



March, 2022

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Life Alert: Gratitude is like a magnet. The more grateful and appreciative you are the more you will receive in your lifetime.

Flooring Flashes:

1. The International Surface Event (TISE): **SURFACES | StonExpo/Marmomac | TileExpo** will take place as a hybrid event with in-person exhibits and virtual components January 31-February 2, 2023. The show has served nearly 30 years as an industry marketplace for floorcovering, stone, and tile businesses to come together, seek products and services, build relationships and develop their businesses.
2. **Congoleum** ceased operations at its New Jersey Tile plant.
3. Total Flooring sales at the start of 2022 look good and on their way to a better sales and profit year than in 2021, which was a very good year.

Corporate Results Builders, Flooring, Home Centers:

1. **Home Depot** reported a 4th quarter sales increase of 10.7%. comp sales were up in the U.S. 7.6%. Sales for the year were up 14.4% and Comp sales in the U.S. were up 10.7%. Fourth quarter net income was up 21.1% and for the year they were up 30.1%. For the year their total sales exceeded \$150 billion. Their net income exceeded 10% of sales.
2. **Lowe's** reported a 4th quarter sales increase of 5.1%. Comp sales increased 5%. Net income increased 34%. For the year their sales increased 7.4% and comp sales increased 6.9%. Net income for the year increased 44.7%. Over a two-year period comp sales for flooring increased above 19%.
3. **Floor & Décor** reported a 4th quarter sales gain of 26%. Comp sales were up 14%. For the year sales were up 41.5% and comp sales were up 27.6%. Net income for the quarter was down 12.7% and for the year it was up 45%. For the quarter net income was 5.5% of sales and for the year it was 8.2%. They estimate that in 2022 comp sales will increase 10.5% to 13% and they plan to open 32 new warehouse stores and 4 small design studios.
4. **Lumber Liquidators** reported a net drop in sales for their 4th quarter of 6.2%. Comp sales were down 6.7%. Net income dropped 67%. For the year sales were up 5% and comp sales were up 5.2%. Net income for the year was down 32%. They opened 14 new stores in 2021 bringing their total to 424. They plan to open 20-25 new stores in 2022.
5. **The Tile Shop** reported a 2021 sales increase of 14%. Annual sales were \$371 million. Comp sales for the year increased 13.8%. Net income was \$14.8 million, which was 5.6% of net sales.
6. **Interface** reported an annual sales increase for the year 2021 of 8.8%. Net income was 4.6% of sales compared to a loss last year. Their backlog at the end of the year was up in dollars 21%.

Positives Observations:

1. U.S. payrolls grew sharply by 678,000 in February and the unemployment rate fell to 3.8%, the lowest number since the pandemic began. **See Exhibit III.**
2. Home-price growth hit a record high in 2021 rising over 18% compared to 2020.
3. U.S. retail sales in January were better than December 2021 by 3.8%. This was the greatest increase in 33 years.
4. Commercial property sales hit a record high in 2021.
5. Wages grew by 4.7% in 2021, which was the fastest growth pace in 21 years.
6. Free N95 masks will be available at pharmacies and community health centers.
7. The federal budget deficit narrowed to \$21 billion during December, the smallest monthly gap in two years.
8. Median home prices on existing home sales were up 15.4% in January compared to a year ago.
9. Remington, a gun manufacturer, settled a wrongful-death lawsuit with nine families, who lost loved ones in the Sandy Hook Elementary School shooting for \$73 million. It was the first time a U.S. gun manufacturer was held liable for a mass shooting.

Neutral Observations:

1. If you want to make a reservation on a Virgin Galactic space flight it will cost you \$450,000.
2. It is estimated that more than 90% of Americans have some level of immunity to Covid-19 through vaccination or prior infection.
3. Elon Musk donated roughly \$5.7 billion worth of Tesla shares to charity in 2021.
4. Approximately 30 million people placed a bet on this year's super bowl. Approximately close to \$8 billion was bet, 78% more than last year.
5. 33% of U.S, workers state in January that they are or were in [a workplace romance](#). That's up from roughly 25% in early 2020, a Society for Human Resource Management survey found.
6. Dogs and cats have surprised their owners by gaining weight during the coronavirus pandemic. Veterinarian's blame the extra treats and table scraps.
7. Berkshire Hathaway earned a record \$90 billion in 2021.

