

CORONAVIRUS OUTBREAK



The number of coronavirus cases in India have increased sharply from six to 31 this week

PHOTO: PTI

Global GDP may lose \$77-347 bn, says ADB

Virus could wipe more than \$200 bn off Asia Pacific economies this year: S&P

PRESS TRUST OF INDIA
New Delhi, 6 March

The coronavirus outbreak has the potential to significantly harm the Asian economies, and the global economy may suffer losses of \$77-347 billion, Asian Development Bank said on Friday. In a separate report, S&P Global Ratings said the outbreak could wipe more than \$200 billion off Asia Pacific economies this year.

ADB said the outbreak may impact developing Asian economies through numerous channels, including sharp declines in domestic demand, lower tourism and business travel, trade and production linkages, supply disruptions, and health effects. "The magnitude of the economic losses will depend on how the outbreak evolves. The range of scenarios explored in the analysis suggests a global impact in the range of \$77-347 billion, or 0.1-0.4 per cent of global gross domestic product (GDP)."

"In a moderate scenario, where precautionary behaviours and restrictions such as travel bans start easing three months after the outbreak intensified and restrictions were imposed in late January, global losses could reach \$156 billion, or 0.2 per cent of global GDP," ADB said. China would account for \$103 billion of those losses, or 0.8 per cent of its GDP. The rest of developing Asia would lose \$22 billion, or 0.2 per cent of its GDP.

S&P Global Ratings said, in a worst-case scenario, China could see growth of less than 3 per cent, while Japan, Australia, and Hong Kong could "flirt with recession".

ADB Chief Economist Yasuyuki Sawada said: "There are many uncertainties about COVID-19, including its economic impact. This requires the use of multiple scenarios to provide a clearer

picture of potential losses. We hope this analysis can support governments as they prepare clear and decisive responses to mitigate the human and economic impacts of this outbreak."

The Manila-headquartered multi-lateral funding agency had in February announced \$4 million assistance for Asian countries to fight the deadly virus, that has claimed over 3,000 lives globally.

The ADB analysis takes into account various scenarios considered, estimated impact on individual developing Asian economies, the sectors within these economies including a hypothetical "worst case" scenario for a given economy in the event of a significant outbreak.

ADB said the analysis is meant to provide guidance for governments as they consider appropriate responses.

On February 7, it had announced \$2 million support to enhance detection, prevention, and response in China and the Greater Mekong Subregion followed by another \$2 million on February 26 to support response in all its developing members.

Besides, a CNY130 million (\$18.6 million) private sector loan was signed on February 25, to Wuhan-based pharmaceutical distributor Jointown Pharmaceutical Group to support the continued supply of essential medicines and personal protective equipment.

ADB also said it stands ready to provide further support to its developing members in their efforts to respond to the adverse impact of COVID-19. "ADB will use appropriate means to address the identified needs including through existing and new financial assistance, emergency assistance lending, policy-based lending, private sector investment, and technical assistance."

THE INDIA ANGLE

The coronavirus outbreak in China will not have much impact on the Indian economy, except in the worst-case scenario, according to the estimates made by the staff of the Asian Development Bank. However, the worst-case scenario is only hypothetical in nature

INDIVIDUAL DHASMANA (As % of GDP)	INDIVIDUAL DHASMANA			
	Best case	Moderate case	Worse case	Hypothetical worst case
Agriculture, mining and quarrying	0	0	-0.01	-0.25
Business, trade, personnel and public savings	0	-0.01	-0.01	-0.58
Hotel, restaurants and other personal services	0	-0.01	-0.01	-0.07
Light/heavy manufacturing, utilities and construction	0	0	-0.01	-0.12
Transport services	0	0	0	-0.07

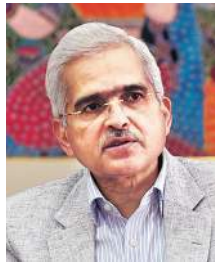
Note: Best case scenario is when travel ban and fall in domestic demand lasts for two months, in moderate case it lasts for three months, in worse case it is for Source: Asian Development Bank staff estimates

Foreign exchange reserves a cushion for India against virus impact: RBI governor

SUBRATA PANDA
Mumbai, 6 March

Reserve Bank of India Governor Shaktikanta Das (pictured) has asked the International Monetary Fund (IMF) to consider launching non-stigmatised currency swap lines to ease possible liquidity and financing constraints for countries that have been adversely affected by coronavirus (COVID-19). It will also preserve their access to international capital markets.

line was critical from the point of view of preserving global financial stability. The global economy has been hit hard by COVID-19. According to IMF projections, the outbreak's impact on the global economy will be 0.1 per cent and 0.4 per cent on the Chinese economy. As far as India is concerned, Das said, "India will be able to respond to whatever challenges emerge out of the coronavirus problem. We don't have a problem because our foreign exchange reserves are quite robust".



