3Q2018

THE INVESTOR QUARTERLY

MARKET COMMENTARY AND INVESTMENT PERSPECTIVES

The Investor Quarterly is issued in order to communicate the current state of capital markets and provide overview of economic conditions. The information contained in this publication should not be construed as investment advice. You should discuss with your financial advisor the conditions of your unique circumstances. The material prepared by Ashton Thomas Private Wealth, LLC., for use by its approved advisors.

WELCOME

Greetings,

The third calendar quarter of 2018 saw a more marked divergence in global economic and market conditions than had been seen in prior quarters, as several factors we will address in this Report have led to a "decoupling" of the U.S. economy, and its debt and equity markets from the "globally synchronized expansions" of both we've observed in the prior six to eight quarters. The U.S. economy's Gross Domestic Product ("GDP"), which expanded at a +4.2% annualized rate in Q2 of 2018, the fastest rate of expansion since Q3 2014, followed that up with an initial reading of +3.5% in Q3 [(1)]. The Eurozone, by comparison expanded by a much more modest +0.4% [(2)]. Japan is expected to report growth in their GDP of +0.6% in the 3rd quarter [(3)], while its estimated China grew by +6.5%, the slowest rate of economic growth it has reported since the first quarter of 2009 [(4)].

The divergence in global equity market returns was even more dramatic, as the S&P 500 Index, a proxy for U.S. equities advanced +7.7% in Q3, its biggest quarterly advance in nearly five years [(5)], as compared to the MSCI E.A.F.E. (Europe, Australia, Far East) Index, which grew by +2.4% in local currency terms, and +1.4% in U.S. Dollar ("USD") terms. Emerging Markets equities were the world's laggards, with the MSCI Emerging Markets Index declining by (-0.4%) for the period, and by (-1.5%) in USD.[(6)]

Many media outlets reported at the time that as of August 22nd, the S&P 500 Index had established a new record for the longest running bull market – the length of time since the last decline of (-20%) or more. [(7)]. During the quarter, Large-Cap stocks fared better than Small-Caps, and Growth Stocks outperformed their Value counterparts. As mentioned previously, the S&P 500 Index (Large-Caps) were up by +7.7% in Q3, while the Russell 2000 Index (Small-Caps) advanced by just +3.6%. The Russell 3000 Growth Index (All-Cap Growth Stocks) delivered an +8.9% return to investors, while its Value stock counterpart, the Russell 3000 Value Index grew by a much more modest +5.4%. For the year-to-date, Value stocks now lag Growth stocks by (-13%), leaving investors to wonder how long this style divergence can persist [(8)].

U.S. investors in foreign stocks continued to see headwinds in the form of a strengthening U.S. Dollar. The U.S. Dollar Index, a measure of the strength of the U.S. Dollar relative to a basket of foreign currencies, advanced slightly in the third quarter of 2018, with the Dollar Index appreciating by +0.15% for the period. It is +2.28% higher than it was 12 months ago [(9)]. Currencies most impacted by the U.S. Dollar in Q3 were the Japanese Yen, down (-2.5%), the Australian Dollar, down (-2.1%), and the British Pound, which declined (-1.2%) against the U.S. Dollar for the quarter. For the entire year-to-date, those currencies have depreciated against the U.S. Dollar by (-0.8%), (-7.5%), and (-3.6%), respectively [(10)]. For U.S. Dollar-denominated investors, currency loss is a direct offset to gains in local (foreign) currency terms. At their core, these currency losses are rooted in the recent divergence in Global Central Bank policies. The U.S.' Central Bank, the Federal Reserve Bank ("Fed"), removed the word "accommodation" from their policy prescriptions for the first time in years in the release of the minutes of their September meeting, following over eight years' maintenance of their "Zero Interest Rate Policy" ("ZIRP"), a policy it adopted in November 2008 at the height of the "Credit Crisis". The Fed kept the "base rate" also known as the "Fed Funds Rate" effectively at zero through most of 2016, and has steadily increased the Fed Funds Rate since, increasing it most recently to 2.25% in its September meeting. New Fed Chairman Jay Powell has repeatedly indicated the Fed's intentions to continue this "rate normalization" and has all but guaranteed another quarter-point rate hike in their December meeting, strongly suggesting that at least two more quarter-point hikes, and possibly three, may be in store in 2019.

