



**Small Business  
Economic Trends  
Industry Report**

**July 2024**

The Industry data are aggregated and seasonally adjusted through the [nfib-sbet.org](https://nfib-sbet.org) website. The “overall” 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	23%	7	15%
Plans to Make Capital Outlays	25%	7	23%
Plans to Increase Inventories	4%	12	2%
Expect Economy to Improve	-3%	28	-7%
Expect Real Higher Sales	-4%	14	-9%
Current Inventory (Too Low)	-1%	1	-4%
Current Job Openings	53%	-1	38%
Expected Credit Conditions	-8%	1	-7%
Now a Good Time to Expand	7%	3	5%
Earnings Trends	-19%	-5	-30%
<b>Optimism Index</b>	<b>98.6</b>	<b>6.3</b>	<b>93.7</b>

The Optimism Index for the construction industry in July was 98.6, up 6.3 points from the previous quarter and higher than the overall Optimism Index by 4.9 points. Owners in the construction industry were the most optimistic among the four reported industries.

Small businesses in the construction industry had the highest percentage of unfilled job openings among the four reported industries at 53 percent, down 1 point from April. Fifty-one percent of the job openings in construction are for skilled workers (unchanged from last quarter), and eighteen percent are for unskilled workers (down 1 point from last quarter). Fifty-six percent of construction firms reported few or no qualified applicants, down 2 points from April.

### Job Openings

*Percent With Positions Not Able to Fill Right Now*



A net 23 percent of small firms in the construction industry plan to hire in the next three months, up 7 points from last quarter and the highest of the four reported industries. Hiring plans in this industry were 8 points higher than the overall reading.

### Hiring Plans

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



Rising prices for materials (lumber, copper, etc.) have increased the cost of production. Thirty-eight percent of construction firms reported raising their selling prices in July, down 10 points from last quarter. Earnings trends in construction fell 5 points from the previous quarter to a net negative 19 percent. Small businesses in the construction industry are seeing better earnings than most firms, with an overall reading of a net negative 30 percent. The construction industry had the best performance reported among the four industries.

### Actual Earnings Changes

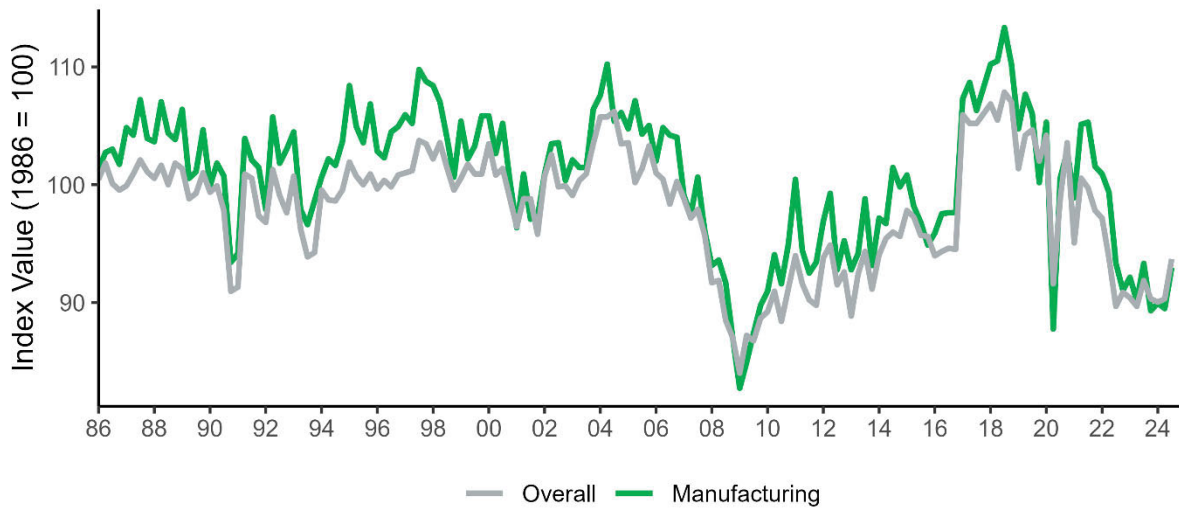
*Net Percent ("Higher" Minus "Lower") Last Quarter Compared to the Prior Quarter*



