



Think Strategically: Government Progress Index measure President Biden Two Years in office

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Birling Capital's Government Progress Index shows that during President Biden's first two years in office he was able to increase the Government Progress Index to 31.8, an improvement of 6.29% over his first year in office and an increase of 140.90% over the President's inherited index of 13.2 points.

President Biden's Government Progress Index rises to 31.9 at the two year mark

Recently President Biden completed his second year in office, and it's time to measure President Biden's progress following two whole years in office. As it is our process, we use the Government Progress Index, a proprietary algorithm developed by Birling Capital utilizing a set of metrics developed by Birling Capital that evaluates 15 variables that range from the performance of the U.S. economy and other variables to measure progress in governance. In this installment of the Government Progress Index, we focus on assessing President Biden's performance following two years in office.

President Biden, with his gaffes and many ups and downs, has maintained economy growing, has kept unemployment historically low, and Wall Street has responded well to his policies. Additionally, the President staved off a Republican Congressional landslide in both the House and the Senate.

When President Biden took office on January 20, 2021, the Government Progress Index he inherited from President Trump had 12.4 points. On January 27, 2022, the Government Progress Index, it showed that President Biden achieved an index of 29.8, an improvement of 140.3% over his predecessor. The Index evaluates the same 15 to see how the Government is advancing or regressing in its efforts. After **two years in office, we note an overall improvement of 6.29% and achieving a Government Progress Index of 31.9** for the two-year mark; let's see below the reasons.

The latest GDPNow estimate for the first quarter of the U.S. economy is currently a robust 0.70% GDP. While it does not show that a recession is there yet, there are some indications of both weakness and strength. A soft recession may surprise the U.S. economy during the first semester of 2023 and that is not great news for any President.

Let's look at the metrics that the Government Progress Index evaluates for the two years ended to January, 20, 2023

Benchmarks for the U.S.	Jan/20/23	Jan/20/21	Change
President Biden			
Price Per Gallon Regular Gasoline	\$3.41	\$2.47	38%
Dow Jones Industrial Average	33,375.49	31,188.38	7%
S&P 500	3,972.61	3,851.85	3%
Nasdaq Composite	11,140.43	13,457.25	-17%
Consumer Price Index	6.48%	1.40%	363%
Producer Price Index	6.24%	1.60%	290%
Unemployment	3.40%	6.30%	-46%
GDP Growth Rate	2.90%	4.30%	-33%
Labor-force participation rate	62.30%	61.50%	1.30%
Home ownership rate	65.90%	65.80%	1.00%
Median family income	\$78,075	\$70,784	10.30%
U.S. Public debt	\$31,454.98	\$27,747.80	13.36%
Credit Ratings	AA+ and AAA	AA+ and AAA	Unchanged
Access to markets	Full Access	Full Access	Unchanged
Approval Rating	41%	57%	-28.07%
Government Progress Index Score	31.8	29.8	6.29%

Key Focus Areas:

- Price per gallon of Gasoline:** One of the segments outside the Government's control is the price of energy, gasoline, and its derivatives, but we measure it because it is one of the parameters that most affect the consumer's pocket and with it, their sentiment, the price in January 2021 stood at \$2.47 per gallon, and January 20, 2023 it had increased to \$3.41 per gallon, an increase of 38%, something that affects multiple industries and consumers. With the warlike confrontation in Ukraine by Russia, the price of crude oil increased dramatically; although us down from its high of \$5.107 a decrease of 33.22%.
- U.S. Equity Markets:** As 2022 ended, the markets registered negative returns. The Dow Jones Industrial Average had a return of -8.78%, the S&P 500 had a return of -19.44%, and the Nasdaq Composite had a return of -33.10%. The mix of inflation, aggressive interest rate increases, global supply chain disruptions, higher shipping costs, and the Russia-Ukraine conflict have caused a rise in volatility, causing significant losses.

So far, since 2023 began, the three leading indices have recovered considerably:

- o Dow Jones has a YTD Return of 2.83%
- o S&P 500 has a YTD return of 6.18%
- o Nasdaq Composite has a YTD return of 10.68%

The year is young, and the challenges are many; the key is to remain focused.

