News from the Month of March 2024 | **EDITION 3 / 2024**

Market Briefing

Content

US ECONOMY

Consumer Spending Jumps 0.8%

Consumer Prices Rise 0.4%

Consumer Confidence Falls to 104.7

Unemployment Falls to 3.8%

Chicago PMI Falls to 41.4

Wholesale Prices Rise 0.6%

Q4 GDP Grows 3.4%

Fed Holds Interest Rates Steady

HOUSING & CONSTRUCTION

Builder Confidence Rises to 51

Building Permits Rise 1.9%

- Single-family permits rise 1.0%

Housing Starts Rise 10.7%

- Single-family starts rise 11.6%

New Home Sales Fall 0.3%

Existing Home Sales Rise 9.5%

Regional Housing Stats

Mortgage Rates Slip to 6.8%

POWER TOOL INDUSTRY

Stanley Black & Decker

- Closes N.C. DeWalt Factory
- Lays off workforce at Texas plant

TTI/Techtronic Industries

- Annual sales rise 3.6%
- FY 2023 conference call

RETAIL

Retail Sales Rise 0.6%

The Home Depot

- Acquires roofing/landscaping distributor SRS
- Opens four new bulk distribution centers
- Introduces Orange Apron Media
- Funds new skilled trades training program

Lowe's

- AI to assist with seasonal inventory planning

Walmart

- Customer preferences for saving time vs. saving money

Amazon

- First Spring Deal Days
- Invests in AI startup Anthropic
- No cash raises for top execs
- Ad spend grows

CANADA SNAPSHOT

Economy

Housing & Construction

Retail

MARKET TRENDS

Housing Market Forecast from Wells Fargo

National Retail Federation Retail Sales and Outlook Forecast

Retailers Rethink Self Checkout

Bosch | Dremel

RotoZip | Vermont American

CST/berger | freud | Sia

Robert Bosch Tool Corporation
1800 W Central Rd
Mount Prospect, IL 60056 USA
www.boschtools.com
PTNA.Marketing@us.bosch.com

US ECONOMY

Exchange Rates March 29, 2024

Euro	1 Euro = $1.079	$1.00 = 0.927 Euros
Canadian Dollar	1 CAD = $0.738	$1.00 = 1.354 CAD
Japanese Yen	1 Yen = $0.007	$1.00 = 151.238 Yen
Chinese Yuan	1 Yuan = $0.138	$1.00 = 7.220 Yuan
Mexican Peso	1 Peso = $0.060	$1.00 = 16.564 Pesos

Market Watch March 28, 2024

DOW	39,807	2.1%
NASDAQ	16,379	1.8%
S&P 500	5,254	3.1%

Stocks turned in their fifth consecutive winning month as investors were cheered by cooling inflation and the hope that the Fed will begin to lower interest rates later this year. The major indexes also turned in winning quarters, with the DOW up 5.62%, the NASDAQ up 9.11% and the S&P, the index most closely watched by economists, up 10.16%.

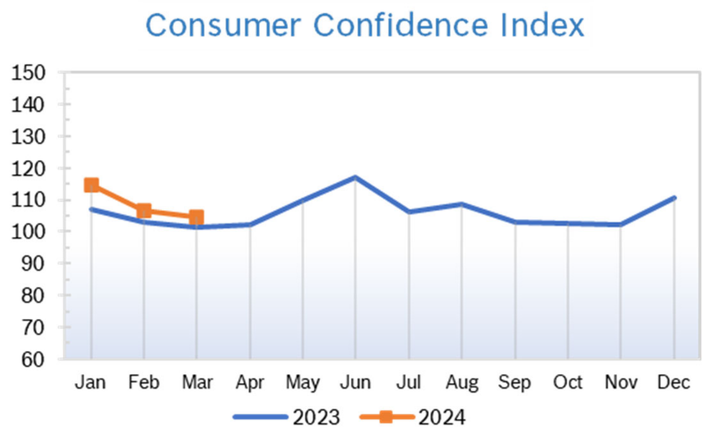
Consumer Spending Jumps 0.8%

Consumer spending jumped 0.8% in February after rising 0.2% in January, the biggest increase in more than a year. Adjusted for inflation, real consumer spending rose 0.4% after falling a downwardly revised 0.2% in January. Much of spending was funded from savings as growth in personal income slowed. The saving rate dropped to 3.6%, the lowest level since December 2022, from 4.1% in January.

