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The recent breakdown in trade negotiations between the U.S. and China, followed by President Trump jacking up tariffs, spooked the stock market—sending the S&P 500 down 2.5% May 6 through 9. In a nutshell, the market had become too complacent, assuming that a trade deal would happen and ignoring the risk that talks would run off the tracks.

Our countries' trade dispute needs to be settled, both for reasons of fairness and because the old saying—nobody wins a trade war—is true. I believe it's most likely that the parties will ultimately reach an agreement. The tariffs, the rhetoric and the posturing on both sides are calculated attempts to gain leverage that can be translated into bargaining power.

Both China and the U.S. need a deal, if only for political reasons. President Trump has signaled that he will run for re-election in 2020. He'd spin any agreement into a win for the U.S. and use it to gain support.

Chinese president Xi Jinping is presiding over a fragile economy, one that continues to be weakened by the trade war. By contrast, the U.S. economy continues to be strong. Translation: the heat is on Xi to get a deal done, while Trump can afford to be patient and hold a hard line—which is why he increased to 25% tariffs on $200 billion of Chinese goods on Friday.

A deal will get done, I believe, and China will make sacrifices to secure it because it needs the American consumer to buy its exports. Once a deal is struck, sectors that sold off over trade fears, including industrials and technology, should rally.

For investors, the key is to avoid panicking and making impulsive decisions. Ignore the posturing and the heated rhetoric. Stocks will always have good days and bad days. But in the end, they've historically rewarded those investors who have exercised patience.