



# NFIB SMALL BUSINESS ECONOMIC TRENDS

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August 2019

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	18%	-1	*
Plans to Make Capital Outlays	32%	4	*
Plans to Increase Inventories	2%	-3	*
Expect Economy to Improve	37%	0	*
Expect Real Sales Higher	27%	5	*
Current Inventory	-5%	-3	*
Current Job Openings	31%	-4	*
Expected Credit Conditions	-3%	1	*
Now a Good Time to Expand	27%	4	*
Earnings Trends	-11%	-1	*
Total Change		2	*

(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)

NFIB **SMALL BUSINESS**

# 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 of 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 rose 0.1 points to 105.3 in August, basically unchanged from July. Five of the 10 Index components posted a gain and five declined. The Index peaked for this recovery at 105.9 in January, just 0.6 points above the August reading. It is unlikely that progress in Washington D.C. is the source of continued owner optimism because there isn't any on the major issues of health care and tax reform. So owner optimism is more like a "relief rally", relief that they did not get another four years of costly federal regulations which increased the hold of government on the private sector. The Congressional Record is nearly empty compared to years of record new and changed regulations posted for the past eight years.

## LABOR MARKETS

Small business owners reported a seasonally adjusted average employment change per firm of 0.18 workers per firm over the past three months, virtually unchanged from July. Fourteen percent (up 1 point) reported increasing employment an average of 4.4 workers per firm and 12 percent (up 1 point) reported reducing employment an average of 2.4 workers per firm (seasonally adjusted). Fifty-nine percent reported hiring or trying to hire (down 1 point), but 52 percent (88 percent of those hiring or trying to hire) reported few or no qualified applicants for the positions they were trying to fill. Nineteen percent of owners cited the difficulty of finding qualified workers as their Single Most Important Business Problem (unchanged), second only to taxes. Labor quality is the top ranked problem in Construction (33 percent) and Manufacturing (25 percent), receiving more votes than taxes and regulatory costs. Thirty-one percent of all owners reported at least one job opening they could not fill in the current period, down 4 points but a very high reading. A seasonally adjusted net 18 percent of owners plan to create new jobs, off 1 point from July but historically very strong.

## CAPITAL SPENDING

Sixty percent reported capital outlays, up 3 points. Of those making expenditures, 42 percent reported spending on new equipment (up 4 points), 24 percent acquired vehicles (unchanged), and 16 percent improved or expanded facilities (down 1 point). Seven percent acquired new buildings or land for expansion (up 2 points) and 9 percent spent money for new fixtures and furniture (down 4 points). Solid numbers, but not enough for a significant improvement in GDP growth or productivity. The percent of owners planning capital outlays in the next 3 to 6 months increased to 32 percent, the strongest reading since 2006. Investment plans were most frequent in Professional Services (46 percent), Agriculture (33 percent), the Wholesale Trades (36 percent), Manufacturing (38 percent each) and Construction (33 percent).



## **SALES AND INVENTORIES**

The net percent of all owners (seasonally adjusted) reporting higher nominal sales in the past three months compared to the prior three months was a net 3 percent, a 3-point improvement over July. Seasonally adjusted, the net percent of owners expecting higher real sales volumes gained 5 points, rising to a net 27 percent of owners, this on top of a 5-point jump in July. Stronger sales expectations are very supportive of the historically high hiring plans and strong inventory investment plans.

The net percent of owners reporting net inventory increases was unchanged at a net 1 percent (seasonally adjusted), reversing months of inventory stock reductions that were generated by solid consumer spending in the second quarter. The net percent of owners viewing current inventory stocks as “too low” deteriorated 3 points to a net negative 5 percent. The net percent of owners planning to add to inventory fell 3 points to a net 2 percent. Although lower than July’s reading, this is a positive indicator for second half growth and consistent with the improvement in real sales expectations and future business conditions.

## **CREDIT MARKETS**

Three percent of owners reported that all their borrowing needs were not satisfied, unchanged and historically very low. Thirty-four percent reported all credit needs met (up 3 points) and 49 percent explicitly said they were not interested in a loan, down 2 points. Including those who did not answer the question, 63 percent of owners have no interest in borrowing, down 3 points. Thirty-one percent of all owners reported borrowing on a regular basis (up 1 point). The average rate paid on short maturity loans was down 40 basis points at 5.5 percent, little changed even as the Federal Reserve raises rates.

