



**Date:** Friday, August 14, 2020

**RE:** **Labor Market Recovery Regaining Steam** (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 U.K. GDP shrank 20.4% in Q2, equivalent to an annualized rate of 59.8%.
- **U.S.:** Weekly unemployment claims dropped below 1M for the first time since March.
- **Ohio:** 152 Ohio companies made the Inc. 5000 list with \$7.6B in sales and over 12,000 new jobs.

### **Global**

[Worldwide coronavirus cases](#) topped 20M. [The U.K. economy](#) recorded a steeper Q2 contraction as the GDP shrank 20.4% in Q2, equivalent to an annualized rate of 59.8%. The U.K. government announced that trials of its [contact tracing app](#) were underway after months of development, which will use Bluetooth to alert individuals if they have spent 15 minutes or more near someone who tested positive for COVID-19. European countries are [reimposing travel restrictions](#) due to rising coronavirus infections. [Taiwan](#) seeks to start free-trade talks with U.S. after health chief Alex Azar visited Taiwan as the highest-level American official to visit in four decades.

The [global auto market is beginning to see signs of recovery](#). Japanese carmakers started to ease back on production cuts in August with Toyota Motor planning to cut output by 3% for the month compared with 10% and 40% of the previous two months. In the Eurozone, new car registrations for June fell 22.3% from the same month in the previous year but was a marked improvement over May which saw a 52.3% drop. In China, vehicle production for June was up 22.5% from the previous year.

### **U.S.**

President Trump signed four executive orders last Saturday. One directed the federal government to provide [\\$300 a week in additional payments to the unemployed](#) and called on states to fund an extra \$100 in weekly benefits. [Ohio](#) decided it would distribute the \$300 a week without providing the extra \$100. [Another executive order](#) directed the HUD departments to identify funds for temporary financial assistance to renters and homeowners struggling to meet their rental or mortgage obligations. The third order directed the Treasury Department to defer the 6.2% Social Security tax on wages for employees making less than about \$100,000 a year from September to the end of December. Additionally, the [student loan](#) payment moratorium and zero interest continued to be extended.

New applications for [unemployment benefits](#) fell below 1M for the first time since mid-March. The number of Americans collecting jobless aid also decreased more than expected to 15.5M from 16.1M at the beginning of August. The [unemployment rate for women in June was 20% higher](#) than for men, according to Pew Research, in part because of their much higher level of participation in the education sector, and many mothers have been forced out of the workforce due to their inability to find child care. The [Conference Board Measure of CEO Confidence](#) saw a one-point uptick to 45 in Q3 (below 50 points reflects more negative than positive responses). Additionally, 38% of surveyed CEOs expect to reduce their workforce over the next 12 months and 37% say they will trim their capital spending budgets by 10% or more in the same timeframe.

Yelp's data showing that about 60,000 of the 80,000 firms shuttered permanently from March 1 to July 25 were [local businesses](#) with fewer than five locations. According to the American Bankruptcy Institute, 800 small businesses filed for Chapter 11 bankruptcy from mid-February to July 31, and they expect the 2020 total could be up 36% from last year. An estimated 27% of adults in the U.S. missed their rent or mortgage payment for July, according to a [survey conducted by the Census Bureau](#). [Simon Property](#), largest mall owner in the US, is in talks with Amazon to take space left by ailing department stores. In Chicago, employers throughout the city are questioning the future of its business community after [violent looting](#).



[Boeing](#) customers scrubbed 400 orders for the grounded 737 MAX jets this year, while the company’s overall aircraft deliveries slumped to only four in July. [Precision Castparts](#), one of Oregon’s largest companies, eliminated 10,000 jobs worldwide in the first half of the year as orders for its aerospace components evaporated. [American Airlines](#) is preparing to scrap flights serving two-dozen medium and small cities as the expiration of federal coronavirus aid that placed restrictions on carriers from cutting service approaches. With delivery services demand growth, one [FedEx](#) location, short on labor while looking to hire 500 workers, has turned to robot arms for the first time to fulfill tough to fill jobs.