Consumer Prices Rise 0.4%

The Consumer Price Index (CPI) rose 0.4% in February after rising 0.3% in January. The increase was inline with expectations. The CPI was up 3.2% year over year after being up 3.1% for the previous two months. Core prices rose 0.4% for the second consecutive month and were up 3.9% year over year. Housing and gasoline accounted for more than 60% of the increase. The core CPI inflation rate peaked at a 40-year-high of 6.6% in September 2022. The personal consumption expenditures (PCE) price index rose 0.3% in February after rising an upwardly revised 0.4% in January; core PCE rose 0.4% after rising a downwardly revised 0.1% in January. In the 12 months through February, the PCE price index increased 2.5% after increasing 2.4% in February. Inflation peaked at 9.1% in June 2022.

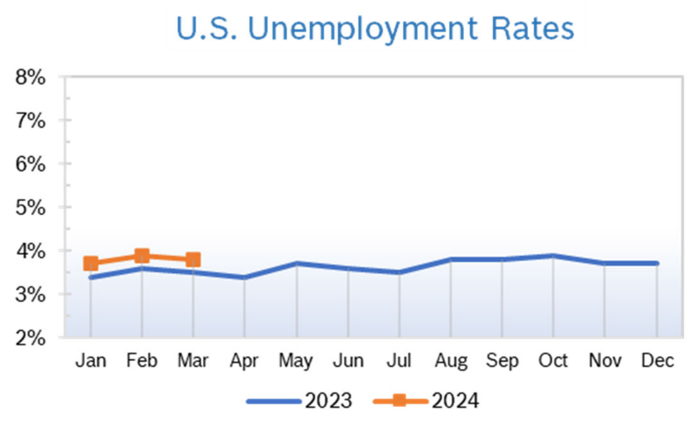
Consumer Confidence Falls to 104.7



- The New York-based Conference Board's Consumer Confidence Index fell to 104.7 in March after falling to a downwardly revised 104.8 in February*
- The Present Situation Index rose to 151.0 in March after falling to 147.2 in February.
- The Expectations Index fell to 76.3 in March after falling to 79.8 in February. A level of 80 or below historically indicates consumers expect a recession.
- Multiple factors influence confidence; in March gas prices went up but inflation continued to fall. General political and social unrest can make people who are somewhat comfortable in the present worry about the future
- Consumer Confidence fell to 86.9 at the onset of the pandemic in March 2020.

*A level of 90 indicates that the economy is on solid footing; a level of 100 or more indicates growth. Analysts caution that the real driver behind consumer spending is income growth and that labor market trends are a more accurate predictor of consumer behavior.

Unemployment Falls to 3.8%



- The unemployment rate fell to 3.8% at the end of March after rising to a two-year high of 3.9% at the end of February. Unemployment was 3.5% at the beginning of the pandemic in March 2020.
- The economy added 303,000 new jobs after gaining 270,000 new jobs in February. It was the 39th consecutive month of job growth. Job growth was ahead of expectations.
- Most sectors added jobs. Retailers added 18,000 jobs and construction gained 39,000, both increases from February.
- Average hourly wages rose 0.3% for the month and were up 4.1% from March 2023.
- Unemployment has been below 4% for 26 consecutive months for the first time since 1967.

Chicago PMI Falls to 41.4

The Chicago PMI fell to a seven-month low of 41.4 in March after dropping to 44 in February. The Index has been below the break-even midpoint of 50 for the past 18 months. Looking back to when the series began in 1967, the PMI has ranged from 20.7 in June 1980 to 81.0 in November 1973.

Wholesale Prices Rise 0.6%

The Producer Price Index (PPI) rose 0.6% in February after rising 0.3% in January and was up 1.6% year over year. Stripping out volatile food and energy prices, core PPI rose 0.3% in February after rising 0.6% in January and was up 2.0% year for the second consecutive month. PPI peaked at an 11.7% year-over-year increase in March 2022.

