



Date: Friday, May 1, 2020

RE: “U.S. Jobless Claims Top 30M as Restart Plans Unfold” (summary of third-party economic research and perspectives to foster communication with business and economic development stakeholders during the COVID-19 crisis.)

Key Takeaways

- **Global:** Germany saw virus reproduction rates tick up after beginning to lift restrictions.
- **U.S.:** Real GDP decreased 4.8% in Q1 2020 and U.S. Consumer Spending plunged a record 7.5%.
- **Ohio:** Phase 1 of the Responsible RestartOhio plan started, as medical providers, including dentists, may resume [non-essential surgeries and procedures](#).

Global

[Germany](#), which had success in mitigating new cases, saw virus infection rates tick up after beginning to lift restrictions. [The UK](#) may be past its peak of cases. [The IMF and WTO](#) urge countries to open trade and increase production of certain key items such as food and medical supplies in order to assist vulnerable populations.

Several COVID-19 vaccines and treatments have begun making headway around the world. The [University of Oxford](#) announced a successful trial on rhesus macaque monkeys, with human trials having begun last week. [AstraZeneca](#) joined with the Oxford team to develop, produce, and distribute the potential vaccine. [Gilead Science's](#) experimental antiviral drug also showed promise during a U.S. government trial, showing patients given the drug recovered 31% faster than those given a placebo.

U.S.

First quarter [2020 GDP decreased](#) for the first time in six years, by 4.8%. The [Federal Reserve](#) expanded the scope and eligibility for the Main Street Lending Program and expanded the scope and duration of the [Municipal Liquidity Facility](#). Small businesses face difficult choices as federal government's \$660B aid program places [limits on nonpayroll expenses](#). [Gallup reports](#) that nearly one in three Americans have experienced job or income disruption, 10% of Americans have been temporarily laid off, and two percent have permanently lost their jobs as a result of COVID-19. [Georgia](#) gradually reopened movie theaters, [Oklahoma](#) allowing hair and nail salons, and [Texas](#) restarting business in phases. Nationally, [12.7M workers](#) have likely lost employer-provided health insurance since the coronavirus shock began.

[Consumer spending](#) fell 7.5% in March as [Consumer Confidence Index](#) weakened significantly at 86.9 in April, down from 118.8 in March. Greenfield foreign direct investment projects down by 70% year over year in April. [Boeing](#) will cut its 160,000-person workforce by 10%. [Hertz](#) is set to [lay off 10,000](#) employees in North America and preparing for a possible bankruptcy filing after failing to make lease payments. [Enterprise holdings has laid off 2,060 employees](#), including permanently cutting some workers it previously placed on temporary layoff or furlough. [Lyft](#) plans to cut 17% of its workforce or 982 employees and furlough about 288 more. United Airlines is preparing to cut its workforce to reduce its \$50M / day cash burn.

It's been a tumultuous week for meat processing in the U.S. beginning with the [Tyson CEO](#) warning in a blog post that the food supply chain is 'breaking.' The nation's top meatpacking union, [UFCW](#), identified 13 plant closures with over 24,500 workers impacted and a 25% reduction in pork slaughter capacity and 10% reduction in beef. The [USDA](#) released figures stating cattle slaughter weeks were down 28% year-over-year, and [JBS USA](#) reopened a plant solely to slaughter and dispose of 13,000 hogs a day. [The President](#) signed an executive order declaring meat supply 'critical' in order to prevent shortages of products.

[The Big 3 U.S. Automakers](#) are targeting May 18 to resume some production after shutting plants in March. [Ford](#) expects to lose \$5B on an operating basis for Q2 2020, and [GM](#) will suspend its quarterly cash dividend and extend its \$3.6B revolving credit agreement as it attempts to strengthen its balance sheet.



Ohio

[McKinsey](#) estimates that over 2M jobs in Ohio are vulnerable (a term encompassing permanent layoffs, temporary furloughs, reductions in hours and pay). The industry and geographic mix of the [1 million+ unemployment claims](#) from the past 6 weeks are being heavily analyzed, as the economic restart process begins. Over the last six weeks, [ODJFS](#) has distributed more than \$1.45B in unemployment compensation payments to more than 481,000 claimants. [According to one estimate, 490K workers in Ohio](#) have likely lost employer-provided health insurance since early March.

[Nationwide Insurance](#) will permanently transition to a hybrid operating model that with office-working in four main corporate campuses and working-from-home in most other locations. Two of the four physical locations will be in Columbus where the company is headquartered. [Macy’s](#) has plans to reopen 68 stores in states that have loosened restrictions and will be intending to open the remainder of its roughly 775 stores in the next six weeks. [UC Physicians](#) announced it was reducing salaries for certain jobs by 12% for four months. [Cincinnati Children’s](#) announced a 20% pay-cut from May 10 through July 4.

[Wexner Medical Center](#) is using an experimental therapy to combat inflammation in COVID-19 patients. [University Hospitals Cleveland Medical Center in partnership with Atherys](#) is opening UH Cleveland as the first clinical site for MACOVIA (Multi-Stem Administration for COVID-19 Induced Acute Respiratory Distress Syndrome) trial.

Positive Company-Specific News	Negative Company-Specific News
<ul style="list-style-type: none"> - With the help of the FDA and the Cleveland Foundation, Dan T. Moore Company began manufacturing ventilators. - American Regent, a top-10 U.S. manufacturer of sterile injectable medicines is seeking to fill 125 open positions including 55 in New Albany and 25 in Hilliard and Columbus locations. - Whirlpool Corporation reports a resilient first-quarter 2020 but expects full-year 2020 net sales decline of 13-18% and targeting over \$500M in net cost takeout. - Ohio-based REIT, Site Centers Corp., announced strong Q1 financials with the CEO stating the company is well positioned heading into economic uncertainty. - Honda has begun producing and delivering critical components for the production of ventilators for Dynaflo of Pennsylvania. The companies are aiming to produce 10,000 compressors a month. - Premier Health will begin bringing back previously furloughed workers for a ramp-up on of certain elective medical procedures. 	<ul style="list-style-type: none"> - WARN Notices and Number Affected: Belcan – 720; OS Restaurant Services – 3,360; Eat’n Park Hospitality Group – 688; American Energy Corporation – 110; Enterprise Holdings – 267 (various locations); Doubletree Hilton Beachwood – 85 - Goodyear Tire will be permanently closing its Gadsden, Alabama tire factory that has been operating since 1929. - S&P Global Ratings downgraded Macy’s to B+ from BB. - NetJets confirmed workforce reduction of 25% and will reduce new aircraft deliveries for 2020. - Marathon Petroleum said in an SEC 8k that decline in market prices for products held in inventory would lead to a material charge in Q1 results. - Fitch revised Huntington, Key, and Fifth Third banks’ outlooks to negative. - General Electric had a \$1B blow to cash flow at its industrial business in Q1 and warned the damage would worsen in future months. - M/I Homes announced that new contracts in the final few weeks of March dropped 50% below prior year levels. - Ohio-REIT Phillips Edison & Co collected only 70% of rents for April, noting that 36% of their non-grocery tenants are temporarily closed.

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/>