

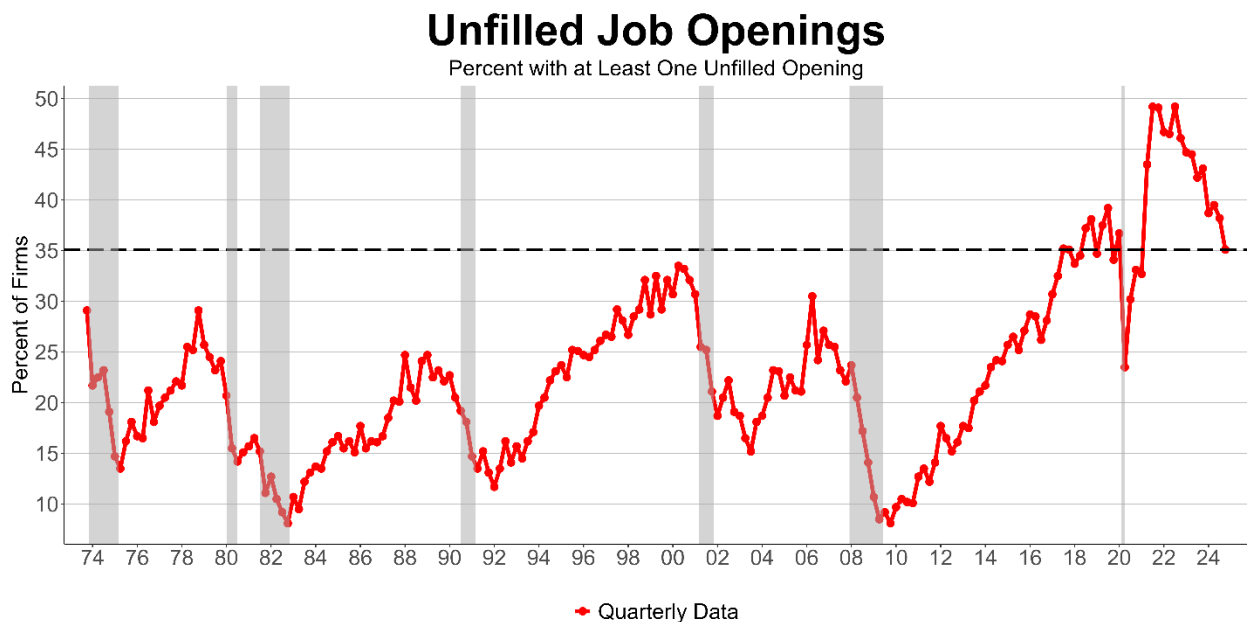
Bad Weather Muddies the Job Picture, But Small Business Employment Remains Strong

Based on 1197 respondents to the October survey of a random sample of NFIB's member firms, surveyed through 10/28/2024.

EMBARGO 1 PM THURSDAY

The U.S. Bureau of Labor Statistics (BLS) reported that, in September, 254,000 jobs were created in the U.S. economy. Revisions to estimates for July and August totaled 72,000 higher. The unemployment rate drifted lower from 4.2 percent to 4.1 percent. Overall, the job market remained solid according to government statistics, with food and drink establishments leading in gains followed by government job creation (direct and through subsidized activities like health care, social services, etc) which remained unusually large. Other private sector industry gains were less optimistic.

Specifically looking at small businesses, NFIB's October Small Business Economic Trends survey found 35 percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, up 1 point from September's lowest reading since January 2021. Thirty-one percent have openings for skilled workers (up 1 point) and 14 percent have openings for unskilled labor (unchanged). Overall, the job market seems to be softening.



