

Week in Review | Reinhart Fixed Income By Madison Investments

October 17, 2025



Trade

Following President Trump's threats last week about increased tariffs and export restrictions targeted at China, several administration officials indicated that negotiations are likely to address the issues that prompted the escalating tensions. Trump even acknowledged that the threatened level of tariffs would not be sustainable longer term without damaging the U.S. economy. Equities pared their losses from the end of last week.

Our Take: The U.S. and China will most likely avoid an escalation to a trade war in the coming weeks. The suddenness of last week's escalation from pre-meeting posturing indicates the risk of the current situation of rolling short-term "trade truces" between the two nations while negotiators work towards a longer-term deal.

Municipals

Chicago Mayor Brandon Johnson gave his 2026 budget address this week. Mayor Johnson's budget proposal calls for new taxes and fees including a tech company software "cloud tax" increase, a tax on online sports wagering, an increase to the "yacht tax" for boats moored in the city's harbor, a social media tax, which assesses social media companies \$0.50 per user in Chicago for the first 100,000 users, and a \$21 per employee per month "head tax" for employers with 100 or more workers called a "community safety surcharge." The budget proposal eliminates the 1% grocery tax.

Our Take: Former Chicago Mayor Rahm Emanuel phased out the old "head tax" in 2014, which charged \$4 per employee per month for companies with more than 50 employees. At the time, Chicago was courting businesses to establish corporate headquarters in the city, and many viewed the "head tax" as a roadblock to business growth. Mayor Johnson defended the "head tax" aka "community safety surcharge," stating "It's not a job killer. It's a job creator" as businesses have expressed the need for safety in the city. Many lawmakers and community leaders have indicated that the new barrage of taxes will be "job-crushing" and would drive companies out of the city.



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