Small Business Optimism Rises Modestly in October

The NFIB Small Business Optimism Index rose 0.6 points to 102.4, remaining close to its cycle high. Most key components rose, including capital spending plans and hiring plans. Earnings trends fell five points, however.

Small Business Confidence Remains Solid
- Small business owners continue to express a high degree of confidence in overall economic conditions and the outlook for their business. Overall confidence rose 0.6 points to 102.4 in October, with nearly every key component edging higher.
- Relief that a truce in the trade war may be at hand is likely boosting confidence. A larger share of business owners plan to boost inventories, possibly ending the recent drawdown.

Capital Spending Plans Rise
- Small business owners today are also more upbeat about capital spending than larger businesses are, a finding we saw in our own small business survey. Both the proportion of small firms boosting capital spending (59%) and planning to boost capital spending (29%) rose two percentage points this past month.
- Hiring plans inched one point higher to 18% but remains off its recent high. Firms are having a tough time filling openings.

Source: NFIB, Gallup, Wells Fargo Bank, U.S. Department of Commerce and Wells Fargo Securities