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Bosch | Dremel

RotoZip | Vermont American

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US ECONOMY

Exchange Rates December 29, 2023

Euro	1 Euro = \$1.106	\$1.00 = 0.904 Euros
Canadian Dollar	1 CAD = \$0.757	\$1.00 = 1.320 CAD
Japanese Yen	1 Yen = \$0.007	\$1.00 = 140.930 Yen
Chinese Yuan	1 Yuan = \$0.141	\$1.00 = 7.085 Yuan
Mexican Peso	1 Peso = \$0.059	\$1.00 = 16.905 Pesos

Market Watch December 29, 2023

DOW	37,690	13.7% YEAR
NASDAQ	15,001	43.0% YEAR
S&P 500	4,770	24.0% YEAR

The Santa Claus rally continued in December, with all three indexes reversing the losses incurred in 2022 and turning in years for the bulls. Markets were cheered by rising confidence, falling bond yields and cooling PCE prices, which the Fed keeps a close eye on for interest rate policy. Analysts attributed a mild pullback on the last trading day of the year to rebalancing portfolios, and most see interest rate cuts ahead, perhaps as soon as mid-year.

Consumer Spending Falls 0.2%

Consumer spending fell 0.2% in December and November spending was revised to a 0.1% decline from a 0.1% gain. Spending on services rose 0.5%, matching November's gain. Spending on long-lasting manufactured goods like motor vehicles, recreational goods and household furniture and equipment decreased 1.9% after plunging 3.0% in November. Spending on nondurables like clothing and footwear declined 1.4% in December. The relatively weak showing in consumer spending and slowing price increases will allow the Fed to consider cutting interest rates next year.

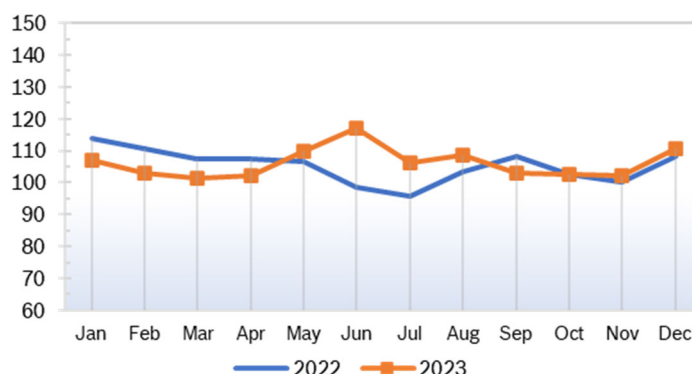
Consumer Prices Rise 0.1%

The Consumer Price Index (CPI) rose 0.1% in November after being unchanged and was up 3.1% year over year after being up 3.2% in October. The slight increase was above ex-

pectations that prices would be unchanged. The core CPI, which strips out volatile food and energy prices, rose 0.3% from October levels, in line with estimates and was up 4% year over year. The core CPI inflation rate peaked at a 40-year-high of 6.6% in September 2022. Core goods prices fell 0.3% in October but were unchanged year over year. Core services prices rose 0.5% from October and were up 5.5% year over year. The personal consumption expenditures (PCE) price index edged up 0.1% last month after rising by the same margin in November. In the 12 months through December, the PCE price index increased 5.0%. That was the smallest year-on-year gain since September 2021 and followed a 5.5% advance in November. Inflation peaked at 9.1% in June 2022.

Consumer Confidence Rises to 110.7

Consumer Confidence Index

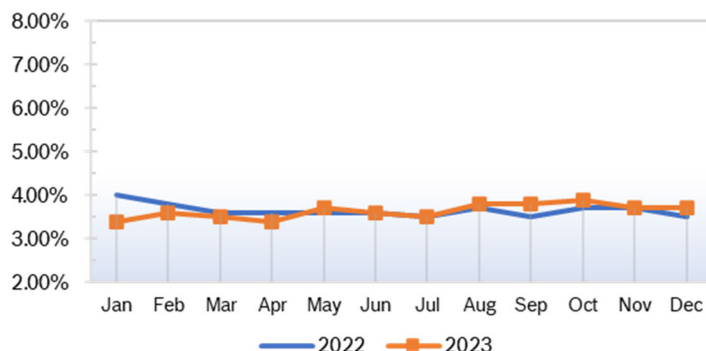


- ▶ The New York-based Conference Board's Consumer Confidence Index rose to 110.7 in December after rising to 102.0 in November.*
- ▶ The Present Situation Index rose to 148.5 in December after falling to 138.2 in November.
- ▶ The Expectations Index jumped to 85.6 in December after rising to a downwardly revised 77.4 in November. A level of 80 or below historically indicates consumers expect a recession.
- ▶ 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 Remains at 3.7%

