



# NFIB SMALL BUSINESS ECONOMIC TRENDS

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April 2018

Based on a Survey of Small and Independent Business Owners

## SMALL BUSINESS OPTIMISM INDEX COMPONENTS

Index Component	Seasonally Adjusted Level	Change from Last Month	Contribution to Index Change
Plans to Increase Employment	16%	-4	*%
Plans to Make Capital Outlays	29%	3	*%
Plans to Increase Inventories	1%	0	*%
Expect Economy to Improve	30%	-2	*%
Expect Real Sales Higher	21%	1	*%
Current Inventory	-4%	2	*%
Current Job Openings	35%	0	*%
Expected Credit Conditions	-6%	0	*%
Now a Good Time to Expand	27%	-1	*%
Earnings Trends	-1%	3	*%
Total Change		2	100%

(Column 1 is the current reading; column 2 is the change from the prior month; column 3 the percent of the total change accounted for by each component; \* is under 1 percent and not a meaningful calculation)

# ECONOMIC TRENDS

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*NFIB Research Center has collected Small Business Economic Trends Data with Quarterly surveys since 1973 and monthly surveys since 1986. The sample is drawn from the membership files of the National Federation of Independent Business (NFIB). Each was mailed a questionnaire and one reminder. Subscriptions for twelve monthly SBET issues are \$250. Historical and unadjusted data are available, along with a copy of the questionnaire, from the NFIB Research Center. You may reproduce Small Business Economic Trends items if you cite the publication name and date and note it is a copyright of the NFIB Research Center. © NFIB Research Center. ISBS #0940791-24-2. Chief Economist William C. Dunkelberg and Director, Research and Policy Analysis Holly Wade are responsible for the report.*

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# SUMMARY

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## OPTIMISM INDEX

The Index of Small Business Optimism increased slightly in April to 104.8, a gain of 0.1 points. The Index has been higher only 20 times out of the last 433 surveys.

- Labor quality remained the #1 problem for the fourth straight month.
- Reports of improved earnings trends were the highest in survey history.
- Reports of compensation increases held at the highest level since 2000.
- Reported job creation posted another solid gain.

## LABOR MARKETS

Reports of employment gains remain strong among small businesses, inconsistent with the BLS report for March employment gains. Owners reported adding a net 0.28 workers per firm on average, the third highest reading since 2006 (down from 0.36 workers reported last month, the highest since 2006). Sixteen percent (up 2 points) reported increasing employment an average of 2.7 workers per firm and 9 percent (unchanged) reported reducing employment an average of 2.5 workers per firm (seasonally adjusted). Fifty-seven percent reported hiring or trying to hire (up 4 points), but 50 percent (88 percent of those hiring or trying to hire) reported few or no qualified applicants for the positions they were trying to fill. Twenty-two percent of owners cited the difficulty of finding qualified workers as their Single Most Important Business Problem (up 1 point), exceeding the percentage citing taxes or regulations. Shortages of qualified workers are clearly holding back economic growth. Thirty-five percent of all owners reported job openings they could not fill in the current period, unchanged and tied for the highest reading since November 2000. Twelve percent reported using temporary workers, up 2 points. Reports of job openings were most frequent in construction (48 percent) and manufacturing (48 percent). A seasonally-adjusted net 16 percent plan to create new jobs, down 4 points from March but historically strong.

## CAPITAL SPENDING

Sixty-one percent reported capital outlays, up 3 points. Of those making expenditures, 43 percent reported spending on new equipment (up 4 points), 27 percent acquired vehicles (up 3 points), and 16 percent improved or expanded facilities (unchanged). Five percent acquired new buildings or land for expansion (down 3 points) and 15 percent spent money for new fixtures and furniture (up 3 points). Non-residential fixed investment has grown at a better than 6 percent rate for the past 5 quarters (compared to under 1 percent in 2015 and 2016) and small business has made a major contribution. Twenty-nine percent plan capital outlays in the next few months, up 3 points. Plans were most frequent in manufacturing (38 percent) where additional capacity and productivity-enhancing investments are needed and construction (32 percent) where labor-saving investments are needed to increase the number of housing starts.



# SUMMARY

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## SALES AND INVENTORIES

A net 8 percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months compared to the prior three months, unchanged and the fifth consecutive strong month. The net percent of owners expecting higher real sales volumes rose 1 point to a net 21 percent of owners. Fifty-nine percent of construction firms and 56 percent of manufacturing firms expect higher real sales volumes in the coming months. Wages and salaries grew by about \$3,000 per family last year (about 40 percent better than 2016), and consumer sentiment has remained solid, anticipating continued good spending in the coming months.

The net percent of owners reporting inventory increases rose 1 percentage point to a net 4 percent (seasonally adjusted), positive and extending a four month run of substantial inventory building (a boost to GDP growth). The net percent of owners viewing current inventory stocks as “too low” (a positive number means more think stocks are too low than too high, a positive for inventory building) improved 2 points to a negative 4 percent. The net percent of owners planning to build inventories was unchanged at 1 percent, the eighteenth positive reading in the past 19 months.

## INFLATION

The net percent of owners raising average selling prices fell 2 points to a net 14 percent seasonally adjusted, breaking a steady march to higher levels that started in November of 2016. Unadjusted, 9 percent of owners reported reducing their average selling prices in the past three months (up 1 point), and 26 percent reported price increases (unchanged). Seasonally adjusted, a net 22 percent plan price hikes (down 3 points). The NFIB data predict a PCE inflation rate of 2.1 percent in the months ahead.

## COMPENSATION AND EARNINGS

Reports of higher worker compensation were unchanged at a net 33 percent, the highest reading since 2000. Plans to raise compensation rose 2 points to a net 21 percent, historically high, but below its recent peak of 24 percent in January. The frequency of reports of positive profit trends improved 3 percentage points to a net negative 1 percent reporting quarter on quarter profit improvements, the best reading in the survey’s 45 year history. Overall, the new tax law and the strong economy are very supportive of profit improvements.

## CREDIT MARKETS

Four percent of owners reported that all their borrowing needs were not satisfied, unchanged and historically low. Thirty-two percent reported all credit needs met (up 1 point), and 50 percent said they were not interested in a loan, up 3 points but one of the lowest readings since 2010. Only 2 percent reported that financing was their top business problem compared to 18 percent citing taxes, 13 percent citing regulations and red tape, and 22 percent the availability of qualified labor. Five percent reported loans “harder to get,” historically low. Thirty-one percent of all owners reported borrowing on a regular basis (down 1 point). The average rate paid on short maturity loans was up 30 basis points at 6.4 percent, rates are rising gradually with Fed policy moves.



