



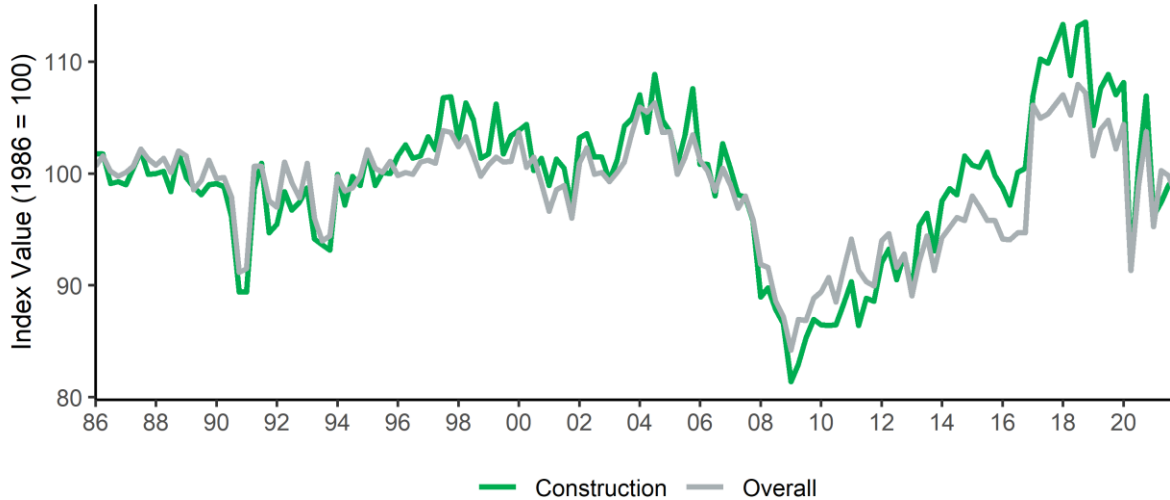
**Small Business
Economic Trends
Quarterly Industry Report
October 2021**

SMALL BUSINESS ECONOMIC TRENDS

CONSTRUCTION

NFIB Small Business Optimism Index

Based on Ten Survey Indicators (Seasonally Adjusted)

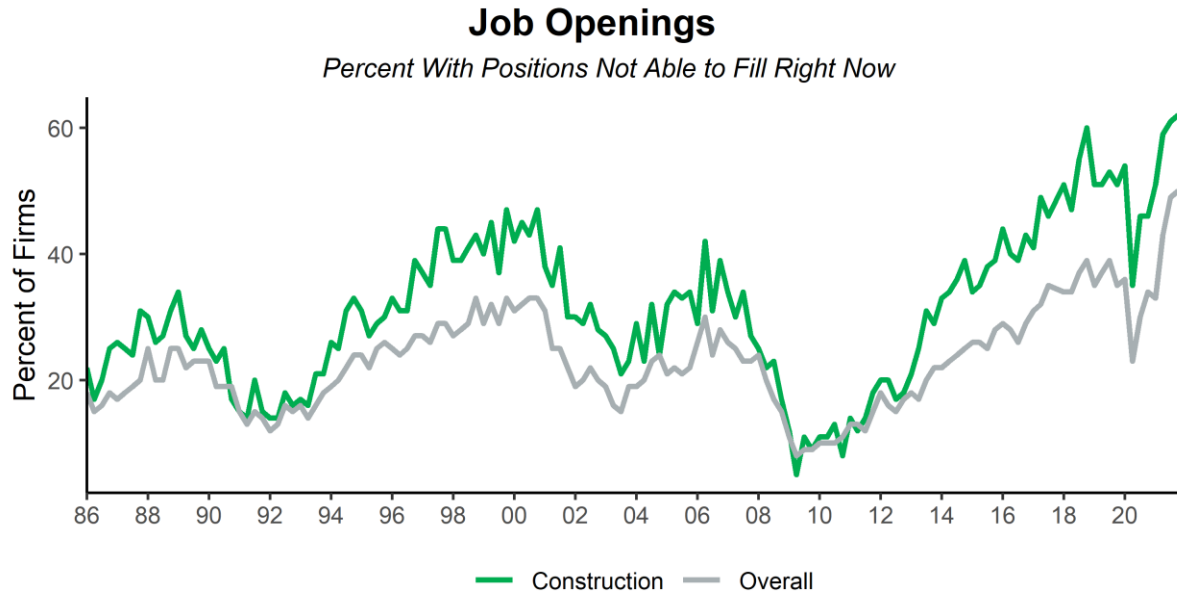


Index Components (Seasonally Adjusted)	Construction	Change from Last Quarter	Overall
Plans to Increase Employment	31%	3	26%
Plans to Make Capital Outlays	32%	7	31%
Plans to Increase Inventories	2%	1	8%
Expect Economy to Improve	-33%	-13	-37%
Expect Real Higher Sales	1%	12	0%
Current Inventory Satisfaction	8%	-1	9%
Current Job Openings	62%	1	49%
Expected Credit Conditions	-4%	-1	-4%
Now a Good Time to Expand	13%	1	10%
Earnings Trends	-19%	3	-17%
Optimism Index	99.8	0.9	98.2

SMALL BUSINESS ECONOMIC TRENDS

The Optimism Index for construction in October was 99.8, up 0.9 points from July's quarterly report and higher than the overall Optimism Index by 1.6 points. Owners in construction had the highest percentage of unfilled job openings among all industries at 62 percent, up 1 point from July.

