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US ECONOMY

Exchange Rates March 31, 2023

Euro	1 Euro = $1.087	$1.00 = 0.920 Euros
Canadian Dollar	1 CAD = $0.739	$1.00 = 1.353 CAD
Japanese Yen	1 Yen = $0.007	$1.00 = 132.775 Yen
Chinese Yuan	1 Yuan = $0.145	$1.00 = 6.869 Yuan
Mexican Peso	1 Peso = $0.055	$1.00 = 18.029 Pesos

Market Watch March 31, 2023

DOW	33,274	0.2%
NASDAQ	11,456	6.7%
S&P 500	3,970	3.5%

It was March Madness in the markets as well as on the basketball court. Expectations about the economy, the Fed and policy swung from one extreme to another and the sudden collapse of two large regional banks and one international powerhouse threatened to send the economy into a downward spiral. But instead, the Treasury Secretary reassured an anxious public, the FDIC came through and the markets ended up having their best month and quarter in more than a year. For the quarter, the DOW inched up 0.4%, the Nasdaq gained 16.77% and the S&P, the index most closely watched by professionals, rose 7%.

Consumer Spending Rises 0.2%

Consumer spending rose 0.2% in February after jumping an upwardly revised 2.0% in January, which had been the largest monthly gain in two years. Core consumer spending fell 0.1% in February after rising an upwardly revised 1.5% in January. Spending on goods jumped 2.8% and spending on services rose a strong 1.3%. The overall surge in spending came as wages and salaries jumped 0.9%. A whopping 8.7% cost of living adjustment for more than 65 million Social Security beneficiaries offset a drop in government benefits. Personal income rose 0.2%, the smallest gain since April, making the outlook for spending uncertain. Wages rose 0.3%, matching November's increase. Consumers increased savings as well, with the saving rate rising to 4.7%, the highest in a year, from 4.5% in December.

Consumer Prices Rise 0.4%

The Consumer Price Index (CPI) rose 0.4% in February after rising 0.5% in January. Consumer prices were up 6.0% year over year after being up 6.4% in January. It was the eighth consecutive month that year-over-year inflation has cooled down. Core inflation, which excludes the volatile food and energy categories, rose 0.5% in February after rising 0.4% in January but dropped to 5.6% on an annual basis from 5.7% in December. The personal consumption expenditures (PCE) price index rose 0.3% in February after jumping 0.6% in January. In the 12 months through February, the PCE price index accelerated 5% after rising 5.3% in January. Excluding the volatile food and energy components, the PCE price index increased 0.3% in February after rising a downwardly revised 0.5% in January.

Consumer Confidence Rises to 104.2

- The New York-based Conference Board's Consumer Confidence Index rose to 104.2 in March after falling to an upwardly revised 103.4 in February*
- The Present Situation Index fell back to 151.1 in March after rising to an upwardly revised 153.0 in February.
- The Expectations Index, based on short-term outlooks for income, business and labor market conditions, rose to 73.0 in March after falling to an upwardly revised 70.4 in February. A level of 80 indicates consumers expect a recession.
- In May 2020 Consumer Confidence was 120.0 but 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.

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Unemployment Falls to 3.5%

- The unemployment rate fell to 3.5% in March after rising to 3.6% in February. Unemployment was 3.5% at the beginning of the pandemic in March 2020.
- The economy added 236,000 new jobs, below the 311,000 new jobs added in February. It was the 27th consecutive month of job growth despite stubborn inflation, higher interest rates and tech industry layoffs.
- Consumers continue to shift spending away from goods and into services, with some of the largest job gains in leisure and hospitality.
- Eight out of ten new hires were at companies with fewer than 250 employees.
- Average hourly earnings rose 4.2% year over year, the lowest level of increase since June 2021.
- Monthly job gains over the last six months have averaged well above the 250,000 new jobs needed each month to maintain the economy.

