

Stocks Rally Following Tariff Delay, but a Trade Deal is No Sure Thing

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Markets reached their highest peak this week since November of last as President Trump postponed a planned tariff hike against Chinese imports, a signal to some that a trade-deal between the two economic powers is close at hand. The President himself [announced his optimism](#) regarding the prospects of reaching a deal, though warned that an agreement may still not be possible. Many credit the long trade-spat between the two countries with slowing global economic growth since its inception, and some fear that its effect on U.S. GDP or inflation could [expedite or worsen a possible near-recession](#). Contributing to this market rally has been the Federal Reserve's recently dovish stance on interest rates and the [weakening of the U.S. dollar](#) to certain emerging market currencies, the latter of which is positive sign for global trade prospects; a higher relative dollar value makes debt in those countries, which is held in U.S. dollars, more expensive to service.

Still, whether a deal happens and whether that deal accomplishes the goals set out by the Trump administration is another matter. The purpose of any such deal, according to the administration, is to provide more rigid protections against intellectual property theft and curb technology transfers that threaten U.S. national security interests and industrial, technological leadership. However, with recent signs that [China is pushing for market growth](#), rather than deleverage to reduce the risk of its current debt position, the extent to which China will concede to any such regulations that run contrary to the goals of its Made in China 2025 initiative may be dubious. If they do, will that trade-deal framework be sufficiently rigid or realistically enforceable enough to be practically effective?

Moreover, questions emerge concerning the President's intent underlying this delay announcement, especially coming off of President Trump's inability to secure funding for a National Border Wall and Emergency Declaration. Is the President posturing – using the inevitable market boost that accompanies the announcement to boost support? Whatever the case, how trade-talks proceed in the coming months could have a profound effect on global markets and international trade-regimes in the near-future.