# COMMENTARY

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GDP growth for the first quarter came in at 2.3 percent, considerably shy of the 2.9 percent “guess” by the New York Federal Reserve but well above the Atlanta Federal Reserve’s 2 percent “guess.” Most observers feel the economy was much stronger in the first quarter of 2018, although consumers did slow spending considerably in January and February after their holiday binge. March has come in better, and that will show up in the second estimate. After the cold weather pause, it appears consumer spending is back on track. Business investment grew just above a 6 percent rate, 1.5 points faster than the average in this recovery. Small business capital spending has also picked up the pace. GDP growth for the first quarter will likely be revised up, as consumers were back spending in March, and exports grew substantially while imports (a negative for GDP arithmetic) slowed.

Federal Reserve policy now revolves around two issues. First, will inflation finally hit the Federal Reserve’s 2 percent target? Second, will they raise interest rates even faster if economic growth runs at 3 percent or better (as even the CBO forecasts) and inflation starts to pick up? Removing the “punch bowl” just when the party is really hopping is a habit, and responsibility, of the Federal Reserve. Currently the Federal Reserve plans two more rate hikes this year, but if inflation finally starts to run, more are possible – unless it decides to let the economy “run hot” with more inflation. Inflation pressures on Main Street remain “moderate,” even falling back a bit in April.

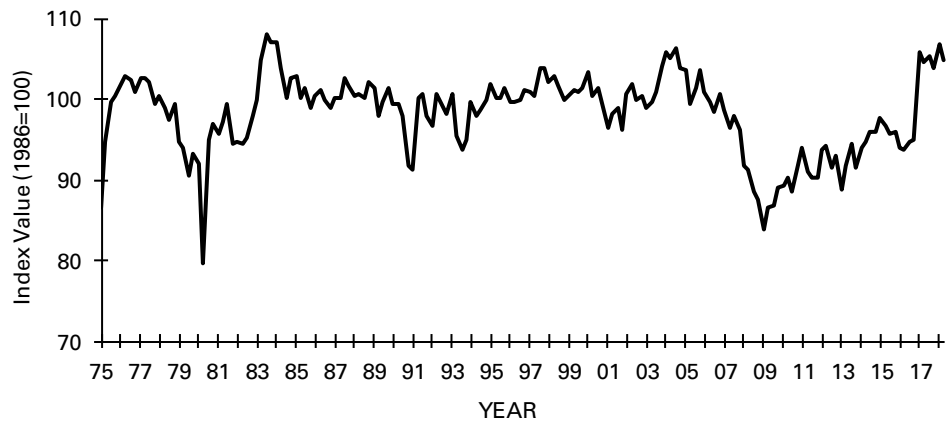
Overall, the outlook remains exceptionally positive. Forecasters have the growth pace near 3 percent, even with the weak start in the first quarter (which will likely be revised up). The main impediment to growth will be the short supply of labor, which plagues all industries but especially manufacturing and housing. House prices are rising sharply but are not directly included in the inflation measures. Housing starts are still running below the estimated 1.5 million needed based on demographics. This pressure will show up in rents and ultimately in the PCE inflation measure. That said, 2018 will be “lookin’ good.”



# OVERVIEW - SMALL BUSINESS OPTIMISM

## OPTIMISM INDEX

Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)



## OPTIMISM INDEX

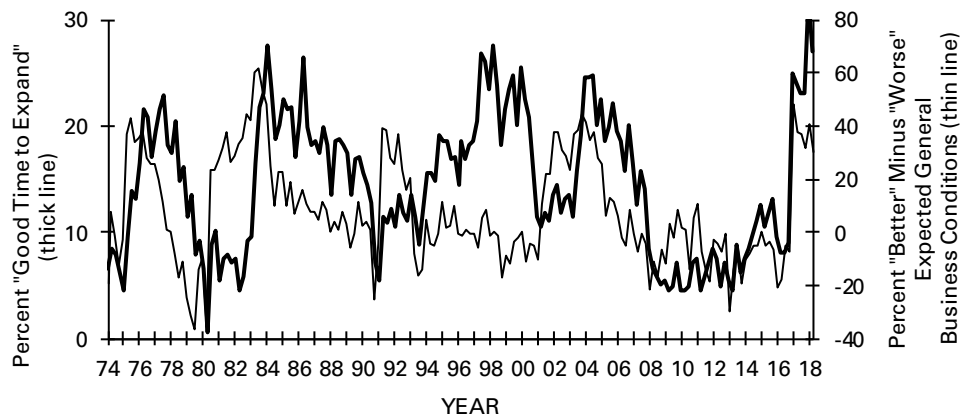
Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	88.8	90.9	90.0	91.7	94.0	94.0	94.4	94.0	93.8	91.5	92.2	93.8
2014	94.0	91.6	94.0	94.8	96.2	95.4	96.0	95.9	95.3	96.0	97.8	100.3
2015	97.7	98.1	95.7	96.5	97.9	94.6	95.7	95.7	96.0	96.0	94.5	95.2
2016	93.9	93.0	92.6	93.6	93.8	94.5	94.6	94.4	94.1	94.9	98.4	105.8
2017	105.9	105.3	104.7	104.5	104.5	103.6	105.2	105.3	103.0	103.8	107.5	104.9
2018	106.9	107.6	104.7	104.8								

# SMALL BUSINESS OUTLOOK

## OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January Quarter 1974 to April Quarter 2018  
(Seasonally Adjusted)



## SMALL BUSINESS OUTLOOK (CONTINUED)

### OUTLOOK FOR EXPANSION

Percent Next Three Months “Good Time to Expand”  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2013</b>	6	5	5	5	8	8	9	7	7	6	9	9
<b>2014</b>	8	6	9	9	10	8	10	10	12	11	11	15
<b>2015</b>	13	13	11	11	14	10	12	11	11	13	12	8
<b>2016</b>	10	8	6	8	9	8	8	9	7	9	11	23
<b>2017</b>	25	22	22	24	23	21	23	27	17	23	27	27
<b>2018</b>	32	32	28	27								

### MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
April 2018

Reason	Good Time	Not Good Time	Uncertain
<b>Economic Conditions</b>	19	9	9
<b>Sales Prospects</b>	5	5	6
<b>Fin. &amp; Interest Rates</b>	0	1	2
<b>Cost of Expansion</b>	0	4	8
<b>Political Climate</b>	4	4	11
<b>Other/Not Available</b>	1	2	8



