Government Progress Index

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Government Progress Index Measures First Six Months in office for President Trump

Francisco Rodriguez-Castro , President & CEO

Welcome Message

Government Progress Index

The Government Progress Index allows any citizen to understand what success looks like and learn how to recognize it?

Francisco Rodríguez-Castro
President & CEO

What is the Government Progress Index?

A set of metrics developed by Birling Capital's proprietary algorithm that evaluates the economy's performance, along with other relevant variables, to measure the government's progress.

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How does it work?

The Government Progress Index measures:

- Quality of public services
- Progress of economic development
- Citizens’ quality of life
- Policy formulation
- Policy implementation
- Government's ability to improve the general welfare of the Island

We use a set of variables from over 20 sources, such as:

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- GNP growth
- Unemployment rate
- Crime rate
- Economic activity index
- Labor force participation rate
- Manufacturing PMI

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Our proprietary algorithm assigns each variable a score based on progress or contraction, and ***its maximum collective score is 50 points.***

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Why is it valuable?

The Government Progress Index…

- Taps into **objective** and **unbiased** data that collectively capture key areas of the country and supplies a concrete picture of progress or deterioration.

- Offers an **in-depth analysis** encompassing the effects of government policy and global, national, and local trends on the economy.

- Provides benchmarks that help improve program oversight and accountability, increase the effectiveness and efficiency of services, and assess what works and what doesn't while providing **information that is critical when making difficult policy decisions**.

For citizens, the Government Progress Index will…

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- Provide a vital guide when making **investment and business decisions**.
- Be able to **objectively gauge how the government is performing** and where it is headed.
- Offer an opportunity to **unify and address** clearly defined opportunities and challenges.

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First Six Months In Office Results

We Provide Data-Driven Accountability in a Time of Economic Volatility and Political Whiplash

As of **July 21, 2025**, President Trump's GPI score stands at **18.75 out of 50**, a **9.1% improvement** from the 100-day mark. Yet the low overall score reflects a nation facing mounting volatility, weakened institutional trust, and diminished global standing.

The GPI is more than a number—it's a **compass for accountability**, helping citizens, investors, and decision-makers cut through the noise and focus on outcomes that matter.

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First Six Months In Office Results

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President Trump

US Benchmarks	7/21/25	1/20/25	Change
Price for Galon of Gasoline	$3.25	$3.23	0.6%
Index of Consumer Sentiment	60.7	74.0	-17.97%
Dow Jones Industrial Average	44,323.07	43,487.83	1.9%
Nasdaq Composite	20,974.17	19,630.20	6.8%
S & P 500	6,305.60	5,996.66	5.2%
Unemployment Rate	4.10%	4.10%	0.0%
Gross Domestic Product	-0.50%	2.80%	-117.9%
Labor Participation Rate	62.30%	62.50%	-0.3%
Personal Consumption Expenditures	2.34%	2.60%	-10.0%
Consumer Price Index/Inflation	2.67%	2.89%	-7.6%
Producer Price Index	2.34%	3.44%	-32.0%
Home Ownership Rate	65.10%	65.60%	-0.8%
Median Family Income	$105,204	$103,148	2.0%
US National Debt In Trillions	$36.22	$35.46	2.1%
Credit Rating	AA+ & AA+	AAA & AA+	Downgrade
US Treasuries 10-Year Rate	4.38%	4.61%	-5.0%
Aproval Rating	43%	47%	-8.5%
Government Progress Index Score	18.75	17.19	9.1%

Key Obervations

Government Progress Index Comparing The First Six Months as of July 21, 2025

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America: From Anchor of Stability to Engine of Global Volatility

For much of the modern era, the United States served as the world's cornerstone of economic reliability—defined by sound institutions, rule of law, and steady fiscal stewardship. But by mid-2025, that legacy is unraveling with self-inflicted convergence of geopolitical flashpoints, erratic policymaking, a historic credit rating downgrade, and contracting GDP, the U.S. has shifted from a source of global reassurance to a **catalyst of financial instability**. Once a beacon of predictability, America now generates volatility

The "TACO" Tariffs: How Trump's Tariff Flip-Flops Have Shaken U.S. Economic Credibility

Over the first six months of President Trump's second term, a defining characteristic of his trade strategy has been unpredictability. What began as a hallmark of strength—promising to "bring back fair trade" has now become a cautionary tale of volatility and retreat. Critics and analysts alike have coined a biting acronym: **TACO "Trump Always Chickens Out."** The nickname, while humorous on the surface, captures a more profound concern.

