

Ripple effect of Coronavirus on global tourism, private consumption, property prices and financial markets.

China is the world's second-largest economy and leading trading nation. As China grapples with the coronavirus, the economic damage is mounting around the world.

Firstly, China is the world's biggest oil importer, so global oil demand has been hit hard. Thus, manufacturing and travel are also affecting.

Factory shutdowns are slowing the flow of products and this way shortage of products is affecting companies around the world.

The pharmaceutical industry is also bracing for disruption to global production.

Many trade shows and sporting events in China and across Asia have been cancelled or postponed.

The travel and tourism industries were hit early on by economic disruption from the outbreak. So the global airline revenues are expected to fall. Airport closures, reducing number of flights, flight cancellations and shuttered borders often have a greater economic impact.

As people travel less, economic growth and employment conditions will weaken in jurisdictions that are dependent on foreign travellers. This will hurt banks' asset quality, in turn driving up credit costs and weakening profitability.

Besides, households will consume less at retail outlets, hurting businesses that are dependent on domestic private spending. Banks will face credit losses from exposures to weaker companies.

Also, real estate prices can decline as a result of weaker economic growth and investor confidence, leading to larger losses on mortgages and property exposures.

To be more specific, the COVID-19 epidemic poses direct harm on three main sectors of world's economy:

- 1.The service sector, especially such consumer industries as tourism, catering, entertainment and logistics (in particular for small- and medium sized enterprises),
- 2.The manufacturing sector, typically in mobile phone, automobile and electronic industries, due to indefinite time for return to operation, which may to some extent disrupt the global industrial chains; as a manufacturing centre in China, and
- 3.The trade sector, owing to potential cuts or even shutdown of airlines, sea routes and borders by some countries as a result of the prevailing panic or geopolitical considerations.