### OUTLOOK FOR GENERAL BUSINESS CONDITIONS

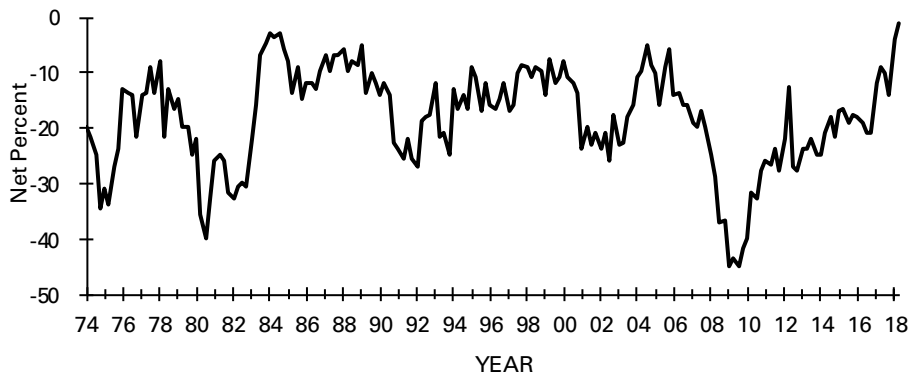
Net Percent (“Better” Minus “Worse”) Six Months From Now  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2013</b>	-30	-25	-23	-14	-6	-3	-5	-4	-12	-19	-23	-12
<b>2014</b>	-11	-16	-13	-8	-1	-9	-5	-5	-4	-5	10	12
<b>2015</b>	0	2	-2	-5	-4	-8	-3	-8	-6	-6	-10	-15
<b>2016</b>	-21	-21	-17	-18	-13	-9	-5	-12	0	-7	12	50
<b>2017</b>	48	47	46	38	39	33	37	37	31	32	48	37
<b>2018</b>	41	43	32	30								

# SMALL BUSINESS EARNINGS

## EARNINGS

Actual Last Three Months  
January Quarter 1974 to April Quarter 2018  
(Seasonally Adjusted)



## ACTUAL EARNINGS CHANGES

Net Percent (“Higher” Minus “Lower”) Last Three Months  
Compared to Prior Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-24	-25	-22	-24	-24	-23	-22	-22	-23	-25	-24	-21
2014	-25	-26	-23	-21	-19	-18	-18	-18	-19	-22	-17	-14
2015	-17	-18	-21	-17	-9	-17	-19	-16	-13	-18	-19	-17
2016	-18	-21	-22	-19	-20	-20	-21	-23	-20	-21	-20	-14
2017	-12	-13	-9	-9	-10	-10	-10	-11	-11	-14	-12	-15
2018	-4	-3	-4	-1								

## MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
April 2018

Reason	Current Month	One Year Ago	Two Years Ago
Sales Volume	10	11	15
Increased Costs*	6	7	8
Cut Selling Prices	3	3	5
Usual Seasonal Change	8	9	7
Other	2	3	4

\* Increased costs include labor, materials, finance, taxes, and regulatory costs.

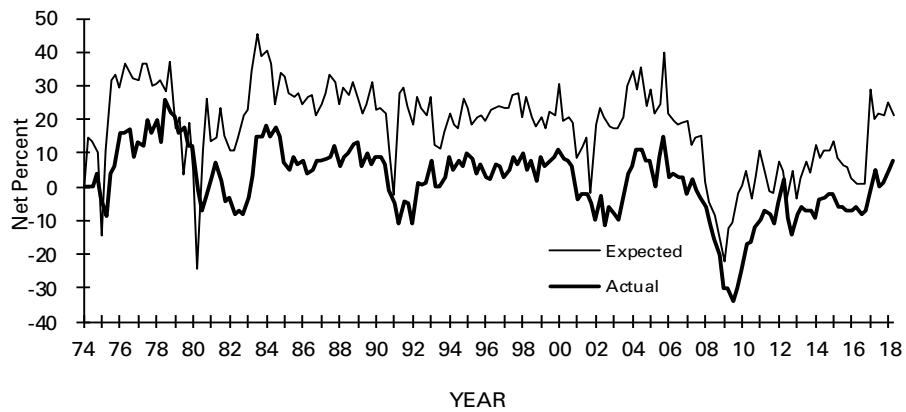




# SMALL BUSINESS SALES

## SALES

Actual (Prior Three Months) and Expected (Subsequent Three Months)  
January 1974 to April 2018 (Seasonally Adjusted)



## ACTUAL SALES CHANGES

Net Percent (“Higher” Minus “Lower”) Last Three Months  
Compared to Prior Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-8	-7	-7	-6	-6	-8	-7	-7	-6	-7	-7	-8
2014	-9	-6	-6	-4	-3	-2	-3	-3	-4	-2	-3	2
2015	-2	-4	-3	-6	5	-6	-6	-4	-1	-7	-4	-5
2016	-7	-6	-8	-6	-8	-4	-8	-9	-6	-7	-8	-7
2017	-2	2	5	5	5	-4	0	3	1	1	-5	9
2018	5	8	8	8								

## SALES EXPECTATIONS

Net Percent (“Higher” Minus “Lower”) During Next Three Months  
(Seasonally Adjusted)

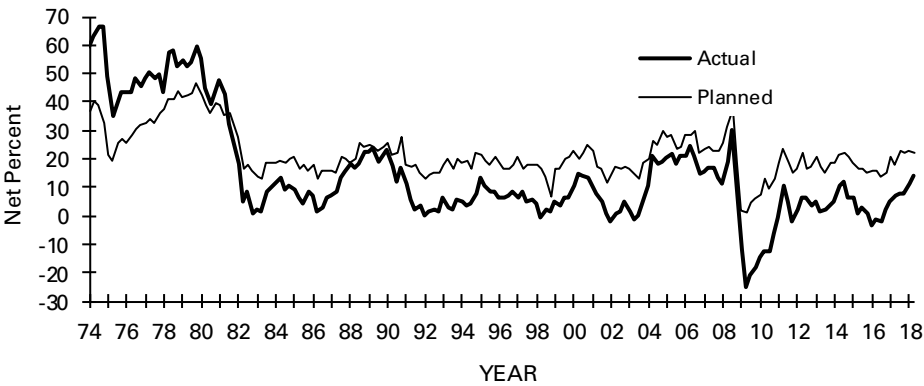
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-3	0	-3	3	8	6	8	6	9	4	3	7
2014	13	2	13	9	15	12	11	7	6	11	14	19
2015	14	14	14	9	7	5	7	8	2	6	-1	7
2016	3	0	1	1	1	2	1	-1	4	1	11	31
2017	29	26	18	20	22	17	22	27	15	21	34	28
2018	25	28	20	21								



# SMALL BUSINESS PRICES

## PRICES

Actual Last Three Months and Planned Next Three Months  
January Quarter 1974 to April Quarter 2018  
(Seasonally Adjusted)