Government Progress Index Comparing The First Six Months as of July 21, 2025

What's fueling the fire? A relentless stream of tariff threats—often unilateral, broad, and provocative only to be **walked back** after stock market selloffs, foreign backlash, or industry outcry. According to a tally reported by *Forbes*, President Trump **reversed course on tariff actions at least 28 times** between **April 2 and July 14, 2025**. These reversals include **postponements, exemptions, reductions, and outright cancellations** a frequency that has sparked confusion and frustration among U.S. trading partners.

The Mechanics of "TACO" Governance and How this pattern plays out consistently:

- A bold announcement of sweeping tariffs—often late in the evening or on social media.
- An immediate market reaction: equities tumble, bond yields fall, the dollar fluctuates.
- Within days—sometimes hours—the administration issues **clarifications, delays**, or **temporary exemptions**, often framing them as part of "ongoing negotiations."
- This cycle has repeated with all tariffs.

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TACO Tariffs examples:

On **April 2**, the White House unveiled the so-called "Liberation Day" tariffs on 31 nations—only to **pause implementation within 24 hours**, citing market instability.

On **May 12**, a proposed 125% tariff on Chinese lithium batteries was reduced to 10% "pending review," following warnings from Tesla and General Motors about potential manufacturing disruptions.

On **July 7**, Trump delayed reciprocal tariffs on Mexico and Canada for the **third time**, following meetings with major agricultural exporters and CEOs of the auto industry.

Each reversal weakens U.S. leverage, erodes international trust, and generates domestic confusion. Trade policy is now seen less as a framework and more as a mood barometer.

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GDP Collapse Confirmed by Official Data

The most alarming development is the formal reversal in U.S. economic output:

- In January 2025, **GDP was growing at +2.8%**
- **The US GDP for the first quarter fell to -0.5%**, marking a confirmed contraction.
- The Atlanta Fed's **GDPNow** model, which in July 18 projected a **2.4% growth rate for the second quarter of 2025**, has been partially validated.

Date	GDPNow 2Q25	Change
4/30/25	2.40%	Initial Forecast
5/1/25	1.10%	-54.17%
5/6/25	2.20%	100.00%
5/8/25	2.30%	4.55%
5/15/25	2.50%	8.70%
5/16/25	2.40%	-4.00%
5/27/25	2.20%	-8.33%
5/30/25	3.80%	72.73%
6/2/25	4.60%	21.05%
6/5/25	3.80%	-17.39%
6/9/25	3.80%	0.00%
6/17/25	3.50%	-7.89%
6/18/25	3.40%	-2.86%
6/27/25	2.90%	-14.71%
7/1/25	2.50%	-13.79%
7/3/25	2.60%	4.00%
7/9/25	2.60%	0.00%
7/18/25	2.40%	-7.69%

Government Progress Index Comparing The First Six Months as of July 21, 2025

Consumer Sentiment Impact Deepens

U.S. consumer confidence has sharply deteriorated, according to the University of Michigan's Index of Consumer Sentiment:

- From **74.0 in December** to **71.7 in January**, by **February it fell to 64.7**
- Falling deeper in **March to 57.0**, then in **April 52.2**, and **May 52.2**
- Finally, a slight rebound in **July to 60.7**
- Despite the July uptick, sentiment remains **down 17.97%** since the administration began. The persistent decline signals growing household concerns about inflation, job security, and interest rates—raising the risk of weaker spending and slower economic growth in the second half of 2025.

Government Progress Index Comparing The First Six Months as of July 21, 2025

Debt-to-GDP Breach: Fiscal Discipline in Decline

The U.S. national debt rose from **$35.46 trillion** to **$36.22 trillion**, representing a **2.1% increase** in just six months. The **debt-to-GDP ratio**, already elevated, is now widely estimated to have surpassed **130%**, well beyond the historical comfort zone for advanced economies.

