

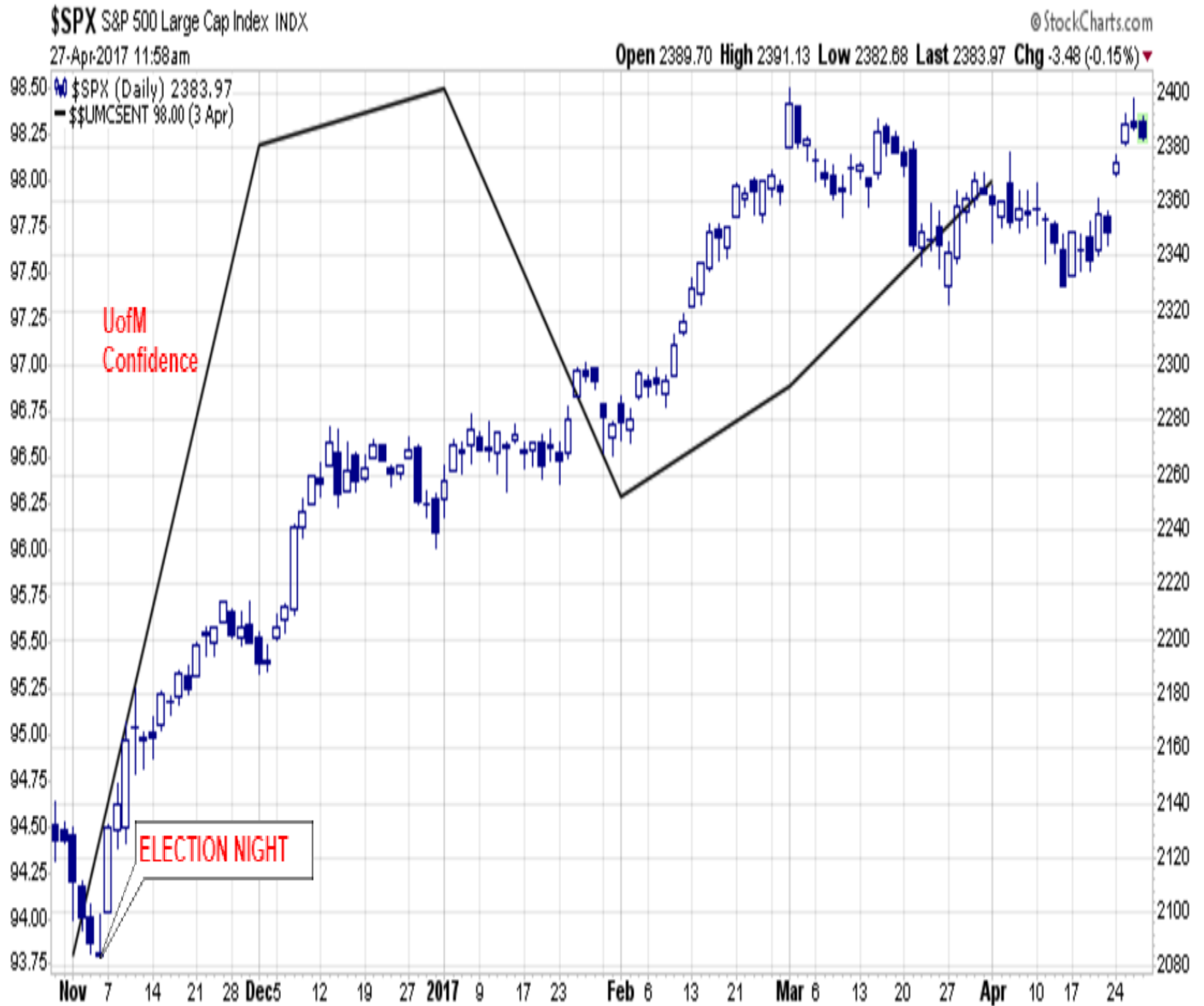


On election night, my friend Jessica and I were standing in the studios of Fox News in Houston as the ready to provide *"color commentary"* as the Presidential election proceeded. The newsroom was highly electric with reporters rushing back and forth grabbing the latest data as it poured in. In between interviews on what a *"Trump"* election could mean for the country, Jessica and I stood glued to the monitors watching the results as they were reported. **While we were both very hopeful that Trump could win the election, but deep down I don't think we actually believed it.** The odds of Trump winning enough of the *"swing"* states to gain the sufficient number of electoral votes seemed astronomical. Yet, as each of those states began to fall in Trumps favor, a whisper began to spread through the room:

