

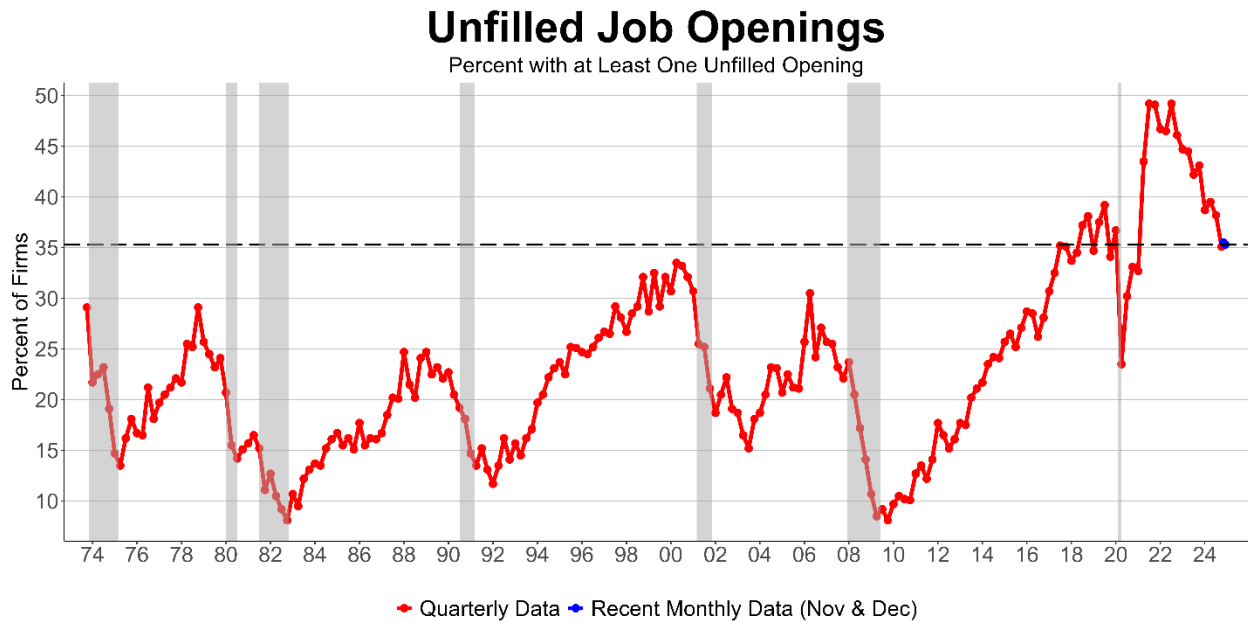
Compensation Increases Soften, but Remain Solid on Main Street

Based on 513 respondents to the December survey of a random sample of NFIB's member firms, surveyed through 12/30/2024.

EMBARGO 1 PM THURSDAY

The U.S. Bureau of Labor Statistics (BLS) reported that in November, 227,000 jobs were created in the U.S. economy. Revisions to estimates for September and October totaled 56,000 higher. The unemployment rate rose slightly to 4.2 percent. Average weekly hours worked rose slightly, average wages rose by 4 percent over the past 12 months (outpacing inflation).

Specifically looking at small businesses, NFIB's December Small Business Economic Trends survey found 35 percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, down 1 point from November. Twenty-nine percent have openings for skilled workers (down 1 point) and 13 percent have openings for unskilled labor (unchanged). Overall, the job market continues to soften although more gradually than earlier in the year.



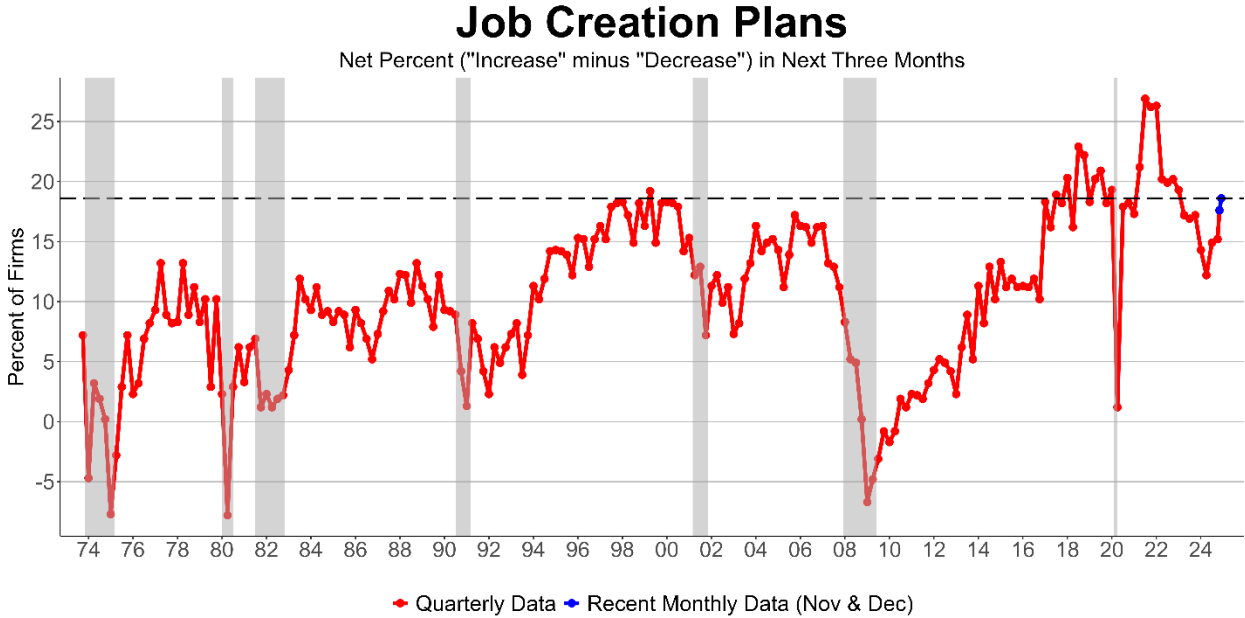
Job openings were the highest in the transportation, construction, and manufacturing sectors, and the lowest in the agriculture and finance sectors. Job openings in construction were down 13 points from last month and down 17 points from the prior year, with 41 percent reporting a job opening they cannot 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 healthcare.