Chicago PMI Rises to 43.8

The Chicago PMI inched up to 43.8 in March after falling to 43.6 in February. The marginal increase left the index below 50, the level that signifies expansion, for the seventh consecutive month. Economists had expected another decline. A PMI number above 50 signifies expanded activity over the previous month; this was the sixth consecutive reading below 50, the level which indicates contraction. 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 Fall 0.1%

The Producer Price Index (PPI) fell 0.1% in February after jumping 0.7% in January and was up 4.6% year over year after being up 6.0% in January and 7.3% in December. Stripping out volatile food and energy prices, core PPI rose 0.3% in February after being up 0.5% in January and was up 5.4% year over year for the second consecutive month. The PPI peaked at a whopping 11.7% year-over-year increase in March 2022.

Q4 GDP Grows 2.6%

Q4 GDP was revised down to 2.6% growth from 2.7% in the second reading and an initial reading of 2.9%, according to the third and final reading from the Commerce Department. GDP rose 3.2% in the third quarter. Economists had generally expected growth to be unrevised and now expect the reading for the first quarter of this year to be in the same range. The increase in consumer spending was reduced in the latest estimate to 1% from 1.4% in the second reading and an original 2.1%. Business investment, on the other hand, turned out to be much stronger and mostly offset the drag from consumer spending. Overall business investment was raised to an annual growth rate of 4.5% from an original 1.4%. The PCE index was unchanged at 3.7% Full-year GDP growth this year is expected to be anemic, with NRF forecasting growth of about 1.1%, about half the level in 2022. The personal consumption expenditures price index, (PCE) the Fed's preferred gauge, advanced at a seasonally adjusted annual rate of 3.7%, a substantial upward revision from the first reading of 3.2%. Core PCE, which strips out food and energy costs, was revised up to a 4.3% increase from an initial estimate of 3.9%. The Fed targets a 2% inflation rate. The Fed would like to see the economy cool off more before they ease up on interest rate increases.

Fed Raises Rates 0.25%

As widely predicted, the Fed scaled back their planned rate increase in March in the wake of several bank failures that rattled confidence in the economy. They raised interest rates just 25 basis points to a level of 4.75% to 5.0%, the highest rate in more than sixteen years. They did not give any specific guidance about further increases but said more action may be needed to bring stubborn inflation down from it's current 6% to closer to the preferred range of around 2%. However, rates at the end of the year are still projected to be 5.1%, which would indicate one more small rate increase. The notes issued said that inflation will probably fall less than originally hoped this year. Recent

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developments will most likely result in credit tightening which could depress economic activity but it is impossible to project what the actual impact might be.

HOUSING & CONSTRUCTION

Builder Confidence Rises to 44

Builder Confidence rose two points to 44 in March after jumping to 42 in February, according to the National Association of Home Builders/Wells Fargo Housing Market Index (HMI). It was the third consecutive monthly increase in confidence. The index gauging current sales conditions rose two points to 49 and the gauge measuring traffic of prospective buyers increased three points to 31, the strongest traffic reading since September of last year. Sales expectations in the next six months fell one point to 47. Builders continued to reduce prices and offer sales incentives to stimulate sales. Any number over 50 indicates that more builders view the component as good than view it as poor.

Building Permits Rise 13.8%

Overall building permits jumped 13.8% in February to a 1.52 million unit annualized pace after inching up to 1.34 million units in January. Single-family permits rose 7.6% in February to 777,000 after falling to 718,000 units in January. The increase came after ten consecutive monthly declines in permits. Multifamily permits rose 21.1% to an annualized pace of 747,000 units after rising to 621,000 units in January. Regional permits were mixed.

Housing Starts Rise 9.8%

Housing starts rose 9.8% in February to a seasonally adjusted annual rate of 1.45 million after falling to 131 million units in January. **Single-family starts rose 1.1%** to a seasonally adjusted 830,000 units after falling to 841,000 units in January. Single-family starts were down 31.6% from February 2021. Multifamily starts rose 24% to 620,000 units after plunging to 473,000 units in January. Regional starts were mixed.

