



# The Coming American Boom

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Chief Investment Strategist Jason Trennert walks clients through the Strategas case for an impending boom in economic growth and consumer spending in the United States.

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## A TRIFECTA OF TAILWINDS FOR 2026

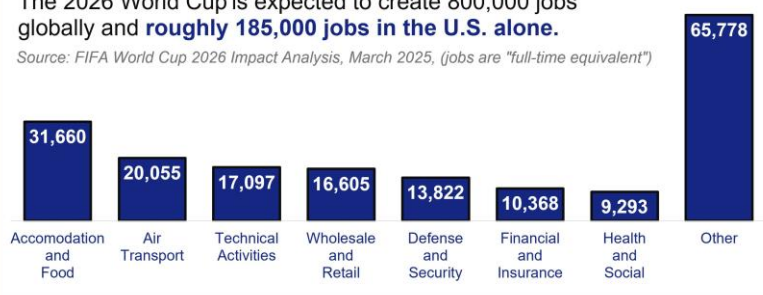
It's been fashionable in some quarters to question American exceptionalism after the 2024 election. Some of those feelings may be driven more by the man who won rather than a dispassionate understanding of what has made America so unique since its founding. Europeans often see America's success as cosmic good fortune that would be impossible to reproduce, but anyone wishing to discount America's economic success is liable to be disappointed. As we approach 2026, three coalescing forces are likely to lead to a U.S. boom in economic and consumer activity: the positive effects of the One Big Beautiful Bill, the World Cup, and the 250th anniversary celebration of the Declaration of Independence.

Of these forces, the biggest economic impact will be driven by the One Big Beautiful Bill, which made permanent the lower tax rates from 2017's TCJA, eliminated taxes on tips and overtime, increased the standard deduction, introduced deductions for seniors and those who pay interest on car loans, and raised the cap on the SALT deduction. Because the IRS has said that it will not adjust withholding schedules for income and Social Security benefits before 2026, tax refund season is likely to be heavy in early 2026 (and consumers' propensity to spend refunds is high). Just as important, the supply side impacts of the bill may be coming just in time to boost a softening labor market. The law increases the small business tax deduction, increases the thresholds for and makes permanent the Qualified Business Income deduction, and allows for 100% immediate expensing of new investments in factories and production facilities. **The correlation between capital spending and employment is well established, especially in the manufacturing sector.** The nonpartisan Joint Committee on Taxation estimates that the research provisions will reduce taxes by \$141 billion by 2034, with most of that in 2025 and 2026.

In June and July, a record 48 teams will participate across 16 North American cities in the World Cup. **FIFA and the WTO estimate that 6.5 million people will attend**, generating 185,000 full-time equivalent jobs, \$30.5 billion in gross output, and \$17.2 billion in GDP for the U.S. The July 4 anniversary of the signing of the Declaration of Independence 250 years earlier will take place within the timeframe of the 39-day tournament.

The 2026 World Cup is expected to create 800,000 jobs globally and **roughly 185,000 jobs in the U.S. alone.**

Source: FIFA World Cup 2026 Impact Analysis, March 2025, (jobs are "full-time equivalent")



It is difficult to measure how much national pride impacts economic activity, but early estimates of the many events planned to celebrate America's 250th are encouraging. President Kennedy implored Americans to never forget that we are "heirs to that first revolution." A reminder that the American experiment is exceptional may allow the country to stitch together a torn social fabric, and anyone old enough to remember the bicentennial knows that it was fun and inspiring. In that regard, the celebrations may be priceless (and who could doubt the current president's interest in and effectiveness at putting on a show?).

**The U.S. is currently looking at a policy mix it might normally see in response to a recession**—stimulative fiscal policy, likely Fed easing, and regulatory relief—just as the labor market appears to be softening. Tax cuts are likely to boost spending as we head into 2026, and though some argue that this will only be a short-term boost for the U.S., the incentives for increasing capital spending should provide the basis for long-term economic growth. A celebration of the country's semi-quincentennial as it hosts what is arguably the premier global sporting event will enhance the economic boom. And while some may claim that this convergence is just luck, another conclusion could be that "luck is the residue of design."

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