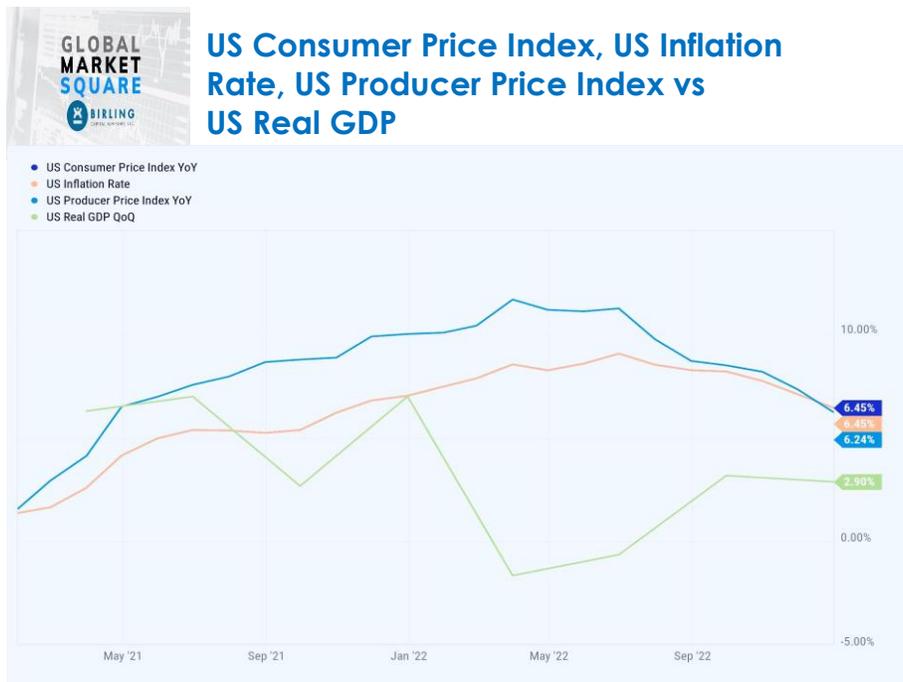
- **Economic Progress:** Gross Domestic Product growth for the fourth quarter of 2022 was a solid 2.90%; however, compared to the 4.30% GDP on 1/20/21, it has fallen 33%. As we review 2022, we highlight the GDP numbers per quarter:
 - Q1-22 -1.60%
 - Q2-22 -0.60%
 - Q3-22 3.20%
 - Q4-22 2.90%

Initial GDPNow for the First Quarter 2023 estimate for real GDP growth the first quarter of 2023 is 0.7%.

US Nonfarm Payrolls, US Unemployment Rate, US Unemployment Claims, US Job Openings and US Job Seekers



- **Employment Growth and Unemployment:** In 2022, the U.S. created more than 4.814 million jobs; this trend continues as nonfarm employment increased by 517,000 in January, higher than 2022's monthly average of 401,166, at this pace, if maintained, would create another 6.2 million jobs. The current U.S. Job Openings: Total Nonfarm is 11.01 million, while the current U.S. Unemployed Persons: Job Seeker is only 5.14 million, a 53.31 deficit. The U.S. unemployment rate fell to 3.40% in January 2023, below forecasts of 3.60% and recording the lowest unemployment rate in 54 years. As we compare from two years ago over year, the unemployment rate is down -46%, and the total unemployed persons is down -43.95% or 4.466 million.
- **Inflation hurts the economy and impacts every citizen:** Inflation benchmarks continue to affect President Biden and, to a greater degree, the entire U.S. economy, as the Consumer Price Index (CPI) while it fell to 6.48% in January 2023 versus 9.06% in June 2022, a decrease of 28.47%, It is still 224% above the Federal Reserve Banks 2% target rate, and it is 363% above the 1.40% that President Biden inherited on January 20, 2021.
- **The Producer Price Index (PPI)** while it fell to 6.24% in January 2023 versus 11.01% in June 2022, a decrease of 43.32%, It is still 224% above the Federal Reserve Banks 2% target rate, and it is 290% above the 1.60% that President Biden inherited on January 20, 2021.



- **Fed Rate Action:** The Federal Reserve Bank was active in 2022, increasing rates to fight inflation, and remains active in 2023. below, we highlight the Aggressive Fed's Interest rate campaign:
 - **Rate Increases:**
 - Feb. 01, 22 25 basis points.
 - Dec. 14, 21 50 basis points
 - Nov. 02, 21 75 basis points
 - Sep. 21, 21 75 basis points
 - July 27, 21 75 basis points
 - June 15, 21 75 basis points
 - May 04, 21 50 basis points
 - Mar. 16, 21 25 basis points

As the Fed announced the latest interest rate increase of 25 basis points, the Fed made two critical statements that interest rate increases would continue during 2023 to restrain activity enough to allow inflation to decrease to its target of 2%. The FOMC stated that they do not envision rate drops during 2023. The latest rate increase brings the federal funds rate to between 4.5% and 4.75%, the highest level in 16 years.

- **President's Approval Rating:** The most recent poll of President Biden's approval, according to Gallup, places him with a 41% approval rating for January 2023, a decrease of -28.07% when comparing the 57% he registered in January 2021. The average approval rating since he began his term is 45%, with his lowest rating of 38% from July 5 to 26, 2022, which coincides with the worst of the inflation data.

In conclusion, the Government Progress Index reflects a total score of **31.8 for the two years in office as of January 2023**; compared to the 29.8 it scored in January 2021, it represents an improvement of **6.29%**. This score indicates that President Biden while he has much work to improve the economy.

Birling's Government Progress Index allows for the objective evaluation of government performance with the added benefit of helping citizens to recognize What Success looks like? And How to Understand it? with an unbiased and accurate review

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