New Home Sales Rise 1.1%

New home sales rose 1.1% in February to a seasonally adjusted annual rate of 640,000 new homes after January's 7% increase was revised downward. New home sales were down 19% February 2022. New single-family home inventory fell for the fifth consecutive month. Inventory was at an 8.2-months' supply; about six months is considered a normal, balanced market. The median new home sale price in February rose to $438,200, up 2.5% compared to a year ago. A year ago 15% of homes were priced below $300,000; today just 10% of new homes are in that price range. Sales fell in all regions. 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 Jump 14.5%

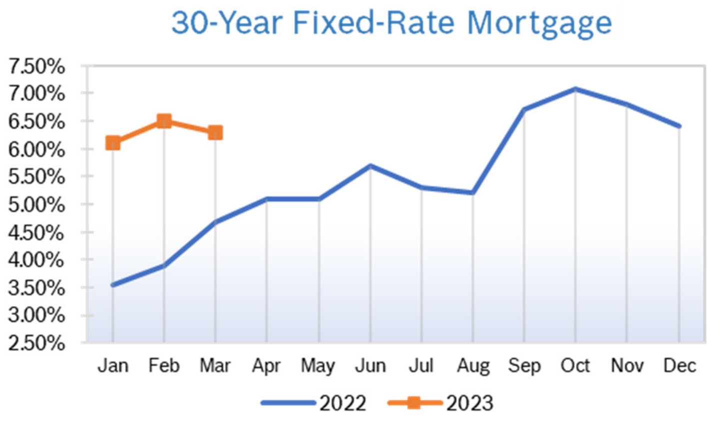
Existing home sales jumped 14.5% in February to a seasonally adjusted annual rate of 4.58 million units after falling to 4.0 million units in January, according to the National Association of Realtors. Sales were down 22.6% from February 2022. The inventory of unsold existing homes was stable after rising to 980,000 units in January and was up 15.3% from February 2022. Unsold inventory is at a 2.6-months' supply, up from 1.7 months in February 2022. The median existing home price fell 0.2% in February from February 2022, the first year-over-year decline in existing home prices in 131 months, which had been the longest streak on record. Properties remained on the market for an average of 34 days in February, up a day from January. Regional sales were mixed.

Regional Housing Data

	Northeast	South	Midwest	West
Builder Confidence*	42 (+5)	45 (+5)	34 (+1)	34 (+4)
Building Permits*	-2.8%	10.9%	9.6%	30.0%
Housing Starts*	16.5%	2.2%	70.3%	16.8%
New Home Sales**	-29.2%	-7.3%	-21.3%	-40.6%
Existing Home Sales*	4.0%	15.9%	13.5%	19.4%

* change from previous month **change year over year

Mortgage Rates Fall to 6.3%



- 30-year fixed-rate mortgages fell to 6.3% at the end of March after rising to 6.5% at the end of February. Mortgage rates were 4.7% at the end of March 2022.
- Economic uncertainty continues to bring rates down after a brief increase in February.
- The rate environment is encouraging rate-shopping as rates now vary more among lenders and homebuyers can save between $600 and $1200 annually by shopping around.

POWER TOOL INDUSTRY

Robert Bosch Tool Corporation

Bosch Power Tools is putting aggressive plans in place to double sales by 2030, according to Henk Becker, president of Bosch Power Tools. FY22 sales rose 3% to $6.2 billion and Bosch invested more than $315 million in products and initiatives, including the expansion of their strong accessories business, infrastructure projects to boost capacity, and the further extension of their two multi-brand 18V battery systems: the AmpShare Alliance for professionals in trade and industry and the Power for All Alliance for applications in and around the home.

As part of their growth strategy, Bosch also plans to acquire a roughly 12% stake in Husqvarna AB to expand its multi-brand battery cooperation. This long established Swedish company markets Husqvarna brand as well as Gardena and Flymo.

