



# NFIB Monthly Economic Report

December 2022

## NFIB Monthly Economic Report – December 2022

### Small Business Economic Trends

The Optimism Index rose 0.6 points in November to 91.9. This is the eleventh consecutive month below the 48-year average of 98.

Of the 10 index components, 6 increased, and 4 decreased.

Thirty-two percent of owners reported that inflation was their single most important problem in operating their business, 1 point below last month and 5 points lower than July's highest reading since 1979 Q4.

Owners expecting better business conditions over the next six months improved 3 points from October to a net negative 43 percent, very "negative."

Forty-four percent of owners reported job openings that were hard to fill, down 2 points from October, but remaining historically very high.

The net percent of owners raising average selling prices increased 1 point to a net 51 percent seasonally adjusted. The net percent still raising prices is very inflationary.

The net percent of owners who expect real sales to be higher improved 5 points from October to a net negative 8 percent, a very bearish outlook but far better than June and July.

#### Small Business Optimism Index

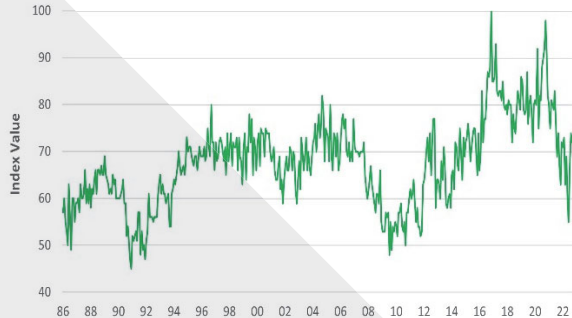
*Based on Ten Survey Indicators  
(Seasonally Adjusted)*



Source: NFIB Small Business Economic Trends Survey  
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#### NFIB Uncertainty Index

*Frequency of 'Don't Know' or 'Uncertain'  
Responses of Six Survey Questions*



Read the latest full report: [nfib.com/sbet](https://nfib.com/sbet)

## Macroeconomic Indicators

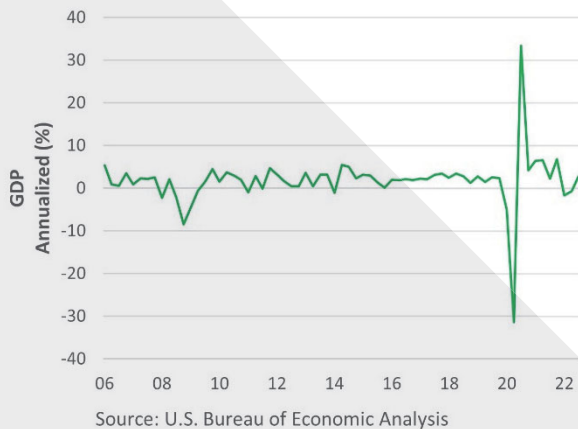
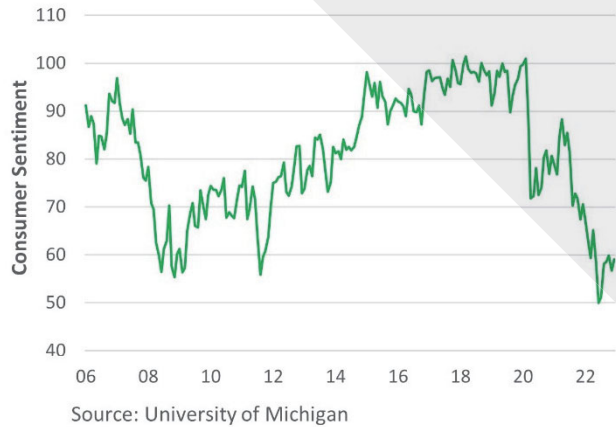
	Most Recent	Previous Month	One Year Ago	5 Years Ago
NFIB Optimism Index	91.9	91.3	98.4	104.8
NFIB Uncertainty Index	68	72	63	81
Unemployment Rate	3.7%	3.7%	4.2%	3.7%
Consumer Sentiment	59.1	56.8	70.6	98.3
CPI Inflation Rate	0.1%	0.4%	0.7%	0%
Prime Rate of Interest	7.5%	7.0%	3.25%	5.25%
Retail Sales Change	-0.6%	1.3%	0.3%	0%
Housing Starts (000)	1427	1434	1706	1202

\*Most recent available data for Retail Sales and Housing Starts from November 2022

### Consumer Sentiment (Univ. of Michigan)

The University of Michigan's Survey of Consumers measures consumer sentiment with questions about expected personal finances, business conditions, and buying conditions asked of a random sample of U.S. consumers.