**MANUFACTURING**

**NFIB Small Business Optimism Index**

*Based on Ten Survey Indicators (Seasonally Adjusted)*



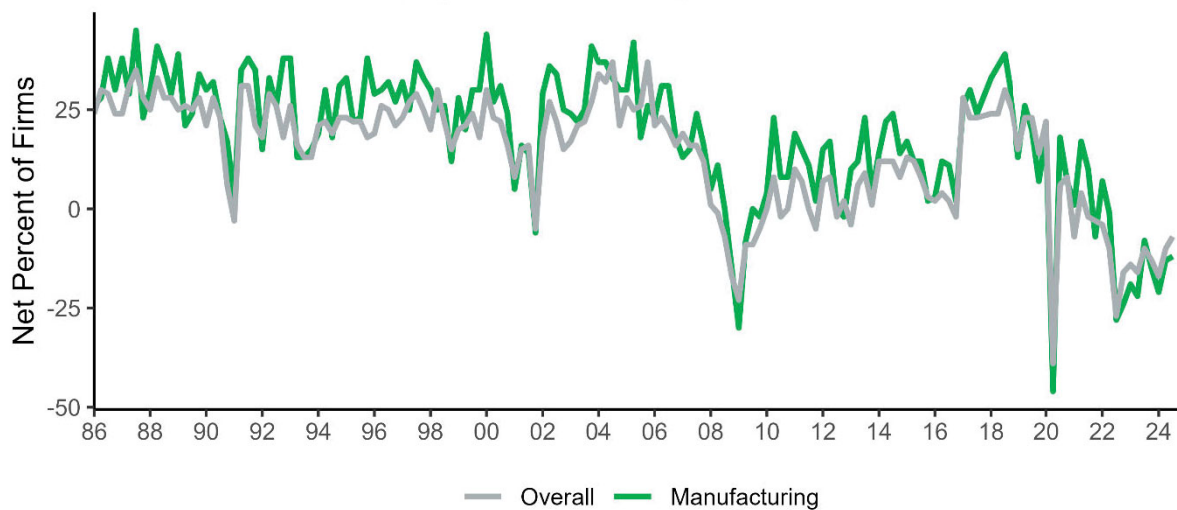
Index Components (Seasonally Adjusted)	Manufacturing	Change from Last Quarter	Overall
Plans to Increase Employment	13%	7	15%
Plans to Make Capital Outlays	28%	-4	23%
Plans to Increase Inventories	-2%	2	2%
Expect Economy to Improve	-4%	37	-7%
Expect Real Higher Sales	-12%	1	-9%
Current Inventory (Too Low)	-7%	2	-4%
Current Job Openings	38%	1	38%
Expected Credit Conditions	-8%	3	-7%
Now a Good Time to Expand	4%	-1	5%
Earnings Trends	-36%	-11	-30%
<b>Optimism Index</b>	<b>92.9</b>	<b>3.4</b>	<b>93.7</b>

The Optimism Index for manufacturing in July was 92.9, up 3.4 point from April and 0.8 points below the overall Optimism Index. Optimism in the manufacturing sector was the second lowest reading of all four reported industries, behind retail which had the lowest.

The percent of firms in the manufacturing sector expecting strong future sales rose 1 point in July from the second quarter to a net negative 12 percent. Although a small improvement, manufacturing firms had the poorest reading among the four reported industries and was 3 points worse than the overall reading.

### Real Sales Expectations

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



Manufacturing firms had the largest change from the prior quarter among all reported industries for those expecting the economy to improve with a reading of net negative 4 percent, a 37-point improvement from April. July's reading for manufacturing firms was 3 points better than the overall reading.

