



January 2021

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Life Alert: The greater the power, the more dangerous the abuse.

Flooring Flashes:

1. **CCA Global Partners** is offering members Convention quality deals this January virtually. The buying team has been hard at work to bring the product deals members expect at a typical January Convention. These special Power Buy deals will only be available from January 15 – 31. These deals will be available in a new format – a digital 150+ page deal book. Members will hear more about the Power Buys on January 13th during the special Power Connect meetings with John Gilbert and Keith Spano.
2. **CCA Global Partners** hosted a special webinar on January 6th to review with members the key provisions of the recent Covid-19 Relief Bill and how they will impact flooring retailers. The bill includes adjustments to and expansion of the Paycheck Protection Program (PPP) and tax deductions and credits. If members missed this event, a recording is available.
3. For the **CCA Global Retail Brands** Commercial initiative, we start 2021 with two webinars involving multiple presentations tied to a single theme. The topics were chosen by popular demand: Developing Specifications/Floor Prep (January) and Project Management (February). Starting this month, we offer a three-webinar series with the focus on 1) growing your business through specifications and 2) making the right decisions for floor prep. Both areas are critical for successful revenue growth.
4. **CCA Global Partners** is pleased to announce that \$137,500 has been raised to support the Floor Covering Industry Foundation. The 18th annual Alan Greenberg Charity Golf Tournament was canceled

this year, but the flooring community came together so that we can make a significant impact on the lives of those who need it in the most trying times. The CCA Global Partners team is preparing a very special commemorative golf book in place of the live event, providing inspiring stories, golf tips from some of our favorite golfers, and a few trips down memory lane.

5. Plan to join your industry peers Tuesday through Thursday, January 26-28 online at TISE Live. Opportunities for retailers, distributors, architects, designers, builders, contractors, installers, fabricators, remodelers are all available inside TISE Live. TISE Live's presenting sponsor is **Mannington**. To see the full lineup of events coming up at TISE Live, [read the What's On press release](#).
6. A TISE Live Virtual Online Pass offers full access to the TISE Live Virtual Event happening this January including access to the company profiles and virtual exhibit hall, product pitch videos, virtual tours, education programs, exhibitor meetings, and more for only \$25. Industry pros reading this news release can register now saving 40%* by using code: [SAVE40](#) and register for only \$15. Link to promo code:
<https://na.eventscloud.com/ereg/newreg.php?eventid=580616&discountcode=SAVE40>
7. Flooring companies, retailers or manufacturers, that are public are having a great period on the stock market. Mohawk's stock price over the past 12 months has more than doubled, Dixie's stock price has more than quadrupled, Floor & Decors price has more than tripled, Interface's price has tripled, Armstrong's Flooring price has also more than tripled, and Ethan Allen's price has more than doubled.
8. Estimates for total flooring sales for the first nine-months of the year are that dollar sales are down between 5% and 6%. (Catalina Research). I believe this is approximately the number the industry will end up for the total year.

Corporate Results/Builders, Home Centers:

1. **Lennar** reported 4th quarter sales down 2%. Net income was up 31%. Dollar backlog in new homes was up 24% and in units 21%. Net earnings, sales, deliveries of new homes, and new orders for 2020 were the highest in the company's history.

Positives Observations:

1. Congress passed a \$900 Billion Covid-19 relief bill.
2. Pfizer announced that its Covid-19 vaccine was more than 90% effective. Moderna also made a similar announcement.
3. The Stock market was strong in December. For the month the DJIA was up 2.3%, the S&P was up 3.2% and the NASDAQ was up 5.5%. For the year the 2020 DJIA was up 7.2%, the S&P was up 16.3% and the NASDAQ was up 43.6%. **See Exhibit IV.**
4. Existing home sales fell 2.5% in November compared to October for a decline for the first time in six months. However, sales were better than a year ago by 25.8%. **See Exhibit I.**
5. New home sales in November were 11% below October, but better than a year ago by 20.8%. **See Exhibit II.**
6. The S&P has gained 66% since March.
7. There were 53 record days for the S&P in 2020. The three major stock indexes have combined for 100 record closes in 2020.
8. Housing sales are at a 14-year high.
9. Total U.S. bankruptcies were the lowest in 2020 since 1986. Commercial bankruptcies were up 29%, but consumer bankruptcies were way down.

Neutral Observations:

1. Hunting licenses have increased 12% in 2020 over 2019.
2. Investors piled into IPO's at a record date in 2020.
3. Tesla's stock price surged 677% in 2020. They also delivered 499,550 cars.
4. The U.S. population has grown about 8% over the past decade to over 332 million people.
5. 228 million is the amount of money that basketball star Giannis Antetokounmpo will earn from his new five-year contract extension.
6. Sofia Vergara is the highest paid TV actress in the world. She earns \$43 million annually.
7. Six million people travelled through U.S. airports before Christmas eve despite rising Covid-19 cases.
8. Okinawa, Japan has more than 450 people living on it above the age of 100. It is known as the healthiest place on earth.
9. The states with the highest gun ownerships are: Wyoming, Alaska, Montana, Arizona, Arkansas, and West Va.

