



May 2021

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Life Alert: You are never too old to set another goal or to dream a new dream.

Flooring Flashes:

1. Lowe's Cos. announced its acquisition of StainMaster, the carpet and flooring brand. The financial details of the deal were not disclosed. Lowe's has exclusively sold StainMaster carpet for the last decade, and says this expands on that partnership. The acquisition includes all intellectual property and sub-brands. StainMaster will join the Lowe's lineup of private labels, which includes Project Source and Harbor Breeze. Lowe's stock has gained 26.2% for the year to date.
2. The flooring industry will face another product price increase that will include all product segments. It will be the 3rd one within the last six months.
3. Lumber prices are at a record high. They are over 250% higher than a year ago.
4. Congratulations to Floorcovering News celebrating 50 years in the flooring industry.
5. **TISE is bringing the whole industry together in-person and virtually this June!**

6. 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. Lumber Liquidators** reported that first quarter sales increased 6%. Comp sales were up 6.9%. Net income was 3.8% of sales (\$10.6M) compared to 4.6% (\$12.2M) a year ago. They now have 412 stores compared to 420 a year ago.
- 2. Mohawk** reported a first quarter sales gain of 16.8%. Net income increased 114%. All of their product categories had sales and operating income increases for the quarter. Operating income was 11.9% of sales. In the last 12 months their stock has soared from \$68 to its current price of approximately \$225.
- 3. Floor & Décor** reported a first quarter sales increase of 41%. Comp sales increased 31%. They did \$785M in sales for the quarter. Net income increased 105% to \$76M.
- 4. NVR** reported a first quarter sales increase of 29%. Net income increased 41%. Their backlog in units at the end of the quarter was 5% and their average backlog price was up 6.6%.
- 5. Interface** reported that first quarter sales dropped 12%. Net income for the first quarter was a positive \$6.9M compared to a loss last year of \$102M.
- 6. Tile Shops** reported a first quarter sales drop of 2.3%. Comp sales were also down 2.3%. Net income was \$5.3M compared to \$3.5M last year. They have 143 stores. They operate with a 69.7% gross margin. It's exceptional when *a retailer can function at this level of GM.*

Positives Observations:

1. New home sales surged in March compared to a year ago by 66.8%. And were better than February by 20.7%. **See Exhibit II.**
2. Existing home sales in March were better than a year ago by 12.3%. However, were down compared to February by 3.7%. **See Exhibit I.**
3. The stock indexes were strong again in April. The three major indexes were up in April as follows; DJIA 2.7%, S&P 7.6%, and the NASDAQ 8.3%. **SEE Exhibit IV for YTD results.**
4. The DJIA has had 22 record highs so far this year.
5. There are reports that more than 100 million people in the U.S. have been fully vaccinated.
6. The U.S. economy (GDP) expanded rapidly in the first quarter growing at a 6.4% annual rate. In the same quarter the euro economy fell 0.6%.
7. Housing starts rebounded sharply in March increasing almost 20% over February.
8. U.S. retail sales jumped 9.8% in March compared to February.
9. U.S. consumer confidence is at its highest level since the pandemic began. Consumer confidence in April rose sharply, the fourth consecutive month of increases.
10. U.S. home prices rose 17.2% in March compared to last year. This was the biggest price increase on record. For all of 2020 housing prices across the world rose 4.9%.
11. A WSJ survey of economists predicted that U.S. economic growth this year will be 6.4%. And they expect that employers will add 7.1 million jobs in 2021.

12. The U.S. and China are now working together to tackle climate control challenges.

Neutral Observations:

1. CEO's step up their push against voting laws.
2. Individual investors are holding the highest level of stocks on record.
3. Median pay for CEO's in 2020 was \$13.7 million compared to \$12.8 million in 2019.
4. The percentage of U.S. private sector workers who are represented by unions is now 6.3%. In 1973, the percentage was 24.2%.
5. The median asking monthly rent in March across the U.S. was \$1,463.
6. New Mexico leads the nation in full vaccinations with nearly 38% of its population fully vaccinated.
7. The Chinese economy grew 18% in the first quarter.
8. Finland is the world's happiest country.
9. New Zealand is aiming to make its country smoke-free by 2025.
10. U.S. startups raised \$69 billion in the first quarter of 2021, which was 41% higher than the previous record set in 2018.
11. Lakeside Idaho City is America's hottest housing market. The median home sales price is \$476,900.

