



## **Anti-Trump Narrative Fails As Stocks Shrug Off Trade War Talk**

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So much for the idea that fears of a trade war would send stocks plummeting.

Major stock indexes staged a stunning turnaround Wednesday afternoon, more than making up all of their early losses.

The Dow Jones Industrial Average had been down by as much as 510 points in early trading. By the end of the trading day, the Dow was up 231 points, or around 1 percent.

The S&P 500 rose by nearly 1.2 percent and the Nasdaq Composite by 1.45 percent. The Russell 2000 got a 1.3 percent lift.

So what happened to the dreaded trade war? Either trade wars are not as bad for stocks as many of the market pundits believe or perhaps investors are not as worried that tariffs will lead to all-out trade combat.

The Trump administration has said that it is not looking for or anticipating a trade war, although the president has expressed confidence that if it came to trading blows the U.S. would do just fine. Instead, the administration has framed its tariff proposals as tools for cajoling China into giving up its abusive trade practices. That would be a result that would buoy the U.S. economy and, presumably, the stock market.

All the serious talk of a trade war has come from either China or pundits recycling 20-year-old Cato Institute pablum about the benefits of free trade and the harm allegedly done to consumers by tariffs. Presumably, we are supposed to forget the Reagan-era tariffs or imagine the American consumer suffered mightily because of the now-unimaginably high tariff barriers that the Republican Party built around American is the 19th century.