U.S. Unemployment Rates



- ▶ The unemployment rate remained at 3.7% at the end of December. Unemployment was 3.5% at the beginning of the pandemic in March 2020.
- ▶ The economy added 216,000 new jobs in December after adding 199,000 new jobs in November. It was the 36th consecutive month of job growth.
- ▶ Economists were expecting unemployment to tick up and for the economy to add fewer than 200,000 new jobs.
- ▶ The strong jobs report could cause the Fed to delay anticipated rate cuts, which market optimists had been hoping might start in March.

Chicago PMI Falls to 46.9

The Chicago PMI fell nearly ten points to 46.9 in December after jumping to 55.8 in November. The big drop took the index back below 50, the level that indicates expansion. 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 Unchanged

The Producer Price Index (PPI) held steady in November after falling a downwardly revised 0.4% in October and was up 0.9% year to date. Stripping out volatile food and energy prices, core PPI rose 0.1% in November after rising 0.1% in October and was up 2.5% year over year after being up 2.9% in October. The PPI peaked at a whopping 11.7% year-over-year increase in March 2022.

Q3 GDP Grows 4.9%

Third quarter GDP growth was revised back down to 4.9% from the 5.3% increase reported in the second reading, according to the third and final reading from the Commerce Department. Consumer spending was revised back down to 3.1% from the 3.6% reported in the second reading and imports and exports were also revised down. Business investment spending, the second largest component of GDP, expanded at a slightly stronger 2.6% pace. The annual rate of inflation in the third quarter was revised down to 2.6% from 2.8%. The increase in the core prices (PCE) that excludes food and energy was marked down to 2% from 2.3%. Economic growth is expected to slow down considerably in the final quarter.

Fed Holds Rates Steady

The Federal Reserve held rates steady at between 5% and 5.25% in December for the third consecutive time, as widely expected. The move signals that the Fed believes inflation is under control and borrowing costs are now high enough to keep it that way. Estimates show they expect a total of three rate cuts in 2024, with cuts beginning in the second half of the year. Rates currently remain at the highest level in 22 years.

Projections for 2024

Policymakers closed out the year with a fresh crop of economic projections, outlining their expectations for rates, inflation, the unemployment rate and overall growth. Those estimates showed three rate cuts in 2024. Officials stuck to previous estimates that the unemployment rate would rise slightly in 2024 to 4.1% and expect inflation to slow over the coming 12 months while not quite hitting the Fed's target of 2.0%.

HOUSING & CONSTRUCTION

Builder Confidence Rises to 37

Builder Confidence rose 3 points to 37 in December after falling six points in November, according to the National Association of Home Builders/Wells Fargo Housing Market Index (HMI). Builders were cheered by falling mortgage rates and recent economic data. The increase came after four consecutive monthly declines. The HMI index measuring traffic of prospective buyers in December rose three points to 24, the compo-

ment measuring sales expectations in the next six months increased six points to 45 and the component charting current sales condition held steady at 40. Regional confidence numbers were mixed. Any number over 50 indicates that more builders view the component as good than view it as poor.

Building Permits Fall 2.5%

Overall building permits fell 2.5% in November to 1.46 million annual units after rising to 1.49 million units in October.

Single-family permits rose 0.7% to 976,000 annual units after rising to 968,000 annual units in October and were down 8.4% year to date after being down 10.6% year to date in October. Multifamily permits dropped 8.5% to an annualized pace of 484,000 units after rising to 519,000 units in October. Permits were down year over year in all regions.

Housing Starts Jump 14.8%

Housing starts rose a robust 14.8% in November to a seasonally adjusted annual rate of 1.56 million units after rising to 1.37 million units in October. **Single-family starts rose 18%** to a seasonally adjusted annual rate of 1.14 million units after inching up to 970,000 units in October. Single family starts were down 7.2% year to date. There are currently 669,000 single-family homes under construction, down almost 15% from a year ago. In contrast, there are more than one million apartments under construction, near the highest total since 1973. Multifamily starts rose 6.3% to an annualized pace of 402,000 units after rising to 395,000 units in September.

