

FOUR MORE YEARS OF TRUMP-ECONOMICS

★ HOW HIS REELECTION IS GUARANTEED AND WHAT IT MEANS FOR YOU ★



When President Donald J. Trump was elected in November of 2016, the media pundits and talking heads were shocked and, in many cases, embarrassed to be proven wrong in their predictions. The ascendance of Trump to the nation's highest office once proved to be historic and divisive, with ripple effects throughout the world as Trump-economics reversed many of the previous administration's policies.

Refusing to accept that they misjudged voter sentiment and botched their election forecasts, the media immediately seized every opportunity to assail the new president. For instance, when Trump signed an executive order temporarily preventing people from seven Muslim-majority countries from entering the United States in January 2017, the media protested loudly and mercilessly.

From the outset, the mainstream press didn't like Trump using of Twitter to express himself. When the President tweeted a condemnation of Nordstrom after the department store chain dropped his daughter Ivanka Trump's product line, his fans viewed this as a noble defense of his family, while the media attacked him for promoting his daughter's business interests.



Courtesy: @realDonaldTrump, Twitter

Even this early in Trump's presidency, media consumers were flooded with stories about alleged Russian meddling in the election. The Mueller probe is still ongoing two years in, but for much of the corporate media, Trump's and Russia's guilt is a foregone conclusion.

Another constant media target has been the Tax Cuts and Jobs Act of 2017, which was heralded by supporters as a much-needed set of reforms to the byzantine American tax code but assailed by the mainstream press because it provided tax cuts for wealthy individuals.

Further media ire was ignited when Trump issued an order in March 2018 banning transgender individuals from serving in the military except under limited circumstances. This provoked outrage and accusations of discrimination from Trump's critics throughout the traditional media.

Similar assaults from the media have been lobbied against the President for declaring a national emergency in order to secure funding for a U.S.-Mexico border wall, pursuing a tariff dispute with China, reversing Obama-era healthcare policies, and other controversial endeavors.

In the final analysis, however, it's not all about Trump's policy-related pursuits: much of the division and criticism is based not on policy, but on the President's unusually frank communication style. The same off-the-cuff mode of expression that has endeared many voters to Trump has also turned much of the corporate media against him.

Trump's forthright communication style and brash personality practically force people to either love him or hate him; there's little gray area or room for middle ground like we've seen with past presidents. Unprecedented access to a president's innermost thoughts created an unusual connection with his supporters – and an easy target for his critics in the media.



Courtesy: @realDonaldTrump, Twitter

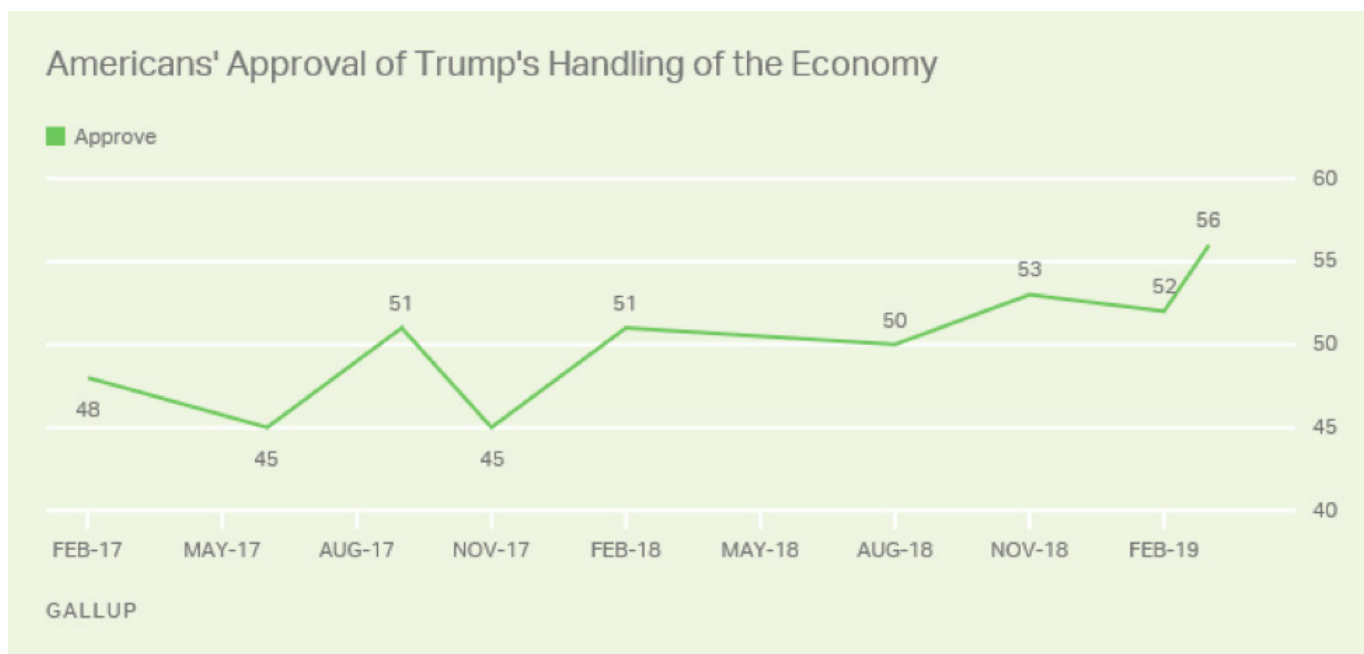
For his part, Trump has made little if any effort to befriend the corporate media. His catchphrase “fake news” has caught on with his followers and is emblematic of the President’s counterattacks against media stories he perceives to be unfair, biased, and/or misinformed.

