TRADE WARS AND CURRENCY TRENDS IN THE TRUMP ERA

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In his novel "The Pit", Frank Norris describes the Chicago futures trading floor. "Ah, this drama of the 'Provision Pits,' where the rush of millions of bushels of grain, and the clatter of millions of dollars, and the tramping and the wild shouting of thousands of men filled all the air with the noise of battle! Yes, here was drama in deadly earnest- drama and tragedy and death, and the jar of mortal fighting." Norris describes the marketplace "battlefield" and "weapons of contending armies", the trading strategist's delight "in the shock of battle". Did marketplace events call for a Napoleon?

"All I ever asked for was an unfair advantage", said an oil trader to me many years ago.

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CONCLUSION

The United States dollar, as measured by its broad real effective exchange rate, probably has started a bear trend and will decline a notable amount from its recent high.

OVERVIEW (REVEILLE)

In the competitive international economic and political theater, the United States and other countries battle against each other with varying degrees of ferocity and success to establish, preserve, improve, or extend their absolute and relative economic and political strength. Sometimes various countries ally themselves with others against one or more adversaries. These global fights of course generally reflect domestic economic concerns, goals, and ideologies, as well as political ones. Consequently a nation's trade (tariff) wars and currency (and other economic and political) conflicts in worldwide arenas intertwine that country's assorted and often heated partisan squabbles and doctrines.

In America and elsewhere, the international frays connected to trade and foreign exchange involve more than matters of imports and exports (and the relative interests of importers and exporters), trade "fairness", and efforts to enhance economic growth. They intersect with other phenomena and debates associated with them; for example, consider globalization and contests between various elite (establishment) clans and an array of populist crews as well as so-called cultural wars.

Trump's ascent to and occupation of the Presidency, his talk and policies, highlight and exacerbate cultural divisions. Since economic realms are not entirely divorced from political and social territories, trade (and tariff) duels and currency fights (competition) have implications for other existing national (and international) cultural conflicts. Survey assorted cultural wars relating to inequality, immigration, race/ethnicity, sex/gender, age, religion, region (geography; urban/suburban/rural), and so on.

All of these economic and political combats, whether involving trade or currencies or other variables, at home or overseas, incorporate and trumpet values of good and bad (and indifferent), and often include opinions related to notions about fairness and justice. Within these struggles, as well as in economic and political theories regarding them (even by social "scientists" or revered veteran thought leaders), there never are any objective (scientifically rational) or genuinely neutral perspectives, arguments, conclusions, or recommendations.

Rhetoric and related actions on behalf of “the nation” (or even “the world as a whole”) often parade as “reasonable”, common sense, enlightened, or superior (or “just” or “fair”), but they are never free of values (or devoid of self-interest). For example, this is true not only of those relating to “America First!” and “Make America Great Again!”, but also to alternative approaches. Even allegedly independent and widely-respected central bankers reflect, broadcast, and apply via their wordplay and behavior partisan doctrines permeated with subjective notions of goodness, badness, and neutrality.

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In the global economic and political scene, as well as within a given domestic venue, of course sometimes relative (or at least outward) tranquility and harmony reign. And not all present-day international economic (political) fights (which can have domestic as well as worldwide ramifications) directly feature America.

President Trump and his shocking march to power do not represent or create an entirely new economic and political universe, either for America or the global order. And trade skirmishes and currency contests long preceded Trump’s candidacy and victory. However, from the leadership standpoint, and thus for the international economy given America’s still-massive economic, political, and military, Trump’s ideology (theories), belligerent statements, and provocative actions on the trade (tariff) front (and on many other lines) indeed represent a substantial change (shift) from the previously generally prevailing global bias decisively favoring globalization, “free markets”, and “free trade”. Trump’s legions of American supporters and some overseas adherents endorse and praise his militant politics of trade (including tariffs). Various nations and wide groups of people in the US and around the globe vociferously express hostility to the Trumpian vision (and not only on the trade topic).

Given America’s economic and political standing, its trade policies, actions, and trends inevitably intertwine in diverse and sometimes changing ways with manifold other significant economic and political matters. These include levels and trends for the United States dollar and for the currencies of other advanced nation and many developing/emerging marketplaces. Therefore nowadays the language of global trade (tariff) and currency wars captures numerous media headlines and widespread public attention.

