



**APRIL 2020**  
**Special Edition**  
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**This special edition is an effort to list all the harm that the Coronavirus has brought to the doorsteps of all Americans. It is an effort for all of us to be better prepared for the upheaval that our country faces in the next few months.**

**The Coronavirus pandemic is a global crisis, a national emergency, and a local nightmare. In the U.S. we are faced with 49 cases per 100,000 residents. Louisiana has 87 cases per 100,000, while California has only 18. Although all states are affected the cases per 100,000 fluctuate widely depending on when each state decided to combat the virus.**

**Life Alert: During this crisis we have all had to learn to sacrifice the comforts of today for a greater tomorrow.**

### **CCA Global Partners Statement on Covid 19 Pandemic**

The swift spread of COVID-19 has hit retail businesses hard. In merely three weeks, over half of CCA's retail flooring showrooms have closed or adjusted hours to limit customer contact. And we expect that number to continue to grow as the virus spreads. Never have we seen something impact our business so quickly. Rapid change calls for rapid action, and CCA's management team has done just that. At the first sign of an impact on business, CCA formed a task force to monitor the changing situation and provide strategy and direction for CCA corporate teams. One of the biggest challenges is providing tools that will assist all of our retail locations. While some have been closed by government order for weeks, and some are still operating on a virtual basis, they all need marketing, training, and operational tools to help them succeed. CCA continues to add new resources for our members every day. These resources included:

**Communications:**

- National calls to keep members informed.
- Facilitated regional calls to help connect members with fellow retailers in their area for ideas and support.
- Check-ins with membership consultants, digital coordinators, and senior CCA staff.
- A special resource section on members.net sites that include all resources and information around COVID-19.

**Marketing:**

- Marketing toolkits, including website graphics, customized email templates, social content, and PR statements addressing the current state of the industry and our stores.
- Custom website pages and digital meeting tools such as text and chat, which enable members to continue to do business even when doors are closed.
- Special rates on consumer financing.
- Local listings and social media updates to communicate new store hours and operation status.

**Training:**

Social media guides and recommendations that are specific to the COVID-19 pandemic.

Training and advice on using technology and communication tools.

**Expertise:**

- Guidance and advice on financial resources including a summary of the COVID Relief Bill, SBA Loans, the Paycheck Protection Program, and more along with quick links to relevant applications and information can be easily accessed by members on CCA's Members.net sites.
- Real Estate Solutions for this crisis. Including advice and templates to communicate with Landlords and negotiate their rent.

Most importantly, as small businesses around the world struggle to navigate new regulations, financial assistance, and customer communications, members of CCA's cooperatives have support, expertise, a dedicated team, and an extensive network of retailers to reach out to for support. Together we will come out of this pandemic strong and be there to help our local communities thrive once again.

### Flooring Flashes:

1. Because of the Coronavirus the **Floor Covering Industry Foundation (FCIF)** has postponed their 40<sup>th</sup> anniversary gala until May 2021. The honorees for the event will be Howard Brodsky, Chairman & CEO of CCA Global Partners, Jeanne Matson Retiring President and CEO of Starnet, and Dana Teague, VP of Informa Markets.
2. The International Surface Event will be held January 25-28 January 2021.
3. Major flooring manufacturers (Shaw Ind., Engineered Floors, Armstrong) hard and soft, are temporarily suspending operations.
4. The market cap of the flooring public companies are: Armstrong Flooring \$27M, Dixie \$10.5M, Interface \$416M, Floor & Décor \$3B, Lumber Liquidators \$124M, Mohawk \$4.75B, Q.E.P \$87M.
5. 30 days ago all of the companies above had market caps that were double or triple what they are today.

### Positives Observations:

1. New home sales were up in February over 14% compared to last year, and basically flat compared to January. **See Exhibit II.**
2. Existing home sales in February were up 7.2% compared to a year ago, and up 6.5% compared to January. **See Exhibit I.**
3. The DJIA on March 24<sup>th</sup> soared more than 11%, in the biggest one day jump in more than 85 years.
4. On March 25 the DJIA escaped bear market status, despite a record rise in jobless claims.
5. On March 27 Trump signed a \$2 trillion stimulus package, the largest economic relief package in U.S. history.
6. Without the stimulus package, the coronavirus freeze could have cost 47 million jobs and sent the unemployment rate soaring to over 32%.