Compounding the issue, **the U.S. sovereign credit rating was downgraded** from **AAA to AA+**, reflecting concerns over the sustainability of fiscal policy, political gridlock, and a lack of long-term budgetary discipline. This downgrade, though largely symbolic in yield terms so far, tarnishes the United States' global financial reputation and may increase future borrowing costs.

The Big Beautiful Bill Impact:

The U.S. Projected deficits are to increase by $2.8–$3.4T, raising the risk of a U.S. credit outlook downgrade.

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Volatility by Design with Risk, Reward, and Uncertainty Behind

- President Trump has signed more than **140 executive orders**, reshaping the U.S. policy landscape with sweeping changes to trade, immigration, regulation, and energy. These moves have included **tariff escalations with China and the European Union**, reversals of key environmental protections, and high-profile legal clashes with federal agencies.
- Often described as a "**policy whiplash environment**," businesses, investors, and global partners face mounting uncertainty as they struggle to anticipate the rapid policy shifts. Volatility has surged in sectors such as **logistics, autos, agriculture, and manufacturing**, disrupting long-term planning.
- Yet **supporters argue this is intentional**—a disruption-driven strategy to extract trade concessions, accelerate deregulation, reposition, reset global norms, and strengthen U.S. competitiveness.

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The Metrics In Detail

Government Progress Index Comparing The First Six Months as of July 21, 2025

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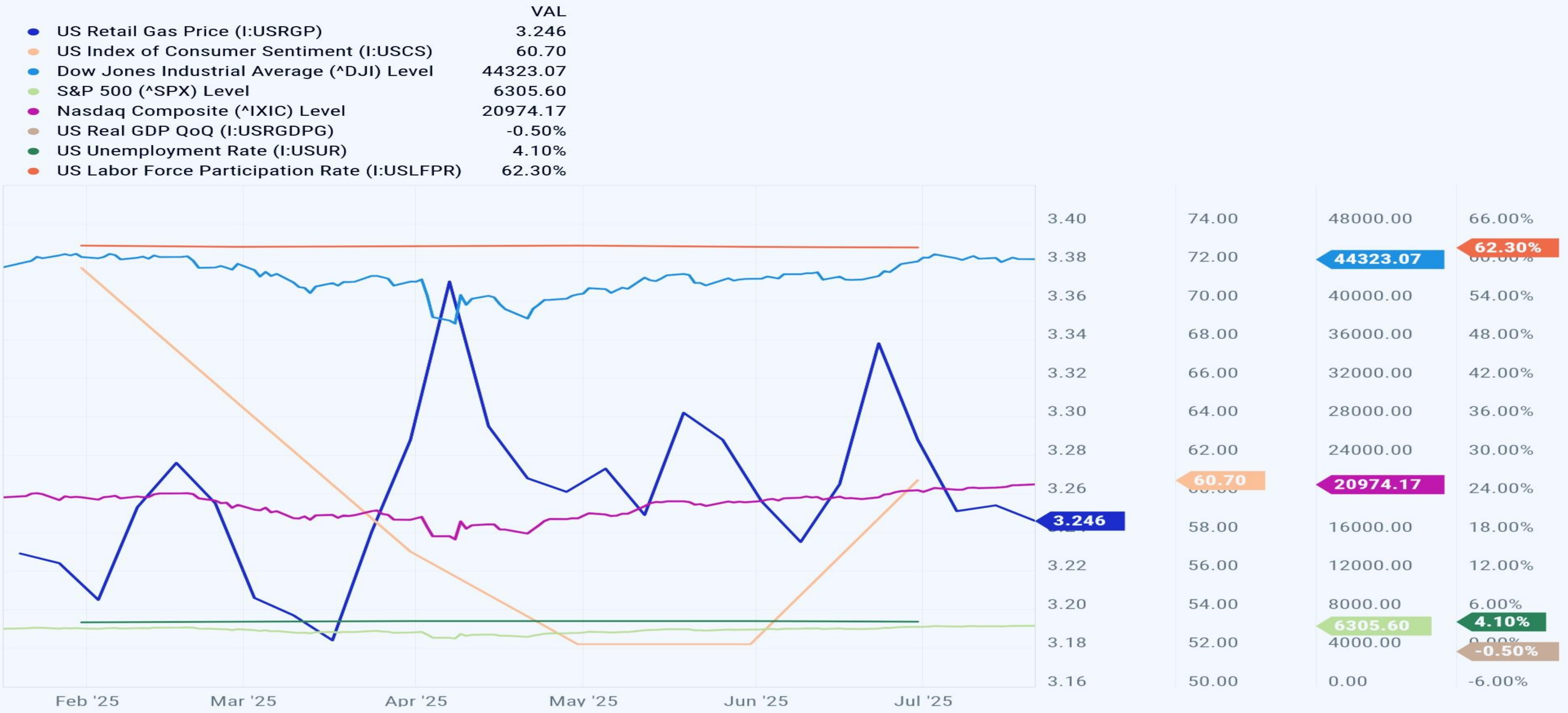