Negative Observations:

1. The CPI increased 0.6% in March over February. For the 12-month period ending in March the CPI increased 2.6%. U.S. consumer prices rose sharply.
2. The unemployment rate ticked up to 6.1% in April, with only 266,000 (seasonably adjusted) jobs added to the economy. **See Exhibit III.**
3. Virus aid drives the U.S. budget deficit to a record \$1.7 trillion.
4. The U.S. has paused J&J Covid-19 vaccine amid concerns about blood clots.
5. World-wide deaths due to Covid-19 have topped 3 million.
6. Florida homeowners filed 76% of all home-owners insurance suits.
7. 20% of seniors in America remain unvaccinated.
8. Florida is the deadliest state in the nation for pedestrians.
9. Apprehensions at our borders have reached the highest level in 15 years.
10. 55 major billion-dollar firms in the U.S. paid no taxes in 2020. The IRS estimates that \$1 trillion is the amount of tax money that goes uncollected annually.
11. The country's overall population growth has slowed to [the lowest rate since the Great Depression](#) over the last ten years.
12. U.S. births has dropped to the lowest level in 42 years.
13. There are, at least, 5.5 million student loan borrowers who are in default.

SUMMARY

Covid-19 has been a wake-up call leading to lifestyle and career changes. Millions of Americans are deciding what is normal life. Will vacations be the same? Will we continue to go to movie theaters? Will there be high school, family and college reunions? Will we celebrate birthday gatherings? The reality is that the coronavirus has been nothing less than a calamity for everyone.

PREDICTION/OPINION

Inflation is beginning to rise more than 2% annually. The S&P continues to set records. Soaring retail sales and a sharp drop in jobless claims are the latest indicators of a quickening economic recovery and suggest 2021 will be a year of remarkable growth. In addition, the U.S. economy is poised to grow at its fastest pace in decades due to pent-up demand and trillions of government support.

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

	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
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
Jan 20	764	Flat	7.9
Feb 20	765	18.6	Flat
Mar 20	615	14.0	-15.4
Apr 20	619	-9.5	0.6
May 20	682	-6.0	19.4
Jun 20	791	12.7	13.8
Jul 20	901	6.6	13.9
Aug 20	1011	36.3	4.8
Sep 20	959	43.2	-3.5
Oct 20	945	32.0	4.2
Nov 20	829	41.5	-1.5
Dec 20	885	20.8	-11.0
Jan 21	948	17.2	1.6
Feb 21	775	19.3	4.3
Mar 21	1021	8.2	-18.2
For 2017	613	66.8	20.7
For 2018	622		
For 2019	681		
For 2020	923		

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	
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

EXHIBIT VI As of 5/8/21
Flooring-Furniture Public Companies

	Symbol	*Current Price	52 week range
Armstrong	AWI	\$104.45	57.96-106.51
Armstrong Flooring	AFI	\$5.71	1.93-6.96
Dixie	DXYN	\$3.29	.60-6.00
Ethan Allen	ETH	\$31.99	9.08-32.10
QEP	QEPC	NA	NA
Interface	Tile	\$13.94	5.88-15.00
Lumber Liquidators	LL	\$24.19	6.57-35.10
Mohawk	MHK	\$229.74	67.79-230.75
Stanley Furn.	STLY	NA	NA
Tile Stores	TTS	\$6.89	NA
Floor & Decor	FND	\$113.48	39.56-116.58

*Approx.-changes daily

Exhibit VII As of 5/8/21
Builders-Retailers-Public Companies

	Symbol	*Current Price	52 Week Range
Beazer	BZH	\$25.31	6.29-25.34
DR Horton	DHI	\$103.87	43.82-104.17
Home Depot	HD	\$339.25	226.20-339.81
Hovnanian	HOV	\$130.96	9.67-141.00
KB	KBH	\$50.83	222.83-50.99
Lennar	LEN	\$108.05	46.10-108.23
Lowes	LOW	\$208.40	106.20-209.24
NVR	NVR	\$52.11	2660-52.34
Pulte	PHM	\$61.73	26.10-62.01
Toll Bros	TOL	\$67.65	23.11-67.90

*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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