Q4 GDP Grows 3.4%

Fourth quarter GDP growth was revised up to 3.4% in the third and final reading; GDP growth was first reported at 3.3%. The revision reflected upgrades in consumer spending, nonresidential fixed investment and state and local government spending. Consumer spending, which accounts for more than two-thirds of U.S. economic activity, increased 3.3% rather than the 3.0% first reported, and added 2.2% to GDP growth. The upward revision was all in services. The upgrade to business spending reflected higher outlays on manufacturing as well as commercial and healthcare structures than previously estimated. Spending on intellectual property products was also revised up, while the decline in outlays on equipment was not as steep as previously estimated. Inventory investment was lowered to a $54.9 billion rate from the previously estimated $66.3 billion pace. While that subtracted 0.47% from GDP growth, the outlook for this year is encouraging. The core PCE deflator, which Fed officials view as the best measure of the underlying pace of consumer price inflation, rose slightly more than initially reported, coming in at 2.1% instead of 2.0%.

Fed Holds Interest Rates Steady

The Fed held interest rates at between 5.25% and 5.5% for the fifth consecutive meeting at their latest policy meeting in March. The Fed stuck to their forecast that they will lower rates by a total of three-quarters of a percent to a range of 4.50% to 4.75% by the end of the year but did not commit to when the expected series of three rate cuts would begin. The Fed reiterated that they don't think it is good policy to begin to cut rates until inflation, now hovering around 3%, moves closer to their target of 2%.

HOUSING & CONSTRUCTION

Builder Confidence Rises to 51

Builder Confidence rose three points to 51 in March after rising four points to 48 in February, according to the National Association of Home Builders/Wells Fargo Housing Market Index (HMI). It was the fourth consecutive month confidence increased and the first time the index has been above 50 since July 2023. All three indices rose in March, with current sales conditions rising four points to 56, sales expectations in the next six months rising two points to 62 and the component gauging traffic of prospective buyers increasing two points to 34. Confidence rose in all regions for the second consecutive month. Any number over 50 indicates that more builders view the component as good than view it as poor.

Building Permits Rise 1.9%

Overall building permits rose 1.9% in February to 1.52 million units after falling to 1.47 million units in January. Single-family permits rose 1.0% to 1.03 million annual units after rising to 1.02 million units in January. Multifamily permits rose 4.1% to 487,000 annual units after falling in February. Regional permit issuance was mixed.

Housing Starts Rise 10.7%

Housing starts rose 10.7% in February to a seasonally adjusted annual rate of 1.52 million units after falling to 1.33 million units in January. Single-family starts rose 11.6% to 1.13 million units after falling to 1.0 million units in January. Single-family starts were up 35.2% from February 2023 and were at the highest level since April 2022. Multifamily starts, which include apartment buildings and condos, rose 8.3% to an annualized 392,000 pace. Multifamily starts are typically very volatile.

New Home Sales Fall 0.3%

New home sales slipped 0.3% in February to a seasonally adjusted annual rate of 662,000 homes after rising to an upwardly revised rate in January, according to the National Association of Home Builders (NAHB). Sales were up 5.9% from February 2023. New single-family home inventory in February rose 1.3% from January to 463,000 homes, an 8.4 months' supply at the current building pace. A 6 months' supply is considered balanced. However, with only a 2.9 months' supply of existing homes available for sale, NAHB economists believe that new home inventory can safely remain above the balanced measure. The median new home sale price in February was $400,500, down 3.5% from January and 7.6% compared to February 2023. Regional new home sales were mixed. Sales of new homes are tabulated when contracts are signed and are considered a more timely barometer of the housing market than purchases of previously-owned homes, which are calculated when a contract closes.

