



**MAY 2022-2**

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**Life Alert: Appreciation, enjoying relationships, not being envious, living in the moment and protecting your family, your health and your reputation are really the important things in life to guard each and every day.**

**Flooring Flashes:**

1. The International Surface Event (TISE): SURFACES | StonExpo/Marmomac | TileExpo brings the industry a whole new floor covering, stone, and tile shopping and product sourcing experience: the TISE TV Broadcasting Network, streaming all original programming on Facebook. Combining the power of simulcasting software on Facebook and the most powerful flooring, stone, and tile sourcing database, TISE TV offers the industry the ultimate product discovery opportunity, industry news, live demonstrations, and virtual/hybrid experiences. Season 3 is now airing on the TISE Tv Network, the Spring Product Series > [View the TV Guide](#). To watch and get LIVE episode alerts, follow [@TISEtv](#) or [@TISEofficial](#) on Facebook. TISE Tv syndicates on YouTube, LinkedIn and Instagram after airing for continued viewing. For more information for viewing and/to advertise on the TISE Tv Network, connect to [www.TISEtv.com](http://www.TISEtv.com).
2. The FCIF is launching its inaugural “**One Day to Give**”. A 24-hour online fundraising drive on Thursday, June 2, 2022. This effort will

benefit floorcovering workers with unexpected crushing medical expenses.

3. Milliken announced it will initiate a 5% to 8% price increase for its commercial soft surface, commercial resilient products and adhesive products, effective April 2, 2022.

### **Corporate Results Builders, Flooring, Home Centers:**

1. **Mohawk** reported a first quarter sales increase of 13%. Net income increased 3.3%. EPS increased 12.5%. Their flooring sales results for the U.S. market was up 10.6%.
2. **Lumber Liquidators** reported a first quarter sales drop of 1.6%. Comp sales were down 3.6%. Net income dropped to \$4 million compared to \$10.6 million a year ago. They currently operate 431 stores in 47 states,

### **Positives Observations:**

1. Jobless claims are at the lowest level since 1968, that is 54 years ago,
2. U.S. job growth remained robust in April as the unemployment rate held near its pre-virus low at 3.6%. **See Exhibit III.**
3. U.S. household spending rose 2.7% in the first quarter.
4. Worker pay and benefits grew at a record rate in the first quarter 2022.
5. A group of large private-equity firms has agreed to boost employee ownerships at companies they own aiming to create \$20 billion in wealth for lower-level workers.
6. Moderna announces that its Covid-19 vaccine is effective for children as young as 6 months old.
7. Google plans to invest \$9.5 billion in office and data centers this year compared to \$7.5 billion last year. It also plans to create 12,000 new full-time jobs by the end of the year.
8. U.S. median home prices reached a record \$375,300 in March.

9. It took more than 100 years to get an anti-lynching bill. But it happened.

### **Neutral Observations:**

1. The listing price for the Omaha, Neb. house where Warren Buffet launched his business empire is \$799,000.
2. Walmart is offering truck drivers starting salaries as high as \$110,000.
3. The increase in orders and production of yachts at the end of 2021 was 25%.
4. Elon Musk sold about \$8.5 billion of Tesla stock to buy Twitter. That is about 1% of Tesla.
5. 119-the age of the world's oldest verified living person, who died of old age in April in a hospital in Japan.
6. Median pay for CEOs rose to \$14.2 million last year for the leaders of S&P 500 companies up from \$13.4 million last year.
7. The average transaction price for a new vehicle in March was \$43,700 which is 20% higher than before the pandemic.
8. Supposedly there are 735 or 927 billionaires in the U.S.
9. Warren Buffet is now 91 years old.
10. Boris Becker. A former tennis champion was sentenced to 2.5 years in prison for concealing money after filing bankruptcy.