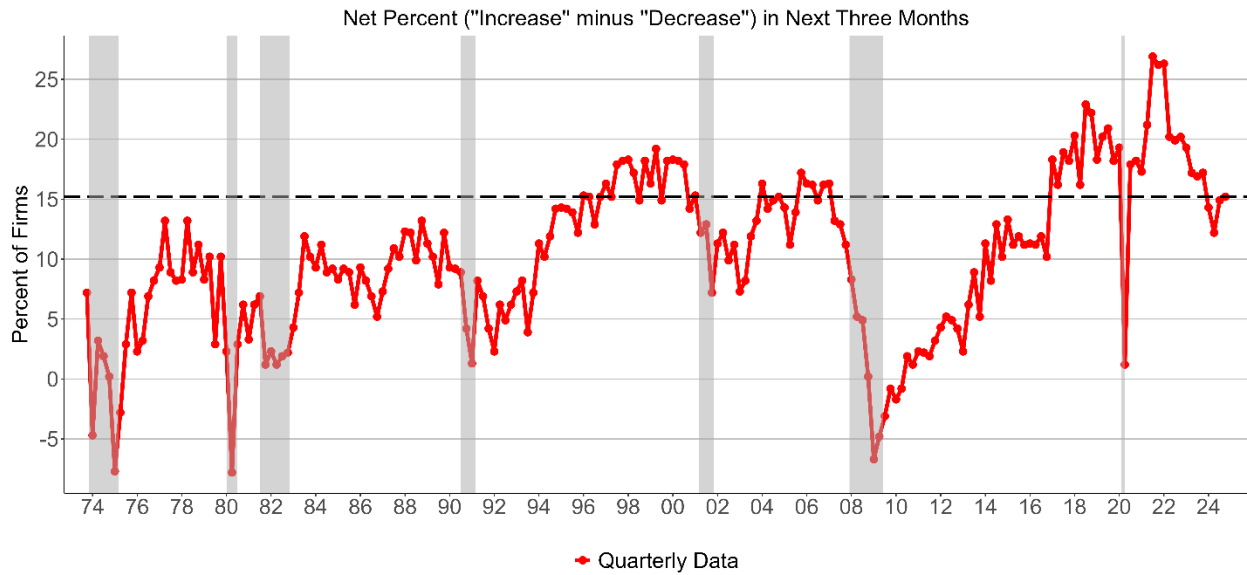
Job openings were the highest in the construction, transportation, and wholesale sectors, and the lowest in the agriculture and finance sectors. However, job openings in construction were down 4 points from last month with 49 percent having a job opening they can't fill. Overall, the percent of firms with one or more job openings they can't fill remains at exceptionally high levels, but more in line with the tight labor market of 2016-2019 timeframe than post-Covid levels. This indicates continued upward pressure on compensation and, ultimately, on inflation. As labor markets soften overall, small firms may find more success in filling open positions.

Industry- Percent with Job Openings

Industry	Oct. 2024	Oct. 2023
Construction	49%	58%
Transportation	42%	67%
Wholesale	39%	31%
Services	38%	47%
Professional services	35%	37%
Manufacturing	33%	44%
Retail	32%	41%
Finance	26%	18%
Agriculture	22%	34%

