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Life Alert: It does not require many words to speak the truth.

Flooring Flashes:

1. There is a whole new line-up of **Pulse Seminars** coming to **TISE 2023**. The new **Pulse Seminars** are developed to ensure the industry has their finger on what is new, forecasted, future focused and must-know for the upcoming year and beyond. Developed as a-la-carte options that do not conflict with one another. Industry professionals have the freedom to build their own curated education schedule for the event. View the full schedule online <https://www.intlsurfaceevent.com/en/education/pulse-seminars.html> and add sessions to your badge when you register to attend The International Surface event (TISE): **SURFACES, Ston Expo, TileExpo 2023** at www.intlsurfaceevent.com/register.
2. I continue to feel that flooring sales for the first six months of 2022 were up between 7% and 10%. However, I continue to feel that the year will be up only 5%. I expect that carpet market share will once again slip in 2022 with hard surface products, especially LVT gaining in share. The total flooring sales, due to inflation, will achieve the highest dollar results in history.

Corporate Results Builders, Flooring, Home Centers:

1. **Mohawk** reported a 3rd quarter sales gain of 3.6%. For their nine-month period sales were up 7.7%. They experienced a net loss in income for the 3rd quarter and nine-month period.
2. **Dixie** reported a 3rd quarter sales drop of 19.6%. Net income for the same period was a loss of \$8.7M compared to a profit a year ago of \$6.4M. For their nine-month period the sales drop was 7.5% and their net loss was \$16.6M compared to net income of \$7.8M a year ago.
3. **Interface** reported sales gains for their 3rd quarter and nine-month period of 4.8% and 11.8% respectively. Net income for both periods were up 28% and 32%.
4. **Floor & Décor** reported sales increases for their 3rd quarter and nine-month period of 25% and 28% respectively. They state that comp sales for both periods were up 11.6%? Net income for the 3rd quarter was up 2% but down for nine months 1.9%. They now operate 178 warehouse stores.
5. **Lumber Liquidators** reported 3rd quarter sales down 4.8% compared to a year ago. Comp sales for the quarter were down 7.3%. Sales for their nine-month period are down 2.3%. Comp sales for the nine-month period are down 4.6%. They experienced a net loss in the 3rd quarter of \$3.8M compared to a profit a year ago and for nine months they had a profit of \$3M compared to \$31M a year ago. They now operate 439 stores.
6. **NVR** reported sales increases for their 3rd quarter and nine-month period of 17%. Net income for both periods increased 24% and 41% respectively. Their backlog in units are down 11.4% and in dollars 6%.

Positives Observations:

1. Social Security beneficiaries in 2023 will receive the biggest increase in 40 years. The increase will be 8.7%.
2. The stock market indexes did well in October. The DJIA as up 14%, the S&P was up 8% and the NASDAQ was up 4%. **See Exhibit IV** for ytd results.
3. The U.S. economy returned to growth in the 3rd quarter with the economy expanding 2.6% (GDP).
4. U.S. employers added 253,000 jobs in September and the jobless rate fell to 3.5%. The unemployment rate is at a 50-year low.
5. Worker pay and benefits rose 5% in the 3rd quarter from a year before.
6. More retail stores opened than closed last year for the first time in 27 years.
7. Breast cancer in U.S. women has decreased 43% in the last 30 years.
8. The SEC fined 13 companies greater than \$100 million this year. Only three were fined in 2021.
9. The jobless rate increased modestly to 3.7% from 3.5% in October as U.S. employers added 261,000 jobs.

Neutral Observations:

1. Tom Hanks, Denzel Washington, and Leonardo DiCaprio have recently been recognized as the three best actors of the 20th century.
2. A pair of Levi's jeans from the 1880's sold at auction for \$76,000. The buyer was 23 years old!
3. The 20 richest tech billionaires have lost nearly half a trillion dollars this year.
4. The minimum amount Americans think their households need to retire comfortably is \$1.25 million.

3. The states that have no income tax, no tax on retirement income, and have favorable sales, property, inheritance and state taxes are: Alaska, Florida, Georgia, Mississippi, Nevada, South Dakota and Wyoming.
3. The 10 highest paid NBA players in the NBA who all make more than \$50 million per year are: James, Curry, Durant, Antetokounmpo, Westbrook, Thompson, Lillard, Harden, George, and Butler. This \$50M does not include other endorsement earnings.
4. Three of the best companies to work for, when you are looking for advancement, security and stability are: GAP, APPLE, and Exxon Mobil.
5. The yield on 10-year U.S. Treasury notes are above 4% for the first time in ten years.
6. The proportion of children who have their own smartphone by age 11 is 53%.
7. China's GDP grew 3.9% in the 3rd quarter.
8. 43 years ago Iranian students stormed the U.S. embassy in Tehran and took 66 hostages.
9. The Fed approved the fourth 0.75% point rate rise, but hints at future smaller increases.
10. The current President of the Philadelphia Phillies has led four different teams to the world series.
11. Four Astro baseball pitchers combined to throw only the second no-hitter in World Series history. The last one occurred 66 years ago.
12. The "Phantom of the Opera" will hold its last performance in February after a run of 35 years on Broadway.

Remember this before reading all the negatives:

“We lived through the Cuban missile crisis. In 1968 there were assassinations of public figures, when kids were blowing up draft centers, and there were shootings on campuses by the National Guard. We got through the Korean and Vietnam wars, and we faced a financial crisis in the late 2000's, as well as a global one in 2007. We got through all that and probably a bit more, and we will all get through what is happening now.

Negative Observations:

1. Stock funds are down about 25% so far this year.
2. The NASDAQ on October 11th fell to its lowest level in two years. And on this day, it fell into Bear Market territory for the 2nd time this year.
3. Economists are predicting a recession in the coming 12 months and that job losses will occur.
4. Inflation has created record credit-card debt.
5. A key Hong Kong stock index is at a 11 year low.
6. U.S. core inflation hit a 40 year high in September hitting 8.2%
7. Eurozone inflation rate reached 10.7%.
8. Scores on ACT college admissions test by high school students plunged to the lowest level in over 30 years.
9. U.S. schools recorded the largest drop ever in math scores. Reading scores were also low.
10. College enrollment has dropped for the 3rd consecutive year.
11. A shopping mall in Massachusetts recently sold for \$29 million. 10 years ago it was valued at \$167 million.
12. There are 700 malls in the U.S. today. In the 80's there were 2,500.
13. The average 30-year fixed mortgage rate hit a 20-year high of 7.08%.
14. Americans were killed by guns in 2021 at the highest rate in 30 years.
15. The U.S. national debt tops \$31 Trillion for the first time.
16. Thousands of federal officials (elected and appointed) hold investments in companies their agencies oversee.
17. U.S. retail spending was flat in September.
18. Sales of **existing** homes dropped in September compared to August for the 8th consecutive month. Compared to last year sales were also down for the 15th consecutive month. The consistent lower level of sales is the longest in 15 years. **See Exhibit I.**

19. Sales of **new** homes in September were down versus August 10.9% and down versus last year 17.6%. **See Exhibit II.**
20. Home prices fell in August compared to July in their biggest monthly decline in over ten years.
21. 87% of companies that went public in 2021 are trading at 49% below their original offering price.
22. The estimated range of losses due to damage inflicted on Florida by Hurricane Ian is estimated to be between \$40B and 64B.
23. Men died from Covid-19 at a much higher rate than women during year one of the pandemic.
24. It now costs \$22,463 for an employer provided family health insurance plan.
25. Drug over-dose deaths in 2021 topped 100,000, a record high. Almost all died from Fentanyl.

SUMMARY

The U.S. economy lost an astonishing 22 million jobs in the first two months of the recent pandemic. However, it has gained them all back, plus a half a million more. After the previous recession, it took more than five years to achieve the same result. The unemployment rate continues to be low, in fact the lowest in over 60 years. All these facts are a clear testimonial to the strength of the American economy, and the future, economically should be very good for all.

PREDICTION/OPINION

Inflation is unrelenting. High energy costs, climbing interest rates and of course, inflation will continue to make the global economic (including the U.S.) outlook not good. Even though economic forecasts are predicting a recession I feel it will be modest and that flooring sales will face difficulties and challenges over the next 12 months. The big question and challenge for the future is the division that the two main political parties have on their agenda for democracy!

Exhibit I- *will now include all existing home sales condos, etc.- numbers are approx..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
May 22	5410	-8.6	-3.4
Jun 22	5120	-14.2	-5.4
Jul 22	4810	-20.2	-5.9
Aug 22	4800	-19.9	--0.1
Sep 22	4710	-21.6	-0.2
For 2019	5540	3.7	
For 2020	6760	22.2	
For 2021	6180	-7.1	

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
May 22	696	-5.9	10.7
Jun 22	590	-17.4	-8.1
Jul 22	511	-29.6	-12.6
Aug 22	685	Flat	28.8
Sep 22	603	-17.6	-10.9

For 2019	681	10.3
For 2020	923	9.6
For 2021	801	-1.9

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

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	3.6
July	10.2	5.4	3.5
August	8.4	5.2	3.7
September	7.9	4.8	3.5
October	6.9	4.6	3.7
November	6.7	4.3	
December	6.7	3.9	

	<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
Jun 22	-15.3	-20.6	-29.5
Jul 22	-9.6	-13.-0	-20.8
Aug 22	-20.9	-24.8	=32.4
Sep 22	-21.0	-25.0	-32.0
Oct 22	-9.92	-18.8	-29.8

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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