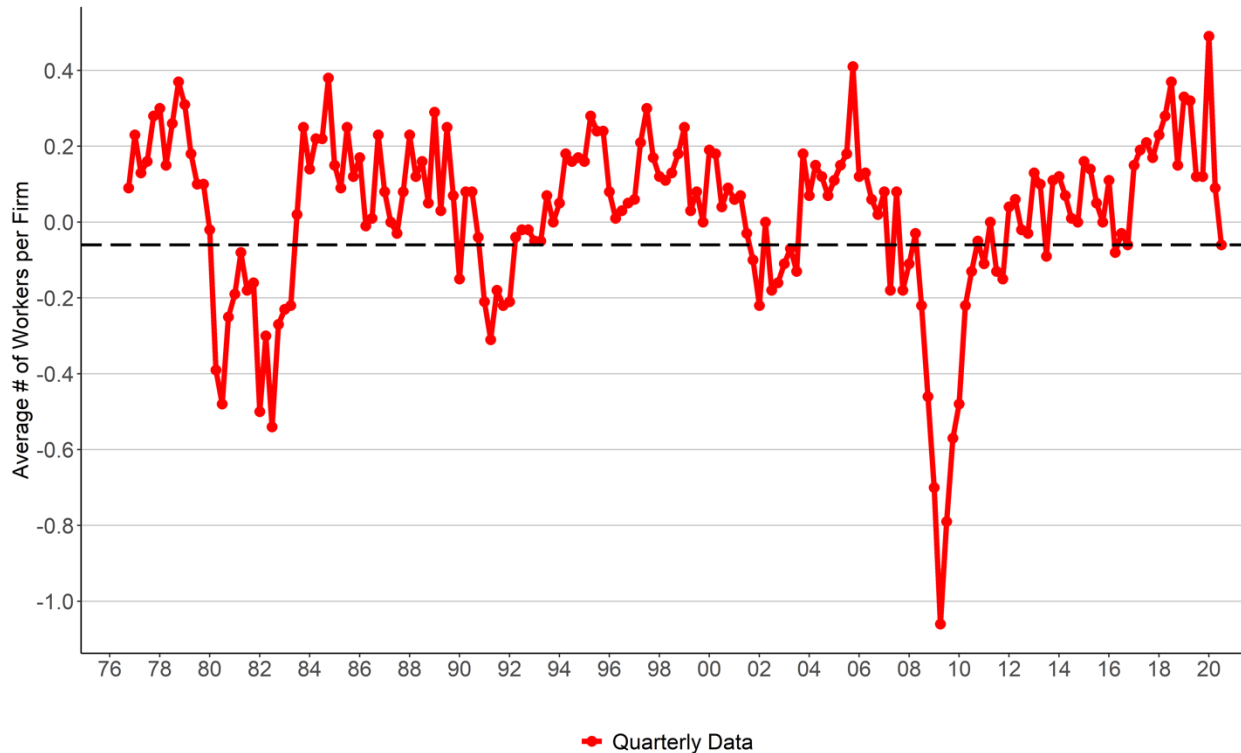


Small Business Labor Market Remains Weak in July

(Based on 1652 respondents to the July survey of a random sample of NFIB's member firms, surveyed through 7/30/2020)

