



MAKING SENSE OF PRESIDENT TRUMP



BLACKWELL
GLOBAL

THE BLACKWELL ADVANTAGE

BLACKWELL GLOBAL

Blackwell Global is a global brokerage, aiming to be the most trusted financial service provider. We are committed to transparency, integrity and service excellence.

Founded in 2010, we now have global presence in over 90 countries, with main offices in the separately regulated markets of Australia, Cyprus, New Zealand and the United Kingdom.

We believe that sound investment and trading decisions begin with a strong grounding in financial education. Our goal is to make this available to everyone - and this free eBook is part of that commitment.

To find out more about Blackwell Global, please visit:
www.blackwellglobal.com

A NEW AMERICAN ERA

FOREWORD

Donald Trump is now the 45th President of the United States. Since his inauguration on January 20th, we've seen him sign a series of executive orders. All of them will have an impact on the US economy and the strength of the US dollar.

The purpose of this eBook is to explore the issues at the heart of these executive orders. Hopefully, the information within it will assist you in making profitable trading decisions over the coming months.

Patrick Latchford
CEO, Blackwell Global Investments (UK) Limited

ONE: CREATING JOBS

A QUICK START

President Trump has made an effort to get business done quickly within the first week of taking office. At the heart of this effort is a drive to kickstart manufacturing within the US.

Over the next decade, President Trump wants to create 25 million jobs, while increasing GDP to an annual rate of 4%.

The former real estate tycoon wants to do this with an extremely simple taxation policy. To encourage big businesses to manufacture within the US, President Trump has proposed cutting the US Corporate Tax rate from 35% to 15%. He also wants to simplify the tax code and cut rates for all Americans. The costings of these proposals are still questioned. Critics have suggested that Trump's taxation plan could add \$7 billion to the US national debt. Should the national debt rise substantially, it will put pressure on the US dollar.

However, at the time of writing, it seems like this approach has already started to yield some results for middle America. [Fiat-Chrysler recently announced](#) its intention to invest \$1 billion into manufacturing four of its models in Ohio and Michigan. General Motors also looks to be following suit with a similar investment.

President Trump is also keen to roll back regulation that could make it harder for businesses to create manufacturing jobs. This thinking was confirmed on the fourth day of Trump's term when he signed an executive order instructing environmental assessors to speed up the process of evaluating infrastructure proposals.

TWO: TRADE DEALS

PROTECTIONISM TAKES HOLD

An extension of President Trump's plan to increase jobs and growth is to pursue an aggressive and protectionist trade policy. During his election campaign, he repeatedly stated that the US was not getting a good deal when it comes to trade. He went a step further in his inauguration speech, stating that his administration would operate with two rules: 'Hire American and Buy American'.

For this reason, Trump is seen by many as the anti-globalisation politician. But on the third day of his presidency, he became more than just a symbol by pulling the US out of the Trans-Pacific Partnership (TPP) trade agreement. This trade deal intended to significantly cut import and export tariffs between 12 Pacific nations, including the US. Despite not being approved by Congress, Trump rejecting TPP is a clear demonstration that he wants Americans to build the products that they use.

Extremely high border tariffs have also been a major theme

with Trump. In January 2017, he [threatened car manufacturer Toyota](#) with a high border tariff if it continued with its plans to manufacture cars to be imported to the US at its Mexico plant.

This kind of posturing, combined with low Corporate Tax rates, will likely attract foreign investment into the US and create jobs. A run of job creation over a sustained period would strengthen the US dollar.

However, the US risks significantly hurting its own exports if it becomes too protectionist. High US border tariffs would likely be reciprocated by neighbour nations. A poor export market could turn-off big businesses keen to move their manufacturing operations to the US.



TRY A DEMO ACCOUNT

[REGISTER NOW](#)

THREE: BUILDING THE WALL

RHETORIC TURNS INTO ACTION

One of the most controversial policies of President Trump is the plan to construct a 1,900-mile wall across the US southern border with Mexico. Many thought this just populism during the election campaign, with the Republican card giving easy answers to complex immigration problems.

However, since assuming office, President Trump has pressed ahead with plans to construct a wall. On the sixth day of his presidency, he signed an executive order which instructed the Department of Homeland Security to start building.

