



**December, 2021**

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**Life Alert: One of the things that I have learned in my lifetime is that there is no reward in getting discouraged. Keeping busy and making optimism a way of life is much more rewarding.**

**Flooring Flashes:**

- 1. The Floor Covering Industry Foundation** hosted a successful event at the Rainbow Room in New York at Rockefeller Plaza, honoring Howard Brodsky, Jeanne Matson and Dana Teague. The event raised \$250,000. Roger Marcus planned the event as he so professionally has done for all FCIF events in the past. Charlie Dilks was the Master of Ceremonies for the event and recently chaired the successful annual Alan Greenberg golf event which also raised \$250,000.
- 2. Great things happening at TISE 2022.** Education and training will be provided via four distinct platforms: TISE Seminars, TISE Live Demo Stage, TISE Live Main Stage and TISE TV. New for 2022 will be the industry's first Women's Leadership Conference-by women and for women exclusively at TISE.
- 3. Breakout seminars are the core of TISE education, with 24 top professionals providing 27 up-close and engaging learning experiences for each of the TISE show brands: SURFACES, STONEXPO/MARMOMAC, and TILEEXPO.**
- 4. The TISE Live Main Stage features industry leaders addressing a variety of major topics from a 30,000 foot view and the TISE TV crew will be producing live podcasts and product episodes on the TISE**

show floor, highlighting and producing all the content for the TISE hybrid event, the Live Virtual event and Vegas edition sponsored by **Mannington** with Microban.

5. There are approximately 7 major companies in the flooring industry that are public companies, and unfortunately their stock price year to date is down significantly. Individually, they each range down from 12% to 74%.
6. Highly respected Catalina Research estimates that the market share of flooring products in dollar sales in the 3<sup>rd</sup> quarter were: Carpet & Rugs 35.6%, Ceramic 13.1%, Stone 6.5%, Wood 13.9%, Resilient (LVT) 27.5% and Laminate 3.4%.

### **Corporate Results Builders, Flooring, Home Centers:**

1. **Home Depot**, the world's largest home improvement retailer reported sales increases for their 3<sup>rd</sup> quarter and nine-month period of 9.8% and 15.6% respectively. Net income for both periods was up 20.3% and 30.7%. Comp sales in the 3<sup>rd</sup> quarter in the U.S. were up 6.1%. They now employ 500,000 associates.
2. **Lowes** reported sales increases for their 3<sup>rd</sup> quarter and nine-month period of 2.7% and 8%. Comp sales in the U.S. for the 3<sup>rd</sup> quarter were up 2.2% and for the two-year period were up 34%. Net income was up 174% for the 3<sup>rd</sup> quarter and 49% for their year to date. They have 2,200 stores and employ 300,000 associates.
3. **D.R. Horton**, the nations largest homebuilder. Reported an annual sales increase of 35%. Pre-tax income for the year increased 80%. Over a two-year period sales increased 56% and pre-tax income increased 151%.

### Positives Observations:

1. The unemployment rate in November dropped to 4.2%, even though only 210,000 jobs were added to the employed total. **See Exhibit III.**
2. Job openings in the U.S. continue to exceed 10 million.
3. **Americans** are sitting on piles of cash. They have \$2.3 trillion more in savings in the last 19 months. The median household's checking account balance was 50% higher in July of 2021 than in July of 2019.
4. The U.S. lifted its pandemic travel ban, opening the door to foreign visitors.
5. U.S. retail sales rose by 1.7% in October compared to September, a sign that consumers are willing to spend despite inflation.
6. In late November weekly jobless claims fell sharply to the lowest level in 52 years.
7. U.S. homes for sale were on the market for a median period of [just one week](#) in the 12 months through June, forcing many buyers to waive customary safeguards as [prices climb](#).
8. Federal home-mortgage loan limits are expected to hit nearly \$1 million in some areas of the U.S.
9. Credit card spending has rebounded to pre-pandemic levels.

## **Neutral Observations:**

1. On October 15, 1929 stocks dropped 11%. On October 27, 1929 stocks dropped one-third and it signaled the onset of the Great Depression.
2. \*Western states including Hawaii, Montana, Utah and Oregon [saw the largest growth in the rates of people leaving their jobs in September.](#)
3. Supposedly, the brightest states in America are: Massachusetts, Maryland, Colorado, Vermont, Connecticut, Virginia, Washington, New Hampshire, New Jersey and Minnesota.
4. The average annual family premiums for employer sponsored health coverage is now \$22,221.
5. Since January 2020 1 in 7 people who live in the U.S. have been infected with the coronavirus and at least 1 in 427 have died.

## **Negative Observations:**

1. Inflation was 6.2% in October hitting a 30-year high. It was the 5<sup>th</sup> consecutive month in which inflation exceeded 5%.
2. Inflation in England reached a 10-year high.
3. The weekly number of coronavirus cases increased in the middle of November for the first time since late in August. Cases rose in 29 states.
4. U.S. Covid-19 deaths in 2021 have surpassed the total of 352,000 recorded in 2020.
5. Austria locks down, imposes broad vaccine mandate as covid-19 cases surge.

