

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	34%	10	18%
Plans to Make Capital Outlays	31%	6	27%
Plans to Increase Inventories	7%	6	11%
Expect Economy to Improve	29%	11	27%
Expect Real Higher Sales	9%	17	9%
Current Inventory Satisfaction	4%	2	4%
Current Job Openings	46%	0	34%
Expected Credit Conditions	-4%	-1	-4%
Now a Good Time to Expand	18%	5	13%
Earnings Trends	-1%	19	-2%
Optimism Index	107.0	6.5	104.0

The October Optimism Index for construction was 107.0, up 6.5 points from July's quarterly report. Firms in the construction industry are 3 points higher than overall Index of all firms and have the highest measure of small business optimism among industries. Demand for

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new construction continues to be driven by record-low interest rates and a shortage of inventory in the real estate market.

However, construction firms continue to find it challenging to hire qualified employees to assemble work teams to meet demand. Fifty-eight percent of construction firms reported finding few or no qualified applications for job openings in October. A net 34 percent plan to increase their workforce in the next three months, up 10 points from July and 16 points higher than all firms.

Hiring Plans

Net Percent ("Increase" Minus "Decrease") in the Next Three Months

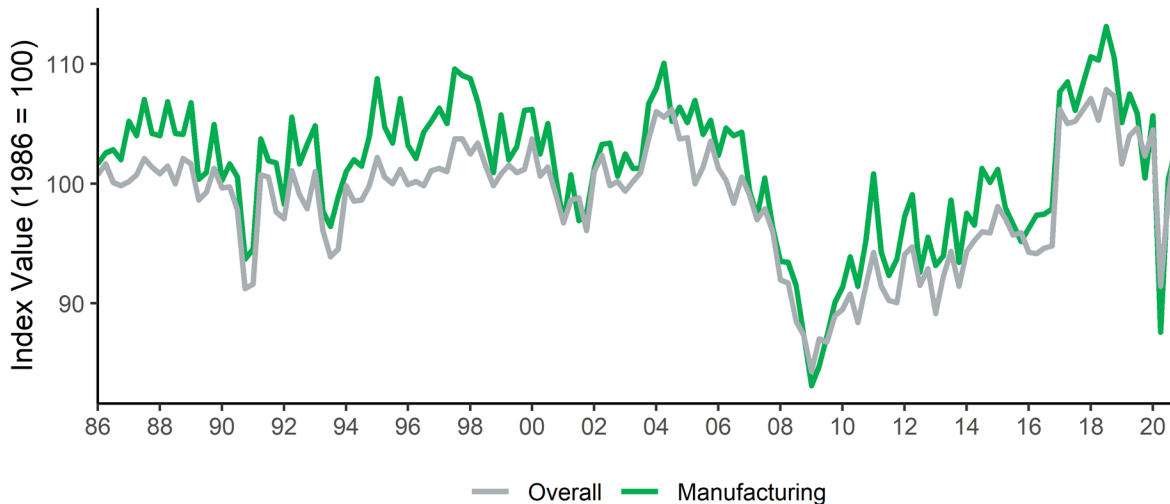


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MANUFACTURING

NFIB Small Business Optimism Index

Based on Ten Survey Indicators (Seasonally Adjusted)

