

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **The Market's Not Paying Enough Attention to the Infrastructure Deal.**

Democrats and Republicans finally agreed on an infrastructure deal, something the market desperately wanted.

Or did it? The remarkable aspect of the announcement of a bipartisan infrastructure bill agreement is that there wasn't much market reaction at all.

Yes, the Dow Jones Industrial Average got a bit of a bump, and the S&P 500 ended at a high, but it's done that 30 times this year. But there were no fireworks in the bond market, and the currency markets were quiet, too.

True, the agreement still has to go through the process of becoming law, and that's easier said than done. But given the monthslong behind-the-scenes maneuvering, there's a decent chance the legislation will make it to the finish line.

One could argue that infrastructure was already priced in, but the announcement wasn't greeted with sell-the-news behavior, either. So you're left with two conclusions.

One is that the markets are so perfectly in tune with Washington that major spending initiatives are precisely baked in.

The other is that financial markets are so obsessed with the Federal Reserve and monetary policy that they're willing to shrug off the equally potent economic force of fiscal policy.

Don't be surprised if that starts to change.

**Barron's**

by Al Root

June 25, 2021