Government Progress Index Comparing The First Six Months as of July 21, 2025

1. **Price Per Gallon of Gasoline: Minor Uptick, Ongoing Pressure:** While not directly influenced by White House policy, gasoline prices continue to reflect the geopolitical volatility affecting global energy markets. In January 2025, the national average stood at **$3.23**, rising slightly to **$3.25** by July—a **0.6% increase**. This marginal rise suggests relative price stability, but still affects household transportation costs and logistics expenses across the economy. With tensions continuing in Ukraine and the Middle East, further volatility is possible, and even minor increases can ripple through the inflation outlook.

2. **Index of Consumer Confidence Continues Slide:** Consumer sentiment has deteriorated, falling from **74.0 in January** to **60.7 in July**, a **17.97% decline**. The University of Michigan's Index shows no clear signs of stabilization. Confidence has been dampened by a combination of persistent affordability issues, slowing economic growth, and increasing political tension. Even with a cooling inflation trend, households remain cautious, perceiving high costs and policy unpredictability as long-term threats to financial security.

Government Progress Index Comparing The First Six Months as of July 21, 2025

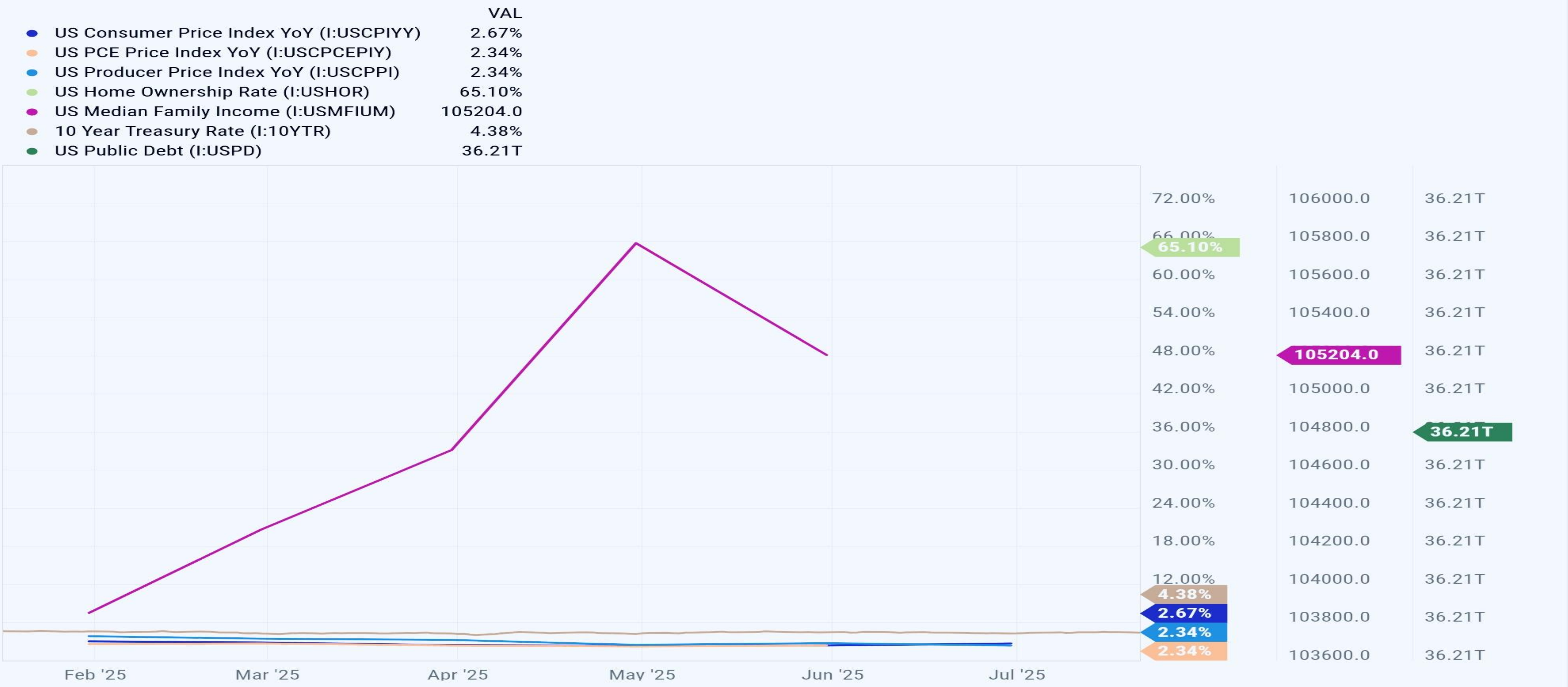
3. **U.S. Equity Markets: Rebound from Spring Lows:** Between January and April 2025, U.S. markets experienced a sharp decline, erasing **$7.15 trillion** in value. However, by July, equity markets had reversed much of those losses:
   - **Dow Jones**: up **1.9%** (from 43,487.83 to 44,323.07)
   - **S&P 500**: up **5.2%** (from 5,996.66 to 6,305.60)
   - **Nasdaq Composite**: up **6.8%** (from 19,630.20 to 20,974.17)
4. **Economic Growth:** The Atlanta Fed's **GDPNow** model anticipates second-quarter growth, projecting a **2.4% growth rate for Q2**.

