

A full-page photograph serves as the background. It depicts two men in a workshop or construction setting. The man on the left, with a beard and hair tied back, wears a plaid shirt and jeans, looking down at a set of blueprints with a thoughtful expression, his hand near his chin. The man on the right wears a yellow hard hat, safety glasses, a light-colored t-shirt, and dark blue overalls. He is pointing at the blueprints with his right hand. The scene is lit with warm, directional light, creating strong shadows. The bottom left of the image is overlaid with a dark grey diagonal shape containing the report's title and date.

# **Small Business Economic Trends Industry Report**

**▶ April 2022**

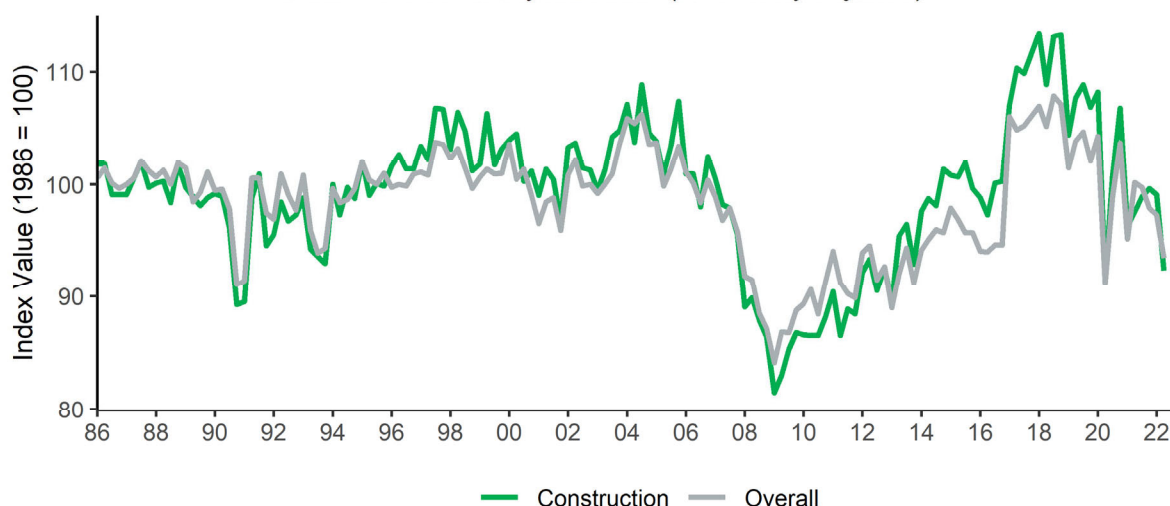
The Industry data is aggregated and seasonally adjusted through the **NFIB-sbet.org** website.

The “overall” data is as published [here](#) and may differ slightly from website results due to rounding and seasonal adjustment differences.

## CONSTRUCTION

### NFIB Small Business Optimism Index

*Based on Ten Survey Indicators (Seasonally Adjusted)*



Index Components (Seasonally Adjusted)	Construction	Change from Last Quarter	Overall
Plans to Increase Employment	23%	-12	20%
Plans to Make Capital Outlays	25%	-8	27%
Plans to Increase Inventories	-2%	-8	1%
Expect Economy to Improve	-59%	-21	-50%
Expect Real Higher Sales	-22%	-15	-12%
Current Inventory (Too Low)	8%	-3	6%
Current Job Openings	59%	-5	47%
Expected Credit Conditions	-3%	0	-5%
Now a Good Time to Expand	2%	-8	4%
Earnings Trends	-20%	5	-17%
<b>Optimism Index</b>	<b>92.3</b>	<b>-6.8</b>	<b>93.2</b>

