



**Date:** Friday, July 10, 2020

**RE:** “Ohio Showing Resilience as 33M Americans on Unemployment and COVID-19 Cases Hit Record Nationally” (summary of third-party economic research and perspectives to foster communication with business and economic development stakeholders during the COVID-19 crisis.)

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### **Key Takeaways**

- **Global:** Global foreign direct investment projected to plunge 40% in 2020.
- **U.S.:** U.S. economy added 4.8M payroll jobs in June and unemployment rate fell to 11.1%.
- **Ohio:** Ohio remains relatively less exposed to the impact of the virus compared with peer states, and signs of an initial turnaround are appearing, according to Moody’s Analytics.

### **Global**

The race for a global vaccine for COVID-19 [continues as over 160 separate developers seek to create](#) a successful candidate. In a landscape released by the World Health Organization, there are 21 candidate vaccines in clinical evaluation (including two in phase 3) and 139 in preclinical evaluation. In [India](#), the country’s top medical research body is aiming by mid-August to launch the country’s first vaccine against the virus, but many health experts are calling “unrealistic”.

The [U.N. Conference on Trade and Development](#) (UNCTAD) shows that the world’s tourism sector could lose at least \$1.2T, or 1.5% of the global GDP, as a result of the standstill caused by COVID-19. Their most pessimistic scenario estimates losses at \$3.3T or 4.2% of global GDP. By value, the U.S. stands to lose the most at \$187B. Global foreign direct investment (FDI) flows are forecast to plunge 40% in 2020, decrease another 5%-10% in 2020, and start to recover in 2020, as the pandemic is a supply, demand, and policy shock for FDI, according to UNCTAD’s [World Investment Report 2020](#). With the [US-Mexico-Canada Agreement](#) now in effect, Japan’s automakers are largely opting to keep operations in place and pay Mexican workers more or even just pay tariffs rather than move to the U.S. [Germany](#) saw new car registrations drop by 40% in June, putting Europe’s largest market on track for reaching a 30-year low.

### **U.S.**

[Employment](#) grew by 4.8M with the unemployment rate registering at 11.1% for June. [The gains are from](#) the hardest hit industries, like leisure and hospitality. Despite this improvement, some economists believe that the coronavirus recession will have permanent impacts on the job market for certain industries. The [trend in job postings](#) is 24.7% lower than in 2019, as of July 3, though has been steadily increasing since May 1, according to Indeed data. [State and local](#) governments have cut an estimated 1.5M jobs since March, mostly in education. Almost one-third of U.S. households have not made their full [housing payments for July](#) yet. Overall, according to [The CFO Survey](#), “Firms continued to express concerns around the shape and strength of the recovery — for their firms, their industries, and their customers,”

Over 110 companies [filed for bankruptcy](#) this year and blamed COVID-19 in part for their demise. [U.S. vehicle sales in the second quarter](#) for GM, Toyota Motor and Fiat Chrysler plunged by more than 30%. One of the largest impacts to the market has been collapsing demand from rental car companies. [Cox Automotive forecasts fleet sales](#) will fall “nearly 56% to 1.3M vehicles after plunging 83% in May and 77% in April. [Signs of a recovery in air travel fade](#) with new coronavirus infections, and United Airlines is looking to furlough 36,000, the largest count of furloughs of any airline so far. In April and May, more than 17,300 [meat and poultry processing](#) workers in 29 states were infected and 91 died, resulting in new investments in robotics to replace workers. [Wal-Mart launching](#) a competitor to Amazon Prime this month, called Walmart+. The company’s online sales surged by 74% in the fiscal first quarter that ended April 30, as the coronavirus pandemic drove more customers online for groceries and other essentials.



**Ohio**

According to an economic report published by Moody’s Analytics in June, “Despite the immense economic damage already sustained, Ohio remains relatively less exposed to the impact of the virus compared with peer states, and signs of an initial turnaround are appearing. Ohio currently has the 16th lowest infection rate of any state, and has the sixth lowest overall economic exposure to the virus. Specifically, Ohio is less exposed to the downturn in tourism and travel sectors than most states. Moreover, initial claims for unemployment insurance are down 84% since peak, and payroll employment rose in May after big losses in the prior two months.”

