



**Small Business  
Economic Trends**

**QUARTERLY  
INDUSTRY  
REPORT**

**January 2025**



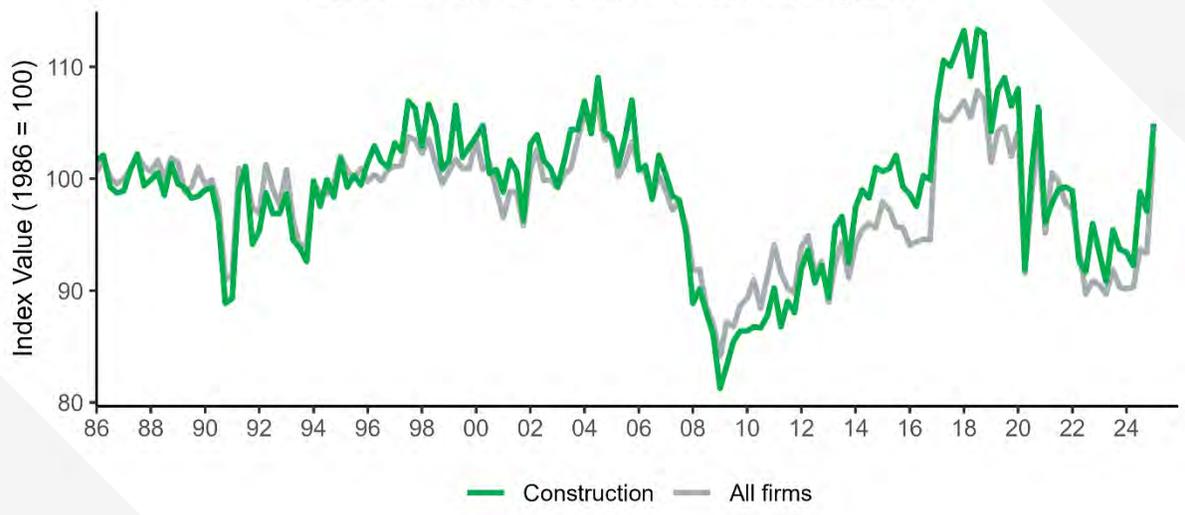
## Small Business Economic Trends

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.

- The Optimism Index for all four reported industries (construction, manufacturing, retail, and services) increased from the prior quarter and were higher than the 51-year average.
- All reported industries (except for retail) were more optimistic than the overall small business population. Optimism was the greatest for firms in the manufacturing industry and the lowest for those in retail.
- Small businesses in the construction industry had the highest percent of unfilled job openings (49 percent) and hiring plans (net 32 percent) of the four reported industries.
- The manufacturing industry had the highest percent of firms expecting strong future sales (net 21 percent) of the four reported industries, and was 1 point higher than the all firms reading.
- Twenty-seven percent of manufacturing small firms reported plans to make capital outlays in the next three to six months, the highest of all reported industries.
- The retail industry had the lowest percent of firms with hiring plans (net 12 percent), 6 points worse than the all firms reading.
- A net 48 percent of small business owners in the services industry reported they expect the economy to improve. January’s reading was 52 points better than in October, and 1 point higher than the all firms reading.
- Of the four reported industries, construction (71 percent) and retail (70 percent) had the greatest impact from supply chain disruptions.

## Construction

**NFIB Small Business Optimism Index**  
Based on Ten Survey Indicators (Seasonally Adjusted)



Index Components (Seasonally Adjusted)	Construction	Change from Last Quarter	All Firms
Plans to Increase Employment	32%	11	18%
Plans to Make Capital Outlays	22%	-3	20%
Plans to Increase Inventories	-2%	3	0%
Expect Economy to Improve	48%	53	47%
Expect Real Higher Sales	17%	16	20%
Current Inventory (Too Low)	-3%	-5	-1%
Current Job Openings	49%	1	35%
Expected Credit Conditions	-4%	5	-4%
Now a Good Time to Expand	16%	6	17%
Earnings Trends	-23%	-1	-25%
<b>Optimism Index</b>	<b>104.9</b>	<b>7.8</b>	<b>102.8</b>

In January, the Optimism Index for the construction industry was 104.9, up 7.8 points from October and higher than the all firms Index by 2.1 points. Owners in the construction industry were the second most optimistic of the four reported industries.