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



SMALL BUSINESS ECONOMIC TRENDS

The price of materials (lumber, copper, etc.) has also increased the cost of production. Sixty-six percent of construction firms reported raising prices in October. Despite the raise in prices to cover the increased cost of materials, earnings trends in construction rose 3 points from the previous quarter to a net negative 19 percent.

Actual Earnings Changes

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

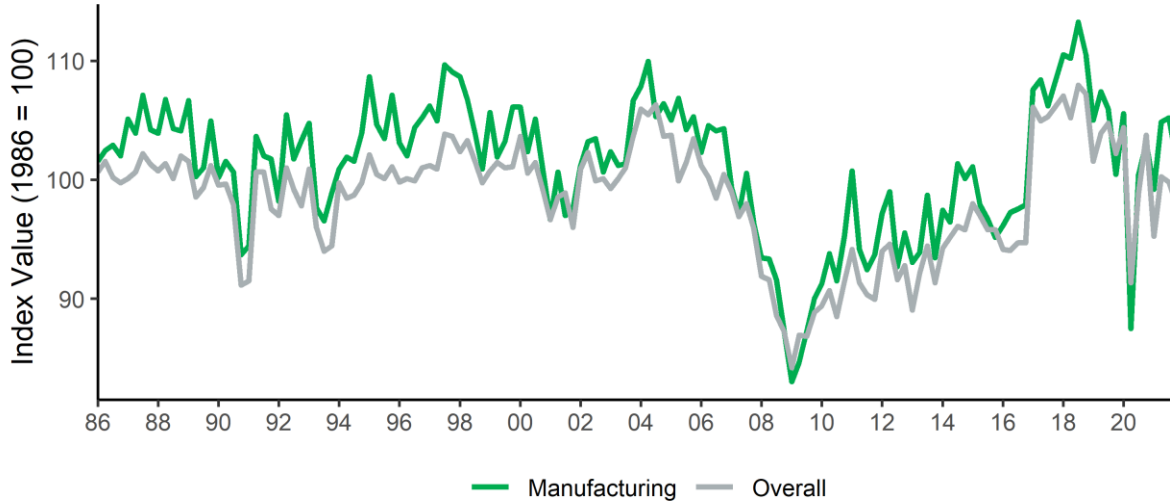


SMALL BUSINESS ECONOMIC TRENDS

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%	0	26%
Plans to Make Capital Outlays	40%	9	31%
Plans to Increase Inventories	11%	0	8%
Expect Economy to Improve	-29%	-13	-37%
Expect Real Higher Sales	-7%	-16	0%
Current Inventory Satisfaction	8%	-4	9%
Current Job Openings	57%	-3	49%
Expected Credit Conditions	-5%	-3	-4%
Now a Good Time to Expand	13%	-4	10%
Earnings Trends	-12%	1	-17%
Optimism Index	101.8	-3.4	98.2