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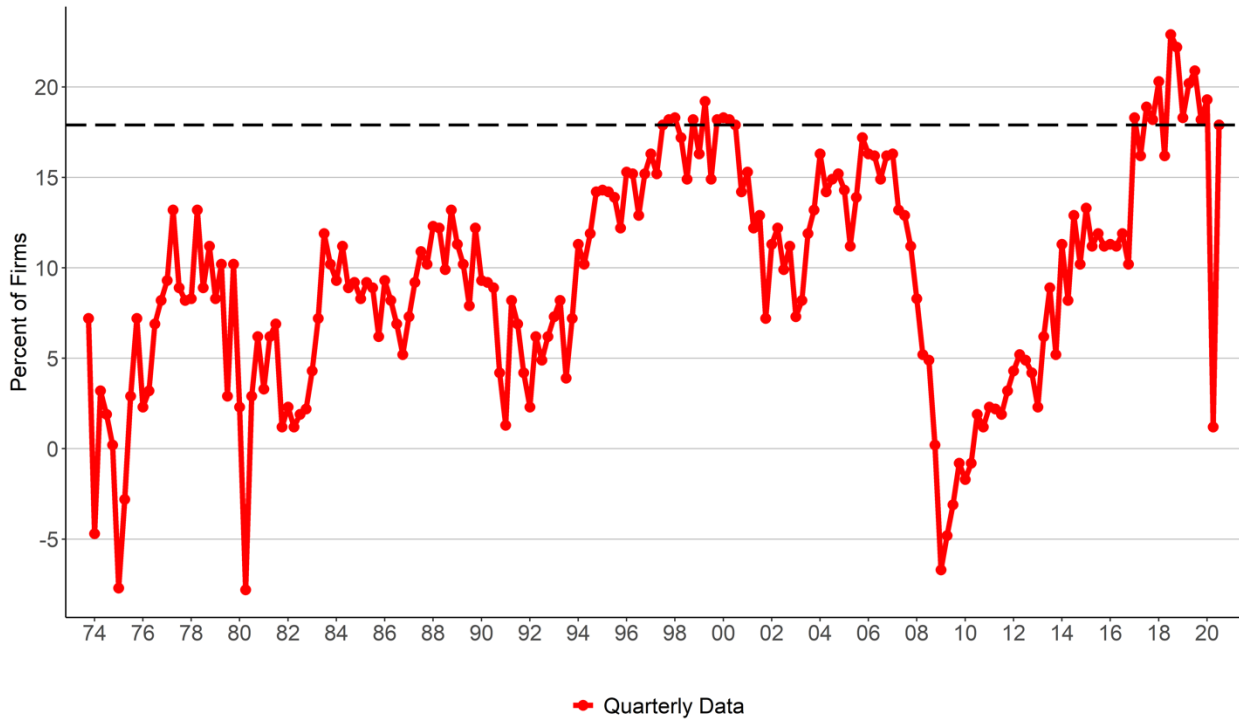
Average Change in Employment Per Firm



Firms decreased employment by -0.06 workers per firm on average over the past few months.ⁱ Seven percent (up 1 point) reported increasing employment an average of 3.8 workers per firm and 18 percent (down 2 points) reported reducing employment an average of 2.3 workers per firm (seasonally adjusted). After falling significantly, the initial and continuing claims for unemployment insurance have leveled off but remain at historically high levels.

Job Creation Plans

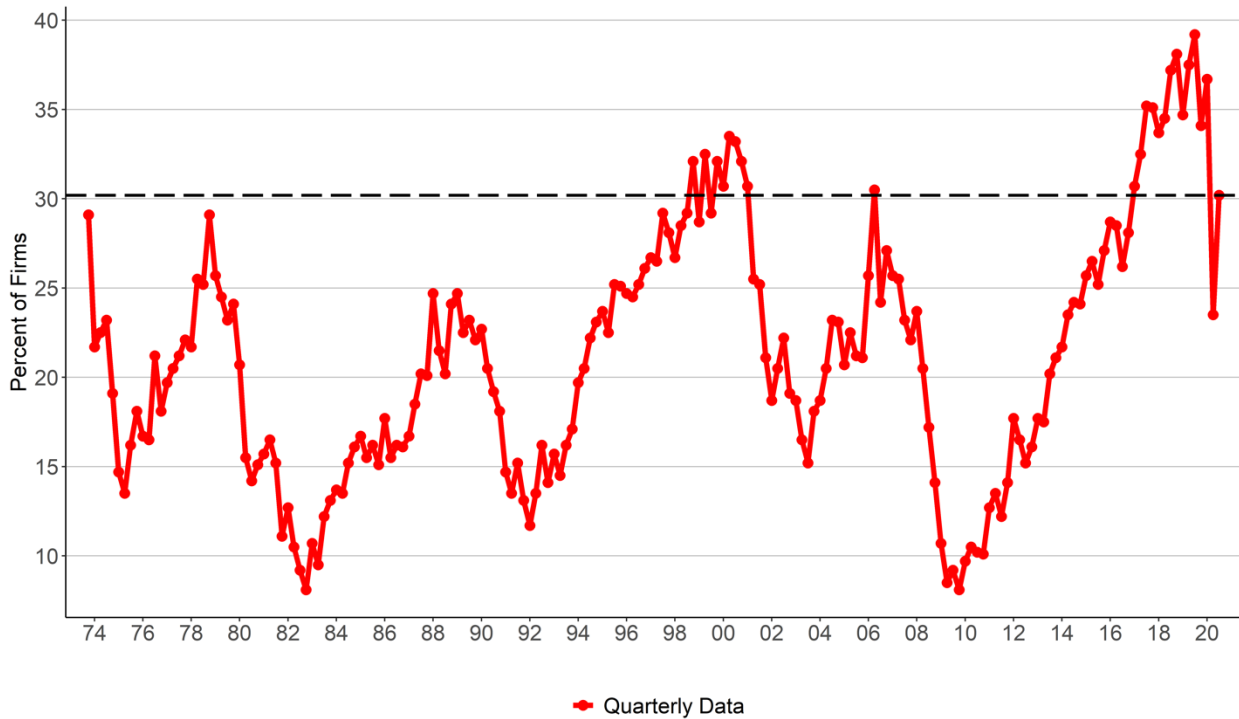
Net Percent ("Increase" minus "Decrease") in Next Three Months



