



The Latest Signs Of Business Optimism

» business customers

Summary: After several months of declining optimism, business owners are feeling more positive. We highlight some of the latest signs.

Trivia Nights became popular in the '70s, yet they have had a resurgence. In fact, two OH bartenders turned it into a \$1.5MM business in 2019! Talk about having a good idea and running with it! There are many businesses with good ideas that are now on hold, but that may be changing.

The pandemic has been a difficult time for millions of businesses. Yet, recent data is pointing to increasing business optimism.

A rising index. After three consecutive quarters of declining optimism, small-business owners are feeling more positive, with increasing expectations for the future. In August, the NFIB Small Business Optimism Index went up by 1.4 points to a total of 100.2, which is a little more than its long-term average. Job openings are increasing, with a seasonally adjusted 21% of small businesses planning to create new jobs, which is an increase of 3 points. About a third of small-business owners said that all their credit needs were met, and 53% said that they didn't need a loan. These are cautiously promising trends.

A positive bank survey. A third-quarter Wells Fargo survey agrees with the NFIB index. It shows an overall score that's 12 points higher than last quarter, mostly because future expectations have risen. Just 19% of the business owners feel optimistic about their current positions, but 41% think their futures are promising. It is good to see two different surveys heading in the right direction.

Dropping unemployment. Both studies echo reports that many businesses have done better this summer than experts predicted. The unemployment rate fell in both August and September, landing at 7.9%. By the end of September, the US recovered about half the 22MM jobs it lost to the coronavirus.

Travel and home purchases drive optimism. Largely unable to do business travel or vacation overseas, Americans replaced long-distance travel with day trips. Children had shortened school years and parents often worked remotely, giving families some flexibility in their plans. That boosted certain hotels, restaurants, and boutiques, especially along the coasts, and advance hotel bookings for the fall are higher than expected.

A desire to travel safely and privately has also brought stronger returns to companies that rent or sell recreational vehicles. At Wisconsin's REV Group, RV orders are more than double what they were last year. Golfing, boats, and water skis are also having a moment in the sun, and marine lending is seeing solid and improving demand.

Prices for both primary and vacation homes are strong in many areas, and many people are spending most of their time working and studying remotely from their homes. Many of them have had time to notice the ways in which their homes could be more comfortable, and they are spending accordingly. Expenditures on everything from home improvements to dishes are up.

While the uncertainty is clearly not over, it seems the signs for steady optimism may be warranted. As you continue to serve your business customers, hopefully, you are seeing these signs too.

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