

## **Deprcon: Recession warning (03/02/2020)**

Hi.

Due to the large economic ramifications of the coronavirus outbreak, which we detail in the March issue of the Q-Review, we have downgraded the Deprcon indexes for the Eurozone and Finland to one, and that of the US to two.

This means that we expect that the onset of a recession is imminent in the Eurozone and Finland, while the US economy has reached a business cycle turning point.

Last week was brutal for global asset markets. The DJIA fell most since October 2008. As we noted, markets have rightfully been scared by the economic ramifications of the coronavirus outbreak. We expect the volatility to remain high in the asset markets in this month.

The first patches of economic data from China have also been unsurprisingly ghastly. China's manufacturing PMI fell to 35.7, which is the lowest number ever, while the non-manufacturing PMI fell even further, to eye-dropping 29.6. Every number below 50 means that the sector is contracting.

And, the economic repercussions will not stop there, but accumulate in the global economy. We'll return to these in more detail within a weeks time.