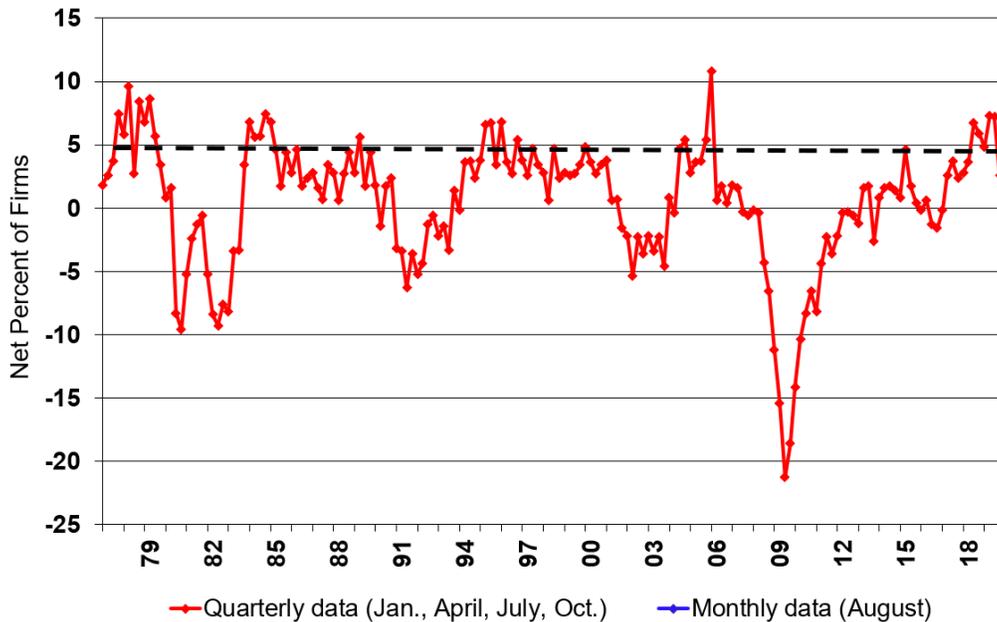


JOB CREATION CONTINUES STRONG IN AUGUST

(Based on 680 respondents to the AUGUST survey of a random sample of NFIB's member firms, surveyed through 8/30/19)
EMBARGO 1 PM THURSDAY

Net Percent of Owners Increasing Employment

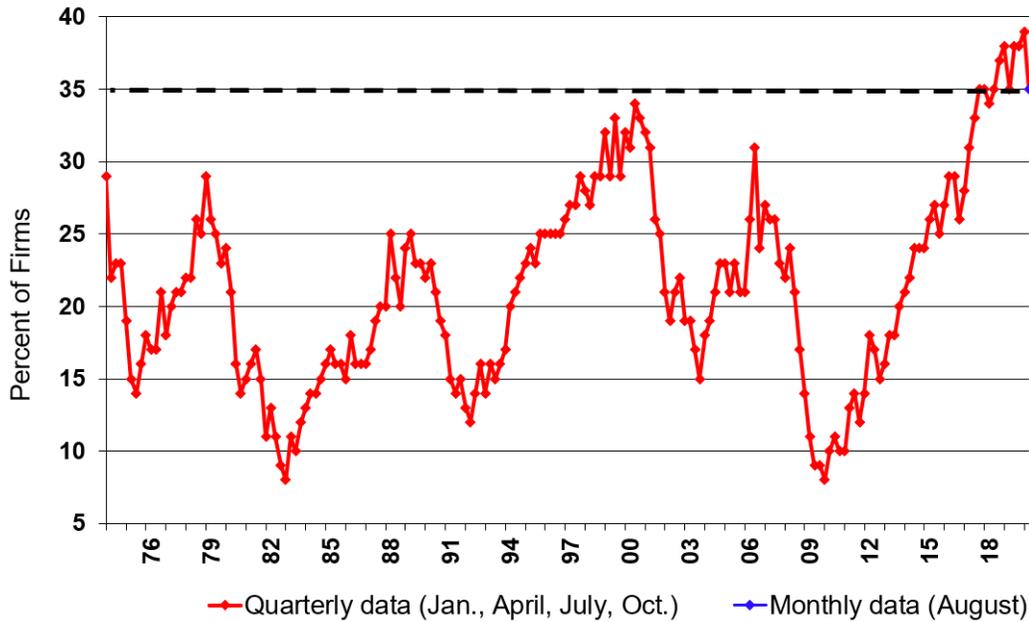


Job creation picked up in August, with an average addition of 0.19 workers per firm compared to 0.12 in July. Finding qualified workers is becoming more and more difficult with a record 27 percent reporting finding qualified workers as their number one problem (up 1 point). Thirteen percent (up 3 points) reported increasing employment an average of 4 workers per firm and 6 percent (down 1 point) reported reducing employment an average of 3.9 workers per firm (seasonally adjusted). If any of the widely discussed “slowdown” occurs, a significant contributor will be the unavailability of labor, hard to call it a “recession” when job openings still exceed job searchers.

