



July 2021

©2021 N.L. Nagle, Inc.

Life Alert: Not a single one of us is perfect. We all make mistakes. We all do things we regret. We all say stupid and hurtful words we can never take back. This is what humans do, regardless of how hard we try not to. We live. We love. We struggle. And hopefully we learn.

Flooring Flashes:

1. Lumber prices are falling fast, turning hoarders into sellers. Wood prices were at a all-time high. They have dropped recently 42% from their record high. Wood prices are still relatively high.
2. The Dixie Group announced entry into an agreement in principle for the sale of its commercial business to Mannington Mills, Inc.
3. The flooring industry will face another price increase in August on all product segments. Carpet prices will increase 6% to 10% as will some hard surface products.
4. The post event results match the feel of **The International Surface Event (TISE)** this June as SURFACES I StonExpo/Marmomac I TileExpo re-emerge to create an event full of connection, innovation, and intention for the floor covering, stone, and tile industries. The more intimate

June event gathered a dense professional crowd whose purpose was clearly to connect with their fellow industry professionals, source products from over 190 exhibiting brands, and get back to networking throughout the exhibit hall. In addition to the in-person event, TISE implemented a hybrid virtual experience, the TISE Live Virtual Event | Vegas Edition, sponsored by **Mannington**, offering virtual attendees the same education and demonstration content, connection to the Vegas attendees, exhibitor product sourcing, as well as live updates and interviews from the show floor by the TISE Tv Crew.

Corporate Results/Builders, Home Centers Flooring Manufacturers:

1. **Lennar** reported sales gains for their 2nd quarter and six-month period of 22% and 20% respectively. Net earnings for both periods were up 61% and 100% respectively. Their backlog in units and dollars were up 38% and 56%.
2. **KB Home** reported sales increases for their 2nd quarter and six-month period of 58% and 30% respectively. They suffered a net loss in both periods, which doubled the loss they had last year.

Positives Observations:

1. The GDP in the first quarter grew at a 6.4% rate.
2. Stocks closed out the first half of the year with double-digit percentage gains. The S&P is up 14.45%, the DJIA is up 12.8% and the NADAQ is up 15%.
3. In June the DJIA was down 0.1%, the S&P was up 2.4%, and the NASAQ was UP 6.6%. **SEE Exhibit IV for YTD results.**
4. U.S. stocks have now notched five straight quarters of gains.
 5. The S&P 500 and NASDAQ rose to new records on June 29. The Nasdaq had 15 record highs in June.
6. The U.S. economy added 850,000 jobs in June and the unemployment rate remained very steady at 5.9%. The jobless rate is at a pandemic low.
7. U.S. existing home prices hit a record high in May. They were nearly 24% higher than a year ago. There has been 111 consecutive months of home price increases.
8. Domestic travel has recovered to about 80% of 2019 levels.
9. The FDA has approved the first new Alzheimer's drug in nearly 20 years.
10. The home improvement market will soon be a total of \$1 trillion.
11. In March through May retail sales are up in 2021 36.2% compared to 2020.
12. **\$13.5 trillion** — The amount in wealth that U.S. households added last year, according to the Federal Reserve, [the biggest increase](#) in records going back three decades. Many Americans paid off credit-card debt, saved more and refinanced into cheaper mortgages during the pandemic.

Neutral Observations:

1. **\$29.7 million** — The price of the winning bid, including the buyers' commission, for a [ticket to go into space](#) next month with Jeff Bezos
2. A seat on the first human space flight will cost \$3.2M.
3. The 10 colleges that have the most successful and happiest alumni are in reverse order: Notre Dame, Wabash, Wellesley, Haverford, Claremont McKenna, Davidson, Amherst, Princeton, Williams, and Number one Dartmouth.
4. The Supreme Court ruled that the NCAA could no longer strictly limit compensation and benefits for college athletes.
5. **80%** — The [share of eligible residents](#) in Vermont who have received at least one dose of a Covid-19 vaccine, making the state the most vaccinated in the U.S. With cases down 94% since April 1, the state has dropped all restrictions.
6. Fed is signaling that interest rates will rise to 0.6% in late 2023. If you are a bond buyer, I would suggest buying bonds that have a 4% or 5% coupon.
7. Netflix's steamy new drama SEX/LIFE is so bad, it's funny.
8. The market values of tech giants Apple, Amazon, Facebook and Google now total over \$6.6 trillion or about 17% of the S&P 500.

