

**Small Business  
Economic Trends  
Industry Report**

**▶ October 2024**

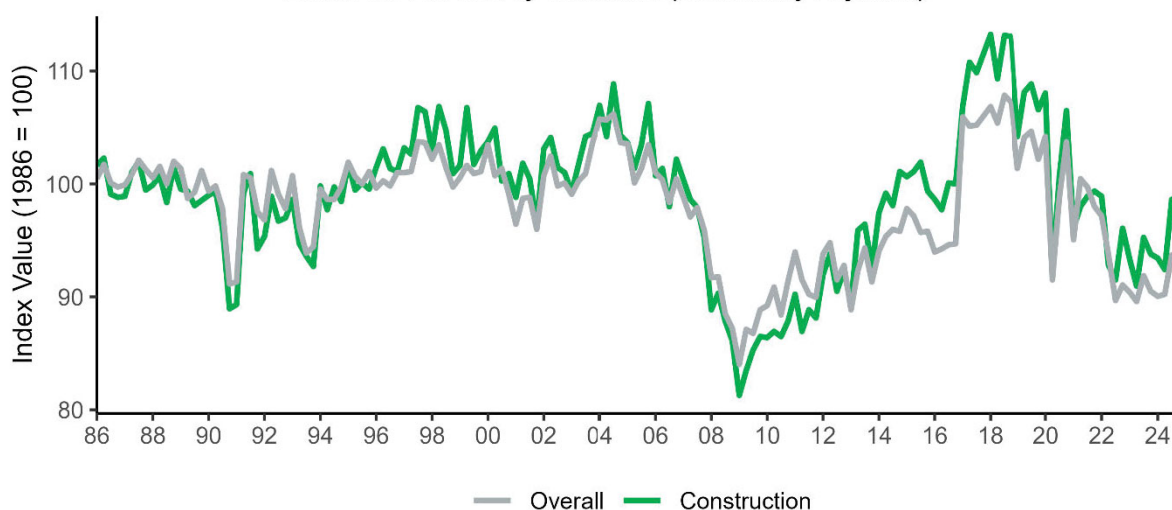


The Industry data are aggregated and seasonally adjusted through the [nfib-sbet.org](https://nfib-sbet.org) website. The “overall” (all firms) data are as published [here](#) and may differ slightly from website results due to rounding and seasonal adjustment differences.

### CONSTRUCTION

#### NFIB Small Business Optimism Index

*Based on Ten Survey Indicators (Seasonally Adjusted)*



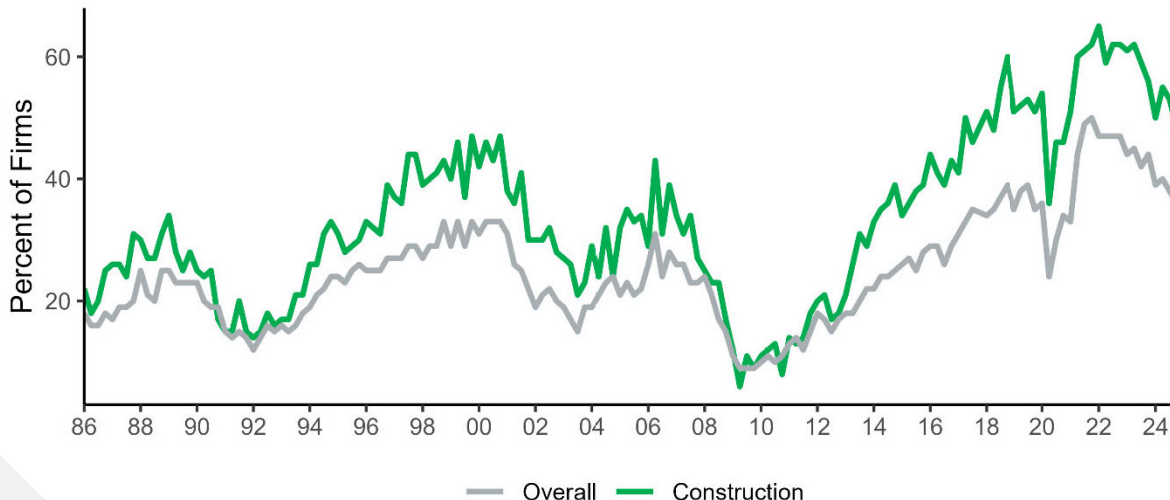
Index Components (Seasonally Adjusted)	Construction	Change from Last Quarter	Overall
Plans to Increase Employment	21%	-2	15%
Plans to Make Capital Outlays	25%	0	22%
Plans to Increase Inventories	-5%	-9	-2%
Expect Economy to Improve	-4%	-1	-5%
Expect Real Higher Sales	1%	5	-4%
Current Inventory (Too Low)	2%	3	-2%
Current Job Openings	48%	-5	35%
Expected Credit Conditions	-9%	-1	-6%
Now a Good Time to Expand	10%	3	6%
Earnings Trends	-23%	-4	-33%
<b>Optimism Index</b>	<b>97.2</b>	<b>-1.4</b>	<b>93.7</b>

