



Trump's Decisions May End Bull Market, Experts Warn

Description

Wall Street's returns have surged during Donald Trump's time in office, with significant increases in major stock indices such as the Dow Jones Industrial Average, S&P 500, and Nasdaq Composite, which rose by 57%, 70%, and 142% respectively during his initial non-consecutive term. Despite a history of gains in 26 out of the last 33 presidential tenures since 1896, Trump's annualised returns notably surpass those of most predecessors.

Some of the market's success can be attributed to broader trends, such as advancements in artificial intelligence and quantum computing, which were already underway before Trump's presidency. However, specific elements of the economic rally reflect his policies, particularly the Tax Cuts and Jobs Act, which permanently reduced the maximum corporate tax rate, thereby increasing share buybacks.

Despite current market optimism, historical patterns warn of sudden shifts in sentiment. Two pivotal decisions by Trump could profoundly influence Wall Street's trajectory. Firstly, the commencement of military operations against Iran on February 28 led to the closure of the vital Strait of Hormuz, disrupting the flow of 20 million barrels of oil daily and impacting global crude oil supply significantly.

This turmoil has caused U.S. gas prices to rise sharply, posing a potential burden on low-income households that allocate a larger portion of their budgets to fuel. As businesses inevitably feel the impact of increased operational costs, inflation could escalate, as evidenced by a rise in inflation from 2.4% in February to an anticipated 3.89% in May.

Additionally, Trump's selection of Kevin Warsh to succeed Jerome Powell as head of the Federal Reserve presents further challenges. Warsh's historical preference for prioritising price stability could clash with market expectations for continued low interest rates. As inflation pressures mount, analysts speculate that a shift in Federal Reserve policy may be imminent, potentially jeopardising the stability of the bull market that has characterised Trump's presidency.

Vocabulary List:

1. **surged** //sɜːrdʒd// (verb): moved up very quickly or strongly
2. **indices** //ˈɪn.dɪ.sɪːz// (noun): lists that show how values change over time
3. **annualised** //ˈæn.jə.laɪzɪd// (adjective): shown as a yearly rate or amount
4. **buybacks** //ˈbaɪ.bæks// (noun): company repurchases of its own shares from investors
5. **commencement** //kəˈmɛns.mənt// (noun): the start or beginning of an action
6. **inflation** //ɪnˈfleɪʃən// (noun): general rise in prices for goods and services



Comprehension Questions

Multiple Choice

1. What was the increase percentage of the S&P 500 during Donald Trump's initial term?
Option: 57%
Option: 70%
Option: 142%
Option: 25%
2. Which act permanently reduced the maximum corporate tax rate during Trump's presidency?
Option: Affordable Care Act
Option: Tax Cuts and Jobs Act
Option: Dodd-Frank Act
Option: Wall Street Reform Act
3. What is the anticipated inflation rate for May during Trump's presidency?
Option: 2.4%
Option: 3.89%
Option: 5.0%
Option: 4.5%
4. Which index saw the highest percentage increase during Trump's presidency?
Option: Dow Jones Industrial Average
Option: S&P 500
Option: Nasdaq Composite
Option: FTSE 100
5. What significant military action took place on February 28 during Trump's presidency?
Option: Deployment in Afghanistan
Option: Operations against Iran
Option: Invasion of Iraq
Option: Syria airstrikes
6. Which individual was selected by Trump to succeed Jerome Powell as head of the Federal Reserve?
Option: Janet Yellen



- Option: Kevin Warsh
- Option: Ben Bernanke
- Option: Larry Summers

True-False

- 7. Wall Street's returns declined during Donald Trump's time in office.
- 8. Trump's annualised returns are lower than those of most predecessors.
- 9. Inflation rose sharply from 2.4% in February to an anticipated 3.89% in May.
- 10. The Strait of Hormuz is vital for the flow of oil.
- 11. Kevin Warsh is known for prioritising aggressive rate cuts.
- 12. The Tax Cuts and Jobs Act increased the maximum corporate tax rate.

