



**Date:** Friday, July 31, 2020

**RE:** “Ohio Earns Top-Ten Rankings Across Sectors” (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:** The eurozone’s GDP fell 40.3% annually in the three months through June.
- **U.S.:** GDP decreased at an annual rate of 32.9% in the second quarter and an estimated 2.2M small businesses closed from February to May according to new research.
- **Ohio:** Ohio captured nine top-10’s in Business Facilities rankings of states.

### **Global**

[Germany released Q2 GDP](#) figures showing the largest contraction since quarterly calculations began in 1970 at 10.1%. Despite Germany’s bad bout economically with the virus, other countries in Europe fared worse with a 15% contraction reported in France and Italy, and 12% for the Eurozone as a whole. [Santander bank](#) had an €11.1B loss in the second quarter after the coronavirus pandemic forced the eurozone’s largest retail bank to take large writedowns on the value of several of its businesses, led by its UK arm.

The [World Tourism Organization](#)’s World Tourism Barometer shows that the near-complete lockdown imposed in response to the pandemic led to a 98% fall in international tourist numbers in May when compared to 2019. This translates into a fall of 300M tourists and \$320B lost in international tourism receipts – more than three times the loss during the Global Economic Crisis of 2009. To address this, the World Economic Forum has unveiled [CovidPass](#), an app which uses blockchain to store encrypted data from blood tests, allowing users to prove they tested negative for COVID-19.

### **U.S.**

The U.S. economy suffered its [sharpest downturn since 1947](#) in Q2 with a decrease of 9.5% for the quarter, or an annualized rate of 32.9%. Personal spending, which makes up about two-thirds of GDP, slumped an annualized 34.6%, also the most on record. Meanwhile, the number of Americans filing for unemployment benefits increased for a second straight week. Initial claims through regular state programs rose to 1.43M in the week ended July 25, up 12,000 from the prior week and there were 17M Americans filing for ongoing benefits in the period ended July 18, up 867,000 from the prior week. According to a new paper posted by the [National Bureau of Economic Research](#), roughly [2.2M small businesses](#) (or 7.5%) closed from February to May.

[Goldman Sachs](#) put a spotlight on the suddenly growing concern over inflation in the U.S. by issuing a bold warning that the dollar is in danger of losing its status as the world’s reserve currency among concern over inflation and insurgence of the purchase of gold. [Homeownership hit the highest level](#) in nearly 12 years in Q2, growing to 67.9%, the highest since the third quarter of 2008. In Q2, [office building transactions](#) in the U.S. plunged 71% compared with the same period a year earlier, according to Real Capital Analytics. In [New York City](#), only 8% of the employees who work in downtown office buildings managed by CBRE returned from shelter in place. [Google](#) will keep workers home until summer 2021.

Two of the most [advanced experimental coronavirus vaccines](#), developed by Moderna and Pfizer, entered the pivotal phase of their studies on Monday, with the first subjects receiving doses. [Johnson & Johnson’s](#) experimental vaccine will begin trials in humans this month. The [American Medical Association’s Opioid Task Force](#) report shows a dramatic increase in fatalities involving illicit opioids, stimulants (e.g. methamphetamine), heroin and cocaine and a similarly dramatic drop in the use of prescription opioids.

U.S. energy consumption dropped 15% during April compared to a year earlier according the EIA and [plummeted to its lowest level in more than 30 years](#). Natural Gas, however, bucked the trend with a 15% increase



during the April lockdown. [FedEx and UPS](#) grapple with a surge in online shopping that has pushed their networks to capacity and are charging higher rates as retailers need their services more than ever. [Boeing](#) outlined plans to slash more production and jobs and look for other ways to conserve cash as the company lost \$2.4B in Q2. [General Electric](#) posted a roughly \$2B quarterly loss as revenue tumbled 24%.

**Ohio**

[Ohio captured nine top-10's in Business Facilities rankings of states](#), including top-three rankings for automotive manufacturing strength, manufacturing employment and foreign direct investment capital. In addition, Toledo, Dayton and Akron earned high manufacturing rankings while Cincinnati was recognized as a top corporate headquarters location. Dayton Region advanced to evaluation phase in [U.S. Space Command Selection Process](#).