The Optimism Index for the construction industry in October was 97.2, down 1.4 points from July and higher than the overall Optimism Index by 3.5 points. Owners in the construction industry were the most optimistic among the four reported industries and had the largest deviation from the all firms Index.

Small businesses in the construction industry had the highest percentage of unfilled job openings among the four reported industries at 48 percent, down 5 points from last quarter. Job openings in construction were 13 points higher than for all firms. Forty-five percent of the job openings in construction are for skilled workers (down 6 points from last quarter), and eighteen percent are for unskilled workers (unchanged from last quarter). Fifty-four percent of construction firms reported few or no qualified applicants, down 2 points from July.

### Job Openings

*Percent With Positions Not Able to Fill Right Now*



A net 21 percent of small firms in the construction industry plan (hope) to hire in the next three months, down 2 points from last quarter and the second highest of the four reported industries, following services. Hiring plans in this industry were 6 points higher than the overall reading.

## Hiring Plans

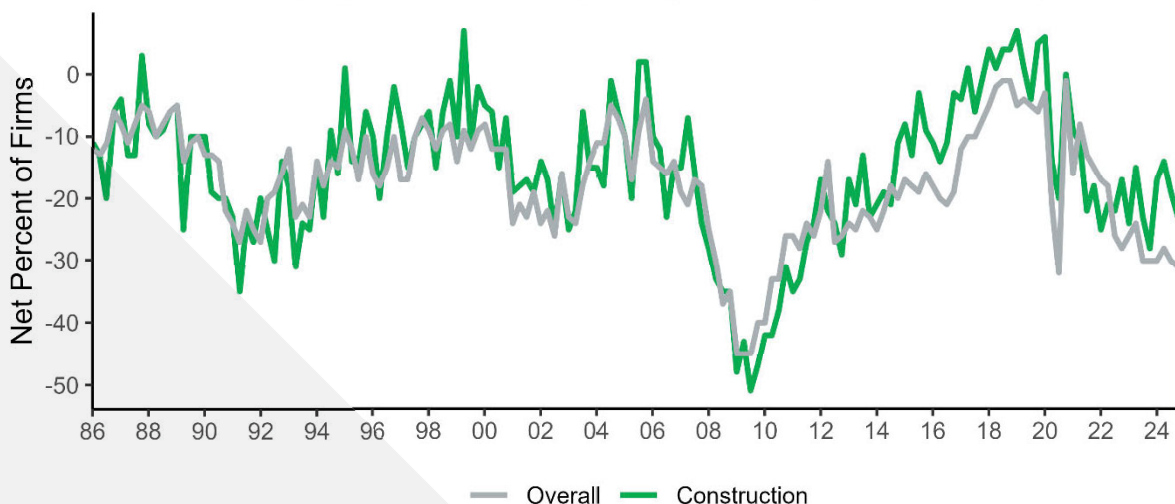
*Net Percent ("Increase" Minus "Decrease") in the Next Three Months*



Earnings trends in construction fell 4 points from July to a net negative 23 percent. Although there was a decrease from the previous quarter, the construction industry is seeing better earnings trends than the four reported industries and the all firms reading. Cost side inflation (including wages) has devastated profitability for many firms across industries.