7. On March 19, Walmart announced that they will hire 150,000 employees because of **Covid-19**.
8. The U.S. government plans to pay hospitals to treat uninsured coronavirus patients.
9. A million N95 masks are coming from China. I wonder why they could not be made here?? Costs!!
10. The trade deficit narrowed sharply in February, based mostly on a deep decline on imports from China.

### Negative Observations:

1. New home sales dropped 4.4% in February compared to January. **See Exhibit II.**
2. Employers shed over 700,000 jobs in March, and the unemployment rate rose to 4.4% from 3.5% in February. **See Exhibit III.**
3. The stock market had its worse quarter since 2008. At the end of the quarter all three major indexes were down double-digits. For March the DJIA was down 13.7%, the S&P was down 12.5% and the NASDAQ was down 10.1%. **See Exhibit IV for YTD results.**
4. Consumer sentiment is at a three-year low. (March 27)
5. A record of more than 3 million Americans applied for jobless benefits in the week ended 3/20/20. One week later a new record of 6.6 million applied for benefits.
6. The 2020 Olympics have been postponed until 2021. This is the first Olympics to be postponed since the games began 124 years ago.
7. On March 19, the State Department issued a travel advisory recommending U.S. citizens avoid international travel.
8. On March 21, the U.S. closed its borders with Mexico and Canada.
9. The U.S. has more than 250,000 Covid-19 cases, with at least one case in every state and over 6,000 deaths. Globally the number is over one million Covid-19 cases and more than 56,000 deaths.
10. On March 29, President Trump extended guidelines for citizens to remain socially distanced thru April 30<sup>th</sup>. He originally sought to reopen businesses by Easter in mid-April.
11. Also on March 29 Trump stated that he expected deaths caused by this virus would reach 100,000. The medical-scientific community is estimating over 200,000. These are only forecasted numbers.
12. Manufacturing activity in the U.S. contracted in March, as factories around the world cut jobs and output. This is a sign that the global

- economy has entered a deep freeze, as governments lock down their populations in effort to contain the virus.
- 13.90% of Americans are under “stay at home orders”. This order touches over 300 million Americans.
  - 14.This current epidemic may be spearheading the worst recession in modern U.S. history. Economists are predicting a GDP for 2020 to decline over 10%.
  - 15.Roughly half of ventilators in our national stockpile have been distributed, which leaves fewer than 10,000 still on hand.
  - 16.It is expected, and most likely, that the auto industry will have a major double-digit decline in sales in the first quarter.
  - 17.In the year 2019 the U.S. population grew at its slowest rate since 1919, a hundred years ago!
  18. U.S. is expected to recommend cloth face asks for Americans in Coronavirus hot spots.

### **PREDICTION**

At the beginning of this year I expected that the flooring industry would have a modest increase. Then in February my estimate was a small drop. Now, unfortunately, due to the horrendous Coronavirus pandemic I expect the industry drop will certainly be a double digit one. And not a low double-digit. Of course, at some point this will end, but the catch-up will not be easy. Continued anxiety unfortunately will hamper the recovery.

### **SUMMARY**

During this unpredictable, fearful period for all of us in America, and in fact the world, we will learn whether we have enough of what it takes to overcome this terrible virus. I am 91 years old-have lived during the great depression of the 30’s the 2<sup>nd</sup> world war in the 40’s, the Vietnam and Korean wars, but have never experienced or witnessed this serious and unfortunate medical challenge we now face.

**Exhibit I-\*will now include all existing home sales condos, etc.-numbers are approx..**

**Existing Single Family Home Sales Annual Averages Based on Monthly Sales**

The economy in the near future.

	<b>Adjusted Number</b>	<b>Year/Year % Change</b>	<b>Month/Month % Change</b>
Jan 19	4940	-8.5	-1.2
Feb19	5510	-1.8	11.8
Mar 19	5210	-5.4	-4.9
Apr 19	5190	-4.9	-0.4
May 19	5340	-1.1	2.7
Jun 19	5270	-2.2	-1.7
Jul 19	5420	0.6	2.5
Aug 19	5490	2.6	1.3
Sep 19	5380	3.9	-2.2
Oct 19	5460	4.6	-1.5
Nov 19	5350	2.7	-1.7
Dec 19	5460	10.8	3.6
Jan 20	5389	9.6	-1.3
Feb 20	5777	7.2	6.5

