



June 2021

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Life Alert: You are rich when you have good friends, and even more so, when you have great family relationships.

Flooring Flashes:

1. Floor & Décor has entered into a definitive agreement to acquire 100% of Spartan Surfaces, an end-to-end commercial flooring specifying distribution company for approximately \$90M.
2. The Karastan plant in Eden, S.C. will close after making “wonder rugs” for 93 years.
3. Jennifer Farrell, a Celebrity designer, is speaking at The International Surface Event (TISE) this June from the 16-18 on the TISE Live Main Stage and inside the TISE Live Virtual Event, Vegas Edition! Her session "Calibu: A Masterful Renovation from the Floors Up" will introduce to the industry the new SURFACES Showhome: Calibu Vineyard, a new showhome project in California by Jennifer Farrell and The International Surface Event.
4. **TISE is bringing the whole industry together in-person and virtually this June!**This June there are two ways to join The

International Surface Event (TISE): SURFACES | StonExpo/Marmomac | TileExpo, either in-person or virtual. Join TISE in Las Vegas and gather with the industry in-person. Source and connect with 150+ flooring, stone, and tile vendors and experience the newest products first-hand. The exhibits pass offers full access to the show floor, the entire education program now featured on the TISE Live Main Stage right on the show floor, live demonstrations on the TISE Live Demo Stage, and more. Can't travel to Vegas this June? Join everyone who is in Vegas, virtually! TISE is offering the industry an opportunity to join everyone in Las Vegas 'socially' even if they cannot travel to the in-person event. Bridging the gap between the on-site Las Vegas event is an invite-only Facebook event, the TISE Live Virtual Event | Vegas Edition, offering content and programming directly from the show floor including the full education program and live demos, as well as exclusive content only for the virtual event. Whether you are an in-person attendee or a virtual attendee, you'll have access to the resources the event has gathered either on-site in Las Vegas or online virtually including: 150+ Floor Covering, Stone & Tile Vendors, 1,000's of Products & Services, 14 TISE Live Main Stage Sessions, 12 TISE Live Demo Stage Presentations, *sponsored by MAPEI and Floor Covering Installer Magazine*, Installation Competition Semi-Finals, *sponsored by Mohawk, ProInstaller Magazine, and CFI*, The Cage Stone Fabrication Demonstrations, *presented by the Stone Fabricator's Alliance*, Full Access to TISE Live Virtual Vegas Edition, and more. [Register now](#) for an exhibits pass or a virtual pass and save 25% on either pass (restrictions apply)!

Corporate Results/Builders, Home Centers Flooring Manufacturers:

1. **Lowe's** reported a first quarter sales gain of 24.1%. Comp sales increased 26%. Net income increased 74%. They now operate 1,972 stores in the U.S. and Canada.
2. **Home Depot** reported a first quarter sales gain of 32.7%. Comp sales increased in the U.S. 30%. Net income increased 85%. They report that sales per square foot are now at a record \$605.60. They now have 2,298 stores in all 50 states.

Positives Observations:

1. Over 50% of adults in the U.S. have been fully vaccinated as of May 25th.
2. The average number of daily Covid-19 deaths in the U.S. has fallen to the lowest point in more than a year.
3. Two of the three major stock indexes were up in May. The DJIA was up 0.2%, the S&P was up 0.1%, and the NASDAQ was down 1.5%. The NASDAQ was down for the first time in the last six months. **SEE Exhibit IV for YTD results.**
4. Jobless claims have declined by more than 30% since late in April, falling below 300,000 for the first time since the pandemic began.
5. The unemployment rate dropped to 5.8% at the end of May. Employers added 559,000 jobs in May.
6. The F.D.A. has authorized Pfizer-BioNTech vaccine for children 12-15.
7. The median sales price for existing single-family homes was higher in the first quarter compared with a year earlier for 182 of the 183 metro areas tracked by the National Association of Realtors. In 89% of those

metro areas, median [prices rose by more than 10%](#) from a year earlier.

8. New infections of the coronavirus have declined in the U.S. to the lowest rate since June of 2020.
9. The CDC says fully vaccinated people can stop wearing masks in most cases.
10. **75,000** — The amount of workers Amazon plans to hire in states. The e-commerce giant said that the roles, some of which will include a \$1,000 signing bonus, will pay an average of \$17 an hour. Amazon already employs about 950,000 people in the U.S.