## Actual Earnings Changes

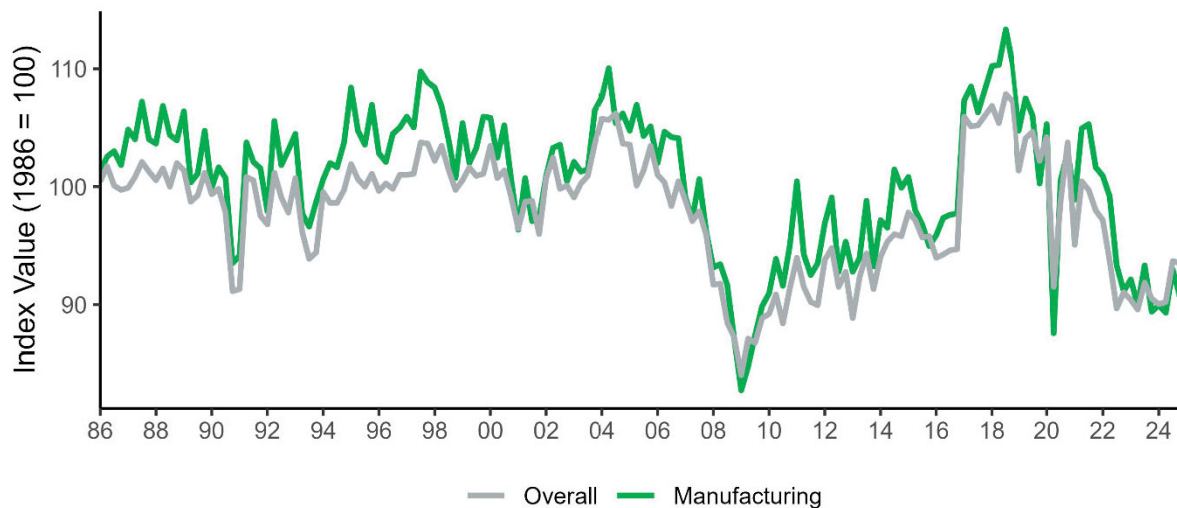
*Net Percent ("Higher" Minus "Lower") Last Quarter Compared to the Prior Quarter*



### MANUFACTURING

#### NFIB Small Business Optimism Index

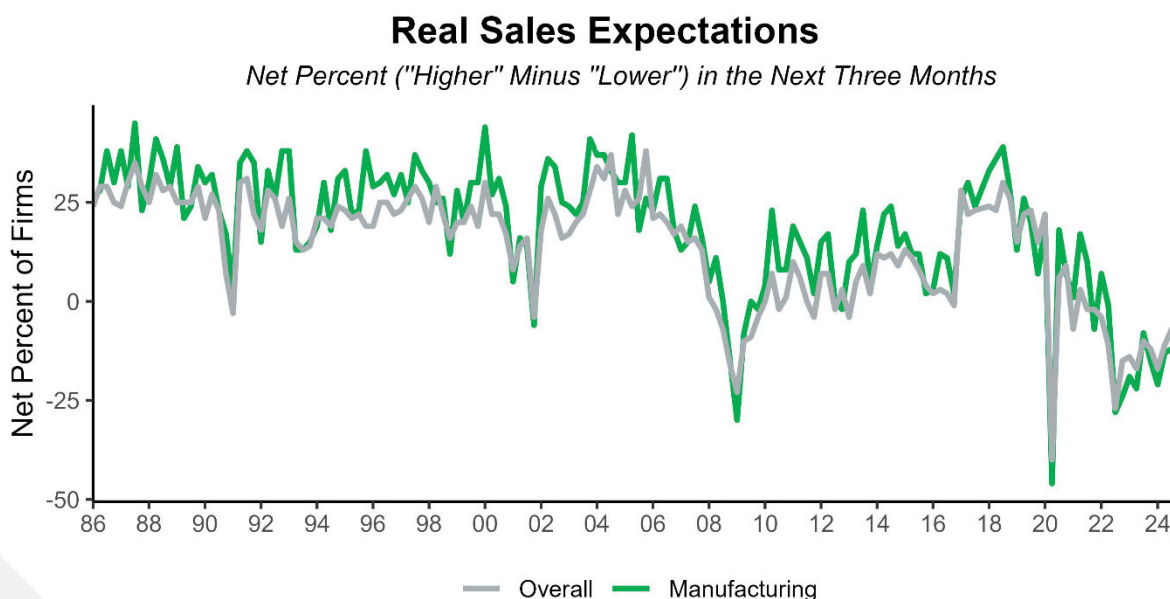
*Based on Ten Survey Indicators (Seasonally Adjusted)*