North America, which makes up more than 40% of the power tool market worldwide, will be one area of focus. Bosch plans to sharpen their product portfolio to best meet the needs of North American users and expand their marketing activities and sales structures to make their power tools even more appealing to current users and to help them expand into new market segments.

Bosch will continue to focus on sustainability, and has been working steadily in recent years to reduce their environmental footprint. They have already rolled out projects to cut CO_2 emissions and conserve resources. Since 2020, all business divisions of the Bosch Group have been climate neutral; not a single site worldwide leaves a carbon footprint today.

Bosch Power Tools is working relentlessly to make their entire product portfolio more sustainable. They are constantly exploring opportunities to use recycled materials and are learning their uses and limitations.

Bosch Power Tools looked at the entire supply chain to identify ways to save on materials, particularly on plastic, and replace them when possible with more environmentally friendly components. Henk Becker noted that even seemingly small changes can add up and make big impacts. He says their goal is to be a role model for the industry and to motivate everyone to do their part for a better living environment.

Bosch is also partnering with the World Wildlife Federation (WWF), which will provide a sounding board and expert consulting to further develop a climate-friendly packaging and products strategy. They will also collaborate on training and raising awareness of Bosch associates so they can participate and contribute to Bosch's transformation to sustainability. In return, Bosch Power Tools will support WWF on nature conservation projects that are urgently needed in the current climate and biodiversity crisis. This commitment and partnership makes Bosch Power Tools a pioneer in the industry.

Stanley, Black & Decker

SB&D announced changes to their manufacturing and distribution network which will include US site expansions, site transformations into manufacturing centers of excellence and site consolidation. The Cheraw, South Carolina operations will be transferred to facilities in Jackson and Gallatin, Tennessee and the Fort Worth, Texas facility that manufactures Craftsman tools will be closed. The closing will impact 387 employees in Texas and South Carolina; the transfer of operations will add 80 jobs in Tennessee. The moves are part of their announced strategy to streamline operations and save $1.5 billion in costs.

TTI/Techtronic Industries

TTI FY22 Earnings Call with Analysts

Sales increased by 0.4% or 2.8% in local currencies, driven by outstanding sales by the Milwaukee brand, new product innovation, field initiatives and geographic expansion. Revenue grew 0.3% in North America.

The Power Equipment division, representing 93% of the group's revenue, delivered 3.1% growth, or 5.5% in local currencies. Milwaukee global sales grew approximately 22% in local currencies, offsetting declines in consumer power tools and outdoor business due to softer consumer spending, unfavorable weather and destocking by major home improvement channels.

They aggressively cut costs but increased their investment in R&D, which accounted for 3.7% of sales in 2022, by $58.6 million. They estimate R&D spending will remain in the mid-3% level of sales going forward.

Last year they decided to stockpile even more critical components, semiconductors and cells needed for their batteries, because these critical components were in short supply. They are committed to ship at a 98%-plus service level. They also increased some WIP inventory, but reduced the inventory of finished goods.

They believe they can get back on track and deliver mid-single digit growth this year despite the environment. They expect Milwaukee to grow in the solid teens despite the global economic environment and turmoil. Over the next five years they expect to further solidify their market leadership in cordless.

Other News:

TTI's annual report shows that while the company posted 0.4% revenue growth last year, revenue actually fell 8.7% in the second half of the year. Analysts expect the company to return to 6% growth this year, although they have not provided an updated outlook. Analysis showed that last year Milwaukee sales grew 18.78%, but Ryobi sales fell in the mid-single digits. However, Ryobi sales were still nearly 50% higher than in 2019, pre-pandemic, so could decline further this year.

After five years of operation in Vietnam, TTI wants to further push business development by fostering partnerships with local authorities and suppliers. They've invested in a modern manufacturing facility in Saigon Hi-Tech Park, known as the Silicon Valley of Ho Chi Minh City. TTI has reportedly identified Vietnam as a strategic location where they are committed to long-term investment and building a supply chain ecosystem. They intend to attract the talent needed to contribute to positioning Vietnam as a hub. TTI has nearly 8,000 employees working at eight production facilities, a representative office in Ho Chi Minh City, and Milwaukee Heavy Duty Centres in Ho Chi Minh City and Hanoi.

