




Economy Doing Great; Trump Wants It Greater

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Just two days after Walmart posted its blowout numbers for the second quarter and predicted that sales would continue to grow “to the upper end of the 2.5% to 3.0% range” next year, the president [tweeted his approval](#): “Our Economy is very strong.”

But then he added that he wants it even stronger, and the main obstacle is the Fed: “The Fed [Funds] Rate ... should be reduced by at least 100 basis points [one percent], with perhaps some quantitative easing [QE] as well. If that happened, our Economy would be even better ... good for everyone!”

On Wednesday, Trump said the only problem with the U.S. economy “is [Fed Chairman] Jay Powell and the Fed. He’s like a golfer who can’t putt, has no touch. Big U.S. growth if he does the right thing, [a] BIG CUT ... but don’t count on him! Wake up Federal Reserve. Such growth potential, almost like never before!”

On cue, Target shares opened at a record high following its report that its second-quarter revenues and earnings beat Wall Street’s expectations and boosted its full-year earnings outlook. Right behind Target came Kohl’s, which also reported better-than-expected earnings for the second quarter.

Lowe’s shares jumped when it reported second-quarter earnings and revenue also exceeded Wall Street’s forecasts, with same-store sales up 3.2 percent, hitting Trump’s minimum expectations of at least three percent annual growth under his care.

Home Depot also surprised Wall Street to the upside when its second-quarter earnings surpassed expectations.

This was followed by news that the number of IRA and 401(k) account holders with a million dollars or more in their accounts set a record high in the second quarter at Fidelity Investments. Hidden behind the headlines was part of the reason: Employers, enjoying record profits, are increasingly sharing their success by kicking in ever greater contributions for their employees.

The apparent obstacle, according to the president, is the Fed’s unwillingness to cut rates further, substantially, and soon. He tweeted that it’s hard for the United States to compete abroad when other countries have much lower interest rates. Trump has some supporters at the Fed, including the president of the San Francisco Federal Reserve Bank, Mary Daly. Although not a member of the rate-setting Federal Open Market Committee (FOMC), she made it clear that not only does she support the president in his quest for lower interest rates, she isn’t doing it for fear of an impending recession: “I should stress,” she wrote during a Q&A on the Quora website, “that my support for this cut is based around my desire to see our economy expansion continue — not because I see an impending downturn on the horizon.”

She doesn’t see a recession in the near future: “I don’t think we’re headed towards a recession right now. When I look at the data coming in, I see solid domestic momentum that points to a continued economic expansion.... The labor market is strong, consumer confidence is high, and consumer



Written by [Bob Adelman](#) on August 21, 2019

spending is healthy.”

The minutes from last month’s meeting of the FOMC to be released later on today will likely reveal reticence by many on the committee to push rates down as far and as soon as the president wants. So the president is making other plans to boost the economy, proposing a temporary cut in payroll taxes and adjusting the capital-gains tax rate so investors don’t get punished by paying taxes on phantom profits.

Some say his move is political. After all, a strong economy next November would help his chances for a second term. But the president is also doing what most politicians have never done: keeping his promises. And one of them is that of a strong, robust, healthy, full-employment economy under his administration.

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