

Market Briefing

Content

US Economy	2
Housing & Construction	4
Power Tool Industry	5
Retail	7
Canada Snapshot	9
Market Trends	11

US ECONOMY

Consumer Spending Falls 1.0%

Consumer Prices Rise 0.4%

Consumer Confidence Jumps to 109.7

Unemployment Falls to 6%

Chicago PMI Rises to 66.3

Wholesale Prices Rise 0.5%

Q4 GDP Revised Up to 4.3%

HOUSING & CONSTRUCTION

Builder Confidence Falls to 82

Building Permits Fall 10.8%

▶ Single-family permits fall 10.0%

Housing Starts Fall 10.3%

▶ Single-family starts fall 8.5%

New-Home Sales Fall 18.2%

Existing Home Sales Fall 6.6%

Regional Housing Stats

Mortgage Rates Rise to 3.17%

POWER TOOL INDUSTRY

Robert Bosch

- ▶ Robert Bosch Tool Corp wins Best Brand Overall

Stanley Black & Decker

- ▶ Raymond James Institutional Investors Conference

TTI/Techtronic Industries

- ▶ 2020 Highlights
- ▶ Ho Chi Minh City project behind schedule

Makita

- ▶ Plans distribution center near Atlanta

RETAIL

Retail Sales Fall 3.0%

The Home Depot

- ▶ Shifts inventory to battery-powered products

Lowe's

- ▶ Website growth
- ▶ 100 Hometowns Initiative

Walmart

- ▶ Drops minimum order for Express Delivery
- ▶ Walmart Marketplace changes

Ace Hardware

- ▶ "Someday" Promotion

Amazon

- ▶ New head for AWS
- ▶ AWS launches Lookout for Metrics
- ▶ Makes Amazon Care telemedicine program available nationwide

CANADA SNAPSHOT

Economy

Housing & Construction

Retail

MARKET TRENDS

Inside the American Rescue Plan

President Biden Orders Supply Chain Review

Cordless Tool Growth

Walmart Takes on Amazon Advertising

Shoppers Face Pandemic Delays; Retailers Deal with Bottlenecks

Retailers Try to Reduce Returns

Women in the Workforce Victims of the Pandemic

What Price Online Reviews?

International Debate Over Taxing Tech Companies

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

© Robert Bosch Tool Corporation. All rights reserved.
No copying or reproducing is permitted without prior written approval.

US ECONOMY

Exchange Rates March 31, 2021

Euro	1 Euro = \$1.174	\$1.00 = 0.852 Euros
Canadian Dollar	1 CAD = \$0.795	\$1.00 = 1.257 CAD
Japanese Yen	1 Yen = \$0.009	\$1.00 = 110.592 Yen
Chinese Yuan	1 Yuan = \$0.154	\$1.00 = 6.553 Yuan
Mexican Peso	1 Peso = \$0.049	\$1.00 = 20.445 Pesos

Market Watch March 31, 2021

DOW	32,981	+6.6%
NASDAQ	13,246	+0.4%
S&P 500	3,972	+5.8%

All three indexes closed out March in the black, with the DOW and the S&P 500 posting hefty gains. Markets responded well to the continuing rollout of CV19 vaccine and a \$2.25 trillion infrastructure plan soon to be unveiled by President Biden. Economic forecasts for the year were all revised up. Markets were also up for the first quarter, with the DOW gaining 7.8%, the S&P 500 up 5.8% and the Nasdaq up 2.8%.

Consumer Spending Falls 1.0%

Consumer spending fell 1.0% in February after jumping an upwardly revised 3.4% in January. Personal income tumbled 7.1% after jumping 10.1% in January. Core consumer spending dropped 1.2% after rising 3.0% in January. Economists attributed the big drop to unusually harsh weather, particularly in Texas and other parts of the densely populated South, that depressed home building, production at factories, and orders and shipments of manufactured goods. Spending is expected to rebound in March as weather improved and stimulus checks began going out. Spending on goods fell 3.0% in February while spending on services edged up 0.1%. The personal consumption expenditures (PCE) price index excluding the volatile food and energy component rose 0.1% after rising 0.2% in January and was up 1.4% year over year. The core PCE price index is the Fed's preferred inflation measure for what they have termed a "flexible average" of 2%. Consumer spending accounts for 70% of US economic activity.

Consumer Prices Rise 0.4%

The Consumer Price Index (CPI) rose 0.4% in February after rising 0.3% in January and was up 1.7% year over year. Core inflation, which excludes the volatile food and energy categories, rose just 0.1% after being unchanged for the previous two months. Core inflation was up 1.3% over the past 12 months, down from a 1.4% year-over-year increase in January. The overall increase was the largest in six months, and was once again driven by a sharp jump in gasoline prices, which have risen 19% since December. Wells Fargo expects inflation to firm up over 2021 as consumer spending rebounds during the second half of the year. Economists believe it will be quite some time before inflation returns to a steady pace consistent with the Fed's target of 2%.