<u>US DOLLAR MARCHES: FIGHTING TOWARD A FINISH</u>

In Shakespeare’s play, “The Merry Wives of Windsor” (Act II, scene II, lines 134-35), Ford remarks: “for they say, if money go before, all ways do lie open.” Falstaff replies: “Money is a good soldier, sir, and will on.”

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In contrast to noteworthy and sometimes escalating global trade conflicts and related bellicose propaganda from around the time of President Trump’s inauguration (1/20/17) to the present, currency movements of the United States and four other key trading nations (three nations plus one region) have remained comparatively peaceful on an effective exchange rate basis. Not only has the United States dollar stayed stuck in the trenches within a modest range during the Trump Era, but so have the currencies of the Euro Area, the United Kingdom, Japan, and China.

What are several factors which have encouraged this roughly sideways trend?

Although the central bank monetary policies in these four nations and the Euro Area are not exactly alike, all have maintained relatively easy money schemes. For example, many share yield repression policies and adore the Holy Grail of a two percent inflation target. The central bank sheriffs valiantly seek to create and maintain satisfactory economic growth and low unemployment. Moreover, not all nations can depreciate their currency at once. In addition, over the past two to three years, trade conflicts involving these nations (and other countries around the globe) have fluctuated in scope and intensity.

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Cross rates such as the US dollar versus the Chinese renminbi entrance politicians, Wall Street community (especially its currency gunslingers), regiments of corporations, the financial media, and some segments of Main Street. Some cross rates thus to some extent influence national economic (political) policy. However, real effective exchange rate ("EER") measures better indicate the strength (weakness) and trends of a country's currency. The Bank for International Settlements publishes a broad real effective exchange rate (CPI-based; goods; monthly average; 2010=100; most recent release 10/6/19). The BIS EER statistics extend back to January 1994.

For any given nation, its trading counterparts have different percentage weights within that country's EER. And the actual trade weights (importance) of a nation (such as China) can differ, often substantially, within the assorted EERs.

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Despite the US broad real EER's generally sideways movement since around January 2017, the US EER generally has remained robust from the perspective of its major bottom at 93.1 in July 2011 as well as within the January 2017-present range itself. And it now stands near the top of that range, neighboring January 2017's 120.2 resistance. In the current American and thus global economic setting, not only are ongoing trade battles an influential element, but also global (and American) GDP growth has been sluggish, and the US 2020 national election circus is underway. Thus the US EER level is at a critical crossroads. A significant breakout above current resistance, or a notable fall relative to that rampart, likely will have noteworthy implications not only for various dollar cross rates, but also for stock, interest rate, and commodity prices.

Several considerations indicate that the US broad real EER probably will start to retreat over the next several months. In any case, the US EER probably will not pierce the December 2016/January 2017 level by much if at all. What are these factors?

The United States dollar's glorious bull charge has lasted for a very long time, over eight years, dating back to July 2011. Marketplace history is not marketplace destiny, but the duration of and the distance travelled in the dollar rally is comparable to other extensive ones of the past few decades.

Also, over the past several decades, as the world has become more multipolar and other nations have grown, the US percentage share of world GDP has slipped. All else equal, and though the US dollar remains integral to the global economy, this development gradually tends to undermine dollar strength. To what extent will central banks shift from dollars in their reserve holdings? How much will nations and corporations rely on currencies other than the greenback in their commercial transactions? Some shifts away from the dollar may reflect political considerations, such as disagreement with American leadership, policies, and values.

Although the evidence is not entirely clear, and though numerous interrelated phenomena influence United States dollar levels and trends in diverse and sometimes changing fashions, to some extent the provoking and inflaming global trade fights (and punitive actions and reactions, including tariffs) during the Trump epoch are associated with a relatively strong US dollar EER. Foreign nations (including their corporations) exporting to the US confronting increased American import tariffs, all else equal, will tend to depreciate their currency relative to the US dollar in order to maintain their export volume. Violent rhetoric and action during the Trump regime have not weakened the dollar. Therefore some relative peacefulness in America's trade discussions may help to propel the dollar EER downhill.