## **COMPENSATION AND EARNINGS**

Reports of higher worker compensation continue to be strong, consistent with the tight labor markets indicated by the job openings and complaints about labor quality. Reports of increased compensation rose 1 point to a net 28 percent. Plans to raise compensation fell 1 point to a net 15 percent, the lowest reading this year. But labor market conditions will result in many more actually raising compensation, to keep or attract the employees they need. The frequency of reports of improved profit trends declined 1 point to a net negative 11 percent reporting quarter on quarter profit improvements, historically a solid reading and one of the best readings in this expansion. Most of those reporting higher profits credit improved sales, just 14 percent said higher selling prices improved the bottom line.

## **INFLATION**

The net percent of owners raising average selling prices increased 1 point, rising to a net 9 percent. This is the highest reading since 2014, good news for the Federal Reserve which is trying to generate more inflation. Nine percent of owners reported reducing their average selling prices in the past three months (unchanged), and 17 percent reported price increases (down 1 point). Seasonally adjusted, a net 20 percent plan price hikes.



# COMMENTARY

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“Productivity” increased 0.1% in the first quarter and 0.9% in the second quarter (annual rates). Did workers get that much better in three months? Not likely. Defined as a change in “output per hour worked,” its measurement has occupied economists for decades. Consider the productivity of an employee at a burger joint. The number of burgers served per hour measures productivity. But this varies with the economy; in good times, there are more customers and in bad time fewer. But the fundamental skills of the burger server do not change. These “skills” and the available capital equipment will determine over the long run what the worker’s productivity CAN be. What it WILL be depends on how many customers actually buy a burger. There was no amazing improvement in worker skills from the first quarter to the second, just a change in demand which resulted in more sales per hour for the existing employees.

Some argue that sluggish productivity growth can slow economic growth and prevent wages from rising much. For the burger worker, it is slow economic growth that reduces the number of burgers purchased per hour, it is not the employee’s ability to deliver burgers. Only if the demand for burgers reaches the limits of the worker to deliver them could the employee’s productivity limit growth, a “supply” problem that can be alleviated by hiring another worker or getting a machine or a reorganization of the burger production line (management skills).

Strong demand results in better utilization of capacity and creates new jobs, all of which comes about through higher wages paid to attract applicants and keep good employees. The reverse is not true. Mandating a \$15 minimum wage will not increase the number of burgers served per hour by the employee to cover the higher wage cost. That will only raise costs for the business which will have to raise prices to recover those costs or fire an employee if burger demand falls due to higher prices.

One simple fact holds true: employee compensation can rise in real terms over time only if employees produce more stuff per hour e.g. productivity rises. This depends on both supply and demand factors. To make sure that the employee CAN produce more if asked, we invest in training, research, technology, improved equipment, all to increase the capacity to produce. However, demand plays an important role. The employee can’t produce more burgers per hour unless there are sufficient customers to make it happen. Thus, the need for pro-growth policies which will help finance the capital investments needed to improve long-run productivity.

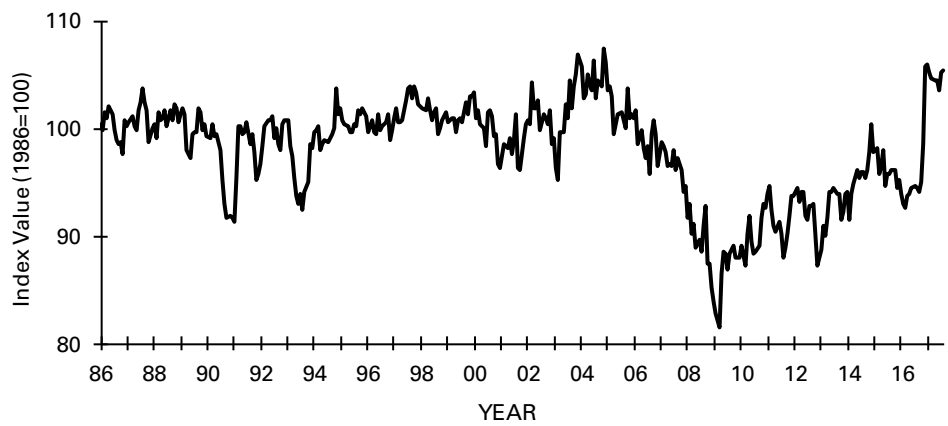
Second quarter GDP growth was revised up to 3 percent (annual rate) revealing stronger consumer and private sector spending which raises the odds that the Federal Reserve will raise rates again. With little good news from Washington D.C., it appears that owner optimism is holding at record levels because of private sector activity on Main Street, a reason to hire and build inventories and make capital purchases. Eventually, something will happen to taxes and health care, presumably improving on the current situation, so at least the outcome will not be a negative for owners.