Index Components (Seasonally Adjusted)	Manufacturing	Change from Last Quarter	Overall
Plans to Increase Employment	5%	-8	15%
Plans to Make Capital Outlays	27%	-1	22%
Plans to Increase Inventories	-14%	-12	-2%
Expect Economy to Improve	0%	4	-5%
Expect Real Higher Sales	-9%	3	-4%
Current Inventory (Too Low)	-11%	-4	-2%
Current Job Openings	32%	-6	35%
Expected Credit Conditions	-4%	4	-6%
Now a Good Time to Expand	6%	2	6%
Earnings Trends	-36%	0	-33%
<b>Optimism Index</b>	90.7	-2.2	93.7

The Optimism Index for manufacturing in October was 90.7, down 2.2 points from July and 3 points below the overall Optimism Index. Optimism in the manufacturing sector was the lowest reading of all four reported industries. The decline in the Optimism Index was largely due to plans to increase inventories, which fell 12 points from July to a net negative 14 percent (i.e. more firms reducing than adding to inventories).

The percent of firms in the manufacturing sector expecting strong future sales rose 3 points in October from the second quarter to a net negative 9 percent, still very weak. Although a small improvement, manufacturing firms had the poorest reading (tied with services) among the four reported industries and was 5 points worse than the all firms reading.

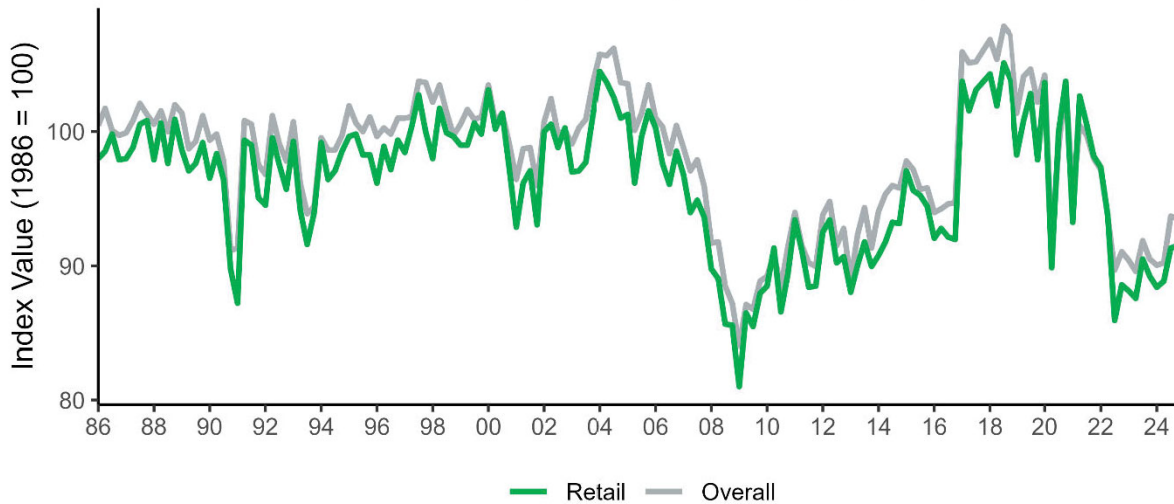


The manufacturing industry had the highest percent of firms (among all four reported industries) reporting plans to make capital outlays in the next three to six months. Plans to make capital outlays were reported by 27 percent of the firms in the industry, down 1 point from the prior quarter and 5 points better than the all firms reading.