Note signs that the Canada/Mexico/US agreement replacing NAFTA finally will become law (though this outcome is by no means definite). It also appears that a partial (first phase or initial step, perhaps) commercial settlement between America and China on a handful of matters will emerge fairly soon. Many will label such an agreement as "progress" and "good news". Admittedly, in practice a less warlike trend with China (and anyone else) may not persist. In the broader context, any near term agreement with China probably will be, so long as Trump remains President, only an armistice in their adversarial trade relationship. Trade hostilities between America and European nations have not worsened lately, and they may be decreasing (note recent Administration talk that it may not need to put tariffs on European cars). US-Japan economic relations have not exploded into open trade conflict.

President Trump wants to win trade wars and in principle favors a strong dollar. However, so long as there is no dramatic evidence to the contrary, he can always declare that he triumphed (or at least assert that he remains fearless and steadfast) on the trade front.

Moreover, Trump (the US Administration as a whole) currently probably favors a somewhat weaker dollar relative to recent levels. See, for example: "Trump rips strong dollar, says the Fed has 'called it wrong at every step of the way'" (CNBC website, 8/8/19); "What Exactly Does Trump Want for the Dollar" (Bloomberg website, 8/1/19); "Trump Dollar Declarations Show U.S. Currency Move Still in Play" (Bloomberg, 7/26/19); "Trump thinks dollar is too strong, blames Fed policy: official" (Reuters, 6/25/19). Trump likely has faith that some dollar decay will encourage GDP expansion and thereby reinforce his 2020 election campaign.

The worsening US federal debt situation also probably will help the dollar to depreciate. America had serious long run problems prior to Trump's ascent. However, the tax "reform" legislation enacted at end-year 2017 worsened both the near term and long run fiscal situation.

Moreover, proposals by many of Trump's potential Democratic antagonists on the left-wing (progressive) side may damage the nation's perilous fiscal situation should they become law. Witness the enthusiastic medical coverage and spending gospels of Senators Warren and Sanders.

Concerns about the quality of President Trump's leadership remain widespread, which probably could assist dollar weakness. Passionate impeachment skirmishing represents an additional factor injuring the dollar, for it weakens confidence in the ability of the American political system to function well.

Suppose US corporate earnings remain relatively weak (they have been flat to down year-on-year over the first three quarters of calendar 2019), thereby disappointing earnings (and GDP) hopes for 4Q19 and calendar 2020. This will tend to wound American stock prices. If American stocks decline, that in in turn will help to weaken (increase selling or reduce buying of) other dollar-denominated holdings whose prices advanced after end calendar year 2018 alongside the S+P 500, and thus the US EER.

Recall the association (linkage) since around end December 2018 to the present between a relatively strong dollar and upwardly moving asset prices, particularly dollar-denominated ones. The S+P 500 (12/26/18 valley at 2347) probably was the leader in this ascent, but note also the rallies in lower-grade United States corporate debt prices, as well as emerging marketplace sovereign debt securities denominated in US dollars. The commodities sector (note the petroleum complex) for a few months joined the fraternity of rallying assets priced in dollars. The Federal Reserve's heralding of its monetary policy principles of "patience" played a key role in igniting and sustaining this pattern, in which "investors" and others (confronted by daunting very low or even negative interest rates) devoted engaged in further "yield" ("return")-seeking crusades to ensure adequate gains.

To some extent, America's generous tax "reform", supported in the Congressional battlefield almost exclusively by the Republican camp, skyrocketed US year-on-year corporate earnings, which motivated greater eagerness to own US stocks (and to engage in stock buyback programs). American stock marketplace strength arguably encouraged faith that America and the dollar were good places to place one's funds.

Now imagine an era of no-Trump ensuing upon a Democratic victory in the 2020 election. Trump currently lags several leading potential Democratic challengers in the polls. Admittedly, 2016 demonstrated that a victory in the popular vote tally does not necessarily result in winning the electoral contest and thus the Presidency, And much of course can happen between now and November 2020.