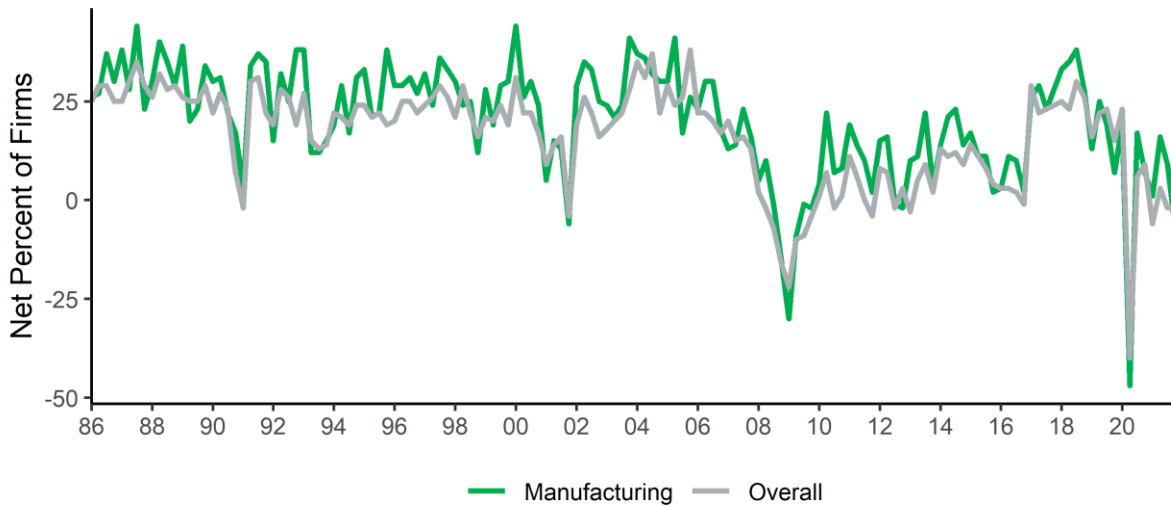
SMALL BUSINESS ECONOMIC TRENDS

The manufacturing industry continues to be more optimistic compared to other industries in its recovery from the pandemic. The Optimism Index for manufacturing in October was 101.8, down from 105.2 in July and 3.6 points above the overall Optimism Index.

Hiring is also a challenge for manufacturing firms. Fifty-seven percent of firms reported unfilled job openings, second only to the construction industry and 8 percentage points higher than overall. A net 41 percent of firms plan to create new jobs in the next three months, unchanged from July and 15 percentage points higher than the overall small business economy.

Sales Expectations

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



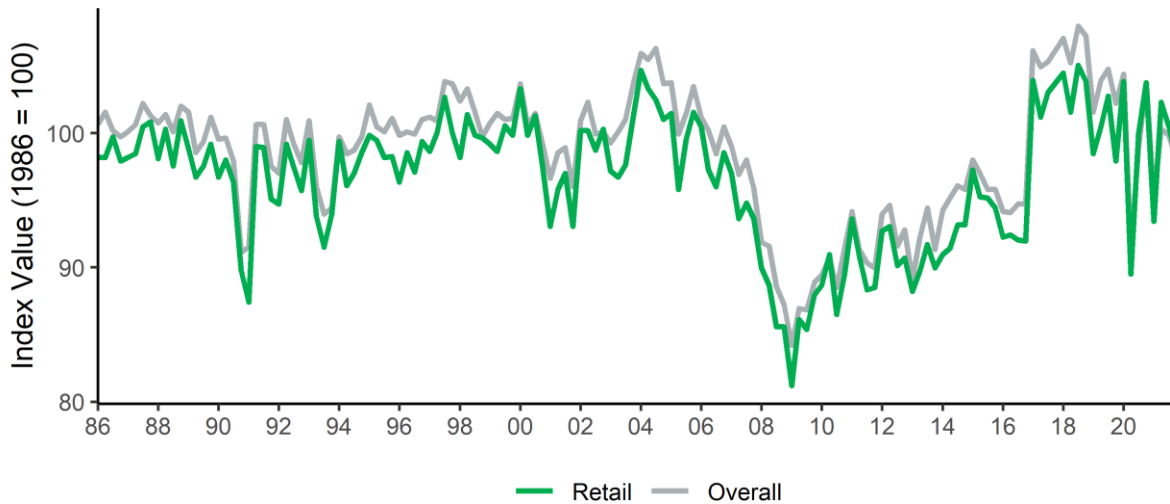
Future sales expectations declined 16 points in October from July's quarterly report, and owners in manufacturing are less optimistic than overall about sales over the next three months. A net negative 7 percent of manufacturing owners expect higher sales in the next three months, compared to 0 percent overall.

SMALL BUSINESS ECONOMIC TRENDS

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	23%	-1	26%
Plans to Make Capital Outlays	29%	8	31%
Plans to Increase Inventories	15%	3	8%
Expect Economy to Improve	-43%	-22	-37%
Expect Real Higher Sales	-6%	0	0%
Current Inventory Satisfaction	17%	-3	9%
Current Job Openings	52%	2	49%
Expected Credit Conditions	-4%	0	-4%
Now a Good Time to Expand	5%	-5	10%
Earnings Trends	-14%	-5	-17%
Optimism Index	98.2	-2.3	98.2