**RETAIL**

**NFIB Small Business Optimism Index**

*Based on Ten Survey Indicators (Seasonally Adjusted)*



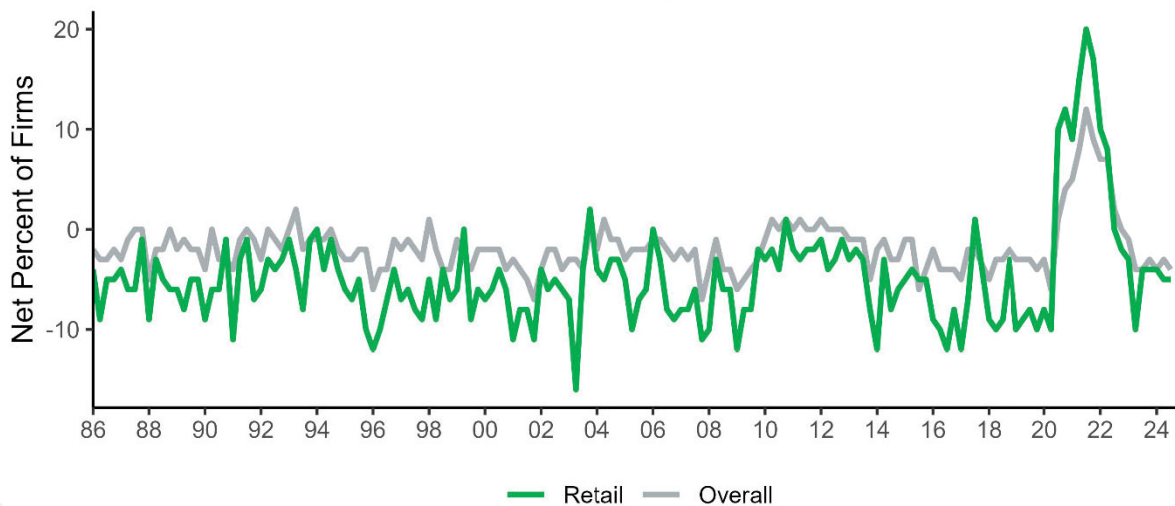
Index Components (Seasonally Adjusted)	Retail	Change from Last Quarter	Overall
Plans to Increase Employment	12%	-2	15%
Plans to Make Capital Outlays	16%	-5	23%
Plans to Increase Inventories	-4%	0	2%
Expect Economy to Improve	-13%	23	-7%
Expect Real Higher Sales	-8%	5	-9%
Current Inventory (Too Low)	-5%	0	-4%
Current Job Openings	41%	-1	38%
Expected Credit Conditions	-7%	1	-7%
Now a Good Time to Expand	4%	2	5%
Earnings Trends	-38%	1	-30%
<b>Optimism Index</b>	<b>91.3</b>	<b>2.3</b>	<b>93.7</b>

Retailers exhibited the lowest level of optimism among the four reported industries in July with an industry Optimism Index of 91.3, compared to 93.7 overall. Although retail optimism is the lowest among industries it improved 2.3 points from April.

A net negative 5 percent of retailers report current inventory levels “too low,” the second lowest reading of the reported industries following the manufacturing sector. This compares to a net negative 4 percent of all small businesses. Additionally, a net negative 4 percent plan to increase inventories over the next three to six months, unchanged from April but 6 points below all firms. Retail sales expectations are weak, and retailers aren’t planning to increase inventories as a result.

### 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 rose 5 points from July to a net negative 8 percent. This was one point better than the overall reading.



