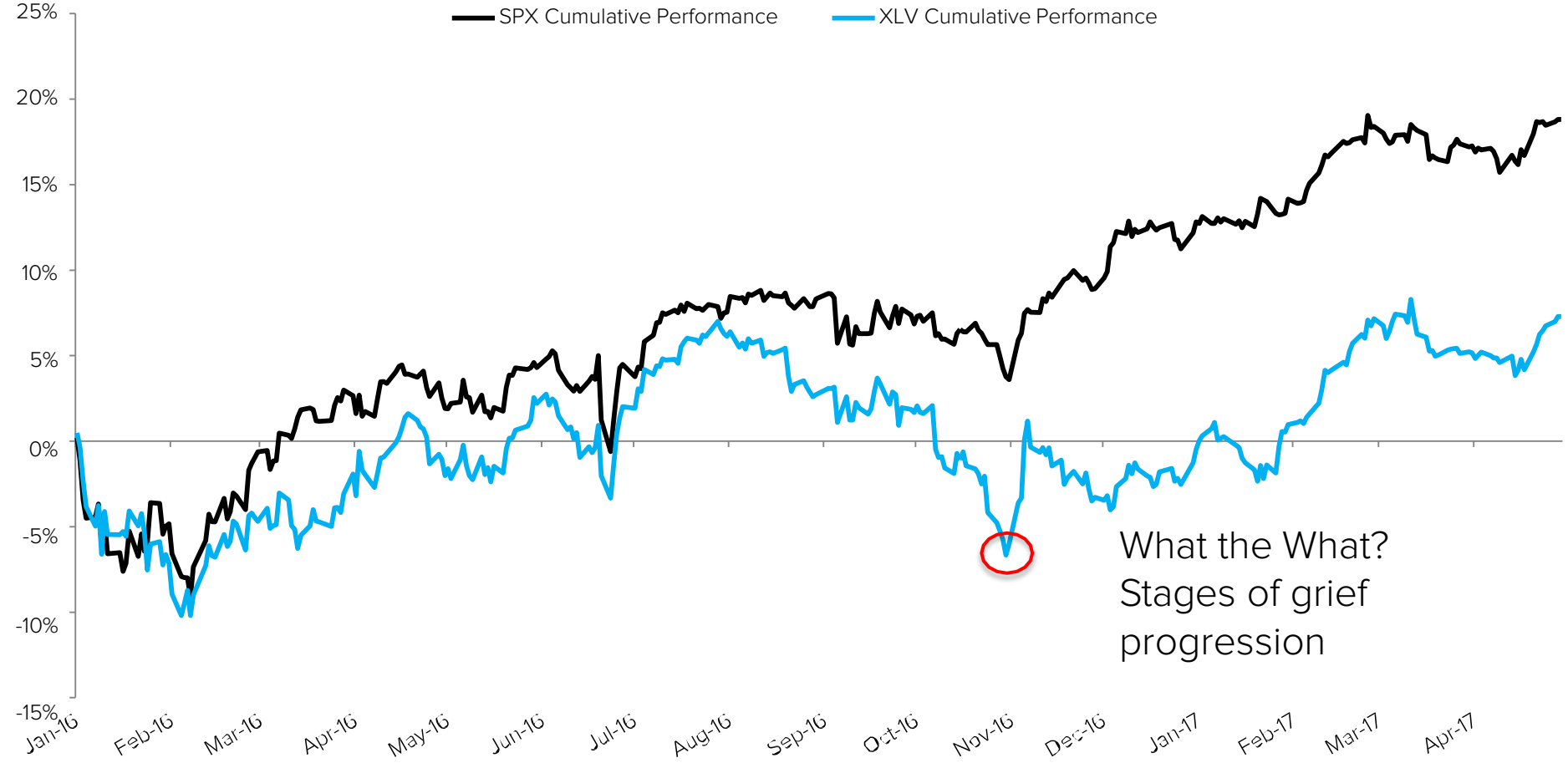
SPX VS XLV PERFORMANCE



SOURCE: FACTSET

© Hedgeye Risk Management LLC. All Rights Reserved.

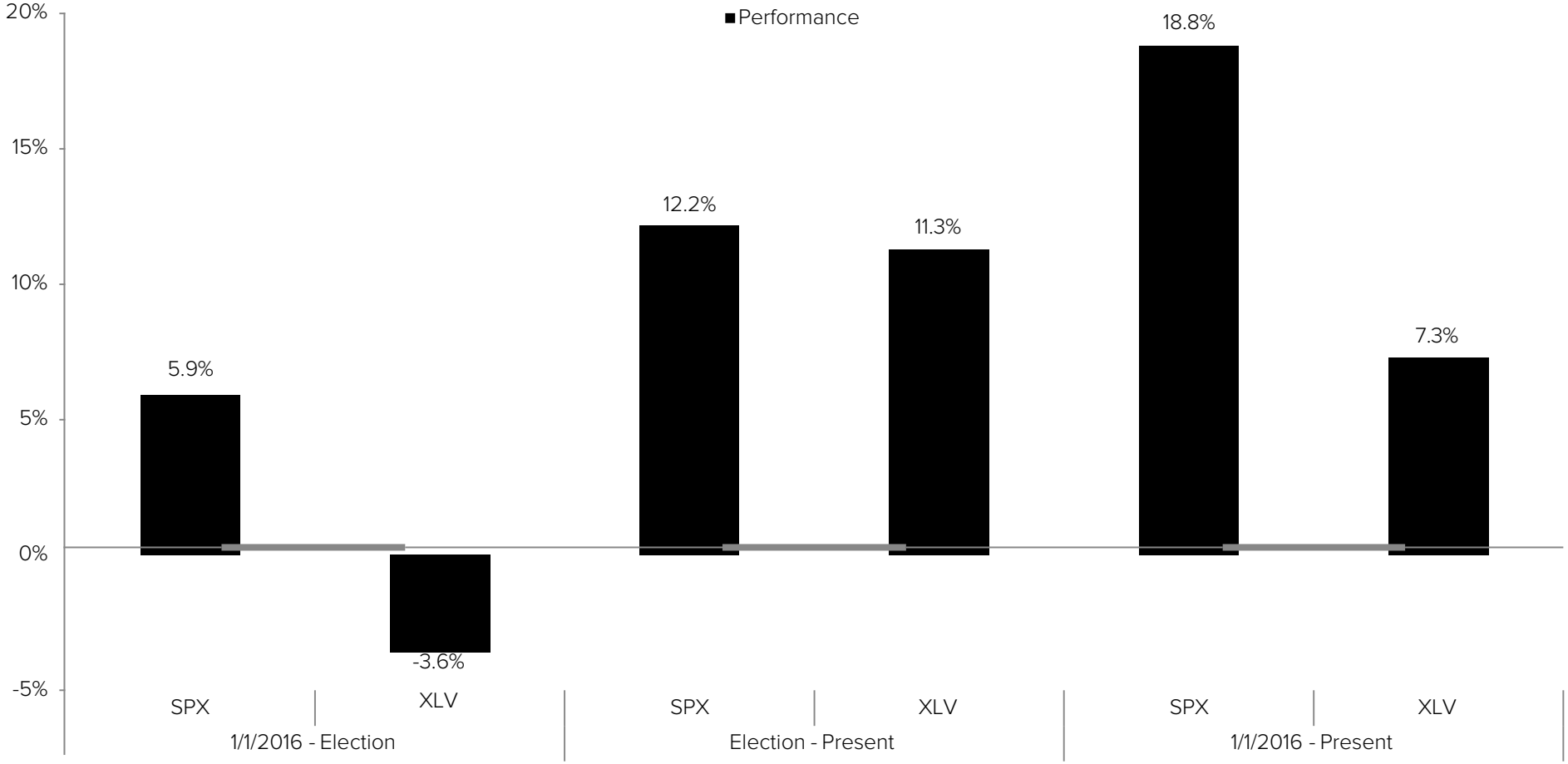
SPX VS XLV PERFORMANCE



SOURCE: FACTSET

© Hedgeye Risk Management LLC. All Rights Reserved.

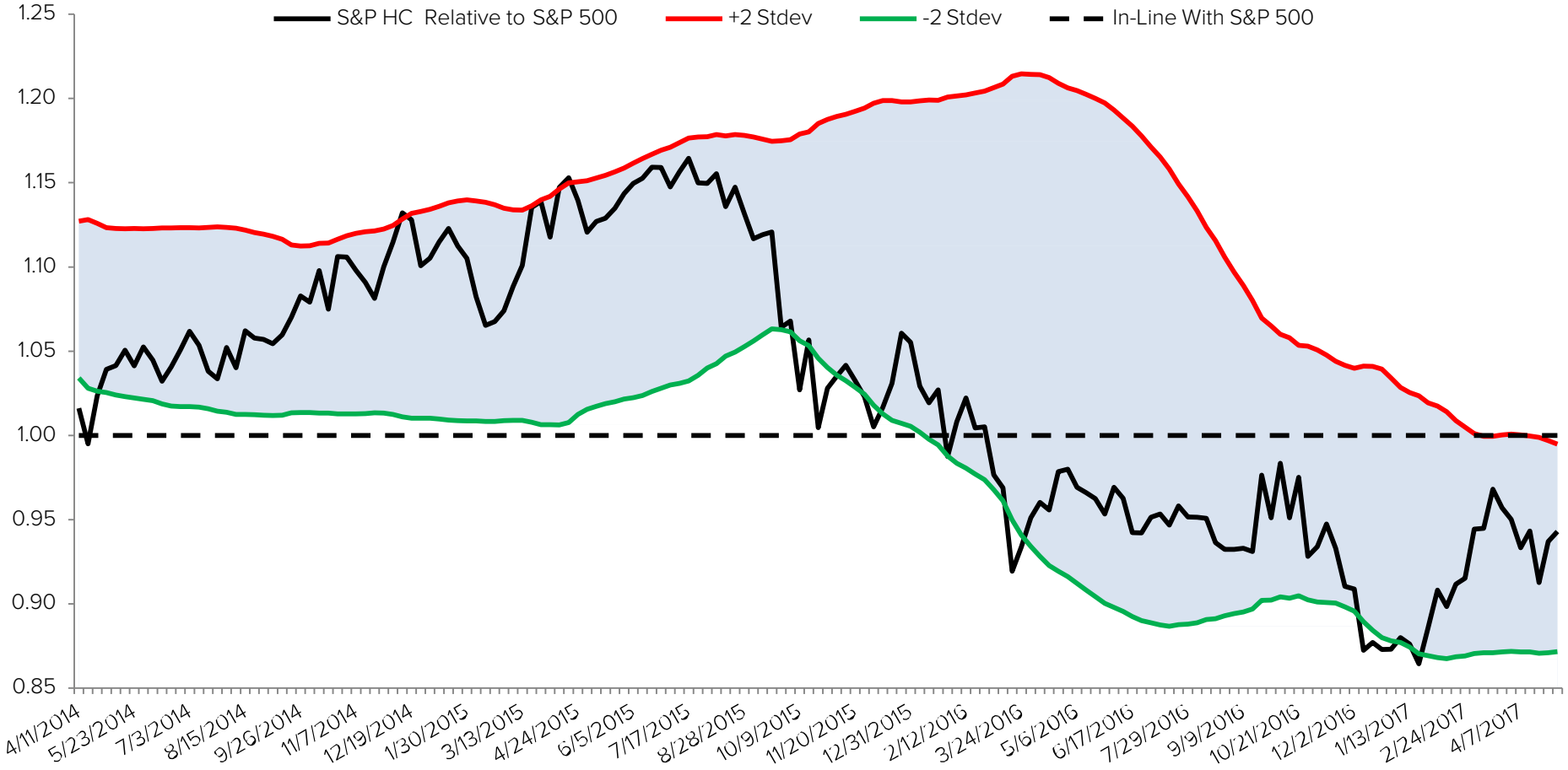
SPX VS XLV PERFORMANCE



SOURCE: FACTSET

© Hedgeye Risk Management LLC. All Rights Reserved.

