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# The Trump economy: Boom or bust?

**By Craig DeMaio**

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On election night, when it became apparent that Donald J. Trump was set to win, the futures indicated the stock market would take a steep decline at the open on Wednesday morning.

Then, within hours, it rebounded, hitting record highs several times before leveling off and easing back a bit. That is essentially the mood of economists and analysts who are trying to figure out the impact of a Trump economic policy on the economy over the next four years.

At the outset, it seems that the level of confidence in Trump's ability to bring real growth and break the sluggishness that has marked America's economy for years is mixed from analysts.

Some say Trump's stunning victory and Republican control of Congress probably won't result in faster economic growth – a view contrary to those held by many on Wall Street. Even if Trump is to direct significant government spending into infrastructure development, some analysts still believe a 1 percent to 2 percent growth forecast is the maximum we can hope for, due to other factors that impact growth, such as debt deleveraging.

On the flip side, there are others who believe that putting money into projects that create jobs in the near future is a great way to stimulate the economy. Thus, a Trump program that gets right to work rebuilding roads, bridges, tunnels and airports could be fertile ground for upward and outward movement.

The jobless claims figures released in mid-November show that there is improvement in the economy, particularly in the labor market, and should an increase in work orders put more money into the coffers of construction-related firms, infrastructure work could provide a solid foundation for further growth. Investing in roads and bridges alone could mean a major upsurge in work for companies that produce cement, asphalt, steel and all the construction equipment that move these materials, so the effect of infrastructure spending could be similar to a ripple in a pond.

There also are some early signs that there could be accelerated growth in the construction industry, with share prices at companies that do a significant amount of business with the government rising double what was expected of them this year. That doesn't necessarily have anything to do with the recent election or Trump's perceived economic recovery plan, as anyone who has driven over the original span of the Tappan Zee Bridge recently can attest.

There is some ongoing infrastructure work in certain locales and there still is expected to be further growth in this sector, which would be good news for stocks as opposed to bonds. Nonetheless, there are still many factors to consider in this scenario including inflation and increasing interest rates, so any decision on where to invest and how much should be made only after thorough research and due diligence.

And while we're on the subject, we should not discount any possible changes in our trade status across the globe. Trump may follow through on his intent to renegotiate trade deals with our trading partners and the result of those renegotiated agreements won't be known for some time, although they certainly have the potential to change the equations on many international balance sheets.

Regardless of the politics involved, change brings both challenges and rewards. There will be many opportunities to invest wisely as a result of this change, as much as future growth in specific sectors. The key to emerging on the plus side of this change is to be aware, alert and coolly professional in your decisions.

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