



Date: Friday, June 12, 2020

RE: “Federal Reserve Committed to Using Full Range of Tools” (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:** 10 vaccine candidates for COVID-19 have begun human trials globally.
- **U.S.:** U.S. economy is officially in recession, according to NBER.
- **Ohio:** Fitch rates Ohio’s \$729M General Obligation Bonds “AA+” (outlook stable).

Global

Around the world, [10 vaccine](#) candidates for COVID-19 have begun human trials. [COVID cases](#) in the Americas and South Asia are increasing, and “although the situation in Europe is improving, globally, it’s worsening.” India now has the world’s 5th highest number of total infections; Saudi Arabia is at its highest level since the pandemic began; meanwhile Hong Kong will allow directors or executives at the city’s largest publicly listed companies to skip quarantine periods when arriving in the city; and New Zealand is one of the first nations in the world to have no active cases. [EU officials](#) said a new surge in cases could come because of mass protests currently occurring around the globe despite most of the countries in the 27-nation bloc having already passed the peak of the outbreak. [Scottish Parliament](#) has voted for immediate suspension of tear gas, rubber bullet and riot shield exports to the U.S.

The [World Trade Organization believes least developed countries](#) (LDCs) are facing the most challenges in the wake of the pandemic due to slumping oil prices, declining consumer demand and supply disruptions, and declining tourism and migrant workers will also worsen these economies in coming months. The G20, IMF, WTO, and IFC have all established programs to assist LDCs in one way or another. [Employers globally](#) report significant declines in hiring intentions for Q3, reflecting the impact of the COVID-19 crisis on health, the economy and employment across the world. The UK’s [BP](#) will reduce its workforce by 15% or 10,000 jobs to become a “leaner” company under its new chief executive.

U.S.

The [National Bureau of Economic Research](#) determined the COVID-19 crisis officially launched the U.S. into recession, ending the longest economic expansion on record. The [World Bank](#) said the global economy will contract 5.2% this year, and that the U.S. may contract by 6.1% with a rebound of 4% in 2021 with large-scale policy support from the Federal Reserve and Congress. [U.S. Federal Reserve](#) announced they will keep interest rates close to zero until at least the end of 2022 and expected the U.S. economy to contract 6.5% this year with an unemployment rate of 9.3%.

COVID-19 [cases topped 2M](#) in the U.S. in what is being called a [second wave](#) of infections. The economic shutdowns [hurt African American businesses](#) most among racial and ethnic groups with a 41% decline of black owners from February to April. [Business Roundtable](#) Chairman Doug McMillon announced the creation of a Special Committee of the Business Roundtable Board of Directors to advance racial equity and justice solutions. [Socially responsible investing](#) has seen increased interest. [New York City](#) began reopening Monday with construction, manufacturing and wholesale-trade sites cleared to resume, and retail stores could offer curbside and in-store pickup. [Maryland](#) began its second phase of reopening, including indoor and outdoor dining.

[Fast-food chains](#) bounced back from the pandemic faster than other segments in the restaurant industry with Dunkin’ hiring 25,000 workers and Yum Brands hiring 30,000. Kroger had [tofu sales](#) from mid-March to late May up 9% with national sales increasing as consumers navigate poorly stocked meat aisles. [Starbucks](#) closing up to 400 locations over 18 months while also speeding up the expansion of “convenience-led formats” such as



curbside pickup, drive-thru and mobile-only pickup locations. The [unemployment rate for technology occupations](#) fell to 3.7% in May, from 4.3% in April.

Ohio

[Fitch](#) rated Ohio’s \$729M GO Bonds “AA+”, outlook stable. [Ohio’s Office of Budget Management](#) released its June monthly financial report showing sales taxes for May 16.4% below estimates. Total tax collections are expected to fall \$2.92B for 2020. Non-Auto sales and use tax made up the largest shortfall at \$1.2B, while auto sales tax made up the largest variance at 13.8%. [New unemployment benefits claims](#) continued to edge lower in Ohio, and the U.S., as states throughout the country reopened. In Ohio, there were 35,410 claims for the week ending June 7th, the lowest since mid-March. Ohio received 2020 Silver Shovel award from [Area Development](#).

The state has distributed [30M pieces](#) of PPE. COVID-19 testing is available to all Ohioans, and the [map of testing sites](#) is available online. Ohio continues a long history of corn, wheat and soybean farming in America’s heartland with [over \\$5.5B in crop sales \(#13 in the U.S.\)](#).

<i>Positive Company-Specific News</i>	<i>Negative Company-Specific News</i>
<ul style="list-style-type: none"> - Israel’s UVeye, supplier of high-tech vehicle-inspection systems, will expand operations to Ohio with U.S. production facilities tentatively set for 2021. - Kroger Co. partners with British retailer and technology vendor Ocado to build 3 automated ecommerce fulfillment centers, including one in Monroe, Ohio to open in 2021. - L Brands was the best performer in the S&P 500 in May and led the consumer discretionary sector a 5% gain for the month after its shares jumped 36.2% in the month despite the company posting a wider-than-expected quarterly loss. - Big Lots launches a nationwide same-day delivery service with Instacart as it continues to see sales surge over 10% this year thus far. - Scotts Miracle-Gro revised their 2020 fiscal guidance, expecting sales growth of 16-18% compared with the previous 6-8% growth. - Macy’s secured \$4.5B financing and expects to have “sufficient liquidity” during the pandemic now. - Thor Industries, parent of Ohio-based Airstream, saw retail demand pick up “tremendously over the past four weeks” after sales and profits previously plunged in its motorhome business. - Cleveland-Cliffs had an earlier than planned restart of construction on its Hot-Briquetted Iron (HBI) plant in Toledo. - Akron-based GOJO Industries announced it had purchased a new 325,000SF facility in Maple Heights, Ohio to manufacture and store its products. - MVP Dairy of Celina, Ohio earned B Corp, becoming one of the few dairy farms in the world to achieve this. As a B Corp, MVP Dairy publicly commits to uphold a purpose-driven business and supporting a global economy that benefits all. - Eaton CEO discussed racial inequality and called to diversify boardrooms. 	<ul style="list-style-type: none"> - Maines Paper & Food Service, which has a branch location in Cleveland, has filed bankruptcy and is seeking to consolidate nearly \$70M in debt. The company had previously furloughed 63 employees in Ohio due to COVID-19 in April. - Honda production in Marysville was temporarily halted this week as a cyberattack prevented Honda’s car inspection system from functioning. Honda’s rating was also affirmed this week by Moody’s but their outlook was changed to negative reflecting the downside risk from the pandemic over the next 12 to 18 months. - O-I Glass provided a business update stating that the company’s global shipments declined 18% year-over-year for Q2 2020 and that it expects volumes in 2020 to be down 5-10% overall. - WARN Notices company and workers impacted: Hyatt Regency Columbus -192; Green Bay Dressed Beef – 95; the Ritz-Carlton Hotel – 200.

Resources

- Ohio Department of Health’s COVID-19 Website: www.coronavirus.ohio.gov
- JobsOhio’s resource portal remains available at: www.jobsohio.com/covid-19-resources