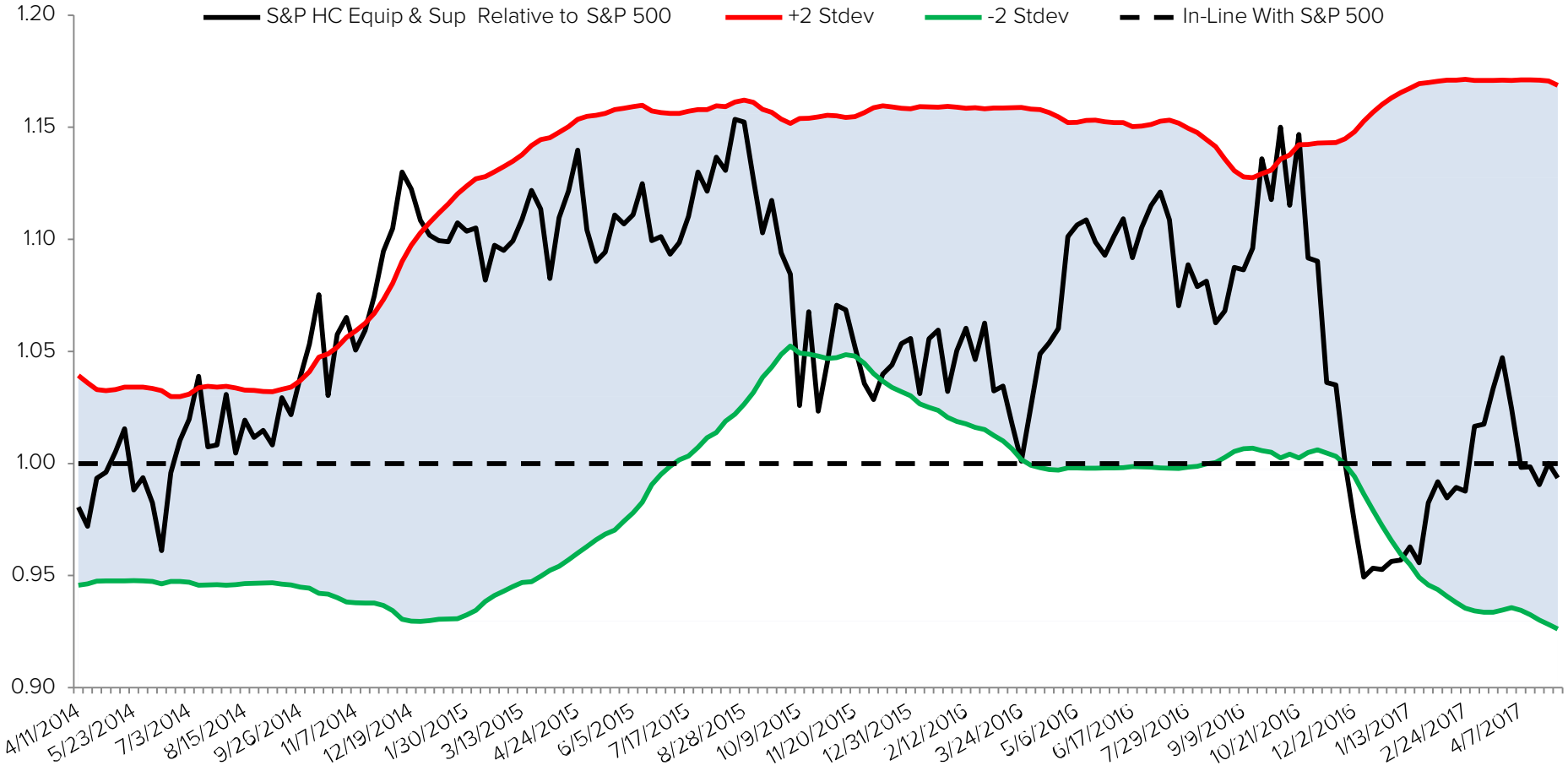
S&P HC RELATIVE TO S&P 500



SOURCE: FACTSET

© Hedgeye Risk Management LLC. All Rights Reserved.

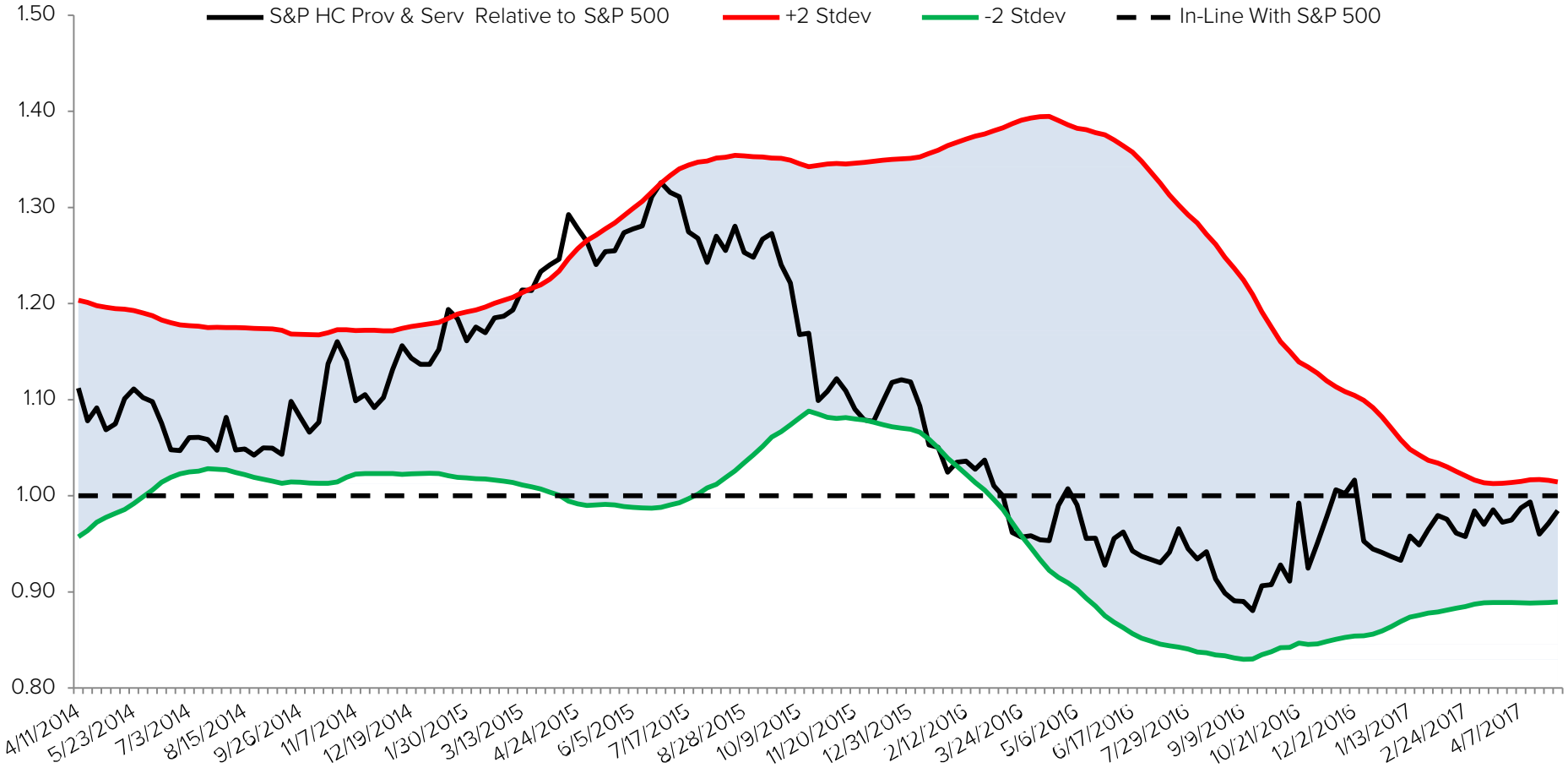
S&P HC EQUIPMENT & SUPPLIES RELATIVE TO S&P 500



SOURCE: FACTSET

© Hedgeye Risk Management LLC. All Rights Reserved.

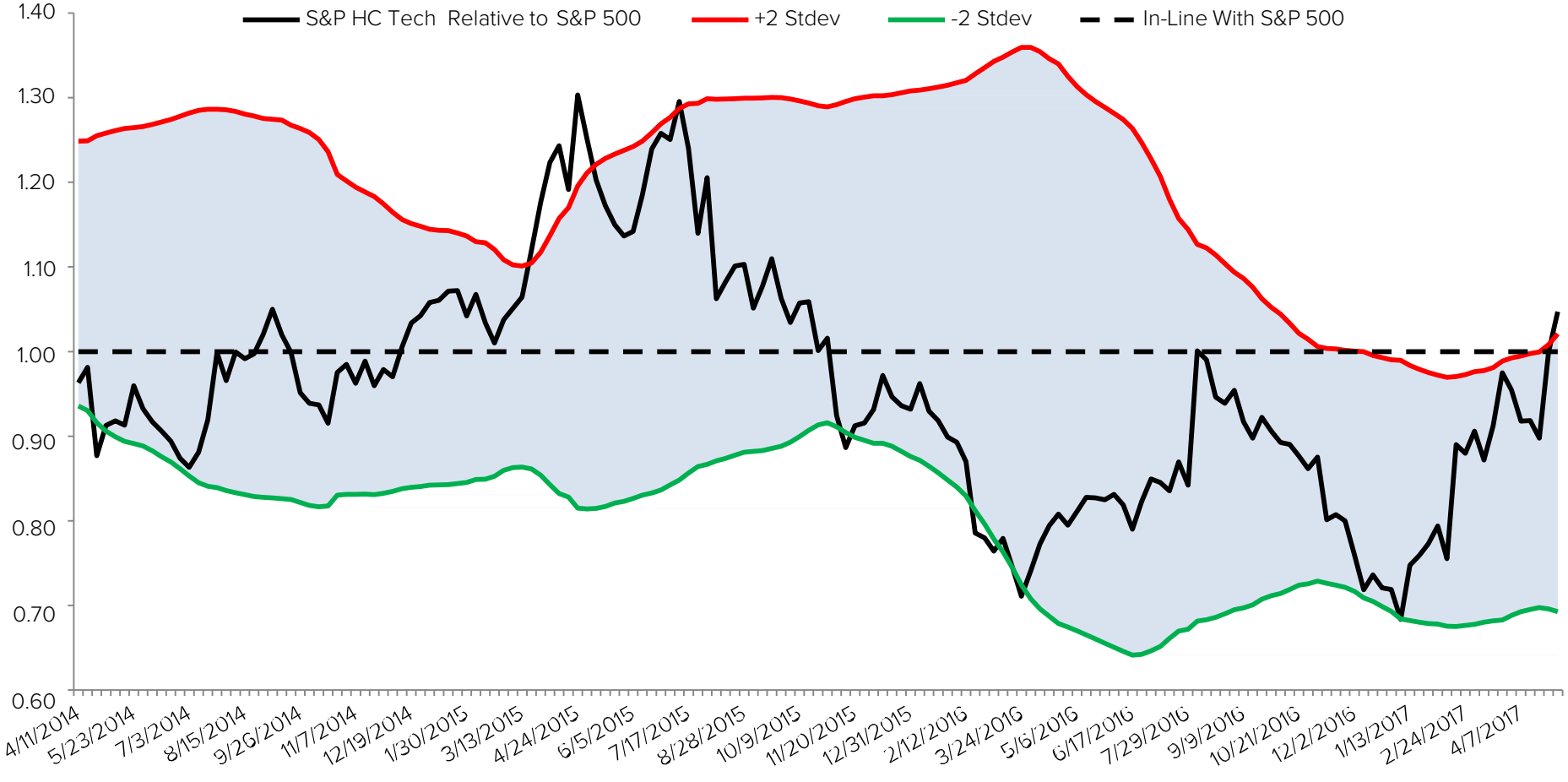
S&P HC PROVIDERS & SERVICES RELATIVE TO S&P 500



SOURCE: FACTSET

© Hedgeye Risk Management LLC. All Rights Reserved.

