

ShadowStats Flash Update No. 24

Developing Pandemic Exacerbates Already Negative Economic Trends

February 24, 2020

**UPDATED SHADOWSTATS ALERT:
Unfolding Pre-Pandemic Recession Remains in Play;
Flight to Gold Should Intensify**

**Today, Unfolding Fears of a Corona Virus Pandemic Exacerbated
Otherwise Mounting Fears of a U.S. Recession, and Related Risks of
Intensifying Flight from the U.S. Dollar and Stocks, to Gold and Silver**

**Dow Jones Industrial Average Declined by 1,031.61 (-1,031.61) Points,
Largest Drop in Two Years**

London Gold Spiked to a Seven-Year High of \$1,671.65 per Troy Ounce

**ShadowStats ALERT: Intensifying Flight from Stocks to Gold
Remains Very Much in Play in the Weeks Ahead**

ShadowStats Broad Outlook: Updated ALERT

Briefly updated here, the *ShadowStats ALERT* predicts a pending U.S. economic downturn—a formal recession—accompanied by increasing flight from the U.S. Dollar and Stocks into Gold and Silver. The *ALERT* largely stands as it was before today's (February 24th) accelerated financial-market recognition of an unfolding Coronavirus Pandemic, which exacerbated the same economic and financial-market risk factors otherwise in play with the ShadowStats outlook.

Although hard numbers on the pandemic are inconsistent and anything but hard, circumstances could be shaping up for the most serious respiratory-related contagion since the Spanish Flu of 1918.

ShadowStats Recession Forecast Remains in Place, With U.S. Economic Reporting In a Deepening Downturn

Watch for Accelerating Flight from the U.S. Dollar and Stocks into Gold

ShadowStats Broad Economic Outlook Continues to Evolve, Yet It Is Little Changed. ShadowStats Recession Forecast has been in play—evolving in various forms—since October 2018 and forewarnings then of dangers from the rate-hiking FOMC. U.S. Economic activity remains in a deepening downturn, as detailed in [Special Commentary No. 983-B](#), [Special Commentary No. 985](#) and updated recently in [Flash Update No. 21](#), [Flash Update No. 22](#), and [Flash Update No. 23](#). Expanded coverage will follow very shortly in *Special Bullet Edition No. 19-B*.

The Developing Pandemic, Intensified by Unstable Domestic Politics, Has Exacerbated Downside Economic Risks. Beyond intensified near-term financial-market risks from negative economic, liquidity and political issues, now exacerbated by a developing pandemic tied to the Corona Virus, as reflected in today's (February 24th) financial markets, the ShadowStats broad outlook in the weeks and months ahead remains in place for:

- **A rapidly intensifying U.S. economic downturn, recession, reflected in**
- **Mounting selling pressure on the U.S. dollar, against currencies such as the Swiss Franc,**
- **Continued flight to safety in precious metals, upside pressures on gold and silver prices, and**
- **Increasingly high risk of extraordinarily heavy stock-market selling.**

The ShadowStats Outlook Has Not Changed. As the deepening U.S. economic contraction accelerates, the more negative will become the pressure on the U.S. Dollar against traditionally stronger currencies such as the Swiss Franc, the stronger will become the flight-to-safety in precious metals, and the more dangerous will become the situation for domestic equity prices and stock-market stability. A rapidly weakening U.S. Dollar and rallying Gold and Silver prices are solid signs of impaired systemic and market conditions that quickly can mutate investor concerns into actions in other markets.

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