The Index of Consumer sentiment rose to a preliminary value of 59.1 (4 percentage points above November's final reading of 56.8). Although all components of the index improved, consumers' sentiment remains low from a historical perspective.



### Gross Domestic Product (GDP)

GDP increased in the third quarter of 2022 by 2.9% (second estimate), after a decrease of 0.6% in the second quarter. The increase was largely due to increases in exports, consumer spending, nonresidential fixed investment, federal government spending, and state and local spending. These were partly offset by a decline in residential fixed investment and private inventory investment. The third estimate of GDP for the third quarter of 2022 will be released December 22.



## Unemployment

The U.S. economy added 263,000 jobs in November and the unemployment rate was unchanged at 3.7%. Significant job gains appeared in leisure and hospitality, health care, and government. Declines occurred in retail trade and transportation and warehousing.

The most recent Job Openings and Labor Turnover Survey (JOLTS) produced by the Department of Labor found there were 10.3 million available jobs, 400,000 less than last month. The largest decreases in job openings were in state and local government (excluding education), nondurable goods manufacturing, and federal government. The ratio of unemployed workers to job openings continues to

be under one, indicating that there are more open positions than people seeking work, a very tight labor market. Total employment remained 3 million below pre-Covid levels.

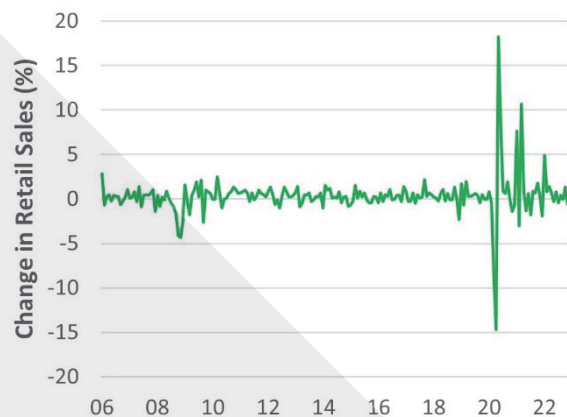
NFIB's November SBET survey found 44% of owners with "hard to fill" job openings, down 2 points from October, but historically very high.



Source: U.S. Department of Labor



Source: U.S. Bureau of Labor Statistics



Source: U.S. Census Bureau

## Consumer Price Index (Inflation Rate)

The CPI measures the price level of a basket of consumer goods commonly purchased by households. The Consumer Price Index, measured by the change in the cost of the entire basket of goods, rose 0.1% in November month-to-month after an increase of 0.4% in October. Over the last 12 months the all items index increased 7.1% in November (a 0.6 point decrease from October's 7.7% increase). This was the smallest 12-month increase since December 2021.

The largest contributor to the monthly all items increase were in shelter costs, offsetting decreases in the energy indexes.

The energy index decreased 1.6% over the month as the gasoline index, natural gas index, and electricity index declined. Both the food index and food at home index increased 0.5% over the month. The index for all items less food and energy rose 6.0% over the last 12 months. The Federal Reserve Bank of San Francisco which monitors inflation sensitivity to Covid-19, finds that sectors sensitive to the disruptions caused by the pandemic account for most of the price increases.

From November 2021 to November 2022, fuel oil remained the category with the greatest increase, with a 65.7% increase (68.5% in October). Fuel oil and airline fares remained the top two categories with the greatest increases.

### 12-month percent change, Consumer Price Index, selected categories, November 2022, not seasonally adjusted

Categories	November 2021 to November 2022
Fuel oil	65.7%
Airline fare	36.0%
Cereal and bakery products	16.4%
Dairy and related products	16.4%
Natural gas (piped)	15.5%
Energy services	14.2%
Transportation services	14.2%
Other food at home	13.9%
Electricity	13.7%

Source: U.S. Bureau of Labor Statistics

Small business owners continue to report raising average selling prices, at levels unseen since the early 1980s. The latest NFIB SBET report found a net 51% of owners raised prices over the past three months, an increase of 1 point from last month. The highest reading in the mid-70s, the last time inflation was a serious problem, was 67% in Q4 1974. A net 34% of owners plan to raise prices in the coming months, unchanged from October.