# OVERVIEW - SMALL BUSINESS OPTIMISM

## OPTIMISM INDEX

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



## OPTIMISM INDEX

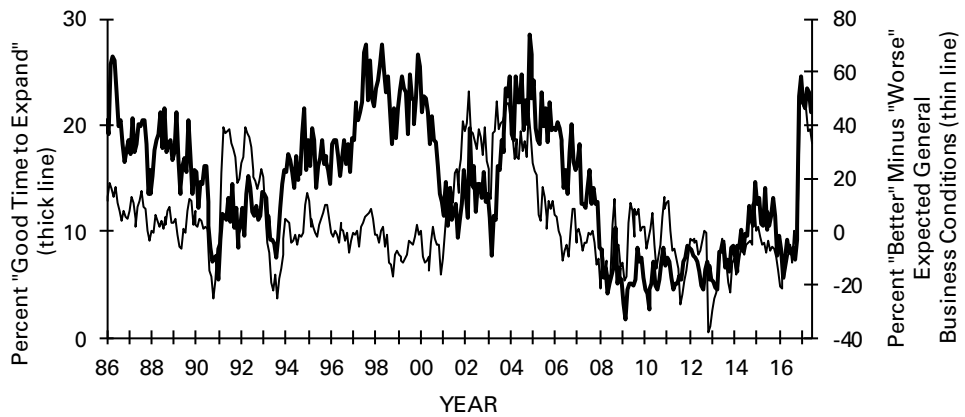
Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	93.7	94.5	93.1	94.2	94.0	91.9	91.5	92.7	92.7	93.0	87.2	88.0
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	92.9	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				

## SMALL BUSINESS OUTLOOK

### OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January 1986 to August 2017  
(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
2012	9	8	8	8	7	6	5	5	6	7	6	7
2013	6	5	5	5	8	8	9	7	7	6	9	9
2014	8	6	9	9	10	8	10	10	12	11	11	15
2015	13	13	11	11	14	10	12	11	11	13	12	8
2016	10	8	6	8	9	8	8	9	7	9	11	23
2017	25	22	22	24	23	21	23	27				

## MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
August 2017

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	15	9	11
Sales Prospects	4	4	4
Fin. & Interest Rates	2	0	1
Cost of Expansion	0	4	7
Political Climate	5	5	15
Other/Not Available	0	5	7

## OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

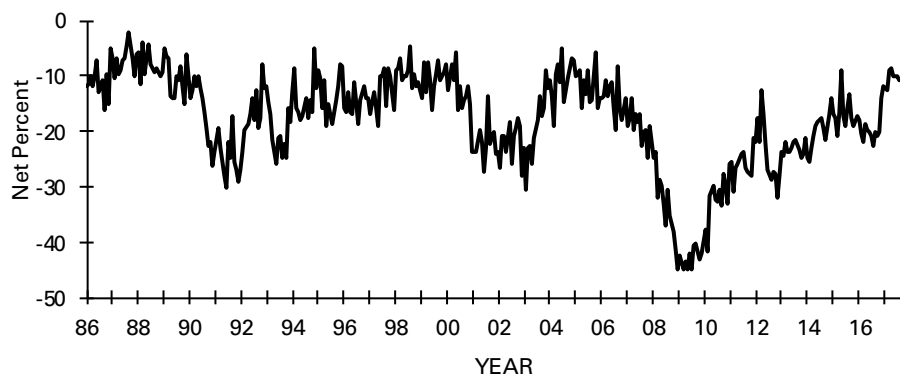
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	-3	-3	-3	-4	-3	-9	-7	-4	0	0	-38	-36
2013	-30	-25	-23	-14	-6	-3	-5	-4	-12	-19	-23	-12
2014	-11	-16	-13	-8	-1	-9	-5	-5	-4	-5	10	12
2015	0	2	-2	-5	-4	-8	-3	-8	-6	-6	-10	-15
2016	-21	-21	-17	-18	-13	-9	-5	-12	0	-7	12	50
2017	48	47	46	38	39	33	37	37				



# SMALL BUSINESS EARNINGS

## EARNINGS

Actual Last Three Months  
January 1986 to August 2017  
(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
2012	-22	-18	-22	-13	-17	-22	-27	-29	-27	-28	-32	-28
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				

## MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
August 2017

	Current Month	One Year Ago	Two Years Ago
Sales Volume	10	14	13
Increased Costs*	8	9	9
Cut Selling Prices	3	3	3
Usual Seasonal Change	4	4	3
Other	2	4	3