## ACTUAL PRICE CHANGES

Net Percent (“Higher” Minus “Lower”)  
Compared to Three Months Ago  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	5	5	-1	2	0	5	2	2	1	4	3	2
2014	5	4	9	11	10	11	12	6	4	7	5	7
2015	6	3	2	1	4	2	3	1	1	1	4	-1
2016	-4	-4	-4	-1	1	2	-2	3	-1	2	5	6
2017	5	6	5	7	7	1	8	9	6	8	10	8
2018	11	13	16	14								



## PRICE PLANS

Net Percent (“Higher” Minus “Lower”) in the Next Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	21	22	17	17	15	18	15	18	20	19	20	19
2014	19	22	19	21	21	21	22	19	17	21	20	22
2015	19	18	15	16	17	18	17	15	14	15	18	20
2016	16	14	17	16	16	16	14	15	18	15	19	24
2017	21	20	20	18	21	19	23	20	19	22	23	22
2018	23	24	25	22								

# SMALL BUSINESS EMPLOYMENT

## ACTUAL EMPLOYMENT CHANGES

Net Percent (“Increase” Minus “Decrease”) in the Last Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	2	-3	1	2	-1	1	-3	0	0	1	1	2
2014	2	2	2	2	1	1	1	0	3	1	1	7
2015	5	4	2	2	4	0	0	6	5	0	0	-1
2016	1	-3	0	-1	-1	-2	-2	-3	3	0	-2	4
2017	3	4	3	4	5	-1	2	2	-1	3	2	3
2018	4	4	4	7								

## QUALIFIED APPLICANTS FOR JOB OPENINGS

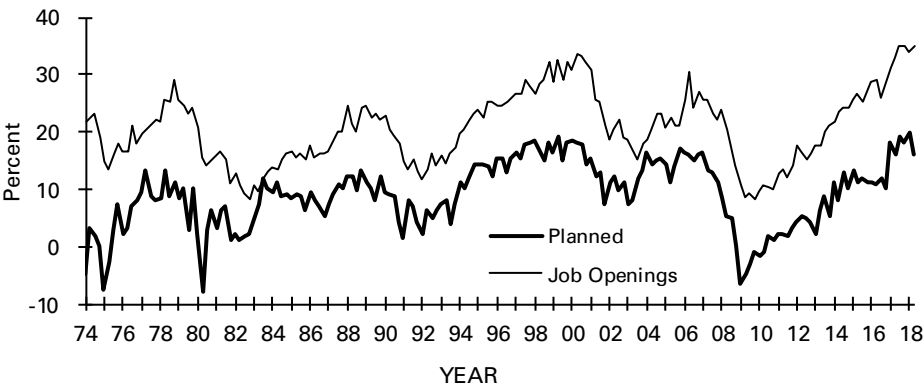
Percent Few or No Qualified Applicants

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	34	34	36	38	38	41	40	42	41	40	44	38
2014	38	40	41	41	46	43	42	46	42	45	45	43
2015	42	47	42	44	47	44	48	48	45	48	47	48
2016	45	42	41	46	48	48	46	48	48	48	51	44
2017	47	44	45	48	51	46	52	52	49	52	44	54
2018	49	47	47	50								



## EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January Quarter 1974 to April Quarter 2018  
(Seasonally Adjusted)



# SMALL BUSINESS EMPLOYMENT (CONTINUED)

## JOB OPENINGS

Percent With Positions Not Able to Fill Right Now  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	18	21	18	18	19	19	20	18	20	21	24	23
2014	22	22	22	24	24	26	24	25	21	24	25	25
2015	26	29	24	27	29	24	25	28	27	27	28	28
2016	29	28	25	29	27	29	26	30	24	28	31	29
2017	31	32	30	33	34	30	35	31	30	35	30	31
2018	34	34	35	35								

## HIRING PLANS

Net Percent (“Increase” Minus “Decrease”) in the Next Three Months  
(Seasonally Adjusted)

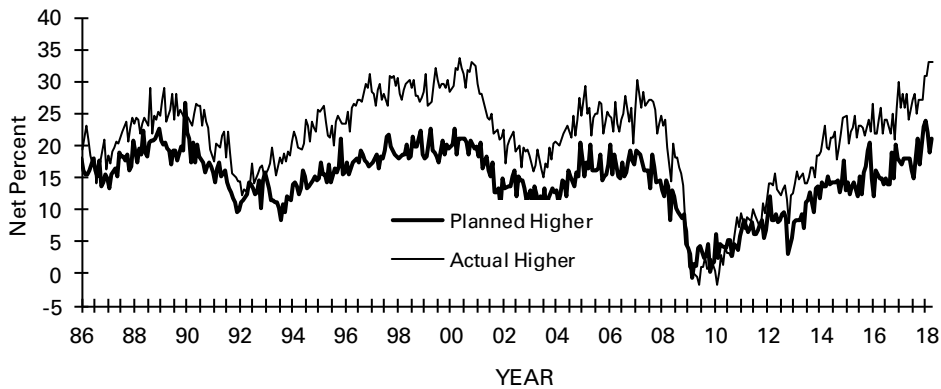
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	2	4	2	6	6	7	9	8	9	5	9	8
2014	11	7	7	8	11	12	13	8	9	10	11	15
2015	13	12	12	11	13	9	12	11	12	11	11	15
2016	11	10	9	11	12	11	12	9	10	10	15	16
2017	18	15	16	16	18	15	19	18	19	18	24	20
2018	20	18	20	16								



# SMALL BUSINESS COMPENSATION

## COMPENSATION

Actual Last Three Months and Planned Next Three Months  
January 1986 to April 2018 (Seasonally Adjusted)



# SMALL BUSINESS COMPENSATION (CONTINUED)

## ACTUAL COMPENSATION CHANGES

Net Percent (“Increase” Minus “Decrease”) During Last Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	13	14	16	15	16	14	14	15	17	17	15	18
2014	19	19	23	20	20	21	21	22	18	20	22	24
2015	25	20	22	23	25	21	23	23	23	22	24	22
2016	27	22	22	24	26	22	24	24	22	25	21	26
2017	30	26	28	26	28	24	27	28	25	27	27	27
2018	31	31	33	33								