Small businesses in the construction industry had the highest percent of unfilled job openings of the four reported industries at 49 percent, down 1 point from last quarter. Job openings in construction were 14 points higher than for all firms. Forty-two percent of the job openings in construction are for skilled workers (down 3 points from last quarter), and 11 percent are for unskilled workers (up 3 points from last quarter). Fifty-one percent of construction firms reported few or no qualified applicants, down 3 points from October.

### Job Openings

*Percent With Positions Not Able to Fill Right Now*



A net 32 percent of small firms in the construction industry plan to hire in the next three months, up 11 points from last quarter and the highest of the four reported industries. Hiring plans in this industry were 14 points higher than the all firms reading.

## Hiring Plans

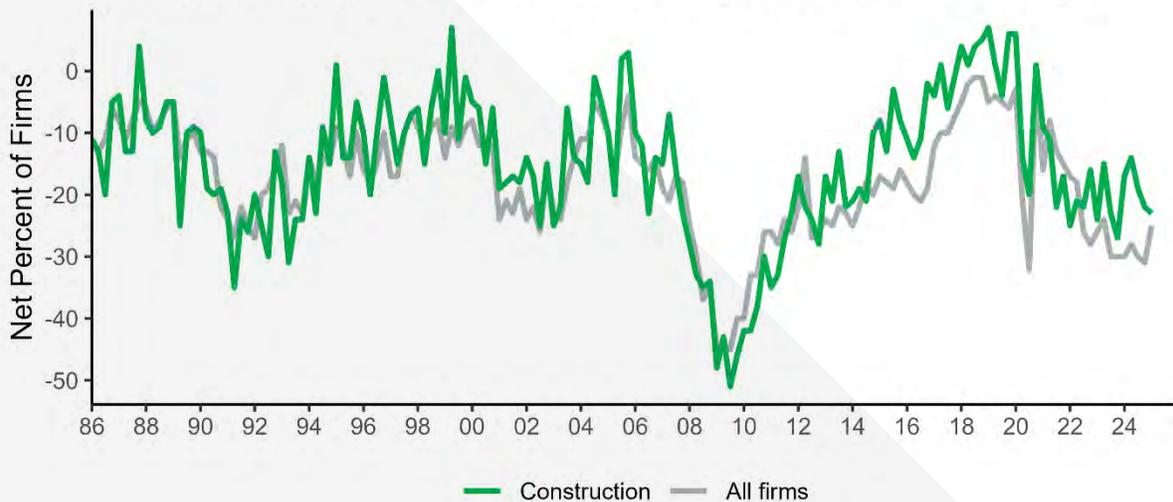
*Net Percent ("Increase" Minus "Decrease") in the Next Three Months*



Earnings trends in the construction industry fell 1 point from October 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 (2 points higher). Cost side inflation (including wages) has devastated profitability for many firms across industries.

## Actual Earnings Changes

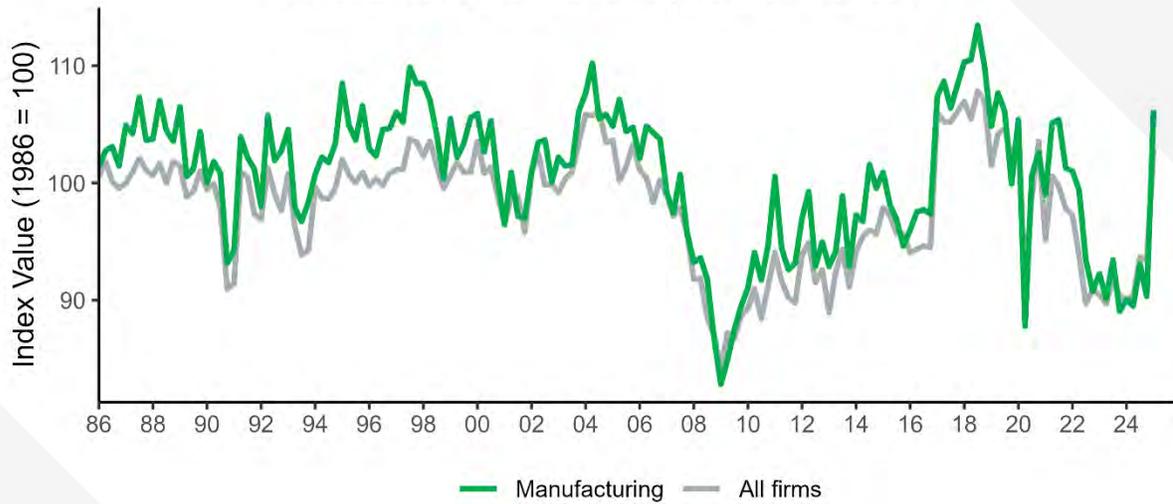
*Net Percent ("Higher" Minus "Lower") Last Quarter Compared to the Prior Quarter*



