A cottage industry has sprung up in the past decade with the sole focus of discrediting any good news on the economy. When President Obama was in office, the attacks mostly came from the right. With President Trump in Office, the attacks mostly come from the left. Since March 2009, regardless of who was in office, we have stridently argued that this recovery has legs. The result? We have been attacked from both sides of the political aisle.

The latest debate is over real (inflation-adjusted) GDP, which grew at a better than expected 2.1% annual rate in Q2. Some say it showed soft spots from the trade war and weak business investment.

It’s true that net exports (exports minus imports) trimmed the Q2 real GDP growth rate by 0.65 percentage points. But that follows the Q1 boost to growth of 0.73 points. In the past year, trade has subtracted an average of 0.58 points each quarter. For comparison, we saw larger drags from net exports in 2010, 2014, and 2015, all years without “trade wars.” Our conclusion: this is statistical noise.

That leaves real business fixed investment, which declined at a 0.6% annual rate in Q2, the first drop since 2016. Many have taken this as proof that tax cuts and deregulation didn’t work.

But the Q2 decline was almost entirely due to a drop in brick and mortar investment (what economists call “structures”). In the age of the Internet, software and computers are replacing brick and mortar. We buy airline tickets online, not in an office. Blockbuster was replaced by Netflix. You don’t need to leave the comfort of your home, the stores come to you. As a result, investment in structures has slowed in recent years while investments in technology and equipment have continued to rise. Strip out structures, and real fixed investment rose at a 1.9% annual rate in Q2 2019.

More importantly, business investment ex-structures has clearly picked up under the Trump Administration compared to Obama’s second term.

Why only use the final four years of the Obama Presidency? Because the first four years were driven by a V-shaped recovery from the Panic of 2008. His second term illustrates the impact of tax hikes and more business regulation.

Real business investment, excluding structures, grew at a 3.8% annualized rate between Q4 2012 and Q4 2016, but accelerated to a 5.9% annualized rate since Trump took office. Real investment in software and R&D grew at a 5.5% annualized rate in the final four years of the Obama Administration versus 7.5% since the start of 2017. Tax cuts and deregulation have indeed boosted “animal spirits.”

In addition, Core GDP – combining personal consumption, business investment, and home building – grew at a very solid 3.2% annual rate in Q2. Meanwhile, profit reports are widely beating expectations. The economy is much stronger than conventional wisdom thinks and has been since 2009.