



February, 2022

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Life Alert: Success is not the key to happiness. Happiness is the key to success. If you love what you are doing, you will be successful.

Flooring Flashes:

1. Great things happened at **TISE 2022**. Education and training were provided via four distinct platforms: TISE Seminars, TISE Live Demo Stage, TISE Live Main Stage and TISE TV. New for 2022 was the industry's first Women's Leadership Conference-by women and for women exclusively at TISE.
2. **CCA and the WFCA** will use their combined leadership and strength to address key issues that impact their respective members and the industry as a whole.
3. **CFL** has obtained a patent for products that are designed to significantly reduce generated, reflected, or transmitted impact sounds. CFL holds similar patents in Europe and in countries around the world.

Corporate Results Builders, Flooring, Home Centers:

1. **D. R. Horton** reported a first quarter sales increase of 19%. Net income increased 44%. Their backlog in dollars and units are up 24% and 3% respectively.
2. **NVR** reported a drop in 4th quarter sales of 4%, however annual sales increased 19%. Net income for both periods increased 9.8% and 37%. Their backlog in dollars and units increased 15% and 10% respectively.
3. **Pulte** reported sales increases for their 4th quarter and 12-months of 37% and 26% respectively. Net income for both periods increased 51% and 38%. Their unit backlog is up 19%, and dollars are up 45%.
4. **Beazer Homes** reported a first quarter sales increase of 6%, and net income increased over 180%. Their backlog in units and dollars were up 3% and 21% respectively.

Positives Observations:

1. The GDP increased 6.9% in the 4th quarter of 2021, and for the year it was up 5.7%, the best numbers since 1984, 37 years ago.
2. U.S. payrolls grew sharply by 467,000 in January and the unemployment rate is still very low at 4%. **See Exhibit III.**
3. Commercial property sales hit a record high in 2021.
4. Wages grew by 4.7% in 2021, which was the fastest growth pace in 21 years.
5. Free N95 masks will be available at pharmacies and community health centers.
6. The federal budget deficit narrowed to \$21 billion during December, the smallest monthly gap in two years.

7. Existing home sales slipped in December, but annual sales hit a 15-year high of 6.12 million. Sales were also higher by 8.5% in 2021 compared 2020. However, December sales were down 7.1% compared to a year ago and down 4.6% compared to November. **See Exhibit II.**
8. **States are swimming in cash thanks to booming tax revenue and federal aid.** New York, California, Florida is among the states planning big onetime investments in worker bonuses, tax rebates and paying down debt.
9. There are 10.9 million job openings in the U.S. Many openings are for tech workers who earn an average salary of approximately \$145,000.

Neutral Observations:

1. The average cost of 30 seconds of ad time during this year's super bowl will be \$6.5 million compared to \$5.5 million last year.
2. Delta Air Lines was ranked first in the WSJ'S 14th annual ranking of U.S. airlines.
3. China's trade surplus hit a record high in 2021, jumping 30%.
4. 2021 ended as the fifth-hottest year in recorded history.
5. Tesla's net income increased to \$5.5 billion in 2021 compared to \$721 million in 2020.
6. The average monthly rent in the U.S. is \$1,877.

Negative Observations:

1. U.S. inflation hit a 39-year high at the end of 2021. Consumer prices were up 7% in 2021 compared to 2020.
2. The stock market indexes did not do well in January. The DJIA was down 3.32%, the NASDAQ was down 8.98% and the S&P was down 5.26%. See **Exhibit IV**.
3. The U.S. national debt has exceeded \$30 trillion.
4. In the middle of January hospitalizations for Covid-19 hit a record high, 141,000 patients. And on January 25, Covid-19 deaths topped 2,100 a day, the highest total in nearly a year.
5. Close to a million more people in the U.S. have died since early 2020 than would have otherwise been expected. The majority of the 987,456 fatalities in federal estimates were linked to Covid-19, while others can be blamed on derivative causes, like healthcare disruptions and a jump in drug overdoses.
6. 8.8 million people were out of work in January because they were sick or caring for someone with symptoms of Covid-19.
7. Inflation in the Eurozone has set a record exceeding 5%.
8. Consumer prices were up in December in England 5.4% and in Canada 4.8% the fastest annual rate in 30 years.
9. Mortgage rates rose to 3.45% for a 30-year fixed rate, the highest level since March 2020.
10. Fueled by Omicron, the World has exceeded 300 million Covid cases.
11. New home sales were up 11.9% in December, compared to November, but were down 14% compared to December last year and were down 14% for the year 2021 compared to 2020. See **Exhibit I**.
12. The murder rate in the U.S. was higher in 2021 than at any point since 1996, 25 years ago.
13. The U.S. has a far higher Covid death rate than other wealthy countries, due to failure to inoculate as much of the population as other wealthy nations.

14. A widespread winter storm is disrupting travel and power across the U.S.
15. Blood is in short supply in the U.S. due to Covid-19.

SUMMARY

Consumers may be getting more pessimistic and angry. People's living standards and physical well-being are suffering. Doctor's appointments sometimes are hard to get. Inflation and the Corona virus world-wide continue to be a challenge to all and if the FRB raises interest rates than surely economic growth for the year will be challenged. Food prices are estimated to continually rise, as will transportation and other necessary staple items. And lastly, disinformation will further undermine public faith in democracy, especially in the U.S.

PREDICTION/OPINION

Stock market volatility, inflation, political ineptitude and the Corona virus will affect the flooring business in 2022. But home sales in total reached a 15-year high in 2021 and should continue to be strong in early 2022, which will help keep sales relatively good. In addition, the recent jobs report indicates the resilience of the economy. I do not think that the robust year that flooring enjoyed in 2021 will be repeated in 2022, however, a fair estimate for business results this year should be about a 5% increase.

Ehibit 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 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
Nov 21	7440	-14	12.4
Dec 21	6180	-7.1	-4.6
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 21	948	19.3	Flat
Feb 21	775	8.2	4.3
Mar 21	818	66.8	-18.2
Apr 21	863	48.3	20.7
May 21	734	12.8	-5.9
Jun 21	701	-19.4	-5.9
Jul 21	729	-27.2	-6.6
Aug 21	740	-24.3	1.1
Sep 21	800	-17.6	1.5
Oct 21	745	-23.1	14
Nov 21	646	-2.0	0,4
Dec 21	811	-14	1.9
			11.9
For 2019	681		10.3
For 2020	923		9.6

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>
January	3.6	6.3	4.0
February	4.5	6.2	
March	4.4	6.0	
April	14.7	6.1	
May	13.3	5.8	
June	11.1	5.9	
July	10.2	5.4	
August	8.4	5.2	
September	7.9	4.8	
October	6.9	4.6	
November	6.7	4.3	
December	6.7	3.9	

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

	<u>DJIA</u>	<u>S&P</u>	<u>NASDAQ</u>
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
Dec 21	18.9	27.0	27.0
Jan 22	-3.32	-5.26	-8.98

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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