(1) https://www.cnbc.com/2018/10/26/first-read-on-us-q3-2018-gross-domestic-product.html
(2) https://www.estimize.com/economic_indicators/euro-area-gdp-growth-rate
(3) https://www.cnbc.com/2018/10/26/first-read-on-us-q3-2018-gross-domestic-product.html
(4) https://tradingeconomics.com/china/gdp-growth-annual
(5) https://www4.troweprice.com/gis/fai/us/en/insights/articles/2018/q3/quarterly-markets-review.html
(6) https://www.capitalgroup.com/us/insights/market-commentary/world-markets-3q-2018.html
(7) https://www.schroders.com/en/insights/economics/quarterly-markets-review---q3-2018/
(8) http://content.rwbaird.com/RWB/Content/PDF/Insights/baird-market-update.pdf
(9) https://loringward.com/blog/loring-wrd-q3-208-market-commentary/
(10) https://www.capitalgroup.com/us/insights/market-commentary/world-markets-3q-2018.html

WELCOME

In stark contrast to the U.S. Central Bank, most of the rest of the world's major Central Banks continue to hold their respective base rates at zero, or even at negative rates. The European Central Bank ("ECB") has a 0.00% base rate currently. The Bank of Japan ("BoJ") currently supports a (-0.10%) base rate, while the Swedish and Swiss Central Banks are holding their base rates at (-0.50%), and (-0.75%), respectively. [11] Capital naturally seeks its highest returns and yields, and global rate disparities such as these attract capital to the U.S., and by extension, to the U.S. Dollar, which is the currency required for investments into U.S. stock and bond markets. Not surprisingly, foreign demand for the U.S. Dollar has pushed the U.S. Dollar higher against most foreign currencies, much to the detriment of non-Dollar denominated markets.

Increasing interest rates are a "headwind" to fixed income (bond) investing, and rates at all maturities along the U.S. Treasury Yield Curve have risen throughout this year. The third quarter saw that trend continue, especially on the shorter end of the curve. The 2-Year Treasury Yield which started 2018 with a yield of 1.92%, began July at 2.57%, and ended September at 2.81%. The 10-Year Treasury Yield started this year at 2.46%, rose to 2.87% at the beginning of July, and ended the quarter at 3.05%. The longest dated (30 – Year) Treasury Yield started 2018 offering investors 2.81%, which increased to 2.99% on July 3rd, and ended September with a yield of 3.19%. The bellwether "2 – 10 Treasury Yield Spread" started this calendar year at 0.54% and ended the third quarter at just 0.24% [12]. That "flattening" of the yield curve concerns bond investors, as a "flat" to "inverted" Yield Curve (longer-term maturities yielding less than shorter-termed maturities) has often been a precursor to economic recession.

The increase in interest rates all along the yield curve has been accompanied by the Fed's reduction in their "balance sheet" this year. As we've mentioned in previous editions of The Investor Quarterly, the Fed's balance sheet consists of bonds and securities purchased with money it literally printed, from September 2008, when it held $925.7 Billion on its balance sheet, to November 2014, when its balance sheet rose to just under $4.5 Trillion in marketable securities. These purchases were part of the Fed's "Quantitative Easing" ("QE") efforts during those years, and those purchases provided "artificial demand" for securities, keeping their prices higher (and bond yields lower) than "organic", natural demand would have without them. The Fed's intention was to keep yields on debt securities (and by extension, government and private household and corporate debt servicing costs) as low as possible, while the Fed Funds Rate was already effectively zero. The rest of the Global Central banks noticed the Fed's use of QE and followed suit. In U.S. Dollar – terms, the European Central Bank ("ECB") printed over $5.5 Trillion, and the Bank of Japan ("BoJ") printed over $5 Trillion for their own QE programs [13]. Most of that capital was invested in fixed income securities, and in some cases, such as the Swiss National Bank ("SNB") and the BoJ, into equities, predominantly U.S. equities. The Fed's current Chairman, Jay Powell, has stated their intention to shrink the Fed's balance sheet by $315 Billion in 2018, and by another $437 Billion in 2019 [14]. Through the end of the third quarter of 2018, it had already pared its balance sheet by $250.8 Billion [15], and the Fed's stated plan is to remove at least $1 Trillion in balance sheet assets by the end of 2020. While the ECB and BoJ have stopped increasing in their balance sheets, neither has yet announced their intent to reduce them. Just as the use of Quantitative Easing programs injected liquidity and artificial "demand" into the financial system to stimulate economic activity and production, the reduction in these balance sheet assets will, quite literally, remove liquidity and demand from the system. As one might expect, market participants who loved the infusion of "artificial" demand in the markets, and effectively "free" money, are now worried about the impact on markets of the combination of higher rates and lower liquidity.

