



March 2021

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Life Alert: Ignorance leads to fear, fear leads to hate, and hate leads to violence.

1. John Gilbert, President of Carpet One Floor & Home, looks back at the start of COVID-19 pandemic and discusses how it has changed personal lives and business as we know it. He says, "We're quickly approaching the one-year anniversary of the COVID-19 crisis. It was early March last year when the pandemic's potentially destructive impact began to come into focus. While none of us could predict what would happen, the CCA Retail Groups were universal in their business concerns. Looking back, there were probably as many journeys over the last year as there are members. Everybody experienced COVID-19 through their own lens. Many of us experienced the disease, some of us lost loved ones. While many stores stayed open, some were closed for extensive periods. The operating hours of over one third of our showrooms are still impacted today.
2. There does seem to be some common themes that have emerged, however. Because of robust sales, aggressive cost containment, and government programs, members report strong (even record) top and bottom lines. The connections: member to member, member to staff, and member to

supplier, that had been forged over generations in some cases were something you fell back on. Members worked together while they were apart. During the peak of the crisis in March and April, Carpet One reported having as many as 25 RNG calls per week. This is a case of the co-op playing a key role in keeping members safe and sane. The co-op staff rolled out programs designed to make it easier to transact with customers remotely. Members found a way to use the tools that made sense to them. And, in the end, you persevered and are stronger than ever."

3. Challenging times require exceptional leadership, and the next generation **members of CCA Global Partners are stepping up to the plate. Each year, the Emerging Leaders Awards** recognize people's outstanding talent under 40 within the dealer/retailer/contractor sector. Among the winners are three of the CCA NEX40 members: **Jake Peterson of Albany Carpet One, Palmer Johnson of Johnson Carpet One Floor & Home, and Erin Wyatt of Paradise Carpet One Floor & Home.**
4. Effective October 2021, there will be five openings on the thirteen-member **Flooring America/Flooring Canada Advisory Council**. The Advisory Council serves as representatives for the membership. Council members serve a three-year term and play an invaluable role in determining the co-op's strategic, operational, and functional policies and procedures. Applications are available on members.net.
5. The **CCA Commercial Group will be hosting** a four-part webinar series with Bob Broda, business coach and a 40-year veteran in the commercial flooring industry. The series is titled "Project Management within Commercial Flooring." The webinars are scheduled for: Tuesday, March 9 @ 2 PM EST; Tuesday, April 6, @ 2 PM EST; Tuesday, April 20, @ 2 PM EST; and Tuesday, May 4 @ 2 PM EST.
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7. CCA Global has been approached with a new market opportunity which can be used in both your commercial and residential businesses. **Walkway Management Group** (www.walkwaymg.com) is offering franchise positions with exclusive access to products and services in the field of walkway safety. Their floor treatment products meet the relevant ANSI, ASTM and ISO standards and their technology generates testing reports on the "slip and fall" coefficients of a floor in either a commercial space or a residence (like the bathtub or shower.) Walkway Management offers an incremental and very profitable service for your business.
8. **Flooring America & Flooring Canada** have resumed in-person meetings with members. The FAC Advisory Council is scheduled for March 16-18 in Atlanta. The Shining Star members will meet in Nashville April 14-16.

Corporate Results/Builders, Home Centers Manufacturers:

1. **Mohawk** reported a 4th quarter sales increase of 9% and a 12- month sales drop of 4.2%. Net income for both periods was down 6% and 31% respectively. Their sales in Flooring NA was down for the year 6.5%.
2. **Interface** reported a sales drop of 18% for the 4th quarter and 12-month period. Net income for the 4th quarter was up 19.4% and they suffered a significant loss for the 12-month period.
3. **Armstrong Flooring** reported a 4th quarter sales increase of 1.8% and 12- month sales drop of 6.6%. They had significant drops in net income for both periods.

4. **Dixie** reported a sales drop of 16% for the year 2020. Their sales drop in the 4th quarter was 1.7%. They had a loss for the year in net income of \$9.2M compared to a profit in 2019 of \$15.3M. They report that sales are down in low single digits for the first nine weeks of their first quarter of 2021.
5. **Lumber Liquidators** reported a 4th quarter and annual increase in sales of 11% and a 0.5% increase for the year. Net income for both periods was up substantially. Comp sales for the 4th quarter were up 10.5%. They now operate 410 locations
6. **Floor & Décor** reported a 37% increase in sales for the 4th quarter. Comp sales increase was 21.6%. Earnings increased 59%. Annually their sales increased 18.6%. Comp sales annually were up 5.5%. Net income for the year was up 29.4%. They now operate 133 stores in 31 states.
7. **Lowe's** reported sales increases for their 4th quarter and 12-month period of 27% and 24% respectively. Comp sales for the 4th quarter were up 28%. Net earnings for both periods were up 92% and 36% respectively. They now operate 1,974 locations.
8. **Home Depot** reported sales increases for their 4th quarter and 12-month period of 25.1% and 19.9% respectively. Comp sales for the 4th quarter were up 25% and for the year the increase was 20.6%. Net earnings for both periods increased 15.2% and 14.4%. Their sales per retail square feet at the end of 2020 was \$543.74 compared to \$454.82 a year ago, a 19.6% increase.
9. **Toll Brothers** reported a first quarter sales increase of 17%. Net income increased 70%. Their cancellation rate dropped to 3.7% compared to 9.4% a year ago. Their backlog in dollars and units were up 37% and 38% respectively.