Existing Home Sales Rise 9.5%

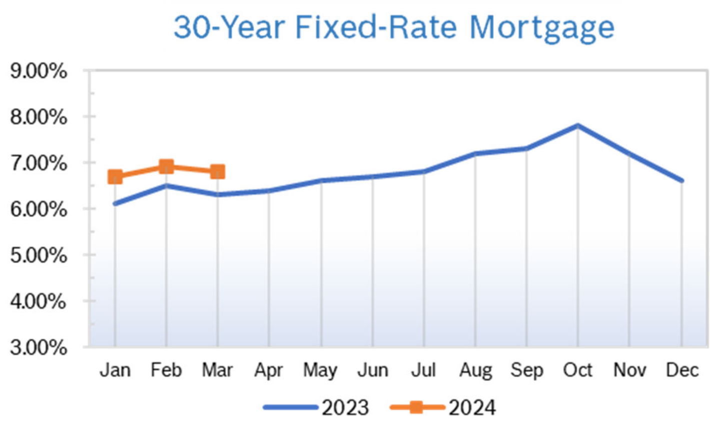
Existing home sales jumped 9.5% in February to a seasonally adjusted annual rate of 4.38 million after rising to 4.0 million in January, according to the National Association of Realtors. Sales were down 3.3% from February 2023. The median existing-home sales price rose 5.7% year over year to $384,500, leaving year-over-year prices below $400,000 for the sixth consecutive month. The inventory of unsold existing homes rose 5.9% to 1.07 million homes, a 2.9-months' supply at the current sales pace, down slightly from a 3.0 months' supply in January. A chronic shortage of existing inventory continues to spur new home construction and sales despite high prices. Existing home sales were down year-over-year in all regions.

Regional Housing Data

	Northeast	South	Midwest	West
Builder Confidence*	59 (+2)	50 (+4)	41 (+5)	43 (+5)
Building Permits**	-8.5%	-7.4%	-7.9%	-6.4%
Housing Starts**	-17.1%	-0.5%	-5.6%	-6.8%
New Home Sales*	47.0%	-13.4%	29.7%	41.0%
Existing Home Sales**	- 7.7%	-1.6%	-2.9%	-1.2%

* change YTD **change YOY

Mortgage Rates Slip to 6.8%



- 30-year fixed-rate mortgages dropped slightly to 6.8% at the end of March after rising to 6.9% at the end of February. Mortgage rates were 6.3% at the end of March 2023.
- The recent boomerang in rates has pushed uneasy potential homebuyers back to the sidelines even though home prices continue to rise and inventory remains in short supply.

POWER TOOL INDUSTRY

Stanley Black & Decker

SB&D is closing their York County, North Carolina, factory after seven years and laying off 192 employees. SB&D built the 345,000-square-foot facility to manufacture and assembly DeWalt cordless power tools. The $31 million investment was originally expected to create 500 jobs. According to the layoff notice, the decision to close the Fort Mill site followed an "enterprise-wide assessment" of Stanley Black & Decker's manufacturing operations. SB&D wants to eliminate about $2 billion in expenses by 2025 through supply chain transformations that include closing or consolidating some business locations.

SB&D is laying off the entire workforce at their Mission, Texas facility. The 300,000 square-foot facility was built to manufacture DeWalt tools. SB&D told the press that despite the layoffs, the plant itself would be repurposed, but provided no further details.

TTI/Techtronic Industries

Annual sales for 2023 rose 3.6% to $13.7 billion. TTI reduced inventory by $987 million. The Milwaukee Tool business grew 10.7%, with sales overall improving in the second half of the year. Both Chairman Horst Pudwill and CEO Joe Galli said they are relentlessly focused on developing cordless tools with advanced electronics, cutting-edge motor technology, and artificial intelligence.

FY 2023 Conference Call

Several TTI executives were on the call along with Chairman Horst Pudwill and Group CFO Frank Chen, including Group CEO Joe Galli and Senior Group President of Milwaukee, Steve Richman, Shane Moll, Group President of Milwaukee Power Tools and Tim Albrecht, Group President of Hand Tools, Storage, Personal Protective Equipment and Channel Marketing.

Milwaukee grew by 12.7% in the second half and delivered full year sales growth of 10.7% in local currencies. Milwaukee is the largest professional power tools company in the world and Ryobi is the largest consumer power tools company, according to TTI. They have been focused on dominating the cordless power tool market for 17 years.

They reduced total inventory by $987 million (31 days) and reduced finished goods by $949 million (29 days) to 84 days. Raw material inventory was also reduced by $43 million (2 days) to 22 days. Total inventory turnover days was at 109 days in 2023.

This year is off to a great start and they expect to outperform their projections.

They made major investments in the US. As an example, they added 300 heavy-duty centers in Home Depot stores featuring 10-meter displays and staffed with a TTI full-time Milwaukee rep.

Aftermarket battery sales are very profitable, and Milwaukee has a much higher margin than the business overall and they expect Milwaukee to outgrow the rest of the company.

They believe they will generate $1 billion in free cash flow this year.