Sixty-four percent reported hiring or trying to hire (up 1 point), but 57 percent (89 percent of those hiring or trying to hire) reported few or no “qualified” applicants for the positions they were trying to fill.ⁱ A record 27 percent of all owners cited the difficulty of finding qualified workers as their Single Most Important Business Problem, a clear indication that a shortage of qualified workers is slowing growth. Forty-two percent of construction firms cited the labor shortage as their top business problem. In transportation and manufacturing, 35 percent cited it as their number one problem.

Unfilled Job Openings

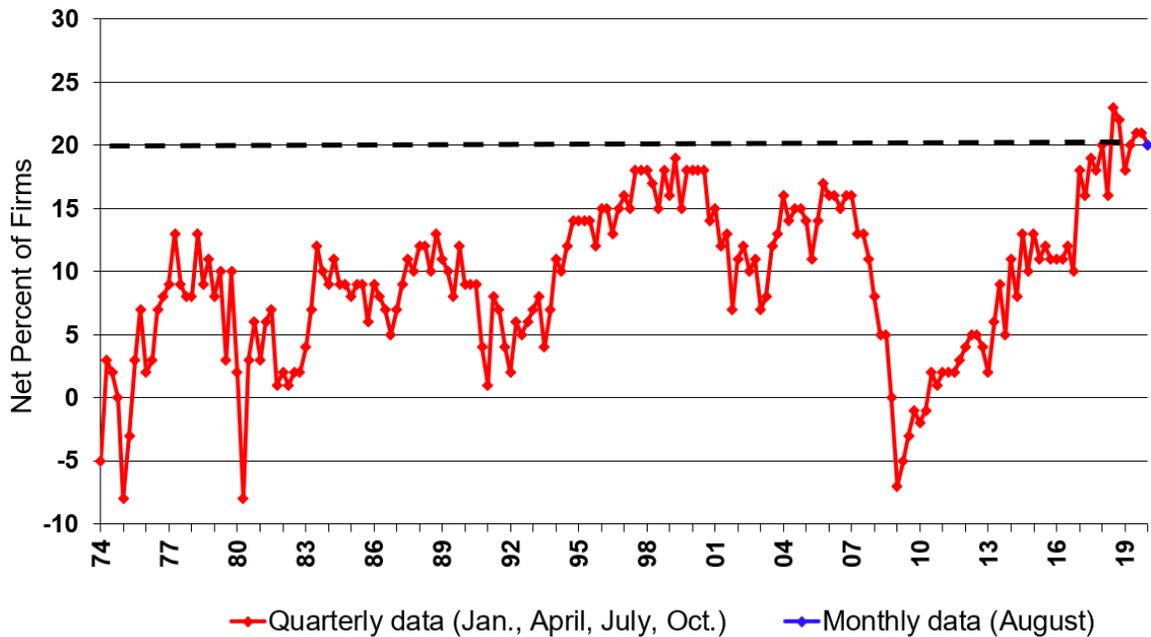
Percent with at Least One Unfilled Opening



Thirty-five percent of all owners reported job openings they could not fill in the current period, down 4 points from July, but still very high. In construction, 49 percent had openings and 42 percent in manufacturing. Thirty-five percent or more in all industry groups except Financial Services and Professional services reported unfilled openings, clearly a drag on growth. Clearly the inability to assemble work teams is a major contributor to the lackluster performance of the construction industry. Fourteen percent of all firms reported using temporary workers, unchanged from July.

