

## NFIB Small Business Optimism

### Takeaway:

The August NFIB (National Federation of Independent Business) Small Business Optimism Index decreased this month, after four months of steady gains. As we enter the FED interest rate cutting cycle and move beyond the presidential election, results from the small business optimism index will provide clarity on underlying economic activity beyond these headwinds.

### Small Business Optimism & Uncertainty Index



In August, **NFIB Small Business Optimism Index** dropped to 91.2, the lowest in three months, reversing July's gain of 93.7 and missing the market expected 93.6. This marks the 32<sup>nd</sup> consecutive month below the 50-year average of 98, as inflation continues to top concerns, with 24% of small business owners citing it as their main operating issue.

The **Uncertainty Index** surged to 92, reaching the highest level since October 2020 and signaling heightened concerns about the economic outlook. **Sales expectations** plummeted to a net -18%, and **positive profit trend** reports hit their lowest since March 2010, with owners mainly blaming weaker sales and higher costs, further dampening sentiment.

Other key findings from the NFIB survey include:

- Labor market: 40% of small businesses were unable to fill open positions (up 2 points), and compensation trends stagnate, with 33% raising compensation (unchanged), remaining the lowest reading since April 2021, reflecting ongoing challenges in hiring. 20% plan to raise compensation in the next three months (up 2 points).
- Prices: While inflation pressure on prices has eased slightly, with fewer owners raising selling prices (down 2 points to 20%), the sector remains cautious about future demand and pricing power, with 25% planning price hikes.
- Inventory: Investment plans turned negative (down 3 points to -1%), highlighting weak confidence in the near-term economic environment.

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### PREFER A FIXED OR FLOATING PRICE?

FCM can provide the pricing terms you want no matter who sources the material. The details of the contract are not disclosed, existing supply chains are not interrupted, and it can be as simple as issuing a purchase order.

### NEED TO ACCESS FUTURES AND OPTIONS MARKETS?

FCM offers a variety of methods for accessing the derivatives market and can help choose which is the best fit for your business. If you're already utilizing futures and options, FCM can provide the liquidity you need to manage your price risk efficiently and cost-effectively.



### WANT TO CAP YOUR PURCHASE PRICE, OR LIMIT YOUR DOWNSIDE?

Partnering with FCM can enable you to reap the benefits if the market moves favorably but protect you if the market moves unfavorably. FCM will give you the option to buy or sell at a price only if it's better for you in the future.



### HOLDING EXCESS INVENTORY IN A FALLING MARKET?

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### NEED HELP PROTECTING VALUE WHILE IMPORTING MATERIAL?

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