A seasonally-adjusted net 18 percent plan to create new jobs in the next three months, up 2 points from June and 17 percentage points above April, an unprecedented recovery from a record June decline.

Unfilled Job Openings

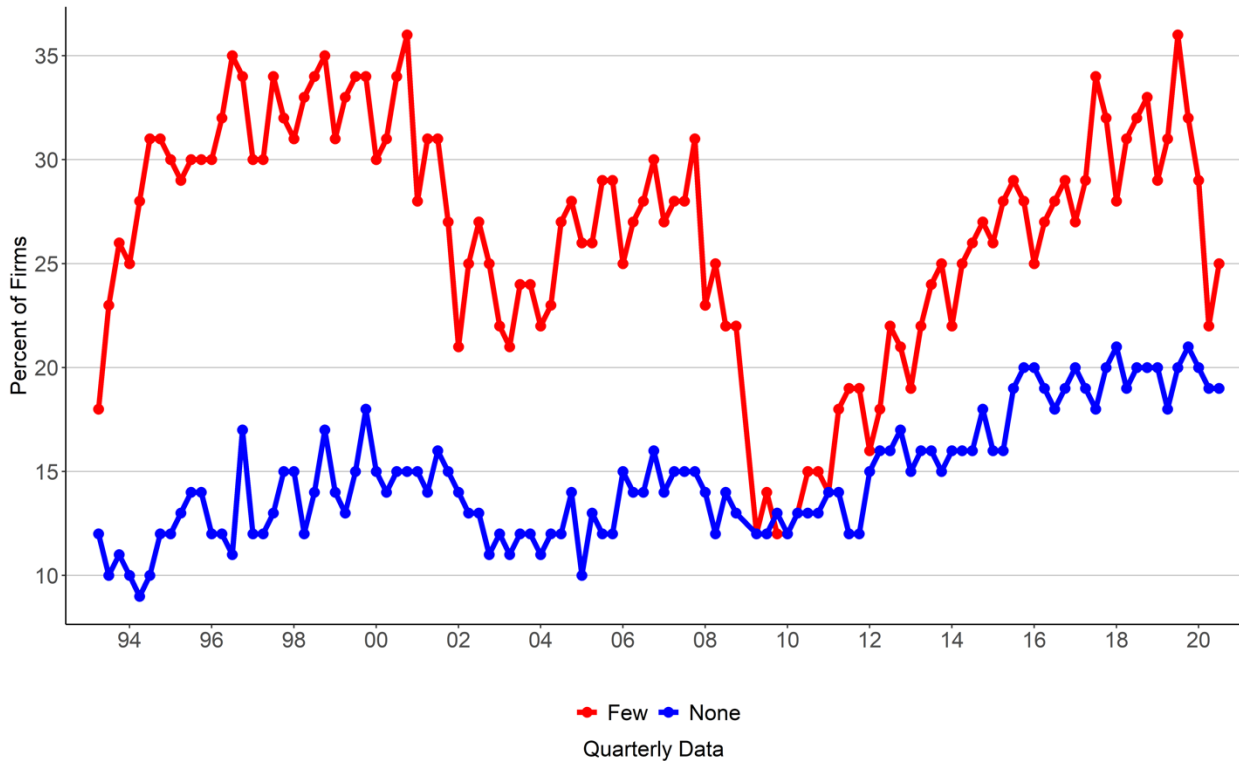
Percent with at Least One Unfilled Opening



Employment opportunities are historically high. Thirty percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, down 2 points from June's strong number. About 30 million people are receiving some sort of unemployment assistance. The shift from unemployed to employed remains slow but improving.

