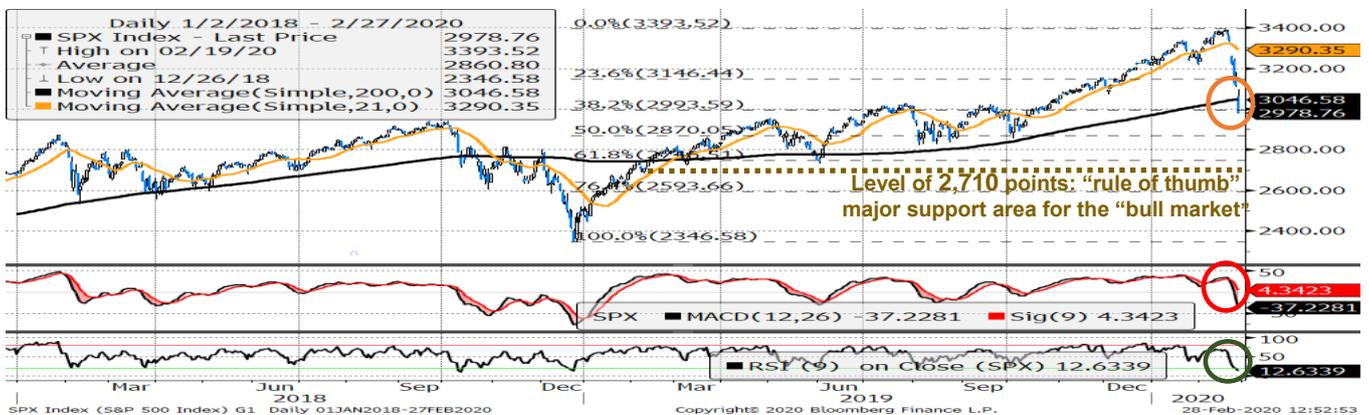


During this week, markets volatility increased substantially. The S&P 500 index has retreated by 12% cumulatively in the period from February 19 (historic high: 3,386) until February 27 (2,979). The uncertainty around the coronavirus has intensified as cases have spread beyond Asia. The World Health Organisation said (27/2) that coronavirus epidemic is at a “decisive point”, but it can still be contained.

The resiliency of the strongest major equity market, which has been the US market, will be the key in order to assess whether the market turbulence of the last six working days will become more severe and prolonged, or instead market sentiment will recover. For the **S&P 500** index, support is at 2,850 area (3/10/19 low and 50% retracement of the move 2,346-3,393) and at 2,750 (Fibonacci retracement 61.8% of the move: 2,346-3,393). The next major support area is at 2,710 (-20% from the historic high close of 19/2: 3,386). Resistance is at 3,050 (200-day average) and at 3,170-3,180 area (21-week average and 26/2/20 high).



**US** consumer confidence index increased in February at a level (130.7) below than expected (132.2, January: 130.4). **Eurozone** economic confidence increased in February at a high (103.5) since May 2019. The recent improvement in macroeconomic figures has been overshadowed by the coronavirus outbreak. In parallel, significant geopolitical developments are ongoing. Turkey may be close to military confrontation with Russia in Syria. The reasonable assumption is that this can be avoided by diplomatic means, but military escalation of major geopolitical implications cannot be excluded. The risk-off environment has triggered the drop of the **US 10-year yield** at historic low (28/2: 1.153%) and the **German 10-year yield** at low (-0.62%) since September 2019.

### The week ahead:

Following the risk – off market sentiment of the current week, the focus during the next week will be on US macroeconomic figures, on coronavirus and on developments in Syria. The ISM manufacturing index for February is expected on March 2, the ISM services index will be released on March 4 and the employment figures on March 6. In **China**, the Caixin PMI services index (4/3) may have declined at a level indicating contraction of the sector (48). The **OECD** will publish its interim Economic Outlook (2/3). **Eurozone** inflation (3/3) is expected lower in February (1.2%, January: 1.4%).

The next week will be of major importance. In an environment, where markets have switched from “greed” to “fear” in a matter of six working days, the actual figures will be key in order to examine, whether market sentiment can recover. The recent rise of volatility suggests that investment portfolios of low tolerance to risk may be prudent to gradually decrease overall market risk exposure and adjust their investment mix towards defensive low beta positions. Investment portfolios with moderate to higher tolerance to risk, may be prudent to wait, to assess next week’s data. By then, there will be key US macroeconomic figures available and it is also possible to have some clearer signs for further monetary easing by major central banks, in an attempt to support markets and economies.

