

NFIB Monthly Economic Report – November 2021

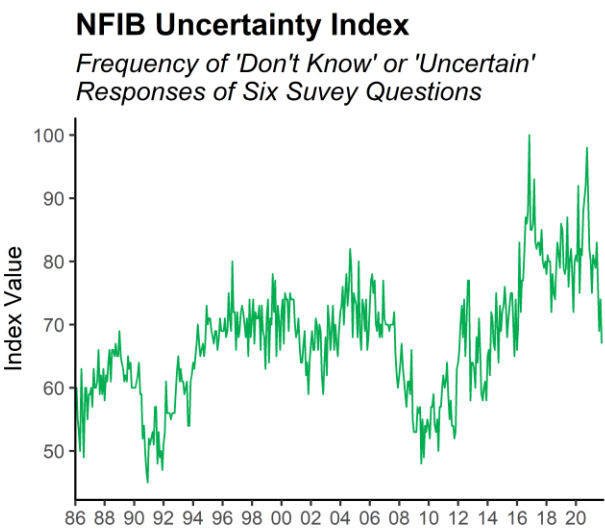
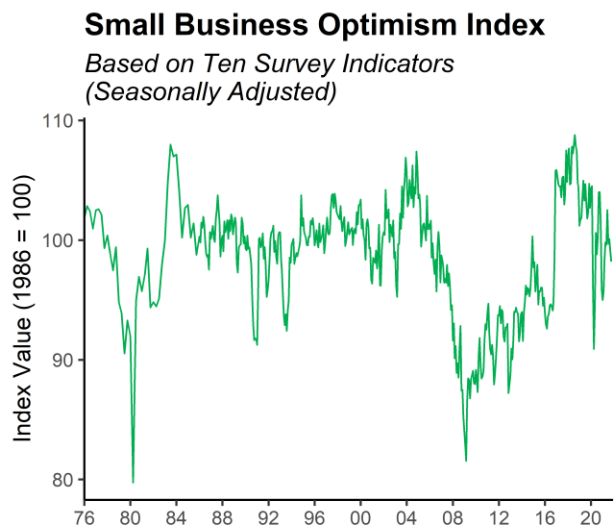
Small Business Economic Trends

The NFIB Small Business Optimism Index decreased 0.9 points in October to 98.2. One of the 10 Index components improved, seven declined, and two were unchanged. The NFIB Uncertainty Index decreased seven points to 67.

Other key findings include:

- Owners expecting better business conditions over the next six months decreased four points to a net negative 37%, a very gloomy picture.
- Forty-nine percent of owners reported job openings that could not be filled.
- A net 44% of owners reported raising compensation, a 48-year record high.

As reported in NFIB’s monthly jobs report, 49% of small business owners (seasonally adjusted) reported job openings they could not fill in the current period, down two points from September. A net 44% of owners (seasonally adjusted) reported raising compensation, up two points from September and a 48-year record high reading, hoping to attract workers to fill the open positions, which remain at record high levels.



Source: NFIB Small Business Economic Trends Survey @NFIBResearch

Read the latest full report: nfib.com/sbet

Macroeconomic Indicators

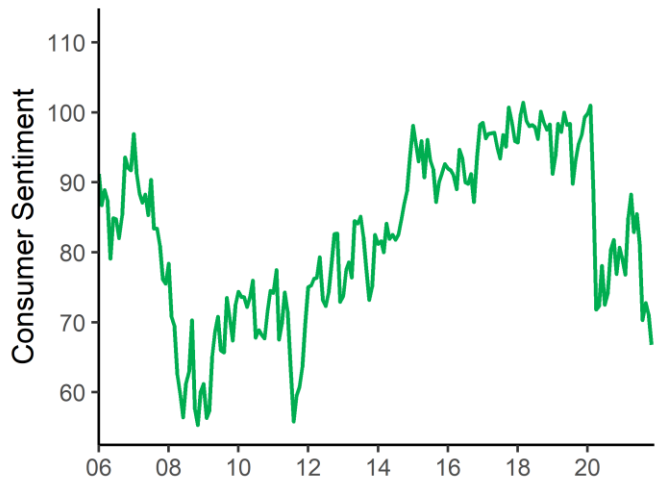
	Most Recent	Previous Month	One Year Ago	5 Years Ago
NFIB Optimism Index	98.2	99.1	103.9	94.9
NFIB Uncertainty Index	67	74	98	88
Unemployment Rate	4.6%	4.8%	6.9%	4.9%
Consumer Sentiment	66.8	71.7	76.9	93.8
CPI Inflation Rate	0.9%	0.4%	0.0%	0.4%
Prime Rate of Interest	3.25%	3.25%	3.25%	3.75%
Retail Sales Change	0.7%	0.9%	0.3%	0.8%
Housing Starts (000)	1555	1615	1415	1047