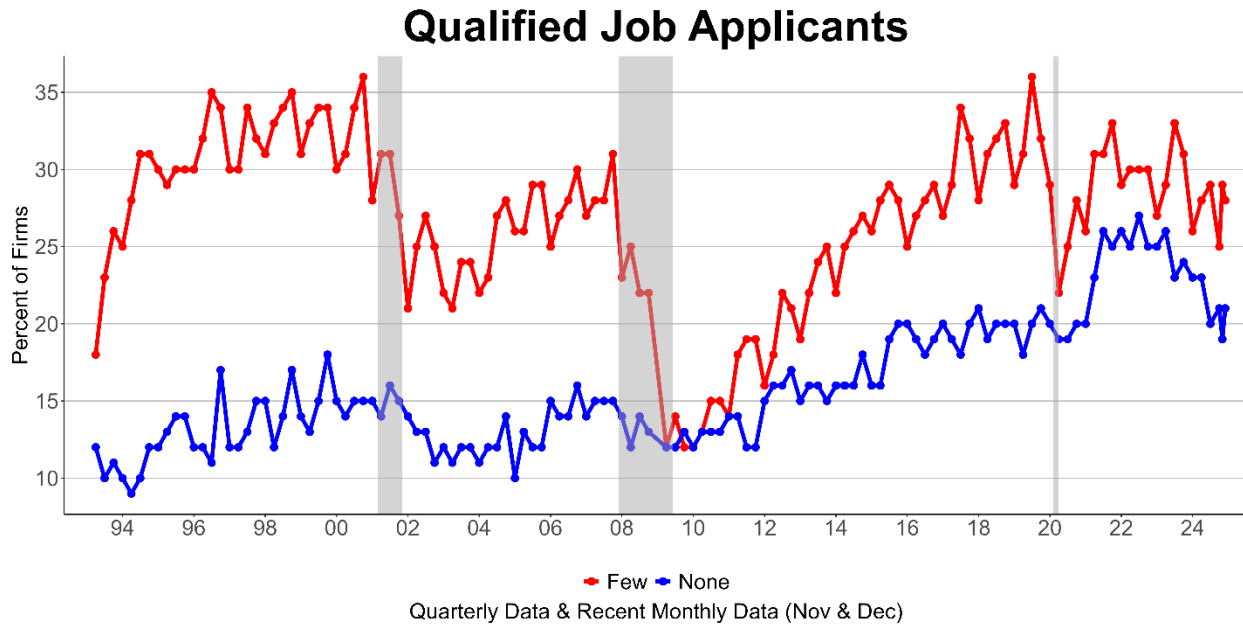
Industry- Percent with Job Openings

Industry	Dec. 2024	Dec. 2023
Transportation	61%	58%
Construction	41%	58%
Manufacturing	38%	35%
Professional services	37%	41%
Services	36%	39%
Wholesale	34%	34%
Retail	30%	37%
Agriculture	22%	23%
Finance	19%	24%

A seasonally adjusted net 19 percent of owners plan to create new jobs in the next three months, up 1 point from November. The last time hiring plans were this high was May 2023. However, job creation plans are below the levels seen the last time the economy experienced solid growth but are still in firm territory historically.

