



Date: Friday June 5, 2020

RE: “Chief Executive Ranks Ohio in Top 10 (Again) for Business” (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:** ECB raised bond purchases by another €600B.
- **U.S.:** Senate approved bill extending PPP program, as consumer spending and imports/exports posted largest monthly decrease on record in April.
- **Ohio:** Ohio ranks #9 in Chief Executive’s Best States for Business in 2020.

Global

[The European Central Bank](#) approved an expansion of its stimulus package and announced it would raise bond purchases by €600B euros to a total of €1.35T and that purchases would run six months longer than first planned. The bank previously revised its baseline scenario for eurozone output down from .8% to a contraction of 8.7%. The Trump administration threatened to [bar mainland Chinese airlines](#) from flying to and from the U.S. starting later this month, saying Beijing has failed to approve resumption of these routes by U.S. carriers.

Several countries are planning to revive tourism and spending through creative incentives and subsidies [according a report by the World Economic Forum](#). In Mexico, hotels are providing free nights to stay and taxis. Japan is planning on incentivizing domestic tourism with cheap travel and discounts, and Switzerland is considering giving every citizen \$200 to spend on holidays-at-home. The incentives in Japan could amount to up to \$184 a day aimed at increasing domestic tourism as the country is currently closed to foreign visitors. [Beijing joined dozens of other Chinese cities](#) to issue consumption vouchers to citizens to encourage spending after retail sales collapsed following the coronavirus outbreak.

U.S.

According to the [May ADP National Employment](#) report, private sector employment decreased by 2.8M jobs from April to May. Service-providing sectors lost 2M jobs, while goods-producing sectors lost 800K jobs. The [U.S. Bureau of Labor Statistics](#) reported that total nonfarm payroll employment rose by 2.5M in May, and the unemployment rate declined to 13.3%. Nonfarm employment for March was revised down by 492,000, from -881,000 to -1.4M, and the change for April was revised down by 150,000, from -20.5M to -20.7M. With these revisions, employment in March and April combined was 642,000 lower than previously reported

The [Senate approved a bill](#) to ease rules about how small business can use Paycheck Protection Program loans, which includes changing how companies can spend the money, the duration they could use the money, extending the deadline to rehire workers, pushing back the timeline for repayment, and allowing companies that get loan forgiveness to defer payroll taxes. [So far, the PPP program](#) has approved \$510B dollars through 4.5M loans. In April, [consumer spending plunged 13.6%](#), the biggest monthly decline on record, as personal income jumped 10.5% and personal-saving rate soared to 33%. [U.S. exports and imports](#) both posted their largest monthly decreases on record in April with the trade deficit expanding 16.7% to \$49.4B.

The nation collectively mourned the death of George Floyd as [protests and anti-racism demonstrations](#) are seen around the country. [Bank of America CEO](#) Brian Moynihan said the anger customers and employees are feeling over George Floyd and others won’t abate, and the company, America’s second-biggest bank, pledged \$1B over four years to try to address racial and economic inequality. [Eli Lilly](#) started an early-stage trial to test its potential treatment for COVID-19, in the world’s first study of an antibody treatment against the disease. A survey by [The Conference Board](#) shows that 77% of HR executives expect an increase in the number of employees working remotely for at least three days per week, even 12 months after the pandemic substantially subsides.



[GM](#) expects its North American vehicle production to be close to pre-COVID19 levels by end of June. Airlines have begun seeing signs of relief as American Airlines seeks to [boost July flights 74% from its current schedule](#) and U.S. travelers book flights more quickly than anticipated. This comes as statistics on airline fuel consumption were released showing that [April 2020 consumption was over 1B gallons less](#), or a 70% decrease, from April 2019. Airlines gained approval to temporarily halt services to [75 domestic airports](#).

Chapter 11 bankruptcy filings in May [increased by 48%](#) over the previous year despite a fall in overall bankruptcy filings. Notable recent chapter 11 bankruptcies include: [Hertz](#), [J.C. Penney](#), [Neiman Marcus](#), [J.Crew](#), and [Libbey Glass](#). The American Bankruptcy Institute noted that as “relief (CARES Act) runs its course, mounting financial challenges may result in more households and companies seeking the shelter of bankruptcy.”

Ohio

[Ohio unemployment claims](#) continued to drop last week, as nearly 1.3M Ohioans filed for unemployment since the COVID-19 crisis. [Lt. Governor Husted announced](#) the creation of three programs to help small and medium-sized businesses in Ohio during the COVID-19 pandemic. Programs include the Ohio PPE Retooling and Reshoring Grant Program, Ohio Minority Micro-Enterprise Grant Program, and the Appalachian Region Loan Program. [Ohio ranks #9](#) in Chief Executive’s Best States for Business in 2020.

The [State Controlling Board](#) approved another round of funding at \$873M to support efforts to control the COVID-19 outbreak statewide and provide relief for Ohio’s schools and small businesses. [Duke Energy Ohio](#) and [FirstEnergy](#) will reduce residential power bills beginning June 1. Several Ohio colleges have begun revealing cuts and future plans due to COVID-19 including OSU expecting a loss of [\\$300M](#).

<i>Positive Company-Specific News</i>	<i>Negative Company-Specific News</i>
<ul style="list-style-type: none"> - Sarepta Therapeutics announced an expansion of its Gene Therapy Center of Excellence in Columbus with an investment of over \$30M and creation of 100 new jobs. - Campbell Soup raised its financials forecasts as the company saw a 6% increase in households that purchased its products in Q1 2020, and net sales rose 15%. - Hellebore Consulting Group of Dayton was named in an awarded \$950M Air Force contract to support the Advanced Battle Management System program. - 5 Ohio companies: Industry Products, Sensical, Special Design Products, Coyne Graphic Finishing, and Commercial Cutting teamed up to produce 750,000 isolation gowns as part of the Ohio Manufacturing Alliance to Fight COVID-19. - Supply Dynamics has added COVID-19 supply chain tracking to its web-based platform that can assist with identifying potential slowdowns due to COVID-19. - AstraZeneca has begun retooling its West Chester facility to gear up for production of a COVID-19 vaccine that is under late-stage trials in Europe. - Big Lots reported comparable sales up 10.3% in Q1 2020 as e-commerce sales surged up 45%. The company reported that the recent sales surge came from people buying consumables and other necessities amid the pandemic. 	<ul style="list-style-type: none"> - Libbey Glass announced it has filed Chapter 11 Bankruptcy and has secured funding up to \$160M. - J.M. Smucker released forecast a full-year sales decrease of 1 to 2% as sales in restaurants and schools are cited as weaknesses. The company estimated a \$120M COVID-19 related hit to fiscal 2021 net sales. - Navistar released its Q2 financials showing that its second quarter loss narrowed by \$10M, but that its revenues declined 36% from the year-ago period. - Express announced that net sales dropped 53% in Q1 2020 from the same period in 2019 as the retailer closed its stores for most of the quarter to mitigate COVID-19. 303 of the company’s stores have reopened with 58 more expected this week. - Nationwide Insurance announced it would be eliminating 250 positions across the U.S. including 35 in central Ohio. - L.Brands is looking to raise \$1.25B in capital through its first bond sale since Sycamore Partners pulled out of its deal to acquire Victoria’s Secret.

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/>