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

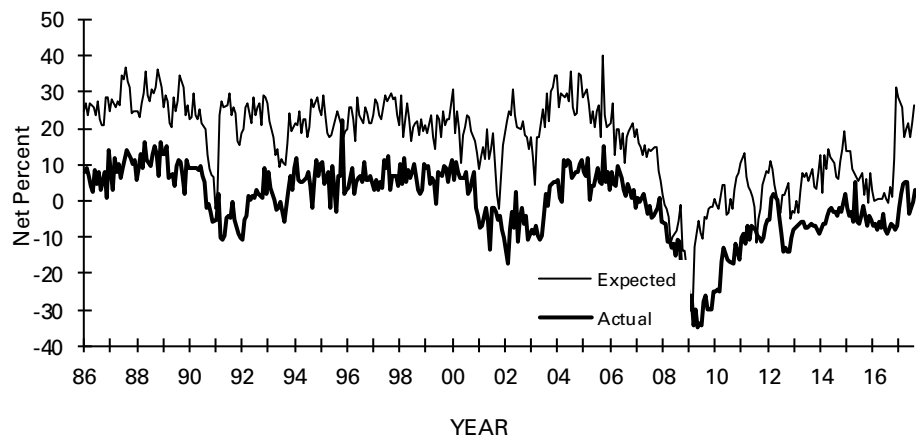




# SMALL BUSINESS SALES

## SALES

Actual (Prior Three Months) and Expected (Next Three Months)  
January 1986 to August 2017  
(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
2012	-5	-5	1	2	0	-5	-9	-14	-13	-14	-14	-10
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				

## SALES EXPECTATIONS

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

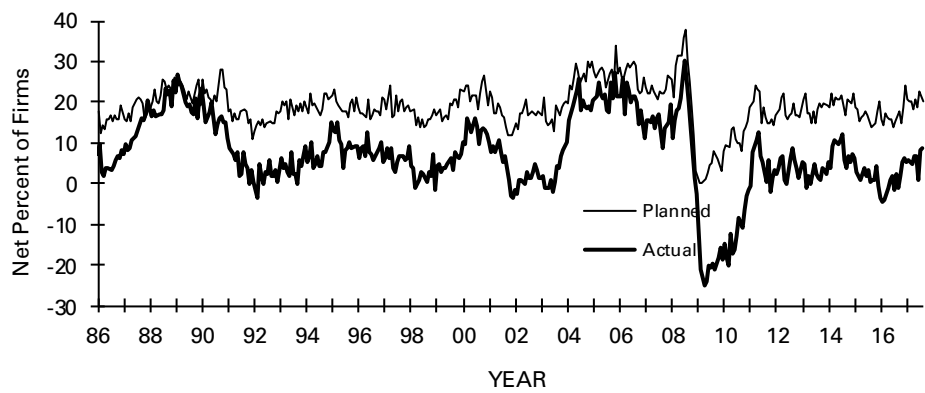
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	8	11	9	5	2	-2	-4	2	2	5	-5	-3
2013	-3	0	-3	3	8	6	8	6	9	4	3	7
2014	13	2	13	9	15	12	11	7	6	11	14	19
2015	14	14	14	9	7	5	7	8	2	6	-1	7
2016	3	0	1	1	1	2	1	-1	4	1	11	31
2017	29	26	18	20	22	17	22	27				



# SMALL BUSINESS PRICES

## PRICES

Actual Last Three Months and Planned Next Three Months  
January 1986 to August 2017  
(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
2012	2	4	6	7	1	0	6	9	6	4	1	3
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				

## 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
2012	17	18	21	22	17	16	17	17	20	17	17	16
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				



# 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
2012	0	-3	0	0	-3	-1	-1	-2	-3	-1	-2	-4
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	2	4	5	-1	2	2				

## QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	31	31	32	34	37	33	38	37	41	38	36	33
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	52	44
2017	47	44	45	48	51	46	52	52				

## EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January 1986 to August 2017  
(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
2012	18	17	15	17	20	15	15	17	17	16	18	16
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				