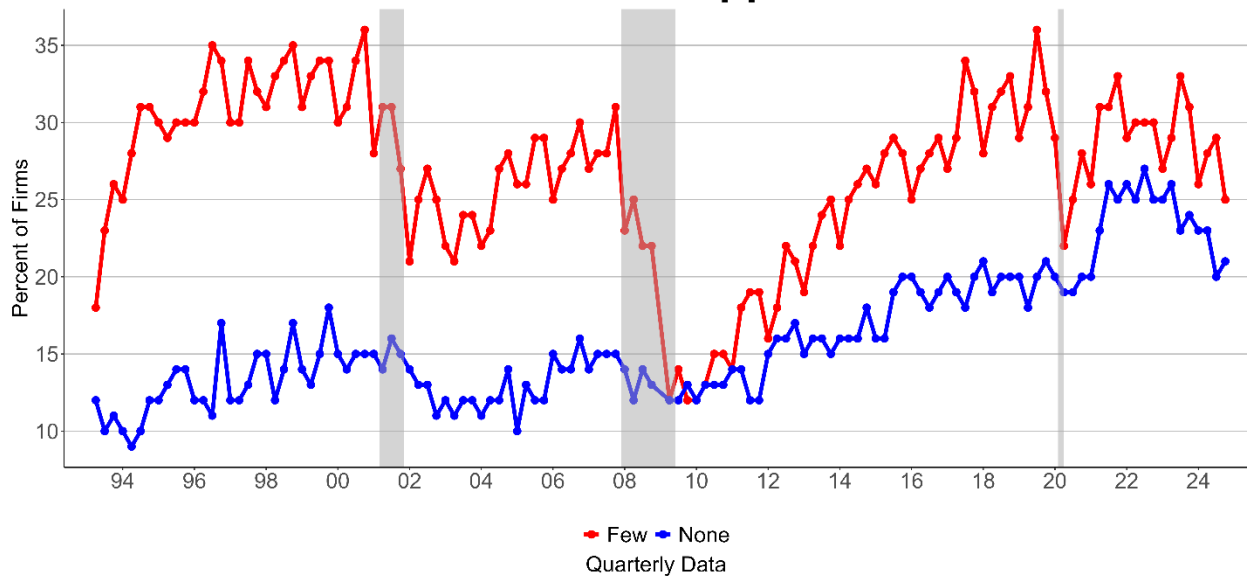
A seasonally adjusted net 15 percent of owners plan to create new jobs in the next three months, unchanged from September. Job creation plans are below the levels seen the last time the economy experienced solid growth but are in solid territory historically.

Job Creation Plans



Overall, 53 percent reported hiring or trying to hire in October, down 6 points from September and the lowest reading since January 2021. Forty-six 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 (down 6 points). Twenty-five percent of owners reported few qualified applicants for their open positions (down 5 points) and 21 percent reported none (down 1 point).

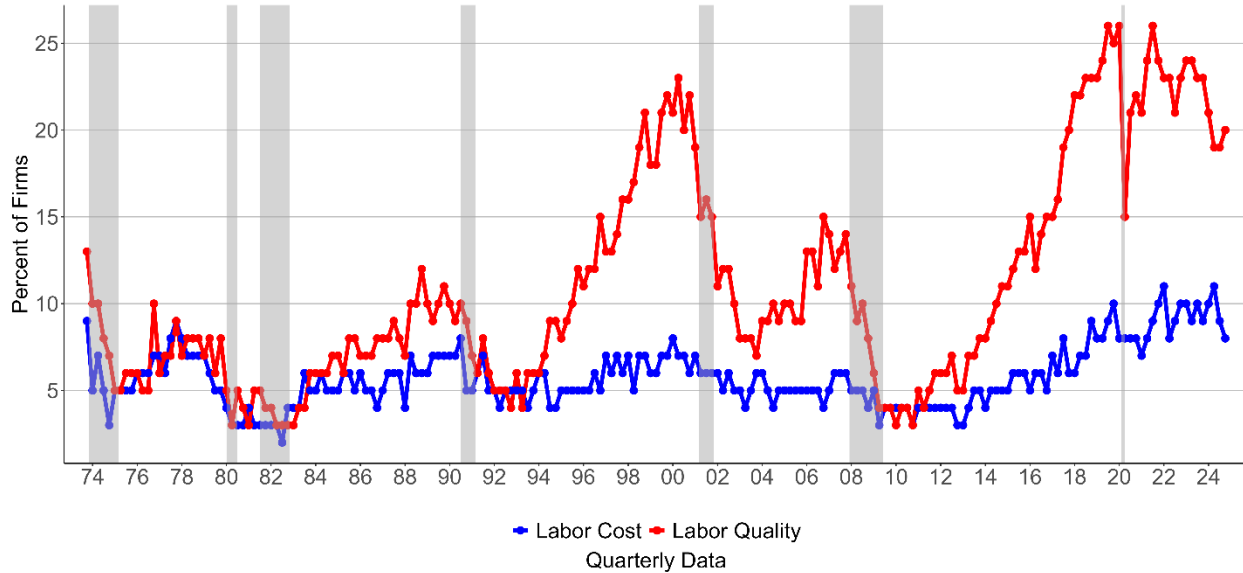
Qualified Job Applicants



The percent of small business owners reporting labor quality as their top small business operating problem rose 3 points from September to 20 percent. Labor