Negative Observations:

1. Retail sales in the U.S. were down in May 1.3% compared to April. However, they were up 28% compared to May 2020.
2. The CPI in May was 5% higher than a year ago. This was the biggest surge in inflation in 13 years. Food and energy prices surged the highest in 29 years.
3. The PPI increased 0.8% in May.
4. More people have died, (1.88 million), from Covid-19 already this year than in all of 2020, according to official counts, highlighting how the global pandemic is far from over even as vaccines beat back the virus in wealthy nations
5. Existing home sales dropped 0.9%% in May compared to April. It was the 4th consecutive month that sales were down compared to the previous month. Sales were better than a year ago by 46%, however, but that was because of the shutdown in the industry due to the pandemic. **See Exhibit I.**
6. Sales of new homes dropped in May compared to April by 5.9%. They were better than last year by 12.8%. **See Exhibit II.**
7. There are 11M tenants that are at risk of eviction due to financial hardship.
8. By the end of March, U.S. companies debt totaled more than \$11 trillion, or about half the size of the U.S. economy.
9. **12.1 years** — The [average age of vehicles](#) on U.S. roads last year, a record high. The average has been rising steadily for the past 15 years as the quality of cars has improved.
10. Mass shootings over the past three months was one of the worst on record, and law enforcement officials are fearful of more to come.
11. An average of just 31% of office workers have returned to their workspaces as of June 15th.
12. Florida and Texas now have the distinction of having the largest number of people arrested because of the June 6th riot in Washington, DC.

13. In 2019 alone, there were more than 2.5 million cases of chlamydia, gonorrhea and syphilis reported, according to the [Centers for Disease Control and Prevention](#). This marks the sixth consecutive year of record-breaking cases of sexually transmitted diseases in the U.S.
14. Americans are now facing the highest gas prices in nearly 7 years.
15. Nearly 19% of all office space in Manhattan has no tenants-the highest on record.

SUMMARY

We are faced with a new dangerous virus. The Delta variant will hamper the effort to control the pandemic world-wide. Hopefully, this will not happen and that the great majority of U.S. citizens and others will help protect themselves and others by getting vaccinated. If this does occur the current economic rebound may come to a halt.

PREDICTION/OPINION

The housing market continues to be red-hot. Inventory of unsold houses are at a historic low. Prices for new homes and existing homes are at a all-time high. Flooring sales should continue to be strong for the balance of the year due to the housing industries strength. I expect the industry will have at least a 15% increase in 2021.

Ehibit 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
Feb 21	6220	9.1	-6.6
Mar 21	5300	12.3	-3.7
Apr 21	5850	33.9	-2.7
May 21	5730	46.0	--0.9
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	948	19.3	4.3
Feb 21	775	8.2	-18.2
Mar 21	818	66.8	20.7
Apr 21	863	48.3	-5.9
May 21	769	12.8	-5.9
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	6.1
May	3.6	13.3	5.8
June	3.7	11.1	5.9
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
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

EXHIBIT VI As of 7/4/21
Flooring-Furniture Public Companies

	Symbol	*Current Price	52 week range
Armstrong	AWI	\$109.53	57.96-110.53
Armstrong Flooring	AFI	\$6.20	2.62-6.96
Dixie	DXYN	\$3.20	.076-6.00
Ethan Allen	ETH	\$27.12	10.69-32.15
QEP	QEPC	NA	NA
Interface	Tile	\$15.52	5.88-17.11
Lumber Liquidators	LL	\$20.90	13.51-35.10
Mohawk	MHK	\$195.08	67.79-231.80
Stanley Furn.	STLY	NA	NA
Tile Stores	TTS	NA	NA
Floor & Decor	FND	\$105.70	57.22-116.58

*Approx.-changes daily

Exhibit VII As of 7/4/21
Builders-Retailers-Public Companies

	Symbol	*Current Price	52 Week Range
Beazer	BZH	\$19.39	9.68-26.12
DR Horton	DHI	\$92.36	53.84-106.89
Home Depot	HD	\$322.70	246.22-345.69
Hovnanian	HOV	\$101.00	19.07-146.34
KB	KBH	\$41.46	28.61-52.48
Lennar	LEN	\$101.39	59.71-110.61
Lowes	LOW	\$195.71	134.05-215.22
NVR	NVR	\$5114	3159-5308

Pulte	PHM	\$56.95	37.72-63.91
Toll Bros	TOL	\$58.24	31.;27-68.88

*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
 STATEMENTS USED ABOVE ON OCCASION ARE QUOTED EXACTLY FROM THE SOURCE- NUMBERS USED IN THIS NEWSLETTER ON OCCASION HAVE BEEN ROUNDED TO THE NEAREST DOLLAR-OPINIONS, PREDICTIONS AND SUMMARY WHEN LISTED ARE THE THOUGHTS OF N.L. Nagle, Inc.

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

This Newsletter cannot be forwarded to anyone without the explicit consent of N.L. Nagle.