

BUSINESS & FINANCIAL OVERVIEW

European Stocks Tumble As Virus Fears Escalate

After a gap down opening and a subsequent further drop that sent the markets to fresh multi-year lows, European stocks regained some lost ground in late afternoon trades on Monday, but still ended the session sharply lower.

Worries about the economic impact of the rapidly spreading coronavirus outbreak refused to subside despite global central banks, led by the U.S. Federal Reserve resorted to further monetary easing to help control the crisis.

Global central banks have announced further stimulus to help fight the outbreak, but the mood across global markets is extremely bearish as investors fear the magnitude of the impact of the virus outbreak would still be very heavy and might well push the global economy into a recession. In fact, many economists feel the recession has already set in.

The US Federal Reserve reduced the interest rate to near zero on Sunday as the coronavirus outbreak harmed communities and disrupted economic activity. Further, the Fed said it will increase its holdings of Treasury securities by at least \$500 billion and its holdings of agency mortgage-backed securities by at least \$200 billion.

The drastic moves by the Fed, coming ahead of the two-day monetary policy meeting set to begin on Tuesday, have raised some concerns that central banks around the world will run out of ammunition to deal with a deepening crisis.

Meanwhile, the International Monetary Fund (IMF) has said that it is ready to mobilize its \$1 trillion lending capacity to help countries lessen the blow from the coronavirus.

The pan European Stock 600 ended down 5.08%. The major markets in Europe, the U.K., France, Germany and Switzerland, all ended sharply lower. The U.K.'s FTSE 100 declined 4.71%, Germany's DAX ended down 5.32% and France's CAC 40 tumbled 5.92%, while Switzerland's SMI ended with a relatively lesser loss of 1.68%.

Among other markets in Europe, Austria, Belgium, Czech Republic, Greece, Ireland, Italy, Norway, Spain and Turkey lost 6 to 13%. Denmark, Finland, Iceland, Netherlands, Poland, Portugal, Russia and Sweden closed lower by 1 to 5%.

Shares of airliners and tourism companies were battered. Automobile, technology and bank stocks also plummeted on selling pressure.

TUI Group shares ended 25% down despite regaining some lost ground. The Anglo-German multinational travel and tourism company has decided to suspend the vast majority of all travel operations until further notice, including package travel, cruises and hotel operations.

Air France-KLM shares tumbled more than 14% after the group, comprising Air France, KLM and Transavia, announced its plan to reduce capacity significantly over the next few days as demand and sales are very weak