***"I don't believe it...he could actually win this thing."•***

But, as each state did fall to Trump, locking in the electoral votes needed to win, stock market futures went in the same direction. **Down 100, 200, 500, 700 points, as panic of a Trump victory swept through the markets. It was going to be a brutal opening on Wednesday morning.**•But then, just as if someone had flipped a switch, it all changed. The *"guy,"* whom if elected would crash the markets and the economy, was suddenly the *"long awaited Saviour."*•**As the markets opened the next day, optimism surged on hopes *"Trumponomics"* would repair the ills**

which had plagued the economy for the last eight-years. The chart below shows the surge.

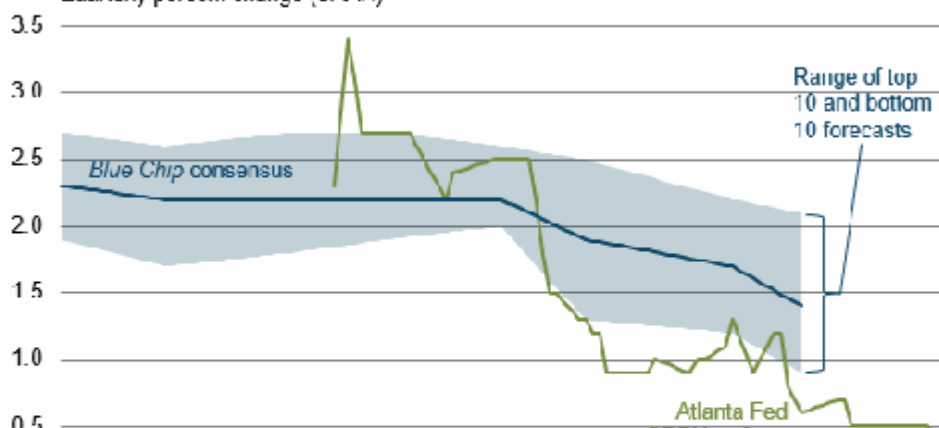


Well, here we are 100-days later, with the markets near all-time highs as investors continue to *"hope"* for the promised reforms. Yet, they remain absent as the challenge to pass reforms came from an unexpected source. It was thought the *"real fight"* would be between the Republican and Democratic factions of both Congress and Senate. However, it turned out the fight would be between the Republicans themselves leaving the Democrats sitting on the sidelines *"eating popcorn and enjoying the show."* At each turn the *"Trump"* administration has run into difficulties in taking action on campaign promises. Rising tensions with Canada and Mexico have led to a reconsideration of withdrawing from NAFTA, global pressures have led to a reconsideration of withdrawing from TPP and the Paris Climate Accord. The *"Affordable Care Act,"* which was to be repealed, has now shifted into a *"replacement"* and leaves a bulk of the ACA intact along with the very aspects that have caused the economic pressure mount along with infrastructure pressure mount continued to re

promise, opposition at has GDP growth

**Evolution of Atlanta Fed GDPNow real**  
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Quarterly percent change (SAAR)

**GDPNow™**



[yesterday](#), there is a rising belief this time is different. **Yet, the optimism for continued growth in asset prices is based upon the "forward estimates of rising earnings"•based on tax cuts which will directly boost earnings per share.**•But what happens if it doesn't come? First, this isn't the 1980's, the last time tax reform was passed, with low valuations, high inflation and interest rates and much stronger economic growth to start with. Therefore, the impact of tax cuts will likely be far less than expected. **Secondly, tax reform is likely going to be the single most difficult challenge of this Administration as "partisan politics" come into play.** Ultimately, tax reform could be far different, and much less robust, than currently anticipated. **So, here we are at the end of the first 100-days, with little progress being made toward the things that count the most with investors.** With•asset prices currently priced for perfection,•the real risk is that of **"disappointment."**•It will likely pay to"err to the side of caution"•for now as the risk is clearly tilted against reward for now. In the meantime, here•is what I am reading this weekend.