### RETAIL

#### NFIB Small Business Optimism Index

*Based on Ten Survey Indicators (Seasonally Adjusted)*



Index Components (Seasonally Adjusted)	Retail	Change from Last Quarter	Overall
Plans to Increase Employment	4%	-8	15%
Plans to Make Capital Outlays	25%	9	22%
Plans to Increase Inventories	-4%	0	-2%
Expect Economy to Improve	-5%	8	-5%
Expect Real Higher Sales	-8%	0	-4%
Current Inventory (Too Low)	-2%	3	-2%
Current Job Openings	32%	-9	35%
Expected Credit Conditions	-4%	3	-6%
Now a Good Time to Expand	2%	-2	6%
Earnings Trends	-40%	-2	-33%
<b>Optimism Index</b>	<b>91.5</b>	<b>0.2</b>	<b>93.7</b>

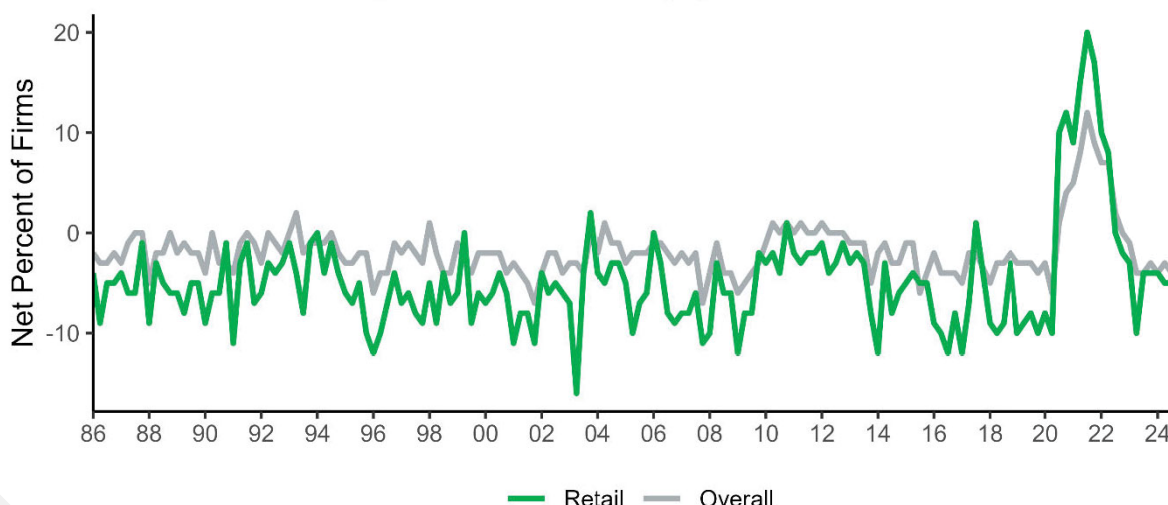


The Optimism Index for the retail sector increased 0.2 points from the prior quarter to 91.5. The industry index was 2.2 points below the all firms reading. The largest contributors to the quarterly change in the Optimism Index were plans to make capital outlays, current job openings, plans to increase employment, and expecting the economy to improve.

A net negative 2 percent of retailers report current inventory levels “too low,” up 3 points from July and matching the overall reading. Additionally, a net negative 4 percent plan to increase inventories over the next three to six months, unchanged from July but 2 points worse than all firms. With holiday shopping on the horizon, retailers expect to reduce stocks they are currently accumulating for the holidays.

## Inventory Satisfaction

*Net Percent (“too low” minus “too large”) in the Next Three Months*



The percent of small firms in the retail industry expecting strong future sales remained the same as in July at a net negative 8 percent. This was 4 points worse than the overall reading.