## HIRING PLANS

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

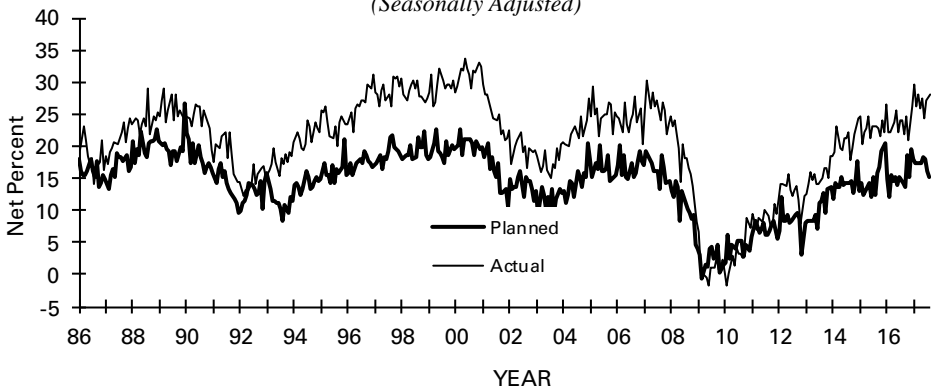
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	4	4	2	5	7	3	5	8	4	4	5	1
2013	2	4	2	6	6	7	9	8	9	5	9	8
2014	11	7	7	8	11	12	13	8	9	10	11	15
2015	13	12	12	11	13	9	12	11	12	11	11	15
2016	11	10	9	11	12	11	12	9	10	10	15	16
2017	18	15	16	16	18	15	19	18				



# SMALL BUSINESS COMPENSATION

## COMPENSATION

Actual Last Three Months and Planned Next Three Months  
January 1986 to August 2017  
(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
2012	12	14	14	14	16	13	12	13	14	12	8	12
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				

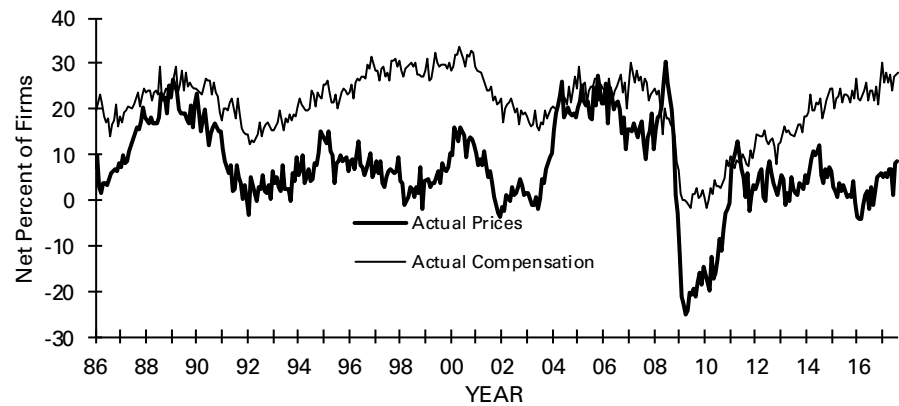
## COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	7	12	9	9	9	8	8	9	10	9	3	6
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				

## PRICES AND LABOR COMPENSATION

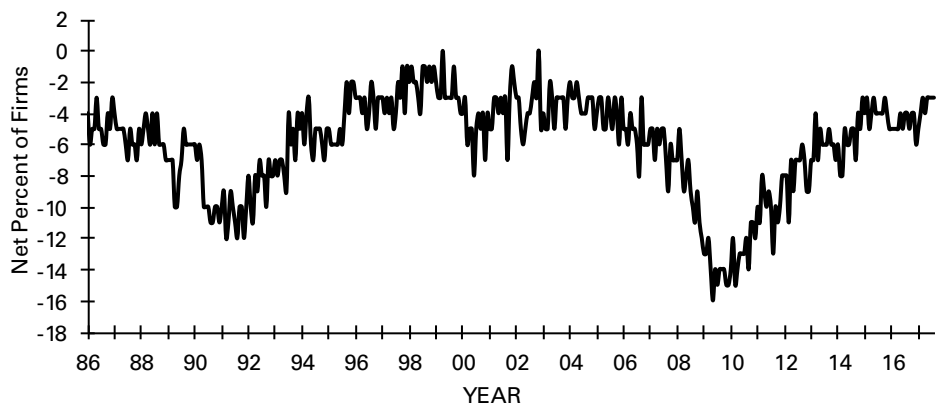
Net Percent Price Increase and Net Percent Compensation  
(Seasonally Adjusted)



# SMALL BUSINESS CREDIT CONDITIONS

## CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
*January 1986 to August 2017*



\* 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
2012	32	32	31	32	32	29	31	30	31	30	30	29
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				

## 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
2012	-8	-8	-11	-7	-9	-7	-7	-7	-6	-7	-9	-9
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				



# 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
2012	30/7	31/7	27/8	31/8	29/9	29/7	30/7	31/7	32/8	28/8	28/6	29/6
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				