There are many complications with this plan. The first regards funding for the wall, which President Trump claims will cost \$8 billion and be paid for by Mexico. Firstly, there are disputes over the actual cost of building the wall. Construction experts estimate that the wall could cost \$15 billion, excluding costs for labour and purchasing land. Secondly, the Mexican President has issued a

statement saying that under no circumstances will Mexico foot the bill.

At the moment, the wall is being funded by the existing Federal budget. However, President Trump has suggested that the US [should impose a 20% import tariff](#) on all Mexican products to fund construction. It's hard to predict how events will unfold in regards to funding, but it's fair to say that tensions between Mexico and the new Trump administration are at an all time high. In fact, Mexican President Enrique Peña Nieto has cancelled a scheduled meeting with Donald Trump because of recent developments.

The rhetoric around the wall has caused fluctuations on the strength of the US dollar. For instance, a tweet from President Trump about the necessity of Mexico to pay for its construction saw the US dollar strengthen 0.9% against the Mexican peso.

FOUR: REPEALING OBAMACARE

REPEAL & REPLACE

One of the first acts of the new Trump administration was putting the mechanisms in place to repeal the Affordable Care Act - more commonly known as Obamacare.

This piece of legislation was one of President Obama's biggest achievements. The act aimed to provide affordable health coverage to everyone. To some extent, Obamacare has been successful in achieving one of its primary goals, which was to reduce the number of uninsured people in America. The current number of uninsured Americans stands at 8.6% - a record low. The rate was 16% in 2010.

However, there are problems with Obamacare too. The cost of health coverage has started to increase for many participants in the scheme, as private insurers raised their premiums to cover their profits. This has been widely criticised by the Republican party - who believe that free market competition will drive coverage prices

down.

Now that the Republicans control the White House, the Senate and Congress, they are free to repeal and replace Obamacare. President Trump took the first step to achieving this on his first day in office. He signed an executive order informed government agencies to interpret ACA regulations loosely, in an effort to ease financial strains on health care bodies and insurance companies.

Republicans are now trying to come up with a viable replacement to Obamacare. However, there are concerns that [any such replacement could end up being more expensive](#) and significantly increase the Federal debt.

As with many of Trump's policies, there remain doubts about how plans have been costed. This means an increase in national debt is entirely possible, which would put downward pressure on the US dollar.



VIEW OUR ECONOMIC CALENDAR

TAKE ME THERE

WHY BLACKWELL GLOBAL?

We can't pretend that it is easy to become a successful trader. But we are here to help and support you as you make your trading journey, providing dedicated resources such as our demo trading accounts and regularly published research materials.

Founded in 2010, Blackwell Global was established to offer brokerage solutions for private and institutional clients. Blackwell Global is a Straight Through Processing or STP broker who provide their clients with superior liquidity and price feeds from top international banks. These are offered alongside 24-hour technical support, market research tools, educational materials, professional partnership programmes and fully integrated trading platforms.

We offer access to multiple asset classes including more than 60 currency pairs, precious metals and other contracts for differences. As a global broker, we are always striving to achieve excellence in our customer service, as well as developing innovative technology to support our customers needs.

Today, the Blackwell Global group of companies has a presence in over 90 countries, with its main offices situated in the individually regulated markets of Australia, Cyprus, New Zealand and the United Kingdom.

To find out more about Blackwell Global please go to:

www.blackwellglobal.com

Or contact Customer Support:

Tel: +44 (0)203 695 0898

Email: cs@blackwellglobal.com

Risk Warning: Trading Foreign Exchange (FX) and Contract for Differences (CFD) on margin is highly speculative, it carries a high level of risk, and may not be suitable for all investors, so please consider your investment objectives, level of experience, financial resources, risk appetite and other relevant circumstances carefully. FX and CFDs are leveraged products and you may lose your initial deposit as well as substantial amounts of your investment. The high degree of leverage can work against you as well as for you. Seek independent advice if necessary. Please read and understand the risk disclosure policy before entering any transaction with Blackwell Global Investments (UK) Limited.

Disclaimer: The report provided by Blackwell Global Investments (UK) Ltd is meant for informative reading and should not be relied upon as a substitute for extensive independent research and is no guarantee of a successful trading outcomes. The opinions expressed in this eBook are do not take into account any particular individual's investment objectives, financial situation, or needs, and should not be interpreted as financial advice nor an encouragement to trade any investment product.