Consumer Confidence Jumps to 109.7

Consumer Confidence Index

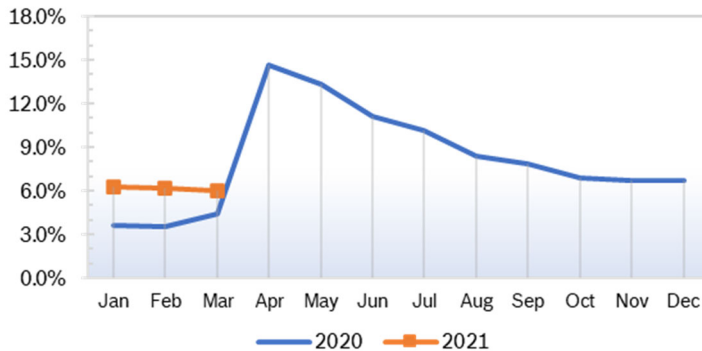


- ▶ The New York-based Conference Board's Consumer Confidence Index jumped to 109.7 in March after rising to a downwardly revised 90.4 in February.*
- ▶ The Present Situation Index, which is based on consumers' assessment of current business conditions, climbed to 110.0 after rising to a downwardly revised 89.6 in February.
- ▶ Expectations rose to 109.6 in March after dipping to a slightly upwardly revised 90.9 in February.
- ▶ It was the highest level of consumer confidence since 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 6.0%

U.S. Unemployment Rates



- ▶ The unemployment rate fell to 6.0% in March after falling to 6.2% in February and the economy added 916,000 new jobs, well above expectations.*
- ▶ Job gains for January and February were revised up.
- ▶ There were 110,000 additional construction jobs created in March and the services sector added 66,000 jobs. Manufacturing gained 53,000 and transportation and warehousing jobs rose by almost 50,000.
- ▶ The number of unemployed persons, at 9.7 million, continued to trend down in March but is still 4 million higher than in February 2020,
- ▶ Wells Fargo believes that hiring will ramp up very quickly once CV19 is under control due to businesses hiring in anticipation of pent-up demand, but notes that the recovery is uneven and the Fed will continue to support the recovery.

* The economy needs to create about 120,000 new jobs each month to keep up with growth in the working-age population.

Job Openings Rise in January

US job openings rose unexpectedly in January to 6.92 million in January after rising to 6.65 million in December, according to the latest Job Openings and Labor Turnover Survey (JOLTS) from the US Bureau of Labor Statistics (BLS). This is up considerably from the pandemic low of under 5 million jobs. Job openings increased in education, services and recreation. Total hiring fell slightly to 5.3 million in January from 5.4 million in December. The quits rate, which is regarded as an indicator of worker confidence, slipped to 2.3% in January from 2.4% in

December. There are still 9.5 million fewer Americans working than at the start of the pandemic in March, 2020. Openings were at the highest level in nearly a year, a signal firms are expecting the ambitious vaccination program to fuel economic reopening and further activity. Wells Fargo noted that due to the relatively small sample size, JOLTS may be painting a distorted picture, as response is coming from stronger businesses that have kept their doors open and are responding to the survey. JOLTS is a lagging indicator, but is closely watched by the Federal Reserve and factors into decisions about interest rates and other measures.

Chicago PMI Rises to 66.3

The Chicago Purchasing Managers Index (Chicago PMI) rose to 66.3 in March after falling to 59.5 in February. It was the highest level for the index since July 2018 and the ninth consecutive month the index remained in positive territory after spending a full year below 50. New Orders rose 7.1 points and Production jumped 10 points. Prices Paid rose for the seventh month in a row, remaining at the highest level since 2018, with firms reporting higher prices for raw materials, especially steel. The special question asked if firms planned to alter their inventory plans; virtually all responded that they did, with 68% citing issues with supplier lead times and 43% noting logistics issues. 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 0.5%

The Producer Price Index (PPI) rose 0.5% in February after jumping 1.3% in January. Price increases slowed despite a 6% surge in energy and a 13.1% increase in gasoline costs in February. In the 12 months through January the PPI was up 2.8%, the largest year-over-year increase in the past twelve months. Core inflation, which excludes the volatile energy and food categories, rose 0.2% in February and was up 2.5% over the past 12 months. Analysts had expected the trend in inflation to remain subdued for some time, but note that there are few indicators that inflation will rise enough to threaten economic growth any time soon.

Q4 GDP Growth Revised Up to 4.3%

GDP growth for the fourth quarter was once again revised up slightly to 4.3%, from an initial reading of 4% and a second reading of 4.1%, according to the third and final reading from the

Commerce Department. Upward revisions reflected stronger inventory restocking by businesses. Economists now believe that all the government relief measures now in place will boost GDP in the first quarter to 5% or higher, and are forecasting growth for the entire year between 6% and 6.5%, which would be the strongest performance since a 7.2% gain in 1984 when the economy was emerging from a deep recession.

