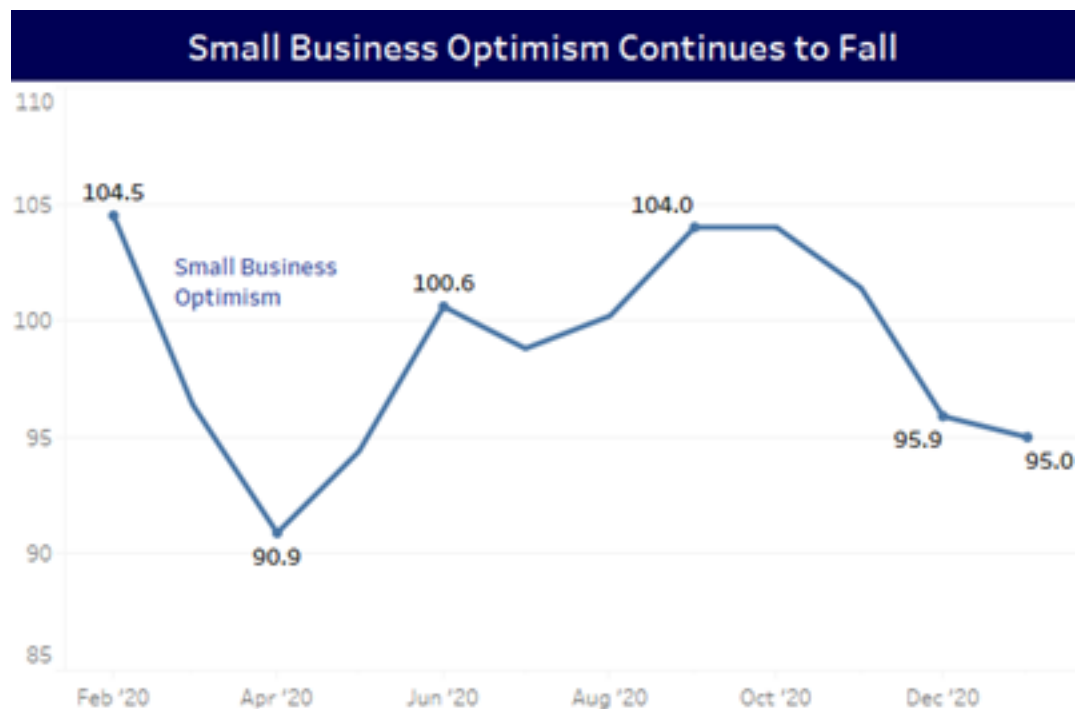


NFIB: Small Business Optimism Fell in January

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Small business optimism, as measured by the [National Federation of Independent Businesses \(NFIB\)](#), fell for the third straight month in January. Small businesses' outlook on the economy has eroded as COVID-19 cases have risen in recent months. Despite their cloudy outlook, small businesses are still hiring and planning to hire in the coming months.

By the numbers: NFIB's survey for small business optimism fell to 95 in January, down from 95.9 in December. As recently as September and October it was 104, which was where it stood in February 2020, prior to the pandemic. Clearly, rising caseloads have weighed on small businesses.



Details: The NFIB index is composed of 10 subindexes. Four of them stood still, two increased, and four fell in January. The biggest contributor to the index's overall decline was those businesses that expect the economy to improve over the next six months. A net -23% of small businesses surveyed see the economy improving (38.5% see it getting better compared to 61.5 that see it getting worse). This is a concerning result because the economy should improve as vaccinations increase and case levels drop.

But... Even though businesses are souring on the economy they are hiring. 33% of small businesses have openings, the same amount have positions open that they cannot fill, as many businesses have added jobs the last three months as have decreased employment, and 58.5% plan

to increase employment in the next three months. Finding qualified applicants is still the number one concern of small businesses.

Bottom line: Hopefully the downturn in small businesses' outlook is driven by recent problems with the virus and not something they see coming down the road that other observers are missing. Most data point to a strong economic surge by the middle of this year once case levels fall more because of broader vaccination levels and the reopening of bars, restaurants, and other services that have been closed or at reduced capacity for nearly a year.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce