

, after having the Pfizer



November 2021

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Life Alert: One of the things that I have learned in my lifetime is that there is no reward in getting discouraged. Keeping busy and making optimism a way of life is much more rewarding.

Flooring Flashes:

1. **Mohawk** reported sales gains for their 3rd quarter and nine-month periods of 9.4% and 22% respectively. Net income for the quarter increased 32% and for the nine-month period over 200%. Net earnings for the nine-month period represented 10% of net sales.
2. **Lumber Liquidators** reported a 4.7% sales drop for their 3rd quarter. For their 9-month period sales were up 9.3%. Net income for the 3rd quarter was down 43% and for their 9-month period was up 2.8%. 3rd quarter gross margin was down 210 basis points, and expenses increased 140 basis points.
3. **Floor & Décor** reported sales increases for their 3rd quarter and nine-months periods of 28% and 48% respectively. Net income for both periods increased 8.5% and 69.3% respectively. Comp sales for the two periods increased 10.9% and 33.1%. They now have 153 warehouse stores operating in 33 states.
4. **Interface** reported sale increases for their 3rd quarter and nine-month periods of 12% and 1.8% respectively. Net income for the 3rd quarter was up 97% and for their nine-month period they earned a profit compared to a loss last year.

5. **Armstrong Flooring** reported sales increases for their 3rd quarter and nine-month period of 7.6% and 10% respectively. They had net income losses for the quarter that were almost tripled compared to last year and for the nine-month period the losses were \$22M compared to \$31M last year.

Corporate Results Builders, Home Centers:

1. **Pulte** reported sales gains for their 3rd quarter and nine-month periods of 17.7% and 22% respectively. Net income for both periods increased 14% and 32% respectively. Their net income for their 9-month period represented 13% of sales. Their backlog in units and dollars 12% and 32% respectively.
2. **NVR** reported sales gains for their 3rd quarter and nine-month periods of 22% and 29% respectively. Net income for both periods increased 29% and 51% respectively.

Positives Observations:

1. The unemployment rate in October dropped to 4.6% with 531,000 workers added to the payrolls. **See Exhibit III.**
2. Social Security benefits will see the biggest one-year increase in their payments in nearly 40 years, with next year's gain expected to be 5.9%.
3. The stock market continues to roar ahead. In October, the DJIA was up 5.8%, the S&P was up 6.9% and the NASDAQ was up 7.3%. **See Exhibit IV** for YTD numbers.

4. On November 2, the DJIA closed at the 36,000 mark for the first time. On the same day the S&P 500 and the NASDAQ hit record highs for the 3rd straight day.
5. Rate of workers returning to their offices has hit a record high.
6. Retail sales rose 0.7% in September compared to August. Certainly, a sign of consumer confidence, but also due to inflation.
7. Existing home sales were better by 7% in September compared to August. However, they were down compared to last year 2.3%. **See Exhibit I.**
8. New home sales in September were better than August by 14%. However, compared to last year they were down 17.6%. **See Exhibit II.**
9. Home prices were up 19.7% in August. A record high.
10. The median existing-home price for all housing types in September, was \$352,800 up 13.3% from September 2020, which was \$311,500.
11. In late October filings for unemployment benefits were at the lowest level since the coronavirus began.
12. The S&P has notched 56 record closings so far in 2021.
13. FDA has authorized Pfizer-BioNtech Covid-19 vaccine for children as young as 5 years old.
14. The graduate degree that pays off: the M.B.A. A Wall Street Journal analysis of federal student loan data found 98% of M.B.A. programs leave [students with manageable debt loads](#).
15. Travel restrictions for international travelers to the U.S. are expected to be lifted in mid-November.
16. Merck's Covid-19 pill was cleared for use in the U.K., the first country to authorize the oral treatment shown to reduce hospitalization and death.
17. Pfizer states that their Covid-10 pill is 89% effective in a preliminary assessment.

Neutral Observations:

1. On October 15,1929 stocks dropped 11%. On October 27,1929 stocks dropped one-third and it signaled the onset of the Great Depression.
2. The U.S. has 2.1 million troops. Hundreds of thousands remain unvaccinated.
3. Facebook is shutting down its facial recognition system.
4. The FDA panel voted to recommend Moderna Covid-19 booster shots. Robin and I both had the Moderna booster shot, after having the Pfizer original vaccinations.
5. Tesla crossed the \$1 trillion in market value in October.
6. Amazon is the largest corporate owner of U.S. industrial space, with 78 buildings spanning 83.6 million square feet.

Negative Observations:

1. Inflation remained high in September reported at 5.4%.
2. The U.S. economy (GDP) grew by only 2% in the 3rd quarter.
3. The CPI rose 0.4% in September compared to August. This will most likely trigger an increase in social security benefits.
4. The PPI increased 0.5% in September. For the 12-month period ending in September the PPI increased 8.6%
5. The U.S. trade deficit hit a record high in September.
6. The U.S. workforce is still down 4.3 million people. The highest total ever recorded.
7. There are 1.38 million homeless school children in the U.S. About one in 12 live in New York City.
8. Serious financial difficulties have affected nearly 40% of U.S. households in recent months. About 20% have depleted all of their savings.
9. In early October Southwest Airlines cancelled two thousand flights. At the end of October American cancelled 1,900 flights.
10. In an alarming trend more people than ever are trying to carry guns onto planes.

11. Americans purchased more cigarettes last year than in 2019, the first uptick in 20 years.
12. Orders for goods such as appliances, computers and cars decreased in September for the first time since spring.
13. The reported global Covid-19 death toll has surpassed 5 million.
14. The great shortage of car parts world-wide is putting the world's economy in a tailspin.
15. Shortage of truck drivers is adding to delivery delays. It is estimated that the country needs 80,000 additional drivers to keep goods moving.

SUMMARY

The shortage in the U.S. workforce potentially has long-term effects. Factories are keeping busy, but their supply-chain problems keep getting worse. Participation in the workforce has fallen broadly across demographic groups and career fields. The workforce has dropped fast among women, workers without college degrees and those in low paying service industries. Hotels, restaurants, and child-care, plus the immigration challenges contribute to the inflation trend that the country is experiencing.

PREDICTION/OPINION

Business is a bit rocky but still positive compared to last year. I continue to estimate that the flooring industry will end up about 15% better than last year and most likely will be better in total dollars than 2019 also by 15%. Covid 19 was a real threat to the economy and continues to be a modest drag against consistent growth. It continues to astonish me that so many people doubt the effectiveness of the vaccine and masks considering the amount of deaths that the world has experienced world-wide. And that 97% of the deaths have occurred to non-vaccinated people.

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	46.9	--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
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	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	734	12.8	-5.9
Jun 21	701	-19.4	-6.6
Jul 21	729	-27.2	1.1
Aug 21	740	-24.3	1.5
Sep 21	800	-17.6	14
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	5.4
August	3.7	8.4	5.2
September	3.5	7.9	4.8
October	3.6	6.9	4.6
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
Jul 21	14.2	17.0	13.9
Aug 21	15.5	20.4	18.4
Sep21	10.6	14.7	12.

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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