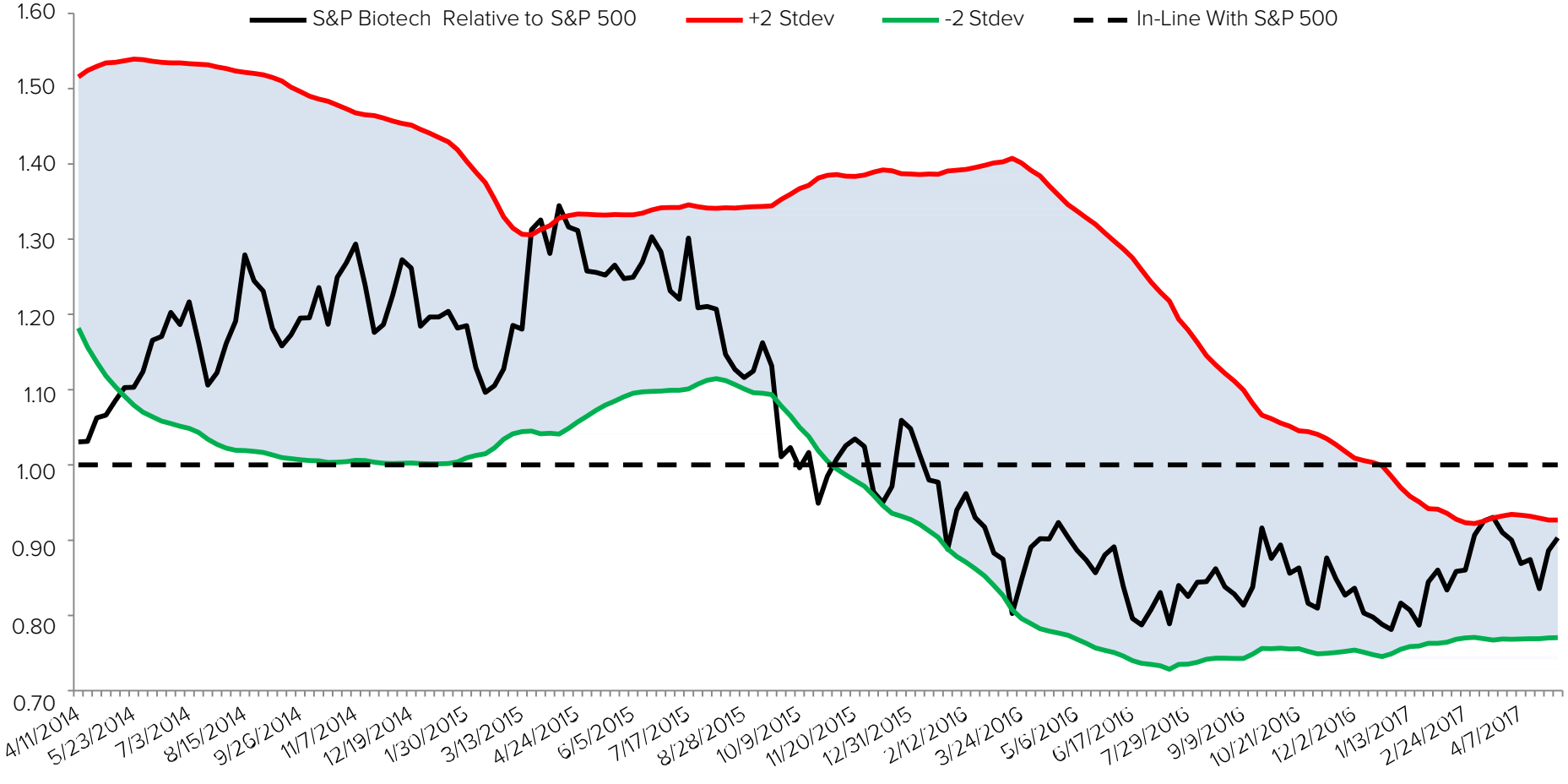
S&P HC TECHNOLOGY RELATIVE TO S&P 500



SOURCE: FACTSET

© Hedgeye Risk Management LLC. All Rights Reserved.

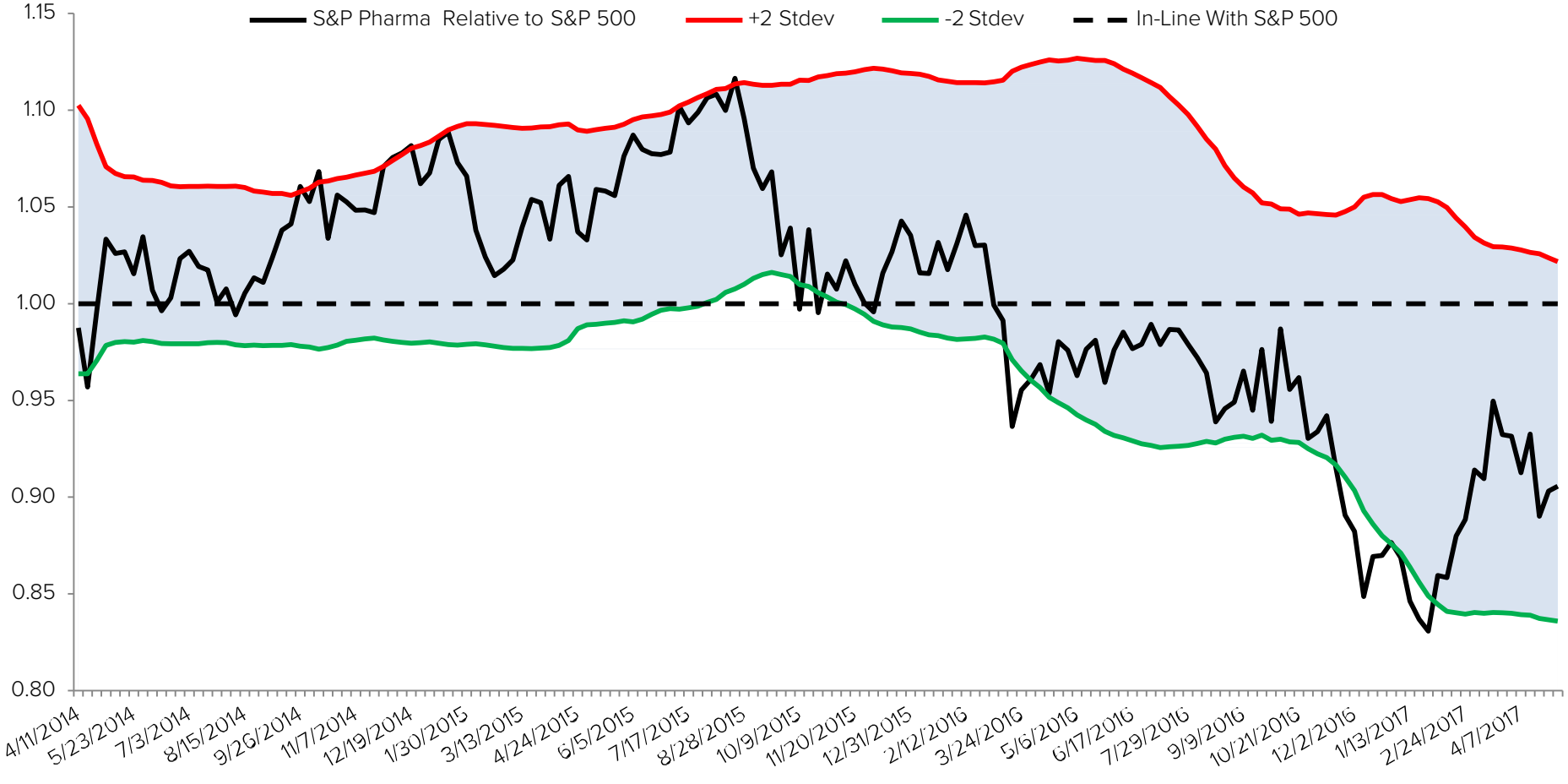
S&P BIOTECH RELATIVE TO S&P 500



SOURCE: FACTSET

© Hedgeye Risk Management LLC. All Rights Reserved.

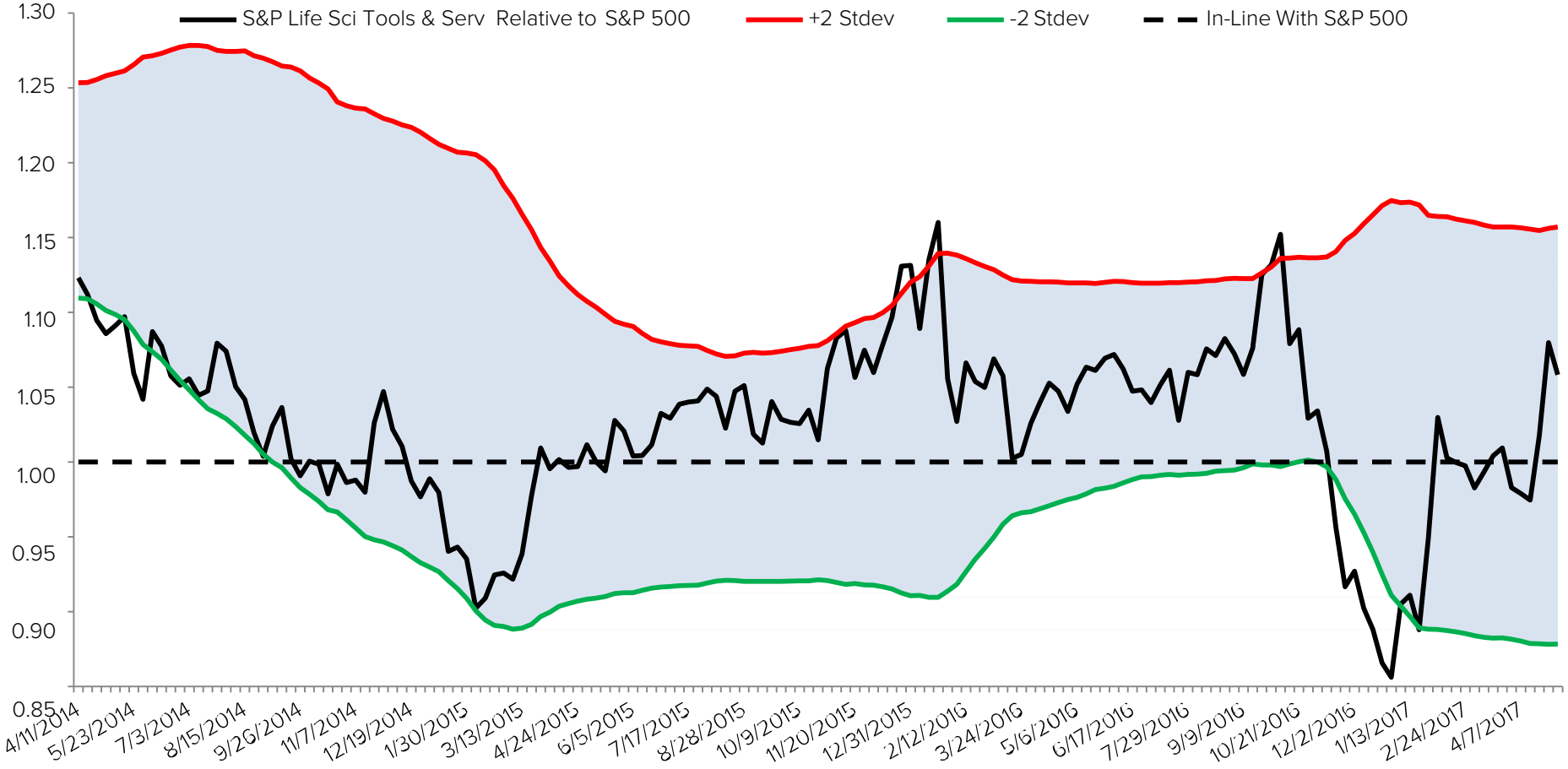
S&P PHARMA RELATIVE TO S&P 500



SOURCE: FACTSET

© Hedgeye Risk Management LLC. All Rights Reserved.

