

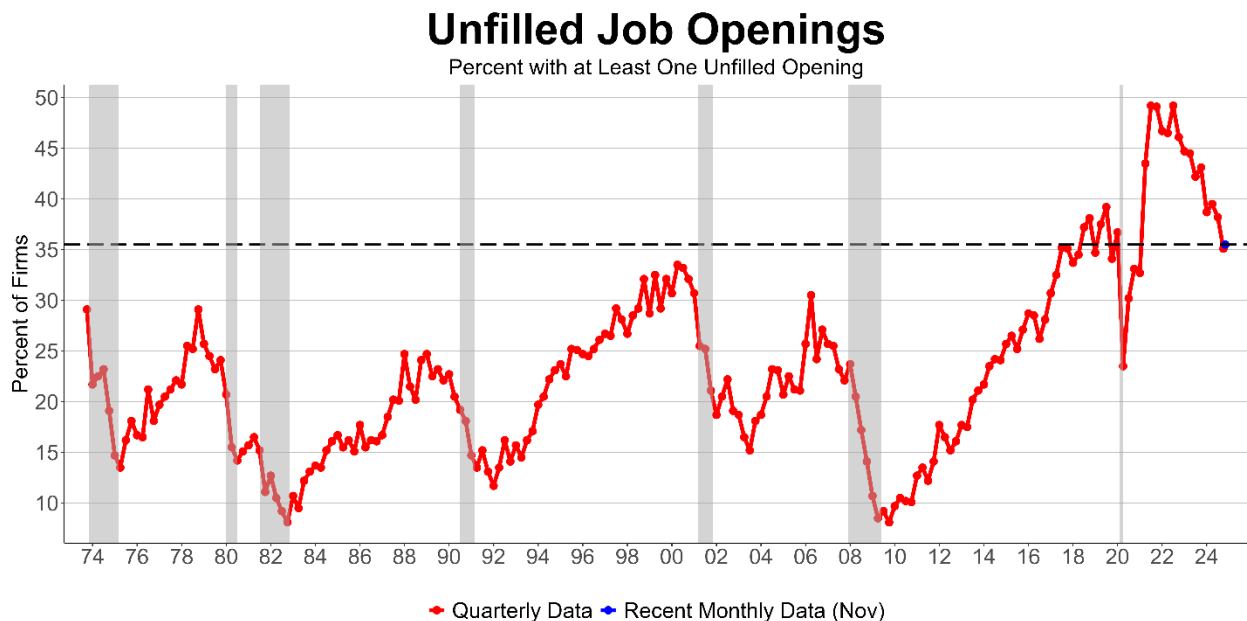
Shortages of Qualified Workers Still Hold Down Employment Growth

Based on 532 respondents to the November survey of a random sample of NFIB's member firms, surveyed through 11/29/2024.

EMBARGO 1 PM THURSDAY

The U.S. Bureau of Labor Statistics (BLS) reported that in October, 12,000 jobs were created in the U.S. economy. Revisions to estimates for August and September totaled 112,000 lower. The unemployment rate held steady at 4.1 percent. Additionally, the number of job openings available hardly changed at 7.7 million (JOLTS).

Specifically looking at small businesses, NFIB's November Small Business Economic Trends survey found 36 percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, up 1 point from October. Thirty percent have openings for skilled workers (down 1 point) and 13 percent have openings for unskilled labor (down 1 point). Overall, the job market seems to be softening.



Job openings were the highest in the transportation, construction, and professional services sectors, and the lowest in the agriculture and finance sectors. Job openings in construction were up 5 points from last month and over half (54 percent) have a job opening they cannot fill. Despite historically reliable predictions of a recession,

the economy has continued to grow, carried by solid consumer spending and spending tied to government programs (Inflation Reduction Act, etc.) which has boosted government employment as well as related employment in social services, education, and health care.

