



Date: Thursday, April 9, 2020

RE: “Federal Reserve takes additional actions to provide up to \$2.3T in loans” (summary of third-party economic research and perspectives to foster communication with business and economic development stakeholders during the COVID19 crisis.)

Key Takeaways

- Global: IMF boosted emergency lending capacity to \$100B for emerging markets and low-income countries.
- U.S.: Federal Reserve announced up to \$2.3T in loans to small and mid-sized business and local governments. Dr. Fauci said U.S. coronavirus deaths may be “more like 60,000”; antibody tests coming.
- Ohio: Over 33,000 job listings on Ohio coronavirus website.

Global

The [International Monetary Fund doubled its emergency lending capacity to \\$100 billion](#) to meet demand from countries, as global cases climbed to more than 1.5M. Germany carried out the [first large-scale antibody testing](#). [India](#) unveiled its second stimulus, with \$13B, following its first round of investments at \$22.6B.

[The Institute of International Finance](#) said that gross sovereign debt issuance was \$2.1 trillion in March – more than double the average – due to aggressive fiscal responses. The WTO cut its forecast for global trade in 2020 to factor in a 12.9% to 31.9% decline compared to 2019. S&P downgraded nearly 200 consumer companies in the period from January to April, the largest share of which were restaurant companies, auto parts makers, and equipment makers. [Airbus](#) will reduce output of the A320 family by a third, to 40 aircraft a month. Multinational metal miner Vale S.A. is extending the care and maintenance period for its nickel mines in Canada by up to three months while it monitors the pandemic situation.

U.S.

The Federal Reserve will provide up to [\\$2.3 trillion in loans](#) to deliver credit to small businesses and municipalities, as unemployment claims topped 16M nationally in 3 weeks. The [Trump administration](#) issued guidelines to make for essential workers exposed to COVID-19 to get back to work. The [national stockpile](#) of protective gear is nearly depleted. [Dr. Fauci](#) said due to good social distancing measures, deaths may be lower. Ohio [Senator Brown](#) proposed increased pay for essential workers be included in future stimulus packages.

According to a Financial Times poll, roughly three-quarters of Americans said the pandemic reduced their family’s income, and nearly half would be without any income if they were unable to work because of illness. There have been processing delays for [small businesses](#) tapping the Payroll Protection Program as bank backlogs grow. The two biggest U.S. banks, JPMorgan Chase and Bank of America, had a combined 625,000 in requests for \$80B in loans as of Tuesday but only a small fraction has been paid out so far. The Federal Reserve will temporarily allow [Wells Fargo](#) to exceed the asset cap the Central Bank imposed in 2018.

[Brookings Institute](#) recommends a federal response to protect essential workers including a \$50,000 cash benefit to the spouse and dependents of any essential worker who dies of COVID-19, in addition to the enrollment of uninsured essential workers, spouses, and dependents in a new Medicare-COVID program. [Businesses](#) such as Leslie’s Poolmart, Hobby Lobby, Jo-Ann Stores, GameStop have been criticized for seizing on vague definitions of essential and lax enforcement to stay open.

[Foxconn](#) will produce ventilators at its Wisconsin plant. The [Amazon](#) shipping service for 3rd-party sellers that competes with UPS and FedEx has been pause. Allstate Insurance’s shelter-in-place payback will average about \$30 per policy. [General Motors](#) secured a contract worth nearly \$500M under the Defense Production Act to produce and supply ventilators.



Fitch Ratings estimates discretionary spending for the first half of 2020 will fall 40-50% as the coronavirus affects retail. S&P Global Intelligence reports that department stores, including Macy's and JCPenney had the one-year highest default probability rate among any consumer industry, at 42.1%. [Tesla Inc.](#) will cut employee salaries by up to 30% until the end of Q2 2020 and hourly workers will be furloughed. [General Motors and Ford](#) have 15 to 17 weeks of liquidity remaining. U.S. active [rotary oil rig count](#) is down 35.2% year-over-year. [ExxonMobil](#) will reduce capital spending by 30% and cut its operating expenses by 15%. [General Electric](#) pulled its full-year forecast but backed first-quarter industrial free cash flow of negative \$2B.

[Index of Consumer Sentiment](#) from University of Michigan for April 2020 is 71, compared to 89.1 in March. The Conference Board Measure of [CEO Confidence decreased](#) from 43 in the fourth quarter of 2019 to 36 in the first quarter of 2020.

Ohio

Dr. Acton announced that due to Ohio's proactive efforts, cases per day may peak at 1,600 rather than 10,000. [Mayor Jackson](#) announced an emergency working capital fund for Cleveland businesses. [Cuyahoga County](#) will have full-time, non-union employees take 80 hours of unpaid leave.

[The Ohio State University](#) considers graduating medical students early to allow them to enter the workforce a few weeks sooner. Columbus restaurant owners launched a [project to feed unemployed service workers](#) with the goal to feed 200-400 service workers a day. There are [over 33,000 job listings](#) on the Ohio Coronavirus website. [Goodyear's CEO](#) says they'll "ideally be back in production in May. [Huntington Bank](#) expects to approve a year's worth of loans in one week. [ProMedica](#) announced The ProMedica Impact Fund, a nationwide philanthropic approach to impacting the social determinants of health. [Sherwin Williams](#) donated 250,000 PPE items to those on the frontlines. [White Castle](#) will give healthcare workers free meals.

<i>Positive Company-Specific News (since 4/7)</i>	<i>Negative Company-Specific News (since 4/7)</i>
<ul style="list-style-type: none"> - Ride Aid to hire 5,000 store and distribution center associates. Hourly associates receive a hero pay bonus of \$2 per hour through May. Rite Aid employs 3,000 in Ohio. - Eaton Corp. leverages expertise in additive manufacturing and a partnership with Cleveland's MAGNET to donate its first batch of face shields. - Progressive Corp. will provide roughly \$1B in credits to personal auto customers amid the coronavirus outbreak. - Brookdale Senior Living aims to fill 4,500 positions across the country. The company has roughly 30 facilities in Ohio employing nearly 2,000. - Dayton-based Rex American Resources Corp. is looking to supplying industrial alcohol for the manufacture of hand sanitizer throughout the country pending licenses and bottle sourcing. - Elyria-based Invacare Corp is adding shifts to satisfy increase in demand for its oxygen concentrators and medical beds. 	<ul style="list-style-type: none"> - Thor Industries furloughed a number of employees and implemented pay reductions of executives of at least a 40% in base pay. Thor employs roughly 1,000 Ohioans. - TJX Companies reduces executive pay between 20-30% and while employees will be paid until April 11th, intermittent furloughs will follow. TJX employs more than 3,000 in Ohio. - CBRE CEO and executives will take salary reductions in response to the coronavirus pandemic.

Resources

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