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Stocks Fall On Reports That U.S.-China Trade Deal Delayed Until 2020



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Markets

I cover breaking news, with a focus on money and markets.



The latest setback took a toll on the market. CHIP SOMODEVILLA/GETTY IMAGES

Topline: Stocks pulled back from near-record highs and plummeted on

Wednesday, following a [report](#) that the phase one trade deal between China and the U.S. was again delayed, and now won't be completed this year, causing renewed anxiety in the markets.

- The signing of the phase one trade deal is set to drag into next year, with China negotiating for more extensive tariff rollbacks and the Trump administration retaliating with more demands of its own, Reuters [first reported](#) on Wednesday.
- The Trump administration is reportedly reluctant to walk back tariffs for a deal that doesn't address intellectual property and technology transfer issues, according to Reuters.
- Stocks took a hit from the news, as the Dow Jones Industrial Average dropped [250 points](#) and is now having its worst day in over a month, since October 18, according to CNBC.
- Trade talks had stalled and become more complicated in recent weeks, as the *Wall Street Journal* [reported yesterday](#), which could lead to an impasse and derail a phase one deal altogether.
- Hong Kong has also emerged as another sticking point that could complicate the deal: The Senate [recently passed a bill](#) to support protestors there, leading China to [accuse](#) the U.S. of interfering in its domestic affairs.
- [“Whichever way the market goes, it won't speak to the long-term trend that there is a lot of pessimism, which bodes well since bull markets usually climb a wall of fear,” says Charles Lemonides, chief investment officer at ValueWorks LLC.](#)

Crucial quote: With the Chinese still resisting calls to double agricultural imports from the U.S. and Trump reluctant to pull back on tariffs, “a deal right now is a bridge too far,” describes Nicholas Sargen, senior economic consultant at

Key background: The stock market has been on a tear since last month, hitting record highs in the weeks after Trump [first announced](#) that he had reached a phase one trade agreement with China. The Dow and S&P 500 are both up nearly 4.5% over the last month. But trade talks have stalled recently, with the signing of the agreed-upon phase one deal repeatedly delayed as negotiations have become increasingly more complicated. Trump [threatened](#) on Tuesday to implement higher tariffs on more Chinese goods if negotiations continue to stall: “If we don’t make a deal with China, I’ll just raise the tariffs even higher.”

What to watch for: December 15, when the next round of U.S. tariffs on \$156 billion worth of Chinese goods, including holiday gift items like electronics, are set to take effect. December will be a rough month—it is historically volatile, but especially because there are “so many geopolitical risks that could easily turn the market on a moment’s notice,” says Edward Moya, senior market analyst at Oanda. “Everyone was expecting a deal by Christmas, but now there’s a growing risk that we won’t see a deal before the 2020 election.”

Tangent: Impeachment hearings are still ongoing, but that hasn’t really weighed on the market yet—as a conviction passing the Senate still looks unlikely.

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