

Economics Group

Special Commentary

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Ohio State vs. Nebraska

Buckeyes Ready for Battle in Lincoln

On Saturday #5 Ohio State travels to Lincoln, Nebraska for a major Big Ten matchup and its biggest test of the season so far. The Buckeyes have trampled on their opponents this year and are in prime position for a College Football Playoff berth. The University of Nebraska Cornhuskers are a solid 3-1, and have the major benefit of playing at home. Memorial Stadium, known as “The Sea of Red,” has sold out every game since the Kennedy administration—an NCAA record 370 consecutive games. When it is full, at over 90,000 fans, it holds more people than the population of every city in Nebraska except for Omaha and Lincoln.

Nebraska fans have a lot to be proud of—the fourth most victories of all-time, 46 conference championships and five national championships. Coach Tom Osbourne was responsible for much of this success. He coached 25 years and never once finished a season unranked, winning 12 conference titles and three national championships. The 1995 team was arguably the best college football team of all-time. They scored an average of 53 points per game, to only 14.5 allowed, en route to their second consecutive undefeated season. The people of Nebraska surely appreciated Osbourne’s service, later voting him into Congress as a member of the House of Representatives.

Ohio State, meanwhile, has the second most all-time wins, 39 conference championships and eight national titles. The Buckeyes are also the most financially valuable program in the country, estimated to be worth more than \$1.5 billion, according to an analysis from Indiana University-Purdue University Columbus. Ohio State has their own coaching legend in the form of Woody Hayes, who compiled 205 wins. His career ended ignominiously, however, after he was fired for punching an opposing player near the end of the 1978 Gator Bowl.

Ohio State and Nebraska have legendary football programs.

Figure 1

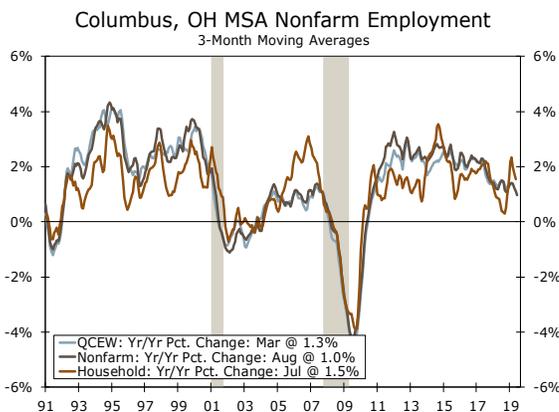
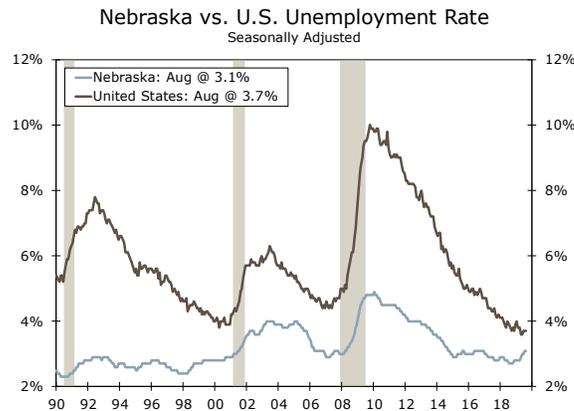


Figure 2



Source: U.S. Department of Labor and Wells Fargo Securities



Ohio State is a major asset for the Columbus area.

Economic and Football Outlook

Ohio State is located in Columbus, in the center of Ohio about halfway between Cleveland and Cincinnati. Each of the three major cities in Ohio is very distinct. We would argue that Columbus is more similar to some major Sunbelt metros—like Richmond, Raleigh and Jacksonville—than much of the Midwest, in terms of tech jobs, population growth and overall economic trajectory. The presence of the state government and the massive Ohio State medical center provides significant stability, particularly during economic slowdowns, while its burgeoning tech scene is a major source of growth. Nonfarm employment was rising in excess of 3% year-over-year for much of this cycle, but has cooled off a bit lately. Employers have added 7,300 jobs over the past year, and the unemployment rate has fallen to 3.6%.

The university is a major asset for the region. Originally founded in 1870 as the Ohio Agricultural and Mechanical College, today it has over 60,000 students—making it the third largest campus in the nation—and employs tens of thousands across its various programs and facilities. Ohio State is certainly proud of its stature, which is why it was likely upset to hear that its attempt to trademark the word “the” was rejected by the U.S. Patent and Trademark Office earlier this year.

