

Half of Americans have missed out on the 'Trump Rally'

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(Photo: Evan Vucci, AP)

The U.S. stock market has generated \$1.8 trillion in paper profits since Election Day, but nearly half of Americans haven't made a penny in the so-called "Trump Rally." The reason: they don't own stocks.

Only 52% of Americans polled by Gallup in early April said they "have money invested in the stock market," matching the lowest stock ownership rate in the 19 years Gallup has been tracking that statistic. The percentage of Americans invested in the stock market is down from its peak of 65% back in 2007 prior to the financial crisis and worst stock market rout since the Great Depression, Gallup data show.

The fallout from the Great Recession took a big toll on Americans' sense of financial well-being, sapping their confidence in the job market, the economy and Wall Street.

"Fear is a powerful emotion and has caused investors to flee stocks since the recession," says Randy Warren, chief investment officer at Warren Financial Service.

The lack of broad individual investor participation in the stock rally since Nov. 8 is notable, given that Trump's surprise win over Hillary Clinton was driven by the billionaire businessman's promise to bolster the fortunes of the U.S. middle class.

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Still, Warren says the stock market's surge since Election Day, while not benefiting a large chunk of Americans via stock profits, is signaling future gains for working-class Americans from a purely economic standpoint, thanks to Trump's business-friendly policies.

"The stock market is just reflecting the anticipated reality where the working man becomes the winner," Warren says. "Lower taxes and fairer trade should put people back to work."

The lower Americans are on the income scale, the less likely they are to invest in the stock market. The 6.9% gain and nearly \$2 trillion in paper profits enjoyed by the Wilshire 5000 Total Market Index since Trump's win has not trickled down to lower-earning Americans. Less than one in four Americans (23%) that earn less than \$30,000 say they have money invested in the stock market, Gallup data show. And only half of middle-class folks earning between \$30,000 and \$74,999 say they are invested in equities, down sharply from 72% back in April 2007.

In contrast, nearly eight of 10 workers (79%) that earn \$75,000 or more say they have cash riding on stocks.

People on Main Street, many which don't earn large salaries and have little spare cash to invest, still eye Wall Street with suspicion following the market meltdown that ended in March 2009.

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"There's no doubt that there is residual skepticism by investors toward the stock market, and a view that the market is stacked against the 'little guy,'" says Tom Block, a Washington policy strategist at market research firm Fundstrat Global Advisors.

Going forward that could change.

"Trump has a unique relationship with these people and maybe he can give — via Twitter or his rallies — some reassurance to the average investor that the government and regulators are on their side," says Block.

If Trump can reduce economic anxiety that would be welcome, adds Alan Skrainka, chief investment officer at Cornerstone Wealth Management. "The people that voted for Trump (and many of those that didn't) are anxious and afraid," he says.

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