## SMALL BUSINESS ECONOMIC TRENDS

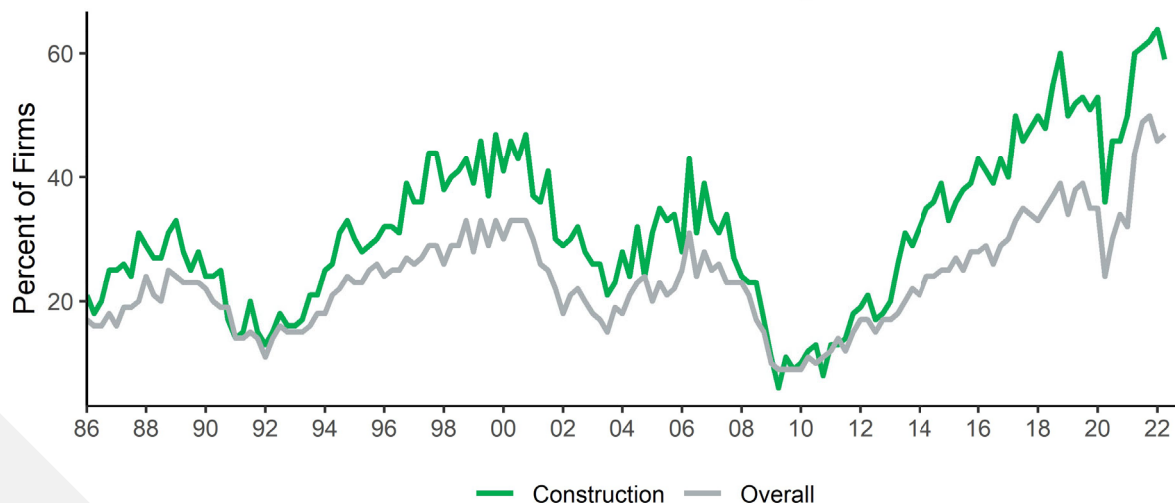
### April 2022 Industry Report

The Optimism Index for construction in April was 92.3, down 6.8 points from January's quarterly report and lower than the overall Optimism Index by 0.9 points. Owners in construction had the highest percentage of unfilled job openings among all industries at 59 percent, down 5 points from January.

Demand for new construction remains high, driven by historically low interest rates, rising incomes and a shortage of homes for sale. However, Federal Reserve moves to increase interest rates are likely to temper home sales going forward. The struggle to hire qualified workers has led to an inability to form work teams and begin permitted projects to meet demand. Fifty-four percent of the job openings in construction are for skilled workers, unchanged from last quarter. Sixty-four percent of construction firms reported few or no qualified applicant, unchanged from January.

#### Job Openings

*Percent With Positions Not Able to Fill Right Now*

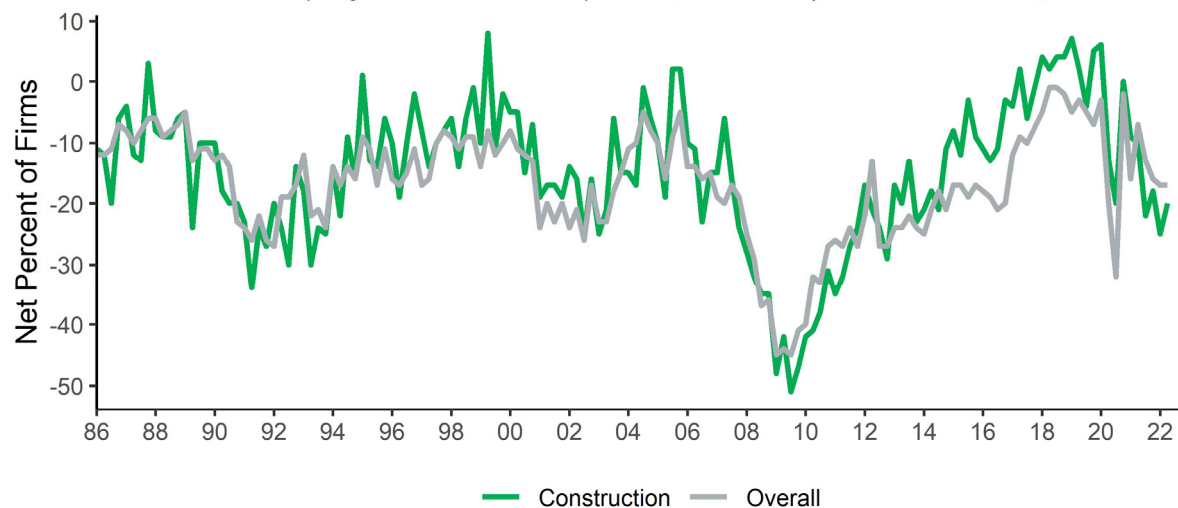




The price of materials (lumber, copper, etc.) has also increased the cost of production. Eighty-one percent of construction firms reported raising prices in April. Despite the rise in prices to cover the increased cost of materials, earnings trends in construction improved by 5 points from the previous quarter to a net negative 20 percent.