## MANUFACTURING

### NFIB Small Business Optimism Index

Based on Ten Survey Indicators (Seasonally Adjusted)



Index Components (Seasonally Adjusted)	Manufacturing	Change from Last Quarter	All Firms
Plans to Increase Employment	24%	19	18%
Plans to Make Capital Outlays	27%	0	20%
Plans to Increase Inventories	15%	30	0%
Expect Economy to Improve	57%	58	47%
Expect Real Higher Sales	21%	31	20%
Current Inventory (Too Low)	-1%	10	-1%
Current Job Openings	42%	10	35%
Expected Credit Conditions	-5%	-1	-4%
Now a Good Time to Expand	16%	11	17%
Earnings Trends	-31%	5	-25%
<b>Optimism Index</b>	<b>106.2</b>	<b>15.9</b>	<b>102.8</b>

The Optimism Index for the manufacturing industry was 106.2 in January, the highest of the four reported industries and 3.4 points higher than the all firms Index. January's reading was 15.9 points higher than October and had the largest quarterly change. The Optimism Index increase was largely due to expectations for better business conditions, real sales expectations, and plans to increase inventories.

The percent of firms in the manufacturing industry expecting strong future sales rose 31 points in January from the prior quarter to a net 21 percent. This was 1 point higher than the all firms reading and was the highest of the four reported industries.



The manufacturing industry had the highest percent of firms (of 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, unchanged from October and 7 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	All Firms
Plans to Increase Employment	12%	8	18%
Plans to Make Capital Outlays	18%	-7	20%
Plans to Increase Inventories	2%	6	0%
Expect Economy to Improve	38%	44	47%
Expect Real Higher Sales	18%	26	20%
Current Inventory (Too Low)	-9%	-7	-1%
Current Job Openings	35%	3	35%
Expected Credit Conditions	-1%	3	-4%
Now a Good Time to Expand	11%	9	17%
Earnings Trends	-26%	14	-25%
<b>Optimism Index</b>	<b>100.1</b>	<b>8.8</b>	<b>102.8</b>

The Optimism Index for the retail industry increased 8.8 points from October to 100.1. The industry index was 2.7 points below the all firms reading and the lowest of all reported industries, however it is still higher than the 51-year average. The largest contributors to the quarterly change in the Optimism Index were expectations for better business conditions (up 44 points) and real sales expectations (up 26 points).

A net negative 9 percent of retailers report current inventory levels as “too low,” down 7 points from October and 8 points worse than the all firms reading. Additionally, a net 2 percent plan to increase inventories over the next three to six months, up 6 points from October and 2 points better than all firms.

### 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 increased 26 points from October to a net 18 percent. Despite the large increase, sales expectations for the retail industry were 2 points lower than the all firms reading.

**Real Sales Expectations**

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

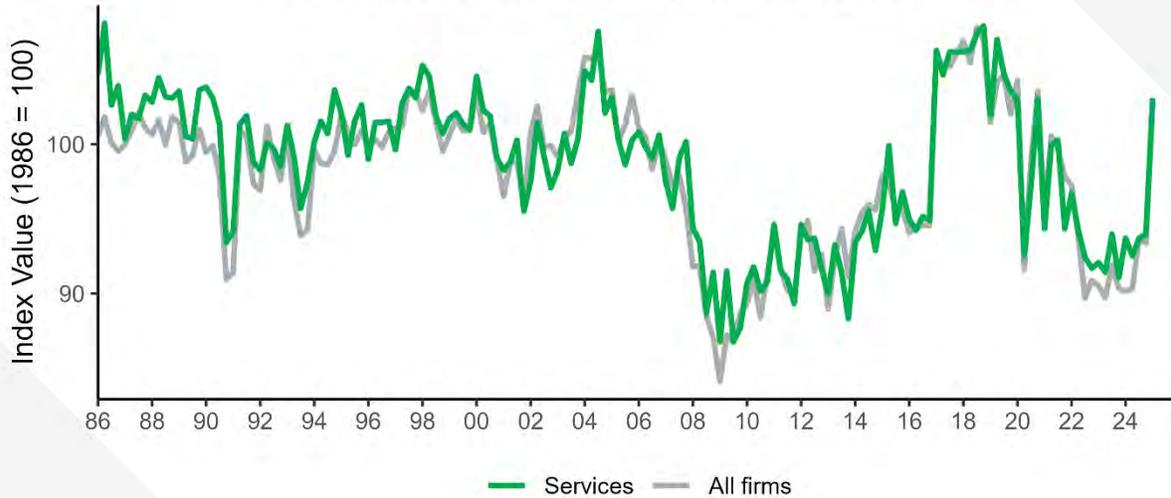


Also notable, the retail industry had the lowest percent of firms with hiring plans (net 12 percent), 6 points worse than the all firms reading. Despite the low reading, hiring plans increased 8 points in January from the prior quarter.