## **Negative Observations:**

1. The stock market indexes did not do well in April. The DJIA was down 4.9%, the NASDAQ was down 13.3% and the S&P was down 8.8%. The NASDAQ had its worse month since 2008. **See Exhibit IV.**
2. The U.S. economy contracted 1.4% in the first quarter. This was a sharp reversal from the 6.9% annual growth in the 4<sup>th</sup> quarter of 2021.
3. In the week ended 4/22, the DJIA suffered its worse one-day loss since October 2020 capping four consecutive weeks of losses.
4. Inflation accelerated to 8.5% in March, a 40-year high
5. U.S. retail sales in March were better than February by a modest 0.5%. However, excluding gasoline sales overall sales fell 0.3%.
6. The worst bond rout in decades hit a new milestone with the yield on the 10-year Treasury reaching 3% for the first time since 2018.
7. 30-YEAR fixed mortgage rates hit 5% for the first time since 2011. They are now at 5.27%, the highest in nearly 13 years.
8. The world is piling on debt as it battles inflation. A surge in food and fuel prices is raising pressure on governments around the world to pick up the tab for consumers which intensifies political instability in a shaky economy.
9. The largest mall landlord in Europe is planning to sell most of its U.S. properties. This exodus indicates that marquee American malls may soon be up for sale.
10. Between April and May of 2022 rental car costs are up 64% compared to the same period a year ago.
11. The estimated shortfall of immigrants of working age in the U.S. is 2.4 million.

12. Democrats & Republicans stuffed nearly 5,000 earmarks totaling \$9 billion into the \$1.5 trillion government spending bill.
13. Canada has banned foreign home buyers for two years, in an effort to cool its housing market.
14. .
15. Road-rage shootings killed or injured twice as many people in 2021, as in 2019. In 2021 44 people a month were killed or injured.
16. The number of pedestrians drivers struck and killed in the first six months of 2021 was 3,441 compared to 2,934 in 2020, a increase of 17%.
17. Kmart has only three stores now open in the U.S. In the 80's they were a powerful retail giant operating more than 2000 stores.
18. Airline fares in March were nearly 11% higher than in February.
19. **Existing** home sales did not do well in March. Compared to last year sales were down 4.5% and compared to February were down 2.7%. This was the 8th consecutive month that sales were less than a year ago. **See Exhibit I.**
20. **New** home sales were down in March compared to last year by 12.6% and compared to February were down 8.6%. This was the 10<sup>th</sup> consecutive month that sales were down compared to last year. **See Exhibit II.**
21. World-wide there has been 1.5 million deaths due to Covid. Since 2020 1 in 4 people have been infected with Covid and 1 in 3333 people have died.

## **SUMMARY**

Inflation is at a 40-year high. Prices are rising for beef, poultry, fish, eggs, flour, fruit and milk. Flooring too. U.S. job openings are at a record high. Wages growth continues and probably won't recede until more workers enter the job market. The war between Russia and Ukraine continues to destabilize world economies and the future does not look good for that war to end. The stock and bond markets continue to be unpredictable and the daily gyrations continue to place anxieties on many, and confusion on whether or not we are headed into a recession. The stock and bond markets are falling in tandem at a pace not seen in decades.

## **PREDICTION/OPINION**

U.S. home prices are continuing to surge in virtually every corner of the country, despite the rise of mortgage rates and the inflationary prices for housing. A waterfront compound in Miami has a asking price of \$170 million. Crazy! Job openings and the number of times workers quit hit the highest levels on record. There are now nearly two job openings for every unemployed person. The FRB approved a rare half-percentage-point interest-rate increase-plenty of confusion going on makes it difficult to predict the future of the economy.

**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**

	<b>Adjusted Number</b>	<b>Year/Year % Change</b>	<b>Month/Mon % Change</b>		<b>Adjusted Number</b>	<b>Year/Year % Change</b>	<b>Month/Month % Change</b>
						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
Feb 22	6021	-2.4	-7,2	Feb 22	772	-6.2	-2.0
Mar 22	5770	-4.5	-2.7	Mar 22	763	-12.6	-8.6
For 2019	5540	3.7		For 2019	681	681	10.3
For 2020	6760	22.2		For 2020	923	923	9.6
For 2021	6180	-7.1		For 2021	801	801	-1.9

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

	<u>DJIA</u>	<u>S&amp;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
Mar 22	-4.6	-4.9	-9.1
Apr 22	-4.9	-8.8	-13.3

**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	
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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