Ohio has the [~12th lowest COVID-19 infection rate](#) of any state (as measured by cases per 100K). School districts are releasing back-to-school plans with many opting towards online-only learning environments. So far, large districts such as [Columbus](#) and [Cleveland](#) will be returning in a remote/online environment, while others such as [Cincinnati](#) will be blended with half student groups attending in-person on rotating weeks. Other districts such as [Ashtabula](#) and [Lakota](#) are planning on returning in-person to the five-day classroom schedule.

<i>Positive Company-Specific News</i>	<i>Negative Company-Specific News</i>
<ul style="list-style-type: none"> <li>- <a href="#">Pella</a> Selected Troy for new manufacturing plant.</li> <li>- <a href="#">Saica Group</a> (Spain) establishing first North American paper facility near Cincinnati, investing \$72M.</li> <li>- <a href="#">AT&amp;T</a> invested more than <b>\$1.6B</b> over three-year period to keep Ohio connected.</li> <li>- <a href="#">Conagra Brands</a> is investing \$100M to expand meat snacks processing plant in Troy.</li> <li>- <a href="#">Sam Adams</a> adding canning lines, jobs in Cincinnati.</li> <li>- <a href="#">Expression Therapeutics</a> announced the construction of a 43K SF manufacturing facility in Cincinnati.</li> <li>- <a href="#">Amazon</a> will open 3 new delivery stations in Northeast Ohio, adding hundreds of new jobs.</li> <li>- <a href="#">Cincinnati Financial</a> Q2 earnings beat analyst estimates after their net income more than doubled.</li> <li>- <a href="#">Rite Aid</a> expanding no-charge COVID-19 testing service to additional drive-through locations beginning July 30<sup>th</sup> with 4 in Cleveland.</li> <li>- <a href="#">Cognovi Labs</a> of Ohio launched a tool called the 'Coronavirus Panic Index' which allows the pinpointing of 'how people feel about the pandemic nationally.' The tool is available for free <a href="#">here</a>.</li> <li>- <a href="#">AmeriSave Mortgage</a> is planning to hire 250-300 people in Greater Cleveland by the end of the year as refinancers are taking advantage of low interest rates.</li> <li>- <a href="#">White Castle</a> reported its food products business is headed for a record year with sales up nearly 25% through June and on pace to top \$200M in sales.</li> <li>- <a href="#">American Thermal Instruments</a> (ATI) is ramping up production capacity for popular products including its disposable forehead thermometer strips.</li> </ul>	<ul style="list-style-type: none"> <li>- <a href="#">L Brands</a> laying off 850 between Columbus and New York representing 15% home office headcount.</li> <li>- <a href="#">Designer Brands</a> (DSW) eliminating over 1,000 positions, ~380 corporate office and 700 store positions.</li> <li>- <a href="#">ArcelorMittal</a> laying off 451 workers in Cleveland, Q2 corporate figures showed 24% drop in steel shipments.</li> <li>- <a href="#">Air Wisconsin Airlines</a>, a regional carrier for United, laying off 47 at the Dayton Airport beginning October 1.</li> <li>- Electric customers launch class action lawsuit against <a href="#">FirstEnergy</a>.</li> <li>- <a href="#">Huntington Bancshares'</a> profit tumbled 59% in Q2, with bank bolstering reserves to cover potential loan losses.</li> <li>- Some office workers in the <a href="#">Marysville Honda</a> plant are being required to work on the assembly line due to shortages of workers because many have contracted COVID-19 or are in quarantine after exposure.</li> <li>- <a href="#">Johnson Matthey</a> will close its Ravenna facility laying off 55 employees. The company's parent is implementing cost-cutting measures worldwide.</li> <li>- <a href="#">Site Centers</a> reported that it swung a net loss of \$9.7M in Q2 compared with \$8.9M in profit a year ago. It was receiving 92% of rent from base tenants as of July 24<sup>th</sup> compared to 45% on April 5<sup>th</sup>.</li> <li>- <a href="#">WARN Notices</a> and Layoffs: Fusite – 113; Lakefront Lines – 339; Hopedale Mining – 113; Hilton Cleveland – 178; Hilton Columbus – 151; American Queen Steamboat – 250.</li> </ul>

**Resources**

- Ohio Department of Health's COVID-19 Website: [www.coronavirus.ohio.gov](http://www.coronavirus.ohio.gov)
- JobsOhio's [resource portal](#) and information about [Open, Secure Supply Chains](#) in Ohio.