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Small Business Optimism Bounces Back In June

The NFIB Small Business Optimism Index jumped 6.2 points to 100.6 in June, as business re-openings bolstered expectations and hiring. Attitudes have likely grown more cautious since the survey was taken, however.

Small Business Optimism May Be a Bit Premature

- The bounce back in Small Business Optimism to the 100 level is heartening, but we fear it may be a bit premature. The survey likely came too early to reflect the sustained rise in new COVID cases, which have now elicited a new round of shutdowns.
- Sales expectations surged 37 points, swinging from -24% to 13%. The proportion of business owners that expect the economy to improve rose 5 points to 39% and plans to hire doubled to 16%.

A Great Deal of Caution Behind the Upbeat Headlines

- The rise in the NFIB is tempered somewhat by the rising share of firms expecting earnings to improve, which fell 9 points to -35%.
- Capital spending plans edged higher, climbing 2 pts to 22%. The rise may reflect needs to invest in personal protection equipment.
- June's rise in Small Business Optimism appears to have gotten a temporary assist from prior business re-openings, modifications and expansions to the PPP, and the buoyant stock market.

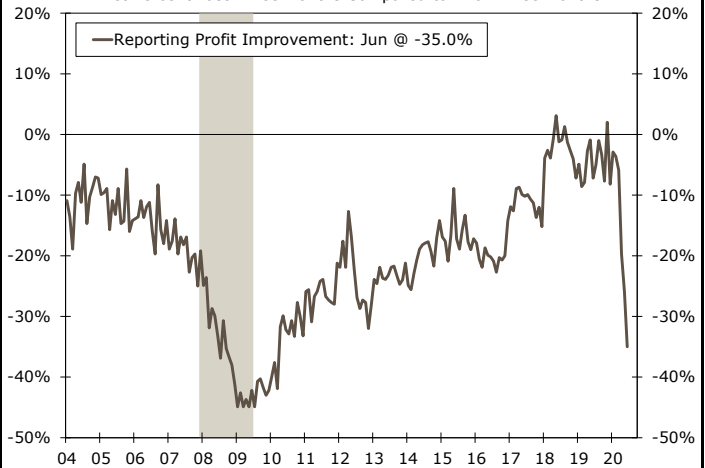
NFIB Small Business Optimism

Overall Index 1986 = 100



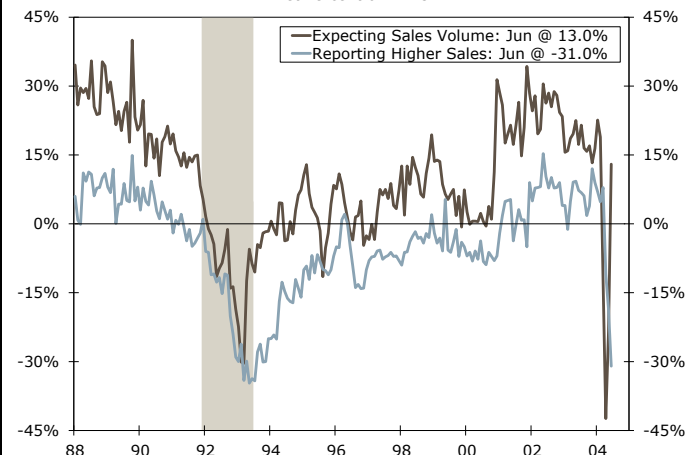
NFIB Earnings Changes

Net Percent Last Three Months Compared to Prior Three Months



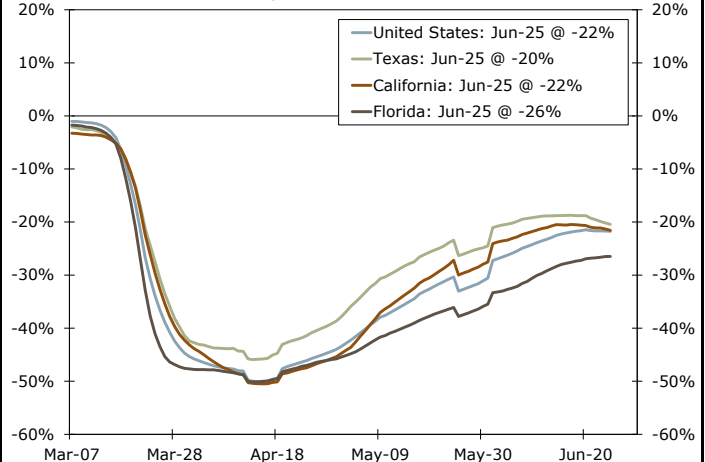
Small Business Actual Sales and Expected Sales

Net Percent of Firms



Local Businesses Open

Percent Change from Baseline, HomeBase Data



Source: National Federation of Independent Business, Bloomberg LP and Wells Fargo Securities

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