
WEEK IN REVIEW | REINHART FIXED INCOME BY MADISON INVESTMENTS

October 21, 2022

UK

Prime Minister Liz Truss has resigned. She will leave office having spent only about six weeks in the position.

Our Take: Liz, we hardly knew you. Markets revolted after hearing Truss's budget proposals and the turmoil was too much for her to overcome. While losing the Prime Ministership obviously hurts, it may be a blessing in disguise. The next prime minister inherits an economy troubled by high inflation, high energy prices, and high taxes, all coupled with little to no growth.

MUNICIPALS

Wisconsin ended its fiscal year on June 30 with a record \$4.3 billion budget surplus, according to a recently released report from the state's Department of Administration. In addition, the state has a record \$1.73 billion balance in its rainy-day fund. Wisconsin experienced higher-than-expected tax collections including an increase in sales tax revenue.

Our Take: Wisconsin's record budget surplus and rainy-day fund balance is good news for the state and for bondholders. However, it is important to note that overall spending was below projections partly due to federal pandemic aid. In addition, the economic landscape has changed in recent months. Lawmakers should proceed with caution before they begin to request spending increases or tax cuts for the current fiscal year.



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