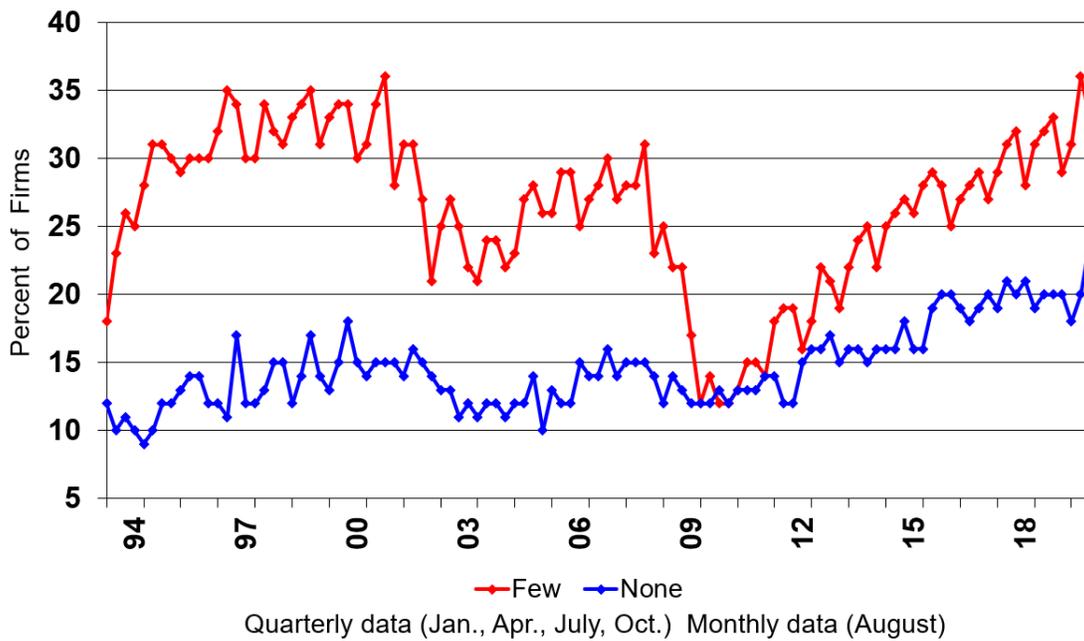
Job Creation Plans

Net Percent ("Increase" minus "Decrease") in Next Three Months



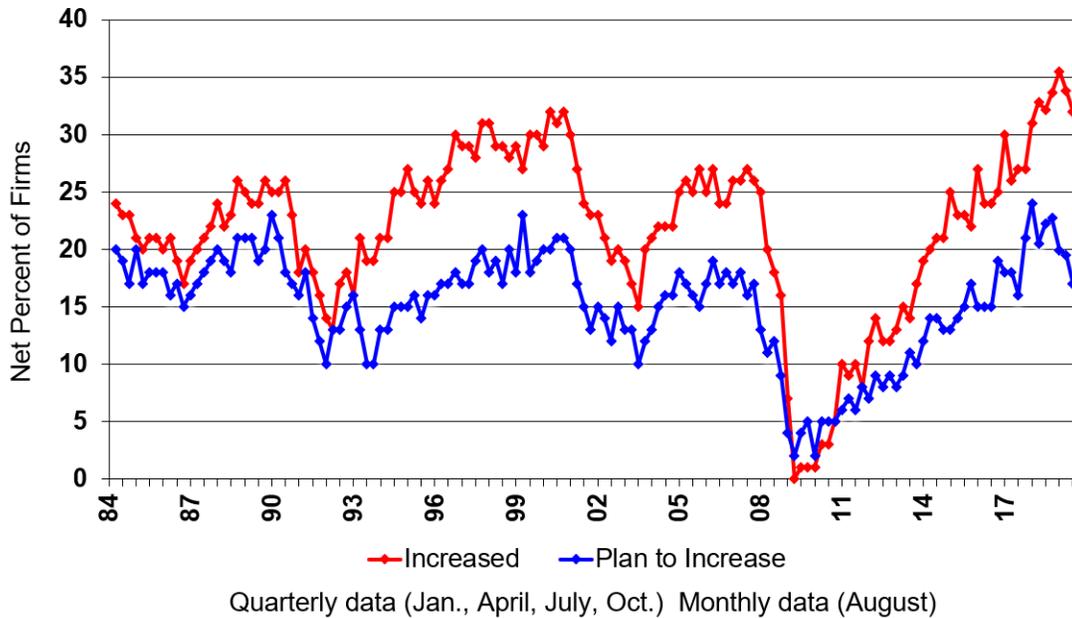
A seasonally-adjusted net 20 percent plan to create new jobs, down 1 point and historically strong. Not seasonally adjusted, 17 percent plan to increase total employment at their firm (down 6 points), and 3 percent plan reductions (down 2 points). Twenty-four percent in construction plan to increase their employment, only 5 percent plan reductions. In construction, 27 percent plan increases, only 3 percent reductions. In the wholesale trades, 27 percent plan to increase employment, no reductions planned. In this market, few owners are releasing workers.

Qualified Job Applicants



Thirty-three percent have openings for skilled workers (unchanged) and 13 percent have openings for unskilled labor (down 2 points). Thirty-three percent of owners reported few qualified applicants for their open positions (down 3 points) and 24 percent reported none (up 4 points). Reports of “few or no qualified applicants” were very high in construction (68 percent) and manufacturing (59 percent).

Planned and Actual Labor Compensation Changes



The continuing labor shortage keeps pressure on compensation. Raising compensation along with increased training for hires who don't have all the desired skills and experience is the only way owners have to deal with the shortage. Twenty-nine percent reported raising compensation and 19 percent plan to do so in the coming months.

The Federal Reserve is cutting interest rates to stimulate spending and create inflation, but demand is so strong that firms cannot hire enough workers to satisfy it. So current monetary policy is creating confusion and uncertainty. This will undoubtedly slow spending and diminish the chance of inflation accelerating. A strange timing for this policy mix.

ⁱ "Qualified" includes having position-appropriate skills but also encompasses appearance, attitude, social skills, wage expectations and work history in addition to legal issues, drug problems and educational deficiencies.