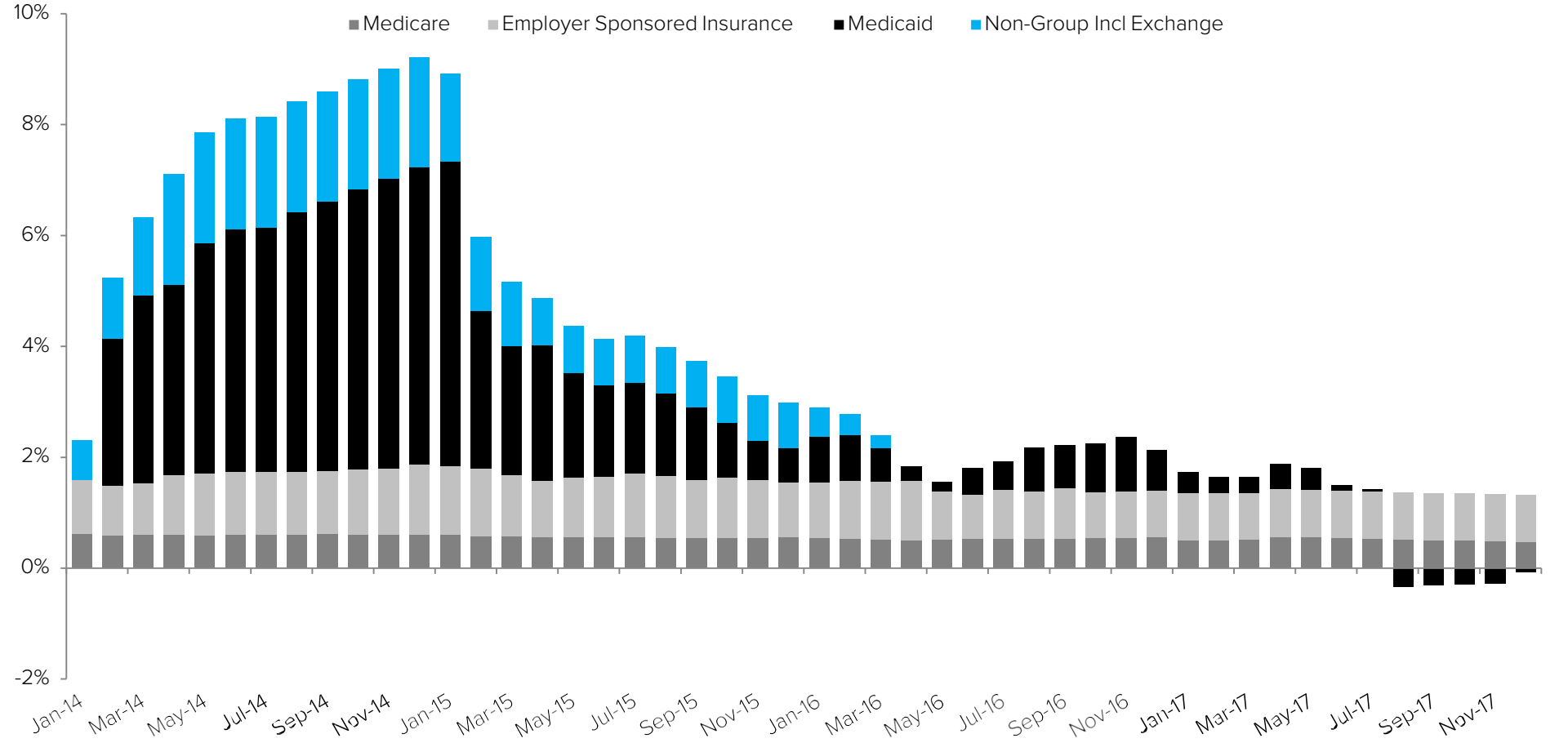
S&P LIFE SCIENCES RELATIVE TO S&P 500



SOURCE: FACTSET

© Hedgeye Risk Management LLC. All Rights Reserved.

