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## BUSINESS CONDITIONS

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Isaac M. O'Bannon • Nov. 09, 2021



The [NFIB Small Business Optimism Index](#) decreased slightly in October by 0.9 points to 98.2. One of the 10 Index components improved, seven declined, and two were unchanged.

“Small business owners are attempting to take advantage of current economic growth but remain pessimistic about business conditions in the near future,” said NFIB Chief Economist Bill Dunkelberg. “One of the biggest problems for small

businesses is the lack of workers for unfilled positions and inventory shortages,

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As reported in [NFIB's monthly jobs report](#), 47% of owners reported job openings that could not be filled, a decrease of two points from September. A net 44% of owners (seasonally adjusted) reported raising compensation, a 48-year record high reading. A net 32% plan to raise compensation in the next three months.

Fifty-six percent of owners reported capital outlays in the last six months, up three points from September. Of those making expenditures, 40% reported spending on new equipment, 24% acquired vehicles, and 14% improved or expanded facilities. Seven percent acquired new buildings or land for expansion and 12% spent money for new fixtures and furniture. Thirty-one percent of owners plan capital outlays in the next few months, up three points and two points above the 48-year average.

A net negative 4% of all owners reported higher nominal sales in the past three months, down seven points from September. The net percent of owners expecting higher real sales volumes decreased by two points to a net 0%.

The net percent of owners reporting inventory increases decreased three points to a net 0%. Thirty-nine percent of owners report that supply chain disruptions have had a significant impact on their business. Another 29% report a moderate impact and 21% report a mild impact. Only 10% of owners reported no impact from recent supply chain disruptions.

A net 9% of owners viewed current inventory stocks as “too low” in October, down one point from last month and near a record high level. A net 8% of owners plan inventory investment in the coming months.

The net percent of owners raising average selling prices increased seven points to a net 53% (seasonally adjusted). Six percent of owners reported lower average selling prices and 57% reported higher average prices. Price hikes were the most frequent in wholesale (78% higher, 4% lower), retail (72% higher, 4% lower) and construction (66% higher, 0% lower). A net 51% of owners (seasonally adjusted) plan price hikes.

The frequency of reports of positive profit trends decreased three points to a net

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previous attempts.

The [NFIB Research Center](#) has collected Small Business Economic Trends data with quarterly surveys since the 4th quarter of 1973 and monthly surveys since 1986. Survey respondents are randomly drawn from NFIB's membership. The report is released on the second Tuesday of each month. This survey was conducted in October 2021.

Small Business

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