In Tweets and in speech, Trump has met media criticism with equal or greater fire and fury: eschewing subtlety in favor of might, Donald Trump never hesitates to bring a gun to a knife fight when battling with the mainstream press.

In many cases, the media’s acerbic tone has actually had the unintended effect of mobilizing Republicans in favor of the President. Relentlessly demonizing Trump and his supporters as bigoted, intolerant, or racist has often precipitated divisions, engendering an “us or them” dynamic and solidifying Trump’s conservative base of voters.

For many of Trump’s supporters, his sparring with CNN, The New York Times, The Washington Post, and other mainstream media organizations is a battle against elitism and anti-conservatism: in a lot of ways, the President’s battles represent his supporters’ own battles against deeply ingrained, longstanding misconceptions of conservative-leaning voters.

The upshot of the mainstream media ganging up on Donald Trump has been a growing backlash – not against Trump, but against the same media outlets that berate him day in and day out. With each verbal salvo lobbed against Trump, the conservative voting base rallies ever closer around the President and his approval ratings climb higher.



Courtesy: [Gallup](#)

The latest [data](#) indicates that at 56%, President Trump's rating on the economy is the highest of his presidency. With a 3.8% U.S. unemployment rate, the corporate media has had a tougher time critiquing the President on economic matters than they did when he first took office.

Among Republicans, support for Donald Trump has been high across multiple areas of concern: he has a 90% overall job approval rating, as well as high ratings concerning his handling of the economy (93% approval), national defense (91%), employment (90%), immigration (89%), foreign affairs (88%), foreign trade (87%), taxes (86%), and the federal budget (82%).

With his approval ratings on the rise and his conservative base rallying around him, the media's concerted attack against the President has had unintended consequences. In fact, by making him into a target, the mainstream press has inadvertently handed Trump his reelection.

In doing so, they've ensured another four years of Trump-economics, the unique brand of economic policy that's hard to pin down or categorize but must be understood if you're going to navigate the markets as an investor. Remember, your job as a profitable investor is not to try to impose your political will on the market: this is ineffective and will only lead to disaster.

One essential pillar of Trump-economics is tax cuts: the President has already passed some of the biggest tax cuts since 1986 and has reduced the corporate tax from 35% to 21%, so we must assume that mega-corporations will continue to benefit from big-business-friendly Trump-era tax policies going into his second term in office.

Therefore, long-term investors aren't advised to take short positions against blue-chip companies like the ones listed in the Dow Jones index. If anything, it's a perfectly reasonable strategy to identify some solid dividend-paying stocks for a buy-and-hold position: just as Trump rewards big businesses, many of them will reward investors with generous dividend payouts like they've done for many years:

Exhibit 2: Dividend growing stocks have outperformed over time...

Source: Ned Davis Research, Morningstar, January 1972 through December 2012. See page 7 for definitions.

All returns based on market cap weighted data to adjust for potential market cap bias.

Past performance does not guarantee future results, which may vary.

Courtesy: Ned Davis Research, Morningstar

Trump-economics also involves supporting infrastructure: roads, bridges, railroads, tunnels, airports, and so on. The idea is to promote employment by bringing incentives to private enterprises through the development of much-needed public projects. There's little doubt that Trump will continue to show support for American infrastructure, so taking a position in the biggest companies in this sector might be a strategy to consider.