(11) https://www.global-rates.com/interest-rates/central-banks/central-banks.aspx
(12) https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldYear&year=2018
(13) https://www.yardeni.com/pub/peacockfedecbassets.pdf
(14) https://www.ft.com/content/16649a54-b38a-11e8-bbc3-ccd7de085ffe
(15) https://www.federalreserve.gov/monetarypolicy/bst_recenttrends.htm

WELCOME

For the first time in many years, bonds bear a fair amount of risk to principal. Bond investors understand that the total return to a bond investor is the change in value of the bond(s) held, plus their interest payments, or coupons. The Bloomberg Barclays U.S. Aggregate Total Return Bond Index, which includes coupon payments received by bondholders, has declined (-1.31%) for 2018 through September's end, and was up by an infinitesimal +0.02% (including coupon payments) for the third quarter [16].

Broadly speaking, we see a continuation pf the risks to the equity and debt markets we raised in last quarter's issue of The Investor Quarterly. The record-long bull market in equities is experiencing an increasing level of volatility, which had been all but completely absent last year, and continuously rising interest rates have made investing in fixed rate bonds an endeavor with extremely limited "upside".

As always, we appreciate your continued support of our efforts, and welcome your comments.

Thank you,

Jay Penney

Jay R. Penney, CFP®, CFA®, AIF®,
Chief Investment Strategist
Ashton Thomas Private Wealth, LLC

(16) https://www.bloomberg.com/quote/LBUSTRUU:IND

ASHTON THOMAS PRIVATE WEALTH

THE MARKET AT A GLANCE

U.S. EQUITIES:

In the U.S. equity market, a continued surge in corporate profits appeared to drive much of the third quarter's advance. Year-over-year profit growth in the quarter ended June 30th, the most recent quarter for which we have complete data, grew by +25%, on an increase in revenues of +10.1%, the largest revenue increase seen since 2011 (17). Investors cheered a series of new trade deals with Europe, Mexico, and other trading partners throughout the third quarter pf 2018, relieving some of the tension over potential "Trade Wars" the Trump administration has threatened. Still worrisome, however, are the escalating trade conflicts with China, the U.S.' top trading partner, which has investors wondering if the Chinese government, or President Trump will "blink" first. The President has threatened to place hundreds of millions of trade tariffs on China's imports to the U.S., and the Chinese have reciprocated with tariffs on U.S. experts to China. Trade tariffs impact larger, multi-national companies more than small-cap companies who sell predominantly to domestic customers, so multinationals' profit margins are the most threatened by potential trade wars.

Once again, the best performing stocks were found in the Large-Cap Growth stocks, which were up +9.2% for the quarter. Large-Cap Value stocks lagged their Growth counterparts, up just +5.7% for the same period. Mid-Cap stocks saw the same "growth" bias, with Mid-Cap Growth stocks rising +7.6% for the quarter, as comparted to a more modest gain of +3.3% for Mid-Cap Value stocks. And Small-Caps followed the same pattern, with Small-Cap Growth stocks returning +5.5% for the quarter, as compared to the +1.6% return on Small-Cap Value stocks (18).

The best performing sectors in the market last quarter were Health Care, up +15%, followed by Industrials, and Communication Services stocks, both up +10%. Information Technology stocks were up +9%, Consumer Discretionary and Consumer Staples gained +8% and +6%, respectively. The worst performing Sector in Q3 was Materials, which were flat, and Energy and Real Estate stocks, which were both up just +1% (19).

