

## US ECONOMY UPDATE

### The Astor Economic Index® (AEI)

Our proprietary Astor Economic Index is still showing *strong growth in the US economy*. The index is showing strong growth, but it is at the bottom of its range.

While not explosive, wages are at their highest level of the expansion, reflecting, in our opinion, continued strength in the US economy.

### Fed Stance

The Fed raised rates at their last meeting and the most common interpretation of the Fed Funds futures curve shows that *the Fed is expected to raise rates again in December*. We feel additional hikes in 2019 are looking likely. The Fed is stepping away from forward guidance and will likely be guided by the evolution of output and inflation over the next year.

### International Environment

*In our opinion, the international environment is becoming less supportive*. Some of the weakness is traceable to trade fears—a partial cause of this summer's emerging market selloff. A poor global growth period is the most obvious source of potential weakness in the US economy.

### Economic Summary

*We believe the US economy remains strong* with no signs of weakness in the numbers we follow. International environments may become a headwind, but not yet.

## ASTOR STRATEGY UPDATE

The most dramatic event in October was the selloff in global equity markets. There was no unambiguous catalyst for the move, with everything from trade tensions to technical levels garnishing some of the blame, depending on commentator. At Astor, we believe that a strong economic environment, as we are currently enjoying, is usually accompanied by an appreciating equity market. We are not making significant changes to the strategies purely on the basis of market action.

### Astor Dynamic Allocation (ADA):

- ADA's beta target is in the upper end of its range.
- Extra exposure to small caps hurt ADA in October, yet has been a contributor for most of the year.

### Astor Sector Allocation (ASA):

- Tech, energy and industrials all underperformed the broad market. As we measure economic growth in those sectors, they all still look attractive.

### Active Income (AI):

- Active Income maintained its position of low duration but more credit exposure than the broad fixed income indexes.
- AI underperformed the broad fixed income market in October as credit reversed.

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*The Astor Economic Index® is a proprietary index created by Astor Investment Management LLC. It represents an aggregation of various economic data points: including output and employment indicators. The Astor Economic Index® is designed to track the varying levels of growth within the U.S. economy by analyzing current trends against historical data. The Astor Economic Index® is not an investable product. All conclusions are those of Astor and are subject to change.*

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