Government Progress Index Comparing The First Six Months as of July 21, 2025

5. **Employment Growth & Labor Market Softening**
   - **Unemployment**: Held steady at **4.10%** between January and July
   - **Labor Participation**: Declined from **62.50% to 62.30%**, a sign of reduced engagement
6. **Inflation Indicators: Progress with Caveats**
   - **Consumer Price Index (CPI)**: Fell from **2.89% to 2.67%** (-7.6%)
   - **Personal Consumption Expenditures (PCE)**: Dropped from **2.60% to 2.34%** (-10%)
   - **Producer Price Index (PPI)**: Down from **3.44% to 2.34%** (-32.0%)

All three inflation measures show downward movement, indicating progress in the Fed's battle against inflation. However, the sharp decline in PPI also signals softening demand—potentially a warning of broader economic deceleration.

Government Progress Index Comparing The First Six Months as of July 21, 2025



Government Progress Index Comparing The First Six Months as of July 21, 2025

7. **Home Ownership Rate: Slight Decline:** declined from **65.60% to 65.10%** as of July. This reflects higher mortgage rates, reduced affordability, and limited housing inventory.

8. **Median Family Income: Positive but Modest:** Median family income increased from **$103,148 to $105,204**, a **2.0% rise**. While encouraging, this growth must be weighed against inflation and economic uncertainty.

9. **National Credit Rating & Treasury Yields: Downgrade and Volatility**

   - **Credit Rating**: Downgraded from **AAA to AA+** by Moody's on May 16, 2025
   - **10-Year Treasury Yield**: Fell from **4.61% to 4.38%** (-5.0%)

   The credit downgrade was driven by High and Increasing government debt, Increasing interest cost, fiscal mismanagement, and political uncertainty.

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10. **National Debt:** Still Rising increased from **$35.46 trillion to $36.22 trillion**, representing a **2.1% rise**. As the GDP contracts, the **debt-to-GDP ratio is now estimated to be above 131%**, further straining fiscal stability. Interest payments are absorbing a growing share of federal revenue.
11. **Approval Rating: Declining:** President Trump's approval rating fell from **47% in January** to **43% in July**, a **4.5% point drop**. The decline tracks closely with the downturn in consumer sentiment, slowing growth, and policy backlash. While early executive actions rallied core supporters, broad-based enthusiasm has waned.