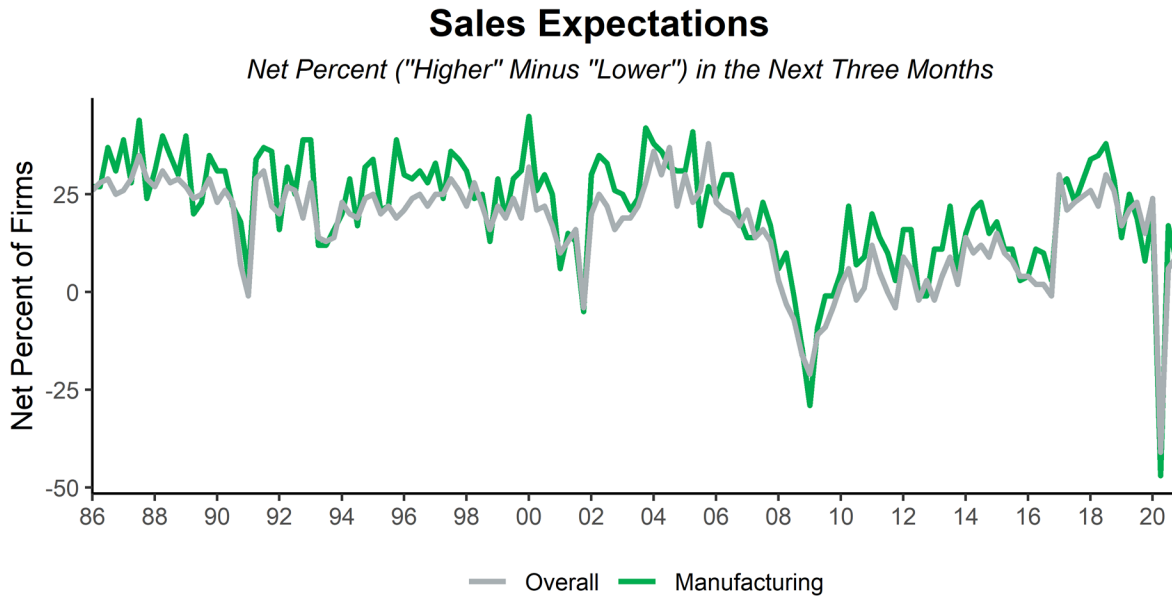


Index Components (Seasonally Adjusted)	Manufacturing	Change from Last Quarter	Overall
Plans to Increase Employment	13%	-13	18%
Plans to Make Capital Outlays	30%	-1	27%
Plans to Increase Inventories	9%	6	11%
Expect Economy to Improve	31%	1	27%
Expect Real Higher Sales	8%	-9	9%
Current Inventory Satisfaction	3%	9	4%
Current Job Openings	35%	4	34%
Expected Credit Conditions	-5%	-4	-4%
Now a Good Time to Expand	11%	-1	13%
Earnings Trends	-4%	42	-2%
Optimism Index	103.1	2.7	104.0

The manufacturing industry continues to recover from supply chain disruptions and business closures due to the COVID-19 pandemic. Optimism among manufacturing firms remains slightly below the overall at 103.1 in October, a 2.7 point increase from July.

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Earnings trends over the last quarter were very strong in manufacturing as a net negative 4 percent of firms reported higher earnings over the last quarter, up 42 points from July's quarterly report.



After a surge in future sales expectations in July, owners in manufacturing are less optimistic about sales expectations in the fourth quarter, only a net 8 percent of manufacturing firms expect higher sales, down 9 points from July and about the overall average. Many small manufacturers are expecting the surge in Q3 sales to moderate going forward.

Manufacturing firms also reported a decrease in future employment plans in October. A net 13 percent reported plans to increase their number of employees, down 13 points from July and 5 points below the overall average.

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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	13%	-3	18%
Plans to Make Capital Outlays	26%	4	27%
Plans to Increase Inventories	21%	9	11%
Expect Economy to Improve	22%	-2	27%
Expect Real Higher Sales	0%	-7	9%
Current Inventory Satisfaction	12%	2	4%
Current Job Openings	33%	6	34%
Expected Credit Conditions	-4%	1	-4%
Now a Good Time to Expand	9%	1	13%
Earnings Trends	2%	32	-2%
Optimism Index	103.7	3.8	104.0

Retailers continue to track the overall economy most closely with an industry Optimism Index of 103.7, about the overall average of 104.0.