Suppose the US 2020 election battles return the Democrats to power in the Presidency (and the House, and perhaps in the Senate as well). The tax reform cuts which benefited US corporations (launched corporate earnings upward) and the wealthy probably will not stay in place. The reversal of tax reform legislation, or even the growing chance that such an event will transpire, all else equal, will encourage cuts in stock prices. The increasing likelihood of eliminating (or substantially slashing) the tax reform benefits, given the conjunction with the link between stock prices and dollar strength during the Trump era (and especially since early 2018), warns of emerging weakness in the US real effective exchange rate. What if Congress threatens to increase capital gains tax rates as well?

US DOLLAR AND OTHER CURRENCY MOVEMENTS DURING TRUMP TIME

In his book, "Crippled America", published in 2015, Donald Trump roars on page 1: "America needs to start winning again. Nobody likes a loser and nobody likes to be bullied. Yet, here we stand today, the greatest superpower on Earth, and everyone is eating our lunch. That's not winning." He chirps (page ix): "I know how to deal with complex issues and how to bring together all the various elements necessary for success." In "The Art of the Deal" (1987), he snarls: "The worst thing you possibly can do in a deal is seem desperate to make it. That makes the other guy smell blood, and then you're dead."

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The United States, the Euro Area, the United Kingdom, Japan, and China play especially important roles for trade, currency, and other marketplace trends. The individual and combined shares of world GDP possessed by these five locations underlines their significance (see for example, the International Monetary Fund's "World Economic Outlook" "Statistical Appendix", Table A; October 2019).

Scout out other statistics, which highlight the critical role of the US dollar in world trade in particular and world economic affairs in general. The Bank for International Settlements, in its 2019 "Triennial Central Bank Survey" (9/16/19) of turnover in OTC foreign exchange marketplaces during April 2019, said that the US dollar was on one side of 88 percent of trades. In second place, the Euro FX appeared on one side of 32pc of currency transactions, with the Yen in third place (showing up on one side in about 17pc of the deals). The Pound involved 13pc of sides, with the Chinese renminbi only around four pc. According to the IMF (COFER report; 9/30/19), as of 2Q19, the US dollar constitutes a majority of official foreign exchange reserves (61.6 percent), with the Euro FX claims equaling 20.4pc. The Yen has 5.4 percent, Pound Sterling 4.4pc, and the renminbi two pc.

Of course these five nations (calling the Euro Area a country) are not equally reliant on "trade" in general (or imports, or exports).

Regarding trade relationships between nations, Trump concentrates his attention far more on trade in goods alone rather than on goods and services combined (or on a nation's overall current account balance situation). Despite the frequent equating of "trade" by Trump and many others with deals in goods, services play an important role in the interconnected global economy. Thus "trade" language (think of current account balance talk) can include both goods and services. Although the martial President apparently tends to view trade as being a zero-sum game (or close to one) with definite winners and losers, many experts disagree with his perspective.

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Although trade wars and currency jousting (including competitive depreciation) can reflect quests to improve one's relative or absolute economic or political situation or advantage, these conflicts also may signal slowing or even declining economic growth for a given nation, or for the world as a whole. To what extent did Trump's embarking on trade wars (and the unwillingness of China and others to accede to his demands) reduce the rate of global GDP growth? The IMF said world real GDP rose 3.6 percent in 2018, but only 3.0pc in 2019 (World Economic Outlook; Table 1.1: October 2019).

The IMF's World Economic Outlook (Table 1.1; "Statistical Appendix", Table A15) noted that the global 2001-10 average annual trade volume increase was five percent. World trade volume (goods and services) expanded 5.7 percent in 2017 versus the prior year, but 2018's growth rate slipped to 3.6pc year-on-year. Moreover, the IMF predicts 2019 trade growth will be merely 1.1pc. To what extent is 2019's slower trade growth a casualty of Trump's trade strategies? Anyway, the IMF projects 2020 trade will increase 3.2pc year-on-year.

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In any case, analysis of the BIS broad real EER statistics for the nearly three year span dating back to January 2017 displays relatively stable effective exchange rates for the four countries and the Euro Area. Note the January 2017 to the present ranges as a percent of the average EER over that span. For example, for the US, the January 2017 to end-September 2019 EER range of 11.4 (120.2 less 108.8) divided by 115.0 equals 9.9 percent.

