Markets ignore Trump tax proposal

The biggest news of last week is what did not happen. The Trump administration rolled out its tax plan, and markets ignored it. The plan has expanded from one page last spring to nine pages but is still just a list of principles, not detail. Markets did not react partly because there was nothing new, but largely because it is inconceivable that all of the principles as presented will pass into law, and no way to know what mix, if any will be enacted and to what economic effect. The 10-year T-note has bounced up off a recurrent bottom, but is still within many-month bounds. Last fall, markets instantly after the election leapt into the Trump Trade. Fool us once, not twice. The betting line on the tax proposal goes like this: A limited deal has a good chance, if only because giving away money is irresistible in Congress. Only two aspects would both have a decent chance of passage and significant economic effect: raising the basic deduction will have bi-partisan appeal, as wi...

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