### Actual Earnings Changes

*Net Percent ("Higher" Minus "Lower") Last Quarter Compared to the Prior Quarter*



### MANUFACTURING

#### NFIB Small Business Optimism Index

*Based on Ten Survey Indicators (Seasonally Adjusted)*



Index Components (Seasonally Adjusted)	Manufacturing	Change from Last Quarter	Overall
Plans to Increase Employment	28%	-7	20%
Plans to Make Capital Outlays	38%	0	27%
Plans to Increase Inventories	4%	-1	1%
Expect Economy to Improve	-28%	-9	-50%
Expect Real Higher Sales	-2%	-10	-12%
Current Inventory (Too Low)	4%	4	6%
Current Job Openings	53%	-5	47%
Expected Credit Conditions	-3%	1	-5%
Now a Good Time to Expand	8%	-3	4%
Earnings Trends	-17%	5	-17%
<b>Optimism Index</b>	99.1	-2.1	93.2

The manufacturing sector continues to be more optimistic compared to other industries in its recovery from the pandemic. The Optimism Index for manufacturing in April was 99.1, down from 101.1 in January and 5.9 points above the overall Optimism Index.

Hiring is also a challenge for manufacturing firms. Fifty-three percent of firms reported unfilled job openings, second only to the construction industry and 6 percentage points higher than for all firms. A net 28 percent of firms plan to create new jobs in the next three months, down 7 points from January and 8 percentage points higher than the overall small business economy.

### Sales Expectations

*Net Percent ("Higher" Minus "Lower") in the Next Three Months*

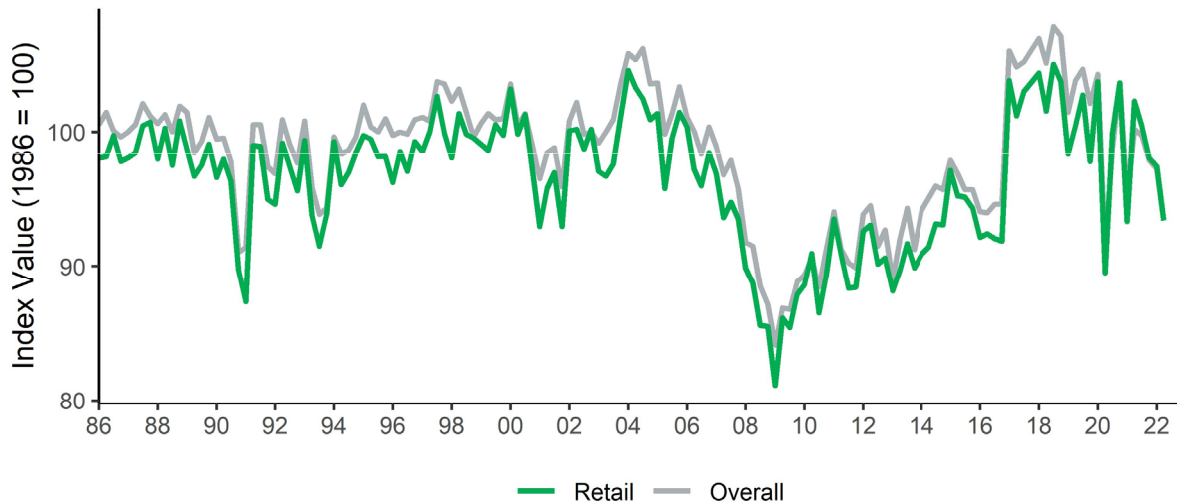


Future sales expectations declined 10 points in April from January's quarterly report, but owners in manufacturing are still more optimistic than all firms about sales over the next three months. Both groups however are pessimistic about sales trends. A net negative 2 percent of manufacturing owners expect higher sales in the next three months, compared to a net negative 12 percent overall.

