



October, 2021

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Life Alert: The secret of life is to always get up after you fail, regardless of the number of failures you endure.

Flooring Flashes:

1. The **Alan Greenberg** Charity Golf Tournament raised \$125,000 for the FCIF. Since this event began it has raised approximately \$2 million dollars for this excellent charity. The event took place on September 22 at the historic Barnsley Gardens Resort.
2. **Armstrong Flooring** announced a price increase effective November 1, 2021.
3. **ABC Carpet & Home**, founded in 1897, has filed for Chapter 11 bankruptcy.
4. **Dixie** sold its AtlasMasland commercial business to Mannington Mills.
5. Prices for all flooring products are up sharply compared to a year ago.
6. All flooring products should experience at least a 10% increase in sales for the year 2021. The only exception could be laminates.

Corporate Results Builders, Home Centers:

1. **Hovnanian** reported sales increases for their 3rd quarter and nine-month period of 10% and 18.5% respectively. They also enjoyed significant net gains in income compared to the previous year. At the end of the nine-month period their backlog in dollars was up 42%.
2. **KB Home** reported sales increases for their 3rd quarter and nine-month period of 47% and 35% respectively. Net income for the quarter was up 91% and for the nine-month period 105%. Backlog in dollars and units were up 89% and 58%.
3. **Lennar** reported sales increases for their 3rd quarter and nine-month period of 18% and 19% respectively. Net income for both periods increased 111% and 105%. Their backlog in units and dollars were up 31% and 52%, and their average selling price was up 16%. Lennar may be the largest homebuilder in the U.S.

Positives Observations:

1. Overall retail sales rose 0.7% in August compared to July.
2. The unemployment rate dropped to 4.8% in September, however, the economy only added 194,000 jobs.
3. A pill developed by Merck and its partner Ridgeback Biotherapeutics will cut the risk of hospitalization or death in mild or moderate Covid-19 by about 50%.
4. Pfizer, BioNTech state that Covid-19 vaccine is now safe for children, ages 5-11.
5. The U.S. will lift travel restrictions in November for foreigners who are vaccinated.
6. Google said it is buying a Manhattan building for \$2.1billion, the most expensive sale of a single U.S. office building since the start of the pandemic.

7. U.S. stock funds are up on average 19% so far this year.
8. At the end of September the S&P 500 rose for the 6th consecutive quarter.
9. U.S. consumer spending rose 0.8% in August compared to September, possibly signaling the economic recovery is gaining steam?
10. Personal income also increased 0.2% in August.
11. Personal Home prices in July reached the highest annual rate of price growth since 1987.

Neutral Observations:

1. The WSJ/Times rates the best colleges in the U.S. as follows: Harvard, Stanford, MIT, Yale and Duke.
2. China has outlawed crypto-currencies.
3. There are more than 10 million job openings in the U.S.
4. So many men are abandoning higher education that female college students now outnumber male students by a record margin. Only 40.5% of college students are men.
5. Men are now more likely to be single than women.
6. Bank mergers are on track to hit highest level since the financial crisis of 2008.
7. Investments in wineries have increased 75% this year.
8. The NCAA's "March Madness" Basketball Brand will now include women.
9. In a first, Elon Musk's SpaceX launched the first all-civilian flight to enter space.

Negative Observations:

1. Inflation remains high. The CPI rose 5.3% in August.
2. The stock market did not do well in September. The DJIA was down 4.3%, the S&P was down 4.8% and the NASDAQ was down 5.3%. However, all three indexes remain positive for the 9-month period. **See Exhibit IV.**
3. Median household income fell last year. The median income in 2020 was roughly \$67,500 down 2.9% compared to 2019.

This was the first time in 10 years that household income declined.

4. Existing home sales dipped 2% in August compared to July and dropped 2.1% compared to a year ago. **See Exhibit I.**
5. New home sales dropped over 24% in August compared to August of last year. However, they were better than July by 1.5%.
6. The U.S. trade deficit reached a record in August as consumers continued to buy imported goods.
7. South Korea, Japan and Malaysia have even pulled ahead of the United States in the [number of vaccine doses administered per 100 people](#).
8. U.S. deaths have reached 700,000 due to Covid-19.
9. In 2020 the poverty rate in the U.S. was 11.4%, which translates to over 37 million people.
10. The FBI reported that murders increased 30% last year, which was a record high.
11. The mall vacancy rate is now at 13.7% and rising.
12. Hospitalizations due to Covid-19 are 92% made up mostly by unvaccinated patients.
13. 61% is the decline in U.S. public-transit ridership in the first quarter of 2021 compared to the first quarter of 2019.
14. **China** declared all bitcoin and other cryptocurrency transactions illegal.
15. Consumer confidence fell for the 3rd consecutive month in September.
16. Of the Fortune 500 CEO's 459 are men.
17. Airline travel will drop \$59 billion in 2021 compared to 2019.

SUMMARY

Finding ways to reset and thrive during the coming months will take extra resourcefulness. Schools are back in session, but with worries of exposure to the more contagious Delta variant. Divisions over masks and safety protocols are sharpening, and Covid-19 cases keep climbing. Also, apartment rents are rising. Buildings are fuller than ever and property values have soared. It's a good time to be a landlord!

PREDICTION/OPINION

I still am estimating that manufacturing flooring sales for the year 2021 will be up approximately 15%, even though inflation continues to be rampant. Covid 19 continues to be a threat to the economy, especially now that there seems to be a large number of Americans who refuse to take the vaccine. It is astonishing that 700,000 deaths have been reported due to Covid-19 and there still is major doubt about the effectiveness of the vaccine. 90% of the deaths have happened to unvaccinated people. Life is still far from normal but slowly moving in the right direction.

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
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	818	8.2	-18.2
Apr 21	863	66.8	20.7
May 21	734	48.3	-5.9
Jun 21	701	12.8	-5.9
Jul 21	729	-19.4	-6.6
Aug 21	740	-27.2	1.1
		-24.3	1.5

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	
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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