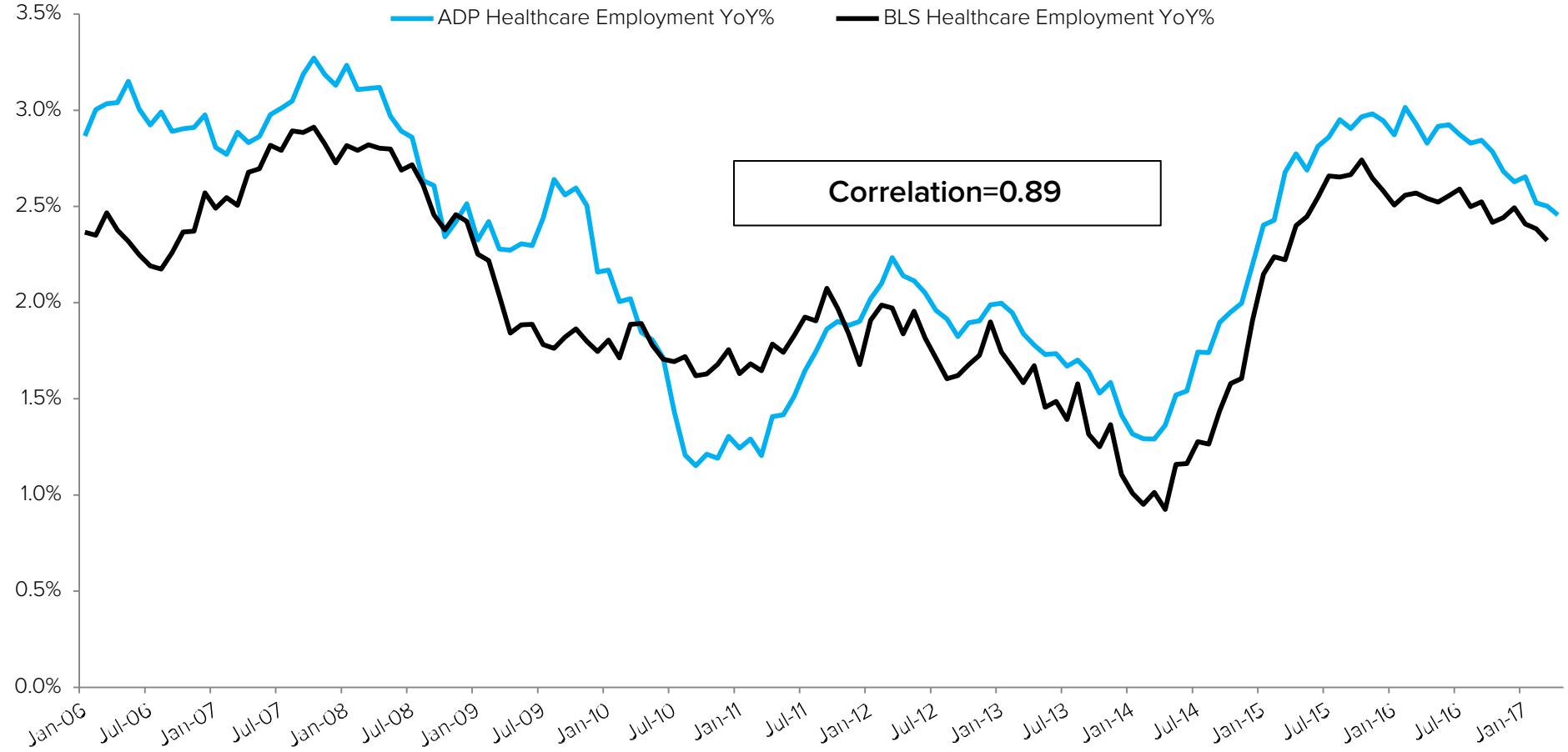
INSURED POPULATION



Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

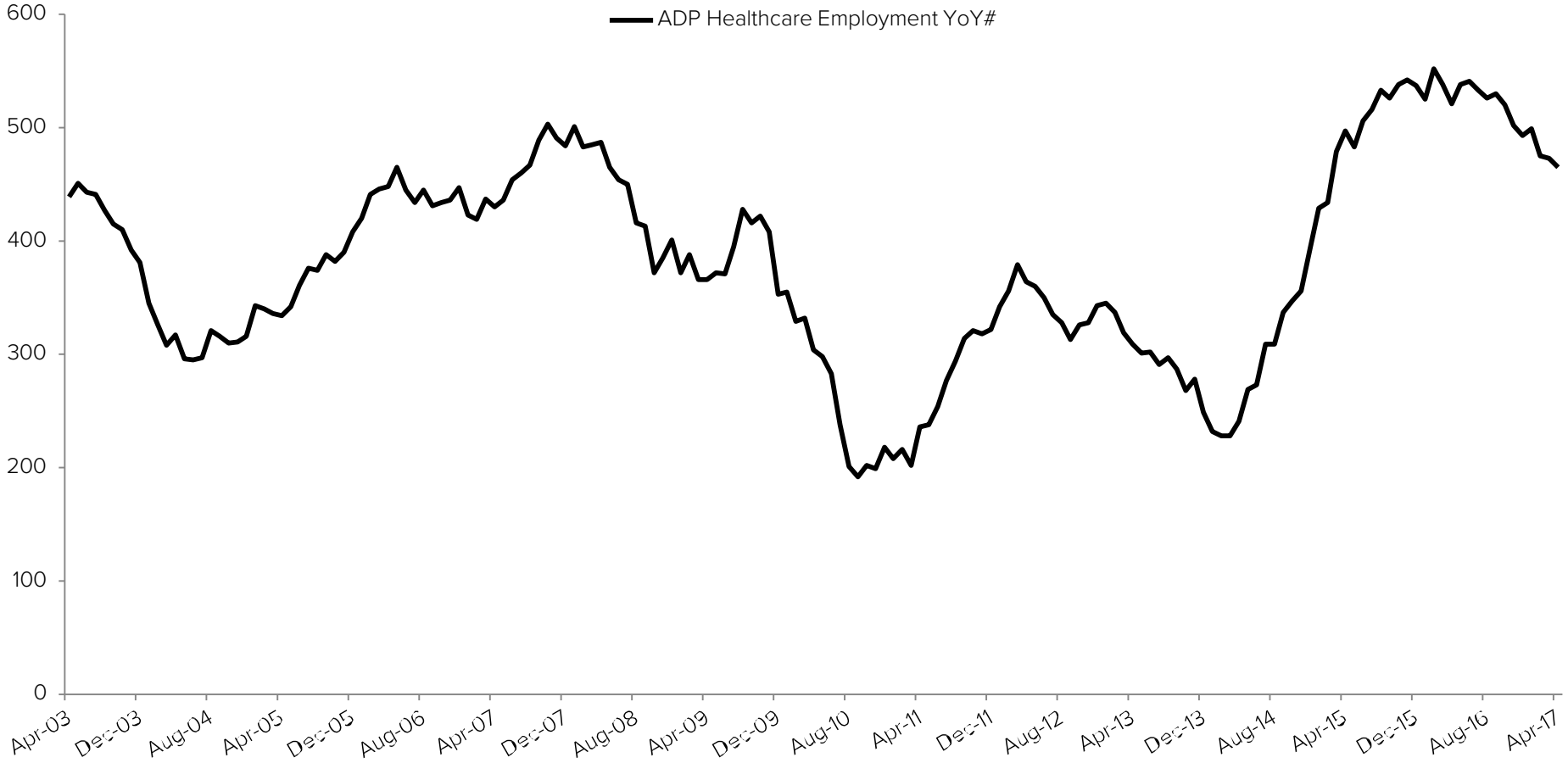
ADP VS NONFARM HEALTHCARE EMPLOYMENT



Data Source: ADP & BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

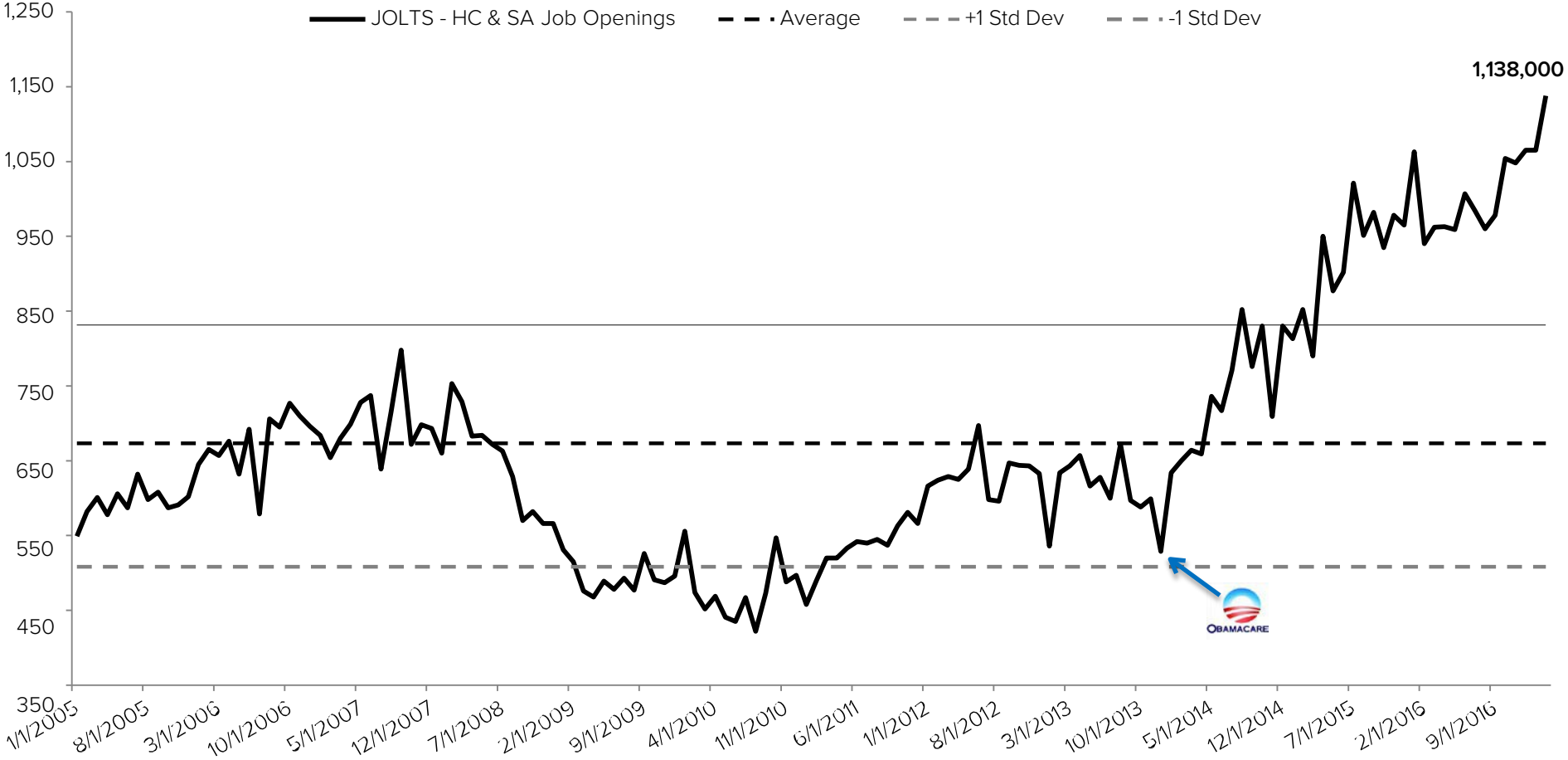
ADP HEALTHCARE EMPLOYMENT YOY#



Data Source: ADP

© Hedgeye Risk Management LLC. All Rights Reserved.

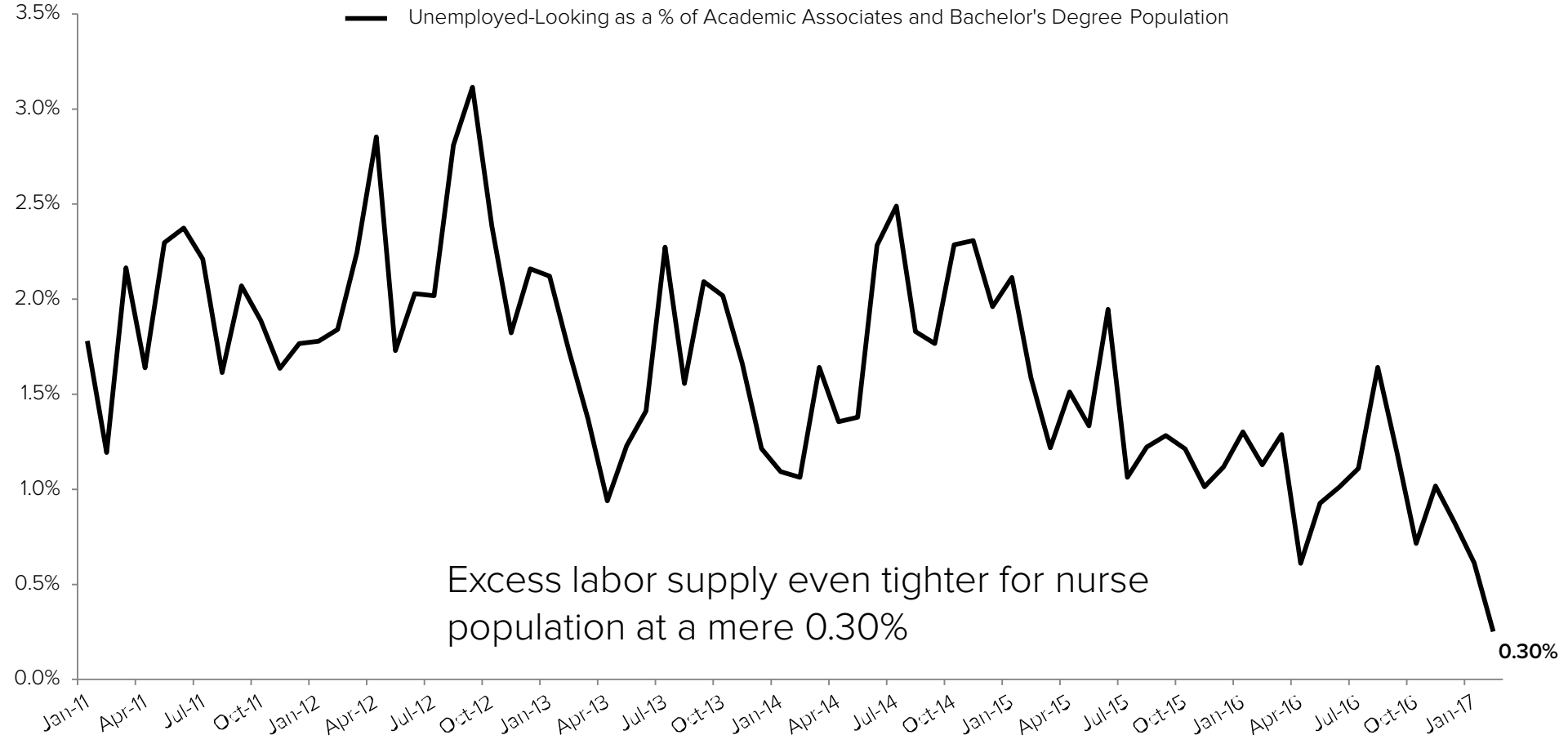
HEALTHCARE AND SOCIAL ASSISTANCE JOLTS



Data Source: BLS

© Hedgeye Risk Management LLC. All Rights Reserved.

"UNEMPLOYED - LOOKING"

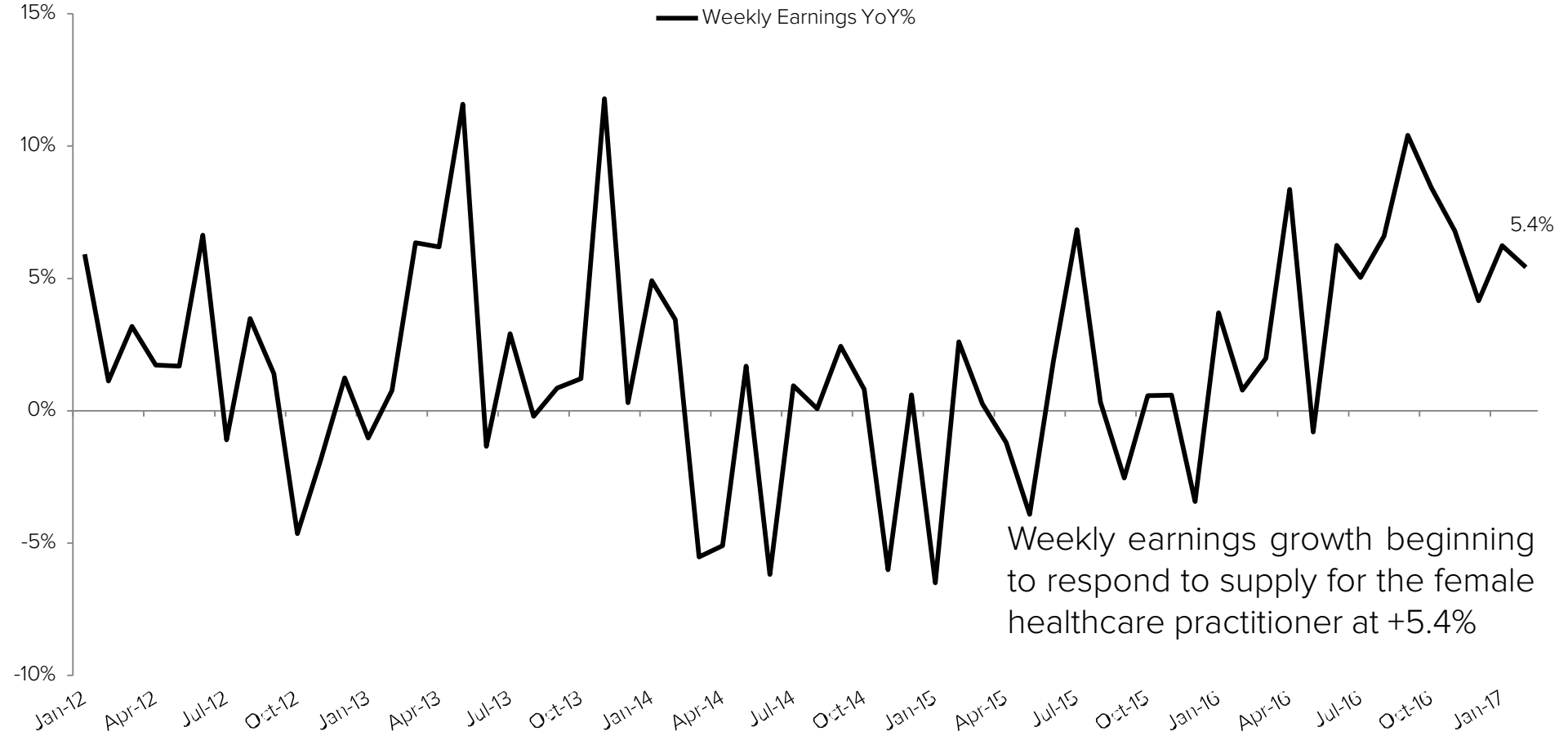


Excess labor supply even tighter for nurse population at a mere 0.30%

Data Source: CPS

© Hedgeye Risk Management LLC. All Rights Reserved.

WEEKLY EARNINGS YOY%

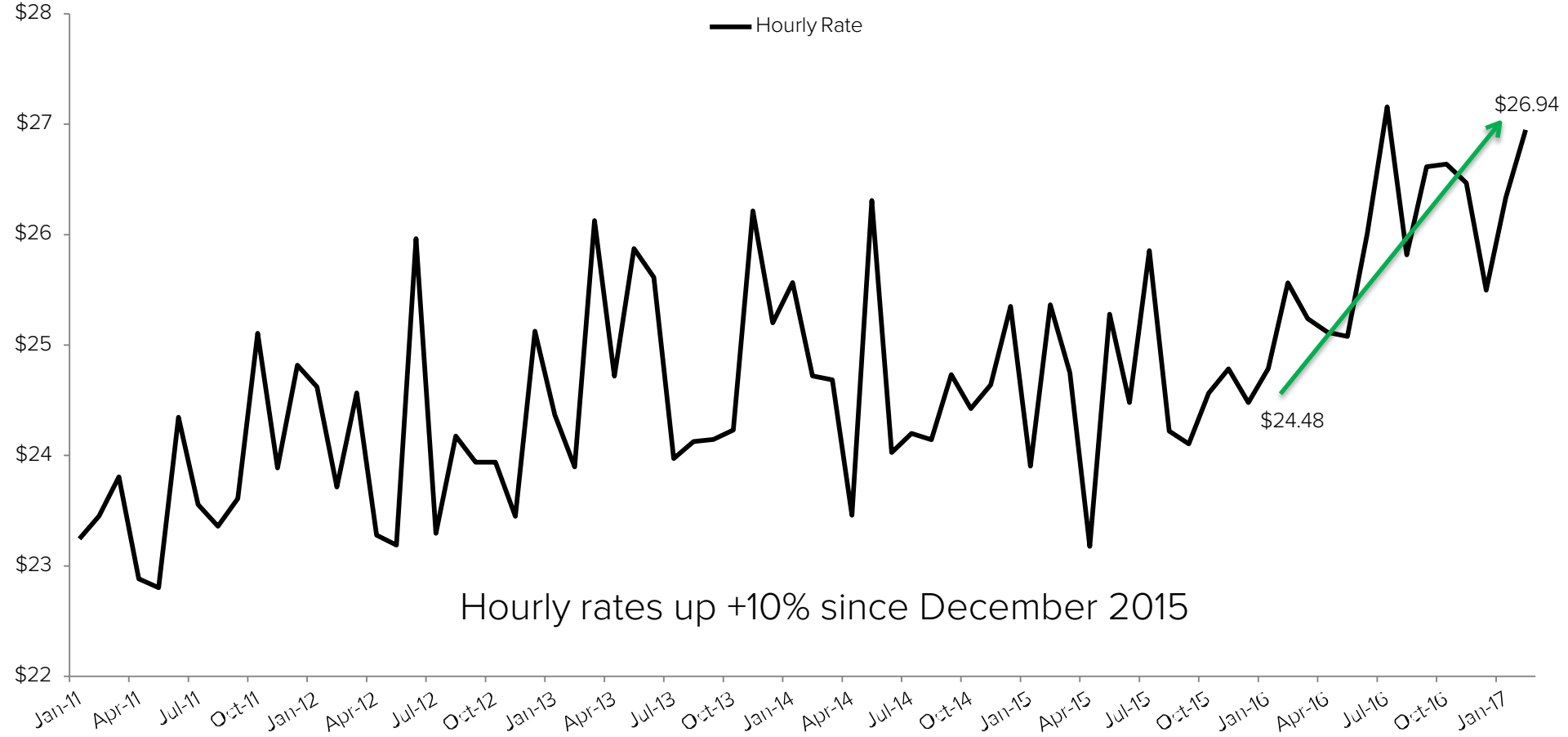


Weekly earnings growth beginning to respond to supply for the female healthcare practitioner at +5.4%

Data Source: CPS

© Hedgeye Risk Management LLC. All Rights Reserved.