While valuations remain "elevated" when compared to historical Price/Earnings ("P/E") Ratios, they have moderated in the past three calendar quarters. With 100% of the S&P 500 Index constituents having reported earnings for the quarter ended June 30th, the S&P 500 Index constituents traded at 19.48 times four-quarters (trailing) "Operating Earnings", or at 22.29 times "As Reported Earnings", based upon the Index' value on September 30th (20). As this is being written, with 55% of the S&P 500 Index constituents have reported their earnings for the quarter ending September 30th, if the remaining constituents deliver earnings as expected by consensus analysts' expectations, the "Operating Earnings" P/E Ratio will fall to 17.78 times earnings, and the "As Reported Earnings" P/E will have declined to 20.34 times earnings, both major improvements in P/E Ratios that have been elevated for years.

The S&P 400 Index, a proxy for Mid-Cap domestic stocks, traded at a (trailing four quarters) Price/Earnings Ratio of 23.57 times (21), and the S&P 600 Index, a proxy for Small-Cap domestic stocks, traded at an extremely elevated 42.21 times (trailing four quarters) Price/Earnings Ratio (22).

Professor Robert Shiller's CAPE Index, which "smooths" the impacts of earnings volatility by dividing the current S&P 500 Index Price by the average of their 10-Year's Earnings, ended the third quarter at 32.80, slightly lower than last quarter's reading (33.78), but still very close to the second highest reading in history, exceeded only by the "Dot-Com Bubble", and the CAPE Index' all time highest reading of 44.19 times earnings in December 1st of 1999, just before the bubble burst. With

(17) https://www4.troweprice.com/gis/fai/us/en/insights/articles/2018/q3/quarterly-markets-review.html
(18) https://loringward.com/blog/loring-wrd-q3-208-market-commentary/
(19) https://www.capitalgroup.com/us/insights/market-commentary/world-markets-3q-2018.html
(20) https://us.spindices.com/indices/equity/sp-500
(21) https://us.spindices.com/indices/equity/sp-400
(22) https://us.spindices.com/indices/equity/sp-600

stock prices still highly elevated relative to their underlying earnings, we urge continued caution in allocating assets to domestic stocks (23).

INTERNATIONAL DEVELOPED MARKETS:

Foreign equity markets continued to underperform U.S. markets this quarter. While the S&P 500 Index rallied +7.7%, the MSCI E.A.F.E. (Europe, Australia, Far East) index, a proxy for foreign developed equity markets advanced +1.2% (24). From a sector perspective, Health Care and Energy stocks led for the second consecutive quarter, each climbing +4%, while the Consumer Discretionary, and Information Technology sectors declined by (-2%). The best performing countries were Switzerland, up +7.3%, Sweden, up +7.0%, Japan, up +3.8%, and France, up +2.9%. The worst performing countries were Italy (-4.3%), Spain, down (-2.3%), the U.K., down (-1.6%), and the Netherlands (-0.9%) for the quarter (25).

Like the U.S., Growth Stocks generally outperformed their Value Counterparts, with foreign Large-Growth stocks earning +2.0%, while foreign Large-Value stocks gaining a more modest +1.1%. Foreign Mid-Cap Growth stocks underperformed their Mid-Cap Value counterparts, with Mid-Growth just gaining +0.2%, compared to the +1.3% Mid-Value stocks gained. The foreign Small-Cap markets were all negative for the quarter, with foreign Small-Cap Value stocks losing (-0.3%), and foreign Small-Cap Growth stocks losing (-1.4%) for the period (26).

Regionally speaking, MSCI Japan led all regions, with the MSCI Japan Index growing +3.8%, followed by Europe, with the MSCI Europe Index growing by just +0.8%. The MCSI Pacific ex-Japan Index, declined by (-0.5%) for the period (27).