**RETAIL**

**NFIB Small Business Optimism Index**

*Based on Ten Survey Indicators (Seasonally Adjusted)*



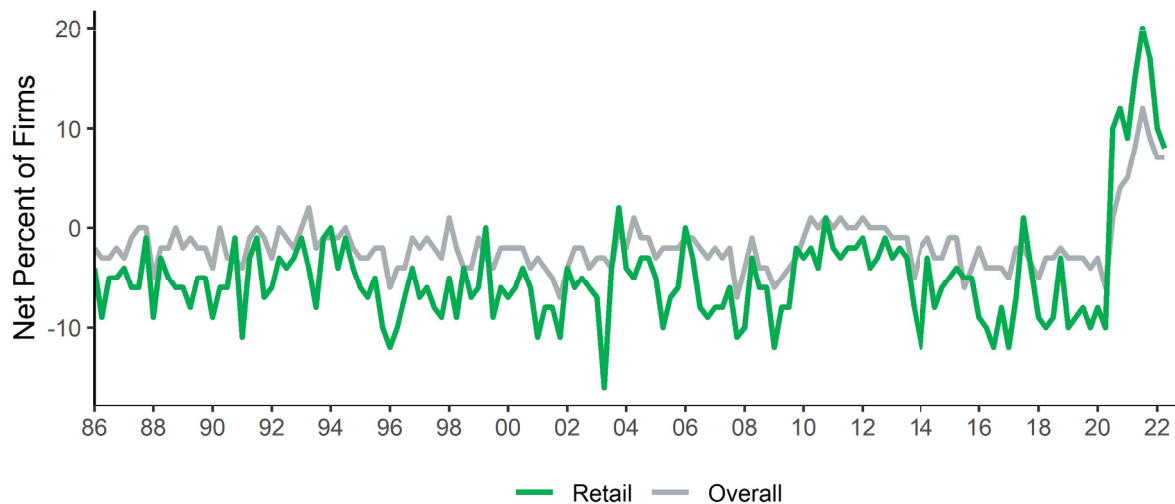
Index Components (Seasonally Adjusted)	Retail	Change from Last Quarter	Overall
Plans to Increase Employment	20%	-4	20%
Plans to Make Capital Outlays	22%	-3	27%
Plans to Increase Inventories	5%	-5	1%
Expect Economy to Improve	-47%	-18	-50%
Expect Real Higher Sales	-17%	-13	-12%
Current Inventory (Too Low)	8%	-2	6%
Current Job Openings	52%	9	47%
Expected Credit Conditions	-5%	-2	-5%
Now a Good Time to Expand	4%	-4	4%
Earnings Trends	-18%	-3	-17%
<b>Optimism Index</b>	<b>93.4</b>	<b>-4</b>	<b>93.2</b>

Retailers exhibited nearly the same level of optimism as the average for all firms in April with an industry Optimism Index of 93.4, down 4 points from January.

Earnings trends in retail fell 3 points from the previous quarter to a net negative 18 percent meaning 18 percentage points more of them reported earnings headed down than increasing. Retail owners' expectations about economic conditions over the next six months declined 18 points to a net negative 47 percent. Supply chain disruptions and staffing shortages are limiting sales opportunities for small retailers, unable to take full advantage of stronger consumer spending.

### Inventory Satisfaction

*Net Percent ("too low" minus "too large") in the Next Three Months*



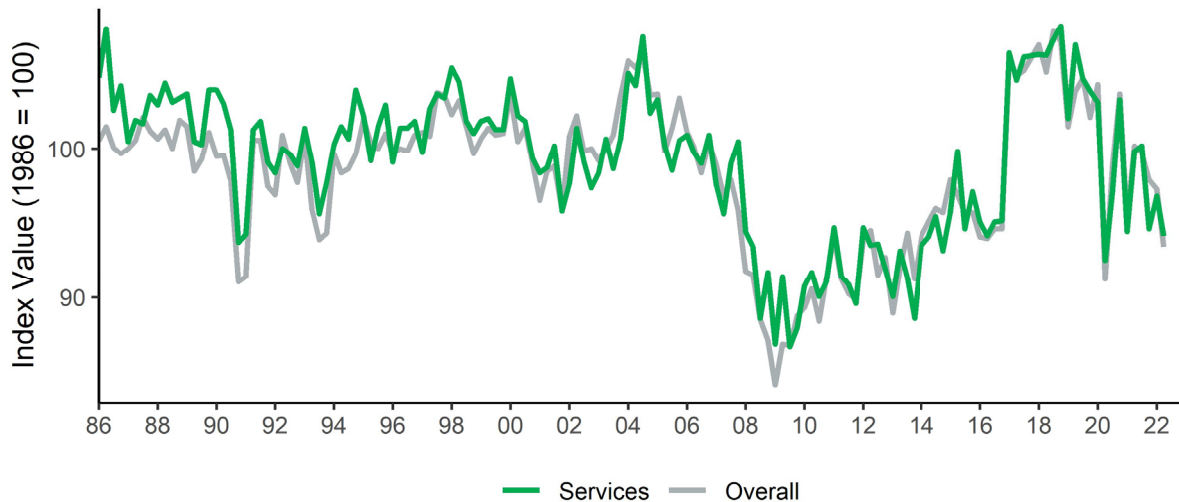
A net 8 percent of retailers report current inventory levels "too low", compared to 6 percent (net) of all small businesses. Retailers continue to increase inventory levels as a net 5 percent plan to increase inventories over the next three to six months, 4 points above all firms.