Fed Holds Interest Rates Near Zero

The Fed repeated their pledge to hold interest rates near zero for years to come at their meeting in mid-March, while projecting a big jump in economic growth and a rise in inflation as the pandemic winds down and life returns to “normal.” The Fed now sees the economy growing 6.5% this year, which would be the largest annual jump in GDP since 1984. They expect unemployment to fall to 4.5% by the end of the year. This is compared to projections of 4.5% growth and 5% unemployment made in December, before the new stimulus growth package was passed. They also anticipate inflation will run a bit ahead of the target of 2% for the first time in a decade. Four of the Fed directors now expect to raise rates in 2022 and seven expect to raise them in 2023. The nation is still 9.5 million jobs short of pre-pandemic employment. Fed Chairman Jerome Powell made a point of stating that the improved outlook does not mean that the Fed will remove support for the economy.

HOUSING & CONSTRUCTION

Builder Confidence Falls to 82

Builder confidence fell two points to 82 in March after rising to 84 in February, according to the National Association of Home Builders/Wells Fargo Housing Market Index (HMI). It marked the seventh consecutive month the index was above 80. While buyer demand is strong, rising costs and lengthening delivery times for materials, particularly softwood lumber, are impacting sentiment. Supply shortages and strong demand have sent lumber prices up 200% since last April, which is adding about \$24,000 to the cost of the average new home. The HMI index gauging current sales conditions fell three points to 87, while the component measuring sales expectations in the next six months rose three points to 83. The gauge charting traffic of prospective buyers held firm at 72. Regional scores were mixed for the fourth consecutive month. Any number over

50 indicates that more builders view the component as good than view it as poor.

Building Permits Fall 10.8%

Overall building permits fell 10.8% in February to a seasonally adjusted annual rate of 1.68 million units after rising to 1.88 million units in January. Single-family permits dropped 10.0% to a 1.14 million unit pace after rising to 1.27 million units in January. Multifamily permits dropped 12.5% to 539,000 units after jumping to 612,000 units in January. On a year-to-date regional basis, permits were mixed.

Housing Starts Fall 10.3%

Housing starts fell 10.3% in February to a seasonally adjusted annual rate of 1.42 million units after falling to 1.58 million units in January. **Single-family starts dropped 8.5%** to a seasonally adjusted annual rate of 1.04 million units after dropping to 1.16 million units in January. The multifamily sector, which includes apartment buildings and condos, dropped 15% to a 381,000 units pace after rising to 418,000 units in January. Combined single-family and multifamily regional starts were mixed year to date compared to 2020. Single-family starts for the first two months of the year are up 6.4% compared to 2020, but the number of single-family homes permitted but not yet under construction has jumped 36% since February 2020. Single-family starts are expected to rise this year, but at a much slower pace than they did during 2020.

New Home Sales Fall 18.2%

New home sales fell 18.2% in February to a seasonally adjusted annual rate of 775,000 units after rising to 923,000 units in January. Inventory rose slightly to a 4.8 months supply, with 312,000 new single-family homes for sale, 12.7% below February 2020. The median sales price was \$349,400, up 5.3% over the \$331,800 median sales price in February 2020. **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 Fall 6.6%

Existing-home sales fell 6.6% in February to a seasonally-adjusted annual rate of 6.22 million after inching up to 6.69 million in January, according to the National Association of Real-

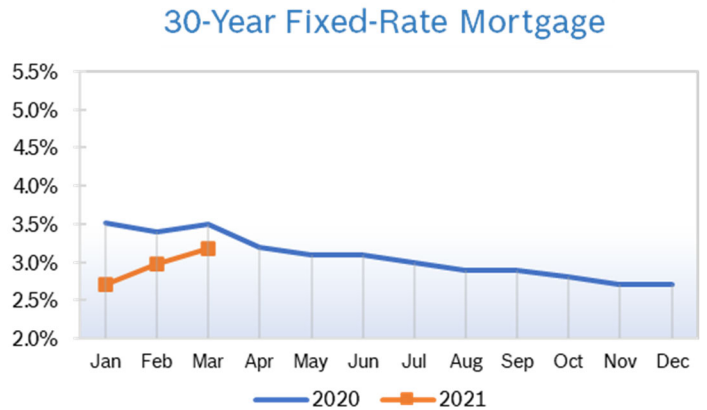
tors (NAR). Sales were up 9.1% from February 2020, the last month before the pandemic began impacting results. The median existing-home sales price rose \$10,000 to \$313,000, 15.8% higher than February 2020, as prices rose in every region. It was the 108th consecutive month that prices have increased. As of the end of February, housing inventory remained at a record-low of 1.03 million units, down by a record decline of 29.5% year over year. Properties typically sold in 20 days, also a record low. Wells Fargo believes that sales will likely moderate further in coming months, reflecting low inventories and the impact of harsh winter weather, particularly in Texas during February. Affordability is also becoming more challenging, with the median price of an existing home jumping 15.8% over the past year to \$313,000. The spike in prices also reflects a shift in composition of sales, however, with more buyers competing for larger homes priced above the median, which has pulled both the average and median price higher over the past year. Regional existing-home sales for January were mixed but were up year over year in all regions.