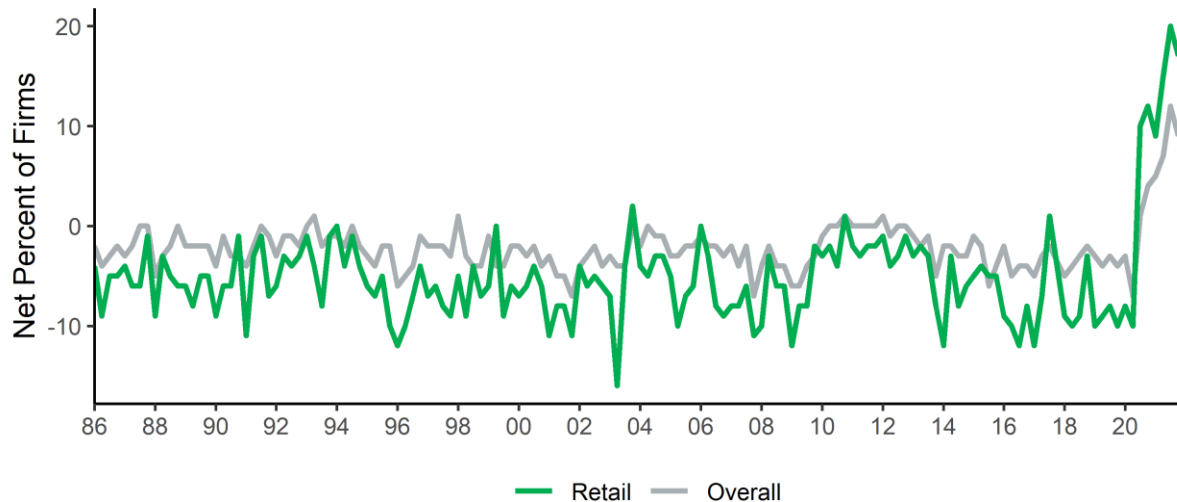
SMALL BUSINESS ECONOMIC TRENDS

Retailers had the same level of optimism as overall in October with an industry Optimism Index of 98.2, down 2.3 points from July.

Earnings trends in retail fell 5 points from the previous quarter to a net negative 14 percent. Retail owners' expectations about economic conditions over the next six months declined 22 points to a net negative 43 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



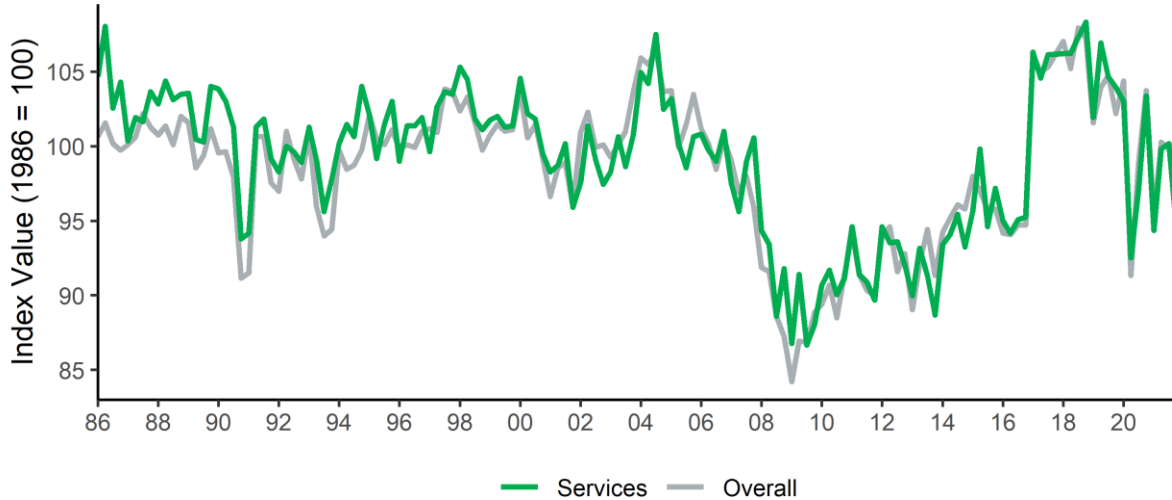
A net 17 percent of retailers report current inventory levels "too low", compared to 9 percent (net) of all small businesses. Retailers continue to increase inventory levels as a net 15 percent plan to increase inventories over the next three to six months, 7 points above all firms.

SMALL BUSINESS ECONOMIC TRENDS

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	24%	-5	26%
Plans to Make Capital Outlays	28%	7	31%
Plans to Increase Inventories	0%	-3	8%
Expect Economy to Improve	-45%	-26	-37%
Expect Real Higher Sales	-10%	-9	0%
Current Inventory Satisfaction	5%	-1	9%
Current Job Openings	49%	-1	49%
Expected Credit Conditions	-2%	0	-4%
Now a Good Time to Expand	8%	-7	10%
Earnings Trends	-21%	-13	-17%
Optimism Index	94.7	-5.5	98.2

SMALL BUSINESS ECONOMIC TRENDS

The service sector Optimism Index decreased in October by 5.5 points to 94.7 and is 3.5 points below the overall index.

Most of the decrease in service sector optimism was driven by a decrease in expectations that the economy will improve and earning trends. Service businesses concerned about future sales over the next three months fell 9 points from July to a net negative 10 percent of owners.

Outlook for General Business Conditions

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