New Home Sales Fall 12.2%

New home sales fell 12.2% in November to a seasonally adjusted annual rate of 590,000 homes after falling to 679,000 homes in October, according to the National Association of Home Builders (NAHB). Sales were up 3.9% from November 2022. Mortgage rates spiking at 7.8% mid-month depressed sales. New single-family home inventory in November jumped to the highest level since November 2022, rising 16.5% from October to 451,000, a 9.2 months' supply at the current building pace. A 6 months' supply is considered balanced. However, the market currently requires a higher level of new construction inventory due to a persistent lack of resale inventory. Newly built homes available for sale accounted for 31% of total homes available for sale in November, compared to an approximate 12% historical average. The median new home sale price in

November was \$434,700, up 4.8% from October, and down 5.9% compared to a year ago. Sales year to date were up 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 Rise 0.8%

Existing home sales rose 0.8% in November to a seasonally adjusted annual rate of 3.82 million after falling to 3.79 million in October, according to the National Association of Realtors. Sales were down 7.3% from November 2022. The median existing-home sales price rose 4.0% year over year to \$387,600, leaving year-over-year prices below \$400,000 for the third consecutive month. The inventory of unsold existing homes fell 1.7% to 1.13 million at the end of November, a 3.5 months' supply at the current monthly sales pace. Realtors reported that homes stayed on the market approximately 25 days in November, down from 26 days in October. The current supply of existing homes for sale is roughly half what it was in 2019 before the pandemic. A chronic shortage of existing inventory is spurring new home construction and sales despite continuing high prices. Year-over-year prices were up in all regions.

Regional Housing Data

	Northeast	South	Midwest	West
Builder Confidence*	51 (+2)	42 (-7)	34 (-1)	31 (-4)
Building Permits*	-19.9%	-10.3%	-15.3%	-12.8%
Housing Starts**	-16.7%	-6.2%	-12.3%	-14.3%
New Home Sales*	4.9%	4.4%	3.6%	2.6%
Existing Home Sales**	-13.0%	-4.3%	-8.7%	-8.6%

* change YTD **change YOY

Mortgage Rates Fall to 6.6%



- ▶ 30-year fixed-rate mortgages fell to 6.6% at the end of December after falling to 7.2% at the end of November. Mortgage rates were 6.4% at the end of December 2022.
- ▶ Even though rates fell by more than half a percent over the month, consumers are holding out, hoping rates will fall even more and more inventory will become available.

POWER TOOL INDUSTRY

Robert Bosch Tool Corporation

Bosch is launching generative Artificial Intelligence (AI) pilot projects in some of their factories to test the use of generative AI and basic models to make improvements in production scheduling, monitoring and control. Planning and implementing AI applications currently takes between six and twelve months; Bosch wants to reduce that to just a few weeks. Tools linked to AI are currently in use in almost half of all Bosch factories and are improving productivity and generating substantial cost savings.

Stanley Black & Decker

SB&D is selling Stanley Infrastructure to Sweden-based Epiroc AB for \$760 million dollars. Stanley Infrastructure manufactures excavator attachments and hand-held hydraulic tools. They'll use the proceeds to reduce their debt load. The transaction follows several other large deals they've made in the past couple of years. Last year they sold their oil and gas business for an undisclosed price, sold the automatic-door

division for \$900 million and sold most of the security business, to another Sweden-based company for \$3.2 billion. The latest divestiture is expected to close in the first quarter of 2024.

Robert Baird Global Industrial Conference:

As a company, they are down to two main business segments, Tools & Outdoors and Industrials, which is primarily fasteners.

Their number one objective is to increase their margins and sales in order to get them back to their traditional performance levels and return to outgrowing the market. Their traditional margins are 35%; they have about 7 basis points to go to get back to normal.

Their goal for the past year has been to drive \$2 billion of cost structure improvement, about three-quarters of which will come out of Cost of Goods (COGS). So far, they've achieved about \$0.5 billion of the COGS.

They intend to invest \$300 to \$500 million of the savings in growth drivers, including innovation and marketing.

They think their North American consumer is about done switching from goods to services and believe that the goods business will stabilize. Most of the production curtailment is now off the balance sheet. They will be mindful of production levels in the outdoor space, especially high-ticket items, but otherwise production is mostly normalized.

The large-format ride-on type outdoor products have been much slower to catch on than either they or the industry anticipated. However, they're seeing a lot of synergies with their 60-volt battery.

Their three big brands, DeWalt, Craftsman and Stanley, will drive innovation and brand investment. Brands like Irwin and Lenox will remain strong players in their niche specialty markets.

