

Let's transition to some brief thoughts on several macroeconomic factors influencing the markets. Let's start with China and how the trade war is resolved?

Sam Stovall: Now that there is an increasing possibility that President Trump may be impeached, and that the Democratic front runner has her sights trained on domestic industry busting, like energy (fracking in particular), health care (managed care), financials (Wall Street) and technology (internet), China will not likely feel that it needs to be too quick to cave in and will likely hold out for a better deal with the Democrats.

John DeTore: It won't. Trump famously started his trade war tour with claims that it's easy to win a trade war with China because they have so much more to lose. He thought they would be first to resolve and USMCA, the UK post Brexit, Europe, and various Asian markets would follow . . . even India. He is correct they have more to lose . . . much more, since they hardly buy anything from us. But to me this was an obvious tactical mistake by the master negotiator. President Xi feels no pressure. His limo still has fuel, his meals are still exquisite, and there is no political pressure on him. It would benefit their economy to cave to Trump, but they have no incentive. They play the long game.

Trump is right to pressure them and even to play hardball. Maybe we get real intellectual property relief. It will be quite a slog . . . my prediction is there will be a string of broken promises, and once we have concessions they won't live up to their end of the bargain. If Trump is really hard on them, they will just drag their feet for 5 years and try again. It will shave a couple percent off their GDP. No one in China will complain.

John Mauldin: It doesn't get resolved. It gets 'phased' if you will. We are going to get a phase of this, a phase of that. The simple fact of the matter is that the world is split into two spheres of influence. The US is starting to realize, and in fact, I've written letters about it, China's motives, which we all thought they would embrace capitalism and come around to look like the United States. However, the Communist Chinese party has never lost its dream of being a top-down authoritarian society. Twitter doesn't even go into China but they decided that they had the power to tell somebody to fire a General Manager for the Houston Rockets. This is the level of arrogance that China has and how they expect the world to work. That's not going to work. They want us to give them all the tools and technology so they can steal or borrow to continue to build their military. They require businesses to provide anything that they feel would be beneficial for the military. Can we engage with them? Yes. There's 1.3 billion Chinese people, and there's 3 million in the Chinese communist party. But it all rolls up to Xi Jinping. That's going to become the central conflict of our time, and will be the defining cold war relationship.

Let's hope it remains a Cold War relationship. Clint, your thoughts on China?

Clint Pekrul: In my opinion, there will be no resolution. I understand Trump's agenda – the Chinese have taken advantage of the US under prior administrations, and the arrangements made have been to the detriment of the average American citizen. I don't necessarily agree with this assessment, but I get the politics behind it. But counter to Trump's point of view, the Chinese will never simply acquiesce and accept his terms. The tariffs are here to stay, and will simply become part of the political dialogue.