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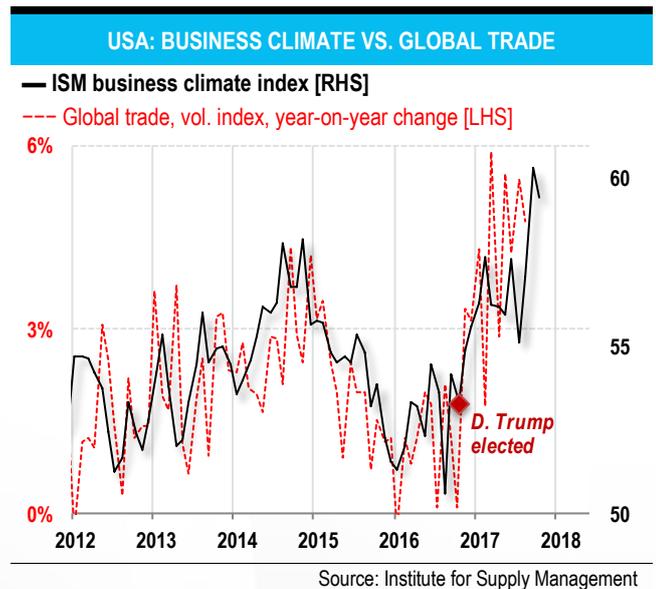
Donald Trump: the lucky president?

- A year after being elected the USA's 45th president, Donald Trump can boast a strong economic situation...
- ... although few of his own making

A year on from Donald Trump's election victory, everything has improved, but correlation does not imply causation. Since November 2016, the US economy has done well. The main business climate index compiled by the Institute for Supply Management (ISM) has risen strongly to almost 60, close to its all-time highs. GDP growth has accelerated, as has the pace of job creation. Unemployment, in both its narrow and broad definitions, has continued falling to below 4.5% of the labour force. The stockmarket, having been rather tentative in 2016, has rallied, with indexes scaling a series of new peaks.

Some see this as the market hailing the new president's promises to cut taxes and boost investment. However, no real concrete action has been taken, and Mr Trump's economic programme also has a protectionist slant that could depress activity. Overall, it is hard to say whether the problems he has experienced implementing his plans have harmed or helped the US economy.

The factors driving the economic upturn lie elsewhere, in China for example. By adopting economic stimulus measures from the spring of 2016, Chinese president Xi Jinping has done a lot to stabilise global trade, of which China alone accounts for 15%. The European Central Bank and Bank of England have also played a role, by significantly increasing the liquidity they are providing to their economies. Finally, the upturn in global oil prices has helped US oil producers, which had built up their US drilling activities long before Donald Trump was elected. By the time Mr Trump became president, the US economic situation was already more positive and global trade was recovering (see chart). For the cheerleader of America First, that represents a rather paradoxical stroke of luck.



Jean-Luc Proutat

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