*Most recent available data for Retail Sales and Housing Starts from September 2021

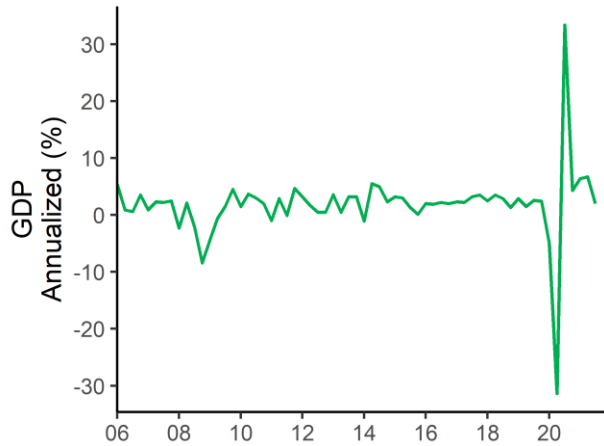
Consumer Sentiment (University of Michigan)

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.

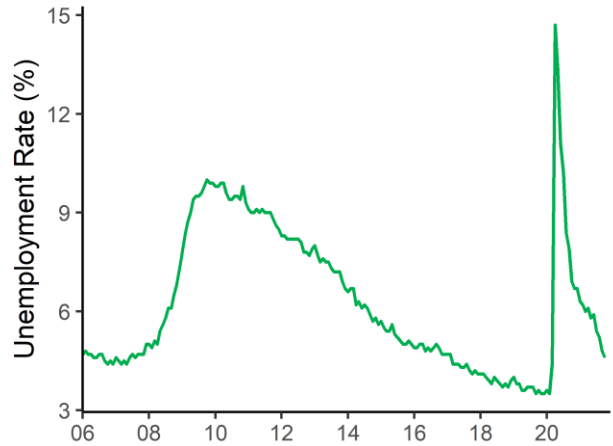
The Index of Consumer Sentiment declined in November to 66.8 as consumers adjusted to both rising prices and rising cases of COVID-19. Forty-five percent have less confidence in the Federal Reserve now compared to five years ago, and only 10% have more confidence.



Source: University of Michigan



Source: U.S. Bureau of Economic Analysis



Source: U.S. Bureau of Labor Statistics

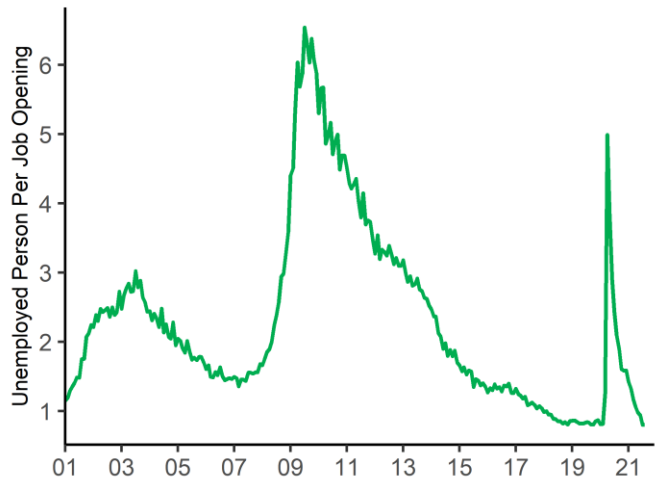
Gross Domestic Product (GDP)

The U.S. economy grew in the third quarter of 2021 by 2%, after an increase of 6.7% in the second quarter. The second estimate of GDP for the third quarter of 2021 will be released November 24.

Unemployment

The U.S. economy added 531,000 jobs in October and the unemployment rate fell to 4.6%.

The most recent Job Openings and Labor Turnover Survey (JOLTS) produced by the Department of Labor found there were 10.4 million available jobs. The ratio of unemployed workers to job openings has fallen below one, indicating that there are more open positions than people seeking work.

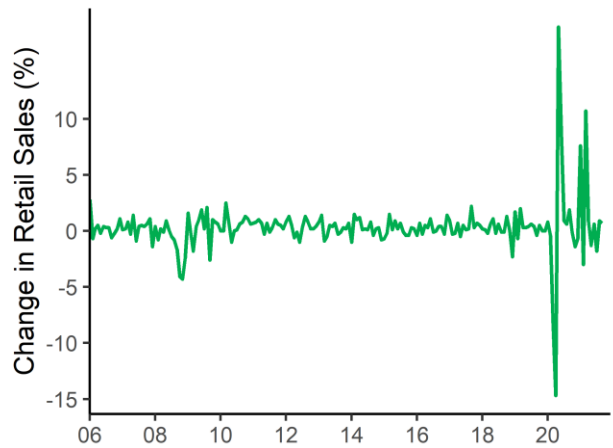


Source: U.S. Department of Labor

NFIB's October SBET found 49% of owners with "hard to fill" job openings.