Selling interchangeable batteries and chargers makes it

much more likely people will be brand loyal. Their largest customer, The Home Depot, has stated they are focused on cordless as well.

Milwaukee is the leading power tool brand with over 450 unique cordless solutions across their three complementary voltage platforms, M12, M18 and MX Fuel.

Internally developed artificial intelligence and machine-learning algorithms bring AI functionality and productivity to their end users. AI was able to save one contractor more than $1 million on one job alone.

They believe the outdoor power market is worth $15 billion and the opportunity for cordless tools is virtually untapped.

They will be featuring different executives on their regular calls. They believe their top 100 execs are the best in the industry.

RETAIL

Retail Sales Rise 0.6%

Retail sales rose 0.6% in February after falling a downwardly revised 0.8% in January, according to the Commerce Department. Economists had expected sales to increase more. Excluding automobiles, gasoline, building materials and food services, core retail sales were unchanged in February after falling an upwardly revised 0.3% in January and were up 3.1% year over year. Building materials sales rebounded and rose 2.2%. Online sales fell 0.1%. Core retail sales, which are mostly goods and not adjusted for inflation, correspond most closely with the consumer spending component of GDP. The retail sales report covers about a third of overall consumer spending and doesn't include services, such as travel and entertainment.

The Home Depot

THD is acquiring Texas-based roofing and landscaping supplies distributor SRS for $18.25 billion. The deal adds SRS' 2,500 person salesforce and 760+ branches across the US to THD, increasing their total addressable Pro market by $50 billion dollars. The acquisition expands their offerings for Pro customers and allows THD to service landscapers, roofers and pool contractors. SRS was founded in 2008 and has since grown into one of the largest distributors of roofing materials and building products in the U.S. Between 2018 and 2023, the company quadrupled revenue to about $10 billion, according to an investor presentation by Home Depot.

THD opened four new bulk distribution centers designed to allow Pros to order job-lot quantities and have products delivered right to the job site. The new distribution centers in Detroit, Los Angeles, San Antonio and Toronto will stock large, bulky merchandise like lumber, insulation, roofing shingles and more. They are expected to open during the first half of the year.

THD has already opened similar pro-focused hubs across the US, and expects to have 17 of their top Pro markets equipped with new capabilities. In addition to the new supply chain facilities, they will offer localized product assortment specially tailored for each priority market, a dedicated sales force in each market and other benefits tailored to Pros' needs.

THD introduced Orange Apron Media, their rebooted retail media network. Previously known as Retail Media+ , Home Depot says the retooled retail media network will greatly enhance user experiences. Orange Apron Media will focus on seamlessly integrating retail media offerings into THD's partner advertisers' digital strategies through owned and offsite channels, as well as digital screen testing in select stores. Retail media networks provide retailers' brand partners with direct promotional access to shopper. Typically, the networks deliver targeted ads to segmented consumers via channels such as in-store digital displays, as well as online advertisements and connected TV. THD says that since being launched in 2018, THD's retail media network has become the largest home improvement offering of its kind, providing suppliers with managed service and self-service media buying opportunities on owned and offsite media channels.

The THD Foundation awarded $1 million to their veteran-led disaster response Team Rubicon to build a new trades training program. The program will provide students with on-the-job training in carpentry, electrical, plumbing and HVAC as they rebuild homes in communities impacted by natural disasters. Once trained, graduates will be equipped to work with general contractors and nonprofit organizations, which will help ease the chronic shortage of craftsman in the skilled trades.

Lowe's

Lowe's is working on a new program that would use AI to assist with seasonal inventory planning. Lowe's recently debuted a new virtual reality design feature called Lowe's Style Studio for Apple Vision Pro, which is controlled by a user's eyes and hands and allows customers to enter an immersive 3D kitchen scene.

Walmart

Customers are sometimes willing to trade saving money for saving time and confusion, according to Walmart U.S. CEO John Furner. Furner told the National Retail Federation State of Retail & the Consumer panel that, in addition to seeking out savings, customers are also opting to spend more time with loved ones and less time racing around from store to store in search of savings. Furner said that in some cases people are willing to trade off price for convenience and saving time. He believes that the parts of the service sector or the retail sector that find more innovative ways to serve people that save them time, take friction out of their lives and simplify decision-making will prosper.

