

## Coronavirus in Wuhan

Coronavirus affects on supply Chain. The Chinese government has extended the Lunar New Year holidays throughout china Businesses in the Guangdong province, which includes Shanghai, they have been ordered to remain closed through to February 10.

As of January 27<sup>th</sup> we have identified Cypress as having a direct manufacturer in the affected area , but even if we did not identify a direct AFG manufacturer or supplier in Hubei Province the extension of Chinese New Year could have an impact on a supplier such as Infineon, Murata, Yageo, and others.

The air cargo industry is bracing itself for the impact of measures taken to halt the spread of the deadly coronavirus in China.

Overnight, British Airways announced that it would suspend all direct flights to and from mainland China, with others expected to follow.

United Airlines, Cathay Pacific and Air Canada are amongst the other airlines that had already announced plans to reduce flight numbers.

The vast majority of flights into and out of Wuhan, the epicenter of the outbreak, were stopped last week.

It isn't yet clear what impact this could have on air cargo, although supply chains are expected to be hit, with air cargo capacity already reduced.

## Coronavirus continued

There have been suggestion that there could be a surge in demand when factories re-open.

Freight forwarder Westbound Shipping said that its staff in China would work from home, but supply chains would be affected as truckers, warehouse staff, cargo handlers, manufacturing staff would not be able to return to work for longer than expected.

It said that airfreight would be limited and therefore pricing would climb. It even warned that warehousing in Europe and the US could come under strain as companies look to build up inventory.

It seems that the most significant direct effects will be felt on the air transport market and especially belly-freight services on passenger flights.

Presumably, freighter flights will be less affected. In other areas of transport, some barge and low-draft vessel traffic has been slowed into Wuhan's river-port facilities but this does not appear to be severe yet.

The impact on the exposed sectors of shipping and airfreight is obvious. The question is how long will the impact be felt.

**We will continue to monitor and update.**

**THANK YOU**