HOURLY RATE +10% SINCE DECEMBER 2015



Data Source: CPS

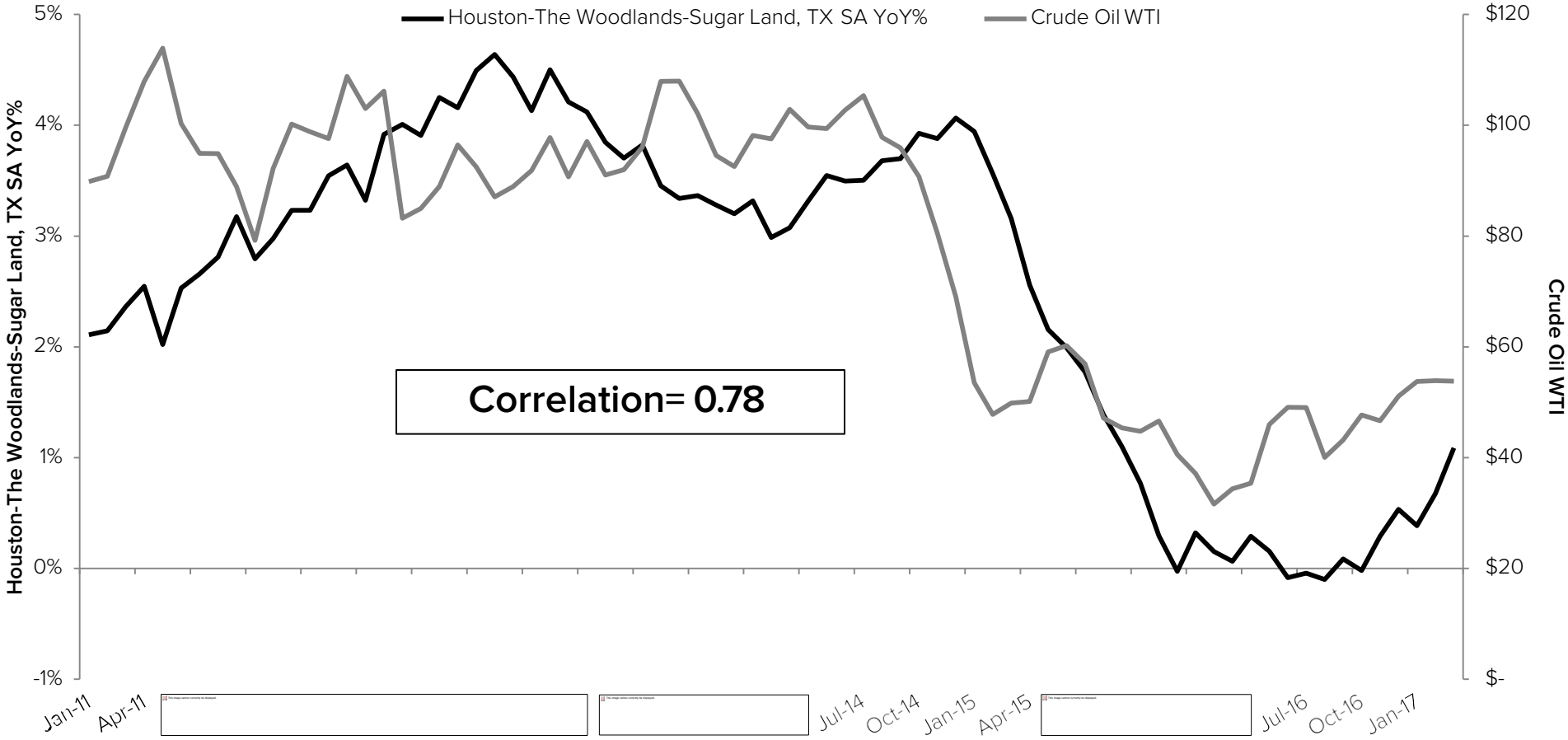
© Hedgeye Risk Management LLC. All Rights Reserved.

HCA®

NO SURPRISES | 6-HANDLE

© Hedgeye Risk Management LLC. All Rights Reserved.

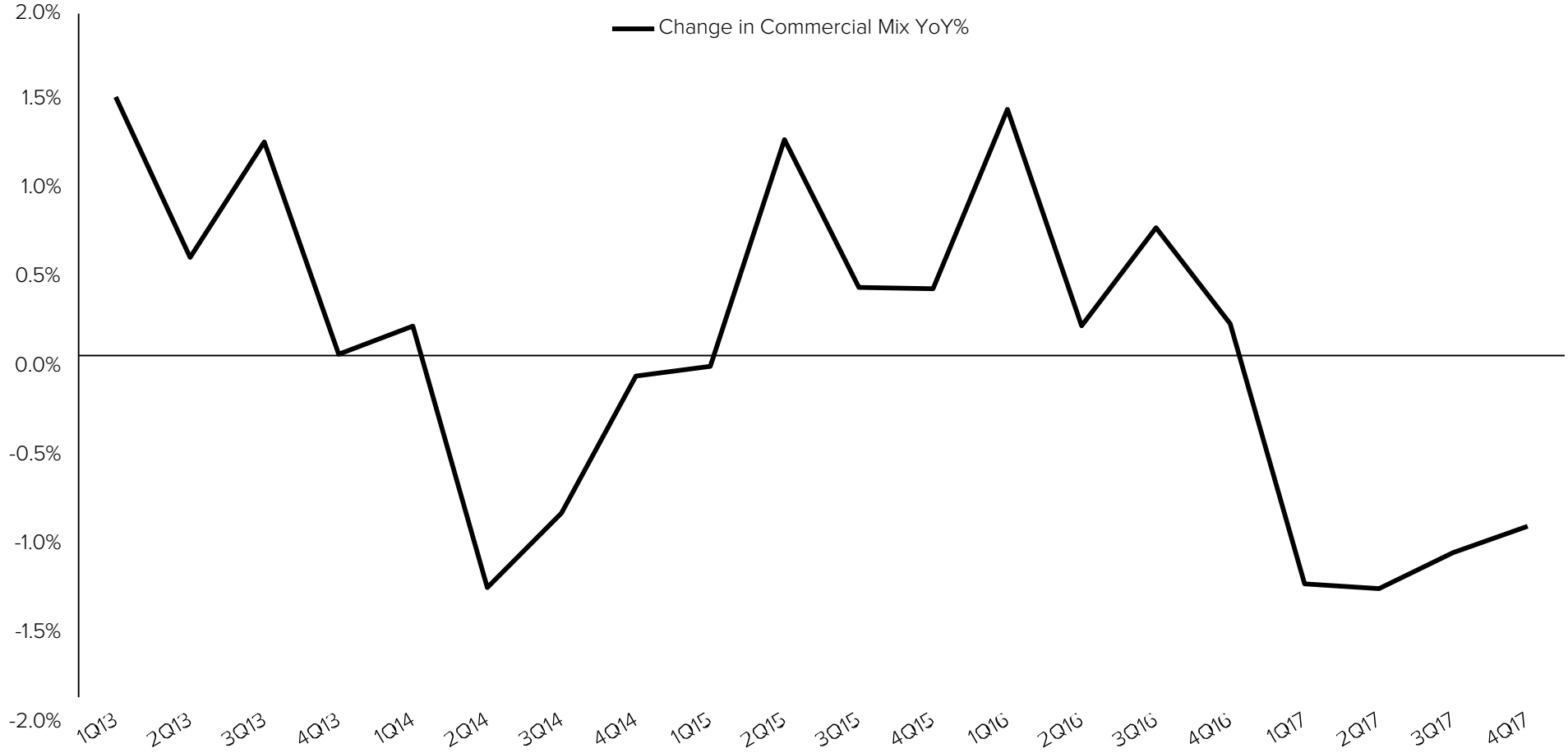
HCA | HOUSTON EMPLOYMENT VS CRUDE OIL WTI



Data Source: BLS & Factset

© Hedgeye Risk Management LLC. All Rights Reserved.

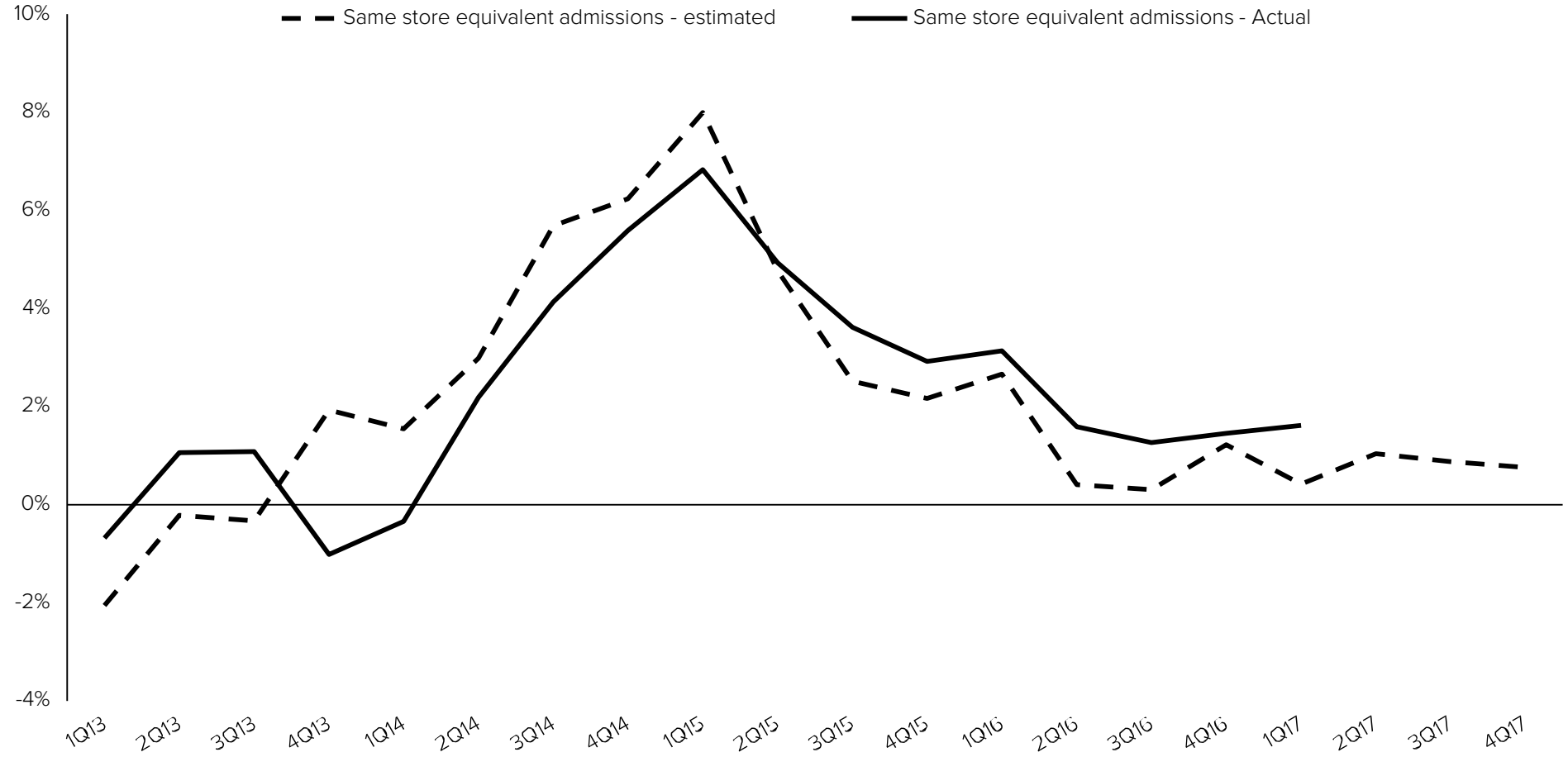
HCA | CHANGE IN COMMERCIAL MIX YOY%



Data Source: Company Filings

© Hedgeye Risk Management LLC. All Rights Reserved.

