CNBC EDITORIAL

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e*Research Comment**: *The following article was published by* CNBC *in its* ***Evening Brief: **EDITOR'S NOTE** *on Monday, May 6, 2019. It is authored by John Melloy, CNBC Investing Editor. His bio is provided at the end of the article.*

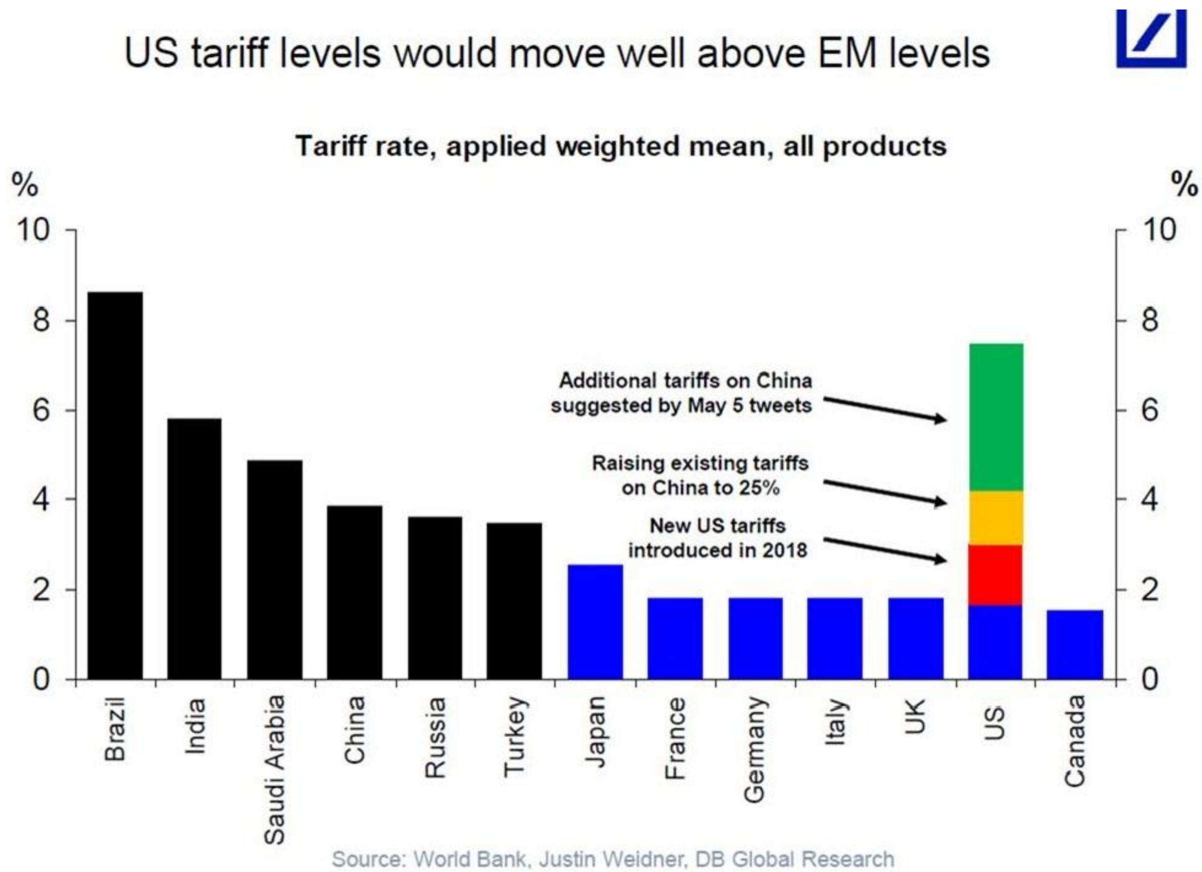
EDITOR'S NOTE

At its worst level, the Dow Jones Industrial Average was down 471 points on Monday. But stocks rallied back as Wall Street traders bet President Trump is just in "Art of the Deal" mode with his new tariff threat toward China just as an agreement was reportedly set to close.

The timing of the tweet suggests "it is a tactic designed to increase leverage going into final trade negotiations," UBS told clients, as reported by Michael Bloom.

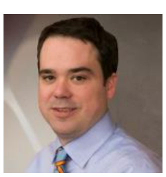
Traders told us that if these talks fall apart it could lead to at least a correction, meaning a 10% pullback by the S&P 500.

What is Wall Street so afraid of? It is the possible new world pictured below:



The tariff levels threatened by Trump would make the U.S. one of the most protectionist nations in the world, [Steve Liesman points out](). After leading the development of a truly global supply chain over the last three decades, the U.S. would become its biggest problem with untold effects on chipmakers, retailers and other industries.

We'd note that the comeback Monday from the lows was led by companies with the least China exposure, all-American and largely domestically oriented names like Disney and McDonald's. That's not exactly a vote of confidence by the market that a trade agreement is still on track.



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