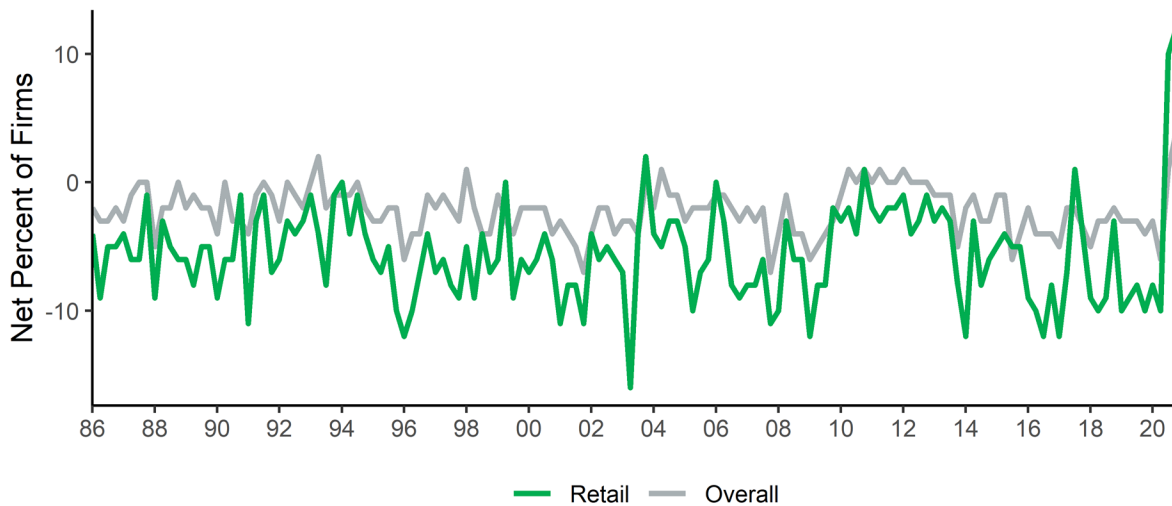
A net 12 percent of retailers report current inventory levels “too low”, compared to 4 percent of all small businesses. Retailers continue to increase inventory levels as a net 21

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percent plan to increase inventories over the next three to six months, 10 points above all firms and up 9 points compared to the previous quarter. Current stocks are clearly low relative to expected sales, so record numbers of firms plan to add to holdings

Inventory Satisfaction

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

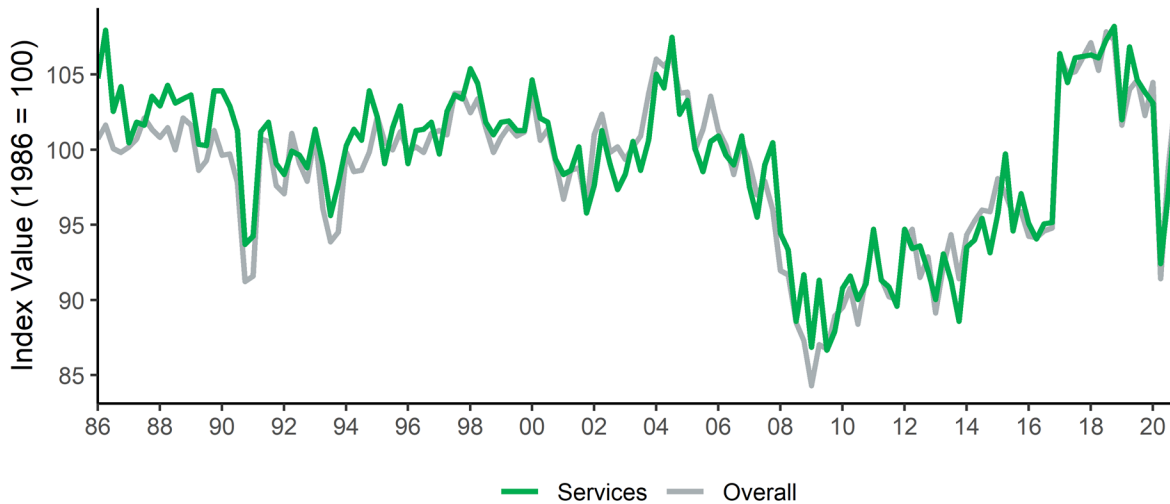


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SERVICES

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	20%	4	18%
Plans to Make Capital Outlays	26%	12	27%
Plans to Increase Inventories	5%	2	11%
Expect Economy to Improve	31%	10	27%
Expect Real Higher Sales	16%	5	9%
Current Inventory Satisfaction	2%	2	4%
Current Job Openings	33%	6	34%
Expected Credit Conditions	-4%	-1	-4%
Now a Good Time to Expand	12%	4	13%
Earnings Trends	-10%	27	-2%
Optimism Index	103.3	6.2	104.0

The service sector Optimism Index increased in October by 6.2 points to 103.3, still below the overall small business optimism but a strong recovery from the previous quarter. Earnings trends improved 27 points to a net negative 10 percent reporting higher earnings. However, services remain 8 points below overall earnings trends. Many firms in the service

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industry are more dependent on person to person interactions and therefore more negatively impacted by increases in COVID-19 infection rates.

Hiring Plans

Net Percent ("Increase" Minus "Decrease") in the Next Three Months