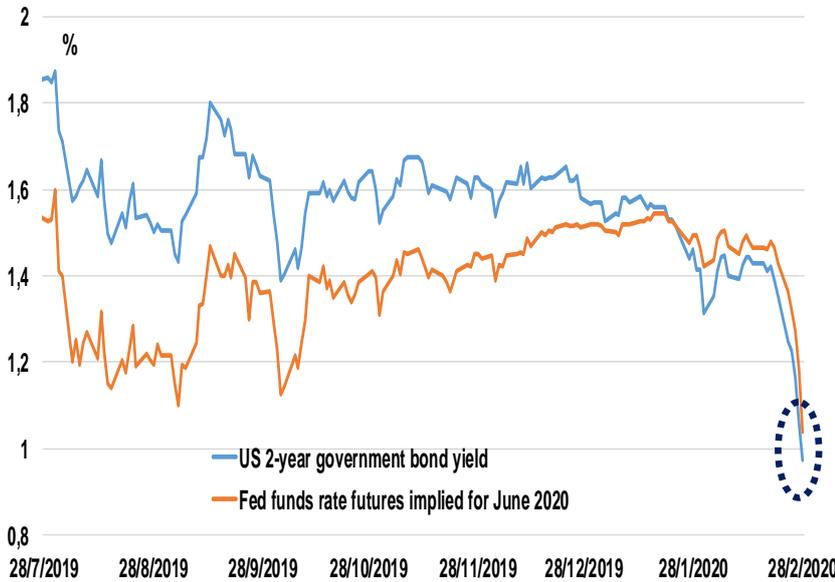
### Quote of the Week:

The Chief of the World Health Organization said: “if you act aggressively now, you can contain this virus, you can prevent people getting sick, you can save lives”.

**Global Markets in Charts**

**US 2-year government bond yield dropped at a low (28/2: 0.945%) since November 2016. The Federal Reserve may decide rate cut in the first half of 2020.**

US: 2-year government bond yield, implied Fed funds rate for June 2020

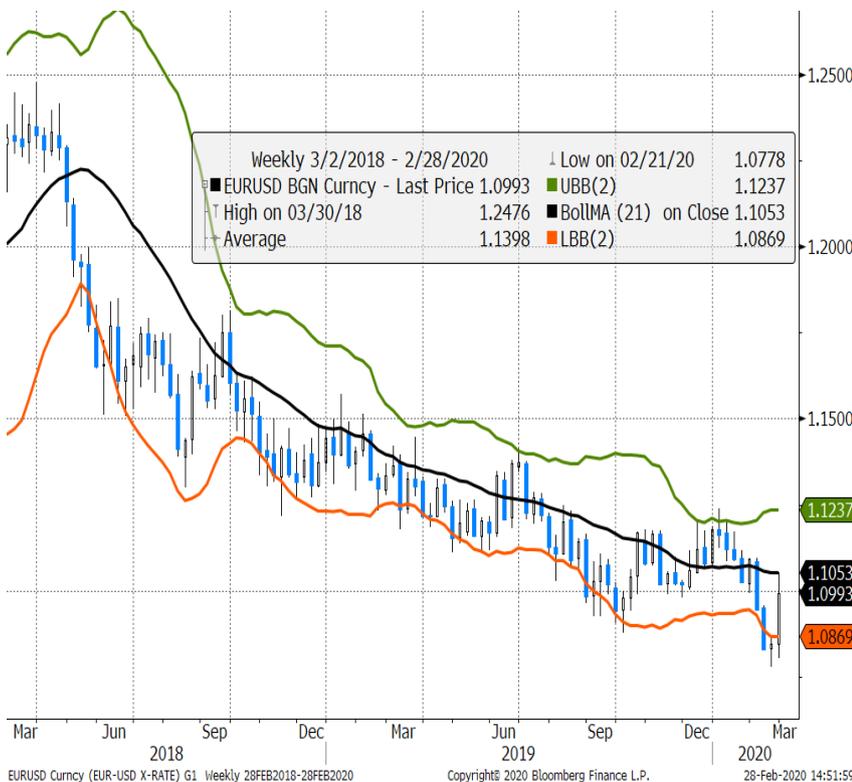


US 2-year government bond yield dropped at a low (0.945%) since November 2016. Looking at the futures money market, the implied fed funds rate for June 2020 has dropped to 1.07% (28/2/20) from 1.52% at the beginning of 2020.

Comparing the futures market implied rate of 1.07% for June 2020 versus the current target rate of Fed funds (1.50%-1.75%), it is evident that markets expect rate cuts by the Fed soon.

Monetary easing by the Fed and potentially further easing by the ECB and the Bank of England may happen, in an attempt to support market sentiment and the economies.

**EUR/USD is moving in “erratic” ways recently, which may also be the case for major markets and asset classes. Support for EUR/USD is at \$1.0700, resistance at \$1.1100.**



The move of the EUR/USD has been side-ways, with a recent tilt to the downside. The pair had recently dropped at a low (20/2: \$1.078) since April 2017. It recovered at one-month high (28/2: \$1.1053), but then dropped again below \$1.1000.

Resistance for EUR/USD is at the area of \$1.1100 (200-day average) and at \$1.1240 (31/12/19 high and Bollinger bands 21-weeks upper bound).