Regional Housing Data

	Northeast	South	Midwest	West
Builder Confidence*	80 (+2)	82 (-2)	80 (-1)	90 (-3)
Building Permits YTD	-9.8%	-13.9%	+1.2%	-11.3%
Housing Starts Y/Y	-39.5%	-9.7%	-34.9%	+17.6%
New Home Sales	+6.0%	+23.2%	+24.7%	-9.3%
Existing Home Sales*	+13.2%	+9.9%	+2.3%	+12.3%

* Year over Year

Mortgage Rates Rise to 3.17%



- ▶ A 30-year fixed-rate mortgage (FRM) rose more than 30 basis points to 3.17% in March after inching up to 2.97% at the end of February. Mortgage rates were 3.33% at the end of March 2020.
- ▶ Rising home prices driven by high demand, low inventory and soaring prices for lumber are limiting how competitive prospective home owners can be.
- ▶ Mortgage rates that have risen a half a percentage point from historic lows in January combined with rising home prices have left potential buyers with less purchasing power, particularly at the lower end of the market, which also has the least available inventory.

POWER TOOL INDUSTRY

Robert Bosch Tool Corporation

Bosch Power Tools won the Best Brand Overall for 2021 in the most recent Best Brands Awards, which were initiated to honor approaches in successful brand leadership and to provide a forum for trendsetting communications solutions. The awards are based on a representative consumer survey conducted by GfK in addition to the economic success of the brand. Bosch received the highest ranking across all brands in the category of Brand Trust, where 72% of respondents said they trusted the Bosch brand. Bosch Power Tools launches more than 100 product innovations every year. In addition to being

awarded Best Brand Overall, Bosch Power Tools also made it into the Top 10 in the category “Best Brand Customer Centricity.”

Stanley Black & Decker

Raymond James Institutional Investors Conference:

Dealing with the impact of the global pandemic that started in March 2020 created several supply chain challenges.

They dealt with supply shortages, labor shortages, inefficiencies associated with airfreighting products and choppiness in fill rates, all of which made it challenging to keep the supply chain moving along smoothly. However, they’ve kept customers “relatively happy” and grown their market share.

CEO James Loree said that the ecommerce business was a \$1.8 billion channel growing at about 40% annually and that they have what he referred to as a 3:1 relative share advantage over any other player that is in the tool business.

They were expecting some deceleration during the first quarter, but POS at the major Home Centers is still running in the 20% to 30% growth range and ecommerce is continuing to grow between 30% and 40%.

They are about four weeks below where they would like to be from an inventory perspective, so they are scrambling to meet end user demand. They were hoping to be back to normal inventory by the end of the second quarter, but now they think that is too optimistic and will be the end of the third quarter. They feel the market has become a bit supply constrained.

They noted that the increased demand was not confined to North America, but rather has been a global development that has included Europe, Latin America and Asia.

Their guidance for Tools & Storage growth this year is 4% to 8%, which is significantly higher than growth percentages expected by The Home Depot or Lowe’s.

They believe that DeWalt will be a very powerful brand in the dealer channel in lawn and garden once they exercise their option to acquire the remainder of MTD.

Other News:

SB&D brands won 14 Tool Awards from *Popular Mechanics*, which tests more than 1,000 tools every year. DeWalt, Craftsman, Stanley, Irwin and Lenox all won awards for various products.

Joe Simms is SB&D’s new chief diversity officer. He will report directly to CEO Jim Loree. Prior to taking on his new responsibilities, Simms was vice president of human resources for SB&D’s Global Tools & Storage business. SB&D has taken a number of steps to advance their diversity and inclusion efforts, including supporting nine employee resource groups. In addition, CEO Jim Loree was among a group of prominent CEOs that signed the CEO Action for Diversity & Inclusion.

TTI/Techtronic Industries

2020 was a record year, with full year sales growth of 28% and growth of 42.3% during the second half of the year. Sales were robust in all geographies and for all business units.

Organic revenue grew 28% to USD 9.8 billion, an increase of USD 2.1 billion over 2019.

The Power Equipment division accounted for 89% of the group’s total revenue, growing 28.5% to USD 8.7 billion. Milwaukee Professional, Ryobi DIY and Ryobi outdoor all grew in double-digits, with Milwaukee continuing to deliver more than 20% growth for the seventh consecutive year, growing 25.8% in 2020.

North America accounted for 78% of the group’s revenue, with sales in North America up 29.5%.

To support the above-average growth they anticipate, they have continued to strategically build inventory. They believe the end of the year is the worst time to cut inventory, as they said their largest competitor did.

CEO Joe Galli stated that “2020 was the year we seized control of the global tool market.” Milwaukee became the number one professional tool brand in the world last year and is also the fastest-growing professional tool brand. Ryobi solidified its position as the Number One DIY brand in the world.

They are strategically focused on developing the right kind

of ecommerce that will not cannibalize existing important customer and distribution channels. Last year they were awarded the Home Depot Omnichannel Interconnected Partner of the Year award because of their partnership with THD in overall ecommerce, which includes BOPIS and activities at the store level where they help drive sales to the ecommerce platform if that makes sense.

They have hundreds of ecommerce partners around the world that enhance their strategy and support their long-term direction.

Suppliers are working very hard to support them because they recognize that TTI is the fastest growing tool company in the world and they want to team up with them. Suppliers have helped fund their ability to build inventory.

