

January NFIB Small Biz Survey, December JOLTS

Small Businesses Optimism is Slipping

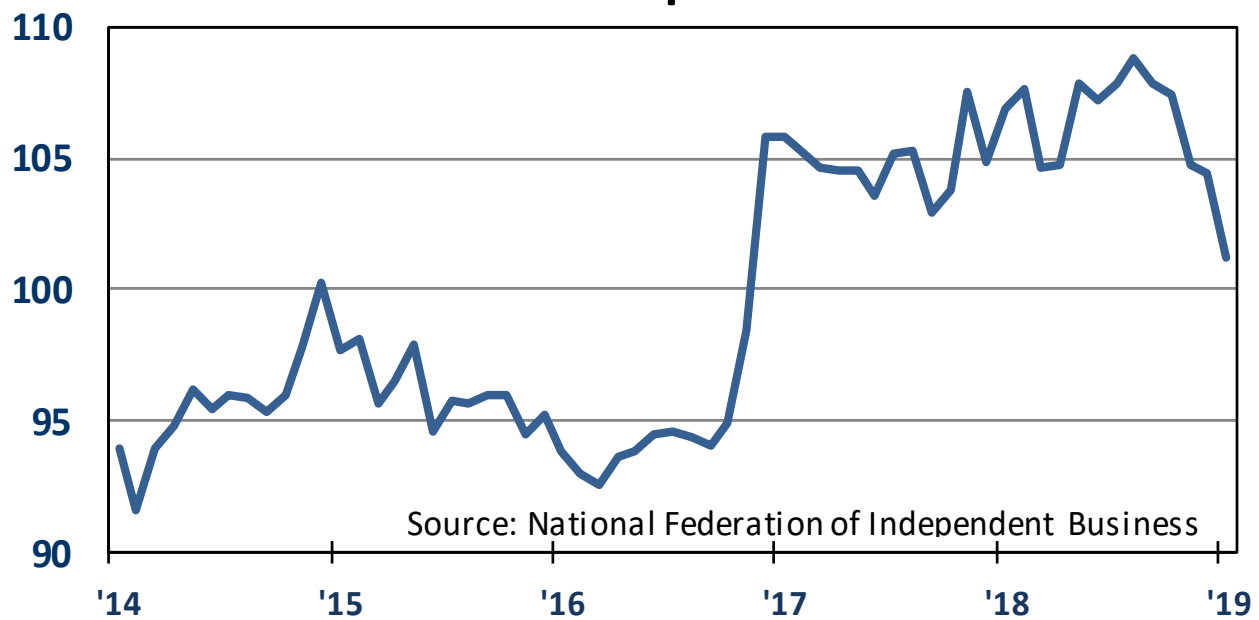
- The January NFIB Survey showed that Small Business Optimism declined in January.
- The Job Opening and Labor Turnover Survey for December showed an all-time high for job openings.

The National Federation of Independent Business's Small Business Optimism Index fell in January, to a level of 101.2, the lowest reading since the fall of 2016. This is the fifth consecutive monthly decline in the NFIB index. The index remains elevated compared to the pre-Trump era, but it is clearly down from peak Trump. January was a very contentious month in Washington with the longest-ever partial federal government shutdown and uncertainty about the U.S./China trade relationship. Today it looks like a deal has been struck to avoid a repeat of the government shutdown in February. That will be a positive for business optimism. Also, it appears that the U.S. and China are inching closer to a trade deal, but an actual agreement remains to be seen. With those two factors less negative in February, we expect to see better optimism readings amongst small businesses for this month. Cooler global economic data will still be a factor in the February survey. Hiring indicators remain strong amongst small businesses, but labor compensation is increasing. Credit conditions are good, but interest rates have trended up. Capital spending plans for the next three months continued to ease, adding to our concern that business fixed investment in 2019 may be weak.

The Job Openings and Labor Turnover Survey for December showed an all-time high of 7.3 million job openings. The job openings rate increased to a strong 4.7 percent. In December 5.9 million workers were hired (gross, not net as reported in the monthly payroll employment series). The hiring rate stayed high at 3.9 percent. The quits rate stayed at a high 2.3 percent and is an indication of workers' strong confidence in securing new employment. Today's JOLTS data confirms very strong labor market conditions through the end of 2018.

Market Reaction: U.S. equity markets opened with gains. The 10-Year T-bond yield is up to 2.68 percent. NYMEX crude oil is up to \$53.53/barrel. Natural gas futures are up to \$2.65/mmbtu.

Small Business Optimism Is Down



To subscribe to our publications or for questions, contact us at ComericaEcon@comerica.com. Archives are available at <http://www.comerica.com/insights>.
Follow us on Twitter: @Comerica_Econ.

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only, and such information does not necessarily reflect the thoughts and opinions of Comerica or its management team. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources we believe to be reliable, neither the authors nor Comerica guarantee its accuracy, and such information may be incomplete or condensed. Neither the authors nor Comerica shall be liable for any typographical errors or incorrect data obtained from reliable sources or factual information.