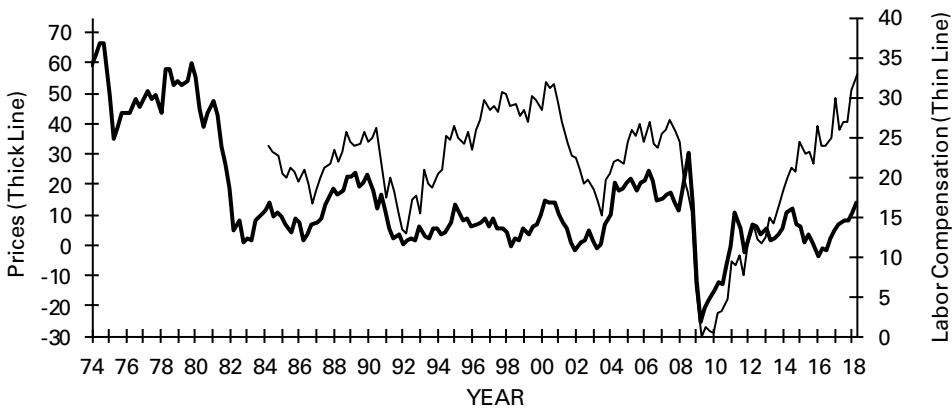
## COMPENSATION PLANS

Net Percent (“Increase” Minus “Decrease”) in the Next Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	8	8	9	9	9	7	11	11	13	10	13	14
2014	12	14	14	14	15	14	14	14	15	13	14	18
2015	13	14	13	14	14	12	15	12	16	17	19	21
2016	15	12	16	15	15	14	15	14	14	19	15	20
2017	18	17	18	18	18	18	16	15	18	21	17	23
2018	24	22	19	21								

## PRICES AND LABOR COMPENSATION

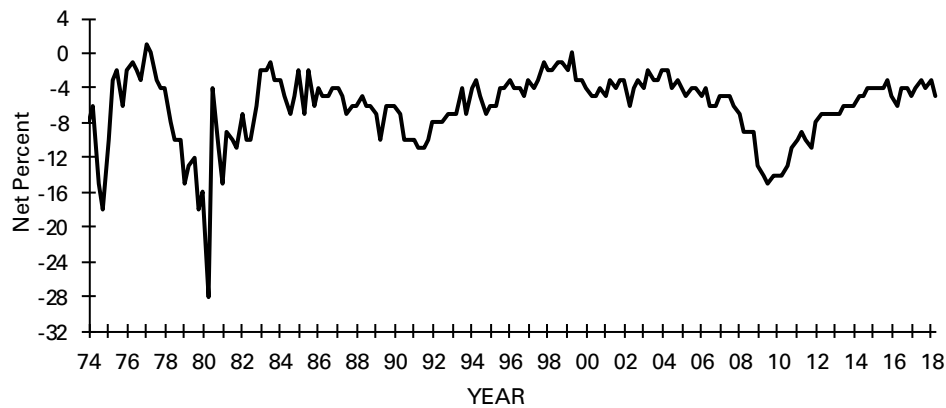
Net Percent Price Increase and Net Percent Compensation Increase  
(Seasonally Adjusted)



# SMALL BUSINESS CREDIT CONDITIONS

## CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
*January Quarter 1974 to April Quarter 2018*



\* For the population borrowing at least once every three months.

## REGULAR BORROWERS

Percent Borrowing at Least Once Every Three Months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	31	29	30	31	29	29	31	28	30	28	29	30
2014	31	30	31	30	31	28	30	29	31	28	33	31
2015	33	30	32	30	29	31	30	33	29	28	27	31
2016	33	31	32	29	29	29	28	29	32	28	31	30
2017	30	31	30	31	28	27	30	31	29	30	30	34
2018	31	31	32	31								



## AVAILABILITY OF LOANS

Net Percent (“Easier” Minus “Harder”)  
Compared to Three Months Ago  
*(Regular Borrowers)*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-7	-7	-4	-7	-5	-6	-6	-6	-5	-6	-6	-7
2014	-6	-8	-8	-5	-6	-6	-5	-5	-7	-4	-5	-3
2015	-4	-3	-5	-4	-3	-4	-4	-4	-4	-3	-4	-5
2016	-5	-5	-5	-5	-4	-5	-4	-4	-5	-4	-4	-6
2017	-5	-4	-3	-4	-3	-3	-3	-3	-6	-4	-4	-3
2018	-3	-3	-4	-5								

# SMALL BUSINESS CREDIT CONDITIONS (CONTINUED)

## BORROWING NEEDS SATISFIED

Percent of All Businesses Last Three Months Satisfied/  
Percent of All Businesses Last Three Months Not Satisfied  
(All Borrowers)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	31/6	29/7	29/7	31/6	28/5	29/5	30/5	31/5	28/6	28/6	32/4	32/4
2014	31/5	29/5	30/5	30/5	30/5	27/6	30/6	28/4	28/6	29/4	29/4	32/4
2015	32/4	33/3	35/5	31/4	30/4	32/5	32/4	33/3	30/2	30/3	32/3	32/4
2016	35/3	31/4	31/5	31/4	31/4	32/5	30/3	29/4	32/6	29/4	30/4	29/4
2017	31/4	30/3	32/4	32/3	31/3	27/4	31/3	34/3	33/2	29/4	32/4	32/3
2018	31/3	32/2	31/4	32/4								

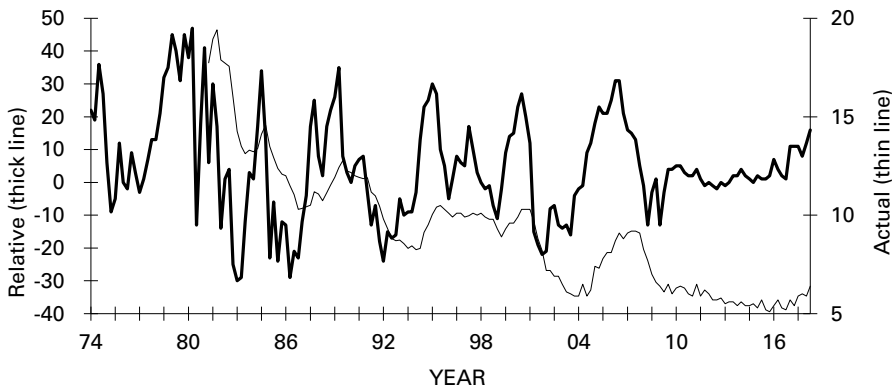
## EXPECTED CREDIT CONDITIONS

Net Percent (“Easier” Minus “Harder”) During Next Three Months  
(Regular Borrowers)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-9	-8	-6	-8	-6	-7	-8	-8	-7	-8	-7	-7
2014	-7	-7	-7	-6	-7	-7	-5	-5	-7	-5	-6	-5
2015	-5	-4	-6	-4	-4	-4	-5	-7	-6	-5	-4	-6
2016	-7	-7	-6	-6	-6	-6	-5	-5	-7	-6	-5	-6
2017	-3	-3	-3	-4	-4	-3	-4	-3	-4	-5	-4	-4
2018	-4	-3	-6	-6								

## INTEREST RATES

Relative Rates and Actual Rates Last Three Months  
January Quarter 1974 to April Quarter 2018



# SMALL BUSINESS CREDIT CONDITIONS (CONTINUED)

## RELATIVE INTEREST RATE PAID BY REGULAR BORROWERS\*

Net Percent (“Higher” Minus “Lower”) Compared to Three Months Ago

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-1	0	0	0	0	0	2	3	4	2	2	3
2014	4	3	2	2	2	2	1	2	3	0	0	-1
2015	2	0	1	1	1	2	1	2	-1	2	0	2
2016	7	6	6	4	4	4	2	2	3	1	2	4
2017	11	9	9	11	11	8	11	8	10	8	9	8
2018	12	13	15	16								

\*Borrowing at Least Once Every Three Months.

## ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

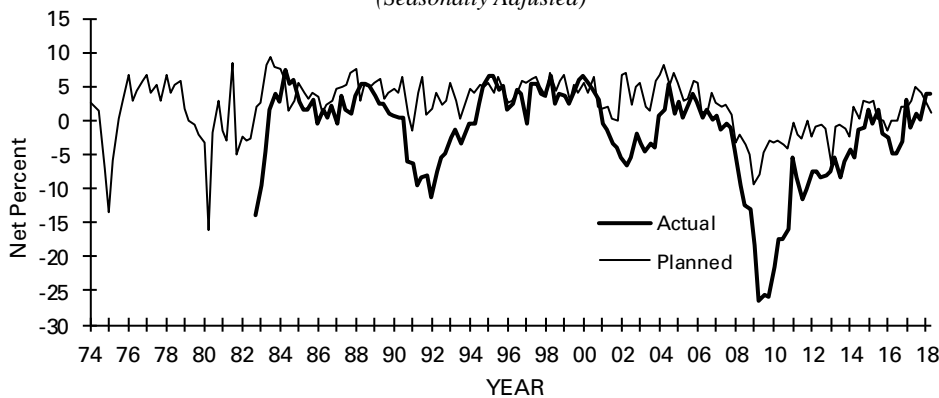
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	5.5	5.3	5.4	5.6	5.7	5.2	5.6	5.4	5.8	5.4	5.4	5.6
2014	5.6	5.4	5.3	5.4	5.7	5.7	5.4	5.3	5.4	5.5	5.6	5.1
2015	5.3	5.1	5.7	5.0	4.8	5.0	5.2	5.4	4.8	5.1	4.7	5.0
2016	5.4	5.3	5.2	5.7	5.3	5.7	5.3	5.2	6.2	5.2	5.6	5.5
2017	5.7	5.4	5.4	5.4	5.9	5.6	5.9	5.5	5.6	6.0	5.7	6.1
2018	5.9	5.7	6.1	6.4								



## SMALL BUSINESS INVENTORIES

### INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)  
January Quarter 1974 to April Quarter 2018  
(Seasonally Adjusted)





# SMALL BUSINESS INVENTORIES (CONTINUED)

## ACTUAL INVENTORY CHANGES

Net Percent (“Increase” Minus “Decrease”) During Last Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-7	-10	-7	-6	-6	-7	-9	-6	-7	-6	-8	-3
2014	-4	-3	-7	-6	-3	-4	-2	-3	-7	-1	1	1
2015	2	1	-5	-1	-4	0	2	-2	0	-2	-4	0
2016	-2	-3	-3	-5	-6	-6	-5	0	-4	-3	-3	3
2017	3	1	0	-1	-1	-3	1	1	-2	0	-2	-2
2018	4	7	3	4								

## INVENTORY SATISFACTION

Net Percent (“Too Low” Minus “Too Large”) at Present Time  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-1	1	-3	-2	1	-2	-1	0	0	-5	-3	-4
2014	-2	-5	-2	-2	-3	-2	-3	-2	0	-3	-2	-2
2015	-1	-3	-7	-2	-1	-4	-6	-6	-5	-4	-5	-4
2016	-2	-2	-5	-5	-4	-4	-4	-2	-7	-4	-4	-3
2017	-5	-2	-5	-3	-6	-3	-2	-5	-3	-5	-2	-2
2018	-5	-3	-6	-4								

## INVENTORY PLANS

Net Percent (“Increase” Minus “Decrease”) in the Next Three to Six Months  
(Seasonally Adjusted)

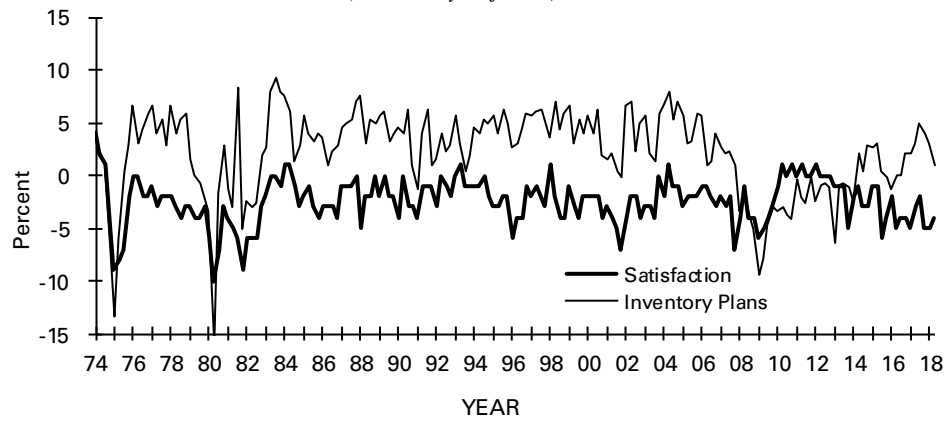
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-6	-1	-5	-1	2	-1	-1	-1	-2	-1	-1	-2
2014	-2	-5	1	2	0	-1	0	2	2	3	1	6
2015	3	5	1	3	3	-4	0	2	3	0	-1	1
2016	-1	-1	-2	0	-1	-3	0	1	-7	2	4	4
2017	2	3	2	3	1	4	5	2	7	4	7	-1
2018	3	4	1	1								



# SMALL BUSINESS CAPITAL OUTLAYS

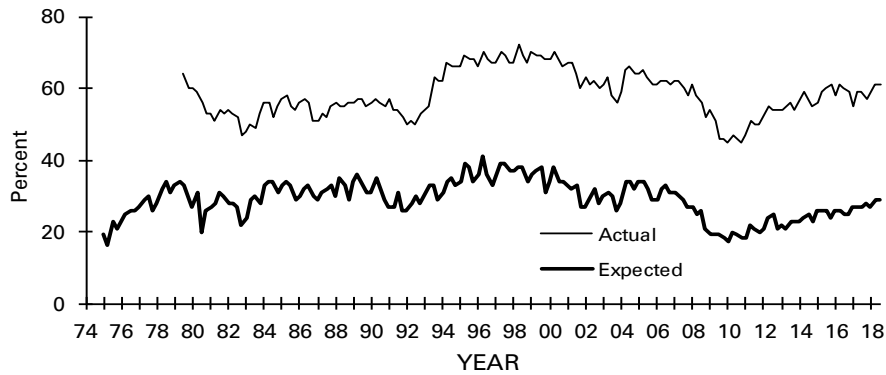
## INVENTORY SATISFACTION AND INVENTORY PLANS

Net Percent (“Too Low” Minus “Too Large”) at Present Time  
Net Percent Planning to Add Inventories in the Next Three to Six Months  
(Seasonally Adjusted)



