



JUNE 2022-2

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Life Alert: The ability to learn is the most important quality a leader can have.

Flooring Flashes:

1. *Lumber prices are crashing. Lumber futures for July delivery are down 52%.
2. *Mohawk has entered into an agreement to purchase the Vitromex ceramic tile business. Vitromex generates revenue of approximately \$204 million.

Corporate Results Builders, Flooring, Home Centers:

1. ***Toll Brothers** reported sales increases for their 2nd quarter and six-month period of 18% and 16%. Net income for both periods increased 77% and 70%.
2. ***Hovnanian** reported flat sales for their 2nd quarter and six-month period. Net income dropped significantly for both periods.
3. **Toll Brothers** reported a sales increase for their 2nd quarter and six-month period of 18% and 16%. Net income for both periods increased 73% and 66%.

4. **Lowes** reported a first quarter sales drop of 3.1%. Comp sales were down 4%. Net income for the quarter was basically flat but represented 9.86% of sales.
5. **Home Depot** reported a first quarter sales gain of 3.7%. Net income increased 2%. Comp sales were up 2.2%. Sales per square foot came in at \$621.99, an increase of 2.7%.
6. **Dixie** reported a first quarter sales gain of 6.6%. Net income was a loss of \$3.4 million compared to a loss last year of \$2 million.

Positives Observations:

1. *U.S. job growth remained robust in May with the economy adding 390,000 jobs. The unemployment rate held near its pre-virus low at 3.6%. **See Exhibit III.**
2. *New unemployment claims fell in early May to the lowest level in more than 50 years.
3. *U.S. consumers keep spending despite high inflation. Retail sales rose a seasonally adjusted 0.9% in April compared to March. It was the 4th consecutive month of higher retail spending.
4. *U.S. inflation eased slightly in April to an 8.3% annual rate, declining for the first time in eight months.
5. *U.S. home prices hit a new record of \$391,200 in April.
6. *The annual income for female CEO's was up 26% in 2021.
7. *Average home prices in major metropolitan areas rose 20.6% in March over February, which was a record increase.

Neutral Observations:

1. *The average price for a used car in April 2022 was \$29,948.
2. *\$295,884 is the compensation for the median worker at Alphabet, the parent of Google.
3. *\$4000-The amount Amazon would reimburse annually for travel expenses for medical treatments, including abortion, that employees can't access within 100 miles of their homes. Tesla, Citigroup and Apple are also offering these benefits.
4. *There are 23 million households that have a pandemic pet.
5. *An iconic Marilyn Monroe silk-screen portrait owned by Andy Warhol sold for \$195 million, a record price.
6. ***Miami-area apartment rents** rose 58% in the two years ended March, the [fastest rate](#) of any U.S. metro area.
7. *A unknown horse, with odds of 80-1, won the Kentucky Derby.
8. *U.S. women's soccer players will now earn the same as men.
9. *Median pay for CEOs rose to \$14.7 million last year for the leaders of the biggest U.S. companies, setting a sixth straight year annual record.
10. *Electric cars recently are 6.6% of the total cars sold.

Negative Observations:

1. *The stock market indexes are still down a lot in May year-to-date. In May the DJIA was +.04, the S&P was +.01 and the NASDAQ was down 2%. **See Exhibit IV.**
2. *Sales of existing homes dropped 2.4% in April compared to March for the 3rd consecutive month. Compared to last year sales were down 5.9%. It was the 9th consecutive month that sales were less than a year ago. Sales fell to their weakest pace in nearly two years. **See Exhibit I.**
3. **New** home sales were down in April compared to last year by 26.9% and compared to March were down 16.6%. This was the 11th consecutive month that sales were down compared to last year. **See Exhibit II.**
4. *On May 18 the DJIA dropped over 1000 points as investors fear a recession.
5. *The recent horror shooting in Texas where 19 children were killed makes the U.S. a global outlier when it comes to gun violence. In number of mass shootings the U.S. ranks 10 times worse than the next developed country (France).
6. *It has been decades since stocks have fallen for such a prolonged period. The DJIA, as of May 20th, notched their eighth straight weekly loss, the longest streak since 1932, 90 years ago.
7. *Eurozone inflation has hit its highest level since the creation of the euro in 1999.
8. *This is the first time in 50 years that the stock market and bond indexes have been in correction territory. The S&P 500 is now flirting with bear market territory.
9. *Eight tech companies are to blame for nearly 50% of the stock market's decline this year.
10. *The PPI (Producer Price Index) jumped 11.1% in April.
11. *The U.S. death toll from Covid has crossed a once unthinkable threshold. 1 million lives lost.
12. *One trillion of crypto value vanished in six months.

13. *In 2021 traffic deaths increased 11%. Total deaths reached a 16-year high of 43,000.
14. *6.1 — The number of [homicides per 100,000 U.S. residents](#) in 2020. The U.S. firearm homicide rate was the highest since 1994.
15. *Drug overdose deaths in 2021 topped 100,000 for the first time, a record high fueled by the spread of illicit forms of fentanyl.
16. *Illegal gun sales continue to contribute to increased violence. In 2020 gun sales increased 187%, as gun manufacturers produced 11.3 million firearms.
17. *The average rate on a 30-year fixed mortgage is now at 5.1%. A year ago it was 2.9%.
18. *Big U.S. cities lost more residents as the pandemic went on.

SUMMARY

The Corona Virus continues to rage in the U.S. I know, I am now experiencing the dreaded virus. The number of new cases daily continues to be more than 100,000. Since January 2020 one in four people who live in the U.S. have been infected and at least one in 330 people have died.

PREDICTION/OPINION

The Russian-Ukraine war has entered its 100th day with no real predictable results and no end in sight. This war plus the continued threat of the various viruses will continue to have a negative effect on all economies for the near future. Rising interest rates and declining home sales will affect flooring sales.

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
Jan 22	801	-19	-4.5
Feb 22	772	-6.2	-2.0
Mar 22	763	-12.6	-8.6
Apr 22	591	-26.9	-16.6
	For 2019	681	10.3
	For 2020	923	9.6
	For 2021	801	-1.9

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 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
Jan22	6500	-2.3	6.7
Feb 22	6021	-2.4	-7,2
Mar 22	5770	-4.5	-2.7
Apr 22	5610	-5.9	-2.4
For 2019	5540	3.7	
For 2020	6760	22.2	
For 2021	6180	-7.1	

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	3.8
March	4.4	6.0	3.6
April	14.7	6.1	3.6
May	13.3	5.8	3.6
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
May 21	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	-5.2	-8.98
Feb 22	-6.8	-8.4	-12.4
Mar 22	-4.6	-4.9	-9.1
Apr 22	-4.9	-8.8	-13.3
May 22	-9.2	-13.3	-22.8

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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