Negative Observations:

1. On December 14th the death total due to Covid-19 reached 300,000 Americans-more than died during the 2nd world war.
2. In December one person every ten minutes was dying in Los Angeles County due to Covid-19.
3. December has become the worse month in number of cases of Covid-19 and deaths.
4. Job losses continued in December with 140,000 jobs lost and the unemployment rate stayed at **6.7%**.
5. The **U.S.** trade deficit hit a 14-year high in November.
6. Retail sales in the U.S. dropped 1.1% in November compared to October, which was also down compared to September. However, November 2020 was better than November 2019 by 4%.
7. Margin debt has reached a record level. Investors have exposed themselves to potentially devastating losses.
8. Faced with a rapid deterioration in their finances in 2020, America's colleges and universities issued a record amount of bonds in 2020.
9. Homicide rates have been rising in the U.S. and fewer murders are being solved.
10. China had a record trade surplus in November. Leading the trade difference was the U.S. which increased purchases in China by over 45%.

- 11.**U.S. household income fell in November for the first time since April, as did household income.
- 12.**Many American schools are facing a growing shortage of teachers.
- 13.**The number of journalists, 30, killed in 2020 was doubled compared to 2019.
- 14.**U.S. deaths will hit a record 3.2 million in 2020 due largely to Covid-19.
- 15.**Foot traffic for Super Saturday weekend shopping was down 40% at retail stores in 2020 compared to 2019.
- 16.**Consumer confidence dropped for a 2nd straight month in December.
- 17.**The total of unemployed people has reached 20 million. Jobless claims are still well above the peak that was suffered during the Great Recession in 2007-2009.
- 18.**England has entered into its 3rd national lockdown due to the pandemic.
- 19.**Auto sales in 2020 may be at the lowest point in ten years.

SUMMARY

December was the worse month on record since the pandemic began. However, Americans have on average, managed during this current pandemic crisis reasonably well. They have paid down credit-card debt and saved more. Their household net worth jumped, aided by the stock surge. Yet those encouraging statistics mask an increasingly unequal economy. Millions (20) are out of work and facing permanent job losses. More people are going hungry. Hundreds of thousands of small-business owners have closed shop. The stimulus packages passed by Congress have certainly helped, although may require more. Once the political picture sustains a change, and we have decent cooperation and respect between our major political party's we may hopefully have less divisiveness and more of a constructive total government.

PREDICTION/OPINION

Catalina Research has estimated that 2020 will end up being down 5.8% in sales dollars for the flooring industry, and I agree with that number. He also predicts that the only product segment that ended up with a positive sales year was LVT (luxury vinyl tile). He also estimates that soft floor covering will have a market share less than 38%. I am sure that most "seniors" in the industry will remember the year when soft floor covering was 70% of the total market. I estimate that 2021 will be a better year for the flooring industry but the increase in dollars in my opinion will be less than 5%.

It is difficult to do a newsletter without mentioning the unfortunate episode that occurred in our capital on January 6. The day will forever be in our history books and not be positively described. I have been involved with politics for over 65 years and have never witnessed such a day. Hopefully all Americans will put this horrible day behind us and concentrate on the wonderful future ahead.

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/Month % 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
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

	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	841	20.8	-11.0
For 2017	613		8.3
For 2018	622		1.5
For 2019	681		10.3

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>
January	4.0	3.6	
February	3.8	3.5	
March	3.8	4.4	
April	3.6	14.7	
May	3.6	13.3	
June	3.7	11.1	
July	3.7	10.2	
August	3.7	8.4	
September	3.5	7.9	
October	3.6	6.9	
November	3.5	6.7	
December	3.5	6.7	

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

	<u>DJIA</u>	<u>S&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

EXHIBIT VI As of 1/10/21
Flooring-Furniture Public Companies

	Symbol	*Current Price	52 week range
Armstrong	AWI	\$78.17	57.96-111.46
Armstrong Flooring	AFI	\$4.25	1.12-5.60
Dixie	DXYN	\$2.82	.053-2.92
Ethan Allen	ETH	\$21.41	8.38-19.39
QEP	QEPC	\$24.40	5.03-29.18
Interface	Tile	\$10.60	5.06-17.68
Lumber Liquidators	LL	\$31.73	3.77-31.85
Mohawk	MHK	\$143.68	56.62-144.37
Stanley Furn.	STLY	NA	NA
Tile Stores	TTS	NA	NA
Floor & Decor	FND	\$100.72	24.36-91.14

*Approx.-changes daily

Exhibit VII As of 1/10/21
Builders-Retailers-Public Companies

	Symbol	*Current Price	52 Week Range
Beazer	BZH	\$15.06	4.39-17.23
DR Horton	DHI	\$66.96	25.51-81.21
Home Depot	HD	\$269.09	140.63-292.95
Hovnanian	HOV	\$31.81	5.12-42.47
KB	KBH	\$33.04	9.82-42.20
Lennar	LEN	\$73.39	25.42-86.80
Lowes	LOW	\$165.05	60.00-180.67
NVR	NVR	\$3930	2043-4530
Pulte	PHM	\$41.53	17.12-49.70
Toll Bros	TOL	\$42.97	13.28-50.42

*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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