**Ohio**

Ohioans filed [374,751 continued jobless claims](#) last week, which were 401,551 fewer than the peak earlier this year. Ohio posted 152 companies on the [Inc. 5000 list](#) including 111 repeat companies. Those companies accounted for \$7.6B in revenue and over 12,000 jobs created. In eastern Ohio, Deputy Secretary of Energy Mark Menezes visited the site of the proposed PTT petrochemical complex project. DOE recently authored a report, [Appalachian Energy and Petrochemical Renaissance](#), about potential opportunities for economic growth.

Lt. Governor Husted announced the [Broadband Connectivity Grant](#) with \$50M to provide hotspots and internet-enabled devices to K-12 students. Roughly [500,000 of Ohio’s public-school students](#) are set to return to the classroom this fall, representing 38% of public-school students and about 325 districts. Around 398,000 students from 55 districts will have classes fully online while 380,000 students in 154 districts will be operating under a hybrid model. Rural schools appear to be planning to return to the classroom more so than city districts which are favoring online or hybrid models.

<i>Positive Company-Specific News</i>	<i>Negative Company-Specific News</i>
<ul style="list-style-type: none"> <li>- <a href="#">Cardinal Health</a> was awarded \$15M to provide safety needles and syringes in support of Operation Warp Speed. It also <a href="#">beat financial estimates</a>.</li> <li>- <a href="#">Airstream of Jackson Center</a> announced the launch of an on-site health clinic for its staff of nearly 1,000. It will provide health risk assessments, chronic disease management, and prescription writing.</li> <li>- <a href="#">Root Insurance</a> is in talks with investors as it prepares for a potential IPO.</li> <li>- <a href="#">UGN Automotive of Monroe</a> is adding 80 jobs. The company supplies parts to Honda &amp; Subaru.</li> <li>- <a href="#">Mettler-Toledo and TetraScience</a> announced a collaboration to ‘knock down’ life sciences R&amp;D data silos and drive the digital lab movement forward.</li> <li>- <a href="#">Gathered Foods</a> opened a new production facility in Heath, OH and will employ 80 by the end of the year.</li> <li>- Pennsylvania’s 84 Lumber expanded, opening a truss manufacturing plant in <a href="#">Mansfield, Ohio</a>.</li> <li>- <a href="#">Finix</a>, which provides payment infrastructure to software companies, reported a 4.5x increase in payments volume year over year in Q2. Finix has its second office in Cleveland.</li> <li>- <a href="#">Aventiv Research</a> launched the first Central Ohio site to inject patients with a potential COVID-19 vaccine. The company called back 90% of staff who were previously laid off for the trial.</li> <li>- <a href="#">E.W. Scripps</a> posted revenue increases for the fiscal quarter as COVID-19 impacted various revenue streams.</li> </ul>	<ul style="list-style-type: none"> <li>- <a href="#">Core Molding Technologies</a> of Columbus released Q2 financial results showing a 53.5% drop in sales compared to the same period in 2019 and a net loss of \$2.3M during the period.</li> <li>- <a href="#">Verso Corporation</a> announced Q2 results at a \$334M drop in net sales from the same period in 2019. As a result, it will idle its mills in Duluth and Wisconsin Rapids.</li> <li>- <a href="#">Libbey</a> showed a Q2 decrease in net sales of 62.3% over the same period from the year before.</li> <li>- <a href="#">Covia Holdings</a> Q2 financials show sales dropped over \$200M from the same period, and operating loss increased \$340M.</li> <li>- <a href="#">Parker Hannifin</a> posted across the board declines in financials. The company expects the pandemic to continue to have a negative effect on economic activity into fiscal 2021.</li> <li>- <a href="#">WARN Notices</a> and count: HMSHost John Glenn Columbus International Airport – 225; Maxon Wheels Akron – 80; Therm-O-Disc – 284; ASC Airtex – 161</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.

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