RETAIL

Retail Sales Fall 0.4%

Retail sales fell 0.4% in February after rising an upwardly revised 3.2% in January, according to the Commerce Department. It was the largest monthly increase since March 2021 when stimulus checks were delivered. Excluding automobiles, gasoline, building materials and food services, retail sales rose 0.5% in February after rising an upwardly revised 2.3% in January. Core retail sales correspond most closely with the consumer spending component of GDP. Unlike many government reports, retail sales aren't adjusted for inflation and can reflect rising prices or one-time events that boosted spending. 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 will host their second annual Virtual Career Day for jobseekers in mid-April. Career Day gives people an opportunity to learn about open roles, get a sneak peek into the company's culture and hear from both new and seasoned associates. Participants will be able to chat live with associates in virtual booths and learn what it's really like to work at The Home Depot. People will be able to explore part-time and full-time opportunities within the stores and warehouses, including customer service and sales, technicians and driver positions.

Walmart

Morgan Stanley's latest survey points to Walmart+ having 18.4M members, or 14.3% U.S. household penetration, which is "modestly higher" than their prior survey and close to the record high of 18.6M members recorded in the September 2022 survey. Based on analysis of the number of actual members plus the number of respondents stating they are "very likely" to subscribe to Walmart+, they told investors they see more growth ahead.

ACE Hardware

Construction began in February on Ace's massive new headquarters in Oak Brook, Illinois, that will allow them to bring about 1,100 employees from three locations under one roof. They expect to be relocated in mid-to-late 2023. Ace says the move will also save them money, as it will cost less than maintaining three separate locations. The building they are renovating was once McDonald's corporate headquarters.

Ace announced their 2022 Vendors of the Year honorees. This year, seven vendor partners were recognized for showing demonstrative and measurable efforts to help Ace retailers differentiate through service, convenience and quality, all key pillars of the company's long-term growth strategy. This year's winners included Milwaukee Tool, EGO and Benjamin Moore paints. Craftsman was also recognized as the Ace Foundation Children's Miracle Network (CMN) Vendor of the Year in recognition of their donations and sponsorship of the Ace Hardware Foundation and CMN events.

Ace Hardware announced record-breaking attendance at their recent in-person convention in Texas. Nearly 12,000 people attended the event that brought together more than 4,800 Ace retailers representing 3,355 stores. Ace announced new strategies for increased efficiency, including Planogram Change Management designed to help retailers cut their reset time in half. Ace also outlined plans for one of their biggest growth drivers in 2023, outdoor power equipment. Strategies include an expanded relationship with STIHL. Retailers attending said one of the biggest draws was the chance to talk to Ace representatives as well as their fellow store owners and operators from across the country.

Amazon

Amazon is delaying the beginning of construction of Pen-Place, the second phase of their headquarters development in Northern Virginia. The more than 8,000 employees they've already hired will go to work at the Met Park campus, the first phase of development, when it opens this June.

Amazon will cut another 9,000 jobs, primarily from Amazon Web Services (AWS), Twitch, human resources and advertising. That brings the total number of employees losing jobs since November to more than 27,000. CEO Andy Jassy made it clear that AWS is still a priority, they are simply streamlining and becoming more efficient.

CANADA SNAPSHOT

Unemployment Holds at 5.0% in March

- The unemployment rate held at 5.0% in March for the fourth consecutive month and the economy added 35,000 new jobs after adding just 22,000 jobs in February. Unemployment reached a record low of 4.9% in June and July 2022. In January 2021 unemployment peaked at 9.4%.
- Much of the gain was concentrated in the private sector.
- Employment rose in several industries but fell in construction.
- Employment increased in Ontario, Alberta, Manitoba and Prince Edward Island. Employment was little changed in the other provinces.
- Year-over-year wage growth was 5.3%, above 5% for the ninth consecutive month. Wage growth needs to cool in order to tamp down inflation.