EMERGING MARKETS:

Emerging Market equities declined, hurt by a strong U.S. Dollar, rising U.S. interest rates and heightened U.S. – China trade friction. The MSCI Emerging Markets Index was down (-1.1%) for the quarter. The best performing emerging market country was Taiwan, where semiconductor stocks support performance, advancing by +7.2%. Mexico was next, up +7.0%, as their markets rallied following their general elections and an agreement with the U.S. on NAFTA renegotiations (28). Not surprisingly, the worst performing emerging market was China, which declined by (-7.4%) during the quarter, as the U.S. implemented tariffs on a total of $250 Billion of Chinese goods. There was very little progress in bilateral talks with China and the U.S., and Chinese macroeconomic data disappointed. South African stocks fell (-7.2%) on worries about political uncertainty and recessionary concerns (29).

COMMODITIES:

As we've repeatedly mentioned in prior missives, the U.S. Dollar Index and Commodity prices historically move inversely to one another, and the third quarter of 2018 was no exception. The Dollar Index moved higher by +0.41%, and commodity prices moved lower, with all six major sectors posting losses. Soft Commodities (i.e. cocoa, sugar, and cotton, etc.) were the worst performing sector, declining (-11.51%) for the quarter, while Base Metals (i.e. Lead, Nickel, and Zinc) a close second, declining by (-10.39%) for the period. The worst performing commodity by itself was Lumber. Illiquid Lumber futures fell by (-39.5%) in Q3. Other notable declines in commodity markets were Lean Hog futures (-24.98%).

The Baltic Dry Index, which measures the demand for shipping capacity versus the supply of dry bulk carriers, rose +14.67% for the period, and Palladium futures were the best performing commodity during the quarter, with futures climbing +12.82%. There were few other "winners" during the quarter, but Hard Spring Wheat (aka MGE Wheat) appreciated by +9.78%, and Heating Oil was up by +6.28% for

(23) http://www.multpl.com/shiller-pe/table?f=m
(24) http://content.rwbaird.com/RWB/Content/PDF/Insights/baird-market-update.pdf
(25) http://content.rwbaird.com/RWB/Content/PDF/Insights/baird-market-update.pdf
(26) https://loringward.com/blog/loring-wrd-q3-208-market-commentary/
(27) http://content.rwbaird.com/RWB/Content/PDF/Insights/baird-market-update.pdf
(28) https://www.schroders.com/en/insights/economics/quarterly-markets-review---q3-2018/
(29) http://content.rwbaird.com/RWB/Content/PDF/Insights/baird-market-update.pdf

the quarter. Live Cattle futures rose by +6.03%, Iron Ore appreciated by +6.18%, and Oats rallied by +5.69%. Feeder Cattle was up +4.53%, and Brent Crude Oil rose +4.35% (30).

REAL ESTATE:

The MSCI U.S. REIT Index, a proxy for U.S. based Real Estate Investment Trusts with 154 constituents representing 99% of the publicly-traded U.S. REIT universe, appreciated by +1.09% in the third quarter of 2018, and is up +2.30% year-to-date through Q3 (31).

Few REIT sectors posted large gains in the quarter. Manufactured Home REIT's were the best performing REIT sub-sector, appreciating by +4.96% for the third quarter. They were followed by Apartment REITs, up +4.48%, Home Builders, up +4.08%, Health Care REIT's, up +2.57%, and Data Center REIT's, which were up +2.29%. All other gainers were up less than +2%. The worst performing sub-sectors were Timber REITs, which were down by (-10.87%), primarily in response to the dramatic decline in the price of Lumber, and Self-Storage REIT's, which declined by (-10.22%) in the third quarter. Office REIT's were off (-2.45%) and Regional Malls declined by (-1.0%) for the quarter. All other losers were down less than (-1%) for the period (32).

REIT prices remain elevated, with a Trailing Price/Earnings Ratio of 34.81, and a Forward-looking Price/Earnings ratio of 35.59. At current levels, yields are somewhat lower than typical, currently 4.28% (33).