	USA	**Euro Area**	**UK**	**China**	**Japan**
Low Since January 2017	108.8 (Feb 2018)	89.2 (Feb 2017)	95.8 (Aug 2019)	118.9 (May 2017)	73.2 (Jan 2018)

High Since January 2017	120.2 (Jan 2017) (120.0 Dec 2016)	97.7 (Sept 2018)	101.5 (Mar 2019)	126.2 (Feb 2018)	80.0 (Aug 2019)
Average EER Since January 2017	**115.0**	**94.3**	**99.0**	**121.9**	**75.7**
September 2019 EER	118.8	93.4	97.9	120.0	79.0
Jan 2017 to Present EER Range as Percent of the Average EER Since Jan 2017	**9.9 percent**	**9.0pc**	**5.8pc**	**6.0pc**	**9.0pc**

However, a modest range does not prove that either quiet or a ceasefire exist on the currency competition front. Notable foreign exchange fluctuations obviously occurred and persist, often accompanied by anxious, intense, or furious language. Currency trading victories and defeats appear. And trade war rhetoric, despite ebbs and flows, on balance has been relatively savage throughout the Trump Era (including his broadsides during his Presidential run). However, since around January 2017 for the various countries as measured by the EER indicator, trench warfare exists, without major shifts in the lines thus far, despite plans and maneuvers by economic and political policy makers and participants around the globe.

The Federal Reserve Board releases indices for the real broad trade-weighted dollar H.10; monthly average; "TWD"). The TWD's Real Broad Dollar Index (which includes goods and services; January 2006=100) fell slightly from September 2019 (around 108.5) to October 2019 (107.9). The TWD's Real Broad Dollar Index (goods only; March 1973=100) averaged 102.8 in September 2019, inching down to 102.2 in October 2019. Such modest alterations in the US TWD's travels suggest that the US and the four other trading adversaries (or partners, if one's attitude toward such relationships perceives them as engaged in a friendlier relationship) probably did not suffer dramatic changes in October 2019 according to the BIS EER standard.

NATIONAL EERs: FURTHER BULLET POINTS

The gunfighter Joe says: "Crazy bell ringer was right, there's money to be made in a place like this." From the movie, "A Fistful of Dollars" (Sergio Leone, director)

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For the broad real effective exchange rates for America, the Euro Area, the United Kingdom, China, and Japan, the lows and highs for the period from around January 2017 to the present represent significant support and resistance.

Let's quickly look at America's effective exchange rate landscape to point out a couple of other important US EER levels. Let's also inspect EERs for the Euro Area, the UK, Japan, and China to see if there are notable longer run EER trends which commenced (or accelerated) prior to the Trump Era. These patterns may reflect policy biases related to currency levels and trends to achieve particular trade balance outcomes.

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For the United States, the broad real effective exchange rate appreciated a hefty 29.1 percent over the course of its long and adventurous trip from its July 2011 major bottom at 93.1 to January 2017's 120.2. September 2018's US EER's elevation at 118.8 sits less than two percent beneath the January 2017 high. If the US broad real EER declines from around current levels, watch January 2016's interim crest at 117.1. A level of major importance is March 2009's 110.9 pinnacle, attained during the bloody 2007-09 global economic disaster. Note that February 2018's EER low bordered the financial crisis top.

A five percent fall in the US EER from January 2017's 120.2 high is 114.2, and a ten pc nosedive equals 108.2 (compare February 2018's low). A withering 15 percent drop gives 102.2, and a murderous decline of 20pc reaches 96.2. The twenty percent tumble would neighbor July 2011's 93.1 major low. Penetrating January 2017's 120.2 barrier by one percent equals 121.4. In the distance is February 2002's 129.0 major high.