Their mission is to help move the world from gas-powered products into cordless ESG-friendly solutions for end users anywhere they possibly can. They believe that the gas-powered outdoor market will be extinct by the end of the decade. They want to be the Tesla of lawnmowers globally.

They decided to become bold and aggressive during the pandemic, and they built out a vast amount of additional manufacturing capacity. They built a new campus in Vietnam and have built out a North American manufacturing system that will enable them to produce products for the US and Canada closer to where those products are purchased and used.

The new Ryobi high-performance brushless cordless power tools are reenergizing the brand. They are rolling out 18 new power tools this year that complement their existing range and offer higher performance, professional-grade tools priced at a DIY level.

They are also building out many verticals in their DIY program that they think have been under-developed, including hobby and craft products; for instance, they are introducing a cordless glue gun. They believe this entire category is ripe for innovation.

They intend to aggressively expand their Ryobi One+ cordless platform, which currently has 182 tools.

Their professional industrial tool business grew 25.8% last

year. They believe their strategy of having inventory in place really paid off. They intend to grow the Milwaukee brand 20% annually. They currently have 216 cordless tools that work off their Milwaukee M18 platform. They are going to add a myriad of additional breakthrough products.

Their 12-volt subcompact platform now features 130 products, and they intend to introduce a new assortment of products that utilize this platform.

TTI's \$650 million project in Ho Chi Minh City is six months behind schedule. *Vietnam News* reported the big delays were due to the fact that foreign experts cannot enter the country due to CV19 restrictions. The plant will manufacture hand-held cordless power tools and outdoor power equipment, and will reportedly be TTI's second-largest plant and research and development center. In their initial permits, TTI committed to starting construction by the third quarter of 2020 and finishing construction and starting operations the first quarter of 2022.

Makita

Makita bought 80 acres of land in Hall County, northeast of Home Depot headquarters in Atlanta, as part of their plan to expand their distribution capabilities in the US.

RETAIL

Retail Sales Fall 3.0%

Retail sales unexpectedly fell 3.0% in February after jumping an upwardly revised 7.6% in January, driven in part by stimulus checks that went out the end of December. It was the sharpest decline since the early months of the pandemic, and a much steeper drop than the 0.5% decline economists had expected. A winter storm that blanketed much of the country's midsection in February was partly to blame, as it depressed demand for sporting goods, home improvement supplies and general merchandise. Building materials and supply stores fell 3.0%, the biggest monthly decline since February 2019. Online sales, which are typically more weather resistant, also dropped by 5.4%. Core retail sales, which exclude automobiles, gasoline, building materials and food services, fell 3.5% after rising 6.0% in February. Core retail sales correspond most closely with the consumer spending component of GDP. Despite the decline,

total retail sales were up 6.3% from February 2020, which was the last retail sales report before pandemic restrictions and closures began.

The Home Depot

THD is shifting inventory to more battery-powered products to help the environment and win over customers, according to Jeff Kinnaid, THD's executive vice president of merchandising. The market for battery-powered and robotic tools is forecast to grow 5.2% by 2026, according to the 2021 Outdoor Power Equipment Market Report. Better technology is contributing to the shift in demand.

Lowe's

Lowe's now has 2.5 million SKUs on their website, up 525% since Marvin Ellison took over two and a half years ago.

Lowe's has now reset 95% of US stores in order to make the shopping experience more intuitive. Sales per square foot across locations in the US and Canada increased to \$431 in 2020 from \$345 in 2019.

Lowe's has committed \$10 million to a new initiative called 100 Hometowns as a way to give back during Lowe's centennial year. Lowe's got their start as a single, small-town hardware store in 1921 in North Wilkesboro, North Carolina. Lowe's now has more than 2,200 retail stores. Award-winning country music star Kane Brown, who was once a Lowe's associate, kicked off the program by completing a project in his hometown of Chattanooga, Tennessee tied to the East Lake Boys & Girls Club.

Walmart

Walmart dropped the \$35 minimum order requirement previously needed to qualify for Express delivery, which delivers items directly to the customer in less than two hours. Customers pay a delivery fee of about \$10. Walmart relies on a team of 170,000 personal shoppers to pick and pack customer orders. Amazon Prime Now two-hour delivery is only available to members of Amazon Prime, which costs \$119 annually. Prime Now two-hour delivery is free for orders over \$35; customers pay a \$4.95 fee for orders under \$35.

Walmart removed rules that required sellers on the Walmart marketplace website to be registered in the US in

order to better compete with Amazon and tap into China's vast network of manufacturers. Walmart says vendors will still be carefully vetted, both locally and by Walmart's global trust and safety team. Several years ago Walmart pulled about 20 million items off the marketplace that failed to meet Walmart's quality standards. The Amazon marketplace is open to anyone who goes through the online registration process, but Walmart's is invite-only so that they can vet sellers.

Ace Hardware

Ace designated April 3 as "Some Day," a day dedicated to encouraging people to stop procrastinating and get started on one of those DIY home improvement projects they've been putting off. Ace will be offering free paint samples and delivery from Benjamin Moore and free babysitting search services from Sittercity.

