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Government Progress Index: President Trump's First Year as Markets Rise, Confidence Falls, and Uncertainty Deepens

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Francisco Rodríguez-Castro, President & CEO

The Metrics in Detail — A Year of Divergence Between Markets and Households

The **Government Progress Index (GPI)** is Birling Capital's benchmark-driven framework designed to answer one question that matters more than headlines, speeches, or political spin:

What changed—measurably—in the economy and in the lived experience of citizens?

Unlike opinion-based scorecards, the GPI is built on **hard, trackable indicators** that reflect the pillars of national performance: **growth, inflation, employment, market confidence, household stability, fiscal discipline, and institutional credibility**. Each metric is evaluated on whether conditions improved, deteriorated, or remained unchanged relative to a defined baseline period. The result is a single score—on a **0 to 50 scale**—that translates complex economic signals into a disciplined, comparable assessment of government performance.

The importance of the index is simple: **markets can rally while citizens struggle**, and economies can expand while confidence collapses. The GPI captures that divergence. It forces a balanced view—one that weighs what investors are pricing in against what households are experiencing in real time. In doing so, it provides a clearer lens for business leaders, policymakers, and citizens who want to separate **momentum from sustainability**, and **headline strength from structural stability**.

One year into President Trump's term, the data paints a story of sharp contrast: **Wall Street is advancing, inflation is cooling, and GDP growth is accelerating**, yet the American consumer is losing confidence, labor conditions are softening, debt is rising sharply, and public approval is sliding.

This is not a normal economic profile. It is a year marked by contradiction—capital markets celebrate growth expectations even as households absorb uncertainty, affordability stress, and instability. That divide shows clearly in the Government Progress Index itself: **the score fell from 34.5 to 16.6**, signaling not just slower progress but a weakening balance between economic performance and the public's experience.

Before we discuss the economic results, we must first acknowledge an event that has become a **defining institutional inflection point** in 2026: **Minnesota, federal enforcement, and the erosion of governance credibility in a core American polity**.

Since 2026 began, **Minneapolis and the broader state of Minnesota — a place I know well — have become the focal point of a nationwide debate over immigration enforcement, federal authority, civil-law relations, and institutional accountability**. In January, a wave of federal immigration enforcement operations in Minneapolis resulted in the **fatal shootings of two Minnesota residents** by federal agents — incidents that have raised profound questions about law enforcement standards, intergovernmental coordination, and public trust in basic governance.

On **January 7**, an ICE agent fatally shot **Renée Nicole Good** during an enforcement operation in the city, sparking immediate and widespread public concern. Less than three weeks later, on **January 24**, a U.S. Border Patrol agent shot and killed **Alex Jeffrey Pretti**, a 37-year-old ICU nurse and American citizen, in a separate encounter as part of the same enforcement surge. Pretti's family, colleagues, and local officials emphasized his role as a caregiver and community member, and the incident prompted vigils, protests, and urgent calls from state leadership for a full and transparent investigation. These shootings occurred amid heightened aerial and ground enforcement activity and have intensified scrutiny of federal tactics in a major American city.

These events are not merely local crises. They represent a **broader governance and institutional inflection point** with deep implications for public confidence, the rule of law, and national unity.

1. **Civil-law relations and enforcement transparency.** The use of lethal force by federal agents in an urban environment — particularly when evidence, jurisdiction, and public accounts diverge from official narratives — highlights persistent and dangerous gaps in oversight and accountability. Contention over access to evidence and investigative authority underscores how quickly public trust can unravel when enforcement action lacks transparent processes.
2. **Community trust and institutional legitimacy.** The fact that both victims were identified as community members — including an ICU nurse whose life was dedicated to caring for others — heightened public concern about the standards governing federal enforcement actions in densely populated cities. These incidents triggered protests and sustained civic response, not only because of the outcomes themselves, but because many residents felt unheard, underprotected, and unsure that institutional processes were reliable and impartial.
3. **Governance, risk, and national unity.** When enforcement actions escalate into fatal outcomes, even amid contested factual narratives and conflicting accounts between local and federal officials, the credibility of institutions becomes a central issue. Disagreement between state and federal leadership over the circumstances and handling of these events signals a breakdown in collaborative governance structures, undermining public confidence in the very mechanisms designed to uphold law and order.
4. **Policy framing and political polarization.** Federal responses that emphasize aggressive enforcement while dismissing local criticism risk framing these events as partisan conflicts rather than governance problems. This dynamic accelerates polarization, weakens social cohesion, and heightens the perception that enforcement policy is applied without consistent legal norms and safeguards.

