CNBC EDITORIAL

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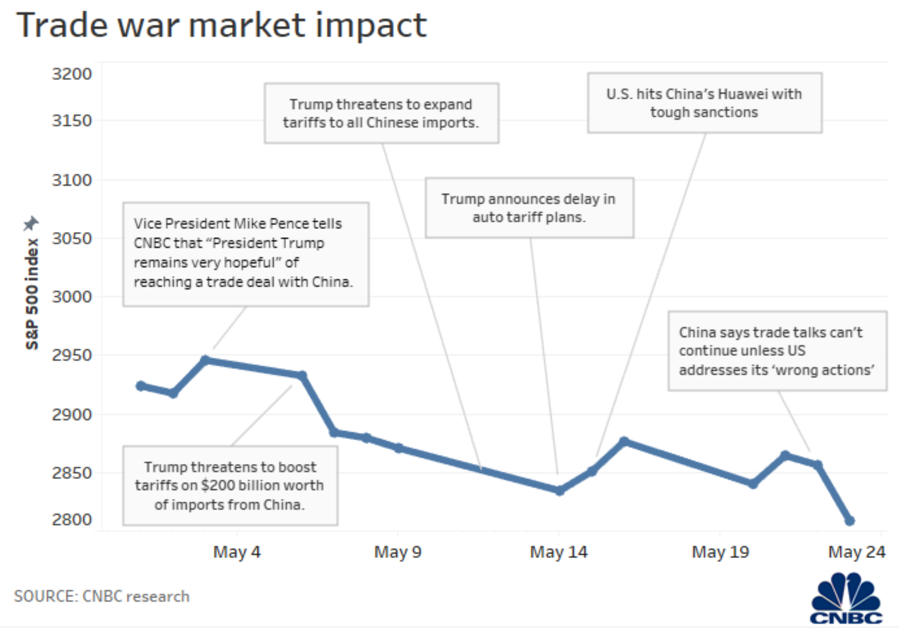
e*Research Comment**: *The following article was published by* CNBC *in its* ***Evening Brief: **EDITOR'S NOTE** *on Thursday, May 23, 2019. It is authored by Kate Rooney, CNBC Markets Reporter. Her bio is provided at the end of the article.*

EDITOR'S NOTE

Wall Street is starting to believe the U.S.-China trade war is really here to stay and could hit the economy harder than was predicted just a few weeks ago.

As stocks plunged Thursday, investors' inboxes were filled to the brim with predictions that Washington would go full throttle by slapping tariffs on all Chinese goods. Economists and strategists from Nomura, Goldman Sachs and Bank of America released new reports warning the trade war is getting worse, CNBC's Patti Domm reports.



Goldman Sachs economists say they are still hoping for a deal. But if there isn't one, the hit to the U.S. and Chinese economies would be worse than they first thought, and inflation would rise. Bank of America echoed those concerns in its own note to clients and said a resolution seems "unrealistic." Ed Keon, chief investment strategist at QMA,tells CNBC "I still think the risk is a full-blown trade war and it's beginning to look increasingly like one."

Technology is the latest battleground with the Huawei move by the U.S. and rising concerns that China will take aim at Apple. The world's two largest economies appeared to dig in on their positions this week. No talks are now scheduled, and China's Ministry of Commerce on Thursday warned the U.S. to act with "sincerity" and change its "wrong actions."

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