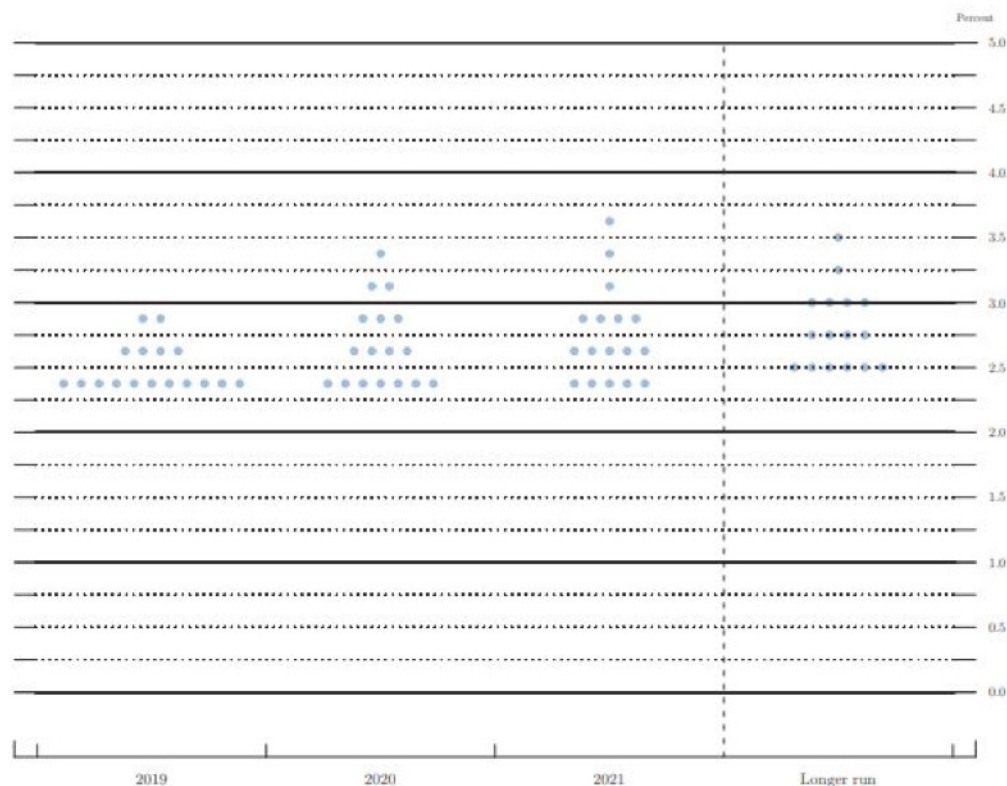
Deregulation has been another consistent theme of Trump-economics and will continue to remain a top priority for the President going forward. Indeed, Trump has made every effort to roll back Obama's regulatory efforts. In light of this, Trump's approval of the Keystone XL long-distance oil pipeline construction project is an indication that investors could confidently position themselves with long-term allocations in some of the bigger players in the oil infrastructure, exploration, and production fields.

Protectionism could certainly be considered a pillar of Trump-economics, as evidenced by the ongoing Trump-Xi tariff war, but this one comes with a caveat: it's highly unlikely that the President is interested in tanking the economy by dragging out the trade war indefinitely. Count on a final resolution at some point, followed by at least a temporary relief rally in the equity markets.

Perhaps the most important aspect of Trump-economics for investors to bear in mind is his dovish stance on interest rates. Once critical of former Federal Reserve Chair Janet Yellen's reluctance to increase U.S. Treasury yields, Donald Trump eventually reversed his stance and began putting pressure on current Fed Chairman Jerome Powell to stop hiking interest rates.

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Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



Courtesy: [cnbc.com](https://www.cnbc.com)

As a direct ramification of this, the Fed's "dot plot" shows that the likelihood of an interest rate increase over the coming years is close to zero. If anything, investors should view an interest rate cut as a distinct possibility, as the Fed's policy projections lean ultra-dovish.

Low Treasury interest rates are bearish for the U.S. dollar, so staying 100% in cash for a long time isn't recommended. On the other hand, low interest rates are bullish for precious metals, such as gold and silver: what's bad for bonds is great for hard assets, which compete with bonds as a safe haven for investors.

A decidedly dovish Fed could also be bullish for stocks, but be sure to follow safety-first investing principles: again, solid blue-chip dividend yielders aren't a bad way to go if you're planning to ride out the tail end of a decade-old bull market.

Yes, we're going to have four more years of Trump-economics, and you're going to have to invest accordingly. Love him or hate him, it's all the same in the investing game – as long as you're making money, you'll be the winner in the end.

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