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**SMALL BUSINESS**

## **20% of U.S. Business Plan to Reduce Staff; 12% Plan Increase**

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Jan. 23, 2023



**By Reade Pickert, Bloomberg News (TNS).**

A new survey of business economists suggests U.S. job market conditions are beginning to soften, with firms indicating an easing of labor shortages and a pullback in hiring expectations.

A National Association for Business Economics survey showed about a third of respondents say their firms are not facing any labor shortages, and nearly 20% expect employment at their company to fall in the coming months.

“For the first time since 2020, more respondents expect falling rather than increased employment at their firms in the next three months,” NABE President Julia Coronado, founder and president of MacroPolicy Perspectives LLC, said in a statement. “Fewer respondents than in recent years expect their firms’ capital spending to increase in the same period.”

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The figures highlight concerns that more companies will begin to shed workers as the impact of higher interest rates work their way through the broader economy.

Corporate profit margins are already coming under pressure. Some 40% of respondents said their companies' margins have declined over the past three months, up from less than a third in the July and October surveys.

That said, respondents are slightly more optimistic about future profits, with over half expecting margins to remain unchanged in the next three months, and a smaller share expecting them to decline.

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