

**When the markets twist, turn to me**

The tenuous and fraught U.S.-China “trade war” is once again front and center on the global economic stage, and the U.S. markets have proven skittish. In my twenty years of experience, I’ve seen days like this before, but it can still be unnerving to see the Dow Jones and S&P 500 tumble. That’s why I wanted to share some insights to help add perspective to recent market movements and headline news.

Progress toward a U.S.-China deal has been thrown off by renewed tariff threats from President Donald Trump, although the Chinese delegation still plans to attend this week’s round of negotiations, according to Washington Policy Analyst Ed Mills. While the outcome of the negotiations remains to be seen, it is likely that additional tariffs could raise costs, disrupt supply chains, invite retaliation and drag on business investment, added Chief Economist Scott Brown. Brown still expects U.S. economic growth to be moderate in the near term, but takes a more cautious view when weighing the risks to the growth outlook later this year and into 2020.

The threat to increase tariffs may ultimately prove to be just a negotiating tactic; however, it adds risk since investors expected a completed deal soon. News that the Chinese delegation still plans to travel to D.C. is somewhat reassuring, according to Michael Gibbs, managing director of Equity Portfolio & Technical Strategy, and Joey Madere, senior portfolio strategist, Equity Portfolio & Technical Strategy. But, if the increased tariffs go into effect (which would take months to implement), the U.S. could see incremental costs of \$30 billion to \$170 billion, they noted. Fiscal stimulus enacted by both countries could offset the potential impact, although dampened global trade and weakened sentiment would be headwinds to equity markets and corporate profits, in their view.

Much of this short-term volatility is to be expected in the later stages of a complex negotiation, explains European Strategist Chris Bailey. In the meantime, European investors continue to monitor the situation, given the likelihood that the region may soon find itself in similar discussions with the United States, at a time of sluggish European growth and unresolved political challenges, he added.

As your advisor, I hope you find this information useful. And, I hope you’ll continue to rely on me for advice on how to manage the effects of the markets’ movements – even capitalize on them – while staying focused on your objectives. Rest assured that I’ll continue to monitor the markets closely and will reach out should anything require your immediate attention.

Sincerely,

Amy Smith, CFP®  
Financial Advisor, RJFS