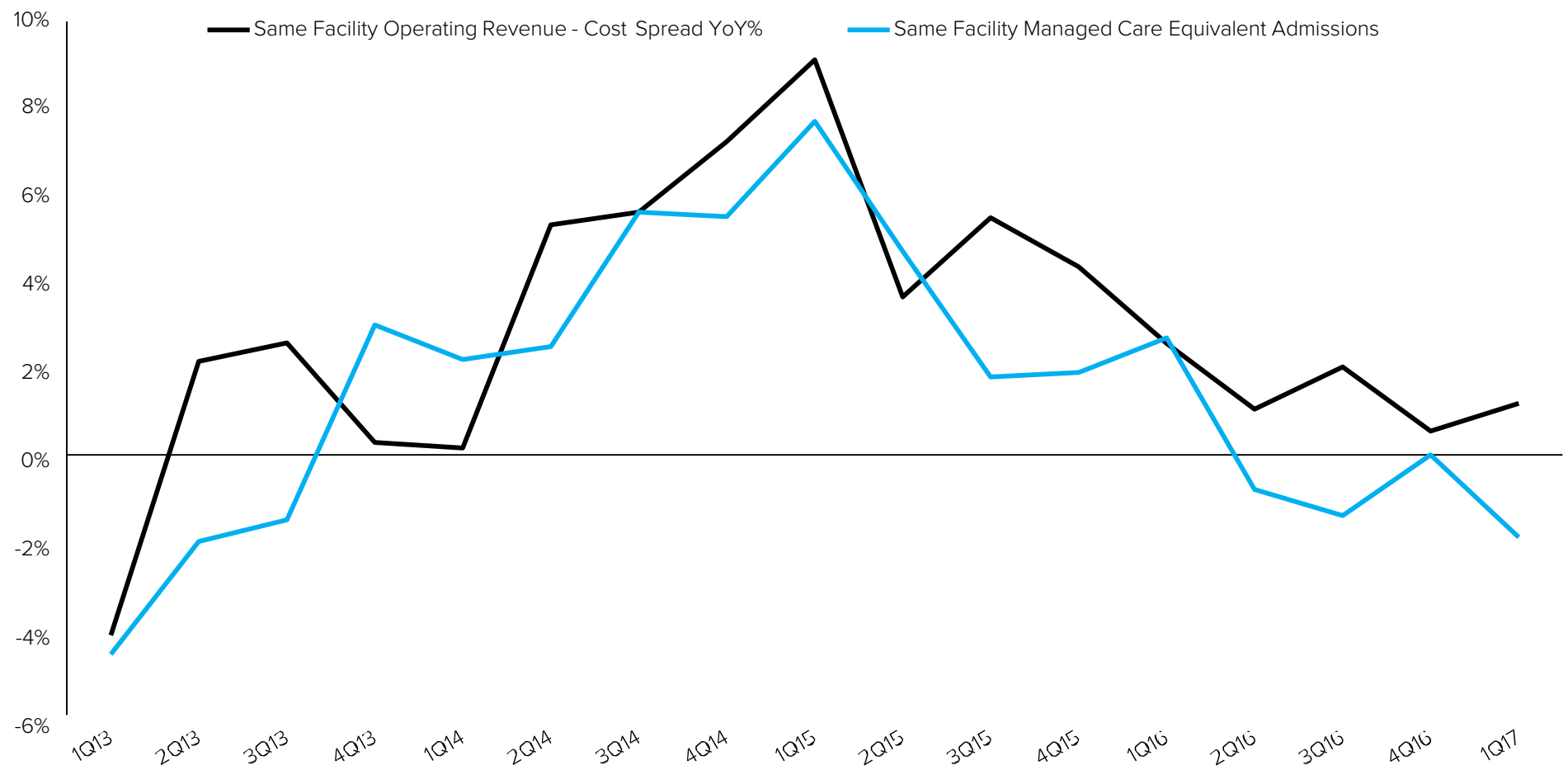
HCA | SS EQUIVALENT ADMISSIONS



Data Source: Company Filings & Hedgeye Estimates

© Hedgeye Risk Management LLC. All Rights Reserved.

HCA | COST SPREAD VS MANAGED CARE ADMISSIONS



Data Source: Company Filings

© Hedgeye Risk Management LLC. All Rights Reserved.

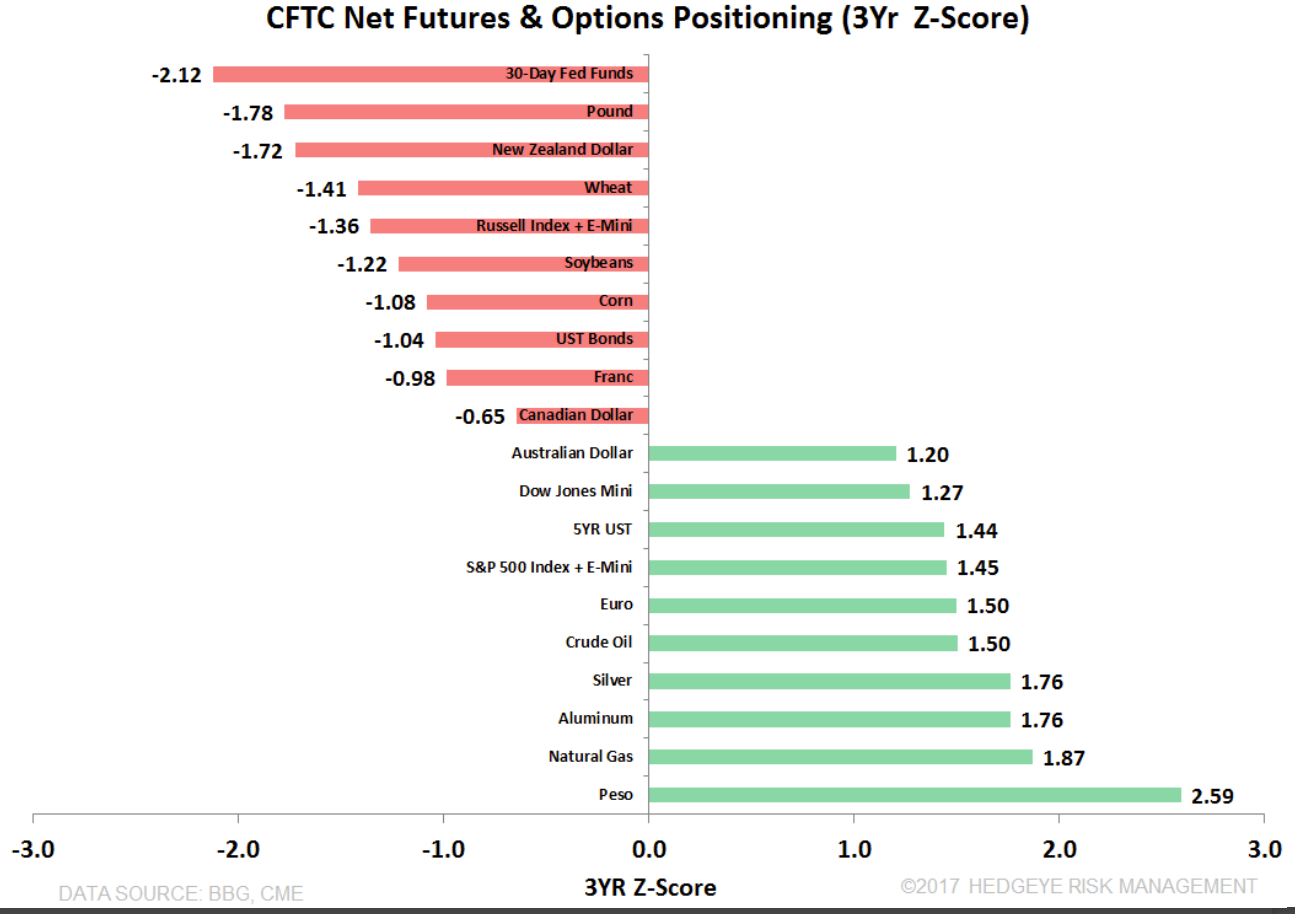
MACRO GRIND

S&P REV. & EARNINGS COMPS & SCORECARD

Q1 2017 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	8.0%	15.7%	299 / 497
Energy	30.4%	325.9%	17 / 34
Materials	9.9%	23.1%	15 / 25
Industrials	4.5%	0.2%	54 / 67
Consumer Discretionary	7.9%	4.2%	39 / 81
Consumer Staples	-3.1%	2.4%	14 / 37
Healthcare	8.0%	14.0%	32 / 58
Financials	6.3%	18.8%	53 / 65
Information Technology	9.6%	24.5%	36 / 67
Telecom	-4.9%	-3.7%	2 / 4
Utilities	2.4%	5.5%	10 / 28
Real Estate	4.0%	8.2%	27 / 31