In aggregate, these events illustrate a critical truth: **domestic enforcement policy has become a macroeconomic and governance variable.** For consumers, businesses, and citizens alike, confidence is shaped not only by inflation, markets, and GDP, but by the belief that institutions are predictable, accountable, and aligned with shared legal norms. When federal enforcement actions generate not just controversy but sustained conflict between levels of government and between citizens and authorities, the result is a **structural drag on confidence** that traditional economic indicators alone cannot capture in real time.

President Trump			
US Benchmarks	1/20/26	1/20/25	Change
Price for Galon of Gasoline	\$2.93	\$3.23	-9.3%
Index of Consumer Sentiment	52.9	74.0	-28.51%
Dow Jones Industrial Average	48,488.59	43,487.83	11.5%
S & P 500	6,796.86	5,996.66	13.3%
Nasdaq Composite	22,954.32	19,630.20	16.9%
Unemployment Rate	4.40%	4.10%	7.3%
Gross Domestic Product	4.40%	2.80%	57.1%
Labor Participation Rate	62.40%	62.50%	-0.2%
Personal Consumption Expenditures	2.79%	2.60%	7.3%
Consumer Price Index/Inflation	2.71%	2.89%	-6.2%
Producer Price Index	2.95%	3.44%	-14.2%
Home Ownership Rate	65.00%	65.60%	-0.9%
Median Family Income	\$106,955	\$103,148	3.7%
US National Debt In Trillions	\$38.60	\$35.46	8.9%
Credit Rating	AA+	AAA & AA+	Downgrade
US Treasuries 10-Year Rate	4.30%	4.61%	-6.7%
Aproval Rating WP-ABC-IPSOS	41%	45%	-8.9%
Government Progress Index Score	16.6	34.5	-51.9%

The Metrics in Detail comparing January 20,2025 to January 20,2026:

1) Gas Prices: Relief at the Pump, But Not Enough to Restore Confidence \$3.23 → \$2.93 (−9.3%)

Gasoline prices declined meaningfully over the year, delivering visible relief to consumers and easing pressure on transportation and logistics costs. Fuel is one of the most psychologically powerful prices in the economy—highly visible, frequently purchased, and closely associated with perceptions of inflation and stability. A drop of this magnitude typically supports household confidence and improves disposable income.

However, this year's data suggests that lower gas prices were not enough to reverse the broader mood. The consumer may have gained relief at the pump, but confidence still deteriorated sharply, implying that affordability and uncertainty extended beyond energy costs alone.

2) Consumer Sentiment: A Collapse That Changes the Story From 74.0 → 52.9 (−28.51%)

Consumer sentiment fell dramatically, making it one of the most consequential indicators in the benchmark set. Confidence is not merely “soft data”—it is a leading signal of real economic behavior. When sentiment drops this sharply, consumers become defensive: they delay large purchases, reduce discretionary spending, and exercise greater caution with credit and borrowing.

This decline suggests that households experienced the economy not as stable progress, but as instability. It also explains why market gains did not translate into broader public optimism. The economy may have expanded in measured terms, but public confidence in the future weakened significantly.

3) Equity Markets: Strong Gains, Yet Not a Full Confidence Signal

- **Dow Jones:** 43,487.83 → 48,488.59 (+11.5%)
- **S&P 500:** 5,996.66 → 6,796.86 (+13.3%)
- **Nasdaq:** 19,630.20 → 22,954.32 (+16.9%)

Government Progress Index: President Trump's First Year as Markets Rise, Confidence Falls, and Uncertainty Deepens