## Real Sales Expectations

*Net Percent ("Higher" Minus "Lower") in the Next Three Months*

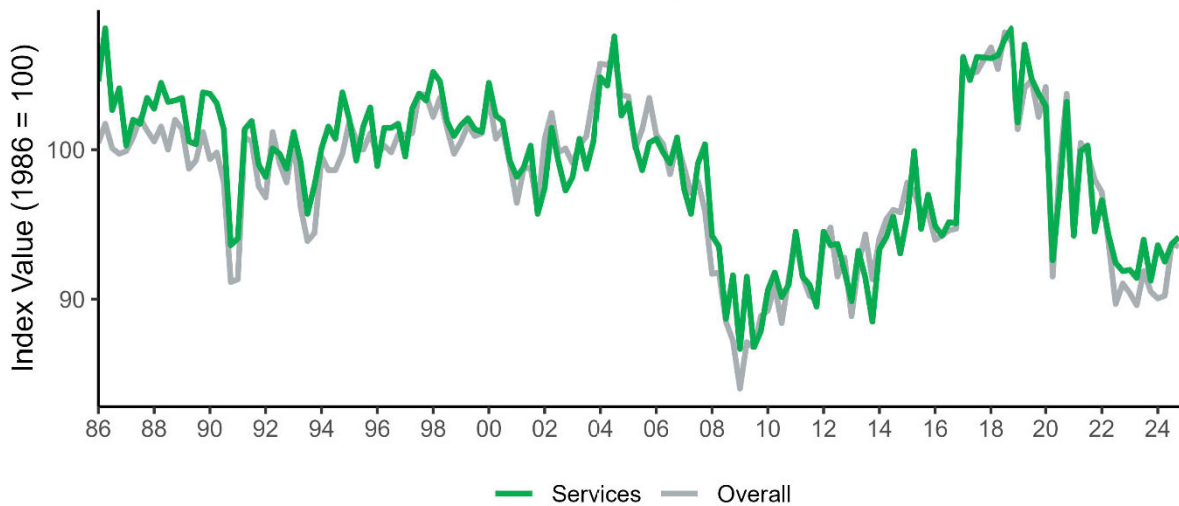


Also notable, the retail industry had the lowest percent of firms with hiring plans (4 percent), as well as the greatest variance from the overall reading (a difference of 11 points) among all reported industries. Earning trends in the retail industry were also the lowest among all industries at a net negative 40 percent, down 2 points from the last quarter and 7 points worse than the overall reading.

## SERVICES

### NFIB Small Business Optimism Index

*Based on Ten Survey Indicators (Seasonally Adjusted)*



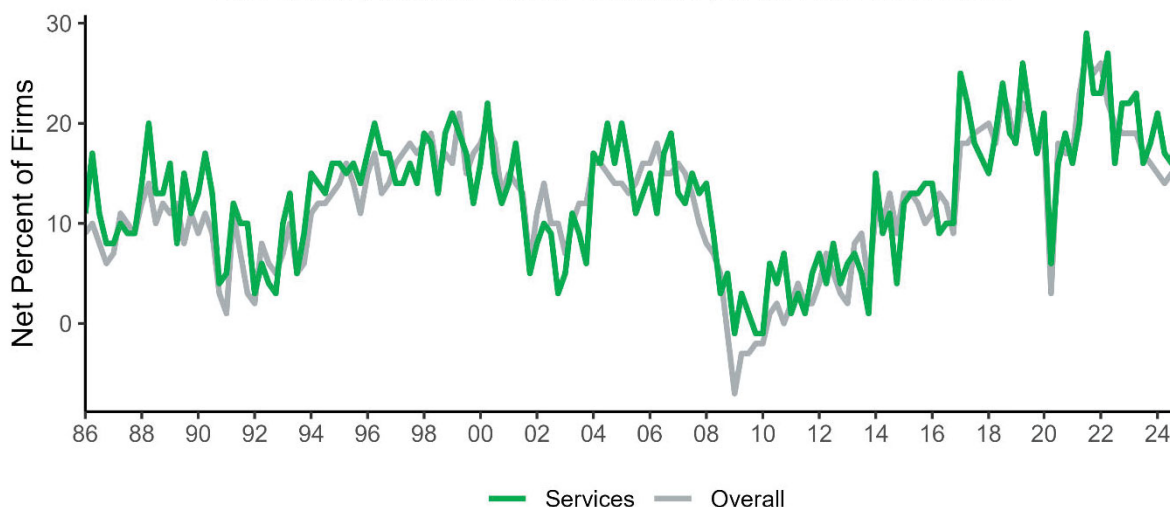
Index Components (Seasonally Adjusted)	Services	Change from Last Quarter	Overall
Plans to Increase Employment	22%	6	15%
Plans to Make Capital Outlays	19%	4	22%
Plans to Increase Inventories	-2%	0	-2%
Expect Economy to Improve	-4%	7	-5%
Expect Real Higher Sales	-9%	-5	-4%
Current Inventory (Too Low)	-1%	2	-2%
Current Job Openings	38%	-2	35%
Expected Credit Conditions	-5%	0	-6%
Now a Good Time to Expand	5%	1	6%
Earnings Trends	-33%	-9	-33%
<b>Optimism Index</b>	94.2	0.4	93.7

In October, the Optimism Index for the services industry was 94.2, up 0.4 of a point from July. The services industry had the closest reading to the overall Optimism Index across the four reported industries.

