Economic impact assessment of SARS-CoV-2 on Global Markets

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ABSTRACT:

This review assesses the economic impact of the novel coronavirus on China which in turn will trickle down to other major economies thereby triggering major economic losses around the globe. It majorly focus on Wuhan and its industries along with various neighboring countries that will see a steep decline in revenue from certain sectors

Keywords: SARS-CoV-2, Economic assessment, Coronavirus, 2019-nCoV

INTRODUCTION:

In late December of 2019 a novel pneumonia like virus was reported in Wuhan, China which was later named to be 2019-nCoV and after assessments WHO has named it SARS-CoV-2. This new disease caused by coronavirus was declared to be a global pandemic affecting more than 180 nations worldwide (WHO situation report-77, 2020). This virus was deemed to be highly contagious and is expected to affect millions of people. It is also estimated to impact on economy of the world and straining the World Bank and International Monetary Fund (IMF). This novel strain of coronavirus originated in a seafood market selling seafood and exotic animals and is considered to be a potential source of breeding ground for various new diseases (Bogoch et al. 2020; WHO 2020). Origin of coronavirus and its possible hosts are still debated by indications of its zoonotic origins are clear however, researches indicate a resemble to SARS-CoV and Bat like SARS therefore, indicating Rhinolophus bats as a primary host of the virus. As far as the information on secondary hosts is considered pangolins are major suspect. Entry receptor of the SARS-CoV-2 is ACE2 and is similar to SARS-CoV (Vara V 2020; Dong et al. 2020). Shortness of breath, fever, cough, vomiting and nausea and diarrhea have been the common symptoms associated to this pandemic. As per the situation report 66 ny WHO 462,684 people were infected with 67051 people recovering from the illness. 20834 people have lost their lives indicating the mortality rate up till situation report 66 to be 4.50% (Chan et al. 2020; Riou and Althuaz 2020; Perlman 2020; Lu et al. 2020; Tian et al. 2020, WHO Situation report-66; Wang et al. 2020). On January 10th sequence was submitted having GenBank accession number (Wuhan-Hu-1) MN908947 (Zhang, 2019). Majorly affected countries include United states of America, Italy, France, Germany, Spain, Iran, China Belgium and United
Kingdom. This makes Europe the most affected continent hit by this pandemic. In this review we look at the economic impact of the pandemic on global trade and economic impact.

ECONOMIC ASSESSMENT

Wuhan the epicenter of the pandemic served as the financial hub of central China. Since the city has gone under lockdown global supply chain and depression in asset prices have been seen across the globe due to uncertainty fueled by limited information. Wuhan houses 300 factories of Fortune 500 companies which includes companies like Microsoft, SAP (a software company from Germany) and PSA (French car makers) (south china post, 2020). Due to the extensive virus spread many companies have removed their expat workers and a completely halted their operations of their business. Estimate of 70000 movie theatres along with airlines to and from China have been canceled slowing and disrupting the tourism and related industries. When a comparison is drawn between the current situation and the SARS outbreak of 2002-2003 there is a visible indication of great impact of the Chinese and global economy.2002-2203 saw a loss of $ 40 billon (NBC news 2020). The Chinese economy in 2020 is more connected to the world and is approximately 8-9 times larger than what it was in 2002. Therefore, the economic impact will be unequivocal and predictions predict a dire state (Health Affairs 2020). Estimates by IMF reveals that 39% of the world growth was driven by China therefore, any dent or slowdown will send a shockwave throughout the global markets. Loss of market value on 3rd February 2020 indicates the uncertainties associated.

Loss of Market Value (Wall Street Journal, 2020)

<table>
<thead>
<tr>
<th>Market</th>
<th>Percentage of loss</th>
<th>$ of loss (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shanghai Composite Index</td>
<td>7.7%</td>
<td>$375 billions</td>
</tr>
<tr>
<td>Shenzhen Composite</td>
<td>8.4%</td>
<td>-</td>
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</tbody>
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Impact on Tourism due to Travel Bans

<table>
<thead>
<tr>
<th>Tourism Industry</th>
<th>Loss in billions of $</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam</td>
<td>7.7 billion $</td>
<td>Nikkei Asian Review</td>
</tr>
<tr>
<td>Thailand</td>
<td>3.1 billion $</td>
<td>The ASEAN Post 2020</td>
</tr>
</tbody>
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CONCLUSION:

We conclude from the studies that world will lose billions of dollars ever week if the situation persists beyond April. The GDP revisions will be done by the nations due to the gaps in supply chain due to lockdown of certain countries. This in turn will impact on various final products including automobiles and food and food products. Furthermore, the decrease in tourism revenue across the global will impact the economies which rely heavily on tourism based revenue such as the Maldives. Quick and appropriate measures curtail the spread of pandemic is necessary for reduction in severity of economic impact.
REFERENCES


