



**Date:** Saturday, March 21

**RE:** “A World War Against an Unseen Foe” (summary of third-party economic research and perspectives to foster communication with business and economic development stakeholders during the COVID19 crisis.)

**Key Takeaways**

- Global: World recession, deaths double in one week to > 11,800, borders closed, medical export bans. South Korea most success at “flattening the curve” of new cases.
- U.S.: Economy to shrink 24% in Q2, per Goldman Sachs.
- Ohio: Auto sector closures continue - Cooper Tire & Rubber today announced it will temporarily shut down its tire manufacturing facilities in U.S. and Mexico to protect the health and safety of employees

**Global**

The number of confirmed coronavirus cases topped 286,000, as countries escalated their response to the spread with travel restrictions, home quarantines and other limits on movement. The UN’s trade and development agency says the slowdown in the global economy caused by the coronavirus outbreak is likely to cost at least [\\$1 trillion](#). As of 3/20, Moody’s forecasts a global decline in Q1 GDP of -6.5%, Q2 decline of -0.4%, Q3 growth of +3.7%, Q4 growth of +3.2%, and full-year decline of -0.4%.

**U.S.**

U.S. COVID cases top 17,000, and the trajectory is accelerating. Initial jobless claims for the week ending 3/14 were above 250,000, 29% for the same week in 2019. Moody’s reports net business sentiment at -10%. Moody’s is forecasting an average unemployment rate of about 6% for 2020. Goldman Sachs now [forecasts](#) the U.S. economy to shrink 24% in Q2, down from -5% forecast just four days earlier. Goldman’s full forecast is -6% in Q1, -24% in Q2, +12% in Q3, +10% in Q4, and -3.8% full year basis. At the depth of the Great Recession in 2009, full-year GDP was -2.5%. However, Goldman’s full-year forecast is not close to as dire as the full-year GDP declines of -8.5% in 1930, 12.9% in 1932, or 11.6% in 1945.

Before the recent moves by the Federal Reserve Bank, 30-day commercial paper discount rates had risen above 3.5%, threatening to freeze borrowing by small business. Early indications that Fed actions are easing this situation somewhat, with rates now in the 3.1% range. Congress is working on a \$2T Phase 3 aid package.

North American airlines have removed 43% of seats from schedules, and international carriers removed > 80% of seats. Delta will furlough 10,000 employees, does not plan permanent layoffs. Airlines are seeking a [support package of about \\$58B](#). [Ford](#), [General Motors](#) and [Fiat Chrysler](#) announced plans to [temporarily halt production for nearly two weeks](#). [Honda](#) will suspend production beginning March 23.

**Ohio**

In the automotive sector, approximately 20,000 employees, not including suppliers, will be directly affected by recently announced shutdowns.

| <i>Positive Company-Specific News (since 3/19)</i>   | <i>Negative Company-Specific News (since 3/19)</i>  |
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| <ul style="list-style-type: none"> <li>- <a href="#">Multiple Ohio electric utilities announced</a> they will not disconnect service for unpaid bills.</li> <li>- <a href="#">Honeywell, 3M, and GE</a> (all with Ohio facilities) will ramp up production of N95 masks due to the coronavirus and sell directly to hospitals.</li> <li>- <a href="#">GOJO hiring in Cuyahoga Falls, Wooster</a>.</li> <li>- JP Morgan giving tellers a \$1000 bonus.</li> <li>- <a href="#">Coterie raises \$8.5M</a> for commercial insurance as a service.</li> </ul> | <ul style="list-style-type: none"> <li>- Ventra Salem will layoff up to 794.</li> <li>- Ultra Premium, pipe manufacturer for oil and gas sector warned it will <a href="#">lay off 121 in Brookfield</a> starting 4/17</li> <li>- <a href="#">Midstream energy companies including MPLX and ETP</a> are showing increased risk of bankruptcy.</li> <li>- Diebold Nixdorf is drawing down its entire revolving credit facility of \$326M due to liquidity issues.</li> <li>- Fintech lenders like Upstart <a href="#">may be at risk</a>.</li> <li>- Cameron Mitchell <a href="#">furloughs most of 4,500 workers</a></li> </ul> |

JobsOhio’s resource portal remains available at: <https://www.jobsohio.com/covid-19-resources/>

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