ECONOMIC CONCERNS

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How will Trump presidency affect trade, the markets and consumers?

On Nov. 8, America elected a new president of the United States. To the pollsters' surprise, Donald Trump upset Hillary Clinton by flipping some of the political map and taking many of the key battleground states. In January, we will have a new president who is likely to greatly impact politics, the global economy and the financial markets. Trump's successful campaign came about as many Americans voted their dissatisfaction with Washington D.C. and the political elites. He appealed to voters who wanted to see change in Washington D.C. and based on election results, the Republican Party now holds both the executive and legislative branches on Capitol Hill.

CNN and FOX News will continue to debate just how a billionaire businessman with no experience won the presidency. But make no mistake about it, one of the biggest considerations voters take to the booth on Election Day is how they feel about the economy. Historically, when the economy has been doing well, voters typically do not seek change and are content with the incumbent party. On the other hand, when the economy is struggling and people are unable to find good paying jobs, they tend to vote politicians out of office.

So how will President-Elect Trump stimulate the economy and provide stronger economic growth to the country? Trump will attempt to rebuild our infrastructure, reform and simplify our tax code and reform immigration. He will also try to repeal and replace the Affordable Health Care Act, ease up on financial and environmental regulations, and renegotiate many of our trade deals. Although rebuilding our roads, bridges, tunnels and airports will please many, a heavy price tag will be associated with it. Although this $1 trillion proposal is ambitious, he will try to get billions of corporate foreign dollars back into the U.S., possibly taxing them between 5 percent and 10 percent with a Repatriation Tax Holiday, to pay for it.

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Trump also plans to reduce and simplify our tax code with higher standard deductions and less marginal tax rates for individuals. The three tax rates discussed are 12 percent, 25 percent and 33 percent. He also wants to lower corporate tax rates from 35 percent to 15 percent. Wall Street views these proposed tax cuts as a positive for the economy. Wall Street also views easing of financial and environmental regulations pro-growth, as the big winners could be financial institutions and energy companies.

Other sectors and industries of the economy that should do well will be aerospace and defense, as Trump favors building up the military. Auto manufacturing and luxury retailers could prosper as tax cuts and economic stimulus will benefit them. And as Trump seeks to repeal and replace Obamacare, pharmaceuticals, biotech and managed health care could also do well

Conversely, potential trade wars and a stronger dollar could be a headwind for international equities. Domestic stocks have outperformed international stocks for more than seven consecutive years, and we may see that trend continue under a Trump presidency.

The next four years may certainly bring market volatility; remember to be patient, think long-term and stick to your overall investment plan.

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