Industry- Percent with Job Openings

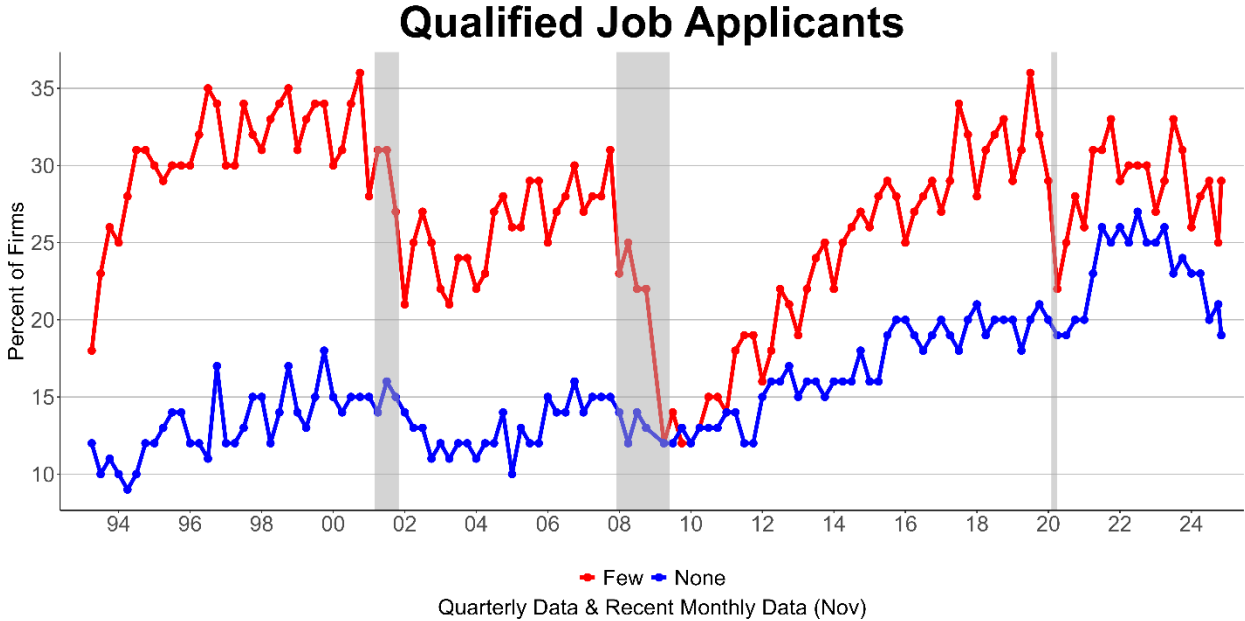
Industry	Nov. 2024	Nov. 2023
Transportation	64%	45%
Construction	54%	49%
Professional services	43%	31%
Manufacturing	41%	48%
Services	37%	43%
Wholesale	37%	26%
Retail	31%	39%
Finance	19%	23%
Agriculture	11%	20%

A seasonally adjusted net 18 percent of owners plan to create new jobs in the next three months, up 3 points from October. The last time hiring plans were this high was November 2023. Job creation plans are below the levels seen the last time the economy experienced solid growth but are in solid territory historically.



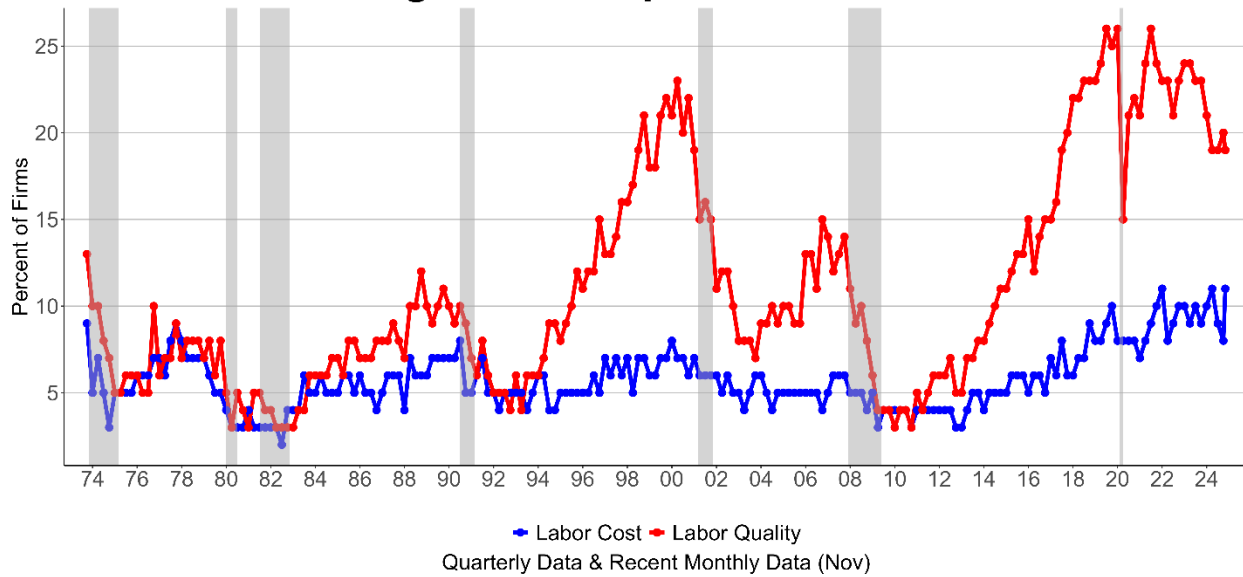
Overall, 55 percent reported hiring or trying to hire in November, up 2 points from October’s lowest reading since January 2021. Forty-eight percent (87 percent of

