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Coronavirus & Its Economic Impact

Over the past few weeks, reports have surfaced from around the world that the Coronavirus has made an appearance. Due to the number of individuals who have acquired the virus, as well as the rising death toll, The World Health Organization has declared the Novel Coronavirus an international public health emergency. At major transit hubs, such as Toronto Pearson International Airport, precautions have been put in place to ensure that travellers who may be carrying the virus or who may have been exposed to it, are properly assessed before they are able to travel and spread it further. The public is concerned about the aggressive nature of the Novel Coronavirus, and businesses are feeling the impact as well.

The first case of Coronavirus made its appearance in December of last year in Wuhan, China. To date, over 30,000 cases of Coronavirus have been reported, and the death toll has reached over 600. The spread of this illness has caused individuals to reflect back to the SARS outbreak of 2003. Symptoms may mimic that of a cold

or flu but can increase in severity to include pneumonia or kidney failure. The first identified case of Coronavirus in Ontario was reported on January 25th. Since then, the impact of the sickness has impacted thousands of people, even if they have not acquired it or come into contact with those who have.

ECONOMIC IMPACT

According to statements from across the country, the Coronavirus has greatly affected businesses and the overall economy since it was first reported. From exporting fresh oysters from British Columbia to China, to airlines such as Air Canada seeing a decline in their stock prices as they fly directly to China's most popular cities for tourism and travel, companies are feeling the pinch. In a report based out of Toronto, operators of popular Chinese restaurants within the downtown core and throughout the GTA are reporting a 30% decrease in business. Some have even shared that they have received threatening phone calls and messages filled with racial slurs.



On a larger scale, Canada's S&P/TSX composite index, the Dow Jones Industrial Average, and the S&P 500 have fluctuated. Canada's loonie is lower than average, and the price of crude oil has also decreased. Businesses in the travel and tourism industry have suffered and are taking some of the biggest hits, especially in China. This is not unlike what was experienced during the SARS outbreak, with markets bouncing back once the outbreak was contained.

It is interesting to note, however, that mortgage rates may also be impacted. As was seen with the SARS outbreak, mortgage rates were impacted as the severity of the virus affected Canadians. James Laird, who is the co-founder of Ratehub Inc. and president of CanWise Financial mortgage brokerage shared his prediction.

"The only recent comparable event was the SARS outbreak of 2003, during which time global economic growth slowed and mortgage rates in Canada dropped by 1%," said Laird, who predicted that if the coronavirus does become a long and severe pandemic, the Bank of Canada would likely cut its key overnight rate."

Canadians may see a drop in mortgage rates this year, even if not at this time, as markets continue to monitor reports and identify the full impact of the illness.

The outbreak of the Novel Coronavirus shows us once again that not only are we as individuals susceptible to its effects but that our economy is as well. As businesses fight to stay open and banks monitor the impact that this may have on mortgage rates, we are looking at assisting those who have acquired insurance coverage for their residential and commercial investments. Insurance is there when you need it, and due to the spread of the Coronavirus, many people are seeing the benefits of investing in their policies.


If you have any questions or would like to understand your current insurance policies more, please contact us. We are here to help.

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