

UP AND DOWN WALL STREET

Tariffs, Nukes, Rates: More Sound Than Fury

By *Randall W. Forsyth* • June 16, 2018

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Sound and fury signifying nothing in a tale told by idiots, as the Bard wrote, and the markets would appear to agree. For the week, the S&P 500 index rose—wait for it—0.02%. The Dow Jones Industrial Average shed 0.89%, but the Nasdaq Composite gained 1.32%.

If anything, the news on the monetary-policy front arguably was more important, but held no great surprises, at least on the surface. As expected, the Federal Reserve raised its key policy interest rate 25 basis points, or one-quarter of a percentage point. The European Central Bank confirmed that it will end its bond-buying program by the end of the year, while the Bank of Japan said that it would maintain its expansionary policy.

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The market's apparent indifference suggests it doesn't see these tariffs as the reincarnation of Smoot-Hawley, but just the latest in President Trump's negotiating tactics. Moving away from his denunciation of Kim Jong-un as "Little Rocket Man" inviting "fire and fury" by missile launches, Trump last week declared the threat from North Korea neutralized. Similarly, many professional investors view the bluster on tariffs as part of Trump's negotiating tactics, rather than the start of an actual trade war.