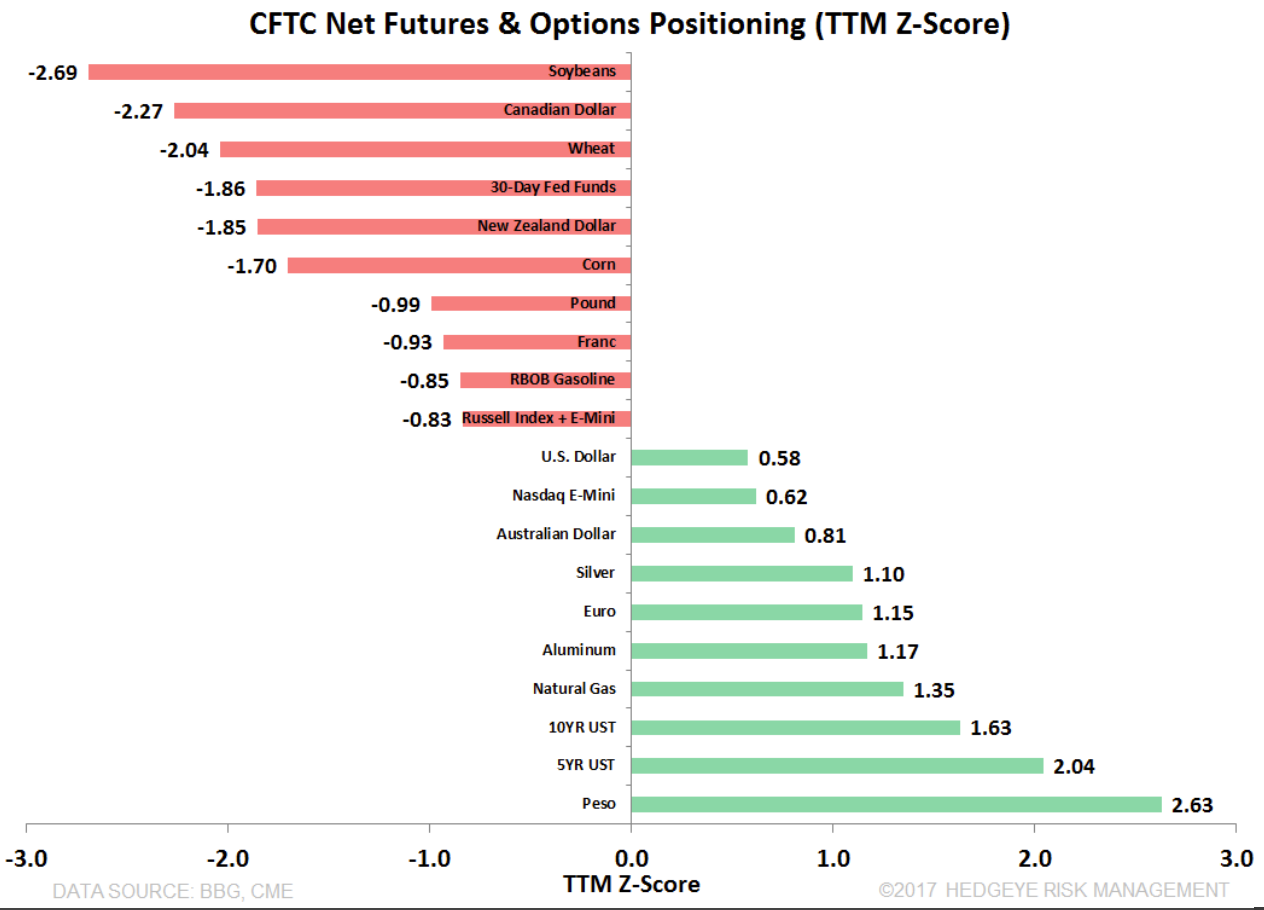
Source: BBG



May 3, 2017

THE MACRO SHOW

HEDGEYE TV



May 3, 2017

THE MACRO SHOW

HEDGEYE TV

	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	6.5%	7.0%	6.9%	8.7%	-17.5%	-12.0%	-17.4%	SPX	23.0%	-0.08	0.37	32.0%	0.25	0.78	46.2%	0.98	1.41
Russell 2000	RTY	12.3%	13.8%	13.9%	14.1%	-11.8%	-10.0%	-14.1%	RTY	9.7%	0.13	0.16	6.5%	-0.06	-0.09	8.5%	0.13	-0.10
Nasdaq 100	NDX	7.0%	7.2%	7.4%	10.8%	-9.7%	-4.6%	-15.1%	NDX	42.2%	0.46	1.07	57.9%	1.19	1.91	61.4%	1.91	2.46
USD Index	UUP	6.0%	6.6%	7.0%	7.3%	-15.9%	-10.4%	-14.7%	UUP	10.4%	-0.15	-0.09	10.3%	-0.25	-0.13	1.7%	-0.70	-0.53
Consumer Discret.	XLY	7.1%	7.6%	7.7%	9.9%	-12.8%	-10.0%	-18.9%	XLY	36.9%	0.42	0.91	39.1%	0.68	1.26	45.9%	1.57	1.94
Financials	XLF	14.9%	15.4%	15.1%	14.6%	-15.5%	-11.1%	-15.5%	XLF	-3.0%	-0.51	-0.37	1.2%	-0.30	-0.19	9.6%	0.42	0.25
Healthcare	XLV	6.3%	7.9%	8.8%	10.0%	-13.7%	-14.8%	-24.9%	XLV	55.7%	1.31	1.91	34.1%	1.14	1.55	27.2%	1.13	1.42
Technology	XLK	7.0%	7.3%	7.5%	10.7%	-10.4%	-6.5%	-15.0%	XLK	48.5%	0.73	1.36	56.6%	1.44	2.04	60.4%	2.27	2.63
Consumer Staples	XLP	6.2%	6.5%	7.2%	12.8%	26.0%	29.2%	17.5%	XLP	47.5%	1.01	1.48	90.0%	3.86	4.48	67.3%	3.22	3.37
Utilities	XLU	6.8%	10.5%	10.9%	11.4%	-10.7%	-13.2%	-22.2%	XLU	60.8%	3.44	3.92	10.8%	0.87	1.19	9.4%	1.09	1.28
Energy	XLE	12.3%	14.6%	13.8%	15.8%	-6.3%	-5.8%	-11.9%	XLE	28.6%	1.06	1.11	9.3%	0.47	0.34	17.3%	1.53	0.82
Energy	XOP	23.3%	24.9%	22.8%	29.0%	2.1%	5.2%	-1.7%	XOP	28.2%	0.91	1.26	14.8%	0.89	0.87	25.1%	2.40	1.62
Materials	XLB	10.4%	11.1%	11.3%	12.0%	-13.4%	-10.5%	-14.1%	XLB	13.0%	-0.08	0.13	13.8%	0.10	0.28	16.7%	0.49	0.46
Industrials	XLI	9.6%	10.2%	9.9%	11.4%	-15.2%	-9.5%	-13.6%	XLI	13.9%	-0.11	0.20	16.7%	0.13	0.44	26.3%	0.95	1.06
Transports	IYT	14.0%	14.5%	14.2%	14.5%	-15.6%	-13.4%	-15.9%	IYT	1.1%	-0.56	-0.36	3.3%	-0.67	-0.33	9.2%	-0.30	-0.03
Biotech	IBB	11.0%	15.0%	17.1%	16.7%	-11.2%	-16.3%	-28.2%	IBB	46.9%	2.03	2.09	17.3%	1.03	1.04	8.0%	0.89	0.55
WTI Crude Oil	USO	21.7%	22.5%	22.5%	31.6%	18.2%	17.8%	3.2%	USO	18.2%	1.59	1.71	37.1%	2.00	1.47	33.4%	2.49	1.29
Natural Gas	UNG	25.5%	33.9%	39.5%	32.3%	-6.5%	-13.6%	-25.3%	UNG	28.0%	1.69	0.58	-1.9%	-0.08	-0.50	-13.3%	-0.70	-0.83
Gold	GLD	8.9%	9.5%	10.3%	11.6%	-11.4%	-8.4%	-16.2%	GLD	27.7%	0.86	0.89	22.1%	0.95	0.85	16.0%	0.84	0.58
Silver	SLV	14.5%	16.7%	16.9%	19.9%	0.0%	-0.4%	-10.4%	SLV	35.9%	1.87	0.79	19.2%	1.64	0.31	19.1%	1.99	0.42
Copper	JJC	21.6%	23.2%	24.4%	18.6%	-13.8%	-18.2%	-26.7%	JJC	-12.6%	-0.43	-0.55	-13.8%	-0.65	-0.79	-12.7%	-0.74	-0.89
Coffee	JO	28.8%	26.8%	27.0%	28.0%	1.6%	1.6%	-1.9%	JO	-1.8%	-0.52	-0.44	5.2%	0.17	0.36	4.8%	0.26	0.48
Corn	CORN	15.4%	15.0%	14.7%	20.8%	10.6%	11.6%	14.8%	CORN	32.6%	1.01	0.53	50.7%	1.97	1.60	64.6%	2.17	2.17
Soybeans	SOYB	9.3%	10.7%	13.3%	18.5%	-0.9%	-4.5%	-10.7%	SOYB	90.7%	1.27	0.78	63.9%	0.59	0.43	23.7%	-0.29	-0.33
Wheat	WEAT	21.0%	20.5%	20.3%	32.2%	0.1%	7.5%	9.2%	WEAT	52.9%	-0.07	-0.04	33.4%	-0.44	-0.22	21.7%	-0.84	-0.36

*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	$90.28	0.11%	0.24%	10.91%
Financial Select Sector	XLF	$23.65	-0.13%	0.51%	1.72%
Health Care Select Sector	XLV	$75.88	0.28%	0.50%	10.07%
Technology Select Sector	XLK	$54.91	0.22%	0.97%	13.54%
Consumer Staples Select Sector	XLP	$54.60	-0.67%	-1.05%	5.59%
Industrial Select Sector	XLI	$66.46	0.48%	0.18%	6.81%
Materials Select Sector	XLB	$53.19	0.17%	0.23%	7.02%
The Energy Select Sector	XLE	$67.31	-0.50%	-0.78%	-10.63%
Utilities Select Sector	XLU	$51.45	0.12%	-0.48%	5.93%
S&P 500	SPX	2,391.17	0.12%	0.29%	6.80%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$90.28	-0.01%	-0.05%	4.10%
Financial Select Sector	XLF	$23.65	-0.25%	0.22%	-5.08%
Health Care Select Sector	XLV	$75.88	0.16%	0.21%	3.26%
Technology Select Sector	XLK	$54.91	0.10%	0.68%	6.74%
Consumer Staples Select Sector	XLP	$54.60	-0.79%	-1.34%	-1.22%
Industrial Select Sector	XLI	$66.46	0.36%	-0.11%	0.01%
Materials Select Sector	XLB	$53.19	0.05%	-0.07%	0.22%
The Energy Select Sector	XLE	$67.31	-0.62%	-1.07%	-17.44%
Utilities Select Sector	XLU	$51.45	0.00%	-0.78%	-0.87%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.1%	-1.2%	-0.7%	1.3%	13.8%	4.1%
	Low Debt/EV	0.6%	0.5%	1.9%	6.3%	14.5%	8.9%
SI	High Short Interest	0.2%	-1.1%	-0.6%	0.1%	9.1%	1.0%
	Low Short Interest	0.0%	-0.2%	1.2%	5.2%	14.8%	7.4%
BETA	High Beta	-0.4%	-1.3%	-0.7%	1.9%	20.0%	5.4%
	Low Beta	0.1%	-0.7%	0.9%	4.6%	8.8%	5.8%
YIELD	High Yield	0.0%	-1.2%	-0.5%	1.0%	6.2%	0.7%
	Low Yield	0.3%	0.4%	1.2%	4.4%	15.6%	8.6%
MKT CAP	MCAP Bottom 25%	0.0%	-1.4%	-1.3%	0.0%	9.1%	0.8%
	MCAP Top 25%	0.0%	0.1%	1.3%	5.3%	15.2%	7.7%
Sales	Top 25% Sales Growth	0.0%	-0.4%	0.0%	3.3%	15.3%	6.8%
	Bottom 25% Sales Growth	0.0%	-1.0%	-0.2%	1.3%	8.4%	2.2%
EPS	Top 25% EPS Growth	-0.1%	-0.3%	0.1%	2.3%	16.1%	6.2%
	Bottom 25% EPS Growth	0.2%	-0.9%	0.3%	2.7%	9.3%	3.1%

**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	0.84%	4.1	3.1	9	35	-1	68	65	71
3M LIBOR	1.17%	#VALUE!	0.2	2	14	0	55	65	74
2Y T-Note	1.26%	-1.6	-1.2	0	5	-14	76	51	69
5Y T-Note	1.80%	-3.8	-5.2	-12	-12	-34	91	27	45
10Y T-Note	2.28%	-3.8	-5.2	-11	-19	-36	96	15	13
30Y T-Note	2.97%	-3.3	-1.9	-4	-12	-24	88	11	-5
2Y-10Y Spread, Bps	102	-2.2	-4.0	-11.1	-25	-22	20	-36	-56
IG SPREAD (AAABBB)	1.53%	0.0	-1.0	-4	1	-47	8	-17	-20
HIGH YIELD	5.87%	-2.9	24.1	-24	-11	-161	26	-78	-65
5Y BREAKEVEN	1.77%	-3.9	-6.9	-17.6	-28.5	-30.1	52.3	21.8	5.6

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)	110,317	(31,167)	92,628	38,503	65,291	*0.57X*	*1.23X*
Russell 2000 (mini)	(30,132)	40,530	(9,517)	21,372	5,783	*-0.83X*	*-0.22X*
10Y Treasury	221,842	190,284	(156,268)	(188,720)	(69,772)	*1.63X*	*2.27X*
CRUDE OIL	456,695	(40,574)	512,452	474,950	420,371	*0.44X*	*1.24X*
GOLD	165,281	4,018	100,874	95,016	162,634	*0.03X*	*0.83X*
COPPER	12,576	(3,738)	32,271	39,148	11,299	*0.04X*	*0.82X*
$USD	43,484	82	45,596	49,021	32,930	*0.58X*	*0.20X*
JPY	(23,824)	5,844	(50,705)	(44,204)	2,227	*-0.48X*	*0.12X*
EUR	(27,946)	(7,023)	(31,390)	(62,298)	(71,259)	*1.15X*	*1.38X*
GBP	(93,584)	7,683	(87,305)	(77,976)	(72,330)	*-0.99X*	*-1.62X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (5/2) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-4%	-14%	-11%	22%
Total Exchange Volume**	17%	8%	4%	3%

*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	-0.88	-0.55	-0.37	-0.37	0.60	*0.95*	*-0.75*	*51%*	*49%*
BRENT Oil	0.86	0.74	0.47	0.31	0.67	*0.77*	*-0.78*	*56%*	*44%*
CRB Index	-0.26	0.13	0.06	0.31	0.76	*0.83*	*-0.86*	*36%*	*64%*
GOLD	0.81	-0.01	-0.67	-0.74	-0.88	*0.90*	*-0.97*	*17%*	*83%*

**Days = Trading Days*