

Border Tax Adjustment*

- Imports included, exports excluded from tax base
 - U.S. runs trade deficit, hence a net tax increase
 - “Static” impact varies by industry with import/export exposure
 - In theory, dollar appreciates to offset any impact, but...
 - ...BS effects, portfolio shifts, 3rd party risks, temp vs. perm
- Oil is priced in dollars
 - In theory: oil prices decline globally relative to U.S.
 - Offsetting the impact on domestic users
- Industry view is more complex

Available from prakken@macroadvisers.com upon request :

“Modeling the Border Tax Adjustment” (Macro Adviser’s *Macro Focus*, 3/6/17)

“Understanding the Republicans’ Corporate Tax Reform Proposals (Macro Advisers’ *Macro Focus*, 1/19/17)