[Governor DeWine](#) announced that the state will require masks in counties where the coronavirus is spreading most rapidly. The order will remain in effect as long as these counties are considered ‘red level’ or above on a tiered rating system. A significant portion of Ohio’s rainy-day fund, which currently totals **\$2.7B**, is expected to be utilized to offset revenue losses. [Dayton Mayor Whaley](#) said the city may cut up to 8% of its general fund budget, which pays for fire, police, roads, trash collection, and other services.

The Ohio Department of Job and Family Services announced that up to [20 weeks of Extended Benefits](#) will be available to eligible Ohioans who exhaust the 26 weeks of regular unemployment benefits and 13 weeks of Pandemic Emergency Unemployment Compensation (PEUC). [The Millennium Health report](#) showed a surge in illicit drug use since the pandemic began, with Ohio far above the nation for positive heroin results with a 35% increase compared with a 12.5% increase nationally.

<i>Positive Company-Specific News</i>	<i>Negative Company-Specific News</i>
<ul style="list-style-type: none"> <li>- <a href="#">Cedar Point</a> will begin reopening this week with additional safety measures. This year marks the theme parks 150<sup>th</sup> anniversary.</li> <li>- <a href="#">E.W. Scripps</a> announced it will sell its podcast unit, Stitcher, to Sirius XM Holdings for around \$300M.</li> <li>- <a href="#">Kroger’s at-home COVID-19 test</a> was approved by the FDA and Kroger employees will have first access. The test can be shipped directly to a patient’s door with results in up to 48 hours. The company hopes to process up to 60,000 tests a week.</li> <li>- <a href="#">Airstream</a> saw retail deliveries jump 49% over the previous year as vacations-goers move to more in-car and isolated trips. The company said it saw record June sales.</li> <li>- <a href="#">Versa-Flex filed paperwork</a> with the U.S. Patent and Trademark Office seeking a design patent for an anti-fog mask that may assist during the COVID-19 pandemic.</li> <li>- <a href="#">UnitedHealthcare</a> is donating nearly \$600,000 to Ohio nonprofits to expand access to care. More than half the grants will help organizations increase capacity to fight COVID-19 and support impacted communities.</li> <li>- <a href="#">Columbus-based O2</a> awarding \$6M in incentives to some 60,000 gym members who kept their memberships active.</li> <li>- Construction has begun on the <a href="#">Scioto Ridge Wind Farm</a>, 75 turbines will generate enough electricity to power ~60K homes.</li> <li>- SWACO entered into an agreement with <a href="#">BQ Energy Development</a> to lease a ~173-acre former Franklin County’s landfill to construct a large solar energy facility.</li> </ul>	<ul style="list-style-type: none"> <li>- The <a href="#">Rock and Roll Hall of Fame</a> cancelled it’s 2020 Induction Ceremony.</li> <li>- Ohio-based <a href="#">J.M. Smucker</a> issued a voluntary recall of its Natural Balance brand cat food due to health concerns likely associated with choline chloride.</li> <li>- <a href="#">Libbey Glass</a> announced plans to close its manufacturing facility in Shreveport, Louisiana as the company continues to take actions to reduce costs and align its capacity with lowered demand. The closure could impact up to 450 employees.</li> <li>- <a href="#">Global ratings agency Fitch assigned</a> Cleveland-Cliffs an IDR of ‘B’ with a ratings outlook of negative citing their exposure in the automotive industry and forecasts showing steel shipments to not recover until 2022.</li> <li>- <a href="#">Cintas</a> will be closing a recently acquired Milwaukee facility.</li> <li>- <a href="#">JPMorgan Chase</a> is pulling back on returning employees to the office in Columbus where the bank’s biggest U.S. office building is, after coronavirus cases in the state jumped.</li> </ul>

**Resources**

- Ohio Department of Health’s COVID-19 Website: [www.coronavirus.ohio.gov](http://www.coronavirus.ohio.gov)
- JobsOhio’s resource portal remains available at: <https://www.jobsohio.com/covid-19-resources/>