## CAPITAL EXPENDITURES

Actual Last Six Months and Planned Next Three Months  
January Quarter 1974 to April Quarter 2018  
(Seasonally Adjusted)



## ACTUAL CAPITAL EXPENDITURES

Percent Making a Capital Expenditure During the Last Six Months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	55	56	57	56	57	56	54	53	55	57	55	64
2014	59	57	56	57	55	54	55	58	56	56	57	60
2015	59	60	58	60	54	58	61	58	58	58	62	62
2016	61	58	59	60	58	57	59	57	55	57	55	63
2017	59	62	64	59	62	57	57	60	59	59	59	61
2018	61	66	58	61								



# SMALL BUSINESS CAPITAL OUTLAYS (CONTINUED)

## TYPE OF CAPITAL EXPENDITURES MADE

Percent Purchasing or Leasing During Last Six Months

Type	Current	One Year Ago	Two Years Ago
Vehicles	27	26	25
Equipment	43	42	41
Furniture or Fixtures	15	11	13
Add. Bldgs. or Land	5	6	5
Improved Bldgs. or Land	16	14	15

## AMOUNT OF CAPITAL EXPENDITURES MADE

Percent Distribution of Per Firm Expenditures  
During the Last Six Months

Amount	Current	One Year Ago	Two Years Ago
\$1 to \$999	3	2	3
\$1,000 to \$4,999	8	6	7
\$5,000 to \$9,999	5	6	6
\$10,000 to \$49,999	18	19	19
\$50,000 to \$99,999	12	12	10
\$100,000 +	14	12	13
No Answer	1	2	2



## CAPITAL EXPENDITURE PLANS

Percent Planning a Capital Expenditure During Next Three to Six Months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	20	24	23	22	23	24	25	26	27	24	24	25
2014	23	24	22	24	24	23	25	29	24	27	25	28
2015	25	25	22	25	25	24	26	26	27	27	25	25
2016	25	23	25	25	23	26	25	28	27	27	24	29
2017	27	26	29	27	28	30	28	32	27	27	26	27
2018	29	29	26	29								

# SINGLE MOST IMPORTANT PROBLEM

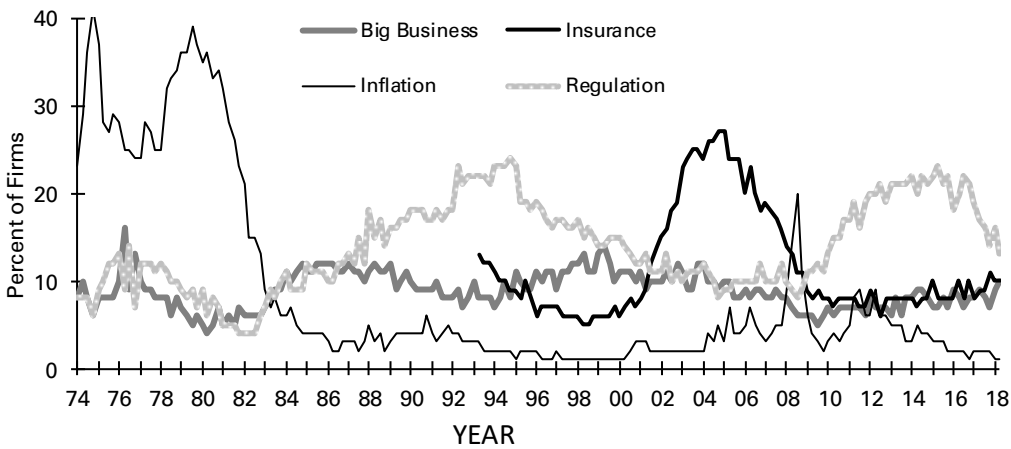
## SINGLE MOST IMPORTANT PROBLEM

April 2018

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	18	21	32	8
Inflation	1	2	41	0
Poor Sales	8	10	33	2
Fin. & Interest Rates	2	2	37	2
Cost of Labor	7	6	9	2
Govt. Reqs. & Red Tape	13	17	27	4
Comp. From Large Bus.	10	9	14	4
Quality of Labor	22	16	23	3
Cost/Avail. of Insurance	10	9	29	4
Other	9	8	31	2

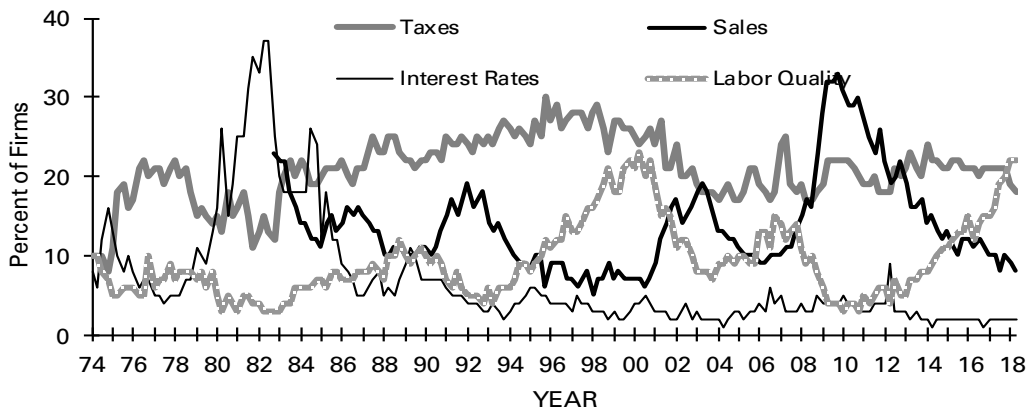
## SELECTED SINGLE MOST IMPORTANT PROBLEM

Insurance, Big Business Competition, Inflation, and Regulation  
*January Quarter 1974 to April Quarter 2018*



## SELECTED SINGLE MOST IMPORTANT PROBLEM

Sales, Fin. & Interest Rates, Labor Cost, Labor Quality, and Taxes  
*January Quarter 1974 to April Quarter 2018*



