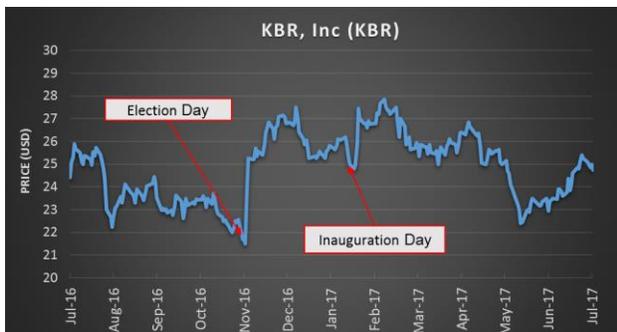
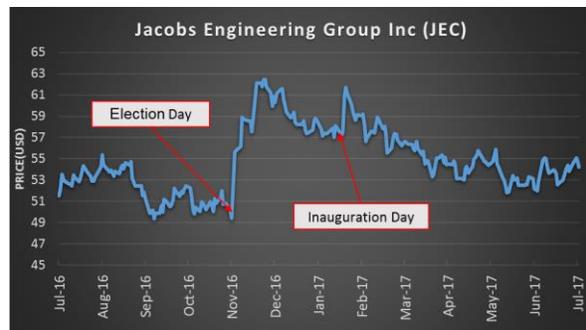
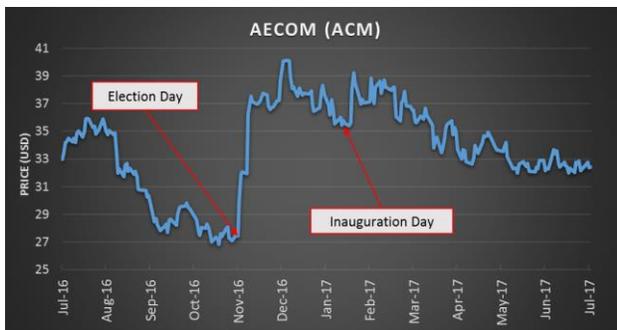


THE TRUMP EFFECT ON INFRASTRUCTURE

By Offei Adarkwa & Matija Radovic

The need to expand and maintain infrastructure in the US has been well documented. In the most recent [Infrastructure Report Card from The American Society of Civil Engineers \(ASCE\)](#), the overall condition of the nation’s highways, bridges and other infrastructure assets was given a D+ grade. The quality of country’s infrastructure directly impacts economic productivity. This has led to several business leaders including Jamie Dimon and Lloyd Blankfein to join the growing voices of Americans calling for increased investment in infrastructure¹.

It is therefore no surprise that infrastructure was one of the major issues in the political discourse on the campaign trail last year. After the elections, stock prices of infrastructure and construction-related companies including equipment manufacturers and engineering services rose rapidly. Stocks for some of the largest engineering and construction companies in the country saw significant price surges the day after the presidential elections on November 8, 2016. This event is referred to as the Trump Effect on Infrastructure.



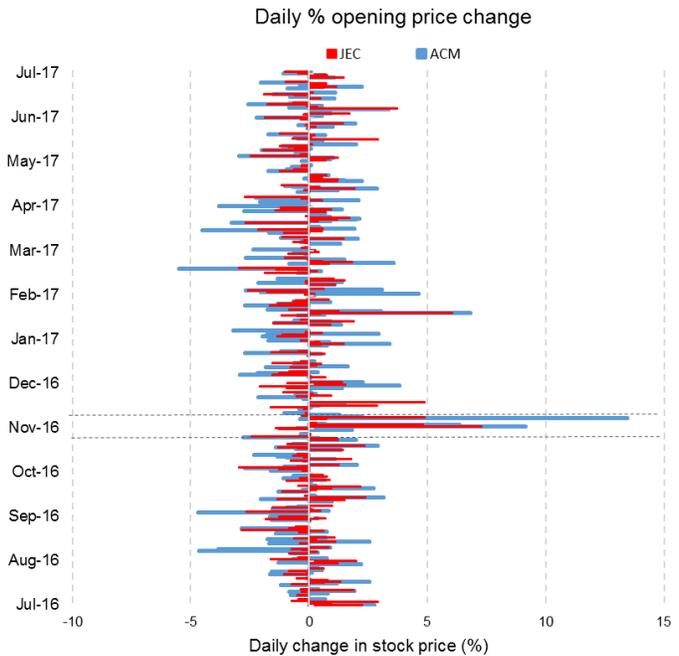
Company	% Change	
	Av. Daily (Jul. 2016-Sept. 2016)	Before & after Elections (Nov.8, -Nov. 9, 2016)
AECOM (ACM)	-0.165	9.150
Jacobs Eng. (JEC)	0.001	7.283
KBR Inc. (KBR)	0.077	0.578

¹ Dickson, S. (2017). Blankfein Joins Dimon’s Call for Bigger US Infrastructure Push.

Trump promised a \$1T investment to upgrade US infrastructure using \$200B federal spending to leverage \$800B from local agencies and the private sector². Perhaps, these promises may have led to the market reaction in the wake of the elections. AECOM and Jacobs Engineering, the two largest engineering design firms³ saw rapid increases (high percentage changes) in stock prices in November 2016.

Another noteworthy occurrence is the spike in stock prices for these companies after inauguration day. This is further evidence of the Trump Effect since the president-elect, mentioned the nation’s crumbling infrastructure and his administration’s commitment to fix these assets during his time in office in his inaugural speech.

Even though both candidates agreed on increased infrastructure spending during the campaign period, one can argue that Donald Trump placed more emphasis on this issue. The spikes in stock prices for these companies can be explained as a direct response to his victory in November 2016 and an implied willingness from the private sector to participate in the nation’s infrastructure projects.



No matter how you look at the numbers from the market, the Trump Effect is real. His victory has infused a renewed optimism towards improvements in the infrastructure sector. It is high time we stood behind the current administration’s infrastructure agenda to find solutions that would address the country’s urgent need for infrastructure investment regardless of our political affiliations.

² Niquette, M. (2017). How ‘Self-Help’ Guides Trump’s Infrastructure Plan: QuickTake Q&A.

³ ENR (2017). The 2016 Top 500 Design Firms. Engineering News Record - Stock price data from Yahoo Finance