The difference of German 10-year yield (-0.6%) minus the US 10-year yield (1.20%) is currently at -1.8%, the highest since September 2017, which may partly explain the brief recovery of the euro. However, the upside appears limited, while the the euro may turn lower towards \$1.07.

Source: Bloomberg

**Global Markets Minesweeper**
**Event Risk Calendar, 2 - 6 March 2020**

Monday 2/3							
Date Time	Country	Event	Period	Survey	Prior		
2/3 03:45	CH	Caixin China PMI Mfg	Feb	46	51.1		
2/3 10:55	GE	Markit/BME Germany Manufacturing PMI	Feb F	47.8	47.8		
2/3 11:00	EC	Markit Eurozone Manufacturing PMI	Feb F	49.1	49.1		
2/3 11:30	UK	Markit UK PMI Manufacturing SA	Feb F	51.9	51.9		
2/3 16:45	US	Markit US Manufacturing PMI	Feb F	50.8	50.8		
2/3 17:00	US	ISM Manufacturing	Feb	50.5	50.9		
<b>Eco Event</b>	EC	OECD Publishes Interim Economic Outlook (12:00)					
Tuesday 3/3							
Date Time	Country	Event	Period	Survey	Prior		
3/3 07:00	JN	Consumer Confidence Index	Feb	38.3	39.1		
3/3 12:00	EC	PPI (YoY)	Jan	-0.4%	-0.7%		
3/3 12:00	EC	CPI Core (YoY)	Feb P	1.2%	1.1%		
3/3 12:00	EC	CPI Estimate (YoY)	Feb	1.2%	1.4%		
3/3 12:00	EC	Unemployment Rate	Jan	7.4%	7.4%		
<b>Eco Event</b>	US	US citizens in 14 states vote for a Democratic President candidate (Super Tuesday)					
	US	Cleveland Fed President Loretta Mester speaks in Illinois (21:50)					
Wednesday 4/3							
Date Time	Country	Event	Period	Survey	Prior		
4/3 03:45	CH	Caixin China PMI Composite	Feb		51.9		
4/3 03:45	CH	Caixin China PMI Services	Feb	48.0	51.8		
4/3 10:55	GE	Markit Germany Services PMI	Feb F	53.3	53.3		
4/3 10:55	GE	Markit/BME Germany Composite PMI	Feb F	51.1	51.1		
4/3 11:00	EC	Markit Eurozone Services PMI	Feb F	52.8	52.8		
4/3 11:00	EC	Markit Eurozone Composite PMI	Feb F	51.6	51.6		
4/3 11:30	UK	Markit/CIPS UK Services PMI	Feb F	53.2	53.3		
4/3 11:30	UK	Markit/CIPS UK Composite PMI	Feb F	53.3	53.3		
4/3 12:00	EC	Retail Sales (MoM)	Jan	0.6%	-1.6%		
4/3 16:45	US	Markit US Services PMI	Feb F	49.5	49.4		
4/3 15:15	US	ADP employment change	Feb	170k	291k		
4/3 17:00	US	ISM Non-Manufacturing Index	Feb	55.5	55.5		
<b>Eco Event</b>	US	U.S. Federal Reserve Releases Beige Book (21:00)					

February 28, 2020

Thursday 5/3						
Date Time	Country	Event	Period	Survey	Prior	🌐*
5/3 15:30	US	Initial Jobless Claims	29-Feb	213k	219k	
5/3 17:00	US	Factory Orders	Jan	-0.2%	1.8%	
5/3 17:00	US	Durable Goods Orders (MoM)	Jan F		-0.2%	
5/3 17:00	US	Durables Ex Transportation (MoM)	Jan F		0.9%	
<b>Eco Event</b>	EC	OPEC meeting starts in Vienna				
	UK	BOE Governor Mark Carney speaks in London (19:00)				
<b>Corp. Results</b>		US: Costco Wholesale, Lukoil, GE: Henkel				
Friday 6/3						
Date Time	Country	Event	Period	Survey	Prior	🌐*
6/3 07:00	JN	Leading Index CI	Jan P	91.3	91.6	
6/3 07:00	JN	Coincident Index	Jan P	94.5	94.1	
6/3 09:00	GE	Factory Orders (MoM)	Jan	1.5%	-2.1%	
6/3 15:30	US	Trade Balance	Jan	-\$48.8b	-\$48.9b	🌐*
6/3 15:30	US	Change in Nonfarm Payrolls	Feb	195k	225k	🌐*
6/3 15:30	US	Unemployment Rate	Feb	3.5%	3.6%	
6/3 15:30	US	Average Hourly Earnings (YoY)	Feb	3.0%	3.1%	
6/3 17:00	US	Wholesale Inventories (MoM)	Jan F		-0.2%	
<b>Eco Event</b>	US	Dallas Fed President Robert Kaplan speaks in Chicago (01:30)				
	EC	OPEC+ meeting in Vienna				🌐*

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