

ECONOMY

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Think Strategically: Trump 20 Months Later

President Has Notable Wins, Challenges In Achieving Economic Well-Being at Midterms

BY FRANCISCO RODRÍGUEZ-CASTRO
frc@birlingcapital.com

We use financial and economic metrics to measure performance, and on that note, this issue of Think Strategically is dedicated to evaluating how the U.S. economy has performed after one and a half years under President Trump. It is important to note that measuring a successful presidency takes much more than these metrics, but they do allow us to measure the overall direction of our economic well-being.

On Inauguration Day Jan. 20, 2017, President Donald Trump's administration took off with the following

economic benchmarks and, after 20 months, these are the results:

Comparing the movement of all these variables, at first glance, the president appears to be doing a respectable job, with the economic metrics used to judge how the U.S. economy is performing. However, there is much more than meets the eye and, to properly discuss his successes and failures, we must look deeper than these variables.

President's notable wins:

- **Passing the federal tax reform:** This is the first tax reform since 1986, or since Ronald Reagan was President. This change will have significant, long-lasting effects on the U.S. and Puerto Rico

economies as we go forward.

- **Corporate America embracing his policies:** The Dow Jones Industrial Average closed above 25,000 for the first time in its 121-year history.
 - **Reaching the New USMCA deal:** Agreeing to the New United States–Mexico–Canada Agreement of the North American Free Trade Agreement is a big political win, although results are questionable.
 - The unemployment rate dropped to the lowest since 1969.
 - The number of unfilled job openings hit a record high.
 - Economic growth spiked to a 4.2 percent annual rate.
 - Median household income rose to the highest level ever recorded.
 - With current economic growth, poverty has declined.
 - Federal regulations and obstacles have recently been reversed.
 - Crime rates declined: Homicides dropped 0.7 percent last year, after rising for the previous two years.
 - Corporate profits & stock price values set record highs.
 - Home values set record highs.
- On the negative side, most experts agree most of the President's challenges have been self-inflicted. Below are our observations.

President's challenges

- **Use of his Twitter account:** He continues to overshadow his policy achievements by tweeting over mundane and even byzantine and divisive topics.
- **U.S.-China trade war:** Having impact on markets and companies.
- **Federal debt increased:** Grew more than 9 percent to nearly \$1.6 trillion, with annual deficits climbing.

• **U.S. image and influence abroad at lowest levels:** According to Gallup, the U.S. has its weakest image in years, reflecting massive losses of approval from most countries.

• **Failure to accept climate change:** Backing out of the Paris Climate Agreement is a significant misstep.

• **Little effort to seek bipartisan-ship:** For a President who boasted about his abilities as a negotiator and deal magician, it seems odd he would only focus on the Republicans and not seek to unite the country.

• **Not understanding role as President:** It seems to most that the President lacks an understanding about how to approach his job and the power that comes with it. Petty issues have eroded his standing as a world leader. It has become quite evident, after what has been the saddest week in the U.S. since 9/11, that President Trump has preferred to continue partisan politics and rallies that are divisive in tone rather than unite the nation.

Investors have now had time to evaluate the President and, regarding his economic performance, most conclude it has been above average. However, regarding image, policy, perception and approval, most U.S. Americans find he has his work cut out for him.

For investors, policy shifts may have an impact on the economic outlook, so it is also essential to keep an eye on current market fundamentals.

Francisco Rodríguez-Castro, president & CEO of Birling Capital, has more than 25 years of experience working with government, and multinational and public companies.

Benchmarks for the U.S.

	Oct-18	Jan-17	Change
Price Per Gallon Regular Gasoline	\$2.87	\$2.44	18%
Dow Jones Industrial Average	24,688	19,819	25%
Nasdaq	7,167	5,561	29%
Unemployment	3.70%	4.70%	-21.28%
Average GDP Growth Rate in Office	4.20%	1.78%	136%
Labor-Force Participation Rate	62.99%	62.70%	0.46%
Home Ownership Rate	64.30%	62.90%	2.23%
Median Household Income	\$62,685	\$58,221	7.67%
National Debt	\$21,597,941,304,882	\$19,962,644,407,252	8.19%
Credit Ratings	AA+/AAA	AA+/AAA	Unchanged
Access to Markets	Full Access	Full Access	Unchanged
Approval Rating	44	46	-4.35%