Consumer Prices Rise 5.2%

Consumer prices were up 5.2% year over year in February after being up 5.9% in January and 6.3% in December. Part of the slowdown was due to the fact that prices soared in February 2022. On a monthly basis, the CPI was up 0.4% in February after rising 0.5% in January. On a seasonally adjusted monthly basis, the CPI rose 0.1%. Statistics Canada noted that Inflation has slowed in recent months, rising 1.2% compared with six months ago, but prices remain elevated. Compared with 18 months ago, inflation has increased 8.3%. Shelter costs are rising more slowly now that home prices are falling, but mortgage costs are increasing.

Bank of Canada Holds Steady

The BoC held interest rates at 4.5% in early March, following a quarter-point increase in January, stating that the BoC would not necessarily follow the US Federal Reserve. Rates are currently at the highest level in fifteen years. The BoC noted that economic reports point to inflation decelerating and moving closer towards the goal of 2.0%.

Housing and Construction News

Housing starts climbed 13% in February to an annual rate of 243,959 units after falling to 216,514 units in January, according to Canada Mortgage and Housing Corp. (CMHC). Single-family starts rose 3% to 45,224 after falling in December.

Canadian home sales rose 2.3% in February after falling to a 14-year low in January but were down 40% from February 2022, according to the Canadian Real Estate Association (CREA). The median home price fell 18.9% to $662,447 in February after dropping to $714,700 in January and were down from $816,578 in February 2022. Sales were in line with 2018 and 2019, and analysts noted that the market has probably blown through some of the pandemic-induced market frenzy. New listings were down 26% from a year ago.

Retail Sales Rise 1.4%

Retail sales rose 1.4% in January to $66.4 billion after rising to $62.1 billion in December. Sales increased in 7 of 9 subsectors, representing 88.7% of retail trade. Core retail sales, which exclude gasoline stations and motor vehicle and parts dealers, increased 0.5% in January after rising 0.4% in December. In volume terms, retail sales increased 1.5% in January. Sales rose in all provinces.

Retail Ecommerce Sales

On a seasonally adjusted basis, retail ecommerce sales were down 0.1% to $3.3 billion in January, accounting for 5.0% of total retail trade compared with 5.1% in December.

Retail Notes

Canadian Tire rolled out a new fee-based subscription tier as part of their Triangle Rewards loyalty program. The subscription, which will cost $89 a year plus taxes, is an upgrade to their existing rewards program. Members who pay for Triangle Select status will be able to earn CT Money faster through "stackable, bonus rewards" on eligible purchases at all stores. Subscribers will also receive a "welcome gift" valued at $50, online shopping perks and, for a limited time, a six-month subscription to the streaming service Crave. Canadian Tire reported that beta testing of Triangle Select showed the average member's annual incremental earnings through "select-specific bonuses" came to more than three times the subscription fee.

Canadian Tire announced they will spend at least half of their sports sponsorship dollars supporting women's professional sports by 2026. Their multi-million dollar investment includes a dedicated media fund aimed at increasing the visibility of women's sports across top broadcast, digital and social platforms. The initiative will add five sports partnerships to Canadian Tire's roster, including coming in as a founding partner of Project 8, Canada's first women's professional soccer league set to launch in 2025.

GDP Rises 0.5% in January

Real GDP rose 0.5% in January, following a 0.1% contraction in December. Both goods-producing (+0.4%) and services-producing (+0.6%) industries were up in January, as 17 of 20 industrial sectors posted increases. In January, the construction sector posted a 0.7% gain, the largest increase since March 2022, reflecting increases in all construction subsectors. Engineering and other construction activities (+1.2%) continued on their long-term growth pattern and were the main driver of growth in the sector, along with residential construction, which grew 0.6% as home alterations and improvement drove gains. Nonresidential building construction (+0.3%) posted a second consecutive increase as industrial building construction and alterations and improvement expanded. Repair construction (+0.4%) expanded for the first time in four months due to gains in both residential and non-residential repairs. Advance information indicates that real GDP increased 0.3% in February.

