



Economics Group

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NFIB Index Drops in January

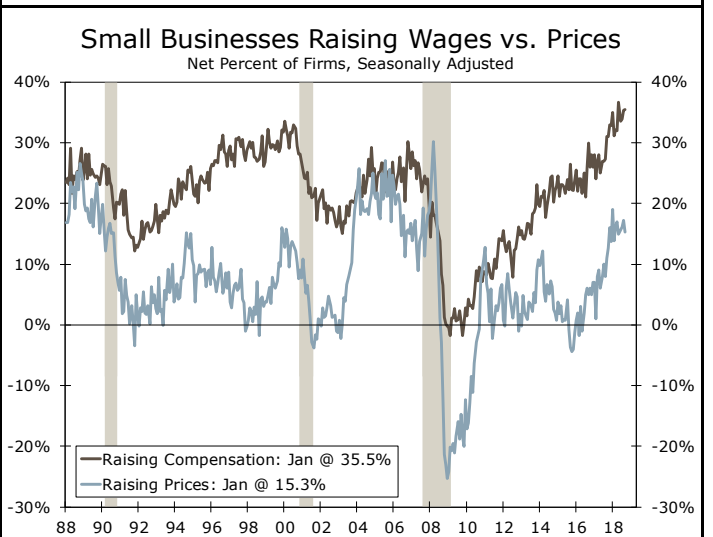
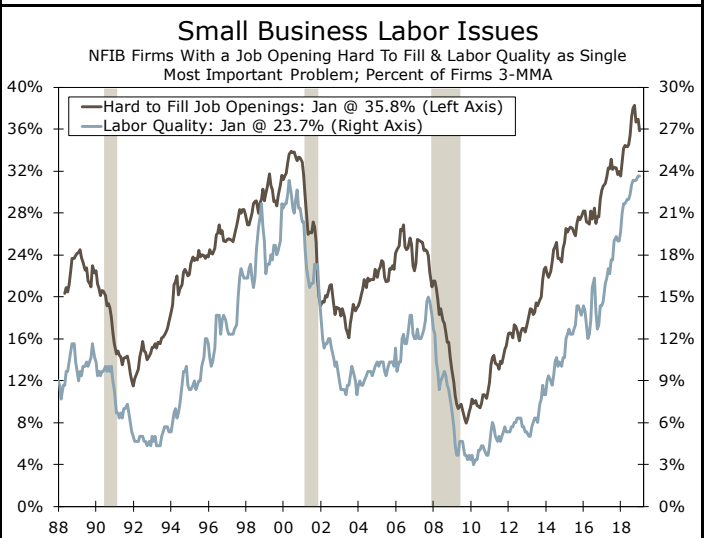
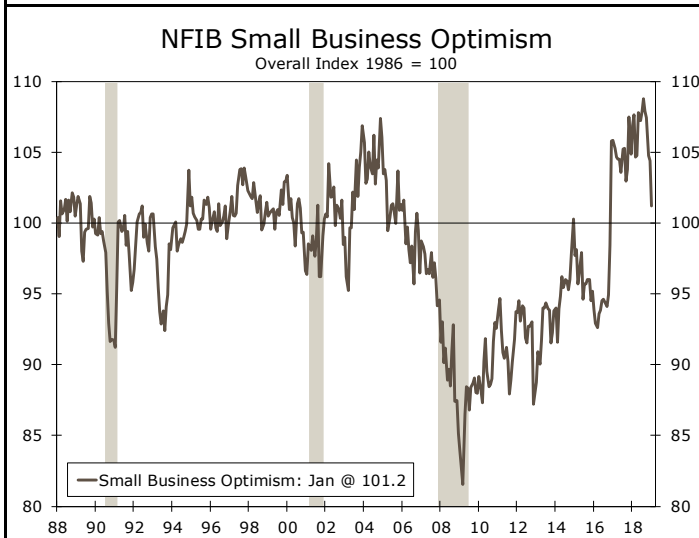
The NFIB Small Business Optimism Index declined 3.2 points to 101.2 in January, the lowest level since 2016. The monthly drop was likely owed to financial market volatility and the recent partial government shutdown.

Optimism Fading, But Still High

- The 101.2 reading for January's index is the lowest since before 2016's election, but remains high compared to historical averages. Uncertainty arising from the shutdown clearly had an impact, as the NFIB Uncertainty Index rose seven points to 86.
- The monthly decline mirrors the results of the Wells Fargo Small Business Survey, which also saw a steep drop to begin the year. Firms have become more guarded in their optimism for 2019.

The Outlook Dims Somewhat

- Labor shortages remain a challenge, with 23% of firms reporting difficulty finding qualified labor as their top problem, a near record high. Despite more firms reporting higher worker compensation, the net percent of owners raising prices declined.
- Expectations for future improvements in economic growth and higher sales both substantially dropped in January. Plans to increase employment and inventories also slipped.



Source: National Federation of Independent Business and Wells Fargo Securities

Wells Fargo Securities Economics Group

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