



Date: Friday, August 21, 2020

RE: “S&P500 Completes Fastest Recovery, Ohio Unemployment Registers at 8.9% for July”
(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 fears recovery is at risk from a delayed surge in unemployment.
- **U.S.:** \$9.6B worth of infrastructure projects delayed or canceled during COVID-19.
- **Ohio:** Ohio’s unemployment rate decreased to 8.9% in July.

Global

Coronavirus infections are [surging again across much of Europe](#) and governments are racing to prevent a full-fledged second wave of the pandemic. [Germany](#) had its highest daily coronavirus cases since April. India, the third worst-affected country, reported a record number of cases. Brazil expressed cautious optimism that its outbreak could slow down, with cases and deaths on a weekly basis falling from their late July peaks. South Korea reported a seventh day of triple-digit cases. [Top European Central Bank policymakers voiced fears](#) that the labor market was lagging behind the rest of the economy as in the three months to June, the number of people employed in the EU fell 2.8%, sharpest decline since records started in 1995 (4.5M people dropped out of work).

[S&P Global](#) shows that Q2’20 global M&A activity decreased substantially from the previous year, and corporate issuers raised equity to shore up their balance sheets. Overall, U.S. equity issuances increased 84.9% year over year, whereas U.S. M&A deals dropped 90.3% marking the first time since 2001 that the U.S. did not lead the world in M&A. Total global M&A fell nearly \$400B in terms of value year-over-year, with nearly 4,000 fewer transactions. Global private equity funding showed little slowdown, despite following the last 3 years trends of declines, according to [Pitchbook](#). Overall, private equity funding in the first half of 2020 outtraised 2019 by \$6B, despite there being 214 fewer funds.

U.S.

It took only six months, from February 19 to August 18, for the S&P 500 Index to return to where it was before the COVID-19 outbreak. The [S&P 500 stock index & Nasdaq closed at a new all-time high](#) on Tuesday defying the economic turmoil caused by the pandemic recession. The records were punctuated by [Apple becoming the first U.S. company to reach a \\$2T market capitalization](#), just 2 years after reaching a \$1T valuation.

[Weekly initial claims](#) for jobless benefits rose by 135,000 to a seasonally adjusted 1.1M in the week ended August 15. Approximately 5% of the US workforce has now been [unemployed for more than 15 weeks](#). The IRS forecasts there will be about 229.4M employee-classified jobs in 2021 - about [37.2M fewer](#) than estimated last year. Sixteen states including Ohio delayed or cancelled [infrastructure projects](#) worth approximately \$5B, while another 20 local governments and authorities scratched or put off projects worth another \$4.5B.

Overall [retail sales rose](#) by 1.2% in July from June, less than the 2.3% increase economists expected. [Oil prices](#) slid as concerns grew that demand may not recover quickly amid stalled talks on a post-coronavirus economic stimulus package. The U.S. is facing a [coin shortage](#) resulting from business closures and other factors, including the U.S. Mint decreasing staffing in response to the pandemic.

Research from Northwestern University indicated that [food insecurity](#) doubled in April relative to predictions, and tripled for households with children. The pandemic caused an abrupt spike in food assistance requests in Chicago - a 400% increase at peak. According to a [survey by healthinsurance.com](#), 6 in 10 millennials have experienced financial insecurity during the pandemic. The [risk for depression](#) among workers has risen an alarming 102% since February, according to the Mental Health Index. Young working Americans are at a particularly higher risk at 305% higher than their baby boomer colleagues (ages 60+).



The [National Association of Home Builders](#)' monthly confidence index rose to a reading of 78 in August, the highest on record in its 35-year history. [Remote work is reshaping the Bay Area](#), as renters are leaving and rents are dropping. In Cupertino, home to Apple, and Mountain View, home to Google, the median rent for one-bedroom apartments fell by more than 15%. [Amazon](#) is expanding its physical offices in six U.S. cities and adding thousands of corporate jobs in those areas, an indication the tech giant is making long-term plans around office work even as other companies embrace lasting remote employment. Among Midwest companies, 23% plan to [significantly reduce the size of their office](#). For the first time, [Wal-Mart outsold Amazon](#) in the online grocery category. [Boeing](#) is adding a second round of employee buyout offers to further reduce its workforce by an unspecified number beyond the cut of 19,000 already announced in July. Data analytics software company Palantir Technologies is relocating its [headquarters to Denver](#) from Palo Alto, California.

Ohio

[Ohio's unemployment rate was 8.9% in July 2020](#), down from a revised 11.0% in June. Ohio residents filed [21,663 initial jobless claims](#) for the week of August 9-15, an uptick of about 700 from the prior week after four straight weeks of decline. JobsOhio offers multiple initiatives related to [site and building development](#), all with the shared goal of encouraging job creation and capital investment within the state.

Ohio updated the list of [states on its travel advisory](#), recommending that people traveling to Ohio from Florida, Mississippi, Nevada, and Idaho quarantine for 14 days. Gov. DeWine released a [public health order](#) allowing a limited number of spectators at sporting events. The rules restrict spectators to a maximum of 1,500 fans for outdoor venues and a maximum of 300 for indoor venues.

<i>Positive Company-Specific News</i>	<i>Negative Company-Specific News</i>
<ul style="list-style-type: none"> - Amazon announced plans to build a fulfillment center in New Albany pending approval by the New Albany City Council. The total investment will be \$250M and create 1,000 jobs. - Facebook signed contracts to buy 806MW of solar and wind power from projects across Utah, Ohio, Illinois, Tennessee and Ireland. - L Brands posted a surprise Q2 profit and better-than-expected revenue during Q2 2020. Earnings were led by the Bath & Body Works brand whose sales surged 13%, accounting for \$1.2B of \$2.3B in total revenue. - Progressive Corp. posted a July net income jump of 111% to \$812M from \$385M the month prior. Net premiums written also increased by 12% to \$4.11B. - Stitches USA and Buckeye Mask announced a partnership to produce 1.5M masks a month for civil use with first-of-its-kind automation to produce on a large scale. - ProctedEd of Cincinnati designed a face mask to fit a child's smaller face. They come in two sizes, one for kindergarteners to second grade, and another for third through sixth grade. - Dayton-based Techknowvate was commended for their response to COVID-19 in which it assisted Ohio Department of Administrative Services in tracking, monitoring, and forecasting PPE supplies for the state. - The 'Disneyland of football' is coming to Ohio 	<ul style="list-style-type: none"> - Libbey filed an Amended Plan of Reorganization in U.S. Bankruptcy Court. It expects to emerge from the process with <\$200M of funded debt, compared to >\$400M previously. - Nordson posted a 4% sales decrease for Q3 fiscal year 2020 results. This included a 12% decrease in adjusted earnings. Company noted the decrease was largely organic due to currency impacts. - ProMedica posted a year-to-date patient service revenue decline of \$135.7M during 1H 2020 due to COVID-19 and the suspension of non-essential surgeries. Company received \$156M in CARES Act funding which offset certain losses. - FirstEnergy mentions potential financial harm from investigation. - Washington Prime Group was downgraded by Moody's from Ca to Caa3 as a reflection of modification of its credit facility agreement. The downgrade also reflects the company's substantial cash flow declines due to the pandemic. - Hexion released Q2 2020 results showing a net loss of \$42M and revenue down 30% y-o-y. - Lorenz Corp. filed for bankruptcy protection

Resources

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

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