



Date: Wednesday, April 1, 2020

RE: “JobsOhio makes \$2M investment in Appalachian Growth Capital” (summary of third-party economic research and perspectives to foster communication with business and economic development stakeholders during the COVID19 crisis.)

Key Takeaways

- Global: EU and Japan considering large stimulus package to counter the economic damage.
- U.S.: Federal government announced tariff exemption for medical and 90-day tariff suspension on certain imports.
- Ohio: Liquor sales in Ohio rose 23.7% year-over-year.

Global

The [EU Commission](#) wants to tap international markets to raise \$100B Euro in loans to help member countries worst affected. [France](#) is pushing for a common EU fund for Europe. [Japan's Nikkei 225 slid 4.5%](#) as the sentiment index among manufacturing enterprises dropped to the lowest level in seven years and its Prime Minister proposed the country's largest stimulus package worth 60 trillion yen to combat the pandemic.

[Saudi Arabia's](#) energy ministry on Monday said it will boost its oil exports in May to 10.6M b/d, further flooding an oil market in which are on track to have their [worst ever quarter](#). [Fiat Chrysler](#) will defer 20% of salaried workers' pay. [OneWeb](#), which has 74 satellites in orbit, laid off staff and filed for bankruptcy. ArcelorMittal will reduce production and temporarily idle steelmaking and finishing assets on a country-by-country basis. Global metals commodities producer [Vale SA](#) may delay resuming iron ore production.

U.S.

The [FDA authorized](#) a two-minute coronavirus testing kit by Bodysphere Inc. [US faces a severe shortage](#) of ventilator drugs due to a 51% increase in demand for sedatives and anesthetics in March, and a 67% increase in demand for analgesics. UPS announced a collaboration with FEMA in supply chain services and distribution of PPE. UPS will also be working with various state agencies (including Ohio) to set up testing facilities.

The Trump administration set some tariff exemptions for medical supplies and is poised to announce a 90-day suspension of tariffs on imports including some apparel and light trucks, to blunt economic damage. The US Chamber of Commerce put out a Coronavirus Emergency Loans: [Small Business Guide and Checklist](#). Private market funding in Q1'20 is on pace to reach \$77B, down more than 16% compared to Q4'19 and down nearly 12% versus Q1'19.

The Conference Board Consumer Confidence Index declined March, to 120.0 (1985=100), from 132.6 in February. The Purchasing Manager's Index decreased to [49.1% for March 2020](#), from [50.1% in February](#). The pandemic's impact on the global lithium supply chain emphasizes the [US' overreliance](#) on lithium from China. [Tourism, transport, and shipping](#), will bear the brunt of the economic downturn.

[Fintech](#) use is up by 72%. Beverage [alcohol retail sales](#) in the week ending March 14, 2020, over the same period in 2019, was: wine up 27.6%, spirits up 26.4% and beer/flavored malt beverages/cider up 14%.

Sources have indicated that food at home now constitutes approximately 80% of consumer spending on food compared to 50% before the pandemic. Food companies, including J.M. Smucker Co., Hormel Foods Corp., Tyson Foods, Inc., and Kraft Heinz Co. have announced an increase in production by as much as 40% in order to keep up with demand, according to Credit Suisse. [Tyson Foods Inc.](#) will pay about \$60M in bonuses to 116,000 of its frontline workers and truckers in the U.S.



[J.C. Penney Co](#) will furlough most hourly store associates and some corporate workers. [Penske Automotive](#) to furlough employees and postpone capital expenditures. [Restaurant chains](#) Cheesecake Factory, Wendy’s, and Subway are calling for rent reductions from landlords, while others are covering the bills for their franchisees, [or not paying](#) at all. Desperate residential tenants in [New York City](#) across [California](#) are holding rent strikes.

Ohio

Ohio State University’s [Wexner Medical Center and Battelle](#) have developed a rapid test for the virus. [The Greater Cincinnati Chinese Chamber of Commerce](#) announces it can access 2M protective masks but needs to secure orders before bringing the masks into the U.S.

[The City of Toledo](#) announced it will grant a six-month deferral on enterprise development loans and brownfield loans it has issued in an attempt to preserve working capital and retain jobs.

U.S. cities with the most vulnerable tax income streams and ranked on how quickly they will feel the fiscal impact based on [their share of general fund revenues from elastic sources](#): #1 Columbus, OH – 75.47%; #2 Cincinnati, OH – 71.76%; #4 Toledo, OH – 70.72%; #5 Cleveland, OH – 67.52%; #13 Akron, OH – 56.87%.

[Craft-store Hobby Lobby](#) has been reportedly reopening stores across the country including its 19 stores in Ohio amid the coronavirus outbreak and orders to shutter non-essential businesses.

<i>Positive Company-Specific News (since 3/30)</i>	<i>Negative Company-Specific News (since 3/30)</i>
<ul style="list-style-type: none"> - FedEx announced it will be hiring 500 additional employees at its Grove City distribution center in response to increased demand. - FirstEnergy Corp. affirms its 2020 earnings guidance and states it is “well positioned” - Ohio-based Cardinal Health is a noted winner in medical tariff exemptions as imports from China rise. - Cincinnati-based Kroger Co. announced it is giving additional “Hero bonuses” for all front-line workers amid the COVID-19 outbreak. The bonus is in addition to previous bonuses and wage increases. - Kroger Co. affirmed its FY20 guidance but noted same store sales jumped 30% in March. The company also anticipates a potential long-term shift in consumer behavior towards at-home meal preparation. - Swagelok donates up to 20,000 face masks - American Regent, Inc., a U.S. manufacturer of pharmaceuticals in NY and OH, will acquire Daiichi Sankyo Altkirch SARL 	<ul style="list-style-type: none"> - Murray Energy Corp., long struggling through bankruptcy announced that it has just \$6MM in cash on hand amid deteriorating coal markets, a global economic crisis, and the cost of bankruptcy reorganization. - Macy’s Inc dropped from the S&P 500 as its stock plunges 70% YTD amid staff furloughs and the coronavirus outbreak. - Mercy Health will furlough employees not involved in treating COVID-19 patients, and freeze pay amid an estimated \$100MM operating loss per month. - Coal supplier Murray Energy Corp. is bankrupt and seeking permission to suspend retiree healthcare payments to survive - Lay offs and number affected: Great Lakes Brewing Company 116; Greenville Technology, Inc./Moriroku-North America 540; General Aluminum Manufacturing Company 410; Great Lakes Services 789; Westin Cleveland Downtown 256; Brightside Academy Ohio 144;; Ohio Star Forge Company 88; Beacon Orthopedics & Sports Medicine 226; Maney Deas 172; Crescent Metal Products, Inc 92; Dedicated Logistic, Inc. 116

Resources

- Ohio Department of Health’s COVID-19 Website: www.coronavirus.ohio.gov
- JobsOhio’s resource portal remains available at: <https://www.jobsohio.com/covid-19-resources/>

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