Firms in the services sector had the greatest percent of firms reporting hiring plans compared to the other three industries. A net 22 percent of small firms in the services sector plan to hire in the next three months, up 6 points from July and 7 points greater than the overall reading.

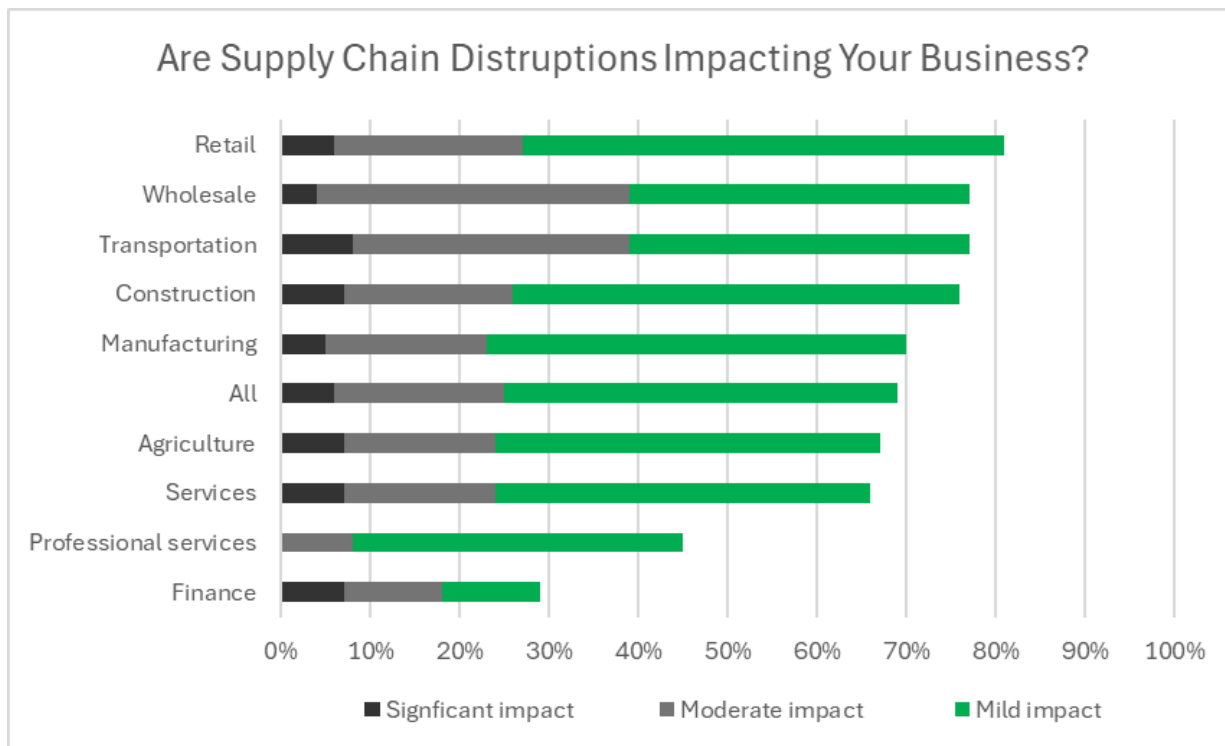
### Hiring Plans

*Net Percent ("Increase" Minus "Decrease") in the Next Three Months*



The increase in the services sector's optimism was largely driven by an improvement in the outlook for general business conditions. A net negative 4 percent of small business owners in the services industry reported they expect the economy to improve, meaning 4 percent more small business owners think that conditions will be worse than those who think it will be better six months from now. October's reading was 7 points better than July, and 1 point higher than the overall reading.

## EXTRA



Sixty-nine percent of all small business owners reported being impacted by supply chain disruptions (significant, moderate, or mild). Of all industries, retail had the greatest number of firms reporting supply chain disruptions, with 81 percent of those in the industry reporting some degree of impact. Six percent in the retail sector reported a significant impact, 21 percent a moderate impact, and 54 percent a mild impact. The wholesale and transportation industries followed, with both having 77 percent firms reporting a supply chain disruption impact. The industries that were least impacted by supply chain disruptions remained the same as last quarter: professional services (45 percent) and finance (29 percent).