Source: U.S. Bureau of Labor Statistics



Source: U.S. Census Bureau

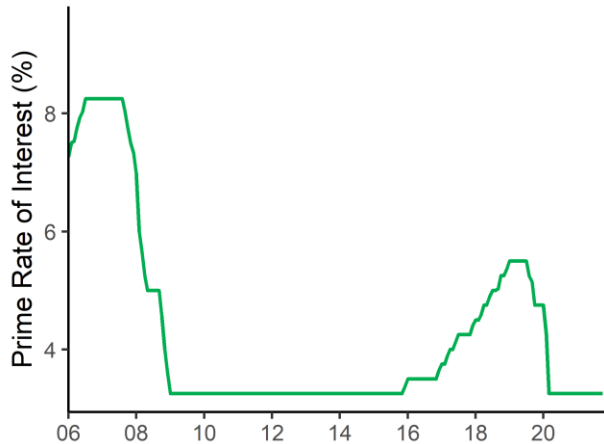
Consumer Price Index (Inflation Rate)

The CPI measures the price level of a basket of consumer goods commonly purchased by households. The Consumer Price Index rose 0.9% month-over-month in October, increasing to an annualized rate of 6.2%. Prices are continuing to increase, and October’s report found a greater rise in prices than September’s report. The Federal Reserve Bank of San Francisco [monitors](#) inflation sensitivity to Covid-19, which continues to find that sectors sensitive to the disruptions caused by the pandemic account for most price increases.

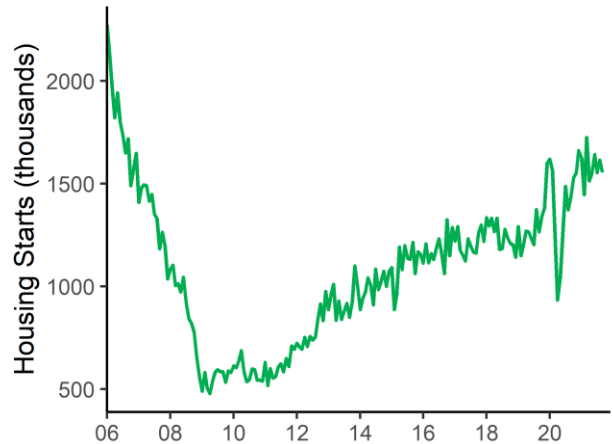
Small business owners continue to report raising price levels unseen since the early 1980s. The latest NFIB SBET report found a net 53% of owners raised prices over the past three months. A net 51% of owners plan to raise prices in the coming months, the highest reading in the 48-year history of the survey.

Retail Sales

The Monthly Retail Trade Report measures consumer spending at retail stores and food services. Retail sales are estimated to rise 0.7% in September, according to advance estimates of U.S. retail and food services. Retail trade sales are estimated to increase 0.8% from August, and up 12.2% above last year. Gasoline stations are predicted to increase 38.2% and food services and drinking places were up 29.5% from last year.



Source: U.S. Federal Reserve



Source: U.S. Census Bureau

Prime Lending Rate

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

The Federal Reserve has maintained the Federal Funds rate at the near zero bound for the past year, since March 2020. The current prime rate remains at 3.25%. The Federal Reserve's long-run projection indicates that the Federal Funds rate will remain at near zero through 2022. Meanwhile, small businesses are reporting paying the lowest interest rates in 47 years on their bank loans.

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 continues to be strong. September's New Residential Construction report found an increased level of 1.555 million units, down from August's report of 1.615 million units were started. However, house prices continue to rise, demand is strong. Supply chain problems (workers, lumber, appliances to name a few) continue to slow home construction. Thirty percent of the new home sales reported have not been built.

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

fred.stlouisfed.org

Upcoming Economic Indicator Releases

November 17	Housing Starts
November 24	GDP, 3 rd Quarter (Second Estimate)
November 24	Michigan Consumer Sentiment
December 2	NFIB Jobs Report
December 3	BLS Employment Situation Report (Unemployment Rate)
December 10	Consumer Price Index
December 14	NFIB Small Business Economic Trends
December 14-15	Federal Open Market Committee Meeting

Additional NFIB Research and Media

Planet Money from NPR (Podcast) on Labor

<https://www.npr.org/2021/10/27/1049786108/nice-work-week-if-you-can-get-it>

The Journal from WSJ (Podcast) on Labor Shortage

<https://www.wsj.com/podcasts/the-journal/the-labor-shortage-that-causing-more-labor-shortages/98dddf4a-bbf8-4cac-bb66-1c946f09b572>

Census Bureau to Officially Count Startups in the U.S., Alexandre Tanzi and Jill R Shah (November 10, 2021)

<https://www.bloomberg.com/news/articles/2021-11-10/after-record-new-startups-u-s-census-makes-it-official-data>

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