FIXED INCOME:

As previously mentioned in the opening of this document, rates all along the yield curve in the U.S. are rising, and they are expected to continue to do so, reversing a 35-plus year downtrend in interest rates that bottomed in July 2016, when the 10-Year U.S. Treasury bond recorded its all-time low yield of 1.375%. In the third quarter of 2018, the Bloomberg Barclays U.S. Aggregate Total Return Index (which includes coupon receipts) was up +0.02%, which means that bond prices fell, but those price declines were barely made up for by the coupons received during the quarter. For the Year-to-Date (through 09/30/2018), the Index is down (-1.6%), which tells us that the price declines have exceeded the coupons received year-to-date (34).

The best performing domestic fixed income category for the quarter was High Yield Corporate bonds, which were up +2.4%, followed by Investment Grade Corporates, up +1.0%, and High Yield Municipal Obligations, which appreciated by 0.8% during the period. The worst performing sectors of the domestic fixed income markets were U.S. Treasuries and Agency-Backed bonds, both of which declined by (-0.6%), followed by Local Government Obligation Municipal Bonds, down (-0.3%), and Insured and Revenue Municipal Bonds, both of which declined by (-0.2%) for the quarter (35).

As one might expect in a rising interest rate environment, longer dated maturities were the worst performing bonds during Q3 2018. Long-Term (taxable) Bonds, defined as those having maturities of 10-Years or more, declined by (-0.5%), while Intermediate-Term Bonds (maturities from 5-7 Years) appreciated by +0.1%. Short-Term Bonds (maturities of 1-3 Years) fared best, rising +0.3% for the quarter (36).

Globally fixed income results were mixed. The Bank of England cited weather as a cause for a weak first quarter, as saw its 10-Year government bond (the "Gilt") yield rise from 1.42% to 1.57%. The German government's 10-Year bond (the "Bund") saw its yield rise from 0.30% to 0.47% during the quarter. The Italian Government's 10-year Bond yield rose from 2.68%, amid political concerns over the larger than expected 2019 fiscal deficit (36). As a category, Global

(30) https://seekingalpha.com/article/4209063-commodities-third-quarter-2018-overview-outlook-q4-2018
(31) https://www.msci.com/documents/10199/08f87379-0d69-442a-b26d-46f749bb459b
(32) Source: Bloomberg, through AACA
(33) https://us.spindices.com/indices/equity/sp-united-states-reit-us-dollar
(34) Source: Morningstar
(35) https://content.rwbaird.com/RWB/Content/PDF/Insights/Quarterly-Market-Chart-Book.pdf
(36) https://www.schroders.com/en/insights/economics/quarterly-markets-review---q3-2018/

THE MARKET AT A GLANCE

Bonds declined an average of (-0.9%). Emerging Market Bonds, however, were the best performing bonds for U.S. Dollar denominated investors, as they appreciated by +1.6% the quarter [37]

Given the Fed's apparent insistence in "normalizing" rates to higher levels, and the Wage Inflation and Core Inflation numbers we've seen posted recently that in their minds justify those rate hikes, we remain cautious in our bond allocations, preferring U.S. Fixed Income securities over foreign, shorter-maturities over longer-dated maturities, higher credit quality issuance, and when possible, floating-rate bonds which will not be hurt by rising interest rates.

(37) https://content.rwbaird.com/RWB/Content/PDF/Insights/Quarterly-Market-Chart-Book.pdf

THE WORLD ECONOMY AT A GLANCE

The "synchronized global economic expansion" we're repeatedly referenced in prior editions of The Investor Quarterly is showing signs of decoupling. The U.S. economy remains in a robust expansion, with initial readings for U.S. GDP for the third quarter coming in at +3.5%, down from the +4.2% expansion in GDP recorded in the second quarter, but still robust. The U.S. Unemployment Rate declined to 3.7% in September, the lowest recorded rate Unemployment Rate since 1969 [(38)]. Conditions that have historically signaled an oncoming recession are simply not in place today. On an absolute basis, conditions remain solidly positive, with healthy job growth, with historically high levels of consumer and business confidence.

Eurozone economic growth slowed to 0.4%. Lower net external contribution points to a progressive deceleration of GDP in the region, partially offset by stronger domestic demand. Concerns over "Brexit" remain a concern, as is the talk about Italy's possible exit from the EU. Growth was very different by country. Spain posted a +2.7% growth rate in their country's GDP in Q3, best in the region. They were followed by Germany, which grew at a 2.1% pace. France, which expanded its economy by 1.5% was next, followed by the U.K, which expanded by +1.4%, and Italy, which grew its economy by +1.2%.