## SERVICES

### NFIB Small Business Optimism Index

*Based on Ten Survey Indicators (Seasonally Adjusted)*



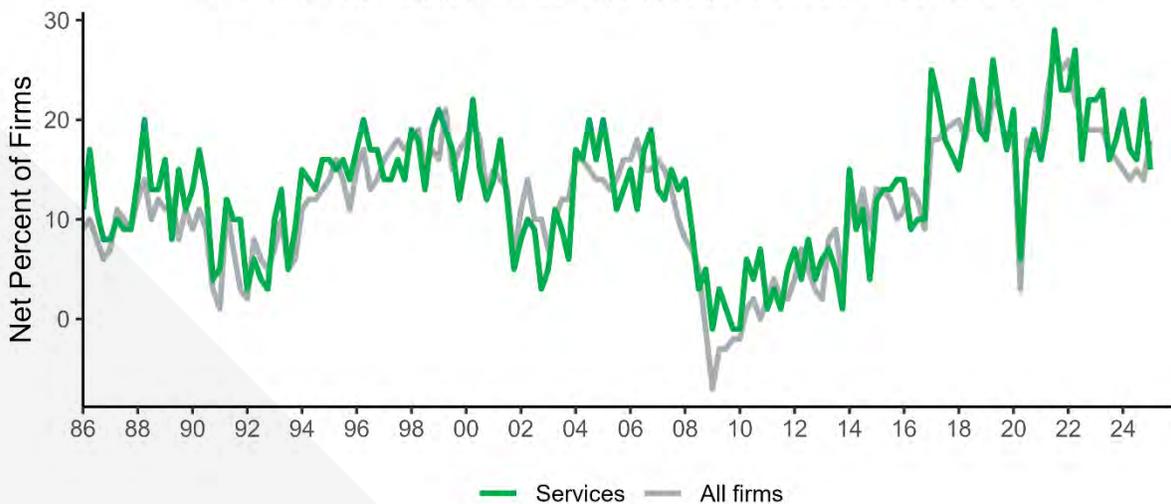
Index Components (Seasonally Adjusted)	Services	Change from Last Quarter	All Firms
Plans to Increase Employment	15%	-7	18%
Plans to Make Capital Outlays	20%	1	20%
Plans to Increase Inventories	4%	6	0%
Expect Economy to Improve	48%	52	47%
Expect Real Higher Sales	19%	29	20%
Current Inventory (Too Low)	1%	2	-1%
Current Job Openings	38%	0	35%
Expected Credit Conditions	-6%	-1	-4%
Now a Good Time to Expand	17%	12	17%
Earnings Trends	-25%	-8	-25%
<b>Optimism Index</b>	103.1	9.1	102.8

In January, the Optimism Index for the services industry was 103.1, up 9.1 points from October. The services industry had the closest reading to the all firms Optimism Index of the four reported industries with a 0.3-point difference.

A net 15 percent of firms in the services industry reported hiring plans in January, the closest to the all firms reading of the four reported industries (3-point difference). Hiring plans declined 7 points from October.

