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Ron Bauer on the Coronavirus and the Negative Impact it has on Stock Markets

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Ron Bauer

On December 1st, 2019, the first recorded case of Coronavirus occurred in Wuhan, China. Since then, it has rapidly shifted from a national outbreak in China to a global pandemic that affected the entire world in a drastically negative way. The ongoing efforts made towards the prevention, quarantining, and treatment of the disease in order to mitigate the loss of life are the foremost concern for the world as a whole, but the impact of the Coronavirus extends much further than the physical health of individuals.

Coronavirus is also a direct factor in the current state of the global stock markets, having been the cause of current downward trends. Millions of people are affected by the setbacks surrounding supply and distribution, industries, and the overall feeling of worry and anxiety. But exactly how does the Coronavirus bring about such a plethora of negative results? **Ron Bauer, an experienced venture capitalist, entrepreneur, investor, and business owner,** provides an overview detailing what is currently known about Coronavirus and why it has a negative impact on global stock markets.

The Disruption of Supply and Demand

One of the first ways in which Coronavirus affected the global stock markets is through the chains of supply in which products are manufactured and subsequently shipped out to retailers and consumers. Suppliers are experiencing adversity in a variety of ways: absent employees are unable to do the critical tasks involved with getting products and materials ready for utilization, stagnating the production process altogether, says Ron Bauer.

In terms of supply and demand, on one side of the issue, some suppliers are also experiencing a sales drought, putting them under pressure to liquidate their excess stock before they run the risks of running out of space entirely, such has been the case for clothing shops, consumer goods stores and clothing or shoe retailers. On the other side of supply and demand, many retailers are running out of products that the public considers essential to have during the Coronavirus outbreak, such has been the case with large scale retailers and supermarket chains experiencing long lines and empty shelves of unprecedented proportions.

In either case, notes Ron Bauer, it remains clear that the global stock markets are steadily decreasing as a result, with the proceedings of many companies running far from smoothly or ideally. Without the backbone of manufacturing and subsequent sales, there is currently little hope for both these companies and their investors.

The Impact on Key Industries

Aside from the issues concerning supply and demand, there are actually entire industries that have plummeted as a result of the Coronavirus outbreak. The most affected is the travel industry, which was forced to hastily cancel cruises and flights in order to reroute individuals back to their respective countries with the intention of quarantining everyone; this alone has resulted in a massive loss of revenue and placed the entire travel industry on the verge of bankruptcy with cruise companies and airlines closing down by the day grounding entire fleets and docking ships, says Ron Bauer.

Another set of key industries that have undoubtedly been affected tremendously by the Coronavirus is virtually the entire Chinese economy. As a key supplier to countries across the world, shipping out goods and products that they depend on, China's inability to economically function at 100% percent manufacturing capacity is being felt around the world sending shockwaves to global supply chains of products. This current state of affairs will only continue to stifle the global stock markets.

Ron Bauer on a Culture of Fear

At the heart of the Coronavirus epidemic is the overall state of mind in the world: fear, confusion, anxiety and even panic. There are genuine feelings of fear that extend not just to immediate physical safety, but financial safety as well, with discussions projecting as low as another potential global recession. This fear has resulted in many investors doing the unthinkable and pulling out of global stock markets entirely, seeking refuge in the form of government bonds and cash. Overall, warns Ron Bauer, global stock markets around the world are reeling from the Coronavirus and until it has been stabilized with a potential cure or treatment, these market conditions will likely continue in the short term period.

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