In Asia, India's economy grew their economy by a global best +7.6%, followed by China, which expanded by +6.6% in the quarter. Japan's economy grew by a more modest 1.0% for the quarter. The primary concern for economic growth is the possibility of a Trade War with the U.S. Asian economies, particularly China, would be hard hit by trade disruption with the world's largest economy, with which it maintains a huge trade surplus [(39)].

(38) https://www.bls.gov/cps/tables.htm#monthly
(39) https://www.eulerhermes.com/content/dam/onemarketing/euh/eulerhermes_com/erd/newsimport/pdf/global-economic-outlook-Q3-2018-reaping-the-whirlwind.pdf

THE U.S. ECONOMY IN FOCUS

GROWTH

GDP of +3.5% in Q# 2-018 is significantly higher than the average of the past ten years. Continued optimism by consumers and businesses alike are likely to result in continued economic expansion for some time to come.

JOB CREATION

The U.S. economy added 492,000 jobs in the third quarter of 2018. The Unemployment Rate is the lowest its been in almost 50 years [41]. Wage Inflation is accelerating.

CORPORATE PROFITS

Another record high in Q2 2018, the last quarter for which all constituents have reported, with Revenues up +10% year-over-year, and Earnings (on S&P 500 Index constituents) up +25% [40].

INFLATION

According to the Bureau of Labor Statistics the Consumer Price Index ("CPI-U") rose +2.3% over the twelve months ended September 2018 [42]. At current levels, we have reached the Fed's "Inflation Target".

INTEREST RATES

Interest rates are expected to continue to rise all along the yield curve, but more so on the shorter-end, which is being "forced" higher by Fed Funds Rate hikes. Inflation appears to by pushing intermediate term rates higher, which is necessary to prevent an "inversion" of the yield curve.

RISK TO CONTINUED U.S. ECONOMIC GROWTH

With the economy hitting on all cylinders, the primary "risk" to the continued economic expansion is an overly-aggressive Federal Reserve Bank, raising rates too quickly or aggressively, and stifling the expansion.

(40) https://us.spindices.com/indices/equity/sp-500
(41) https://www.bls.gov/bls/news-release/empsit.htm#2018
(42) https://www.bls.gov/news.release/archives/cpi_10112018.htm

DISCLAIMER

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Ashton Thomas Private Wealth, LLC), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Ashton Thomas Private Wealth, LLC. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. Ashton Thomas Private Wealth, LLC is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. If you are a Ashton Thomas Private Wealth, LLC client, please remember to contact Ashton Thomas Private Wealth, LLC, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or

Investment Advisory services provided by Ashton Thomas Private Wealth, LLC, (ATPW) an SEC registered investment adviser. Securities brokerage services provided by Peachtree Capital Corporation, a Registered Broker/Dealer, Member FINRA and SIPC. Though there are similarities among these services, the investment advisory programs and brokerage services offered by Ashton Thomas' advisors are separate and distinct, differ in material ways and are governed by different laws and separate contracts with you. A copy of Ashton Thomas Private Wealth LLC's current written disclosure statement discussing advisory services and fees is available for review upon request. The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, please notify us immediately by e-mail, and delete the original message without any review/dissemination thereof.

Please remember to contact Ashton Thomas Private Wealth, LLC, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you want to impose, add, to modify any reasonable restrictions to our investment advisory services, or if you wish to direct that Ashton Thomas Private Wealth, LLC effect any specific transactions for your account. Please be advised that there can be no assurance that any email request will be reviewed and/or acted upon on the day it is received-please be guided accordingly. A copy of our current written disclosure statement discussing our advisory services and fees continues to remain available for your review upon

Ashton Thomas Private Wealth
15279 N Scottsdale Road
Suite B2-215
Scottsdale, Arizona 85254

(Phone) 844.590.6081

www.ashtonthomaspw.com

Thank You

Visit *ashtonthomaspw.com* for more information