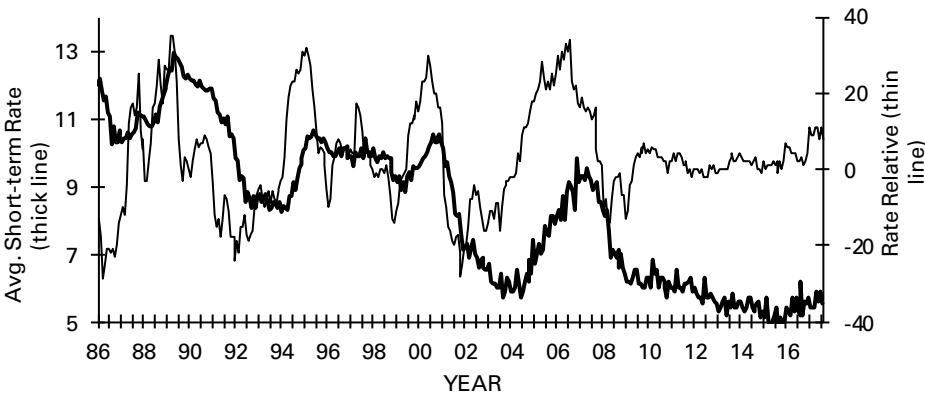
## EXPECTED CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	-9	-10	-11	-8	-10	-8	-7	-9	-7	-8	-10	-11
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				

## INTEREST RATES

Relative Rates and Actual Rates Last Three Months  
January 1986 to August 2017



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
2012	0	0	0	-1	0	-2	-2	-2	1	0	1	-1
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				

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON  
SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

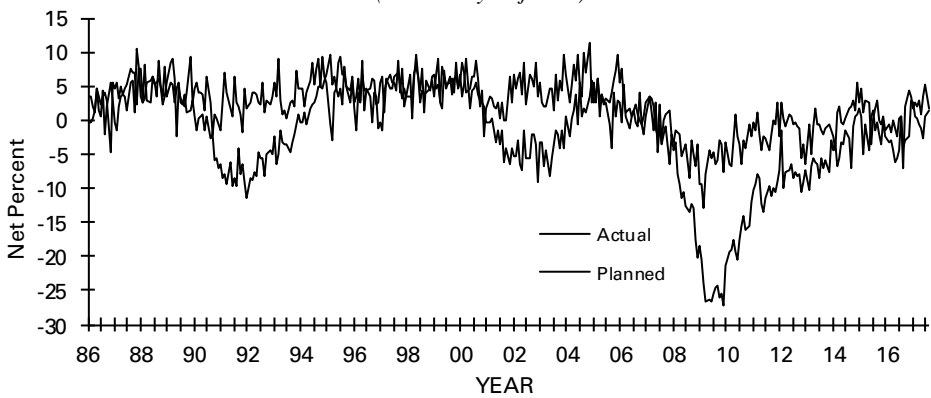
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	6.0	5.8	5.7	5.7	5.5	6.3	5.7	5.7	5.7	5.8	5.7	5.6
2013	5.5	5.3	5.4	5.6	5.7	5.2	5.6	5.4	5.8	5.4	5.4	5.6
2014	5.6	5.4	5.3	5.4	5.7	5.7	5.4	5.3	5.4	5.5	5.6	5.1
2015	5.3	5.1	5.7	5.0	4.8	5.0	5.2	5.4	4.8	5.1	4.7	5.0
2016	5.4	5.3	5.2	5.7	5.3	5.7	5.3	5.2	6.2	5.2	5.6	5.5
2017	5.7	5.4	5.4	5.4	5.9	5.6	5.9	5.5				



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)  
January 1986 to August 2017  
(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
2012	-7	-1	-10	-8	-7	-7	-9	-8	-8	-8	-11	-9
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				

## 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
2012	1	2	2	-1	-1	0	0	0	-1	0	-1	2
2013	-1	1	-3	-3	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				

