



## **Coronavirus Affect On The Markets, Economies & Commerce - Global Commerce**

Global trade has been hindered by U.S. China trade disputes for the past two years, but the virus outbreak has nearly stalled all trade between China and its trading partners.

Production delays resulting from the virus are expected to affect company earnings across a host of various industries. The disruption of established supply chains has created havoc for companies trying to maintain inventory levels to meet demand.

Economic growth estimates were revised downward by the World Health Organization, World Bank, and International Monetary Fund. The concern is how deeply the spread of the outbreak will affect local economies worldwide.

Oil markets have reacted negatively as the world's largest importer of oil, China, is now expected to reduce consumption. Other commodities related to manufacturing and production also fell as demand pulled back and factories shut down across China.

Technology products and the travel industry have thus far been impacted the most by the virus spread. Nearly every technology-related product has components sourced out of China, or manufactured entirely within the country. The inability for companies to cease production and not be able to meet demand may eventually translate into reduced revenue and earnings.

Several analysts have already slashed earnings estimates for many companies in various sectors, anticipating an extended period of time before companies catch up on inventory and demand.

Some international and U.S. companies are considering a transition of a portion of their manufacturing and operations to other countries. Emerging market economies are expected to benefit from companies leaving China for manufacturing and production locations elsewhere.

Sources: WHO, World Bank, IMF