



Date: Tuesday, March 17

RE: “A St. Patrick’s Day Unlike Any Other” (summary of third-party economic research and perspectives to foster communication with business and economic development stakeholders during the COVID19 crisis.)

Key Takeaways

- Global: Economic fallout (severity and duration) of [coronavirus pandemic](#) continues to evolve.
- U.S.: Phase III of federal stimulus being shaped. Negative impacts on airlines & airports mounting.
- Ohio: [Unemployment Claims Spiked](#), with over 36,600 claims on Monday.

Global

Two months into the global spread of the COVID-19 virus, the world and the U.S. are experiencing a public health crisis, and simultaneous economic disruptions of historic proportions, neither of which is able to be forecast with high precision at this time – either as to severity or duration. Institutions globally are acting to help provide resources in the form of zero- and low-interest lending (central banks), increased liquidity (central banks), infection prevention measures, testing for infection, vaccine research; and potentially small business tax relief and increased sick leave and unemployment benefits for workers.

In Britain, government leaders have asked select companies (including Ford & Honda) to potentially manufacture ventilators and medical equipment. Possible repurposing of manufacturing could be widespread.

U.S.

In research issued yesterday, [Goldman Sachs](#) revised its 2020 growth forecast to 0.4%, comprised of annualized real GDP growth of 0% in Q1, -5% in Q2, +3% in Q3 and +4% in Q4. As economic fallout continues, the federal government continues to scope and implement national relief to this public health crisis.

With reference to sending direct payments to families, today Treasury Secretary Steve Mnuchin said, *“The president has instructed me we have to do this now. So this is now. [For medical reasons, we are shutting down parts of this economy, and we are going to use all the tools we have.](#)”* March 17, 2020

Overall, the media has been speaking about federal action stimulus in three phases:

- **Phase I:** \$8.3B bill signed by the President on March 6, pumping billions of dollars into prevention efforts and research in hopes of quickly producing a vaccine for the deadly disease.
- **Phase II:** The Senate Majority Leader said Tuesday the upper chamber will pass the House’s second coronavirus funding package without changes. The value of Tax Credits for Paid Sick and Paid Family and Medical Leave (through 12/31/20) in the proposal by the House is **~\$100B**.
- **Phase III:** Coronavirus-driven economic slowdown prompts \$1 trillion stimulus proposal, including effort to get money into consumers’ pockets. Planned expedited payments to affected families, support for small and medium-sized businesses, and assistance for certain hard-hit industries.

With respect to airlines, on March 16, [Airlines for America](#) released a letter asking the U.S. government for \$56B in assistance for carriers to avoid a liquidity crunch. As an example, [Delta Airlines](#) recently reported, “Demand for travel is declining at an accelerated pace daily, driving an unprecedented revenue impact. The speed of the demand fall-off is unlike anything we’ve seen – and we’ve seen a lot in our business. We are moving quickly to preserve cash and protect our company.” Delta plans to reduce all capacity by 40% through the end of May – the largest capacity cut in its history, and almost twice the capacity it pulled after 9/11. Beyond airlines, hospitality and consumer discretionary retail continue to get hit hard. Marriott announced today that it will furlough thousands of employees. [Amazon](#) is suspending all shipments other than medical supplies and household staples to its warehouses amid coronavirus crisis.



Overall, Governors across the country continue to close restaurants, bars and other venues across their states as public health officials continue to encourage social distancing to prevent the spread of the virus. The White House released new guidelines Monday encouraging people not to gather in groups larger than 10, work and take classes from home as much possible and avoid dining in bars, restaurants and food courts.

Ohio

First-time unemployment claims jumped to more than 36,600 on Monday, 3/16. On Sunday, the state received 11,995 claims. Looking back, Ohio [labor force](#) and [unemployment](#) data for January 2020 showed no change in the “headline” monthly statewide unemployment rate of 4.1%. Ohio GDP for Q1 will be published in June.

Ohio company-specific *negative* impacts: The Center for Automotive Research reports that for every week the auto industry is shut down, about 6,100 Ohioans will lose their jobs. DSW, Macy’s and Designer brands are the latest companies to announce closure of all stores across all brands. Ohio-based U.S. healthcare REIT Welltower Inc. announced in a [statement](#) that as of March 16, two of its residents in the U.S have tested positive for COVID-19. Welltower’s share price has fallen more than 50% in the last month, compared to a fall of around 30% by the S&P 500. Kraft-Heinz, which has major operations in Ohio, is drawing on a \$4B credit facility. Suppliers to sit-down restaurants will need to slow production.

Ohio company-specific *positive* impacts: Amazon will hire a projected ~4,600 additional associates in Ohio. GOJO, maker of Purell, continues to run 24/7 to meet sanitizer production demand. P&G released new sanitary product Microban in February 2020 and will likely increase production. Cardinal Health likely seeing relief due to removal of tariffs on pharmaceutical imports. Most major Ohio hospitals publishing 20%+ increase in job postings. Several testing and diagnostics labs and manufacturers based in Ohio will likely see increased demand. Bellisio Foods in Jackson, which makes frozen meals, and is running 24/7 for as long as 1,000+ employees can report in, according to our Food & Agribusiness sector director.

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