## INVENTORY PLANS

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

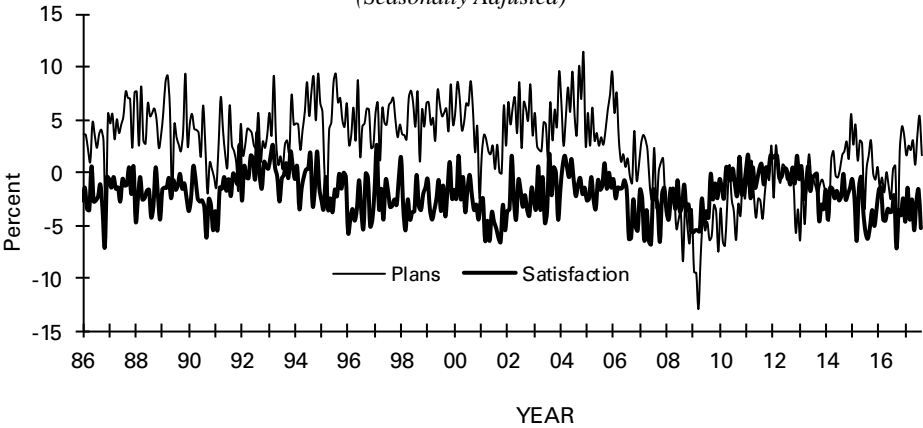
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	-2	3	0	-1	1	1	-1	0	-1	-1	-6	-4
2013	-6	-1	-5	-1	2	-1	-1	-1	-2	-1	-1	-2
2014	-2	-5	1	2	0	-1	0	2	2	3	1	6
2015	3	5	1	3	3	-4	0	2	3	0	-1	1
2016	-1	-1	-2	0	-1	-3	0	1	-7	2	4	4
2017	2	3	2	3	1	4	5	2				



# SMALL BUSINESS CAPITAL OUTLAYS

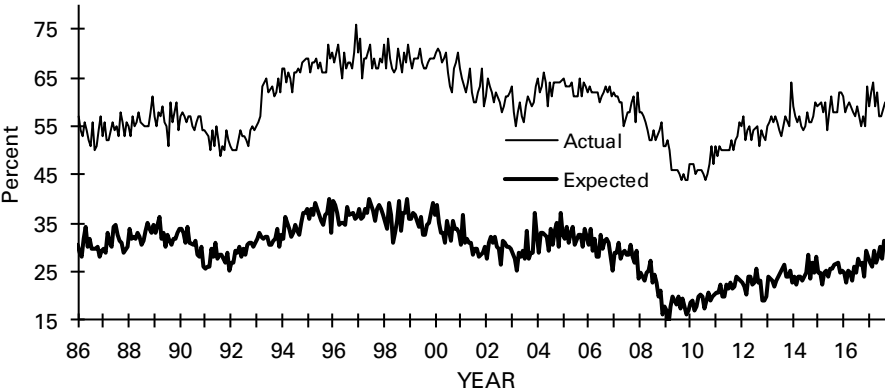
## INVENTORY SATISFACTION AND INVENTORY PLANS

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 1986 to August 2017  
(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
2012	55	57	52	54	55	52	54	55	51	54	53	52
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				



# 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	24	22	22
Equipment	42	42	43
Furniture or Fixtures	9	12	13
Add. Bldgs. or Land	7	5	7
Improved Bldgs. or Land	16	16	14

## 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	2	4	3
\$1,000 to \$4,999	7	7	7
\$5,000 to \$9,999	6	4	7
\$10,000 to \$49,999	22	18	16
\$50,000 to \$99,999	8	9	10
\$100,000 +	14	13	13
No Answer	1	2	2

## CAPITAL EXPENDITURE PLANS

Percent Planning a Capital Expenditure During Next Three to Six Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	23	22	20	24	24	22	23	26	23	23	19	19
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				



# SINGLE MOST IMPORTANT PROBLEM

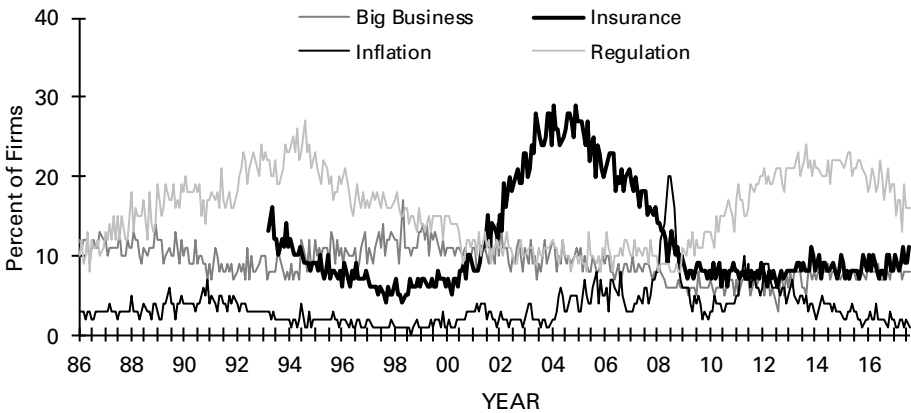
## SINGLE MOST IMPORTANT PROBLEM

August 2017

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	20	21	32	8
Inflation	1	2	41	0
Poor Sales	9	11	34	2
Fin. & Interest Rates	2	2	37	1
Cost of Labor	7	9	9	2
Govt. Regs. & Red Tape	16	20	27	4
Comp. From Large Bus.	8	15	14	4
Quality of Labor	19	8	24	3
Cost/Avail. of Insurance	11	5	29	4
Other	7	5	31	1

