



spending occurring outside the People's Republic.

Analysts at Credit Suisse said, from a European standpoint, Lufthansa and Air France-KLM were the most exposed to Asia Pacific, followed by IAG, with "no exposure" at Ryanair Holdings plc (LON:RYA), EasyJet PLC (LON:EZJ) and Wizz Air PLC (LON:WIZZ).

Those at HSBC noted that during the SARS epidemic in 2003, European airlines underperformed the wider market by 15% over the period.

**READ: Outbreak of deadly coronavirus raises fears of SARS repeat**

European share indices were in the green on Wednesday, however, with the FTSE 100 up 0.2% at 7,494.

Earlier, Hong Kong's Hang Seng and the Shanghai Composite index both slumped almost 3% as traders returned from an extended Lunar New Year holiday.

"Investors [in Europe] may be showing some resilience at the moment, having rushed for the exits earlier this week, but I'm not convinced the earnings season distraction can be sustained," said Craig Erlam, market analyst at Oanda.

"The knee jerk reaction on Monday was strong but with British Airways now cancelling trips to and from China, film premiers being cancelled, shops closing and internal travel plummeting, it seems entirely justified and probably not severe enough."

However, healthcare analysts at Shore Capital said the response from the Chinese authorities has been "encouraging", with lessons from SARS clearly learned.

"SARS had a material impact on global travel trends, notably in Asia, albeit they recovered quickly, with Asian airline passenger demand turning positive by the end of 2003.

"With numerous travel restrictions in place, a high media profile and the increasing economic importance of China and wider Asia on the global economy, the Wuhan virus has the potential for a greater near-term impact than SARS. The corollary is arguably the potential for the virus to be contained quicker, reducing overall impact."

ShoreCap said for stocks in other sectors, such as Carnival (LON:CCL), TUI (LON:TUI), SSP (LON:SSP) and Hostelworld (LON:HSW), there was arguably "limited direct exposure to the region" and therefore any value wiped off shares to-date "appears way beyond any likely direct financial impact when compared with SARS; albeit before any secondary impact is considered".

At broker Canaccord, analysts noted that an average decline of 13% in airline revenues has been seen in past outbreaks, though traffic "tends to recover relatively quickly after a pandemic outbreak.

Though it was still very early to say, the analysts said the coronavirus outbreak appeared to be spreading faster than those past viruses but has been less deadly so far.

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