There will be an emphasis towards making investments in the Pro that will have a halo effect at retail rather than making an investment that is solely targeted at retail.

They're focused on 20-volt and 60-volt for Pros, because big applications in concrete for infrastructure or industrial building require more than 20-volt.

They have learned that both Pros and consumers really value tools that perform ever better on the batteries they've already invested in rather than tools that require brand new batteries.

They will be looking at software and applications that benefit them as well as the end user. They are targeting advancements that are valuable to the user but also connect the user to the manufacturer.

RETAIL

Retail Sales Rise 0.3%

Retail sales rose 0.3% in November, according to the Commerce Department. Economists had expected sales to decline 0.2%. Falling gas prices helped free up cash and holiday spending was brisk. Retail sales were up 2.2% year over year. Excluding automobiles, gasoline, building materials and food services, retail sales rose 0.4% in November after rising 0.2% in October. 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 expanded their popular Kids Workshops to military bases coast to coast this holiday season. Kids Workshops launched in stores across the US and Canada in 1997. For more than 25 years, these hands-on workshops have encouraged creativity, problem-solving, skill building and social interaction for the youngest DIYers. In December, THD hosted Kids Workshops for military families across the country. Parents helped their children make Christmas crafts after they gathered for the holiday tree lighting ceremony.

Lowe's

Lowe's chief marketing officer Marisa Thalberg has left the retailer as part of a broader reorganization. Lowe's cut Thalberg's role and moved the marketing team under Bill Boltz, executive vice president of merchandising. Thalberg oversaw sev-

eral high-profile campaigns, including TV commercials on ESPN during the NFL Draft.

Walmart

Walmart is stepping up their focus on ecommerce, with Chief Ecommerce Officer Tom Ward saying that they believe the closest store to their customer is the one in their pocket that is open 24/7 and offers customers millions of products to choose from. Pickup of online orders and delivery via their fleet of electric vehicles has helped make shopping easier for customers. They also launched augmented reality tools to show shoppers whether the lipstick is the right shade or the furniture will fit in their room.

AI-powered shopping features like Text to Shop have made it easy for shoppers to have a conversation before they buy something. They are also introducing innovations that allow customers to buy the whole outfit or every ingredient needed for a featured recipe with just one click.

Amazon

The Federal Trade Commission's antitrust lawsuit against Amazon probably won't start until some time in 2026, according to a joint statement by the parties filed this week. The FTC expects to be ready to go to trial in May 2026; Amazon says they won't be ready until December. Both parties agree that the case is highly complex. The FTC and attorneys general from 17 states filed suit against Amazon, alleging anticompetitive behavior that unlawfully helped Amazon maintain a monopoly.

The claims also involve an algorithm known as Project Nessie that the FTC says fixes prices to Amazon's advantage and often to the detriment of sellers and consumers. Amazon anticipates that there will be significant discovery from third-party witnesses located throughout the country, such as retail competitors of Amazon, competing fulfillment providers and companies that sell their products in the Amazon store and in other competing retail channels, which will greatly extend the amount of time needed for pre-trial discovery and preparation. Amazon continues to maintain the suits have no basis in fact and should be dismissed.

CANADA SNAPSHOT

Unemployment Steady at 5.8%



- ▶ The unemployment rate held steady at 5.8% in December. It was the first time in five months the unemployment rate held steady.
- ▶ Unemployment reached a record low of 4.9% in June and July 2022. In January 2021 unemployment peaked at 9.4%.
- ▶ Employment fell in wholesale and retail trade (-21,000; -0.7%) in December for the third consecutive month. Employment in retail is still up by about 30,000 net jobs from 2022.
- ▶ On a year-over-year basis, average hourly wages rose 5.4% (+\$1.78 to \$34.45) in December, following an increase of 4.8% in November (not seasonally adjusted). Wage growth needs to cool down in order to tamp down inflation.
- ▶ Employment was up in most provinces, but fell in Ontario.

BoC Holds Interest Rates Steady

The Bank of Canada (BoC) held interest rates steady at 5% at their meeting in mid-December. The move was widely expected. The BoC raised rates a record-setting ten times since early 2022 in an attempt to slow down inflation but has held them steady since mid-year. The halt to interest rate increases signals that the BoC believes inflation is coming down enough for them to continue to hold steady. However, there was no discussion of an interest rate cut in the immediate future, and

the BoC warned that if inflation begins to rise again, so could rates.