As part of the ascent up to the US EER's important interim top in January 2016 at 117.1, a key stage was the march upward from May 2015's 108.6, which rapidly surpassed March 2009's rather lofty 110.9 high. The S+P 500's significant plateau occurred on 5/20/15 at 2135, thereafter the S+P 500 cratered to a major bottom at 1812 (1/20/16)/1810 (2/11/16). Thus arguably a sustained "strong dollar" EER (or a "too strong dollar" EER), including climbing over March 2009's 110.9 obstacle, encouraged the S+P 500's retreat from its 2015 top.

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The Euro Area EER's important lows of 88.7 (November 2015) and 87.0 (April 2015) connect with and bolster the February 2017 support at 89.2. Key resistance for the Euro FX EER beyond September 2018's elevation lurks at 101.7 (April 2011 high)/101.5 (March 2014 top).

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A key peak and dreadful downtrend in the UK broad real EER preceded the 6/23/16 Brexit referendum. Recall August 2015's 118.1 summit. The June 2016 monthly average was 106.7. Although the UK EER plummeted sharply to October 2016's 93.9, relative stability prevailed thereafter. October 2016's UK EER trough remains the floor since the vote to leave the European Union, and the EER's wanderings during the Trump regime have not yet seriously assaulted it.

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On the US/China trade front, despite recent talk of progress on some topics, other key economic issues important to these two combatants seem relatively entrenched. President Trump (a "nationalist" rather than a "globalist") wants to appear tough on the international platform with the 2020 election approaching. China's leadership does not want to display political or economic weakness, particularly given recent disorder in Hong Kong.

America designated China as a currency "manipulator". But don't many other nations manipulate currencies and interest rates?

Anyway, despite violent attacks on China's trade and currency policies by America during the Trump Administration (though criticism preceded Trump's arrival by several years), China's broad real EER thus far has been unable to breach the low achieved over two years ago, May 2017's 118.9.

China indeed in any event, in order to boost its economic growth rate, may plot to depreciate its broad real EER to some extent regardless of the battery of pressures from America. However, China has failed to propel its EER substantially lower relative to the mountain around 130.9 (November 2015 and February 2016). The tumble from that lofty height to May 2017's 118.9 elevation is significant, but only 9.2 percent.

America obviously is not the only significant trading partner for China. The US dollar versus Chinese renminbi cross rate relationship is not the only important cross rate for their respective EER elevations and travels.

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Though Japan may speak of the importance of the benefits to be derived (for Japan and for others) via international trade harmony and partnerships (friendly relations), such soothing language helps to camouflage its own rather militant trade and currency campaigns.

Japan's broad real EER peaked during 2007-09's worldwide economic bloodbath in December 2008 at 106.5. Its final summit was October 2011's 105.6. The Japan EER crashed violently, collapsing about 36.0 percent to June 2015's 67.6 bottom.

Why has China failed in recent years to depreciate its broad real effective exchange rate substantially? One important cause probably is due to Japan's long-running EER depreciation program. China's fight to depreciate its broad real EER has entangled with an even more determined effort by Japan to crush its own EER. The first stage in Japan's systematic EER strategy involved a brutal depreciation. After the Japanese EER had plummeted a great distance (and perhaps a little too far from some vantage points), the second stage has involved keeping the Japan EER relatively weak (low) but confined within a range. Even August 2016's minor top at 84.2 has not been reached during the January 2017 to the present time span.

Japan's currency weakness strategy thus serves as an additional weapon in its battle to ensure adequate GDP growth (exports are extremely important to Japan) and to generate sufficient inflation. Japan and China are important trading partners, but China is especially important to Japan. According to the Bank for International Settlements, Japan's trade weight in China's broad real EER is 11.9 percent, whereas China's weight in Japan's EER is 31.9pc. Though Japan probably engages in competitive depreciation relative to other nations "in general", it does so relative to China in particular.

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History reveals that what happens in currency trends and other economic and political conditions for nations other than America and the other four "big" domains sometimes significantly can influence various EER rates (and other financial marketplaces) and economies, perhaps on a global basis. Recall past massacres such as the Mexican peso crisis, the "Asian financial crisis", and the massive devaluation of the Russian ruble.

MARKETPLACE RHETORIC: WORDS AS WEAPONS

In "Devil Inside", the rock group INXS sings: "words are weapons sharper than knives."