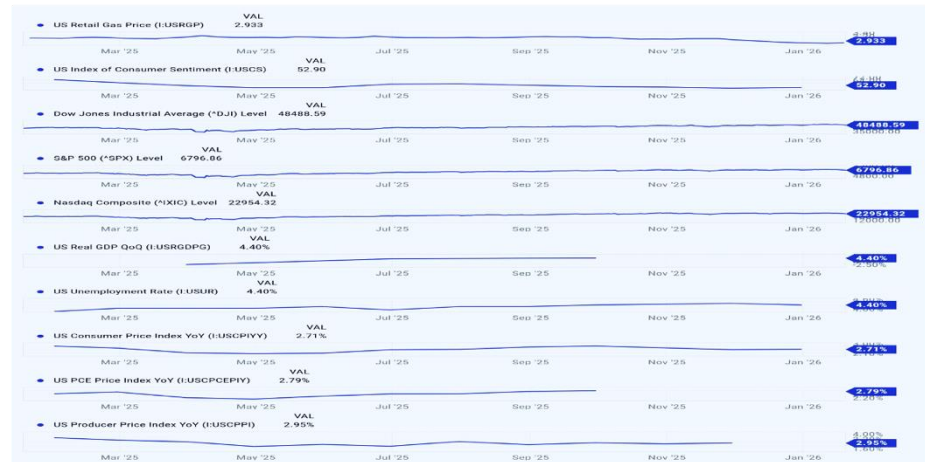
U.S. equity markets posted strong returns across all major indices. These gains reflect resilience in corporate earnings expectations, sustained investor demand for risk assets, and confidence in future growth—particularly within technology and large-cap sectors.

Yet the most important feature of the year is the divergence: **markets rose while consumer confidence collapsed**. That gap suggests asset prices may have been supported by liquidity, forward expectations, and capital-market dynamics rather than by broad-based household optimism.

Equity performance was strong, but it did not represent a complete endorsement of economic stability across the population.



Trump's First Year In Office Results



4) Economic Growth: A Major Positive, But It Stands Alone

GDP Growth: 2.80% → 4.40% (+57.1%)

Measured economic growth improved materially, rising from 2.8% to 4.4%. This is a meaningful acceleration and stands as one of the strongest macro positives in the dataset. It suggests improved output and stronger economic throughput relative to the baseline.

However, GDP growth does not automatically translate into household stability, confidence, or long-term credibility. In this case, growth improved while key household and institutional indicators deteriorated. That is why the overall GPI score still declined sharply—because the index is designed to measure balance, not only expansion.

5) Labor Market: Softening Conditions Beneath the Headline

- **Unemployment:** 4.10% → 4.40% (+7.3%)
- **Labor Participation:** 62.50% → 62.40% (-0.2%)

The labor market weakened modestly but meaningfully. Unemployment rose, signaling slower hiring and reduced labor-market momentum. Participation declined slightly, reinforcing that workforce engagement is not strengthening.

These are not recession-level readings on their own. But when combined with collapsing consumer sentiment, they reinforce a consistent narrative: the labor market was no longer improving at the same pace as the broader economy, and households were not feeling more secure. Labor metrics matter because they connect macroeconomic output to the lived experience of citizens.

6) Inflation: Improving on CPI and PPI, Mixed on PCE

- **CPI:** 2.89% → 2.71% (-6.2%)
- **PPI:** 3.44% → 2.95% (-14.2%)
- **PCE:** 2.60% → 2.79% (+7.3%)

Inflation trends improved across two major measures. CPI declined, easing consumer-level inflation pressure, while PPI dropped sharply, indicating reduced input costs and a potential improvement in supply-side price dynamics. However, PCE inflation increased, complicating the disinflation narrative. Because PCE is the Federal Reserve's preferred gauge, the uptick signals that underlying inflation pressures were not fully resolved. Ultimately, inflation looked better in headline terms, but the internal structure remained uneven—another example of why the year produced mixed signals.



Trump's First Year In Office Results



7) Housing: A Quiet Weakness with Long-Term Consequences: Homeownership: 65.60% → 65.00% (−0.9%)

Homeownership declined modestly. While the move is not dramatic, the direction matters because housing is the foundation of middle-class wealth creation and financial stability. A decline suggests that affordability constraints and financing conditions remained restrictive. Housing tends to deteriorate gradually before it becomes a headline issue. Even small declines can signal structural stress, especially when combined with weaker consumer confidence and rising debt burdens.