### Hiring Plans

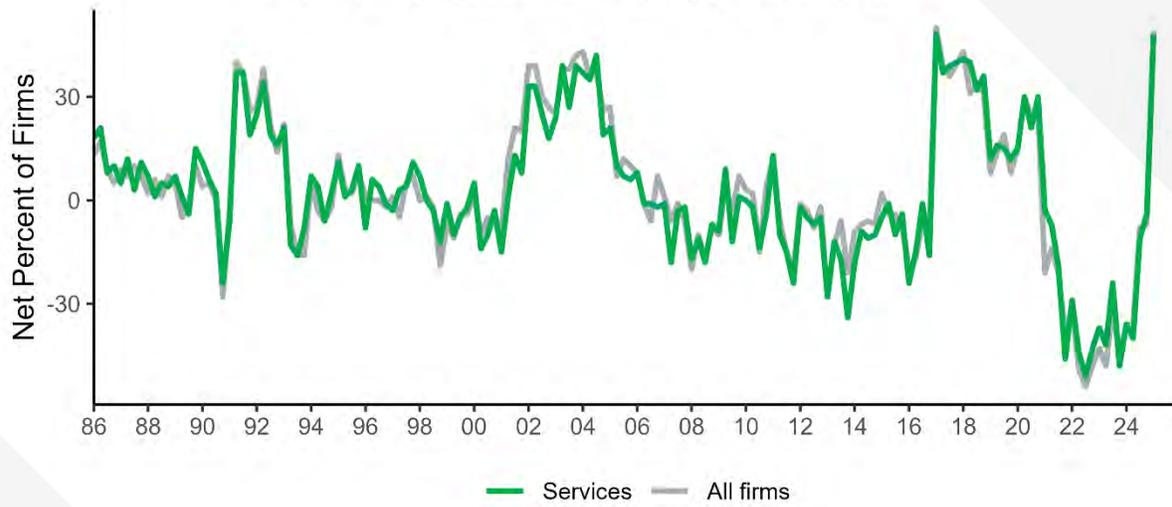
*Net Percent ("Increase" Minus "Decrease") in the Next Three Months*



The increase in the services industry's optimism was due to a large improvement in the outlook for general business conditions. A net 48 percent of small business owners in the services industry expect the economy to improve. January's reading was 52 points better than in October, and 1 point higher than the all firms reading.

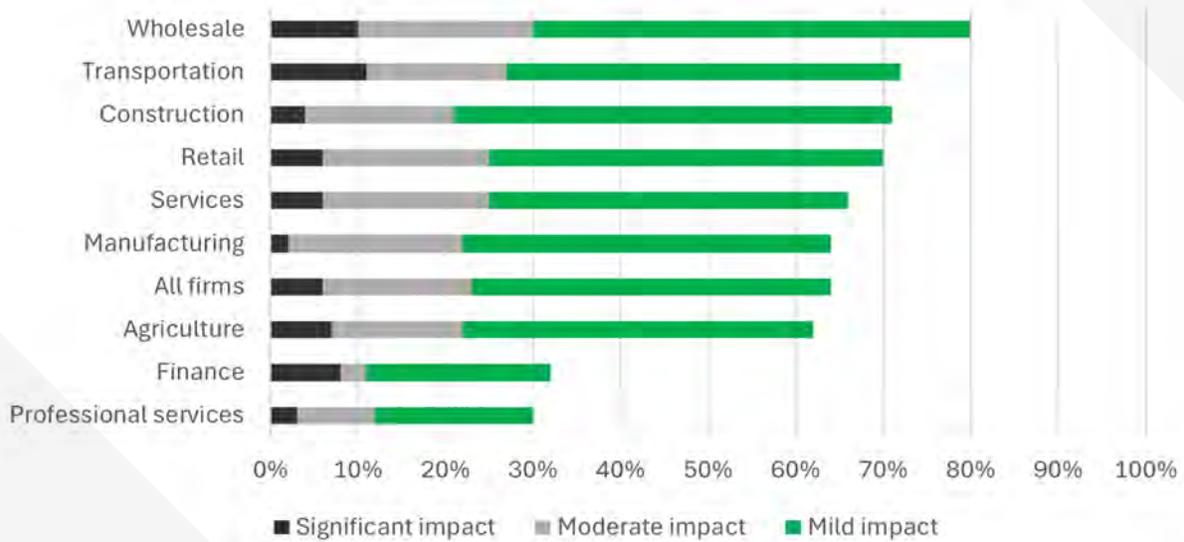
## Outlook for General Business Conditions

*Net Percent ("Better" Minus "Worse") Six Months From Now*



**EXTRA**

Are Supply Chain Disruptions Impacting Your Business?



Overall, 64 percent of all small business owners reported supply chain disruptions impacting their business to some degree (down 5 points from October). Six percent reported a significant impact, 17 percent a moderate impact, and 41 percent a mild impact.

Of all industries, wholesale had the greatest number of firms reporting supply chain disruptions (80 percent), followed by transportation (72 percent). Of the four reported industries, construction (71 percent) and retail (70 percent) had the greatest impact from supply chain disruptions. Four percent of construction firms reported a significant impact, 17 percent a moderate impact, and 50 percent a mild impact. For firms in the retail industry, 6 percent reported a significant impact, 19 percent a moderate impact, and 45 percent a mild impact.