Ace teamed up with Weber and Scotts to create the "Back Yard O-ACE-IS" sweepstakes. The sweepstakes will run throughout April with a grand prize of a \$5,000 shopping spree at Ace. Second and third place winners receive a \$500 or \$250 Ace gift card. Scotts is offering savings between \$10 and \$25 on purchases between \$75 and \$150. Weber Grills is offering a special \$30 discount on Spirit grills during the first two weeks and all customers who purchase a Weber Genesis II gas grill will receive a free Weber Snapcheck digital thermometer.

Amazon

Amazon is bringing back a former exec to run their highly profitable and rapidly growing Amazon Web Services (AWS) business. Adam Selipsky is rejoining the company in May and will take over AWS later this year. He's replacing Andy Jassy, who will become CEO of Amazon when founder Jeff Bezos steps down from that role and becomes executive chairman. Selipsky worked at AWS for 11 years before leaving in 2016 to run software company Tableau, which was later bought by cloud-based software company Salesforce.

AWS has launched a new service, Lookout for Metrics, that helps users streamline their operations by analyzing metrics and identifying the weak spots. The new service can currently be connected to 19 popular data sources and interface with apps like Salesforce, Marketo and Zendesk.

Amazon will make their telemedicine program, Amazon

Care, available to employers nationwide. It is currently available to the company’s employees in Washington state. Amazon Care is an app that connects users virtually with doctors, nurse practitioners and nurses who can provide services and treatment on the phone 24/7. In the test area it is supplemented with in-person services such as pharmacy delivery and house-call services from nurses who can do blood work and provide similar services. Amazon has been using the service for their Washington state employees for about 18 months. Consumer demand for telemedicine and virtual health care exploded during the pandemic.

CANADA SNAPSHOT

Unemployment Falls to 7.5%



- ▶ The unemployment rate fell 0.7% to 7.5% in March, the lowest level since February 2020.
- ▶ Employment rose by 303,000 (1.6%).
- ▶ Full-time, part-time and self-employment all gained.
- ▶ There were 1.5 million Canadians unemployed, up 32.4% from February 2020.
- ▶ Employment increased in seven provinces, and was unchanged in Nova Scotia, New Brunswick and Saskatchewan.
- ▶ There were significant gains in retail and several service-providing industries.
- ▶ During the 2008/2009 recession, the unemployment rate rose from 6.2% in October 2008 to a peak of 8.7% in June 2009. It took approximately nine years before it returned to its pre-recession rate.
- ▶ CV19 restrictions were relaxed or lifted in many areas in March.

Consumer Prices

The Consumer Price Index (CPI) rose 1.1% year over year in February after rising 1% in January. A big 5.0% increase in gasoline prices was behind much of the increase. Excluding gasoline, the CPI rose 1.0% in February, down from a 1.3% increase in January. On a seasonally adjusted monthly basis,

the CPI rose 0.1% in February. The homeowners' replacement cost index, which is linked to the price of new homes, rose 7.0% year over year in February, as higher building costs, low interest rates and strong demand for homes with more space continued to push prices for new housing higher. It was the largest yearly gain recorded since February 2007. Meanwhile, year-over-year mortgage costs continue to decline as Canadians take advantage of low mortgage rates. Price growth slowed in most provinces but accelerated in Quebec.

GDP Rises 0.1% in December

GDP grew 0.1% in December after growing 0.7% in November, the eighth consecutive monthly gain. GDP remained 3% below pre-pandemic levels in February 2020. Goods-producing industries were up 0.6% and services-producing industries fell 0.1%. Sales in the retail trade sector fell 3.3% in December after seven consecutive months of growth, as 10 of 12 subsectors were down. December saw the reintroduction of lockdown measures across many parts the country including the closure of all non-essential retailing and strict capacity and physical distancing control at essential retailers. Construction rose 1.2% in December, following a 0.3% contraction in November, as the majority of subsectors increased. Residential construction grew 1.4% in December, and repair construction increased 1.5%.

Interest Rates Steady

The Bank of Canada (BOC) kept key interest rates at 0.25% even though they changed their forecast for the economy and now believe it will grow during the first quarter rather than contract as they forecast earlier in the year. The bank pointed to new, more transmissible variants of CV19 as the biggest risk to the recovery. They do not see inflation moving back into the 2% range until 2023. Interest rates have been at 0.25% for nearly a year; the bank cut rates three times in March 2020 as the pandemic began in order to keep credit flowing and ease costs for households.

Housing and Construction News

Canadian housing starts fell 13.5% in February compared with the previous month as both multiple and single-detached urban starts fell, according to the Canadian Mortgage and Housing Corporation. The seasonally adjusted annualized rate

of housing starts fell to 245,922 units from a revised 284,372 units in January. Analysts had expected starts to fall to 245,000 units in February.

Home sales continued to rise in February, up 39.2% from February 2020, according the Canadian Real Estate Association (CREA). Sales in February were up 6.6% from January 2021. The actual national average home price in February was a record \$678,091, up 25% from February 2020. Big price increases were not confined to traditionally hot real estate markets such as Toronto and Vancouver. The largest year-over-year gains, above 35%, came from the Lakelands region of Ontario's cottage country, Tillsonburg District and Woodstock-Ingersoll. CREA said inventory remains at historic lows with more than 90% of listings selling in less than a month. Year-over-year prices are up in double-digits for most areas. Mortgage rates are expected to remain low.

