

## SMALL BUSINESS ECONOMIC TRENDS

### 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	28%	4	27%
Plans to Make Capital Outlays	25%	1	26%
Plans to Increase Inventories	1%	2	6%
Expect Economy to Improve	-21%	7	-20%
Expect Real Higher Sales	-12%	2	-4%
Current Inventory Satisfaction	9%	6	12%
Current Job Openings	61%	2	49%
Expected Credit Conditions	-3%	1	-4%
Now a Good Time to Expand	12%	-3	13%
Earnings Trends	-22%	-12	-13%
<b>Optimism Index</b>	<b>98.8</b>	<b>1.4</b>	<b>99.7</b>

The Optimism Index for construction in July was 98.8, up 1.4 points from April's quarterly report but lagging behind the overall Optimism Index by 0.9 points. Owners in construction had the highest percentage of unfilled job openings among all industries at 61 percent.

Demand for new construction remains high driven by historically low interest rates. However, the struggle to hire qualified workers has led to an inability to form work teams

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and begin permitted projects to meet demand. Fifty-nine percent of the job openings in construction are for skilled workers, down 1 point. Sixty-six percent of construction firms reported few or no qualified applicants (unchanged).

### Job Openings

*Percent With Positions Not Able to Fill Right Now*



The price of materials has also made some projects cost prohibitive in the immediate future. 65 percent of construction firms reported raising prices in July. Despite the raise in prices to cover the increased cost of materials, earnings trends in construction fell 12 points from the previous quarter to a net negative 22 percent.

