Will ‘small-minded’ tax bill nudge the market? Not likely

Financial markets do react to changes in financial public policy. That’s a valid axiom. So, if markets do not move when new public policy arrives, does that mean that markets no longer care? Or that the particular new policy does not matter? Strip away other things that markets are not reacting to: the economy is chugging along above forecast, in the second half of 2017 at or above 3 percent annualized GDP growth but still with no increase in the slope of inflation or wages; new trade policies are more hurtful than helpful, but can stay so for years without much economic effect. The same is true for geopolitical risk: our adversaries may steal a march or two in these years, but fundamental global strengths and weaknesses are deeply anchored. This leaves the tax bill as the oversize turkey -- or ham, depending on your tastes -- arriving as early as next week. The Senate may pass its version before Thursday, which would then plunk that version along with the House one into con...

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