Government Progress Index Comparing The First Six Months as of July 21, 2025

Government Progress Index Score

Based on Birling Capital's structured benchmark model, **President Trump's Government Progress Index (GPI) score increased from 17.19 at the 100-day mark in April 2025 to 18.75 today—reflecting a 9.1% improvement**. This uptick, however, should be viewed with caution. While it captures gains in public approval and progress on inflation control, it also masks underlying vulnerabilities, including softening GDP growth, volatile equity markets, and weakening employment trends. The GPI score signals an early pivot from initial post-inaugural momentum toward a more uncertain and fragile equilibrium—underscoring the delicate path the administration must now navigate.

Birling Capital's Government Progress Index helps define what success looks like—and provides a structured way to understand it.

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**“In politics, as in economics, sentiment can move faster than fundamentals.
But it is the fundamentals that determine survival in both politics and in economics."**

Francisco Rodríguez-Castro, President & CEO, Birling Capital

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Birling Capital Overview

Birling Capital Overview

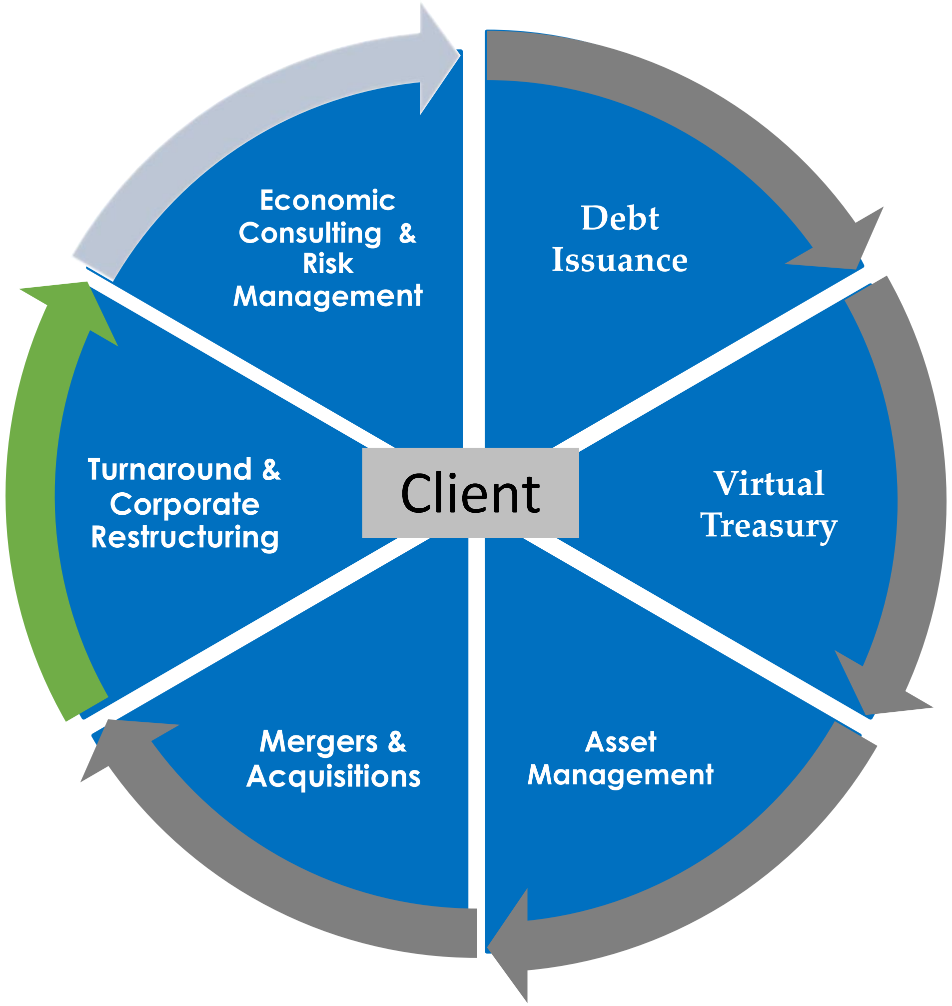
Birling Capital is a leading corporate advisory & consulting firm that offers broad corporate finance & advisory services to institutional, government, corporate, middle-market companies, family corporations and their owners, in identifying and resolving organizational finance-related issues. We use a holistic approach both assets and liabilities sides with integrated business, personal, family needs and objectives.