8) Median Family Income: Higher, But Not Convincing Enough to Restore Confidence: \$103,148 → \$106,955 (+3.7%)

Median family income increased, a constructive development that supports household balance sheets. Under normal conditions, income gains would strengthen confidence and spending capacity. Yet confidence still collapsed. That suggests households may not view the improvement as durable, or that uncertainty and affordability pressures outweighed the income gains. Income growth is positive, but confidence is the deciding factor in whether households behave as consumers or retreat as savers.

9) Rates and Credit: Lower Yields Support Markets, Fiscal Sensitivity Remains

- **10-Year Treasury:** 4.61% → 4.30% (−6.7%)
- **Credit Rating:** AA+ vs AAA/AA+ (No change shown on the table)

Treasury yields declined, easing financing conditions and supporting equity valuations. Lower yields can stimulate investment and reduce interest burdens across the economy.

At the same time, the credit-rating context underscores ongoing fiscal sensitivity. Even when the table shows “no change,” the level shown signals a system under persistent scrutiny. Credit quality is a long-term institutional measure; it matters because it shapes the national risk premium and the cost of borrowing for years, not months.

10) National Debt: The Structural Drag That Overpowers the Cycle \$35.46T → \$38.60T (+8.9%)

Debt rose sharply, representing one of the most negative structural trends in the benchmark set. This increase expands future interest burdens, reduces fiscal flexibility, and weighs on institutional credibility. Debt is not just a fiscal statistic—it becomes a strategic constraint. It limits future responses to crises, increases vulnerability to rate shocks, and raises questions about sustainability. Even in a year of rising markets and stronger GDP, this debt trajectory weakens long-term confidence in national discipline.

11) Presidential Approval: Declining Support Mirrors Declining Confidence: 45% → 41% (–8.9%)

Approval ratings fell, consistent with weaker consumer sentiment and a broader perception of instability. Approval is not purely political—it often tracks the public's confidence in the direction and competence of leadership. When approval aligns with sentiment, it reinforces that the public does not feel anchored by the economic narrative, even as markets rise.

Government Progress Index Score: The Bottom Line from 34.5 → 16.6 (–51.9%)

The Government Progress Index score of **16.6** reflects a year of deep divergence. On the one hand, markets advanced strongly, inflation improved across key measures, and GDP growth accelerated. On the other side, consumer sentiment collapsed, unemployment worsened, homeownership slipped, debt rose materially, and approval declined.

This is why the score fell so sharply. The index does not reward a single strong headline. It measures balance across economic performance, household stability, and institutional credibility. And in this first year, the gains were not broad enough—and the deterioration in confidence and fiscal sustainability was too large—to produce a stable composite outcome.

The Final Word: A Fragile Expansion Without Full Confidence — and a National Governance Risk Premium

President Trump's first year reveals an economy that can still grow, still rally, and still cool inflation—yet struggle to deliver what ultimately defines durable progress: **confidence, stability, and institutional credibility**. On paper, the scorecard includes real achievements: gasoline prices fell, equity markets advanced, CPI and PPI improved, Treasury yields eased, and GDP growth accelerated. But the deeper national signal was not the market's rise—it was the consumer's retreat. Confidence collapsed, unemployment rose, labor participation slipped, homeownership declined, national debt surged, and approval weakened.

That divergence is not accidental. It reflects a year in which **uncertainty itself became a governing output**. Not only through macroeconomic conditions, but through the broader policy and institutional environment shaping expectations. In 2025, governance volatility—foreign and domestic—became an economic variable. The result was a widening gap between **market momentum** and **public confidence**, precisely the imbalance the Government Progress Index is designed to capture.

Foreign Policy and Geopolitics: Power, Leverage, and Global Uncertainty

President Trump's first year was defined not only by domestic outcomes but by a foreign policy approach that repeatedly challenged long-standing norms in trade, alliance management, and diplomatic signaling. The posture was clear: **U.S. power would be applied visibly, directly, and transactionally**, with tariffs, public pressure, and abrupt reversals used as tools of statecraft.