### Actual Earnings Changes

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

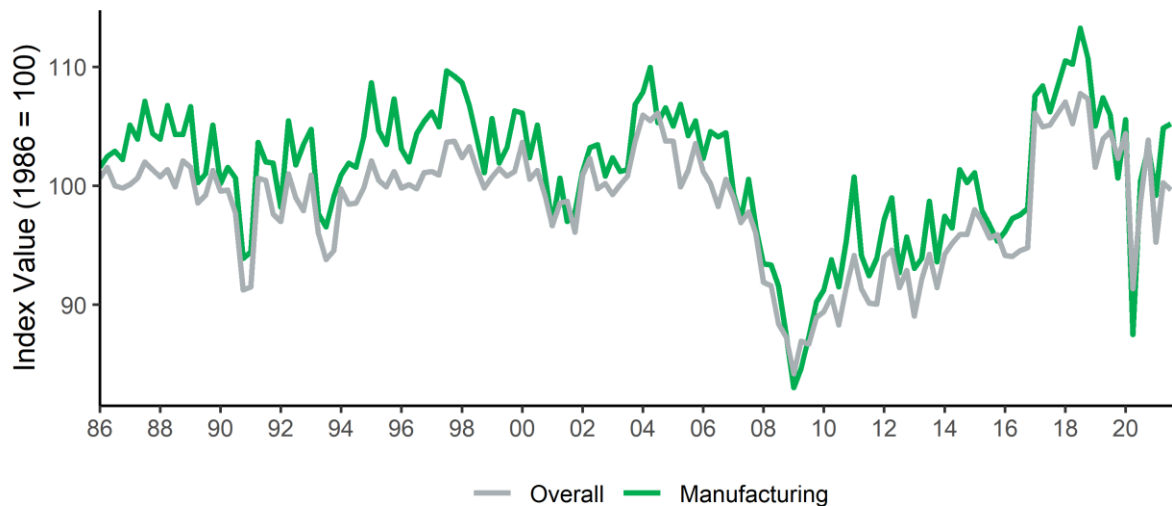


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### MANUFACTURING

#### NFIB Small Business Optimism Index

*Based on Ten Survey Indicators (Seasonally Adjusted)*

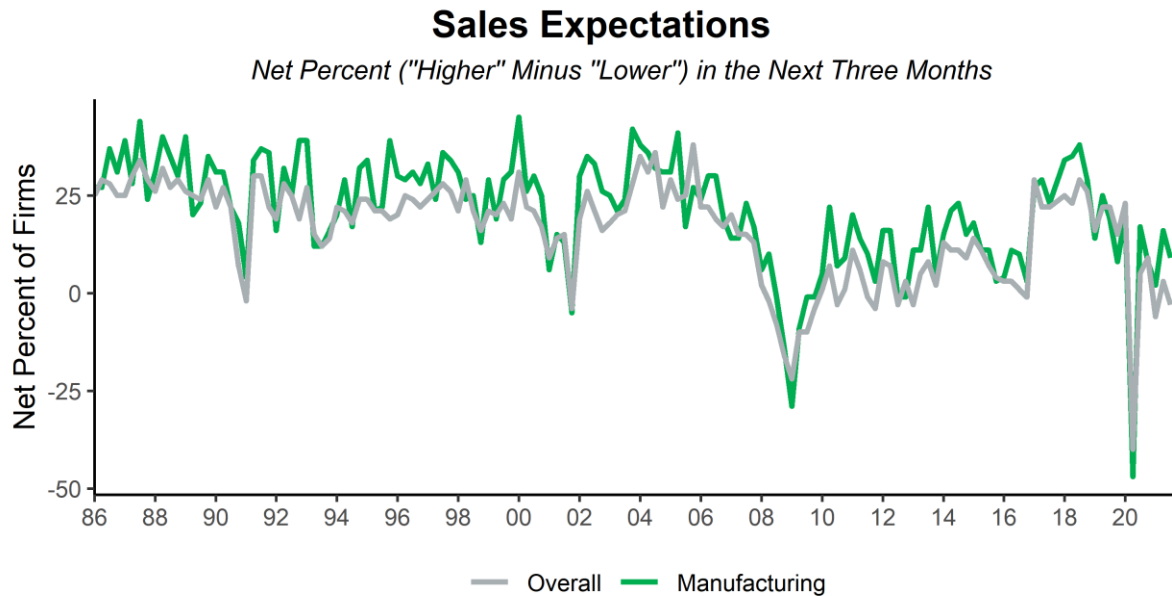


Index Components (Seasonally Adjusted)	Manufacturing	Change from Last Quarter	Overall
Plans to Increase Employment	41%	10	27%
Plans to Make Capital Outlays	31%	-5	26%
Plans to Increase Inventories	11%	-6	6%
Expect Economy to Improve	-17%	-9	-20%
Expect Real Higher Sales	9%	-7	-4%
Current Inventory Satisfaction	12%	10	12%
Current Job Openings	60%	10	49%
Expected Credit Conditions	-3%	0	-4%
Now a Good Time to Expand	17%	-2	13%
Earnings Trends	-13%	0	-13%
<b>Optimism Index</b>	<b>105.2</b>	<b>0.4</b>	<b>99.7</b>

The manufacturing industry continues to be more optimistic compared to other industries in its recovery from the pandemic. The Optimism Index for manufacturing in July was 105.2, up from 104.8 in April and 5.5 points above the overall Optimism Index.

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Hiring is also a challenge for manufacturing firms. Sixty percent of firms reported unfilled job openings, second only to the construction industry and 11 percentage points higher than overall. A net 41 percent of firms plan to create new jobs in the next three months, up 10 points from April and 14 percentage points higher than the overall small business economy.



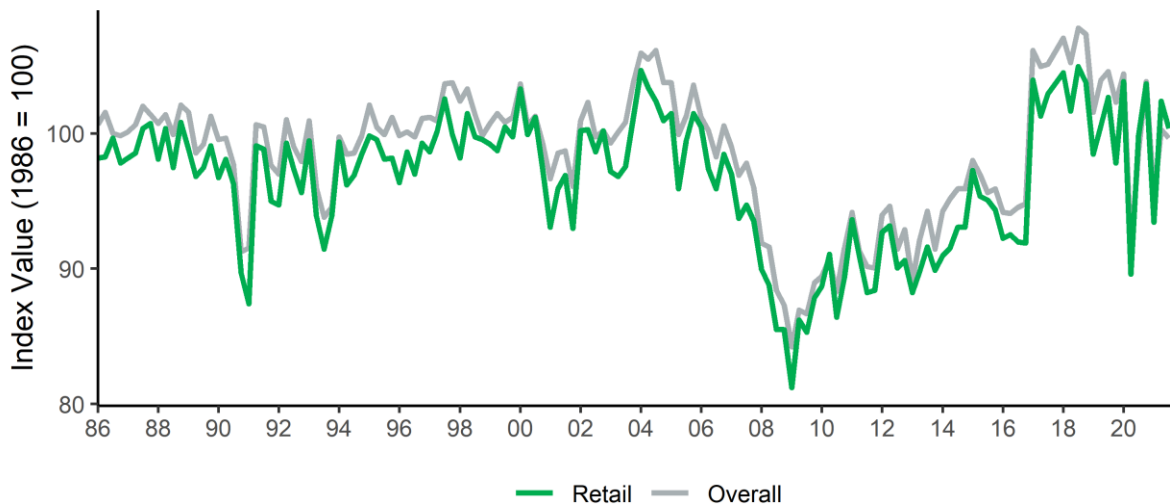
Though future sales expectations decline 7 points in July from April's quarterly report, owners in manufacturing remain far more optimistic than overall about sales over the next three months. A net 9 percent of manufacturing owners expect higher sales in the next three months, compared to a net negative 4 percent overall.

