

Deprcon warning: Coronavirus (02/27/2020)

Hi,

2019-nCov coronavirus has started to spread even faster than we anticipated. This creates massive uncertainty for the financial markets, to which central banks and governments have very limited means to respond.

This implies that problems in the asset markets may escalate rapidly from here on, and that we need to be prepared for a very heavy volatility going forward.

Stresses in the credit markets have started to increase, albeit slowly. Yet, stress will surely continue to rise with the spread of the virus and with the (incoming) dire economic numbers.

We expect the economic indicators to start to signal the massive negative effects of the over month-long shutdown of the Chinese economy in March. Therefore, the likelihood of an asset market crash in March/April is very high.