Consumer Prices Rise 5.2%

The consumer price index (CPI) rose 5.2% year over year in February after being up 5.9% year over year in January. On a monthly basis, the CPI rose 0.4% in February after rising 0.5% in January. Core prices ex food and energy cooled off again, rising 4.8% year over year after being up 4.9% in January. Core inflation remained well above the Bank of Canada's (BoC) target of 2% but is down significantly from 8.1% in June.

Shelter costs increased at a slower pace year over year for the third consecutive month, rising 6.1% in February, after an increase of 6.6% in January. The homeowners' replacement cost index, which is related to the price of new homes, slowed on a year-over-year basis in February (+3.3%) compared with January (+4.3%). These movements reflect a general cooling of the housing market.

The mortgage interest cost index increased at a the fastest year-over-year pace since July 1982 in February rising 23.9% compared to 21.2% in January. The increase occurred amid a higher interest rate environment.

MARKET TRENDS

It's Not 2008

Are we in danger of another Great Recession? After a series of bank failures and rescues, many people are worried that history might repeat itself and plunge the economy into another Great Recession. The Great Recession in 2008 was triggered by a housing market collapse brought on by lax mortgage standards and regulations that left people awash in debt they couldn't pay.

Between 2001 and 2007, mortgage debt rose nearly as much as it had in the whole rest of the nation's history and home prices doubled. Mortgage salesmen hustled unqualified people to apply for mortgages they couldn't pay off. Lenders weren't concerned because they sold those mortgages to big investment banks that wanted to cash in on zooming housing values. Eventually the house built on greed collapsed and took institutions like the 158-year old Wall Street giant Lehman Brothers with it. The collapse of Lehman Brothers was heard around the world and plunged the country into the Great Recession, with the taxpayers eventually footing the bill for bailing out the banks.

The Dodd-Frank banking regulations that were implemented after the banking meltdown in 2008 were designed to prevent another meltdown. While these regulations were partially rolled back during the Trump administration, these stringent rules still apply to larger financial institutions such as Citi Bank and JPMorgan Chase. It is interesting to note that Silicon Valley Bank had petitioned to be excused from following the regulations.

The collapse of tech and start-up heavy regional Silicon Valley Bank was the largest bank failure since 2008 was triggered by a run on a bank that could no longer meet its obligations. Fear of a bank failure in this age of electronic banking led to billions of dollars being withdrawn in less than 24 hours, which turned that fear into a self-fulfilling prophecy. SVB's collapse was quickly followed by Signature Bank. Overseas, the prestigious but scandal-plagued Credit Suisse was teetering on the brink of insolvency.

But the Secretary of the Treasury, Janet Yellen, moved swiftly to assure Congress and a nervous nation that the banking system was safe and no depositors would suffer, even if their accounts exceeded the $250,000 covered by FDIC insurance. Yellen also brokered an impressive rescue plan in which 11 larger banks put $30 billion into stressed First Republic to prevent a collapse. Credit Suisse had to sell itself at a deep discount to multinational rival USB in order to avoid disaster. All these institutions are now back in business, albeit under new ownership and with new names.

Unlike the bailout of 2008, the taxpayers are not footing the bill today. The FDIC is funded by the banking industry, not the government. With the banks rescued, it's unlikely that the near-collapse will impact the jobs of most Americans.

However, credit may tighten as banks try to keep more liquid assets on hand and housing costs may deflate in high-priced areas like San Francisco and Seattle that are heavily tech-dependent. The Federal Reserve remained steadfast in its goal to tame inflation, but implemented the smallest rate increase possible. If they hadn't raised rates at all, it would have signaled a lack of confidence in the economy.