For 2017	5510	1.2
For 2018	5340	-3.1
For 2019	5540	3.7

**EXHIBIT II-\*WILL NOW INCLUDE ALL HOUSING, INCLUDING CONDOS, ETC.**

**New Single Family Home Sales Averages Based on Monthly Sales**

	<b>Adjusted Number</b>	<b>Year/Year % Change</b>	<b>Month/Month % Change</b>
		Flat	-4.8
Jan 19	644	-3.3	1.5
Feb19	669	0.6	4.9
Mar 19	693	3.2	4.5
Apr 19	658	1.6	-6.7
May 19	604	3.5	6.7
Jun 19	728	7.0	20.5
Jul 19	635	4.3	-12.8
Aug 19	713	18	12.3
Sep 19	738	7.2	-0.7
Oct 19	710	31.6	-3.8
Nov 19	697	16.9	1.3
Dec 19	694	23.0	-0.4
Jan 20	764	18.6	7.9
Feb 20	765	14.3	flat

For 2017	613	8.3
For 2018	622	1.5
For 2019	681	10.3

**EXHIBIT III*****Unemployment Percentages-Month End***

	<u>2018</u>	<u>2019</u>	<u>2020</u>
January	4.1	4.0	3.6
February	4.1	3.8	3.5
March	4.1	3.8	4.4
April	3.9	3.6	
May	3.8	3.6	
June	4.0	3.7	
July	3.9	3.7	
August	3.7	3.7	
September	3.7	3.5	
October	3.7	3.6	
November	3.7	3.5	
December	3.9	3.5	

**EXHIBIT IV-Stock Market Analysis YTD  
(Percentages) At the End of the Month**

	<u>DJIA</u>	<u>S&amp;P</u>	<u>NASDAQ</u>
Jan 19	7.2	7.8	9.7
Feb 19	11.1	11.0	13.5
Mar 19	11.2	13.1	16.5
Apr 19	18.0	18.0	22.0
May 19	7.5	10.7	13.1
Jun 19	14.0	17.4	20.1
Jul 19	15.2	18.9	23.2
Aug 19	13.1	16.7	20.0
Sep 19	15.3	18.7	20.5
Oct 19	15.9	21.2	25.0
Nov 19	20.2	25.3	30.6
Dec 19	22.3	28.9	35.2
Jan 20	0.99	0.16	1.99
Feb 20	-11.0	-8.6	-4.5
Mar	-23.2	-20.0	-14.2

**EXHIBIT VI As of 4/3/20**  
**Flooring-Furniture Public Companies**

	Symbol	*Current Price	52 week range
Armstrong	AWI	\$67.95	62.03-111.46
Armstrong	AFI	\$1.30	1.12-15.10
Dixie	DXYN	\$0.62	.034-2.09
Ethan Allen	ETH	\$8.61	8.61-23.11
QEP	QEPC	\$12.50	10.04-25.00
Interface	Tile	\$6.74	5.06-17.68
Lumber Liquidators	LL	\$4.15	3.77-14.44
Mohawk	MHK	\$62.01	56.62-156.60
Stanley Furn.	STLY	NA	NA
Tile Stores	TTS	NA	NA
Floor & Decor	FND	\$27.04	24.36-62.62

\*Approx.-changes daily

**EXHIBIT VII As of 4/3/20**  
**Builders-Retailers-Public Companies**

	Symbol	*Current Price	52 Week Range
Beazer	BZH	\$4.91	4.39-17.23
DR Horton	DHI	\$32.14	25.51-62.54
Home Depot	HD	\$178.70	140.63-247.36
Hovnanian	HOV	\$6.44	5.12-32.90
KB	KBH	\$16.13	9.82-40.51
Lennar	LEN	\$33.56	25.42-71.38
Lowes	LOW	\$82.20	60.00-126.73
NVR	NVR	\$2363	2043-4071
Pulte	PHM	\$18.92	17.12-47.37
Toll Bros	TOL	\$17.96	13.28-49.31

\*Approx.-changes daily

**BIBLIOGRAPHY/SOURCES: CATALINA RESEARCH, WSJ, NYT, FORBES, FORTUNE, NEWSWEEK, TIME, BUSINESS WEEK, SUN-SENTINEL, GOLF POETRY, VARIOUS INVESTMENT STRATEGY REPORTS, CNN, USA TODAY, U.S. NEWS, INVESTORS BUSINESS DAILY, U.S. COMMERCE DEPT., FLOOR COVERING NEWS, FLOOR COVERING WEEKLY, TALKFLOOR, BLOOMBERG BUSINESSWEEK, OXFORD DICTIONARY OF QUOTATIONS**  
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