Retail Sales Fall 1.1%

Retail sales fell in January for the second consecutive month, dropping 1.1% to \$52.5 billion. Sales declined in 6 of 11 subsectors, representing 34% of retail sales. Core retail sales, which exclude gasoline stations and motor vehicle and parts dealers, also posted their second consecutive decline, falling 1.4% in January. Building material and garden equipment and supplies dealers' sales rose 2.9% in January after dropping in December. With the resurgence of CV19 cases in Canada, provincial governments began to reintroduce physical distancing measures, which directly affected the retail sector. Sales declined overall in Quebec and Ontario. Statistics Canada said most retailers continued to report sales despite the fact that approximately 14% of retailers were closed at some point in January for an average of three business days.

Retail Ecommerce Sales Soar

On an unadjusted basis, retail ecommerce sales were up 110.7% year over year to \$3.5 billion in January, accounting for 7.8% of total retail trade after rising 69.3% year over year in December. The continued rise in ecommerce sales coincided with an increase in store closures in January. On a seasonally adjusted basis, retail ecommerce rose 15.0% in January.

Retail Notes

Canadian Tire and Toronto-based NuPort Robotics have

partnered with the Ontario government to invest \$3 million to commercialize the world's first automated heavy duty trucking technology. The breakthrough technology offers a transportation solution for the middle mile, the short-haul shuttle runs that semi-tractor trailers make between distribution centres, warehouses and terminals each day. The project applies unique and made-in-Ontario artificial intelligence (AI) technology.

Canadian Tire CEO Greg Hicks said that their physical stores have been an enormous asset during the pandemic, because they essentially provide 22 million square feet of warehouse space that's within a 10-minute drive of 90% of Canadians. Canadian Tire celebrates their 100th anniversary next year.

Hudson's Bay officially launched Marketplace, an online third-party sales platform, on their ecommerce website. They will reportedly use Marketplace to introduce new and expanded category offerings. Hudson's Bay was founded in 1670 and operates 88 stores across Canada.

Amazon was ordered to close a massive fulfillment facility outside of Toronto for two weeks in order to control CV19 outbreaks. Amazon said they've poured \$17 million into the facility's coronavirus enhancements over the past year. The facility employs thousands of people. Amazon intended to appeal the ruling, saying that their own rigorous testing showed a positivity rate below 1%.

Amazon Canada celebrated International Women's Day, March 8, by teaming up with renowned Canadian model Winnie Harlow, designer Diane von Furstenberg and eight other influential women to honor and support thriving female-led businesses in Canada, the US, India, Spain, France, Italy and more during a special virtual event.

MARKET TRENDS

Inside the American Rescue Plan

President Biden signed a massive \$1.9 trillion stimulus package into law in mid-March. The bill provides direct payments of up to \$1,400 to qualifying Americans. It also extends unemployment benefits, gives aid to ailing businesses like airlines, provides funding to speed up vaccinations and reopen schools, and gives most parents a tax credit of up to \$300 per child, per month.

That means households should receive around another \$700 billion over the next six months which will lead to another boom in consumer spending and add to already elevated levels of household savings. Economists estimate about 40% of the roughly \$1.9 trillion package will be personal income.

The package also includes an extension of the pandemic unemployment programs and an additional \$300/week in jobless benefits through September, which Wells Fargo estimates will add up to about \$170 billion. Enhanced tax credits were also included in the package, which should boost income in the latter half of this year.

Research shows that one-time payments lead to an increase in consumer spending more quickly than an increase in income, as many people use the money to pay down debt or pay for something they've been putting off. Warmer weather, increasing vaccinations and fewer cases of CV19 will all combine to further loosen the purse strings. In addition, many consumers dramatically increased their savings during the pandemic and will soon be able to spend them on travel, entertainment, dining out and other services that were off-limits in many states during the worst of the pandemic.

Data caused Wells Fargo to project a rapid rebound in consumer spending this year, with total personal consumption expenditures (PCE) on track to grow 7.5% this year as a whole, with back-to-back double-digit percentage gains in PCE in the second and third quarters. If this forecast proves accurate, it will be the biggest six-month spending surge in at least 70 years.

President Biden Orders Supply Chain Review

President Biden signed an executive order intended to boost manufacturing jobs by strengthening the US supply chains for advanced batteries, pharmaceuticals, critical minerals and semiconductors. The US has become increasingly dependent on imports of these goods, which the administration has deemed a security and economic risk. The 100-day review is being done in hopes of increasing domestic production. However, the administration is also looking at working with international partners to ensure a stable and reliable supply chain. According to the Bureau of Labor Statistics (BLS), today there are 12.2 million manufacturing jobs compared to 17 million in 2000. The pandemic revealed the fragility of many vital supply chains. There were initial shortages of many goods, including vital PPE, and now automakers are dealing with a shortage of computer chips, which is taking a big bite out of profits and cutting production by more than a million vehicles.