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### 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	24%	4	27%
Plans to Make Capital Outlays	21%	-7	26%
Plans to Increase Inventories	13%	0	6%
Expect Economy to Improve	-22%	-9	-20%
Expect Real Higher Sales	-6%	-5	-4%
Current Inventory Satisfaction	20%	5	12%
Current Job Openings	50%	3	49%
Expected Credit Conditions	-4%	-1	-4%
Now a Good Time to Expand	10%	-3	13%
Earnings Trends	-9%	-11	-13%
<b>Optimism Index</b>	<b>100.4</b>	<b>-2.0</b>	<b>99.7</b>

Retailers had slightly above average optimism in July with an industry Optimism Index of 100.4, 0.7 points higher than overall but down 2 points from April.

Earnings trends in retail fell 11 points from the previous quarter to a net negative 9 percent. Retailers also are becoming less optimistic about future economic conditions as

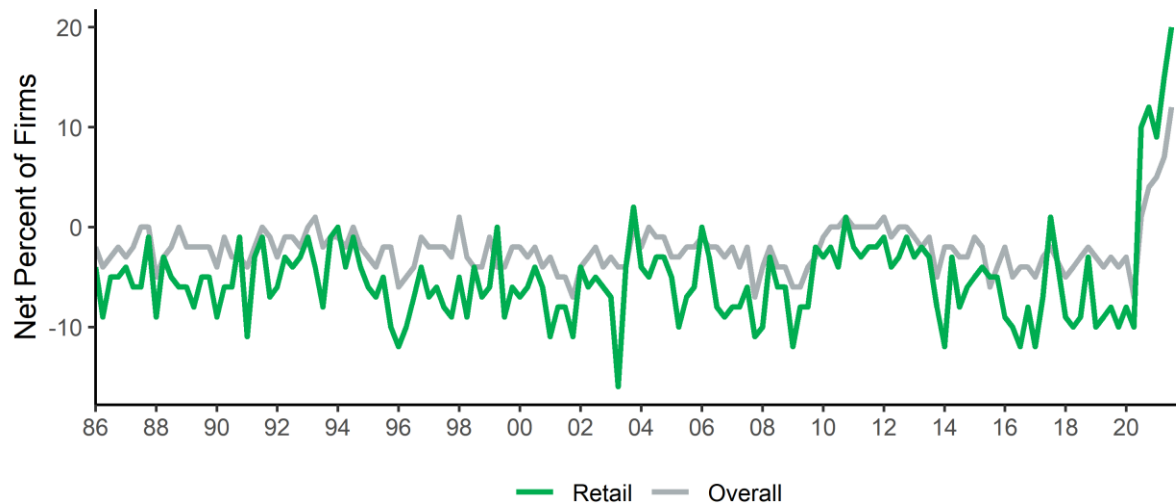


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cases of COVID-19 begin to rise and business restrictions return. Though most were surveyed prior to the surge in the Delta variant, retail owners' expectations about economic conditions over the next six months declined 9 points to a net negative 22 percent.

### Inventory Satisfaction

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



A net 20 percent of retailers report current inventory levels "too low", compared to 12 percent of all small businesses. Retailers continue to increase inventory levels as a net 13 percent plan to increase inventories over the next three to six months, 7 points above all firms.

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### 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	29%	10	27%
Plans to Make Capital Outlays	21%	-4	26%
Plans to Increase Inventories	3%	1	6%
Expect Economy to Improve	-19%	-12	-20%
Expect Real Higher Sales	-1%	-11	-4%
Current Inventory Satisfaction	6%	1	12%
Current Job Openings	50%	9	49%
Expected Credit Conditions	-2%	0	-4%
Now a Good Time to Expand	15%	6	13%
Earnings Trends	-8%	1	-13%
<b>Optimism Index</b>	<b>100.2</b>	<b>0.4</b>	<b>99.7</b>

The service sector Optimism Index increased in July by 0.4 points to 100.2 and is 0.5 points above the overall index.

Most of the increase in service sector optimism was driven by a rise in unfilled job openings and plans to increase employment in the next three months. However, service businesses

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were concerned about future sales over the next three months as the net percent expecting higher sales fell 11 points from April to a net negative 1 percent of owners. Likewise, a net negative 19 percent expect better business conditions six months from now, a decline of 11 points from April. Business in the services sector is a “contact sport” which will be held down by the rise of COVID-19 cases.

### Outlook for General Business Conditions

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