Over the past two decades, our firm's principals have advised on more than $10 Billion in transactions in the corporate, healthcare, retail, education, insurance, banking and government markets.

Our value proposition has been implemented with three critical ingredients for success:

- Unwavering Commitment to Client Service
- Unparalleled Degree of Professionalism and Senior-Level Attention
- Extraordinary Level of Industry Expertise

Birling Capital's Corporate Financial Planning (CFP)

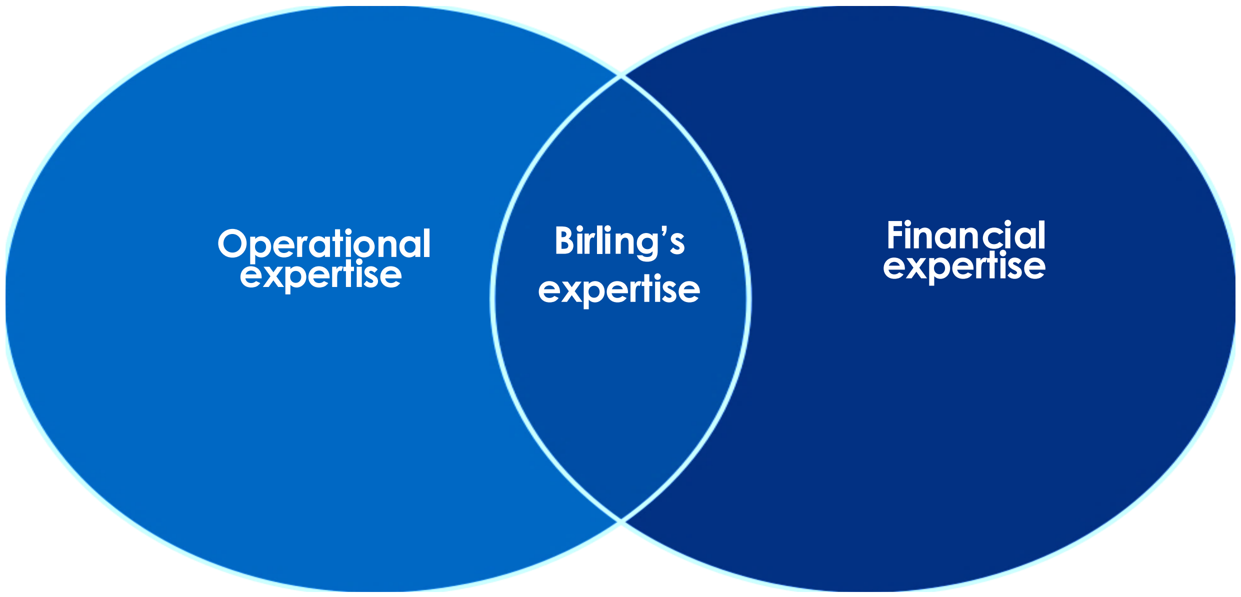


Birling Capital's holistic service approach

Birling Capital's Integrated Approach

- Revenue and profit improvement
- SG&A and cost reduction strategies
- Asset base analysis and optimization
- Corporate simplification
- Finance function transformation
- Interim management including CEO, CFO and COO

- Crisis management stabilization
- Working capital improvement



- Chief Restructuring Officer (CRO)
- Project management and delivery
- Lead advisor to creditor groups, management teams and other stakeholders

- Business review and business planning
- Cashflow management, liquidity review, stabilization and optimization
- Stakeholder negotiation involving covenant resets, refinancing and debt restructuring

Birling Capital Overview: Products and Services

Consulting and Advisory Practice Approach

- ❑ Financial institutions and Credit Unions
- ❑ Family Business & Family Offices
- ❑ Healthcare and Pharma
- ❑ Higher education and universities
- ❑ Hotels & Commercial real estate
- ❑ Government
- ❑ Transaction Tax Advisory and Consulting
- ❑ Media and Advertising Companies
- ❑ Insurance companies
- ❑ Manufacturing and industrial operations
- ❑ Retail & Consumer Products
- ❑ Distribution and services
- ❑ Laws 60, 20 and 22
- ❑ Technology & FinTech Practice

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