## Real Sales Expectations

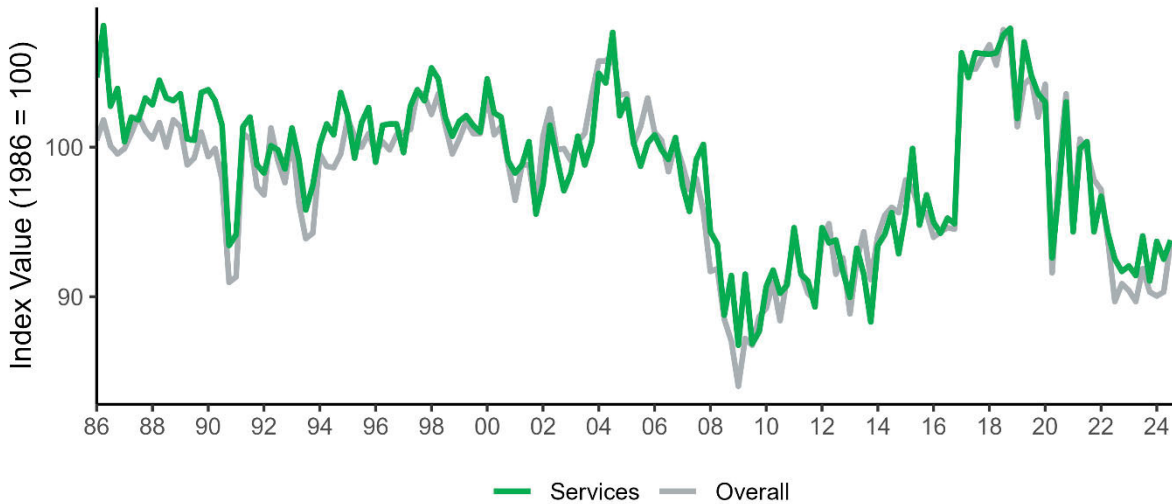
*Net Percent ("Higher" Minus "Lower") in the Next Three Months*



**SERVICES**

**NFIB Small Business Optimism Index**

*Based on Ten Survey Indicators (Seasonally Adjusted)*



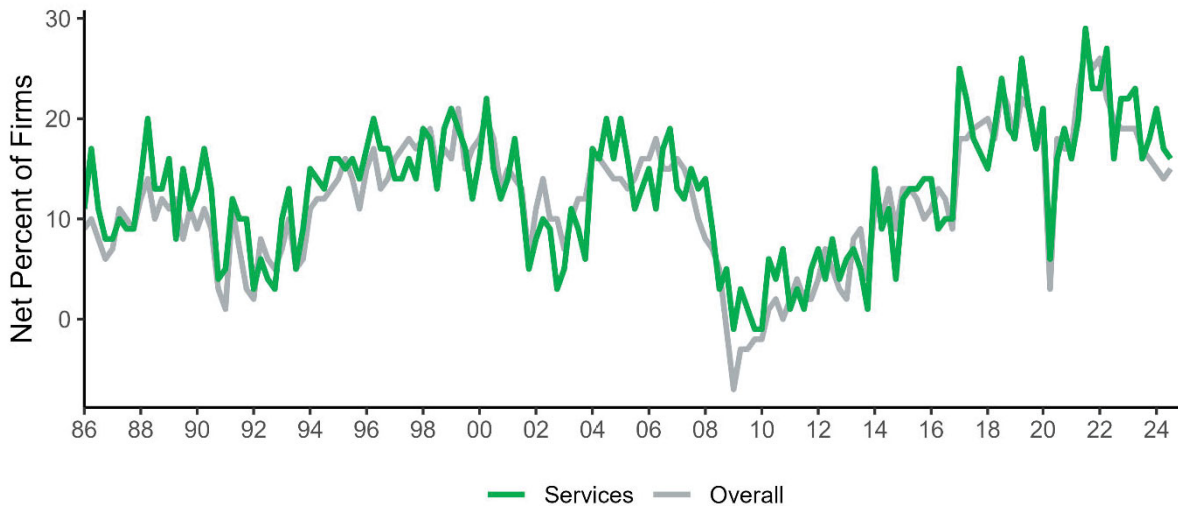
Index Components (Seasonally Adjusted)	Services	Change from Last Quarter	Overall
Plans to Increase Employment	16%	-1	15%
Plans to Make Capital Outlays	15%	1	23%
Plans to Increase Inventories	-2%	-4	2%
Expect Economy to Improve	-11%	29	-7%
Expect Real Higher Sales	-4%	-10	-9%
Current Inventory (Too Low)	-3%	-2	-4%
Current Job Openings	40%	3	38%
Expected Credit Conditions	-5%	0	-7%
Now a Good Time to Expand	4%	2	5%
Earnings Trends	-24%	-4	-30%
<b>Optimism Index</b>	<b>93.8</b>	<b>1.3</b>	<b>93.7</b>