Amazon

Amazon hosted their first ever Spring Deals Days event March 20 to 25. They had deals on seasonally relevant items such as outdoor furniture and clothing. The sale was open to all, but Prime members had access to exclusive promotions.

Amazon is sinking $4 billion into AI start-up Anthropic, regarded as a leading force in generative AI. Anthropic is known for its foundation model and chatbot Claude, which competes with OpenAI and ChatGPT. Amazon will have a minority share in Anthropic and no seat on the board.

Amazon's top executives won't get a cash pay increase this year; Amazon is weighting base salary increases to the segment of their workforce whose compensation is heavily tied to base pay. Executive compensation is often tied to performance and heavily focused on stock options.

Total ad spend on Amazon is growing as Amazon takes ad dollars from Meta and Google. According to *Business Insider,* brands now spend between 12% to 15% of their Amazon sales to advertise on the platform, up from 8% previously. Brands are spending more on new formats, such as Prime Video ads and features such as Amazon's data clean room. *Business Insider* expects Amazon's US retail ecommerce sales to grow 10.5% this year, outpacing overall ecommerce growth by more than 2%. Ad revenues are projected to grow even faster at 26.6%.

CANADA SNAPSHOT

Unemployment Rises to 6.1%

- The unemployment rate rose to 6.1% in March after rising to 5.8% in February and was up 1.0% year over year.

- Unemployment reached a record low of 4.9% in June and July 2022. In January 2021 unemployment peaked at 9.4%.
- The economy added 41,000 jobs in February. Retail lost 23,000 jobs; construction added 15,000 but was little changed year over year.
- Average hourly wages rose 5.1% to $34.81 in March after rising to $34.82 in February. (not seasonally adjusted).
- Wage growth must slow to bring down inflation. The BoC will not start lowering rates until inflation cools off.
- Employment decreased in most provinces, but was up in Ontario.

BOSCH Invented for life

Consumer Prices Rise 2.8%

Consumer prices rose 2.8% year over year in February, down from a 2.9% increase in January. Analysts had expected prices to rise 3.1%. It was the second month in a row prices dropped after four consecutive monthly increases. The biggest single contributor to inflation was mortgage interest, which rose by 26.3% from February 2023. Core CPI continued to slow, falling to 3.2% in January from 3.5% in December, according to Statistics Canada. On a monthly basis, consumer prices were unchanged in January after falling 0.3% in December.

Housing and Construction News

Housing starts jumped 14% in February to 253,468 annual units after falling to a downwardly revised 223,176 in January, according to Canada Mortgage and Housing Corp. (CMHC). The results were significantly higher than expectations. However, the increase was due to a 20% rise in multi-unit urban starts. Single-detached urban starts fell 2% to 42,241 units and were down 9% on a year-to-date basis compared to January and February 2023.

Canadian home sales fell 3.1% in February from January, according to the Canadian Real Estate Association. After five months of declines, prices held steady at C$719,000 ($531,300).

The Bank of Canada started raising rates in 2022, which forced many potential homebuyers to the sidelines and caused prices to fall. But recent indications that the central bank is poised to cut rates in the future have spurred more shoppers to get into the market before competition heats up and drives prices up.

GDP

GDP grew 0.6% in January. Services-producing industries increased 0.7% and goods-producing industries were up 0.2%. Overall, growth was broad-based, with 18 of 20 sectors increasing in January. GDP grew 0.1% in Q4 2023. Analysts noted that economic conditions are frail in Canada, and that overall numbers are being propped up by a resilient US economy.

Interest Rates Steady

The Bank of Canada (BoC) held interest rates steady at 5% for the fifth consecutive time at their meeting in early March. The decision was widely expected because core inflation has remained stubbornly above the Bank's 2% target rate.

Retail Sales

Retail sales decreased 0.3% to $67.0 billion in January after rising 0.9% in December. Sales were down in three of nine subsectors, with the biggest decrease coming from a 2.4% drop at motor vehicle and parts dealers. Core retail sales, which exclude gasoline stations and fuel vendors and motor vehicle and parts dealers, were up 0.4% in January. In volume terms, retail sales increased 0.2% in January.

Retail Ecommerce Sales

Retail ecommerce sales were up 3.5% to $3.8 billion in January, accounting for 5.7% of total retail trade, compared with 5.5% in December. Retail ecommerce sales fell 3.6% to $3.7 billion in December.

