



Date: Friday, August 7, 2020

RE: **Nonfarm Payrolls Increased by 1.8 Million in 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:** Eurozone's unemployment rate was 7.8% in June 2020, up from 7.0% in May.
- **U.S.:** Nearly 1.2M workers filed new jobless claims last week, lowest weekly total since March.
- **Ohio:** Lima made the list for Top 20 U.S. Cities for Manufacturers from Global Trade magazine.

Global

The [World Health Organization reported](#) the largest single-day increase in coronavirus cases across the globe on July 31 with nearly 300,000 new cases. More than half came from the Americas, followed by Southeast Asia and Europe. WHO officials warned there is no going back to the "old normal" as the pandemic accelerated. [World food prices rose in July](#) led by increases in vegetable oils, dairy, and sugar. The rise in prices is an extension of a rebound from the previous month following sharp falls triggered by the pandemic.

[Eurozone GDP](#) fell 40.3% on an annual basis, exceeding the 32.9% contraction in the U.S. economy over the same period. Despite that, confidence appears to be surging among European consumers and businesses, supported by the billions of euros that governments have lavished on job protection programs, aggressive stimulus from the European Central Bank and a €1.8T (\$2.1T) spending package aimed at supporting the bloc's weaker countries. The eurozone's unemployment rate edged up to 7.8% in June from 7.2% earlier this year.

U.S.

The [U.S. unemployment](#) rate for July fell to 10.2% from 11.1% in June, with nonfarm payrolls increasing by 1.8 million. Economists expect [last week's expiration of the previous \\$600 in enhanced weekly unemployment benefits](#) to lead to a sharp drop-off in household spending and a setback for the U.S. economy's near-term recovery, even if the lapse turns out to be temporary. [1.2M workers filed new jobless claims last week](#), compared with 1.4M for the prior week. [Older American workers](#) have been found to be particularly vulnerable in the labor market with pandemic-fueled job losses predicted to put 3.1M older workers into or near lifelong poverty, regardless of their income levels. Coupa Software's [Q3 2020 Business Spend Index](#), an early indicator of macroeconomic health over the next three to six months, revealed an overall index value of 82.8, a slight improvement from last quarter, but still well-below the 103.1 value recorded in Q3 2019. The president placed [tariffs on some Canadian aluminum](#) Thursday.

[California](#) had its second-deadliest day in the pandemic and Florida's case count topped 500,000. Texas's test positivity rate reached a three-week high. New York City is setting up checkpoints at key entry areas to enforce state quarantine rules for travelers. Seven governors, including Governor DeWine of Ohio have formed a first-of-its-kind [purchasing compact](#) they hope will pressure companies that make rapid-detection tests to quickly ramp up production. The president is expected to sign an [executive order](#) requiring the federal government to purchase certain drugs from U.S. manufacturers rather than from overseas companies. The U.S. State Department has [lifted the global travel ban](#), and will return to the previous system of country-specific levels of travel advice for updates on the impact of COVID-19 worldwide.

About [580 farmers filed for chapter 12 bankruptcy protection](#) in the 12-month period ended June 30, at 8% more than a year earlier, though bankruptcies slowed slightly in the first half of 2020 partly because of an infusion of federal aid and hurdles to filing during the pandemic. [Chapter 11 corporate bankruptcies continue to increase](#) across the U.S. as July saw a 52% increase in filings over the same period in 2019. The American Bankruptcy Institute's Executive Director noted: "We anticipate filings increasing in the next few months as more households and companies seek the shelter of bankruptcy amid intensifying financial distress".



With at least 25 major retailers filing for bankruptcy this year (more than any year on record), several are seeking [court protection](#) to get out of costly, long-term leases and shutter thousands of stores. [Home mortgage rates](#) have fallen to a record low for the eighth time this year while the [latest CoreLogic Home Price Index](#) shows national home prices increased 4.9% year-over-year in June 2020 due to strong demand and low supply, but predicted that the recession will cause a 1% drop in prices by June 2021. [Foreign purchases of U.S. homes](#) dropped to the lowest level since 2013.

Ohio

[Lima](#) made the list for “Top 20 U.S. Cities for Manufacturers” from Global Trade magazine. Number of initial jobless claims filed by Ohioans continues to decrease, as a total of [25,952 initial jobless claims](#) were filed last week, which is 248,263 fewer than the peak earlier this year. Among other efforts, [JobsOhio has announced 30 deals](#) since May 1.

[Governor DeWine announced](#) students in Ohio’s classrooms are mandated to wear masks this fall. [Ohio Department of Education, along with the Ohio Emergency Management Agency](#) have 2M KN-95 and KN-90 face masks available to school districts across the state. Ohio colleges and universities ranked as ‘one of the centers of the nation’s higher education financial crisis’ according to [Hechringer Report’s Financial Fitness Tracker](#). The report found 36 institutions in Ohio had two or more warning signs.

<i>Positive Company-Specific News</i>	<i>Negative Company-Specific News</i>
<ul style="list-style-type: none"> - Fuel maker Marathon Petroleum has agreed to sell its gas stations to the owners of the 7-Eleven convenience store chain for \$21B in the largest U.S. energy-related deal of the year. - Procter & Gamble reported strong fiscal fourth quarter financials as consumers stocked up on cleaning products. In addition, EY announced an expanded alliance with P & G to transform and build supply chain resilience during the pandemic. - Kroger placed #9 on the Axios Harris Poll 100 which measures the reputations of America’s most visible brands. The company notably received top marks in “Best on COVID”, and “Best on racial equality.” - Lordstown Motors, the electric-truck startup working to revive a former General Motors Co. plant in Ohio, will go public at a value of \$1.6B. - Aerpio Pharmaceuticals announced a partnership with the U.S. government operating through the Medical Technology Enterprise Consortium to evaluate razuprotafib in a stage 2 trial for treating Acute Respiratory Distress Syndrome in adult patients with COVID-19. - Accelevation launched a business unit to manufacture PPE for offices, K-12 schools, universities, restaurants, and retailers. It will be named Office-Guard and will be aided by grant funding from the Ohio PPE Retooling and Reshoring program. - ProMedica released a study showing treatment of adult coronavirus patients with stem cells yielded promising results in the short and long term. 	<ul style="list-style-type: none"> - Honda Motor Co. showed significantly declined demand due to COVID-19. Sales revenue fell 46.9% in their fiscal 1st quarter ending on June 30th, and every other major category on their balance sheet also recorded losses. - Cooper Tire & Rubber reported financials significantly impacted by the pandemic. Global unit volume decreased 27.5% compared to the same quarter in 2019 and net sales decreased 26.9%, or nearly \$500M during the same period. - Wendy’s Co. Q2 financials show that despite beating estimates the company struggled in several key areas. Total revenue fell 7.6% year-over-year, and same-store sales were down 4.4%. - TransDigm Group’s third quarter financials with net sales declining 32.8%, down nearly \$500m. The loss is mostly attributed to much of the global aircraft fleet being grounded and a substantial loss in passenger demand. - Cedar Fair, operator of amusement parks, announced their second quarter results including a 98% decrease in revenue compared to the same quarter in 2019 as a result of 8M fewer visits to the parks due to COVID-19 restrictions.

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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