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U.S. equities are heading lower this week ahead of “Liberation Day” — the day the Trump Administration has said it will unveil its reciprocal tariff strategy.

U.S. consumers are not convinced about the prudence of the White House’s strategy. Consumer confidence fell to the lowest level in four years in March, largely due to concerns about higher prices and the economic outlook amid escalating trade policy uncertainty. Their expectations for the future also darkened. The expectations component of the index fell to the lowest level in 12 years. Equity investors looking for a silver lining should know that spikes in policy uncertainty and troughs in consumer sentiment counterintuitively augur stronger forward returns ahead. Sometimes, it really is darkest before the dawn.

Economic data this week also signaled some reprieve. The Citi U.S. Economic Surprise Index (which measures how economic data is coming in relative to economist expectations) has increased from -16.5 in February to -4.6 now. Indeed, it seems like “hard” measures of economic data are holding up much better than the “soft” data derived from people’s perceptions.

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