Gap-Fill

- 13. Wall Street's returns surged during Donald Trump's time in office, with the Nasdaq Composite rising by _____.
- 14. Despite history indicating 26 gains in the last 33 presidential tenures since 1896, Trump's returns notably surpass those of most _____.
- 15. Trump's policies included the Tax Cuts and Jobs Act, which permanently reduced the _____ corporate tax rate.
- 16. The turmoil from military operations caused U.S. gas prices to rise sharply, posing a burden on low-income _____ households.
- 17. There are warnings of sudden shifts in sentiment due to historical _____ patterns.



18. As inflation pressures mount, a shift in Federal Reserve policy may be _____
jeopardising the stability of the bull market.

Answer

Multiple Choice: 1. 70% 2. Tax Cuts and Jobs Act 3. 3.89% 4. Nasdaq Composite 5. Operations against Iran
6. Kevin Warsh

True-False: 7. False 8. False 9. True 10. True 11. False 12. False

Gap-Fill: 13. 142% 14. predecessors 15. maximum 16. income 17. patterns 18. imminent

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What term describes the first event of a particular kind?

- Option: Culminating
- Option: Inaugural
- Option: Annualised
- Option: Beneficiaries

2. What type of flight reaches the edge of space but does not go into orbit?

- Option: Suborbital
- Option: Orbital
- Option: Geopolitical
- Option: Inflation

3. Which term refers to the act of driving or pushing something forward?

- Option: Refiners
- Option: Propulsion
- Option: Collaterals
- Option: Blockade

4. What do we call significant events or achievements that mark progress?

- Option: Milestones
- Option: Shortages
- Option: Disruptions
- Option: Impairment



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5. What term describes a lack of sufficient supply of something?
Option: Shortages
Option: Refiners
Option: Inflation
Option: Indices
6. Which term refers to a barrier used to prevent access to an area?
Option: Surging
Option: Milestones
Option: Blockade
Option: Culminating
7. What term describes the measure of a fluid's resistance to flow?
Option: Viscosity
Option: Exposure
Option: Adjustment
Option: Insolvency
8. What do we call an asset pledged as security for a loan?
Option: Collateral
Option: Beneficiaries
Option: Discrepancy
Option: Scrutiny
9. What term refers to the condition of being in contact with a harmful substance?
Option: Discrepancy
Option: Surging
Option: Exposure
Option: Culminating
10. What economic term refers to the rate of increase in prices?
Option: Inflation
Option: Indices
Option: Annualised
Option: Adjustment

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. The company's _____ event marked its entry into the tech industry.
12. The spacecraft successfully completed its _____ flight testing.



13. The new engine design focuses on improving _____ efficiency.
14. Reaching these _____ is crucial for the project's success.
15. The _____ of essential goods led to increased prices and demand.
16. The naval _____ prevented any ships from entering the harbor.
17. The _____ of the liquid affected its flow through the pipes.
18. She provided her property as _____ for the loan.
19. His _____ to the virus has raised concerns among health officials.
20. The rising _____ has become a major concern for economists.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

21. The inaugural flight took place in front of a large crowd eager to witness history.
22. The suborbital test flight provided valuable data for future missions.
23. Advancements in propulsion technology can significantly reduce travel time.
24. The project has reached several important milestones ahead of schedule.
25. The shortages of raw materials have led to production delays across industries.
26. The blockade resulted in a significant decrease in trade activity.
27. The viscosity of the paint affects how easily it can be applied.
28. Using valuable assets as collateral can help secure a loan.
29. Long-term exposure to pollutants can have serious health effects.
30. Inflation rates can influence economic policies and interest rates.

Answer

Multiple Choice: 1. Inaugural 2. Suborbital 3. Propulsion 4. Milestones 5. Shortages 6. Blockade 7. Viscosity 8. Collateral



9. Exposure 10. Inflation

Gap-Fill: 11. inaugural 12. suborbital 13. propulsion 14. milestones 15. shortages 16. blockade 17. viscosity
18. collateral 19. exposure 20. inflation

Matching sentence: 1. inaugural 2. suborbital 3. propulsion 4. milestones 5. shortages 6. blockade 7. viscosity
8. collateral 9. exposure 10. inflation

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