

# ***NFIB explores the construction, manufacturing, retail, and services industries***

## **FOR IMMEDIATE RELEASE**

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**MADISON (Nov. 19, 2020)** – The **NFIB Research Center** released the latest quarterly Small Business Economic Trends Industry-specific [survey](#). The survey highlights the construction, manufacturing, retail, and services industries. NFIB released previous reports in [August](#) and [May](#) 2020.

“This survey shows that the economy is much stronger in some business sectors than others,” **said Bill G. Smith, NFIB State Director in Wisconsin.** “Construction firms lead the charge as demand for new construction continues to be driven by record low interest rates and low inventories. The service industry and retailers that are directly impacted by the COVID pandemic are feeling less optimistic with low inventories and low projected earnings.”

The key findings include:

### **Construction:**

- The Optimism Index in October was 107.0 for construction firms, up 6.5 points from July’s quarterly report.
- The construction industry is reporting 3 points higher than the overall Index of all firms.
- Construction firms have the highest measure of small business optimism among industries.
- Demand for new construction continues to be driven by record-low interest rates and a shortage of inventory in the real estate market.
- Construction firms are struggling to hire qualified employees to assemble work teams to meet demand.
- Fifty-eight percent of construction firms reported finding new or no qualified applicants for job openings in October.
- A net 34% plan to increase their workforce in the next 3 months, up 10 points from July and 16 points higher than all firms.

### **Manufacturing:**

- The Optimism Index in October was 103.1 in manufacturing, a 2.7 point increase from July but slightly below the overall Index.

- The manufacturing industry is still recovering from supply chain disruptions and business closures due to COVID-19.
- Earnings trends this quarter were very strong in manufacturing as a net negative 4% of firms reported higher earnings over the last quarter, up 42 points from July's quarterly report.
- Business owners in manufacturing are less optimistic about sales expectations in the fourth quarter.
- Only a net 8% of manufacturing firms expect higher sales, down 9 points from July and about the overall average.
- Manufacturing firms reported a decrease in future employment plans in October. A net 13% reporting plans to increase their number of employees, down 13 points from July and 5 points below the overall average.

### **Retail:**

- The Optimism Index in October was 103.7 in retail, similar to the overall average of 104.
- A net 12% of retailers report current inventory levels as "too low", compared to 4% of all small businesses.
- Retailers are increasing inventory levels as a net 21% plan to increase inventories over the next 3 to 6 months, 10 points above all firms and 9 points compared to the previous quarter.

### **Services:**

- The Optimism Index in October was 103.3 for the services industry, an increase of 6.2 points but still below the overall small business optimism.
- Earnings trends improved 27 points to a net negative 10% reporting higher earnings.
- The services industry remains 8 points below overall earnings trends.
- Many firms in the services industry depend more heavily on person-to-person interactions and therefore more negatively impacted by increases in COVID-19 infection rates.

NFIB has conducted a series of surveys on the impact COVID-19 has had on small businesses. The latest [survey](#) highlighted that 75% of small businesses would apply or consider applying for a second round of *Paycheck Protection Program* funding, showing that small businesses are still balancing the everyday needs of their business and the COVID-19 pandemic.

The full survey is available [here](#).

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