MARKET TRENDS

Housing Market Forecast Wells Fargo

Wells Fargo (WF) recently released an overview of the prospects for the housing market over the next few years. Overall, WF expects the residential sector to improve over the years ahead.

Mortgage rates should continue to decline as the Fed gradually lowers rates. WF expects the average 30-year mortgage rate to end 2024 at 6.2% and 2025 at 5.8%.

Lower mortgage rates should boost existing home sales, which should improve modestly to a 4.3 million unit pace this year and more substantially to 4.7 million units in 2025.

Falling mortgage rates should keep demand running slightly ahead of supplies.

The "lock-in effect" will likely continue as the vast majority of homeowners with mortgages have rates below 5%, and WF does not see rates falling below 5% over the next two years.

Housing affordability will continue to remain a problem. WF expects the S&P CoreLogic National Home Price Index to rise 3.1% in 2024 and 4.3% in 2025.

New home sales are expected to increase to a 721,000 unit pace this year as home buyers turn to more available and affordable new homes.

New single-family starts should grow to a 990,000 unit pace in 2024 and 1.04 million-unit pace in 2025. Multifamily development is slowing as vacancies rise and rent growth slows.

Households are generally on good financial footing. Despite record-level consumer spending, people are not over-leveraged. Rising financial assets and residential real estate values have led to continued gains in household net worth.

Home equity is at record levels as residential real estate values continue to increase.

Young Millennial buyers should support steady demand. Young Millennials are entering or are currently in the midst of their prime home buying years. Household formation from this age group bodes well for continuing demand.

Preferences have shifted toward single-family homes with larger spaces to better accommodate hybrid work and other virtual activities.

Weekly office attendance is still running about 50% lower than pre-pandemic, an indication that hybrid work may be here to stay. Recent research shows that 40% of employees work from home at least one day a week.

The demographic shift to the suburbs has been accelerated by workers spending more time at home and less time at the office.

Commercial development is also migrating away from central business districts, which could attract even more people to the suburbs and reinforce demand for single-family homes.

Resale inventories are not expected to meaningfully improve. WF does not expect a material rise in unemployment. A soft job market and rising unemployment can increase the number of distressed sales. In addition, many Baby Boomers are staying put and choosing to remodel and age in place.

National Retail Federation Forecast

The National Retail Federation (NRF) forecasts retail sales will grow 2.5% to 3.5% and reach $5.23 trillion in 2024.

Non-store and online sales are expected to grow between 7% and 9% to $1.47 to $1.5 trillion. Retail sales grew 3.6% to $5.1 trillion in 2023.

NRF expects the unemployment rate to reach 4% for the full year. The tight labor market, with its robust job growth and wage gains that fuel consumer spending, is expected to cool in 2024.

Fewer new jobs will be created. With the pace of the economy slowing in 2024, NRF expects about 100,000 fewer jobs on average per month compared with 2023.

GDP growth should slow from 2.5% in 2023 to 2.3% growth in 2024, still strong enough to sustain job growth.

Inflation is expected to moderate to 2.2% this year, very close to the Fed's desired rate of 2%.

Consumer spending will remain strong. Despite a tight labor market, consumer balance sheets remain strong, and rising home and stock prices should stimulate consumer spending.

Retailers Rethink Self-Checkout

Self-checkout was designed to speed up checkout for shoppers and save retailers money on labor costs but now some retailers are pulling back. Analysts say that self-checkout lanes are more susceptible to theft.

Reportedly some Walmart stores are closing some self-checkout lanes and reserving other exclusively for members of Walmart+ and delivery drivers.

Target is limiting self-checkout to 10 items or less and opening more fully staffed checkout lanes. Customer reaction is less than enthusiastic; many people appreciate the speed an autonomy of self-checkout and the ability to pack their purchases themselves.

Target recently revealed they lost $500 million more in inventory shrink in 2023 than they did in 2022 and are hopeful these new changes will help those stats improve.

Fewer than half (43%) of all consumers prefer self-checkout to traditional checkout, according to an NCR Voyix survey of 1,133 Americans. Self-checkout is more popular with younger shoppers with 53% of shoppers ages 18 to 44 favoring it, the survey found.

.