

# FINANCIAL LANDSCAPE

## Around Minneapolis:

### Target Corp., CVS Health Group and Minute Clinic

CVS Health Corp. on Monday said it is paying \$1.9 billion to buy and run Target Corp.'s pharmacies and clinics, giving the drugstore chain about 1,700 more locations to offer its growing health-care services. As part of the deal, Target's pharmacies will be rebranded as CVS/pharmacy and operate as separate stores within a store, while Target's nearly 80 clinics will be changed over to CVS's MinuteClinic banner.



#### History of Minute Clinic

1999: Rick Krieger's brought his son in for a strep throat test and had to wait 2 hours

➤ Realized need for quick, convenient health care

2000: QuickMedx was founded

➤ Focused on 7 common ailments

2002: QuickMedx became MinuteClinic

CVS said it expects the deal to generate significant sales and prescription volumes. Target expects the move to increase its focus on wellness and to drive long-term traffic.

***Did you know that Minute clinics originally STARTED In Target? Target decided it wasn't a good business venture and CVS bought the rights to the minute clinics.***

### Amazon secures second warehouse in Shakopee

It looks like Amazon's move into Shakopee will be bigger than first thought. The online retailer – which is already prepping to take over an 850,000-square-foot distribution center in the southwest Twin Cities suburbs – is reportedly taking over a second warehouse in the city. Amazon secured a lease for an empty industrial building at 5825 11th Ave. E. – 162,000 square feet, and expected to be where packages are sorted.

Amazon had been seeking a tax break for the site, but this week withdrew its request, saying it would instead like that money to go towards road improvements in the area.



*Perhaps we will start seeing a few of these drones hovering around the cities. Amazon's Prime Air Option aims to deploy when and where they have the regulatory support needed. Amazon's vision one day is using the drones to deliver packages to customers around the world in 30 minutes or less.*

## **US Bank lands naming rights for new Vikings stadium**



The Minnesota Vikings have a name for their new football stadium.

The team announced Monday that their new home will be called U.S. Bank Stadium. Specifics of the financial terms of the 20-year agreement were not disclosed, but it is speculated it's in the neighborhood of \$220 million.

*The Houston Texans currently have the most expensive naming rights deal in the NFL, a 32-year, \$300 million contract signed with Reliant Energy in 2000, two years before the team started playing. Is this a good expense for shareholders? Is there a true ROI for the naming rights? Many argue that the value of the stock with naming rights declines in value after the deal is done. It will be interesting to watch!*

## **Around the US:**

### **Is the US slowing down MORE?**

The International Monetary Fund's (IMF) issued a sharp downward revision to the U.S. growth forecast by cutting its U.S. gross domestic product (GDP) growth forecast to 2 percent for 2014 from 2.8 percent. They also estimated that U.S. inflation will stay below the Federal Reserve's 2 percent target through 2017 and said the Fed should keep its key rate near zero longer than markets expect. This could have an effect on when The Fed and Janet Yellen raise rates. Will it still be this fall as anticipated?

## **Will the Bond Market Burst?**

Supporting Caissa's view on bond funds, Art Cashin of CNBC warned on Wednesday that a self-fulfilling prophecy could take hold in bond markets, causing yields to spiral out of the Federal Reserve's control. The 10-year Treasury yield rose to a new eight-month high of around 2.49 percent without any prompting from the Fed. "If the yields move up and people who are in bond funds and other places begin to get nervous and they start to redeem their shares in those bond funds, that may force bonds to liquidate even more and thereby push yields even higher and prices plummet," Cashin said.

Caissa took action on this matter in 2014 by moving out of all bond mutual funds and into target date maturity investments to help secure the principal of our fixed income instruments. The Fed has held interest rates near zero since December 2008. It is widely expected to raise interest rates in 25-basis-point increments, perhaps as early as this year.

## **Around the World:**

### **Will Greece exit?**

U.S. markets had a shaky start to the week, as failed debt talks in Greece stoked worries of a potential exit from the euro zone. As important as the debt talks are for Greece and Europe, we don't believe U.S. investors should be distracted. Instead, we have used the headline volatility as a purchasing opportunity for our clients with cash.

While the situation could be a potentially very negative outcome for Greece the effects beyond Greece are fairly contained. Currently the ECB continues to lend to Greece but that deal will be at an impasse soon if Greece cannot make good on their end of the deal.