In July, the Optimism Index for the services industry was 93.8, up 1.3 points from April.

Firms in the services sector display a similar trend in hiring plans to overall. A net 16 percent of small firms in the services sector plan to hire in the next three months, down 1 point from April. However, this was 1 point higher than the overall reading of a net 15 percent.

### Hiring Plans

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

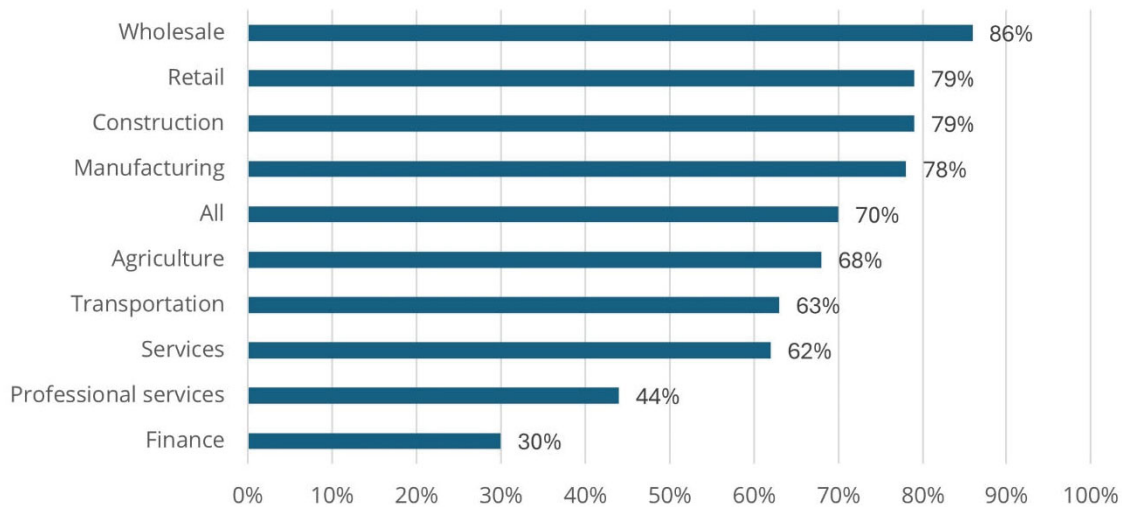


The increase in the services sector's optimism was largely driven by an improvement in the outlook for general business conditions. A net negative 11 percent of small business owners in the services industry reported they expect the economy to improve, meaning 11 percent more small business owners think that conditions will be worse than those who think it will be better six months from now. July's reading was 29 points above April, but 4 points lower than the overall reading.

**EXTRA**

**Are Supply Chain Disruptions Impacting Your Business?**

Percent of small business owners reporting a significant, moderate, or mild impact



Seventy percent of all small business owners reported being impacted by supply chain disruptions (significant, moderate, or mild). By industry it is not surprising that wholesale ranked the highest, with 86 percent of those small businesses reporting some degree of supply chain impact. Fifteen percent of small businesses in this sector reported experiencing a significant supply chain disruption impact. Retail and construction followed with 79 percent reporting being impacted by supply chain disruptions. The industries that were least impacted by supply chain disruptions were professional services and finance.