

Domestic disappointment, international success?

For all of President Trump's posturing on Twitter, we don't envy his position. If people came to you with the notion they would be closely judging your achievements in your job over the first 100 days, would you be concerned? At the very least, keen to make an impression perhaps? Now, imagine that group is over 322 million strong and your office is the highest in the land. Having 100 symbolic days to come through for 161 million expectant voters whilst trying to prove another 161 million distrusting voters that you are the man for the job, would almost certainly give most of us sleepless nights.

With last weekend marking the end of President Trump's first 100 days in office, TAM reviews how successful this has been by looking firstly at the quite remarkable change from the pre-election Trump to the President Trump:

Pre-election Trump labelled China a 'tremendous problem.' President Trump hailed the meeting between the two as 'tremendous progress.' Where is the provocative pre-election promise to label China as a 'currency manipulator'?

The NAFTA treaty was lambasted by Trump at every election rally yet, at this juncture, it still exists and appears to be quite secure from the obliteration that it was promised?

Trump for years berated President Obama for golfing on tax payer dollars and yet it is Trump who has spent more time on the golf greens of Florida than Obama did. Handicap reduction pending perhaps?

Candidate Trump labelled NATO as 'obsolete', whereas President Trump believes NATO is 'no longer obsolete'

Now don't get us wrong, this turnaround has come as a welcome surprise to Trump's adversaries.

President Trump has shown us over the past 100 days that he is a much more conventional president than he led us to believe on the campaign trail. A large tranche of US voters will see his change in tone as a negative, however we would wager the more establishment-friendly tone struck in the past 100 days will be soothing the feathers of a lot of international leaders.

Digging into the Trump playbook over his first 100 days, it's all slotted purposefully into one of two segments: domestic and international. With the checks and balances of congress falling heavily on the domestic end of the policy spectrum, it's no surprise his jDigging into the Trump playbook over his first 100 days, it's all slotted purposefully into one of two segments: domestic and international. With the checks and balances of congress falling heavily on the domestic end of the policy spectrum, it's no surprise his endeavours here have drawn the most attention.

'Checks and balances' ensures no one part of the US government becomes too powerful. It affords any government branch the right of veto over another's legislative proposals. This barrier to Trump railroading bills through Congress is a cornerstone of US democracy and has arguably been the single biggest thorn in his side when it comes to pushing his reform led agenda. Democracy at work.

Trump's first 100 days will be forever marked by his initial failure to repeal Obamacare. This was set to remove the compulsory issuing of healthcare insurance for the lower bracket of US earners. The reform was set to herald the arrival of Trump's ambitious stimulative plans for the US economy, not to mention be the front runner for his 'historic' changes to the US tax system.

Congress stopped the repeal in its tracks, forcing Trump to engage in relatively public confrontations with members of his own party. Trump, in desperation (and quite unbelievably) even tried turning to 'reasonable' democrats to secure the votes needed to push the bill through. The bill ultimately failed.

Markets reacted accordingly, with the dollar dropping on the news and US markets pulling back from all-time highs, touched on a wave of Trump euphoria. This was the biggest reform attempted within Trumps first 100 days and it failed… as many predicted it would. The failure served as a stark reminder to markets that the ground-breaking reform agenda announced on the campaign trail with such fanfare, was quite possibly never going to see the light of day. Or will it? Onwards and upwards is the rallying cry!

Granted, it will be outside of his first 100 days that attempts to change the US tax structure will unfold.

Convincing a notoriously conservative Republican party to slash a plethora of taxes, thus extending out the national deficit, will most likely make the opposition to Obamacare look tame. Regrettably most of congress remember all too well Reagan's 1981 tax reform that pushed the US eventually into a double dip recession.

So what have we really learnt on the domestic front over the past 100 days? Or, more importantly, what has Trump learnt? We believe Trump has realised Congress is not as easy a hurdle to overcome as he envisaged. I think the phrase – "in order to go along you have to get along" comes to mind. Congress has shown Trump it can sink him at any turn - he requires fresh tactics.

This brings us nicely to the second element of Trump's first 100 days, his foreign policy. Foreign policy has one large difference to domestic policy. Quite simply there is far less congressional interference. Trump has been relatively free to play out his aspirations on the global stage.

Broadly speaking, Trump's overseas policies have all been relatively positive. NAFTA is still in place despite Trump hailing it as a 'disaster'. Trump's posturing on pulling out of NATO has actually resulted in other NATO members pushing themselves to spend the required 2% of GDP on defence, something no US president has managed to achieve.

Trump is being hailed by senior military commanders as a President who is comfortable making tough choices. His rhetoric on both Syria and North Korea have proved this point. Trump has no problem using the US's diplomatic influence to full impact.

Internationally, the first 100 days have shown Trump's happy to play the world's policeman. His launching a pre-emptive strikes against Assad, sending a US 'armada' to North Korea and giving NATO members a kick up the proverbial backside on their defence spend, have made him someone to fear. Debatably the Obama administration had put the job of policing the world on hold. The international community had noticed and with some relief, the Trump administration seems willing to pick this role back up. This is a pretty big achievement on the international stage in just 100 days and one which will serve longer term to quash a lot of international tension. The jury remains out!

Looking at investments, markets have welcomed the prospect of a radical reform agenda to breathe a new life into the US economy. Despite many speculating as to the danger of breathing fresh stimulus into an accelerating economy, most investors were happy to see the back of 2016's political whipsawing and join in on the positivity. We at TAM were not immune from the positive feeling.

We have taken steps to ensure our clients do not miss out on this wave of change. With sound investments focussed in on top US domestic companies, international infrastructure and US financials, we feel our exposure in the US is set fair. With a growth environment supported by moderate inflation and the potential for rising interest rates, we feel the economy is well positioned and our US exposure is solidly placed.

At a time when Europe has taken the investment headlines, TAM has taken stock to prepare our US investments to benefit from the post 100 days development. So what did he score? A moderate 6/10...

but the interesting part is yet to come! Whilst his first 100 days have not delivered the home run he promised, we do still believe the US is the land of opportunity and TAM's clients are set to fully participate in what we believe will be a positive couple of years.

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