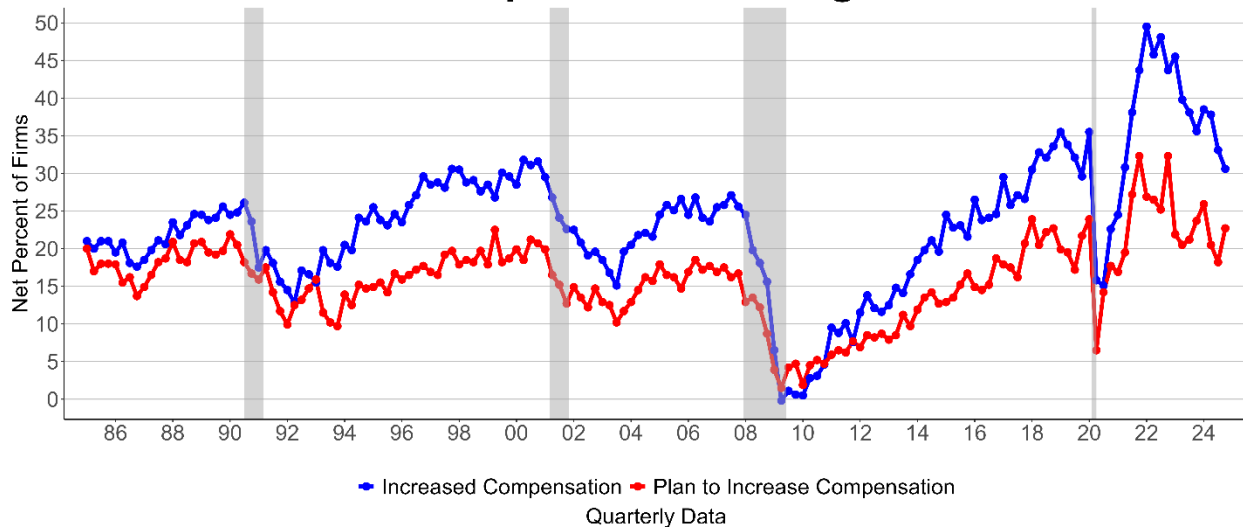
cost reported as the single most important problem for business owners fell 1 point to 8 percent, 5 points below the highest reading of 13 percent reached in December 2021.

Single Most Important Problem



Seasonally adjusted, a net 31 percent reported raising compensation, down 1 point from September. The last time this reading was at this level was April 2021. A net 23 percent (seasonally adjusted) plan to raise compensation in the next three months, unchanged from September. Labor costs appear to still be under pressure.

Planned and Actual Labor Compensation Changes



While the port strikes threatened to shake up the job market in September, they were resolved and the month ended quietly... until the weather took control. Within a two-week period, two major storms formed in the Gulf and heavily impacted the South-East economy. Data collection is disrupted and this, combined with major strike activity (Boeing), will inject uncertainty into the job reports. The Federal Reserve has also become a source of uncertainty, possible changes in the policy rate range from 0 to a cut of 50 basis points.

On Main Street, the job market remains challenging, with not much success in hiring to fill plentiful vacancies. More firms reported lower levels of employment than higher. Most firms trying to hire report few or no qualified applicants, in spite of frequent reports of wage hikes. In some segments of the economy (construction and transportation) shortages have become critical. It will be 2025 before significant signs of improvement in the weather impacted states will appear.