Ohio’s largest metros are growing solidly, led by a modest renaissance in downtown Cleveland and strong tech-related job growth in Columbus. A majority of the state’s population lives in the ‘three Cs’—the third being Cincinnati—that lie along I-71. These metros are generally younger, more diversified and growing faster than the state as a whole. The state’s midsize metros and much of the eastern part of the state recovered more slowly from the last recession and continue to grapple with the secular decline in manufacturing jobs. GM is closing multiple plants across Ohio, and will lay off more than 1,500 workers at its Lordstown Chevy Cruze plant. Diversification and reskilling are crucial for the growth outlook of Youngstown, Toledo and Dayton.

Figure 3

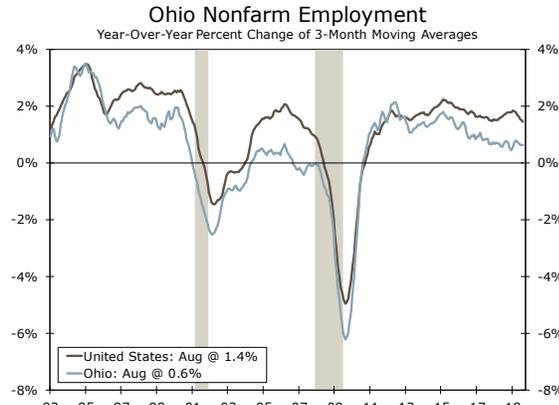
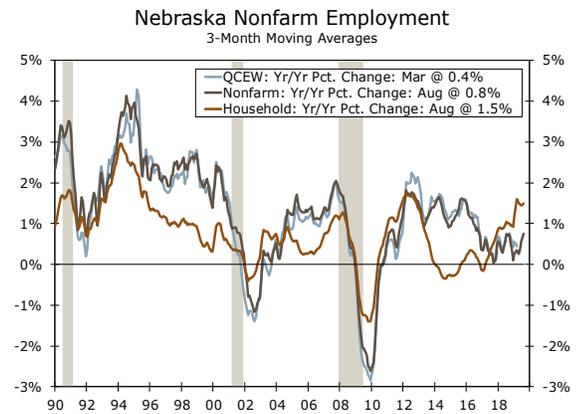


Figure 4



Source: U.S. Department of Labor and Wells Fargo Securities

Nebraska’s flagship university is also located in the state capital, Lincoln. It was founded in 1869 as a land grant university and today has around 25,000 students. Lincoln and Omaha, both in the eastern portion of Nebraska, are the only cities in the heavily rural state with populations above 100,000. Statewide real GDP growth picked up again in the first quarter to a 2.4% year-over-year pace, an acceleration over full-year 2018 growth of 1.5%, but is still lagging the nation’s growth.

Nebraska is facing some challenges.

The ongoing trade war and the lingering impact of the past spring’s flooding have posed major challenges for Nebraska, which is more dependent on agriculture than just about any other state. Still, the presence of Mutual of Omaha, Conagra, Union Pacific and Berkshire Hathaway in Omaha provides a nice diversifying counterbalance for the otherwise agriculturally dominated state. Like much of the Midwest, the labor market is extremely tight, although this is likely more a function of limited labor force growth than an abundance of job creation. Still, even in the height of the last

recession, the unemployment rate never reached 5%, despite the U.S. rate hitting 10.0%. Today the Nebraska unemployment rate sits at 3.1%.

ESPN College GameDay will be on sight in Lincoln to highlight this marquee matchup. Ohio State comes into Lincoln looking like a very complete team, ready for its first real challenge of the season. Quarterback Justin Fields has already racked up 19 total touchdowns and positioned himself as an early frontrunner in the Heisman race. He gets plenty of help from running back JK Dobbins, who will likely breach 3,000 career rushing yards on Saturday. Assuming they emerge from the Sea of Red relatively unscathed, things do not get any easier for the Buckeyes from here; they have to take on #8 Wisconsin at the end of October, and have matchups against #25 Michigan State, #12 Penn State and #20 Michigan.

Nebraska football has had a couple of down years, but is coming off of its 900th victory last week against Illinois. QB Adrian Martinez is a dynamic threat in his own right, able to move the ball through the air and on the ground. Nebraska should score some points Saturday but their defense will need to stand up in a big way if they are going to keep this game competitive into the fourth quarter. Ohio State seems to be scoring at will but has not yet faced a team as good as Nebraska. While the Cornhuskers will have their hands full trying to reach the program's 901st win, they will have 90,000 fans at their backs. They are 15.5-point underdogs, which seems right on paper, but home field advantage is a major asset in big games. Nebraska needs a break-out game to take the next step in turning their program around.

***The Buckeyes are
15-point favorites
on Saturday.***

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