"The point is a coordinated swap line will act as a second line of defence to bolster national reserves across countries and strengthen their individual abilities to safeguard against risks that coronavirus may entail," Das said. He stressed that a swap

line was critical from the point of view of preserving global financial stability. The global economy has been hit hard by COVID-19. According to IMF projections, the outbreak's impact on the global economy will be 0.1 per cent and 0.4 per cent on the Chinese economy. As far as India is concerned, Das said, "India will be able to respond to whatever challenges emerge out of the coronavirus problem. We don't have a problem because our foreign exchange reserves are quite robust". Although India is much more integrated with the global economy than it was 10-20 years ago, it is not as integrated in the global value chain as some other countries. So, to that extent, India remains insulated, he said. However, certain sectors will face challenges because they export to China.

INDIA CASES NOW AT 31, OVER 100,000 INFECTED GLOBALLY

INDIA

- India's total number of confirmed cases rose to 31, after a person from Delhi with a history of travel to Thailand and Malaysia tested positive
- 11 family members of the man have been home-quarantined
- Tourism ministry tracking whereabouts of 450 Iranian tourists who entered the country in Feb
- Army to expand quarantine facilities at multiple locations
- Coronavirus kits to be sold only on doctors' prescription: FDA
- Attari-Wagah border

ceremony to be conducted without public presence: BSF

- Delhi fashion week, Shooting World Cup postponed

WORLD

- China may soon lift quarantine on virus-hit Hubei
- Bhutan bars tourists after first case; Cameroon, the occupied West Bank, Serbia, Togo and the Vatican announce first cases
- Iran reports 17 new coronavirus deaths, 124 in total
- Netherlands records first death
- Italy reports 49 more deaths; total at 197



Hotels not allowing tourists to check in despite prior bookings

ANESH PHADNIS
Mumbai, 6 March

Foreign tourists, particularly from Italy, South Korea, and Japan are being denied rooms in hotels as panic builds up over the rise of coronavirus cases in the country.

The issue was flagged by the Indian Association of Tour Operators (IATO) in a meeting with the ministry of tourism on Thursday.

"We have received complaints from tour operators from Punjab, Rajasthan, and Uttar Pradesh. In Agra, hotels are refusing rooms to Italian tourists. In Rajasthan, Italian tourists are being asked by hotels to undergo medical examinations before check-in despite showing no symptoms of coronavirus," said IATO president Pronab Sarkar. Till now 31 cases have been detected in India. "The tourism ministry has assured that communication is being sent to states to see that tourists are not harassed. Also, the health ministry is being asked to issue a travel advisory for those not affected by the virus," Sarkar said.

"Hotels could get thermal scanners to screen their guests," said Subhash Goyal, chairman of STIC Travel Group.

IATO has also requested the tourism ministry to set up a 24x7 control room and an online mechanism to assist foreign visitors in case of an emergency.

"Due to the sharp drop in business, it will become difficult for travel agents to survive. Many jobs will be at stake. The government should provide tax rebates for travel agents and reduction and waiver in interest rates," said Jyoti Mayal of Travel Agents Association of India.

Gold shoots up ₹1,236 in a day

RAJESH BHAYANI
Mumbai, 6 March

The yellow metal witnessed a rally at Mumbai's physical market on Friday with standard gold (995) closing over 2.4 per cent at ₹44,237 per 10 gram, which is ₹1,236 higher than Thursday's rate. The yellow metal has seen a ₹2,000 jump this week and over ₹3,000 surge in the last two weeks.

After the 3 per cent goods and services tax (GST), price of the yellow metal crossed the ₹45,000-mark on Friday. Silver went up over 2 per cent to close at ₹47,125 per kg. Gold has also been unshaken internationally by the coronavirus outbreak, with prices heading towards a multi-year high. Experts are looking at a price of \$1,700 in the near term, although last week the yellow metal fell sharply before moving to the \$1,680 level.

Gold in India is trading at a huge discount compared to import rates. In early hours, gold was trading at around 1 per cent discount. During the day, the discount was at 1.5 per cent or \$16-22 per ounce. Jewellers said only forced demand for the precious metal has been seen. Otherwise, demand has almost evaporated. Their expectation is that once all central banks announce their stimulus packages, the market may see some profit booking. So, prices could fall a bit after customers enter the market again.