Consumer Prices Rise 3.1%

Consumer prices rose 3.1% year over year in November for the second consecutive month; economists had been expecting a slight decline. Seasonally adjusted prices rose 0.1% from October; economists had been expecting a small decline. However, various core measures continue to moderate, a sign that inflation is slowing. Increases in the price of services pushed up the overall index, with rents up 7.4% year over year. The BoC stressed that there has not been enough progress for them to consider cutting rates anytime soon.

Housing and Construction News

Canadian housing starts fell 22% in November to 212,624 units, down from 272,264 in October. Starts decreased for both multi-unit and single-family-detached projects, according to the Canadian Mortgage and Housing Corporation (CMHC). Starts on single detached dwellings fell 7% to 44,066 units in November. Big urban centers, where costs are higher, are really struggling, and multi-unit builders are having trouble getting financing. Economists have been expecting starts to fall.

Canadian home sales fell 0.9% in November and were down 0.9% from November 2022, according to the Canadian Real Estate Association (CREA). It was the fifth consecutive monthly decline for existing home sales. The actual national average price of a home sold in November was \$646,134, up 2% from November 2022.

GDP Flat in October

The economy remained flat in October for the third consecutive month as services-producing industries inched up 0.1% while goods-producing industries were unchanged, according to Statistics Canada. Statistics Canada says that for October, the manufacturing sector declined 0.6% and wholesale trade contracted 0.7%, while retail trade grew 1.2% and mining, quarrying and oil and gas extraction saw a 1.0% gain. Statistics Canada forecast real GDP for November increased 0.1%, with estimated gains in manufacturing, transportation and warehousing, and agriculture, forestry, fishing and hunting partially offset by decreases in retail trade.

Retail Sales Rise 0.7%

Retail sales increased 0.7% in October to \$66.9 billion after falling to \$66.5 billion in September. Sales were up in four out of nine subsectors, led by increases at motor vehicle and parts dealers. Core retail sales, which exclude gasoline stations and fuel vendors and motor vehicle and parts dealers, were down 0.3% for the second consecutive month. In volume terms, retail sales increased 0.3% in September. The largest decrease to core retail sales in October came from building material and garden equipment and supplies dealers, where sales fell 0.2%. Sales were up in all provinces except for Alberta.

Retail Ecommerce Sales Rise 1.8%

On a seasonally adjusted basis, retail ecommerce sales were up 1.8% to \$3.9 billion in October, accounting for 5.9% of total retail trade, compared with 5.8% in September.

MARKET TRENDS

How Higher Interest Rates Impact Home Improvement

Nearly two-thirds of homeowners (65%) see home improvement projects as an alternative to buying a new home, given high interest rates in the housing sector, according to the Craftsman Home Field Advantage Survey.

More than half of Americans are unwilling to put their homes on the market. They're worried about giving up low-rate mortgages and being forced to take out loans that are much more expensive. Instead, 2 out of 3 homeowners plan to make home improvements in the next six to twelve months.

The primary reasons for a home improvement project are: to create more comfortable living environments (52%), to enhance the aesthetic appeal of their home (50%) and to improve overall home value (47%).

The most popular areas for improvement are consistent with many industry surveys: painting (51%), bathroom improvements (44%) and kitchen improvements (41%).

Budget: More than half of homeowners (54%) surveyed say their approximate budget for their home improvement project is \$5,000 or more. More than a third of homeowners overall (37%) and 64% of those who have refinanced in the past three years say their budget is more than \$10,000.

Timeline: 3 in 5 homeowners (60%) say they have tried to execute a home improvement project themselves in the last 12 months, while 2 in 3 (66%) say they plan to make home improvements in the next six months to a year.

The lack of the right tools can be a roadblock. More than 2 in 5 homeowners, especially millennials, admit they have given up on a project altogether due to a lack of necessary tools. Almost two-thirds of homeowners surveyed (64%) prefer to buy the tools they need rather than borrow them.

Canada Home Improvement Trends

Two-thirds of homeowners surveyed still plan to renovate despite higher interest rates, according to their fifth annual HomeStars Reno Report. Home-Stars is an online marketplace that connects homeowners with home service professionals.

On average, Canadian homeowners spent \$12,300 on renovations in the past 12 months. Seventy-nine percent funded their renovations with cash from savings, while 21% looked for financing or used credit cards.

Motivators: Refreshing a home's look and improving its esthetics and function was by far the most important motivator for renovating (59%) followed by improving outdoor living space (32%).

Top renovation projects: Painting the interior, installing new appliances and renovating bathrooms topped the list of home reno projects. Outdoors, there has been an upward trend in patios and decks, water features and pools since 2022.