Positives Observations:

1. New home sales in January were better than last year by 19.3% and better than December by 4.3%. **See Exhibit II.**
2. Existing home sales in January were up 23.7% compared to last year and up 0.6% compared to December. It was the strongest sales year in 14 years.
3. The unemployment rate fell to 6.2% in February. 379,000 jobs were added to the economy **See Exhibit III.**
4. The stock indexes were strong in February. The three major indexes were up as follows; DJIA 3.2%, S&P 2.6%, and the NASDAQ 2.4%. On March 1, the S&P had its best gain since June. **SEE Exhibit IV for YTD results.**
5. Overall consumers increased spending in January over December by 5.3%. This was the first increase in four months, and the largest month over month increase in seven months.
6. Target reported 4th quarter sales rose over 20%, capping a year when they increased sales by more than they had in the previous 11 years combined.
7. The U.S. announced that they are getting 200 million more covid-19 vaccine doses. And by June the U.S. would have enough vaccines for all American adults.
8. Israel is showing a 94% drop in symptomatic Covid-19 cases among those who have received the Pfizer and BioNTech vaccine.
9. Newly reported cases on the coronavirus in the U.S. hit their [lowest level in nearly four months](#) and deaths fell to fewer than 1,000 on Monday, the 15th of February.

10. Hospitalizations for the coronavirus are at the lowest level since November.
11. Walmart has 1.5 million hourly workers. They have committed to raise the hourly pay of 425,000 to \$15 per hour within a year. Their current wage per hour is \$11.

Neutral Observations:

1. \$485 million was spent on advertising during the super bowl.
2. Three wealthy entrepreneurs are paying \$55 million each for a eight day stay on the International Space Station.
3. Prince Harry and Meghan Markle interview with Oprah fetches \$7M from CBS.
4. There is a woman living in France who turned 117 in February. She is the oldest living person in Europe. There are 10 other woman who are aged 115 to 117 who reside in France, Japan, Belarus. U.S., Brazil. The two that live in the U.S. reside in South Carolina and North Dakota. Who says that women do not have equal rights?
5. In an average lifetime everyone spends 26 years sleeping.
6. The best states to retire in: Iowa, West Virginia, Arkansas, Mississippi, Florida, Kentucky, Connecticut, Missouri, Alabama and Rhode Island.
7. The worse states to retire in: Alaska, Nevada, Colorado, California, Washington.
8. There are 140 million housing units in the U.S. 81 million are owner occupied. 43 million are renter occupied.
9. The average sale price of a new home is \$385,000.

Negative Observations:

1. It has been roughly one year since this coronavirus began. Since then, more than a half a million people have died.
2. When adjusted for inflation, the current minimum wage of \$7.25 an hour is at its lowest level in more than 10 years and sits at nearly the equivalent level as in 1954.
3. Louisiana has led the nation in murders for 31 straight years.
4. Jobless claims are rising again.

5. 30-year mortgage rates have jumped to 3% for the first time in 7 months.
6. The PPI jumped 1.3% in January.
7. American Airlines plan to cut 13,000 employees this spring.
8. United Airlines will ground two dozen Boeing 777 aircraft. They are the only airline that has the 777.
9. Texas, Iowa, Montana and Mississippi, have removed the mask mandate.

SUMMARY

Business throughout the country seems to be thriving. Housing sales, existing and new, are strong. Existing housing sales were the highest in 14 years and prices for homes are growing at a solid rate. However, the country continues to be in a state of perpetual turmoil. The coronavirus and its tenacles continue to touch all Americans, as does the lack of a reasonable state of cooperation between our two major political parties. Everyone's daily life has been in a state of upheaval due to the coronavirus. Having good health and not suffering for each and everyone should be a clear priority for all. The fact that the stock market is doing great, that our houses are up in value, that incomes and total net worth are up, that our government may become less divisive, does not reduce the suffering that anyone has to endure if they fall prey to the virus. Everyone should continue to be vigilant and wear masks and stay alert to all surroundings in your daily activities.

PREDICTION/OPINION

All reports are that flooring sales for the first two months of 2021 have been robust. We seem to be on course that sales will be up more than 5% for the year 2021. Job growth and lower unemployment figures indicate that the economy is currently strong and will continue to be strong in 2021.

I continue to feel that we will be saddled with rules (masks, social distancing) in the future to protect us medically from the evils of the coronavirus. The rules may be bothersome but in reality are quite simple if large numbers are kept safe from the evils of this dreaded disease.

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
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	923	19.3	4.3
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	
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
Jan 21	-2	-1	1
Feb 21	1.1	1.5	2.4

EXHIBIT VI As of 3/5/21
Flooring-Furniture Public Companies

	Symbol	*Current Price	52 week range
Armstrong	AWI	\$86.06	57.96-111.46
Armstrong Flooring	AFI	\$5.20	1.12-6.42
Dixie	DXYN	\$2.94	.053-6.00
Ethan Allen	ETH	\$25.46	8.38-26.79
QEP	QEPC	NA	NA
Interface	Tile	\$12.83	5.06-14.68
Lumber Liquidators	LL	\$23.55	3.77-35.10
Mohawk	MHK	\$186.11	56.62-185.85
Stanley Furn.	STLY	NA	NA
Tile Stores	TTS	NA	NA
Floor & Decor	FND	\$88.76	24.36-108.54

*Approx.-changes daily

Exhibit VII As of 3/5/21
Builders-Retailers-Public Companies

	Symbol	*Current Price	52 Week Range
Beazer	BZH	\$17.99	4.39-20.50
DR Horton	DHI	\$79.01	25.51-84.41
Home Depot	HD	\$253.52	140.63-292.95
Hovnanian	HOV	\$79.42	5.12-91.74
KB	KBH	\$42.63	9.82-45.59
Lennar	LEN	\$85.98	25.42-95.72
Lowes	LOW	\$158.88	60.00-180.67
NVR	NVR	\$4624	2043-4807
Pulte	PHM	\$45.74	17.12-50.23
Toll Bros	TOL	\$53.89	13.28-56.96

*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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