# SURVEY PROFILE

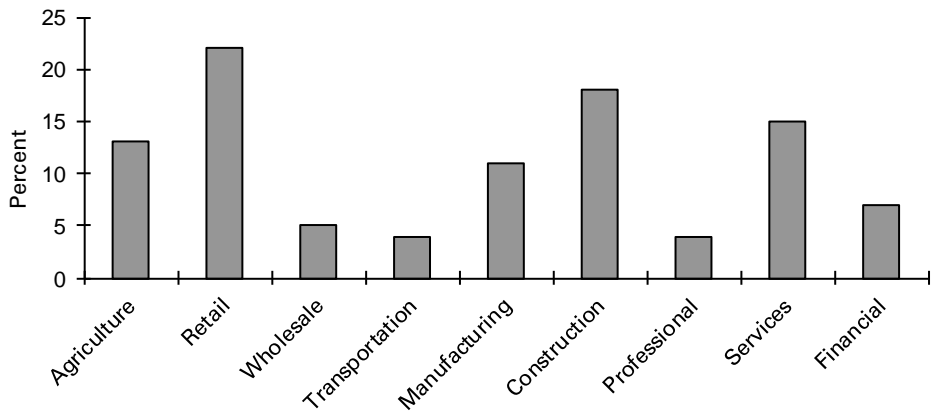
## OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	2033	870	759	1873	715	662	1615	782	773	1940	762	635
2014	1864	792	685	1699	678	672	1645	598	608	1502	615	568
2015	1663	716	575	1500	616	620	1495	656	556	1411	601	509
2016	1438	756	727	1644	700	735	1703	730	723	1702	724	619
2017	1873	764	704	1618	699	624	1533	713	629	1513	544	495
2018	1658	642	570	1554								

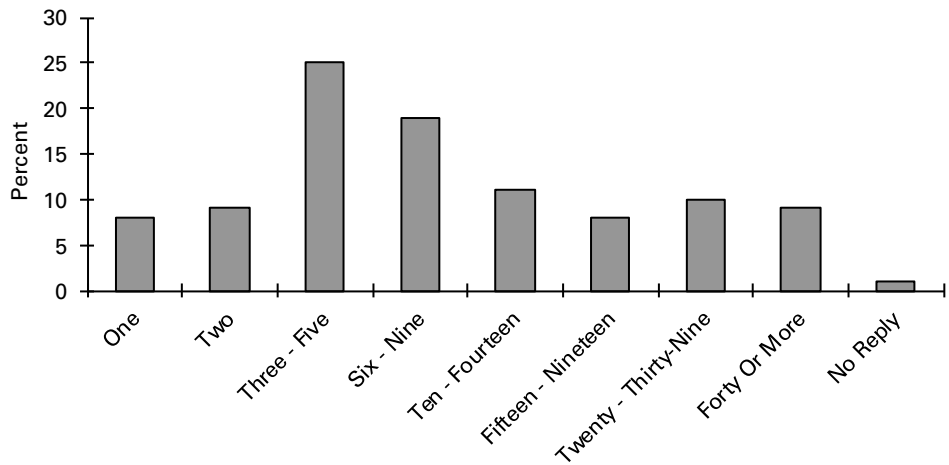
## NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

Industry of Small Business



## NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

Number of Full and Part-Time Employees



# NFIB RESEARCH CENTER SMALL BUSINESS ECONOMIC SURVEY

## SMALL BUSINESS SURVEY QUESTIONS

## PAGE IN REPORT

<b>Do you think the next three months will be a good time for small business to expand substantially? Why? . . . . .</b>	<b>4</b>
<b>About the economy in general, do you think that six months from now general business conditions will be better than they are now, about the same, or worse? . . . . .</b>	<b>5</b>
<b>Were your net earnings or “income” (after taxes) from your business during the last calendar quarter higher, lower, or about the same as they were for the quarter before?. . . . .</b>	<b>6</b>
<b>If higher or lower, what is the most important reason? . . . . .</b>	<b>6</b>
<b>During the last calendar quarter, was your dollar sales volume higher, lower, or about the same as it was for the quarter before? . . . . .</b>	<b>7</b>
<b>Overall, what do you expect to happen to real volume (number of units) of goods and/or services that you will sell during the next three months? . . . . .</b>	<b>7</b>
<b>How are your average selling prices compared to three months ago? . . . . .</b>	<b>8</b>
<b>In the next three months, do you plan to change the average selling prices of your goods and/or services? . . . . .</b>	<b>8</b>
<b>During the last three months, did the total number of employees in your firm increase, decrease, or stay about the same? . . . . .</b>	<b>9</b>
<b>If you have filled or attempted to fill any job openings in the past three months, how many qualified applicants were there for the position(s)? . . . . .</b>	<b>9</b>
<b>Do you have any job openings that you are not able to fill right now? . . . . .</b>	<b>10</b>
<b>In the next three months, do you expect to increase or decrease the total number of people working for you? . . . . .</b>	<b>10</b>
<b>Over the past three months, did you change the average employee compensation? . . . . .</b>	<b>11</b>
<b>Do you plan to change average employee compensation during the next three months? . . . . .</b>	<b>11</b>



SMALL BUSINESS SURVEY QUESTIONS	PAGE IN REPORT
<b>Are...loans easier or harder to get than they were three months ago? .....</b>	<b>12</b>
<b>During the last three months, was your firm able to satisfy its borrowing needs? .....</b>	<b>13</b>
<b>Do you expect to find it easier or harder to obtain your required financing during the next three months? .....</b>	<b>13</b>
<b>If you borrow money regularly (at least once every three months) as part of your business activity, how does the rate of interest payable on your most recent loan compare with that paid three months ago? .....</b>	<b>14</b>
<b>If you borrowed within the last three months for business purposes, and the loan maturity (pay back period) was 1 year or less, what interest rate did you pay? .....</b>	<b>14</b>
<b>During the last three months, did you increase or decrease your inventories? .....</b>	<b>15</b>
<b>At the present time, do you feel your inventories are too large, about right, or inadequate? .....</b>	<b>15</b>
<b>Looking ahead to the next three months to six months, do you expect, on balance, to add to your inventories, keep them about the same, or decrease them? .....</b>	<b>15</b>
<b>During the last six months, has your firm made any capital expenditures to improve or purchase equipment, buildings, or land? .....</b>	<b>16</b>
<b>If [your firm made any capital expenditures], what was the total cost of all these projects? .....</b>	<b>17</b>
<b>Looking ahead to the next three to six months, do you expect to make any capital expenditures for plant and/or physical equipment? .....</b>	<b>17</b>
<b>What is the single most important problem facing your business today? .....</b>	<b>18</b>
<b>Please classify your major business activity, using one of the categories of example below .....</b>	<b>19</b>
<b>How many employees do you have full and part-time, including yourself? .....</b>	<b>19</b>