those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (up 2 points). Twenty-nine percent of owners reported few qualified applicants for their open positions (up 4 points) and 19 percent reported none (down 2 points).



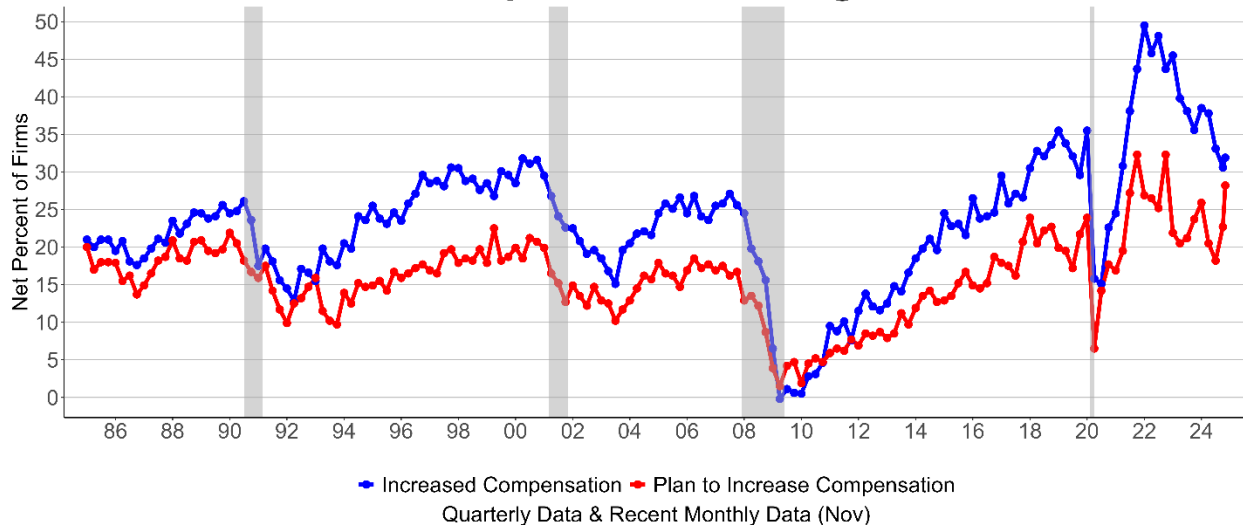
The percent of small business owners reporting labor quality as their top small business operating problem fell 1 point from October to 19 percent. Labor costs reported as the single most important problem for business owners rose 3 points to 11 percent, only 2 points below the highest reading of 13 percent reached in December 2021.

Single Most Important Problem



Seasonally adjusted, a net 32 percent reported raising compensation, up 1 point from October. A net 28 percent (seasonally adjusted) plan to raise compensation in the next three months, up 5 points from October and the highest reading of this year. Labor costs appear to still be under pressure and are at historically high levels.

Planned and Actual Labor Compensation Changes



The economy keeps growing and so do the growing pains (deficits, prices, spending on wars, etc.). The election delivered a major change in management, not just a continuation of the current administration. Some sectors are in a recession such as

manufacturing, while some are booming like residential construction. Repairing weather damage remains a major challenge in some states. Labor compensation is still rising, keeping pressure on owners to raise prices to protect income from sales that are not growing strongly. According to the President of the San Francisco Fed (interview 12/3 Fox Business), the economy is in a good place as we head into 2025. Let's hope it stays that way.