

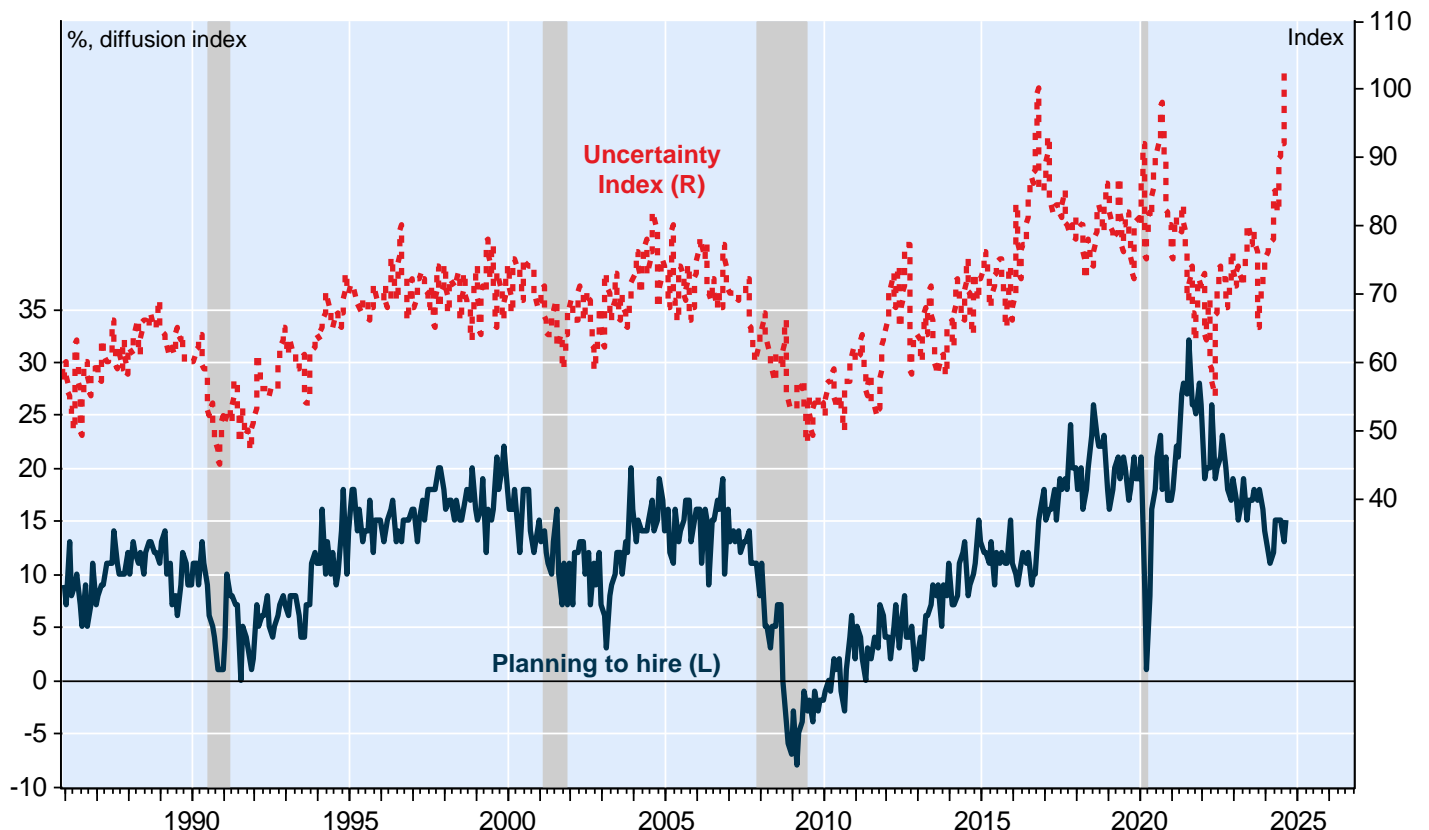
## U.S. Watch

By Jocelyn Paquet

The NFIB's survey of small businesses published this morning might have seemed fairly trivial at first glance, with the overall confidence index fluctuating by only a few tenths between August and September. But some of the underlying data contained within the poll nevertheless caught our eye. The rather negative outlook of respondents was certainly notable, with the net percentage of them expecting a decline in sales remaining at recessionary levels. Ditto for hiring intentions which, although they ticked up in September, remained on a downward trend and at levels below those observed before the pandemic. You might be asking yourself: How can such growing pessimism coexist with vigorous economic growth? We feel the proximity of the U.S. elections is probably to blame for this dichotomy. Although both presidential candidates have remained rather vague about their economic plans, they do seem to agree on the need to implement policies that could certainly help some businesses but also hinder others (e.g. protectionist policies). And with companies finding it hard to predict on which side they'll end up following the vote, the uncertainty index published by NFIB reached a new all-time high in September, exceeding even the levels reached in the early months of the pandemic as today's Hot Chart shows. It may be that companies are too pessimistic at the moment, and will be reassured in the days following the election. But their fears could also prove to be well-founded, in which case they are unlikely to suddenly become more bullish after November 5. Much will depend on the degree to which current campaign rhetoric translates into concrete policies after the vote.

### U.S.: Election uncertainty keeping small businesses cautious

Net percentage of firms planning to hire in the next few months vs. uncertainty index



NBC Economics and Strategy (data via Bloomberg)



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