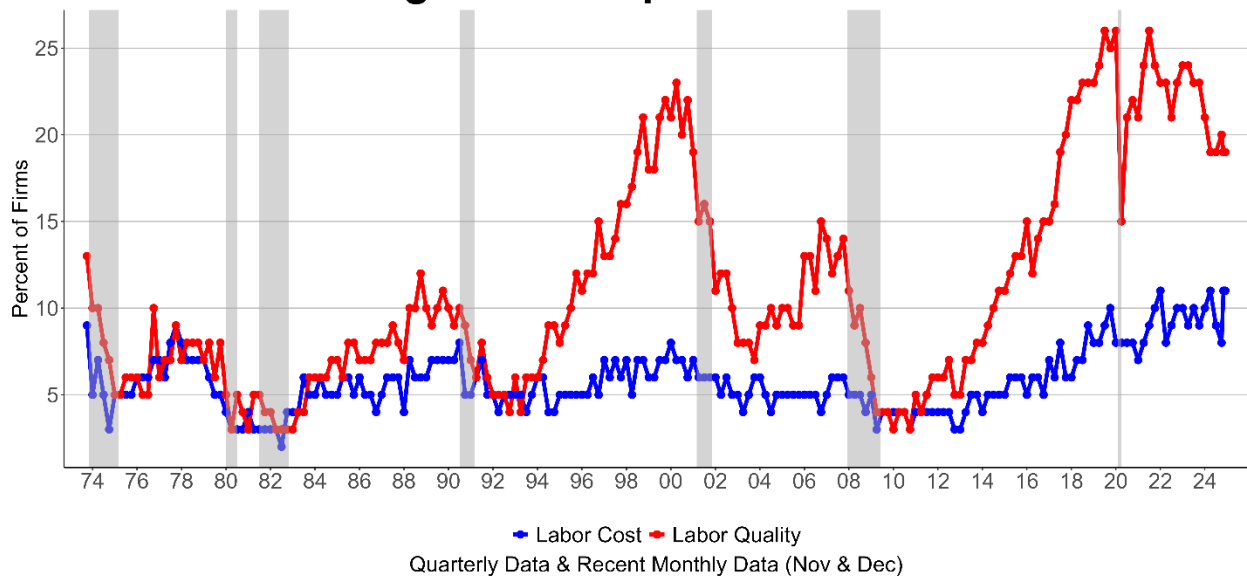


Overall, 55 percent reported hiring or trying to hire in December, unchanged from November. Forty-nine percent (89 percent of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (up 1 point). Twenty-eight percent of owners reported few qualified applicants for their open positions (down 1 point) and 21 percent reported none (up 2 points).



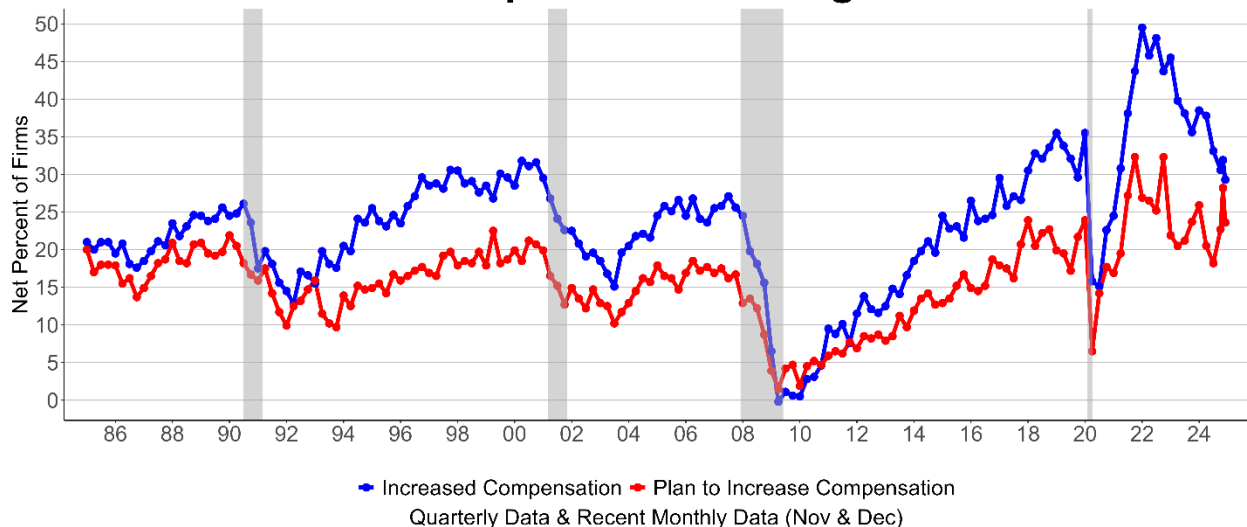
The percent of small business owners reporting labor quality as their top small business operating problem was unchanged from November at 19 percent. Labor costs reported as the single most important problem for business owners was unchanged from November at 11 percent, only 2 points below the highest reading of 13 percent reached in December 2021.

Single Most Important Problem



Seasonally adjusted, a net 29 percent reported raising compensation, down 3 points from November and the lowest reading since March 2021. A net 24 percent (seasonally adjusted) plan to raise compensation in the next three months, down 4 points from November's highest reading of this year.

Planned and Actual Labor Compensation Changes



Job growth remained solid, driven by firm consumer spending and direct and indirect government hiring (social services, education, healthcare). The private sector has taken the back seat on job creation. Finding qualified workers remains the major headwind for stronger job growth on Main Street, especially in the

transportation and construction sectors. Owners are optimistic about government policies for 2025, policies that support their business and not those making it more difficult to operate. Small business owners will get a sense of how policy objectives will unfold once Congress and the new Administration get settled in.