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## Trump Tax Plan - Everything You Need To Know

- **Dems Issue Shutdown Threat Over ACA Vote**[by Mike Lillis via The Hill](#)
  - **Trumps Latest Tax Plan Details**[by Tyler Durden via ZeroHedge](#)
  - **\$5.5 Trillion - The Cost Of Trump Tax Plan**•[by Committee For A Responsible Federal Budget](#)
  - **Tax Lessons For Donald Trump**[by David Stockman via Daily Reckoning](#)
  - **Bond Vigilantes•Lie In Wait For Trump Tax Plan**[by Liz McCormick via Bloomberg](#)
  - **Millennials Finally Get Their Tax Cut**[by IBD](#)
  - **Good & Bad News About Trump's Tax Plan**[by Charles Gasparino via New York Post](#)
  - **Trump's Tax Cut: A Supply Side Shot In The Arm**[by IBD](#)
  - **History Doesn't Bode Well For Tax Reform**[by Steve Goldstein via MarketWatch](#)
  - **Tax Plan Would Blow Up The Deficit**[by Rob Garver via Fiscal Times](#)
  - **Art Laffer's Theory Of Tax Cuts Comes Alive**[by Peter Baker via NYT](#)
  - **Why Are Republicans Making Tax Reform So Hard**[by Steve Forbes via Forbes](#)
  - **Market Skepticism Growth About Tax Reforms**[by Joe Calhoun via Alhambra Partners](#)
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## Markets

- **The Downside Of Managing Risk**[by Daniel Needham via MorningStar](#)
  - **Fair Value Of S&P 500 Is 50% Lower**[by Rosa & Mast via Finanz und Wirtschaft](#)
  - **The Chart That Floats Overvaluation**[by Macroman via Global Macro Monitor](#)
  - **Ode To Investors: Super Size Me**[by Danielle DiMartino-Booth via Money Strong](#)
  - **Low VIX Signals More Gains**[by Michael Kahn via Barron's](#)
  - **No Looking Back For Passive**[by David Keohane via FT Alphaville](#)
  - **Be Careful What You Wish For**[by Erik Swarts via Market Anthropology](#)
  - **Psychology Behind When To Sell A Bull Market**[by Dr. Richard Peterson via HedgEye](#)
  - **Bond Market Not Sharing Stocks Enthusiasm**[by Mark Gilbert via Bloomberg](#)
  - **Who Is Right - Stocks Or Bonds**[via Peter Atwater via HedgEye](#)
  - **A Rising Central Bank Tide Makes Everyone A Genius**[by Charles Hugh Smith via Of Two Minds](#)
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## Research•/ Interesting•Reads

- **Atlanta Fed GDPNow Forecasts Heads Toward Zero**[by Wolf Richter via Wolf Street](#)

- **Fannie Offers "Innovative Solutions" For Millennials** [by Aleksandrs Rozens via Fannie Mae](#)
  - **It's A Nominal World After All** [by Caroline Baum via MarketWatch](#)
  - **The Student Loan Implosion** [by Ironman via Political Calculations](#)
  - **Bullish Case For Oil Is Fading Fast** [by Nick Cunningham via OilPrice.com](#)
  - **America's Middle Class Is Shinking** [by Quentin Fottrell via MarketWatch](#)
  - **Can You Afford To Retire Now?** [by Robert Powell via USA Today](#)
  - **Inconvenient Truths About The Trade Deficit** [by Martin Feldstein via Project Syndicate](#)
  - **Question: What Will The Stock Market Do Tomorrow** [by Allison Schrager via Quartz](#)
  - **What If Bogle Is Right About 4% Returns** [by Mitch Tuchman via MarketWatch](#)
  - **"ETF's Are Weapons Of Mass Destruction" Warns FPA** [by Tyler Durden via ZeroHedge](#)
  - **Buy American/Hire American Is Cruel To Workers** [by John Tamny via RCM](#)
  - **Valuations Signal High Risk, Weak Prospective Returns** [by John Hussman via Hussman Funds](#)
  - **Volatility Expectations Plunge Following French Election** [by Dana Lyons via Tumblr](#)
  - **How The Passive Indexing Mania Went Awry** [by Jesse Felder via The Felder Report](#)
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***?Confronted with a challenge to distill the secret of sound investment into three words, we venture the motto, 'Margin of Safety.'? -Benjamin Graham***

Questions, comments, suggestions ? please [email me](#).