Tariffs were weaponized as geopolitical leverage—used not simply to manage trade balances, but to discipline allies, pressure adversaries, and force negotiation. While tactically effective at times, this approach injected volatility into global supply chains and business planning. Repeated tariff threats taught firms and governments a new lesson: the United States was no longer just a market—it was a variable. That uncertainty carries a cost, as capital seeks predictability even more than opportunity. The Greenland episode reflected the same doctrine: strategic ambition pursued through blunt leverage. Framed as a national-security and great-power competition move, it strained European alliances and reinforced the perception that U.S. diplomacy had shifted from institutional to transactional. From a public-policy perspective, it raised a central question: **can American power be expanded without weakening the alliances that sustain it?**

Pressure campaigns against **Maduro and Venezuela** reaffirmed U.S. intent to reassert dominance in the Western Hemisphere, particularly in energy and security. But prolonged coercive strategies risk

entrenching authoritarian behavior and pushing adversaries toward rival powers. Similarly, the shift toward **conditional support for Ukrainian-repriced** deterrence and altered alliance psychology, while renewed **maximum pressure on Iran** increased volatility across energy markets and regional security expectations.

Across all these theaters, one theme dominated: **great-power competition framed through leverage rather than architecture**. That framing can generate short-term negotiating power, but it also reduces the stability that underpins long-term confidence—globally and at home.

Domestic Institutional Strain: When Governance Undermines Confidence

The erosion of confidence did not stem solely from foreign policy. It was amplified by **domestic institutional stress**, where governance itself became a source of uncertainty.

A cornerstone of U.S. economic credibility is the **Federal Reserve's independence**. Public attacks on Fed independence—whether rhetorical or political—carry consequences beyond headlines. They raise doubts about the long-term integrity of monetary policy and inflation control, as well as the credibility of the dollar as the world's anchor currency. Even if markets do not react immediately, households and global investors internalize the signal: **institutional guardrails may no longer be sacrosanct**.

At the same time, high-profile **legal actions involving major financial institutions**, including lawsuits tied to JPMorgan, added another layer of perceived instability. While enforcement and accountability are legitimate policy functions, aggressive or politicized legal pressure can also be interpreted by markets as regulatory unpredictability. For capital formation and credit intermediation, uncertainty about rules matters as much as the rules themselves.

Most critically, **domestic security events in Minnesota crystallized the year's institutional strain**. Civil unrest following violent incidents, combined with federal enforcement actions and standoff-style dynamics involving ICE, exposed deep fractures in trust between communities, law enforcement, and the federal government. The killing of two individuals by ICE agents—regardless of legal context—became a national flashpoint not because of operational details, but because of what it symbolized: **the breakdown of confidence in enforcement legitimacy and proportionality**.

From a public-policy perspective, these events matter profoundly. They signal that state power is exercised in an environment of polarization, fear, and contested legitimacy. When enforcement actions escalate into lethal outcomes, the economic impact is indirect but real: social cohesion weakens, political risk rises, and confidence in institutional stability erodes.

Why This Matters for the Government Progress Index

This is the missing link between strong market performance and collapsing sentiment. Consumers and businesses do not separate economics from governance. They respond to the overall **risk environment**. When foreign policy is volatile, alliances feel conditional, institutions are publicly challenged, legal frameworks appear politicized, and domestic enforcement becomes controversial and lethal, confidence deteriorates—even if GDP rises and stocks rally.

That is why the Government Progress Index fell from **34.5 to 16.6**. The index does not measure excitement. It measures balance. President Trump's first year delivered momentum in markets and output, but it also weakened the foundations that make progress durable: **institutional credibility, predictability, social cohesion, and trust**.

America's challenge going forward is not whether markets can rise again—they often can. The challenge is whether the country can restore the conditions that allow growth to last: **credible institutions, disciplined governance, predictable policy, and public confidence that power is exercised fairly and consistently.** In politics, as in economics, sentiment can move faster than fundamentals.

But it is the fundamentals—trust, stability, and institutional strength—that determine survival in both.

“In politics, as in economics, sentiment can move faster than fundamentals. But it is the fundamentals that determine survival in both politics and in economics”.



Francisco Rodríguez-Castro, President & CEO • frc@birlingcapital.com
PO Box 10817, San Juan, PR 00922 • 787.247.2500 • 787.645.8430

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