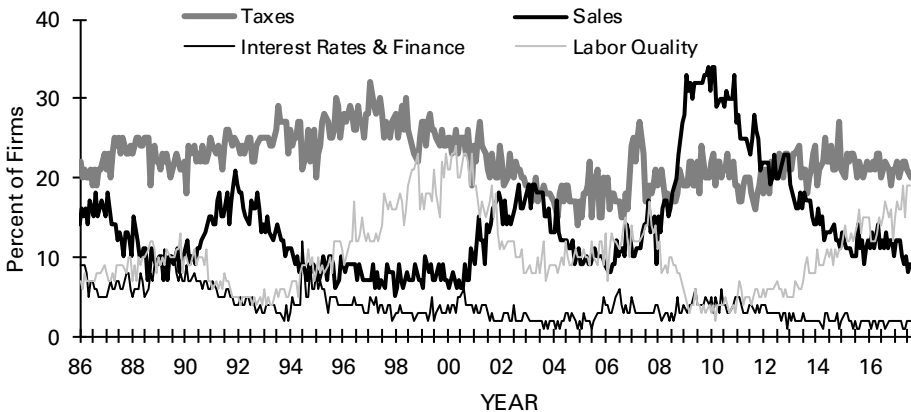
## SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation  
*January 1986 to August 2017*



## SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality  
*January 1986 to August 2017*



# SURVEY PROFILE

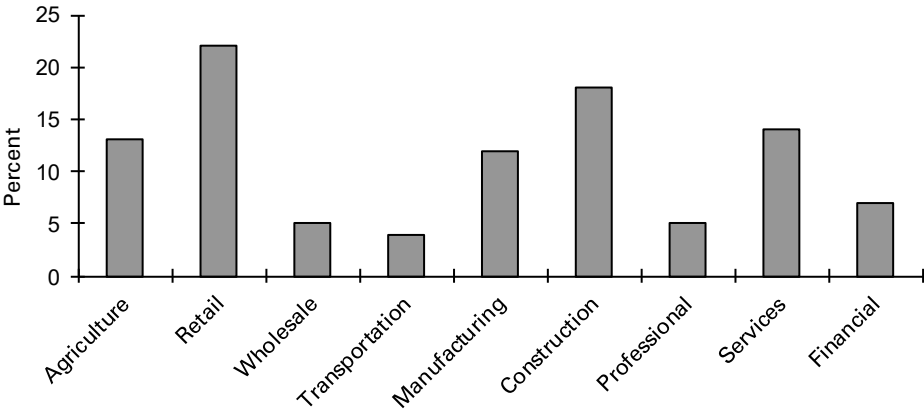
## OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	2155	819	757	1817	681	740	1803	736	691	2029	733	648
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				

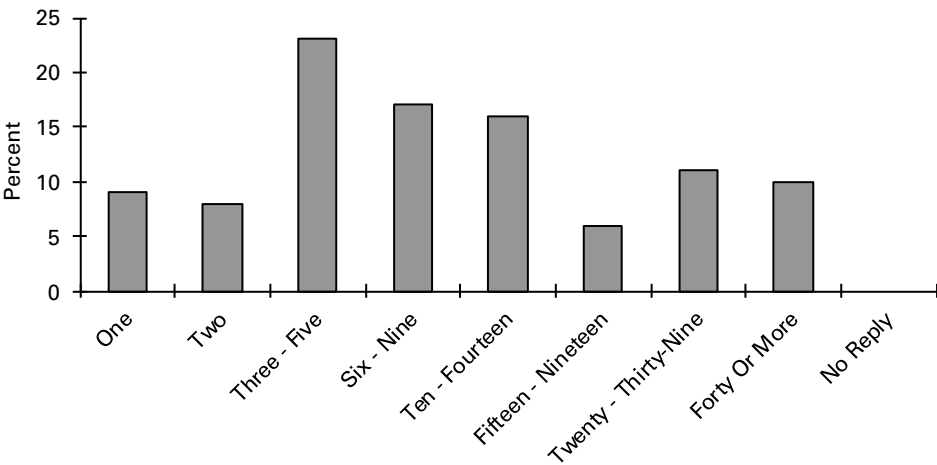
## NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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>

