



September, 2021

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Life Alert:

SET THE TONE: How you speak to someone can be more important than what you say.

To those that are celebrating a New Year-A Happy, Healthy, Safe, and Sweet New Year

Corporate Results Builders, Home Centers:

1. **Toll Brothers** reported a sales gain for their 3rd quarter and nine-month period of 36.5% and 26.8% respectively. Net income for the 3rd quarter increased over 100% and for the nine-month period 86%. Their backlog in units and dollars were up 47% and 55% respectively. Selling price was up 5%.
2. **Home Depot** reported a sales gain for their 2nd quarter and six-month period of 8% and 18.6% respectively. Comp sales for the quarter were up 4.5%, and for the six-month period were up 15.8%. Net income for both periods increased 11% and 36%. At the end of the 2nd quarter they had 2,298 retail stores. They are achieving sales per square foot of \$634.30 and turning their inventory 5.7 times. Their average sales ticket was \$82.48 an increase over last year of 10.%. Net income as a % of sales at the end of the six-month period was 11.4%.

3. **Lowe's** reported a sales gain for their 2nd quarter and six-month period of 1% and 10.7% respectively. Comp sales were slightly down for both periods. But were up on a two-year basis for six-months of 30%. And for the quarter based on two years were up 32%. Lowe's operates 1,973 stores. Net income was up for both periods 6.7% and 28% respectively. Net income as % of sales at the end of the six-month period were 10.3% compared to 8.9% a year ago.

Positives Observations:

1. 99.999% of people vaccinated have not experienced a severe case of the Covid.
2. 198 MILLION Americans have been vaccinated.
3. More Americans have \$1 million saved for retirement than ever before.
4. More than 75% of the largest U.S. companies have reported higher revenue than before Covid-19.
5. In August the DJIA was up 1.4%, the S&P was up 3.4%, and the NASDAQ was UP 4.6%. **SEE Exhibit IV for YTD results.**
6. The S&P has had 50 record closings this year. The DJIA has had 5 record closings. The Nasdaq also continues to set records.
7. Existing home sales were better in July compared to June by 2%. Compared to last year they were up 1.5%. **See Exhibit I.**
8. New home sales were better in July compared to June by 1.1% but down compared to last year by over 25%. **See Exhibit II.**
9. Home prices in June climbed to a record high.
10. Nationwide, the median single-family existing-home sales price [rose 22.9% in the second quarter](#) to \$357,900 from a year ago, a record in data going back to 1968.
11. Canada opened its borders to the U.S.

12. The unemployment rate dropped to 5.2% in August as 235,000 new jobs were created.
13. Unfilled job openings in the U.S. now outnumber unemployed Americans seeking work.
14. Consumer spending grew 0.3% in July and income rose 1.1%.
15. **340,000** — New [applications for jobless benefits](#) in the week that ended Aug. 28, the lowest level since the pandemic began in March 2020,

Neutral Observations:

1. Last month I reported that June was the hottest month on record. Now July has become the hottest month on record.
2. The U.S. population in 2020 was 331.4M, which was 7.4% higher than it was in 2010.
3. New York city rents are the nation's highest.
4. Social Security costs will exceed total income in 2021.
5. Top states for health care during the pandemic are Massachusetts, Rhode Island, Minnesota, Hawaii, Maryland, Vermont, Colorado, Iowa, Connecticut, South Dakota, New Hampshire, Pennsylvania, the District of Columbia, New Jersey, and Maine.
6. Tesla's market value is 5 times larger than the combination of General Motors and Ford.
7. Amazon plans to open several large physical retail stores. s.
8. People now spend more at Amazon than Walmart.
9. The five highest paid players in the NBA are: Damian Lillard \$44M per year, Lebron James \$43M, James Harden \$43M, John Wall \$43M and Russell Westbrook \$41M. There are 20 more players that earn between \$30M and \$40M per year.
10. Only 1% of pets in the U.S. have medical insurance, compared with 30% in Sweden, 25% in England, and 5% in France.

Negative Observations:

1. Inflation remains high. The CPI rose 5.4% in June and July compared to the same two months a year ago.
2. Total retail sales fell 1.1% in July compared to June.
3. The WSJ reports that real average hourly earnings have declined for seven consecutive months even though inflation is increasing more than 2% annually.
4. The U.S. budget deficit hit \$2.5 trillion for the first ten months of this budget year. It will be the 2nd largest deficit in U.S. history.
5. The hardest-hit industries in the U.S. have yet to recover to [pre-pandemic levels](#).
6. 1 out of every 12 Americans are on food assistance.
7. The average ratio of school psychologists to K-12 students in the U.S. is 1 in 1200.
8. 15% of adults in the U.S. say they will not get the vaccine under any circumstances.
9. Rents for housing rose nearly 13% for the year to date, the highest annual increase in the past 5 years.
10. Hate crimes in the U.S. [rose about 6%](#) last year—fueled by an increase in anti-Asian, anti-Black and antiwhite incidents—reaching levels not seen in more than a decade.
11. U.S. vehicle sales declined 14% in August compared to last year. August was the slowest sales pace for the industry in ten years.

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SUMMARY

Politicians, weather and the pandemic are the major challenges facing the country. Political unrest, surprise Tornado's and the current virus continue to be unpredictable. Needless to say, we need more moderation in our everyday life. Turmoil is not healthy. It would be great if right and left thinking people would move closer to the center. This approach would produce more harmony in our social, business, and daily health life as well as a predictable future.

PREDICTION/OPINION

Inflation is running high, Covid-19 continues to be a threat to the health of many and weather keeps shocking the country. I do feel however, that the stock indexes will continue to thrive, the unemployment figures will continue to improve, the housing market will remain strong, and the political rhetoric will moderate. If so, the current strong business environment for the flooring industry will continue to be strong and that the industry will end the year up 15% or better.

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
For 2017	5510	5510	1.2
For 2018	5340	5340	-3.1
For 2019	5540	5540	3.7
For 2020	6760	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	708	-19.4	-6.6
For 2017	613	613	8.3
For 2018	622	622	1.5
For 2019	681	681	10.3
For 2020	923	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	
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

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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