

How Trump's trade war is unraveling the Trump rally

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Excerpts below.

By Matt Egan, CNN Business

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Evidence is mounting that the US-China trade war is dealing a blow to the American stock market.

Stocks plunged on Thursday after Apple (AAPL) blamed a big sales miss on slowing growth in China and rising trade tensions.

China's massive manufacturing sector, already under pressure before tariffs hit, has tumbled into contraction. And trade trouble helped fuel the biggest one-month decline in US factory activity since the Great Recession.

“We’ve reached the point where China and the US are both hurting,” said David Kotok, co-founder and chief investment officer at investment firm Cumberland Advisors.

If Trump fails to reach a deal with China, the economies and stock markets of both countries could continue to deteriorate. That is an outcome that neither Trump nor Xi want.

“Trump needs to make a deal because the 2020 campaign has started,” Kotok said. “Trump doesn’t get reelected with a lousy stock market and economy that has gone into a slowdown or recession.”

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