Negative Observations:

1. The stock market indexes did not do well in February. The DJIA was down 3.5%, the NASDAQ was down 3.4% and the S&P was down 3.1%. **See Exhibit IV for year-to-date results.**
2. New and existing home sales did not do well in January. Compared to last year new home sales were down 19% and existing home sales were down over 2% compared to a year ago. **See Exhibits I & II.**
3. 30-year mortgage rates are close to 4%, the highest in 4 years.

4. Inflation accelerated to a 7.5% annual rate in January, rising to a 40-year high. Construction materials have increased 20% in the same period.
5. The U.S. trade deficit was 27% higher in 2021 compared to 2020, which was a record high at \$859 billion.
6. The U.S. is enduring its most severe increase in traffic deaths since the 1940's-over 75 years ago.
7. Fueled by climate change the drought that started in the Southwest in the year 2000 is now the driest two decades since 800 A.D. The worse in 12 centuries.
8. Pharmacists and technicians, who have played a critical role in administering Covid-19 tests and vaccines, say they are burned out nearly two years into the pandemic
9. It will cost the Boy Scouts \$2.7 billion to exit their bankruptcy filing.
10. The number of babies born in this country in 2020 was a historic low and the lowest number in over 40 years.
11. Over 15,000 retail stores closed in 2020 due, most likely, due to the pandemic. 10,000 more closed in 2021.
12. The cost for a barrel of oil is at the highest price in 14 years.

SUMMARY

Because of the pandemic people are frustrated and angry. These feelings are fueling increases in violent crime, customer abuse of workers, student misbehavior, increase in vehicle crashes and poorer customer service from corporations. Rising drug abuse has occurred and rising racial and religious bigotry continues to upset life for all. The stock market gyrations are not helping to sooth any of these anxieties. Add to all these issues- inflation and the fact that 60 million American adults remain unvaccinated you have a recipe for some tough days ahead.

PREDICTION/OPINION

The labor market continues to be robust, which is an indication that the economy will, hopefully, continue to thrive. The Russian war with Ukraine continues to threaten the world's economies and peaceful existence for many. And the unknown result of this conflict gives the world an uneasiness which is not pleasant. The flooring industry, despite this, continues to do well and should have a decent increase in sales and net income for this year.

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

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/Mon % Change		Adjusted Number	Year/Year % Change	Month/Mon % Change
						Flat	7.9
Jan 21	6690	23.7	0.6	Jan 21	948	19.3	Flat
Feb 21	6220	9.1	-6.6	Feb 21	775	8.2	4.3
Mar 21	5300	12.3	-3.7	Mar 21	818	66.8	-18.2
Apr 21	5850	33.9	-2.7	Apr 21	863	48.3	20.7
May 21	5730	46.9	-0.9	May 21	734	12.8	-5.9
Jun 21	5860	22.9	1.4	Jun 21	701	-19.4	-5.9
Jul 21	5900	1.5	2.0	Jul 21	729	-27.2	-6.6
Aug 21	5880	-2.1	-2.0	Aug 21	740	-24.3	1.1
Sep 21	6290	-2.3	7.0	Sep 21	800	-17.6	1.5
Oct 21	6340	-5.8	0.8	Oct 21	745	-23.1	14
Nov 21	7440	-14	12.4	Nov 21	646	-2.0	0,4
Dec 21	6180	-7.1	-4.6	Dec 21	811	-14	1.9
Jan22	6500	-2.3	6.7	Jan 22	801	-19	-4.5
For 2019	5540	3.7		For 2019	681		10.3
For 2020	6760	22.2		For 2020	923		9.6
For 2021	6180	-7.1		For 2021	801		-1.9

**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	-5.2	-8.98
Feb 22	-6.8	-8.4	-12.4

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	
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	

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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