



Economics Group

Mark Vitner, Senior Economist
mark.vitner@wellsfargo.com • (704) 410-3277

Small Business Confidence Slips Slightly in July

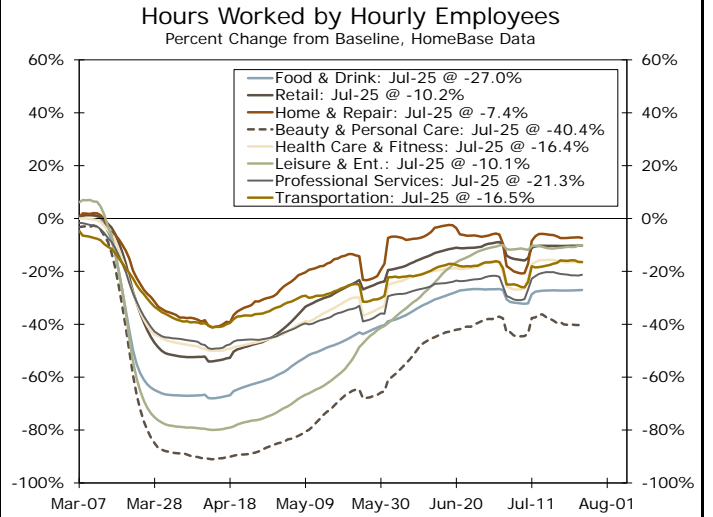
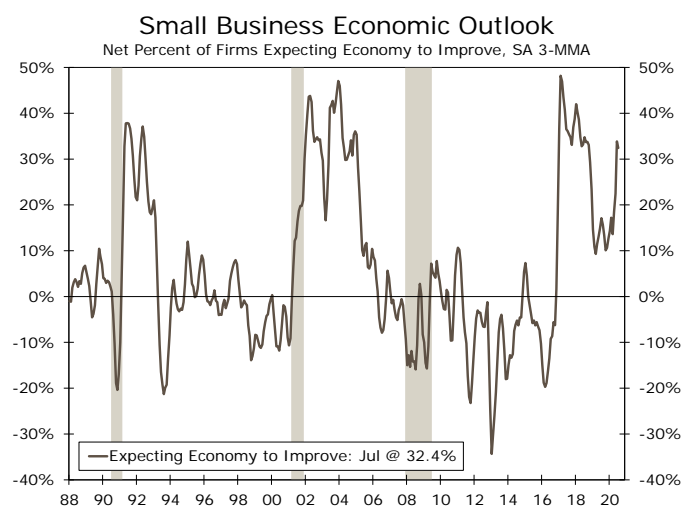
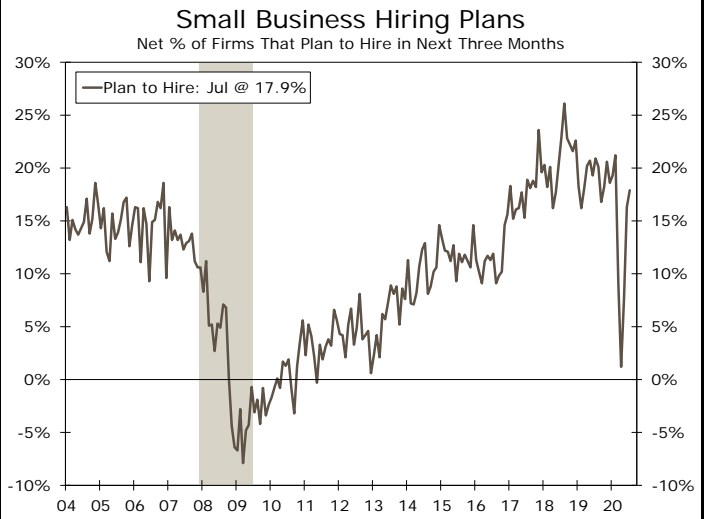
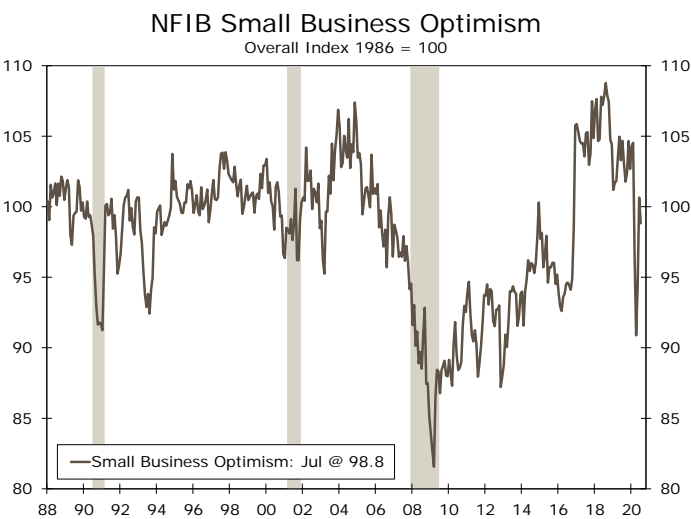
The NFIB's Small Business Optimism index fell 1.8 points in July to a still solid 98.8. The rebound in the overall index may reflect some significant gains in certain industries, specifically construction and manufacturing.

Small Business Owners Exhibit Resilience

- While small business optimism fell in July, the overall index remains well above where just about anyone thought it would be four months ago. Overall sentiment fell 1.8 points to 98.8, which is roughly in line with the survey's historical 46-year average.
- The details of the report suggest there is a real split between the performance and outlook for small businesses in construction and manufacturing (more positive) and retail and services.

Hours Worked Have Weakened the Most in Services

- Hiring plans rose slightly in July, reflecting the continued gradual re-opening of restaurants and other business around the country.
- While businesses are rehiring, the recovery in hours worked appears to have slowed in July, likely in response to a rise in COVID-19 cases. The pullback in hours has been most notable in industries that require a great deal of social contact (e.g. beauty & personal care) and held up best in areas tied to housing.



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

Wells Fargo Securities Economics Group

Jay H. Bryson, Ph.D.	Chief Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	International Economist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Azhar Iqbal	Econometrician	(212) 214-2029	azhar.iqbal@wellsfargo.com
Sarah House	Senior Economist	(704) 410-3282	sarah.house@wellsfargo.com
Charlie Dougherty	Economist	(704) 410-6542	charles.dougherty@wellsfargo.com
Michael Pugliese	Economist	(212) 214-5058	michael.d.pugliese@wellsfargo.com
Brendan McKenna	International Economist	(212) 214-5637	brendan.mckenna@wellsfargo.com
Shannon Seery	Economist	(704) 410-1681	shannon.seery@wellsfargo.com
Jen Licis	Economic Analyst	(704) 410-1309	jennifer.licis@wellsfargo.com
Hop Mathews	Economic Analyst	(704) 383-5312	hop.mathews@wellsfargo.com
Coren Burton	Administrative Assistant	(704) 410-6010	coren.burton@wellsfargo.com

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