Neutral Observations:

1. **\$504 billion** — The amount of [share repurchases](#) that U.S. companies have authorized this year, according to Goldman Sachs data through May 7, the most during that period in at least 22 years.
2. Median pay for CEO's that are leaders of S&P companies in 2020 reached **\$13.4** million.
3. **14.5%** — The [decline in U.S. credit-card balances](#) between this past March and March 2020. Americans are paying down their consumer debt at levels not seen in years. That is good news for everyone but credit-card issuers, who are making less in interest income as a result.
4. **68.4** trillion is expected to be inherited over the next 25 years.
5. It is estimated that there are over 700 billionaires in the U.S. 50% of them live in California, New York, Texas and Florida.
6. The DJIA has celebrated 125 years as Wall Street's guiding light. It has risen 7.69% each year on average during this

period. It was just over 100 in 1906, over 1000 in 1972, over 10,000 in 1999 and as high as 34,777 in 2021.

7. The chances that bitcoin will ever become real money or make a productive contribution to society seem close to nil.
8. Boston is the most vaccinated area in the U.S.
9. It is expected that there will be 25% more weddings this year compared with a typical year previously.

Negative Observations:

1. Retail sales in the U.S. were flat in April compared to March. However, they were considerably better than last year during the height of the pandemic.
2. Sales of securities backed by bundles of risky corporate loans are reaching record levels.
3. Existing home sales dropped 2.7% in April compared to March. It was the 3rd consecutive month that sales were down compared to the previous month. Sales were better than a year ago, however, but that was due to the shutdown in the industry due to the pandemic. **See Exhibit I.**
4. Sales of new homes dropped in April compared to March by 5.9%. They were better than last year by 48%, but that was due to the pandemic of last year. **See Exhibit II.**
5. Gas prices are up 58% compared to a year ago. Gas prices are at a seven year high.
6. The surge in consumer prices in April was a shocker. Excluding food and energy the core index price (CPI) rose 0.9% from March. The 12-month inflation rate rose to 3%, the highest in 26 years.
7. Wholesale prices (PPI) also jumped, rising 0.6% in April, compared to March. Over the past 12 months the PPI has increased over 6%.
8. Covid-19 has lifted the U.S. death rate to its highest level in nearly 20 years.

9. Consumers have lost nearly \$82M to crypto scams.

SUMMARY

The current U.S. economic recovery is unlike any in recent history. The economy is powered by consumers with extra savings, businesses eager to hire and enormous government support. New businesses are popping up at a record pace. Shortages of many manufactured products are also popping up at a record pace. People are being coaxed back into the workplace with incentives. But inflation is rearing its ugly head with prices across the world rising at the fastest pace in more than 12 years.

PREDICTION/OPINION

Prices are going through the roof in a red-hot housing market. America's housing market has grown so overheated as demand continues to outpace supply. I expect that this will continue for, at least, the balance of 2021. And because of this, sales in the flooring industry should remain strong for the balance of 2021. In addition, consumer spending in April was robust, with Americans spending more on services, dining out and

travelling. All these facts clearly indicate that 2021 will be a very good economic year.

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
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

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	
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

Tile Stores	TTS	NA	NA
Floor & Decor	FND	\$97.14	49.85-116.58
*Approx.-changes daily			

EXHIBIT VI As of 6/5/21
Flooring-Furniture Public Companies

	Symbol	*Current Price	52 week range
Armstrong	AWI	\$107.38	57.96-107.45
Armstrong Flooring	AFI	\$5.82	2.27-6.96
Dixie	DXYN	\$2.70	.075-6.00
Ethan Allen	ETH	\$29.76	10.67-32.15
QEP	QEPC	NA	NA
Interface	Tile	\$16.64	5.88-16.67
Lumber Liquidators	LL	\$22.71	10.28-35.10
Mohawk	MHK	\$201.41	67.79-231.80
Stanley Furn.	STLY	NA	NA

Exhibit VII As of 6/5/21
Builders-Retailers-Public Companies

	Symbol	*Current Price	52 Week Range
Beazer	BZH	\$23.49	9.08-26.12
DR Horton	DHI	\$92.58	50.93-106.89
Home Depot	HD	\$311.01	234.31-345.69
Hovnanian	HOV	\$110.45	17.50-146.34
KB	KBH	\$46.00	27.51-52.48
Lennar	LEN	\$96.60	57.09-110.61
Lowes	LOW	\$189.91	123.09-215.22
NVR	NVR	\$4810	3050-5308
Pulte	PHM	\$56.95	31.55-63.91
Toll Bros	TOL	\$63.28	28.91-68.88
*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

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