Is President Trump Is driving the economy into a recession? Economists see warning signs

Economists and financial analysts paint a frightening portrait of a coming recession as soon as 2020.

W ith President Donald Trump about to embark on yet another trade war – this time with Mexico – economists and financial analysts are surveying the economic landscape and are painting a frightening portrait of a coming recession as soon as 2020.

According to a report at Politico, “Trump is edging to the brink of a two-front trade war in a very different environment than he enjoyed last year, when the GOP tax cut pumped billions of dollars of stimulus into the U.S. economy,” adding, “Analysts now expect economic growth to slow closer to a 2 percent pace this year. And investors, Wall Street analysts and the Federal Reserve are signaling that if Trump doesn’t make quick deals, growth could stall out completely.”

In an interview with Politico, Gregory Daco, chief U.S. economist at Oxford Economics, said that Trump is doing damage to the economy that could be far-reaching.
"We literally scared ourselves into a sharp market pullback last year in a stronger economy. Now we are doing all this in a weaker economy and it ups the risk that we fall straight through the ice," Diane Swonk, chief economist at Grant Thornton explained.

Noting that "when investors get nervous that markets and the economy could be vulnerable, they tend to gravitate to long-term bonds, sending prices higher and yields lower," Campbell Harvey, a professor at Duke University's business school also held up a warning sign, stating, "This is not normal and it tells us something is wrong."

Analysts are now speculating that Trump's trade war with both Mexico and China will lead to a double hit of a drastic drop in car sales and a massive increase in the cost of goods for consumers, which economist Daco said spells massive economic upheaval to come.

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"It's one thing to impose tariffs when the economy is on the way up and we are doing fine," he explained. "But once you've reached the inflection point, and we've passed that point, then any push you give with tariffs is just going to make the slowdown more rampant and throw fuel on the fire."

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