



**April 2021**

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**Life Alert: Life is like riding a bicycle, to keep your balance, you must keep moving.**

**Flooring Flashes:**

1. Catalina Research estimates that first quarter sales gain for the flooring industry in dollars will be over 8%. I agree with this forecast.
2. Catalina also predicts that wood and resilient flooring will post the largest increases. All categories will be up in sales except for commercial carpet.
3. Every floorcovering category has experienced price increases over the last six months.
4. Home Depot reported their flooring sales in 2020 were \$8.2B a 9.6% increase over 2019.
5. Online registration is now open for The International Surface Event (TISE): SURFACES I StonExpo/Marmomac I TileExpo 2021, occurring at the Mandalay Bay Convention Center in Las Vegas, June 16-18. TISE, an Informa Markets event, will be among the first large shows to return to Las Vegas, having received approval by the Department of Business and Industry to move forward with the event. Las Vegas and Informa Markets are partnering to bring meetings

and conventions back to Las Vegas, signaling the start of a safe economic recovery for the many industries and communities their platforms serve, and MGM Resorts International/Mandalay Bay is playing a significant part in the industry's return.

6. <https://www.intlsurfaceevent.com/content/dam/Informa/tisewest/en/2021/2021%20Las%20Vegas%20Re-Opening%20Press%20Release%20-%20FINAL.pdf>

### **Corporate Results/Builders, Home Centers Manufacturers:**

1. **Tile Shop Holdings** reported a 4<sup>th</sup> quarter sales increase of 3.8%. Comp sales were up 3.3%. Annual sales were down 4.5%. Comp sales were down for the year 5.6%. Net income for the 4<sup>th</sup> quarter was 3.3% of sales and annually it was 2% of sales. Annual sales for the year were \$325M. They operate 142 stores. They have, in the past, been delisted on the NASDAQ stock exchange and are now applying to be listed again on the NASDAQ exchange. Their stock a year ago was trading at a \$1. It is now trading at about \$6.75. In 2017 it was trading at about \$25.
2. **Home Depot** reported an annual sales gain of 20% for 2020. Net income increased 14.5%. They have 309 store locations outside of the U.S. and 1,987 store locations in the U.S. They have over 500,000 employees.

## **Positives Observations:**

- 1.* New home sales in February were better than last year by 8.2%, however, were down compared to January by 18.3%. **See Exhibit II.**
- 2.* Existing home sales in February were better than a year ago by 9.1%. However, were down compared to January 6.6%. **See Exhibit I.**
- 3.* Consumer confidence rose in March to its highest level since the pandemic started roughly on year ago.
- 4.* The unemployment rate fell to 6.0% in March. The U.S. added 916,000 jobs in March.
- 5.* Jobless claims are at the lowest level since the pandemic started.
- 6.* Roughly 2.4 million Americans are receiving a Covid-19 vaccine each day.
- 7.* New reported coronavirus cases are hovering near their lowest levels since last October.
- 8.* Google has 135,000 employees world-wide and are planning to add 10,000 new full-time staff.
- 9.* The number of people seeking bankruptcy protection under Chapter 7 dropped 22% during the pandemic. Chapter 13 filings fell 46%.
- 10.* U.S. home-price growth accelerated in January. Prices rose 11.2%. January marked the highest annual rate of price growth since February 2006.
- 11.* The stock indexes were strong again in March and continue to be strong at the beginning of April. The three major indexes were up as follows; DJIA 6.6%, S&P 4.2%, and the NASDAQ 0.4%. **SEE Exhibit IV for YTD results.**
- 12.* The biggest companies in the U.S. have added more jobs than they cut during the pandemic.

## Neutral Observations:

1. There are 60,000 mortgage contracts in Portugal that have negative interest rates, meaning that banks pay the borrowers.
2. **118** — The age of Kane Tanaka, believed to be the world's oldest living person, who resides in Japan. A two-time cancer survivor, she has seen two pandemics in her lifetime and [is preparing to carry the Olympic torch](#) when it passes through the town of Shime, where she lives.
3. The worst rated cars of 2021 are: **Cadillac ATS, Dodge Charger, Land Rover Discovery, Mercedes Benz G-Class, and Acura ILX.**
4. **Israel** has given at least one shot to nearly 60% of its residents—the [world's fastest vaccine rollout](#).
5. **Fort Myers, Florida** is the fastest growing city in America. It has grown 32% over the last decade.
6. The NFL has signed a long-term media deal valued at \$100 billion. By 2023 Amazon will control Thursday night football.
7. 90% of the U.S. digital-ad market is controlled by Facebook, Amazon, and Google.
8. There are now more real estate agents than homes for sale.
9. Salt Lake City is America's hottest job market.
10. McDonald's is closing hundreds of its Walmart restaurants.