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As for stocks, interest rates, commodities, real estate, and other marketplaces (including Main Street ones), all perspectives, arguments, and conclusions regarding currency levels, trends, and relationships, are completely subjective (cultural). They are not scientific (objective) at all. "Economics" and "politics" are entirely cultural fields (realms of opinion), not scientific ones.

Thus for the US dollar (as for other currencies, as well as for other economic indicators and marketplace playgrounds), views (including definitions) and orations regarding whether it is "high"/"too high", "low"/"too low", strong/overly strong, weak/overly weak, and normal/average/typical/natural/neutral/reasonable ("rational", common sense; irrational; overly exuberant, dangerous) are inescapably matters of opinion. So is language of goodness/badness (appropriateness), as well as talk of overvaluation/undervaluation/fair (true; equilibrium) value, even if uttered by respected economists, professors, and organizations. Wordplay, whether regarding a currency or a stock marketplace, speaking of cheap/expensive, overpriced/underpriced, or overshooting/undershooting, likewise is subjective. See "Words on the Street: Language and the American Dream on Wall Street".

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Typically, the public wants a strong political leader rather than a weak one. Usually, in political and economic pastures, citizens and their leaders link strength with goodness, and see weakness as bad. Rhetoric of or related to good and bad (evil) involves values and is fascinating and often persuasive. The association and degree of overlap between strength and goodness (and weakness and badness) is not precise in theory or practice. And let's set aside important issues of morality and ethics in regard to this political (economic) strength/goodness discussion. In any case, Presidents seek to earn the honored label of being a strong (good) leader. None wish to be disparaged as being a weak or ineffective one. Trump is no exception.

People ask: "How strong is the economy? Is the economy in good shape (doing well)?" The evaluation of the performance of US Presidents partly derives from opinions on the strength (health) of the nation's economy under their stewardship. In American culture, some critical marketplace benchmarks such as "the" stock marketplace and the dollar arguably reflect (symbolize) the nation's performance. Roughly speaking, if the S+P 500 is high or rising from the viewer's perspective, it is strong; the same is true regarding the dollar. During a President's tenure in office, many observers often associate levels and trends for such noteworthy marketplace indicators (to some extent) with that President (his abilities and actions). Of course an armada of other economic, political, and social indicators and perspectives regarding them influence attitudes; also, the President may share praise or blame with others. Therefore most rhetoric calls a strong equity marketplace good; a strong dollar generally (though sometimes with qualifications) is good. Rhetoric regarding the US stock marketplace and the dollar are not exactly the same. Most people support a high or rising stock marketplace. However, a country's importers and exporters may have different desires regarding the dollar's level and trend (and so can other economic and political players depending on their orientation, aims, and circumstances).

A strong stock marketplace sounds really great (good), doesn't it! A strong dollar sounds great. Doesn't "appreciation" typically seem better than "depreciation"? Does a US national politician publicly favoring a weak (or depreciating) dollar sound powerful? Does that person seem like a winner? Someone who admires and seeks victory and greatness like President Trump surely does not want to associate themselves with a weak, feeble, or unhealthy US dollar (economy; stock marketplace).

Hence in their public statements, America's national political leadership in order to appear strong and good (to associate themselves with good/desirable/praiseworthy economic goals), underline their allegiance to and tell their citizens they want a "strong" national currency, or at least a "fairly (reasonably) priced" one. Thus, the country's political generals seldom say publicly that they love or favor a "weak" US dollar, even if they murmur that a trading competitor's home currency is “too weak” or “unfairly priced”. Of course subtleties (ambiguities) and exceptions to this wordplay exist. The US President and its top guns may not want a “too strong” dollar (and so they may endorse a little bit of a decline in the dollar if the dollar is “overly strong”.

Nevertheless, what Presidents and their trusty captains say privately, and what they genuinely desire and seek to attain, may differ significantly from their public statements. Consequently, they may talk for public consumption about the merits of a strong dollar, while at the same time trying to enlist measures to make it feebler relative to current levels. In any case, if a somewhat weaker US dollar helps an American leader to get elected or stay in office, that person and their lieutenants likely will speak and act strategically to help induce the dollar to retreat.

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