Cordless Tool Growth

Forbes Asia did a feature on TTI that said that the cordless tool industry overall has plenty of room to grow. Chicago-based research firm Arizton Advisory and Intelligence found that cordless tools now account for 56% of the \$24 billion global power tools market and that percentage should keep growing until at least 2025. Together, Bosch, SB&D and TTI controlled about 40% of the market in 2019. *Forbes* said in a recent report U.S. Bancorp (USB) found that TTI uses in-house, proprietary software in their batteries, while competitors rely on outside software or purchase battery packs from third party suppliers. USB also noted that high-performance brushless motors deliver higher power and durability.

Walmart Takes on Amazon Advertising

Walmart plans to expand their advertising business, adding space for ads in US stores and sharing their enormous bank of shopper data with brands as part of their plan to challenge Amazon as a media powerhouse. Walmart plans to grow their ad business to \$10 billion over the next five years. Reuters reported that Walmart's ad revenues for 2020 were estimated at close to \$1 billion. In 2019 Walmart cut ties with their external advertising partner and took the business in house as Walmart Media Group, now renamed Walmart Connect. Walmart plans

to build a new advertising platform in partnership with ad technology company Trade Desk that will allow brands to use Walmart's shopper data to make ads more effective, even on websites and apps that Walmart does not own. Advertisers can monitor sales inside Walmart stores in real time and adjust ad campaigns as needed. Walmart will sell ads on more than 170,000 screens inside more than 4,500 US stores, including on TVs and screens of self-checkout kiosks.

Shoppers Face CV19 Delays; Retailers Deal with Bottlenecks

Categories from building supplies and lumber to electronics, vehicles and even wine are experiencing both production and shipping delays, causing out of stocks and shortages. Some factories in the US and abroad are still shuttered and many others are running at partial capacity, due to social distancing and workers out with CV19. Containers for overseas shipments are hard to find; containers are piling up at ports because there aren't enough workers to unload and move them. Congestion has increased the amount of time it takes truckers to drop off or pick up containers. Many large retailers, including Walmart, are paying premiums for manufacturers to speed deliveries by trucking products directly to stores rather than distribution centers. Since stores are now fulfilling local ecommerce orders, this setup could be the beginning of a new delivery model that extends well beyond the pandemic. Even the rollout of CV19 vaccines is playing a role, as vaccines take up shipping capacity across many channels. Over December and January shortages and bottlenecks developed that had not been previously seen. In addition, all major businesses in China and Taiwan completely shut down for at least 7 days for Chinese New Year, which was the last week in January this year. Some factories shut down for up to 3 weeks because employees are traveling to and from hometowns that can be up to 1,200 miles away. Demand for goods has shifted to electronics, technology and home improvement products faster than supply has been able to keep up with. Americans aren't going to offices, but they are buying a lot more athleisure and athletic wear, and "things that look good on Zoom."

Retailers Try to Reduce Returns.

The shopping shift to buying everything online has resulted in a predictable rise in return rates. The number of ecommerce packages returned in 2020 rose 70% from 2019, despite

several retailers using algorithms that allowed some customers to keep unwanted items and still get a refund. For a typical retailer, every \$1 million reduction in returns can translate into \$500,000 added to the bottom line, according to Newmine, which makes software that helps retailers understand the reasons for returns. Retailers are looking for innovative new ways to duplicate some of the benefits of shopping in a store, such as offering virtual “try-ons,” video and online demos of products and scenarios that allow customers to see what something would look like in their home.

Women in the Workforce Victims of the Pandemic

Prior to the pandemic, nearly 3 in 4 US moms were in the workforce. In 2019, 72% of all US women with children under 18 were working or looking for work, according to the Bureau of Labor Statistics (BLS); in 64% of families with two parents in a household, both were employed. When schools shifted to distance learning, something had to give. Only about 43% of all workers are able to telework; the vast majority of these are college educated. Today approximately 2.5 million women have dropped out of the workforce. Many households with spouses who were not able to work from home had to choose who would stay home and try and get the kids through virtual learning and who would go to work.

What Price Online Reviews?

Tech Radar reports that a recent audit of online reviews revealed that fake reviews can be purchased online in bulk. Several businesses have more than 700,000 “product reviewers” working for them. These individuals typically receive small payments, discounted products or other incentives for placing positive reviews. There is evidence that many of the businesses realize that Amazon, in particular, is attempting to weed them out and block their influence, and offer advice on how to write reviews that don’t trigger Amazon’s algorithmic wrath. Amazon regularly removes fraudulent reviews, but it is practically impossible to vet every review.

International Debate over Taxing Tech Companies

There’s an international debate going on over how to tax US tech companies like Google, Amazon and Facebook, with several countries imposing taxes the US considers discrimina-

ry, creating a series of trade disputes. Digital taxes are the latest measure threatening to trigger trade wars. The talks are basically centered around how to allocate some of a company’s revenue to the country where services are used so that the government there can benefit from taxes. In late January, finance officials from 137 countries resumed negotiations via teleconference; reportedly more than 40 countries are considering or planning unilateral digital taxes. The Paris-based Organization for Economic Cooperation and Development (OECD) says that if they do, it will create a trade war.