

Deprcon: stock market warning (2/24/2020)

Hi,

The futures of the US stock market are pointing to hefty falls (DJIA is expected to open over 700 points lower). This is most likely due to the fast rise in coronavirus infections in Italy and the South Korea over the weekend. However, while today's losses may be massive, we don't expect this to be "The Crash", yet.

There's no evident stress in the credit market, for now, central bank support is still massive and the US economic numbers have been supportive, although the contraction in the service PMI in February (49.4) indicates that, even without the coronavirus outbreak, recession is closing. But, the signals of the incoming recession are still relatively weak.

Still, as mentioned in the Deprcon February Outlook, we expect stock market volatility to increase from here on.