

# Mark Mobius: Trump will win the trade fight with China — and here's how to play it



"I agree with him completely," Mobius says, referring to Trump's stance on the trade gap with China. (Bloomberg photo)

With markets closing early today and not opening at all tomorrow, the big bears just might take a break from growling about the many headwinds that stocks are facing.

But as the bears like to point out when they're not chilling, this Independence Day sees the U.S. government locked in a worrisome trade fight with the country that's aiming to become the world's No. 1.

So will the U.S. beat China in this battle? Yes, says storied investor Mark Mobius for our **call of the day**.

"I think at the end of the day, the U.S. is going to win this one, because the U.S. is the biggest importer in the world, and China needs the U.S.," he told CNBC in an interview late yesterday.

What would victory look like in this case?

“Winning means getting some concessions and a reduction in the trade deficit,” Mobius says.

President Donald Trump is right to view the huge trade gap with China as a problem, according to the former Templeton star manager.

“I agree with him completely,” Mobius says, referring to Trump. “The U.S. has been taken for a ride — let’s face it — over the last 20 or 30 years. It’s time to start saying, ‘Look, there has to be some reciprocity between these two countries, because it’s just crazy to have this kind of deficit.’”

**Read more:** Why Trump thinks he can win a fight over trade with other countries

**And see:** China can’t match Trump in a tariff fight, but it does have other weapons

The longtime emerging-markets bull offers a way for investors to bet on the eventual American triumph.

“What I would buy now is those countries who are going to be exporting to the U.S. instead of China — like Bangladesh , Turkey TUR, -2.29% , VietnamVNM, -3.69% ,” Mobius says. “These are all big producers of garments and shoes and consumer goods.”

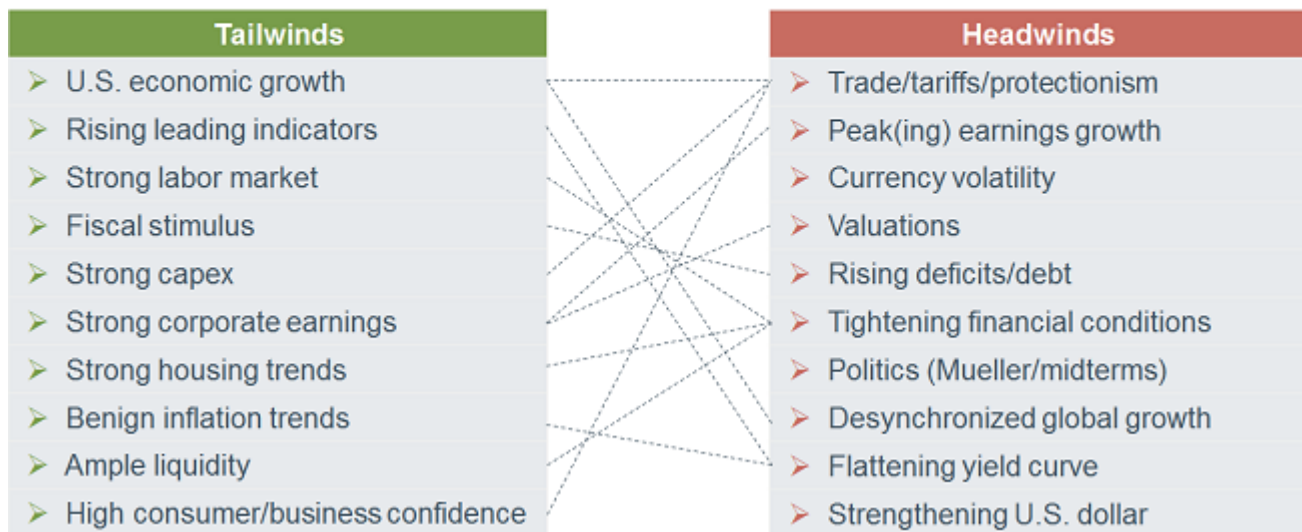
### **Key market gauges**

Futures for the Dow YMU8, +0.23% , S&P 500 ESU8, +0.28% and Nasdaq-100NQU8, +0.35% are higher, after the Dow DJIA, -0.54% , S&P SPX, -0.49% and Nasdaq Composite COMP, -0.86% closed with gains yesterday.

Europe SXXP, +0.09% is advancing, after Asia finished mixed. Oil CLQ8, -0.51% and gold GCQ8, +0.34% are moving up, as the dollar index DXY, +0.10% falls. Bitcoin BTCUSD, -1.42% is changing hands around \$6,600.

See the Market Snapshot column for the latest action.

**Check out:** Which markets are closed on July 4th?



On the one hand...

“With competing headwinds and tailwinds, the U.S. stock market has been largely range-bound since the January-February correction,” writes Schwab’s Liz Ann Sonders as she offers the handy chart above (h/t Daily Shot).

“If a few things go right in the near-term, including an easing of trade tensions, stocks could break out on the upside. But there are the aforementioned catalysts for a break out on the downside as well.”

## The buzz

Concerns about trade tensions are putting pressure on China’s yuanUSDCNY, -0.1521% , which has fallen below a closely watched level of 6.700 per U.S. dollar. The People’s Bank of China is sounding supportive, saying it’ll keep the exchange rate at a reasonable and balanced level.

The Trump administration has moved to block China Mobile CHL, -0.70% from accessing the U.S. market, citing national security concerns.

A few years after leaving the public markets, Dell is taking a back door to return. Here’s what you need to know about its maneuver with VMware VMW, -1.02% .

On the data front, we’re due to get June car sales today, so Ford F, -0.99% , GMGM, -1.34% and the like could make moves, as May figures for factory orders

also arrive.

**Check out:** MarketWatch's Economic Calendar

Tesla TSLA, -7.23% engineering chief Doug Field is leaving the auto maker. While Elon Musk & Co. have achieved a major production milestone, investors shouldn't do a victory lap until we actually see black ink in this year's second half, says one MarketWatch column.

The SEC and FBI have joined the investigation into how Facebook FB, -2.35% handled information about its user.

German Chancellor Angela Merkel reached a migration deal with one of her coalition partners, easing concerns that the issue would upend her government. But there's another crunch meeting today.

Famed lawyer Alan Dershowitz says he has faced "shunning" on Martha's Vineyard for defending Trump.