



Date: Friday, June 26, 2020

RE: “Ohioans Continue to Return to Work” (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:** The IMF projected negative growth for all regions of the world for the first time in the history.
- **U.S.:** U.S. initial jobless claims fall 60,000 to 1.48M last week, as GDP decreased at an annual rate of 5% in the first quarter.
- **Ohio:** The May unemployment rate dropped to 13.7%, as the private sector gained ~150K jobs.

Global

As the [USMCA](#) is set to go into force on July 1, the [US Chamber of Commerce](#) opposes aluminum tariffs on Canada. [China suspended imports from a Tyson Foods chicken plant in Arkansas](#) after a COVID-19 outbreak infected hundreds of workers. A June 19 report revealed that 481 of the employees at the Tyson plant had tested positive for the disease. The [European Union may bar American travelers](#) due to COVID-19 spread in the U.S., according to draft lists of acceptable travelers. The IMF on Wednesday released an update of its [World Economic Outlook](#), in which it projected [the global economy contracting by 4.9% in 2020](#), and negative growth for all regions of the world for the first time in the history of its forecasts.

Global auto sales are recovering slightly from April low points. New registrations in the EU were [down 52.3% in May](#) from the prior year but having recovered from a 76.3% drop in April. Industry reporting company, ALG, [now expects total new vehicle sales to be down 24%](#) in June from a year ago and used car sales down 20%. [Toyota announced its domestic production volume in July](#) is expected to recover and return to 90% of target output. Japan’s top telecommunications company [Nippon Telegraph and Telephone](#) is taking a \$600M stake in a leading telecom hardware maker, NEC Corp.

U.S.

[The U.S. suffered its biggest daily increase in new coronavirus cases](#) since the start of the pandemic, prompting state governments and businesses to put the brakes on an easing of lockdown measures. Texas, California, and Florida reported record increases in confirmed infections on Wednesday. [Nevada, North Carolina, and Washington](#) ordered residents to wear masks in public. [Virginia](#) moved to implement new workplace safety rules that would force companies to protect workers from infection. A Wall Street Journal analysis found almost a quarter of [Michigan counties rank at the top](#) nationally for both annual unemployment-rate jump and COVID-19 death rate.

[U.S. initial jobless claims](#) fell 60,000 to 1.48M last week, but worse than forecast. The U.S. economy [shrank at 5%](#) annual rate in the first quarter, a bigger decline than the 4.8% drop first estimated a month ago. The [UCLA Anderson Forecast](#) revised its U.S. economy outlook downward and stated that it does not expect the national economy to return to its 2019 fourth-quarter peak until 2023. Deloitte believes that the [U.S. shale industry](#) is about to enter a period of “great compression” as low oil prices hammer the sector, and asset values could be written down by \$300B. Disneyland delayed plans to reopen as [COVID cases surged](#). Portland manufacturer [Precision Castparts](#) will have the largest layoff the state has seen at 717 workers.

[Amazon](#) will launch a \$2B venture capital fund to invest in clean energy. [Visa](#) will dispatch workers to small businesses across the U.S. to help shops reopen and encourage use of its cards. In some cases, the so-called street teams will give businesses signs that encourage customers to tap their credit and debit cards instead of dipping - technology relatively new to the U.S. and has gotten a boost from the pandemic. The U.S. Chamber of Commerce put out recommendations on how to close the [digital divide in rural America](#).



Businesses reeling from the coronavirus pandemic must [retool their supply chains, building in new backstops and inventory buffers](#) in the face of global economic uncertainty, according to a new report. Companies will likely need [more warehouse space](#) to keep more goods on hand to guard against potential shortages and manufacturers looking to reduce the risk of disruption will accelerate shifts that began before the pandemic, moving some production from China to other parts of Asia and closer to home. [Industrial real-estate activity](#), such as lease renewals and new leases, jumped 43% from April 15 to May 14 from the previous 30-day period, recovering more quickly than expected from the economic shocks, according to real-estate firm CBRE.

Commodities and industrials throughout the U.S. have begun to show signs of recovery amid COVID-19. In agriculture, [cattle slaughter recovered to 4% below a year ago](#), up from a 41% drop at its lowest point. Pork production has recovered too, from 60M pounds during the week of April 29 to 84M pounds for the week of June 12. [Airlines have begun to see some recovery as well](#) with idled fleets beginning to become active after a peak of Mid-May that saw over 3,200 idled aircraft. TSA checkpoints are still down 79% year over year, but up from a low of 95%. U.S. rail traffic has recovered nearly half of its loss with [total traffic down 12.9% year over year](#) compared with being [down 22.4% for the week ending April 25](#).

Ohio

[Ohio's unemployment rate](#) was 13.7% in May 2020, down from a revised 17.6% in April. Ohio's private sector employment was 4,114,500 in May, up by 150,400 vs. April. [Ohio's continued jobless claims](#) were down 27,245, and initial claims were up 1,765 for the week ending June 20.

<i>Positive Company-Specific News</i>	<i>Negative Company-Specific News</i>
<ul style="list-style-type: none"> - Lordstown Motors revealed its first electric pickup truck, the Endurance. - Ohio EPA approved a one-year extension for PTT Global Chemical America air permit for proposed cracker plant - Progressive recorded a 19% increase in net premiums written from the quarter a year-ago. Revenues also increased 9% year over year. - Sherwin-Williams announced that it increased its net sales outlook citing greater-than-anticipated demand in its NA architectural business. - Kroger CEO Rodney Mullen stated that the company's sales through digital channels grew more than 100% in April and May. - Procter and Gamble disclosed the company plans to donate \$10M in products toward a COVID-19 relief effort that will benefit millions of children. The company also introduced new soaps and sanitizers which are formulated to wash away bacteria and germs. - Springfield-based insurance company, CodeBlue, is hiring and looking to add about 30 people to their team through a virtual hiring fair. - Dominion Energy Ohio announced it will be expanding and increasing support to programs for customers in need as well as provide payment flexibility and waive both deposit and late fees. - Rite Aid is further expanding its COVID-19 drive-thru testing capabilities with 5 new facilities including one in Lorain, Ohio. - Scotts Miracle-Gro announced the launch of a \$50M venture capital fund on Thursday that will invest in a range of gardening innovation. 	<ul style="list-style-type: none"> - The University of Cincinnati College of Medicine is furloughing 940 employees to help reduce a \$10.2M deficit linked with the COVID-19 pandemic. - Macy's announced it would be cutting 3,900 management and corporate jobs which is expected to save the company \$365M this fiscal year. - GE Aviation announced it would be laying 605 workers at its Evendale facility as part of its plan to cut 25% of its global workforce. - PNC is closing 8 Ohio branches, including 1 in Columbus. - GNC Holdings, the parent of nutrition retailer GNC, announced that it would be filing for Chapter 11 bankruptcy. The company operates over 100 stores in Ohio. - WARN Notices and count of workers impacted: TIMET – 200; General Electric Aviation - 529; Marriott International Customer Engagement Center – 200; Westin Cincinnati – 98; Cleveland Indians Baseball – 85.

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/>

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