6. The stock market did not do well in November. The DJIA was down 4.4%, the S&P was down 1% and the NASDAQ was down 0.3%. See Exhibit IV for YTD results which are still strongly positive.
7. New home sales in October were down over 23% compared to a year ago, but a bit better than September by 0.4%. **See Exhibit II.**
8. Existing home sales were down 5.8% in October compared to last year, however, they were up 0.8% compared to September this year. **See Exhibit I.**
9. November 26, Black Friday of 2021 was the worst session on record for the three major stock indexes.
10. \$2.34 million is the entry-level price for a luxury home in 2021.
11. The U.S. recorded its highest number of drug-overdose deaths in a 12-month period, eclipsing 100,000 for the first time, during 2020. The death rate was 29% higher.
12. Evictions are rising nationwide.
13. 4.4 million, quit their jobs in September, which was the highest on record.
14. Tens of thousands of U.S. workers are on strike and thousands more are attempting to unionize, spurred by pandemic disruptions to seek better wages and working conditions.
15. CVS will close 900 stores over the next three years, nearly 10% of its U.S. locations.
16. The U.S. will restrict incoming travel from South Africa and seven other countries beginning Monday, November 29, as concerns mount over the Omicron coronavirus variant.
17. Since January of last year 1 in 7 people who live in the U.S. have been infected and 1 in 422 have died due to the coronavirus.

## **SUMMARY**

Housing sales in 2021 will end as the best year in 15 for the housing market. And it looks like this hot trend in housing sales will continue. Which means, of course, that the economy and the flooring market will continue to flourish. I do believe that there is a warning sign that inflation could upset the future attitude and success of the economy in the U.S.

## **PREDICTION/OPINION**

This prediction and opinion is similar to the one I wrote last month-For me it is still on the mark. Business is a bit rocky but still positive compared to last year. I continue to estimate that the flooring industry will end up about 15% better than last year. Covid 19 was a real threat to the economy and continues to be a modest drag against consistent growth. Add to that the different variants that continue to invade our lives and the drag on the economy will continue. It continues to astonish me that so many people doubt the effectiveness of the vaccine and masks considering the amount of deaths that the world has experienced world-wide. And that 97% of the deaths have occurred to non-vaccinated people.

**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**

	Adjusted Number	Year/Year % Change	Month/Mon % Change
Jan 20	5389	10.8	-1.3
Feb 20	5777	9.6	6.5
Mar 20	5270	7.2	-8.5
Apr 20	4333	0.8	-17.8
May 20	3910	-17.2	-26.6
Jun 20	4700	-9.7	20.7
Jul 20	5860	-11.3	24.7
Aug 20	6000	8.7	2.4
Sep 20	6540	10.5	9.4
Oct 20	6850	20.9	4.3
Nov 20	6690	26.6	-2.5
Dec 20	6760	22.0	0.7
Jan 21	6690	23.7	0.6
Feb 21	6220	9.1	-6.6
Mar 21	5300	12.3	-3.7
Apr 21	5850	33.9	-2.7
May 21	5730	46.9	-0.9
Jun 21	5860	22.9	1.4
Jul 21	5900	1.5	2.0
Aug 21	5880	-2.1	-2.0
Sep 21	6290	-2.3	7.0
Oct 21	6340	-5.8	0.8
For 2017	5510		1.2
For 2018	5340		-3.1
For 2019	5540		3.7
For 2020	6760		22.2

**EXHIBIT II-\*WILL NOW INCLUDE ALL& HOUSING, INCLUDING CONDOS, ETC. New Single Family Home Sales Averages Based on Monthly Sales**

	Adjusted Number	Year/Year % Change	Month/Month % Change
		Flat	7.9
Jan 20	764	18.6	Flat
Feb 20	765	14.0	-15.4
Mar 20	615	-9.5	0.6
Apr 20	619	-6.0	19.4
May 20	682	12.7	13.8
Jun 20	791	6.6	13.9
Jul 20	901	36.3	4.8
Aug 20	1011	43.2	-3.5
Sep 20	959	32.0	4.2
Oct 20	945	41.5	-1.5
Nov 20	829	20.8	-11.0
Dec 20	885	17.2	1.6
Jan 21	948	19.3	4.3
Feb 21	775	8.2	-18.2
Mar 21	818	66.8	20.7
Apr 21	863	48.3	-5.9
May 21	734	12.8	-5.9
Jun 21	701	-19.4	-6.6
Jul 21	729	-27.2	1.1
Aug 21	740	-24.3	1.5
Sep 21	800	-17.6	14
Oct 21	745	-23.1	0,4
For 2017	613		8.3
For 2018	622		1.5
For 2019	681		10.3
For 2020	923		9.6

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>
January	4.0	3.6	6.3
February	3.8	3.5	6.2
March	3.8	4.4	6.0
April	3.6	14.7	6.1
May	3.6	13.3	5.8
June	3.7	11.1	5.9
July	3.7	10.2	5.4
August	3.7	8.4	5.2
September	3.5	7.9	4.8
October	3.6	6.9	4.6
November	3.5	6.7	4.2
December	3.5	6.7	

**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 20	7.2	11.0	1.99
Feb 20	0.99	13.1	-4.5
Mar 20	-11.0	18.0	-14.2
Apr 20	-23.2	10.7	-0.9
May 20	-14.7	17.4	5.7
Jun20	-11.1	18.9	12.1
Jul 20	-9.6	16.7	19.8
Aug 20	-7.6	18.7	31.0
Sep 20	0.4%	21.2	23.5
Oct 20	-3.8	25.3	18.0
Nov 20	-7.1	28.9	36.0
Dec 20	4.8	0.16	43.6
Jan 21	-2	-1	1
Feb 21	1.1	1.5	2.4
Mar 21	8.3	7.0	4.6
Apr 21	10.7	9.7	8.3
May21	13.0	12.0	7.0
Jun 21	13.8	15.2	13.3
Jul 21	14.2	17.0	13.9
Aug 21	15.5	20.4	18.4
Sep 21	10.6	14.7	12.
Oct 21	17	23	20
Nov 21	12.7	21.6	20



**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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