**SERVICES**

**NFIB Small Business Optimism Index**

*Based on Ten Survey Indicators (Seasonally Adjusted)*



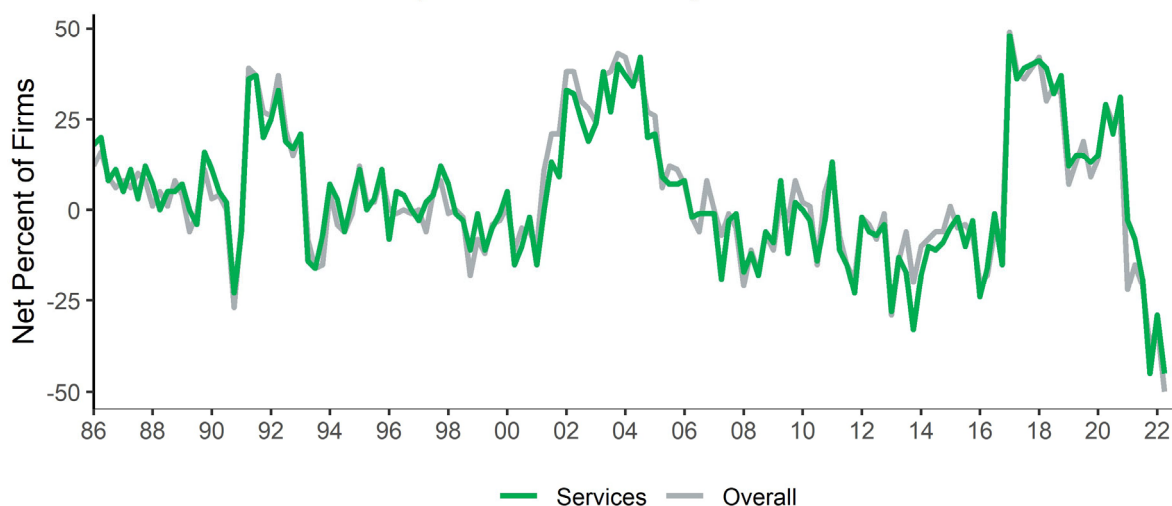
Index Components (Seasonally Adjusted)	Services	Change from Last Quarter	Overall
Plans to Increase Employment	27%	4	20%
Plans to Make Capital Outlays	25%	-4	27%
Plans to Increase Inventories	0%	-1	1%
Expect Economy to Improve	-45%	-16	-50%
Expect Real Higher Sales	-9%	-7	-12%
Current Inventory (Too Low)	6%	-1	6%
Current Job Openings	46%	-2	47%
Expected Credit Conditions	-4%	-1	-5%
Now a Good Time to Expand	8%	1	4%
Earnings Trends	-23%	-4	-17%
<b>Optimism Index</b>	<b>94.2</b>	<b>-2.6</b>	<b>93.2</b>

The service sector Optimism Index decreased in April by 2.6 points to 94.2 and is 1 point above the overall index.

Most of the decrease in service sector optimism was driven by a decrease in expectations that the economy will improve and expectations of real higher sales. Service businesses concerned about future sales over the next three months fell 7 points from January to a net negative 9 percent of owners. The reappearance of Covid and the confusion about policy from Washington D.C. have dampened hopes for continued economic growth.

### Outlook for General Business Conditions

*Net Percent ("Better" Minus "Worse") Six Months From Now*



### EXTRA

**April 2022**

### Single Most Important Problem - Inflation

% of small business owners reporting that inflation is their single most important problem operating their business