The international market has seen another jump of over \$1,690 per ounce on Friday, a \$100 rise in three days, after Fed's rate hike. The price started moving up after California declared a state of emergency amid the outbreak that killed 11 Americans so far and infected 100 others.

Metal Focus, a London-based consultancy, said in its latest report on gold that apart from the virus spread and



Federal Reserve sharply cutting interest rates, "impact of political turmoil and geopolitical tensions also proved positive for the metal. Among various problems, some that stand out include uncertainties ahead of the US presidential election, uncertainties surrounding the Brexit negotiations and ongoing tension across the Middle East."

The World Gold Council data released on Thursday night also shows that global gold exchange-traded funds (gold ETFs) and similar products added \$4.5 tonnes, or net inflows of \$4.9 billion, across all regions in February.

This boosted holdings to new all-time highs of 3,033 tonnes.

With the higher gold price, ETFs gave 4.4 per cent returns in a month, breaching the previous record high in September 2012.

The council also stated that in 2012, gold price was 10 per cent higher than the current levels and US investors have not yet increased their gold allocations as much as they did that year.

Metal Focus said that, political and economic conditions suggest that, "institutional investors' appetite for gold will go up further. Investor positions are high in both tonnage and value terms at present.

They are far lower than during previous peaks. This will leave considerable room for further rotation by mainstream investors in gold from stock and bond markets."

Markets extend slump; oil down 10% intra-day

World stock markets tumbled on Friday as fears of economic damage intensified with the global tally of coronavirus cases crossing 100,000. Brent crude, too, fell as much as 10 per cent intra-day, before recording a minor recovery.

In the US, the Dow Jones shed more than 500 points and the S&P500 fell for the tenth time in the past 12 sessions as the virus crippled supply chains and prompted a sharp cut to

global economic growth forecasts for 2020.

At 11.30 pm IST, the Dow Jones was down 513 points or 1.96 per cent, and the S&P500 was down 75 points or 2.50 per cent. The Nasdaq Composite was down 240 points or 2.72 per cent. The 10-year US treasury yield, too, fell to a new all-time low under 0.7 per cent, as flight to bonds continued.

The FTSE, DAX and European stocks continued their

slide (most of them fell over 3 per cent) after the Japanese market dropped to a six-month low, with 97 per cent of shares on the Tokyo exchange's main board in the red. Airline and travel stocks have been among the worst affected as people cancelled non-essential travel.

Meanwhile, a three-year pact between Opec and Russia ended in acrimony after Moscow refused to support deeper oil cuts to cope with the

outbreak of coronavirus and Opec responded by removing all limits on its own production.

Oil prices plunged 10 per cent as the development revived fears of a 2014 price crash, when Saudi Arabia and Russia fought for market share with US shale oil producers, which have never participated in output limiting pacts.

Brent crude was trading at \$46.36/barrel (down 7.84 per cent) at 11.46 pm IST. AGENCIES

Potential drug target against infection identified: Researchers

PRESS TRUST OF INDIA
Berlin, 6 March

Researchers have identified a protein present in the human body which they claim is important for the entry of the novel coronavirus into lung cells, an advance that may lead to a novel drug target for preventing the deadly disease.

The researchers, including those from Deutsches Primatenzentrum in Germany, said the new coronavirus, SARS-CoV-2, has spread worldwide, causing respiratory disease called COVID-19 in people — leading to over 3,000 deaths, and infecting more than 90,000 individuals.

According to the study, published in the journal Cell, the virus has been spreading since December 2019, and is closely related to the SARS coronavirus that caused the Severe Acute Respiratory Syndrome pandemic in 2002-2003.

It noted that currently no vaccines or drugs are available to combat these viruses. The scientists sought to find out how the new coronavirus entered host cells, and how this process can be blocked.

They identified a cellular protein that is important for the entry of the novel coronavirus into lung cells.



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"Our results show that SARS-CoV-2 requires the protease TMPRSS2, which is present in the human body, to enter cells," said Stefan Pohlmann, study co-author from the German Primate Center. "This protease is a potential target for therapeutic intervention," Pohlmann said. The researchers said a drug camostat mesilate — approved in Japan for use in pancreatic inflammation — is known to inhibit the protease TMPRSS2.

They investigated whether this drug can also prevent COVID-19.

"We have tested SARS-CoV-2 isolated from a patient and found that camostat mesilate blocks entry of the virus into lung cells," said Markus Hoffmann, another co-author of the study. "Our results suggest that camostat mesilate might also protect against COVID-19. This should be investigated in clinical trials," Hoffmann said.