Home styles: Modern farmhouse was the No. 1 preferred home style (23%), followed closely by ranch/bungalow homes (22%). Contemporary/modern trailed at 15%.

Fewer Fixer-Uppers. While 15% of homeowners bought or sold a primary property in the last year, just 28% of them bought

a fixer upper, down from 44% in 2022.

Multi-generational living is trending, with 25% of respondents expecting to live in a multi-generational household within the next decade.

Sustainability: Seventy-nine per cent of respondents believe sustainability is "important" when choosing building materials for renovations, but just 59% who renovated in the past year used green products.

Weather-related repairs: One-third of homeowners completed emergency repairs due to weather-related events.

Weather-related changes: Fifty-five per cent of homeowners are considering making changes in response to the rise in weather-related events. Tree-trimming tops the list, followed by creating an emergency fund for such events.

Smart home technology: About 66% of Canadians own at least one smart home product, with Ontarians leading the way with 72% owning at least one smart home product. Smart thermostats led the charge with 33 per cent of national respondents having one installed in their homes.

Holiday Sales Recap

US retail sales rose 3.1% between Nov. 1 and Dec. 24, as shoppers looked for last-minute Christmas deals amid big promotions, according to the Mastercard Holiday SpendingPulse report. The increase is lower than the 3.7% growth Mastercard forecast in September and last year's 7.6% rise, but a strong job market kept consumers shopping despite high interest rates.

Analysts believe discounts were not as deep as they were in 2022, when retailers were trying to unload excess inventory accumulated during the pandemic.

Many shoppers took advantage of Black Friday and Cyber Monday, and finished up Christmas shopping on Super Saturday, traditionally the Saturday before Christmas. The weeks between Cyber Monday and Super Saturday were softer than forecast as shoppers waited for the final weekend before Christmas to do their last-minute bargain hunting. It was one of the longest holiday shopping periods, with 31 days from Black

Friday through Christmas Eve. In addition, Amazon kicked off the season super-early, with Prime Days in October, and many retailers started Cyber Week deals well before Black Friday.

Ecommerce sales grew 6.3%, a big slowdown from the 10.6% growth recorded in 2022, as the popularity of online shopping came off pandemic highs, according to Spending Pulse.

The National Retail Federation predicted that the final analysis will show that holiday sales rose between 6% and 8% to between \$942.6 billion and \$960.4 billion from Nov. 1 through Dec. 31. Their numbers exclude spending at car dealers, gas stations and restaurants. Actual results will come out in January.

Amazon Hits Delivery Milestone

Amazon hit a big milestone in December, announcing that a total of 1 billion packages had been delivered from their 55 same-day delivery sites since 2019. Amazon's logistics network is really put to the test over the holidays. In the last four years **Amazon has built at least 55 same-day facilities strategically located in or near metropolitan centers**. Roughly 10 have opened over the past year. Logistics consulting firm MWPVL International estimated earlier this year that Amazon could add more than 150 sites over the next several years.

The sites differ from Amazon's traditional fulfillment, sortation and delivery stations by combining elements from each of them. The same-day sites also differ from other delivery stations in another way: Instead of using delivery drivers employed by companies that contract with Amazon, they rely on gig workers using their personal vehicles.

Amazon's pivot to a regionalized operations network was designed with the goal of reducing the number of items flowing through its supply chain. Amazon said that about 76% of products customers ordered in 2023 were delivered from local facilities, compared with 62% in 2022. The approach is also improving shipping speeds, which suffered during the pandemic due to skyrocketing demand and a workforce hit by Covid layoffs. During the pandemic, delivery slowed by two days on average from March to May 2020.

In the first half of 2023 about 60% of shipments were delivered within a day, according to Amazon CEO Andy Jassy.

Prison Sentences for Retail Crime Spree

Two retail thieves are going to federal prison, thanks to a coordinated effort from the FBI, The Home Depot, Lowe's and local law enforcement. The two young men convicted of stealing hundreds of thousands of dollars worth of high-value merchandise from The Home Depot and Lowe's were sentenced to more than a year in federal prison because the crime spree covered several states and lasted more than a year. The two targeted Lowe's and Home Depots and stashed coveted merchandise in plastic bags before smuggling it out of the stores. The FBI noted that this type of crime drives up costs for consumers everywhere. The men pled guilty and admitted to transporting stolen goods across state lines. One of them said "We made a series of terrible mistakes."