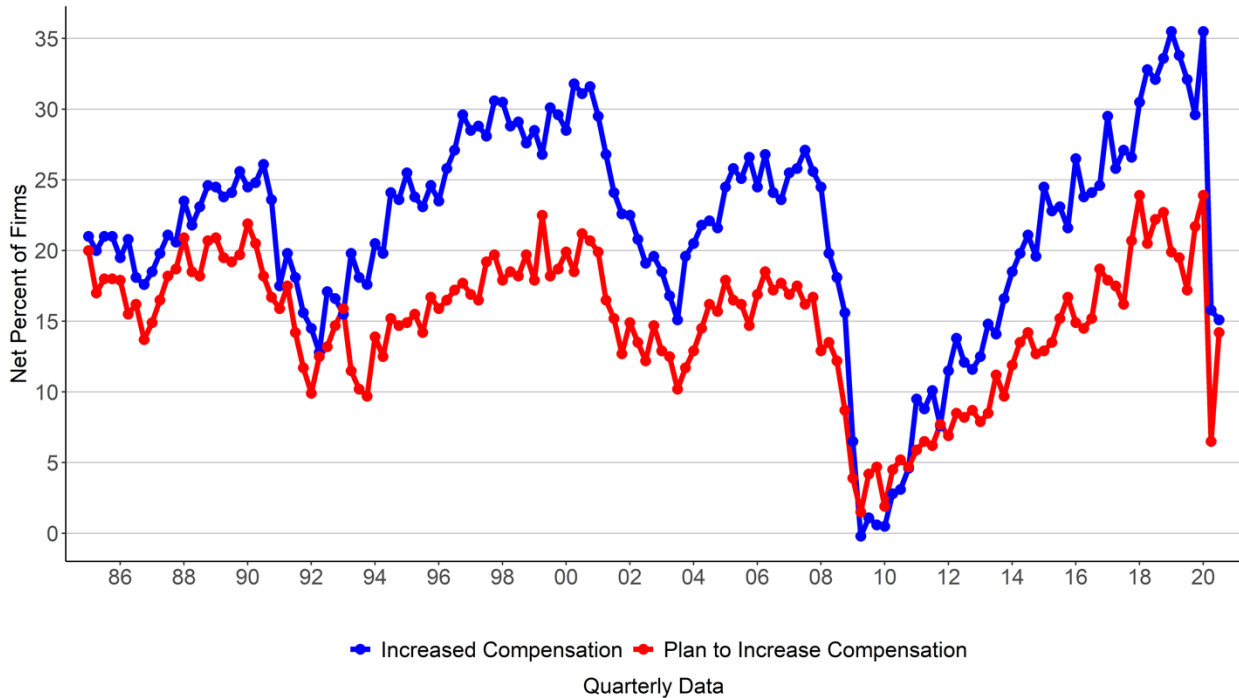
Twenty-seven percent have openings for skilled workers (unchanged) and 11 percent have openings for unskilled labor (unchanged). Twenty-five percent of owners reported few qualified applicants for their open positions (up 2 points) and 19 percent reported none (down 1 point). Forty-six percent of the job openings in construction are for skilled workers, up 5 points.

Qualified Job Applicants



Fifty-one percent reported hiring or trying to hire in July, unchanged from the previous month. Forty-four percent (86 percent of those hiring or trying to hire) reported few or no “qualified” applicants for the positions they were trying to fill, up 1 point. Fifty-two percent of construction firms reported few or no qualified applicants and 37 percent cited the shortage of qualified labor as their top business problem. The housing market remains strong, prices are rising, and mortgage rates are historically low.

Planned and Actual Labor Compensation Changes



Seasonally adjusted, a net 15 percent reported raising compensation (up 1 point) and a net 14 percent plan to do so in the coming months, up 1 point. Eight percent cited labor costs as their top problem (unchanged). Owners with open positions have to compete with labor supply shortages due to childcare restrictions, school closures, and health concerns. Some owners are also competing with government policies that pay more to not work. Also problematic is the uncertainty over government re-opening regulations, as virus surges are producing sudden changes in business operation restrictions. That said, the economy appears headed for positive growth in the third quarter, a slightly lower unemployment rate, and more jobs.

¹ Owners were asked: "During the last three months, did the total number of employees in your firm increase, decrease, or stay the same? Questionnaires are mailed on the first day of each month and response are received over the month. Thus, for early respondents, the period covered could include April (hopefully, the trough of this recession).