



Date: Friday, May 29, 2020

RE: “Global Recession Bottoming Out?” (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:** [Global economy](#) could take a \$82T hit in a worst-case scenario from COVID-19. In case of speedy recovery, an “optimistic loss” of \$3.3T is likely.
- **U.S.:** Moody’s Analytics forecasts that the economy could take years to rebound. Cleveland Fed’s Mester says it’s hard to imagine quick [V-shaped recovery](#).
- **Ohio:** Ohio entities ([Plum Brook Station](#), [Glenn Research Center](#), Goodyear) play key role in [SpaceX launch](#).

Global

Fitch Ratings revised global GDP growth forecast in 2020 down from -3.9% to -4.6%, and predicted the global recession is close to reaching its trough. The [United Nations World Tourism Organization](#) predicts a 70% drop in global tourism for 2020. The [European Union](#) proposed a \$2T stimulus package as figures show ongoing impacts from the pandemic including a record [23% increase in joblessness](#) in France. Consumer and industry confidence throughout Europe regained about a fifth of the record losses suffered in March and April. Retail sales [fell 31.6% in Spain](#) during April, the fastest decline on record, and sales by German non-financial businesses also dropped by a record 13.8% in the same period. [China’s legislature](#) has approved a proposal to impose a highly contentious national security law in Hong Kong.

[Global auto sales recorded a mixed bag](#) in April as U.S. and Europe recorded steep declines as stay-at-home orders persisted, but China had sales rise for the first time in nearly two years as their country began emerging from the pandemic. Overall, U.S. vehicle sales dropped 46.6% year-over-year while sales fell 78.3% in Europe and rose 4.4% in China. [Nissan and Renault](#) have paused their merger plans to focus on cost cutting and production cutbacks.

U.S.

The nation has lost [over 100,000 lives](#) to the coronavirus. [Unemployment](#) claims, which have [passed 40M since March](#), begin to ease. [The House passed a bill](#) to go to the senate to allow companies seeking loan forgiveness to use a smaller share of the money on payroll, among other changes. The Federal Reserve published its latest [Beige Book](#) and pointed out the outlook remained highly uncertain and most contacts were pessimistic about the potential pace of recovery. According to [Moody’s Analytics](#), the economy could take years to rebound as it faces longer-term challenges from the sharpest downturn in history.

[Marriott](#) sees revenue down 75% plus as the coronavirus has hit its business worse than 9/11 and the Great Recession combined. The [Transportation Security Administration](#) has changed its procedures in response to COVID-19. Both [American Airlines and United](#) have stated this week they will be reducing management and support staff by 30%. U.S. domestic airlines have begun to see minor [recovery from steep falls in departures and passengers](#) as the brunt of COVID-19 impacts may be ending. Domestic flights, which averaged 85 to 100 passengers in the first 2 months of 2020 have risen back up to roughly 40 passengers from a low of around 10. Despite small signs of recovery 4 domestic and 12 international airlines have already ceased operations or restructured.

[Fallout from COVID-19 hitting the housing market](#) as existing homes fell 17.8% month-to-month and were 17.2% lower year-over-year in April. The drop in closings is the largest one-month decline since July 2010 when several federal stimulus measures from the Great Recession expired. [Accelerated e-commerce adoption](#) and higher inventory levels have the potential to generate 400 MSF or more of additional U.S. logistics real



estate demand. As social distancing increases the need for [broadband expansions](#), there may be delays in spending \$16B to make improvements based on a lack of accurate data from the FCC.

[The U.S. Energy Information Administration](#) is forecasting lower U.S. natural gas consumption in 2020 by about 3.4B cubic feet per day, compared with 2019. This is attributed to warmer weather in Q1 2020, and will equal a 3.7% decrease in residential sectors, and 6.9% decrease in commercial. In oil, [declines extended after an industry report showed U.S. crude inventories swelled](#) for the first time in three weeks. Despite this the commodity is still up 70% through May. [EIA showed 2019 U.S. renewable energy consumption](#) surpassed coal use for the first time in over 130 years after coal consumption fell 15% from 2018.

Ohio

[Unemployment](#) for April was 16.8% while [other state unemployment rates](#) range from 7.9% in Connecticut to 28.2% in Nevada with the national rate at 14.7%. [County unemployment rates in Ohio](#) ranged from 6.5% to 30.1%. [About 1.3M Ohioans](#) filed unemployment claims in the past 10 weeks. [The Ohio Department of Jobs and Family Services](#) has paid out more than \$3.1B in unemployment compensation to more than 644,000 claimants in the last 10 weeks. The state is implementing a plan to treat coronavirus at [nursing homes](#), and announced a reopening plan for [amusement parks, museums and zoos](#) will be addressed next week. The [map of testing sites statewide](#) is now available. [Ohio manufacturing employment](#) hit an historic low in April. Despite the difficult labor market, LinkedIn announced Ohio’s three biggest cities are among the top 10 [best cities to launch a career](#) (Cleveland #3, Cincinnati #4, Columbus #9).

[GE](#) will selling its Lighting Business, which employs 700, to Savant Systems, and will remain in Cleveland. Cleveland’ developer, [Harbor Bay](#) is building the country’s tallest wooden. The [Greater Cleveland Automobile Dealers Association](#) expects to see a slow pattern of recovery for Northeast Ohio auto sales after falling 36% year-over-year for April. Amazon announced two new solar energy projects in [Ohio \(200 MW and an 80 MW\)](#).

<i>Positive Company-Specific News</i>	<i>Negative Company-Specific News</i>
<ul style="list-style-type: none"> - Cincinnati Children’s may be at the forefront of testing for a drug that can dramatically reverse respiratory inflammation in COVID-19 patients after a successful model from a transgenic mouse. The hospital also unveiled six COVID-specific research projects that have received nearly half a million dollars in internal funding. - Meridien Bioscience, of Cincinnati will supply reagents for the manufacturing of tens of millions of COVID-19 antibody tests per month moving forward. - CVS Pharmacy is opening 34 drive-thru COVID-19 testing locations across Ohio with 15 in Northeast Ohio. CVS’ goal is process 1.5M tests per month. - Wayne HealthCare, an independent hospital north of Dayton, will begin offering walk-in COVID-19 antibody testing with no appointment or physician order necessary. - Cedar Fair announced a number of new technology and mobile initiatives to increase safety at its amusement parks including online reservations, mobile ordering, and enhanced cashless payment methods. 	<ul style="list-style-type: none"> - Belmont County PTT Global Chemical company cracker plant has been delayed. - Progressive Insurance’s premium growth slowed to combined ratios not seen since 2010. This, after a \$506M rebate in April which added nearly 14% to its expense ratio. - Macy’s rating was downgraded by Fitch and Moody’s this week as COVID-19 impacts have lowered the company’s financials and forced increased borrowing. This comes as the company announced an additional \$1.1B round of bonds. - L Brands will close 50 Bath & Body Works locations across the country with a nearly \$1B decrease in net sales from the same period of 2019. - Rex American Resources Corp saw revenue and profit tumble with ethanol pricing and corn supply shortages. - Abercrombie & Fitch reported a sales drop of 34%. So far, roughly half the company’s locations have reopened.

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/>