Home Improvement Projects that Pay Off

About 95% of homeowners said they plan to take on a major home improvement project in the next five years, according to a recent report by Real Estate Witch. However, only 50% of respondents said they can currently afford to complete the project they want to complete.

However, neither elevated prices nor supply chain log jams deterred homeowners from making upgrades last year. In 2021, 24.5 million homeowners completed at least one home improvement project, up from 22.2 million in 2019, according to a study from Harvard's Joint Center of Housing Studies.

Americans spent an estimated $567 billion on home improvements and repairs in 2022, up 15% from 2021, the Harvard study found. That figure is expected to reach $580 billion this year.

The average homeowner spent $3,890 on renovations and remodeling in the past year, according to the report. Overall, homeowners get about a 60% return on their renovation investments, according to the recently released 2023 Cost vs. Value report from Zonda Media, a housing market research and analytics firm.

Only a few projects deliver a 100% return on investment, including converting a heating, ventilation and air conditioning system to electric, replacing the garage doors, installing a stone veneer and upgrading to a steel front door. Minor kitchen remodels, such as painting and updating the backsplash, yielded high returns, but major kitchen and bathroom remodels did not, according to Realtor.com.

Amazon Robotic Fulfilment Center

Reporters recently got to tour Amazon's new cutting-edge fulfilment facility in Papillon, Nebraska, where employees work alongside robots to pick, pack and ship customer orders such as books, toys and housewares. The 700,000-square-foot center with 14.5 miles of conveyors and 4,500 robots will provide more than 1,000 jobs and speed up package delivery to the surrounding communities. The center has the capacity to handle 40 million units of inventory, although it only has about 6.2 million now. With multiple floors, the building contains more than 1 million square feet of storage space, the equivalent of about 20 football fields. Once the new center is fully up and running, it will fill an average of 700,000 customer orders a day. The robots reportedly look like a big version of the disk-shaped vacuum robots. Each robot can carry up to 1,050 pounds of merchandise and deposit them into 7.8 million yellow plastic bins that transport orders and products throughout the building. Humans pack the items into Amazon boxes, add cushioning and tape them shut. The center operates 24 hours a day, seven days a week. The facility manager said that the robots eliminate a lot of repetitive and tiring tasks for employees and also create jobs in robotic manufacturing and service.

Eyes on Target

Target has long been regarded as a trend-setting retailer and two recent developments have other retailers taking note.

After extensive testing, Target will soon be rolling out curbside returns regardless of whether items were bought in-store, online or received as a gift. Target rolled out curbside pick-up for anything ordered online back in 2017 and thinks that allowing curbside returns will improve customer loyalty and cut the costs of processing returns. Returns of online orders are painful for both consumers and retailers, and retailers say they shrink profit margins because they lose the sale and have to devote resources to processing returns and dealing with fraud. In 2022, 16.5% of the $1.29 trillion in total online sales were returned, according to the National Retail Federation. That's actually an improvement from 2021, when the pandemic sent online orders skyrocketing and the return rate was nearly 21%.

Target opened a new flagship store in Katy, Texas, that is purposefully different from every other Target store in the US. It's a concept store, designed to deliver some of the intangible things people are looking for today, including inspiration and experiences. The store features a lofty, spacious design that includes reclaimed wood, floor-to-ceiling windows and live plants throughout. The design also incorporates more sustainable features, including natural (CO_2) refrigerants to help lower emissions.

Target says the concept is working and performing so well because it was built and thoroughly tested virtually before it was built physically. At 150,000 square feet, the store is more than 20,000 square feet larger than the average Target store. The fully virtual, life-size representation of the reimagined store allowed Target to analyze and redesign features in real time while virtually "walking" the store to ensure the enhancements would work both team members and guests, which is how Target refers to their customers.

This year the concept will move beyond Texas. Target expects that more than half of their planned 200 full store remodels and half of their estimated 30 new stores will feature elements of the design and beginning in 2024 all remodels and new stores will feature the majority of these reimagined store design elements.