## Retail Sales

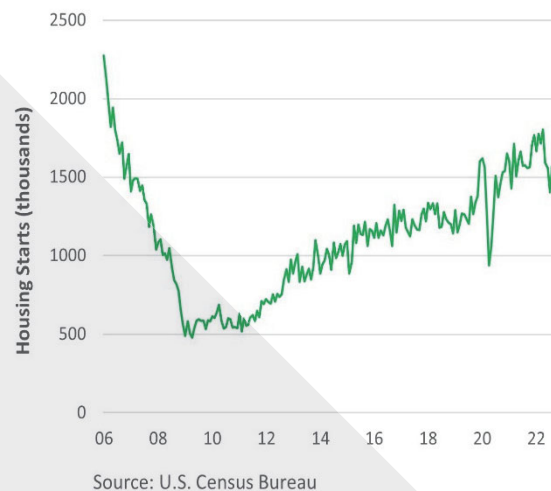
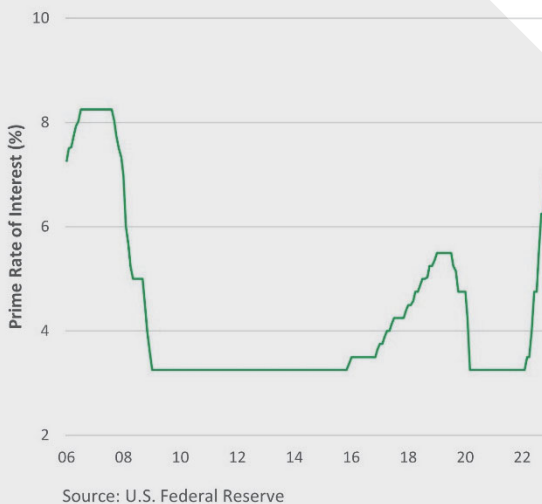
The Monthly Retail Trade Report measures consumer spending at retail stores and food services. Retail sales decreased by 0.6% in November from the previous month but was 6.5% above November 2021, according to advance estimates of U.S. retail and food services. Sales at gasoline stations were up 16.2% from last year, while food services and drinking places were up 14.1%. Data for December will be released January 18, 2022. These figures are not adjusted for inflation (e.g., gas dollar volumes rise as gas prices rise, actual gallons purchased increased by smaller percentages).

## Prime Lending Rate

The prime rate is the price of short-term loans available to qualified businesses.

In mid-December, the Fed raised the prime rate by half of a percentage point, pushing it from 7.0% (November) to 7.5% to help mitigate strong inflation pressures. Higher mortgage rates have reduced housing demand by raising the cost of ownership.

Additionally, the Fed has indicated that it may continue to raise interest rates but that there will come a time to slow the pace of rate increases. There are concerns that these increases will pull the economy into a recession. The next FOMC meeting is scheduled for January 31-February 1. The Federal Funds rate increased half of a percentage point to 4.25%-4.5% at the last meeting, more rate hikes are expected.



## Housing Starts

The Census Bureau reports monthly housing starts measured as the start of excavation on foundations of both single and multi-family housing units.

The demand for housing has continued to decline. November's New Residential Construction report found a level of 1.427 million units started, down from October's revised report of 1.434 million units started. This was the third consecutive month housing starts declined. November's estimate was 16.4% below last year's rate of 1.706. Supply chain problems (workers, lumber, appliances, building codes to name a few) continue to slow new home construction and completions. Data for December will be released January 19, 2022.

**Access more economic data at the St. Louis Fed's FRED Database**

[fred.stlouisfed.org](https://fred.stlouisfed.org)



## Upcoming Economic Indicator Releases

December 22	GDP, 3rd Quarter 2022 (Second Estimate)
January 4	Job Openings and Labor Turnover (JOLTS)
January 5	NFIB Jobs Report
January 6	BLS Employment Situation Report (Unemployment Rate)
January 10	NFIB Small Business Economic Trends
January 12	Consumer Price Index
January 13	Michigan Consumer Sentiment
January 18	Monthly Retail Trade Report
January 19	Housing Starts
January 31/Feb 1	Federal Open Market Committee Meeting

## Additional NFIB Research and Media

Inflation: Has It Peaked? William Dunkelberg (November 29)  
<https://www.forbes.com/sites/williamdunkelberg/2022/11/29/inflation-has-it-peaked/?sh=7df406325fd2>

Podcast: The Indicator (Planet Money) – The State Of The American Consumer. (December 9) <https://www.npr.org/2022/12/09/1142016429/the-state-of-the-american-consumer>

Worker Shortage Eases A Little. James Freeman (December 1)  
<https://www.wsj.com/articles/worker-shortage-eases-a-little-11669917090?st=w5ieczkdegbf27s>

## NFIB Research Center

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