## **Negative Observations:**

1. U.S. retail sales fell 3% in February compared to January. Retail sales were up 6% over the last three months compared to the same period a year ago.
2. U.S. household spending fell in February.
3. There was 137 million square feet of office space available for sublease across the U.S. at the end of 2020, which was up 40% over the end of 2019. This is the highest available office space in 17 years.
4. Apprehensions at our borders have reached the highest level in 15 years.
5. 55 major billion dollar firms in the U.S. paid no taxes in 2020, even though they reported over \$40 billion in pre-tax profits.
6. **Investors are borrowing** huge sums of money [to buy stocks](#), raising concerns about the potential for bubbles. \$814 billion has been borrowed by investors against their portfolios up 49% compared to a year ago.

## **SUMMARY**

Vaccinations are rising, but so are Covid-19 cases in many states. Vaccines have been proven to be 100% effective for 12-to15-year olds. An infrastructure program is being considered by the government. Housing prices are strong. The stock market has started the 2<sup>nd</sup> quarter with a bang. And for retirees the yield on10-year Treasury notes rose from 1% at the end of January to 1.77% at the end of March. Many good indicators for a solidly good year in 2021.

## **PREDICTION/OPINION**

The world economy is expected to grow 6% this year led by the U.S. and China. And if all U.S. adults get vaccinated by April 19<sup>th</sup> this prediction may indeed become a reality. Strong consumer savings and infrastructure spending should also help fuel economic growth in 2021. After seeing estimates of the first quarter results for the flooring industry, it seems apparent the flooring industry may indeed do better than a 6% increase. Hopefully, if the positive results continue, we could see a great year in flooring enjoying an increase of 8% to 10%!

**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**

	<b>Adjusted Number</b>	<b>Year/Year % Change</b>	<b>Month/Mon % Change</b>
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
Feb 21	6220	9.1	-6.6
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**

	<b>Adjusted Number</b>	<b>Year/Year % Change</b>	<b>Month/Month % Change</b>
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	948	19.3	4.3
Feb 21	775	8.2	-18.2
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	6.0
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&amp;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
Mar 21	8.3	7.0	4.6



**EXHIBIT VI As of 4/9/21**

**Flooring-Furniture Public Companies**

	Symbol	*Current Price	52 week range
Armstrong	AWI	\$93.32	57.96-96.84
Armstrong Flooring	AFI	\$5.16	1.34-6.96
Dixie	DXYN	\$3.66	.060-6.00
Ethan Allen	ETH	\$27.27	8.59-29.81
QEP	QEPC	NA	NA
Interface	Tile	\$12.73	5.88-14.35
Lumber Liquidators	LL	\$26.63	4.64-35.10
Mohawk	MHK	\$198.45	67.79-202.94
Stanley Furn.	STLY	NA	NA
Tile Stores	TTS	\$6.76	NA
Floor & Decor	FND	\$103.70	29.37-108.54

\*Approx.-changes daily

**Exhibit VII As of 4/9/21**

**Builders-Retailers-Public Companies**

	Symbol	*Current Price	52 Week Range
Beazer	BZH	\$20.57	4.41-22.17
DR Horton	DHI	\$91.02	36.47-94.20
Home Depot	HD	\$315.08	191.54-315.94
Hovnanian	HOV	\$106.99	7.28-119.45
KB	KBH	\$47.32	19.15-49.65
Lennar	LEN	\$101.97	38.51-106.24
Lowes	LOW	\$196.18	90.59-194.97
NVR	NVR	\$4767	2660-4875
Pulte	PHM	\$53.21	22.4054.22
Toll Bros	TOL	\$59.12	19.37-60.35

\*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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**Published monthly by N.L. Nagle, Inc.  
7378 Floranada Way, Delray Beach, FL 33446  
(561) 637-5052 OFFICE - (561) 637-5097 FAX – Cell# (561) 699-3555  
Laurencenagle@gmail.com**

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