



NFIB SMALL BUSINESS ECONOMIC TRENDS

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January 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	20%	0	0%
Plans to Make Capital Outlays	29%	2	7%
Plans to Increase Inventories	3%	4	18%
Expect Economy to Improve	41%	4	18%
Expect Real Sales Higher	25%	-3	-13%
Current Inventory	-5%	-3	-13%
Current Job Openings	34%	3	13%
Expected Credit Conditions	-4%	0	0%
Now a Good Time to Expand	32%	5	22%
Earnings Trends	-4%	11	48%
Total Change		23	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

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

OPTIMISM INDEX

The Index of Small Business Optimism gained 2.0 points in January, rising to 106.9, again one of the strongest readings in the 45-year history of the NFIB surveys. The highest reading of 108.0 was reached in July 1983 and the lowest reading of 79.7 occurred in April 1980. Six of the 10 Index components posted a gain, two declined, and two were unchanged. The gain left the Index historically strong and maintained a string of exceptional readings that started the day after the 2016 election results were announced. A year after the election-induced surge in Optimism, small-business owners remain confident about the future.

LABOR MARKETS

Job creation was solid in the small-business sector as owners reported a seasonally adjusted average employment change per firm of 0.23 workers, a strong showing. The lack of “qualified” workers is impeding growth in employment. Thirteen percent (unchanged) reported increasing employment an average of 2.4 workers per firm and 9 percent (down 1 point) reported reducing employment an average of 3.4 workers per firm (seasonally adjusted). Fifty-five percent reported hiring or trying to hire (down 4 points), but 49 percent (89 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 3 points), exceeding the percentage citing taxes or the cost of regulation as their top business problem. Thirty-four percent of all owners reported job openings they could not fill in the current period, up 3 points from December. Twelve percent reported using temporary workers, unchanged. A seasonally adjusted net 20 percent plan to create new jobs, unchanged from December and at record high levels. Labor markets have become very tight, for both skilled and unskilled workers.

CAPITAL SPENDING

Sixty-one percent reported capital outlays, unchanged from December and one of the highest readings in this recovery to date. This anticipates a substantial increase in capital spending. Of those making expenditures, 44 percent reported spending on new equipment (up 1 point), 28 percent acquired vehicles (up 5 points), and 16 percent improved or expanded facilities (unchanged). Six percent acquired new buildings or land for expansion (unchanged) and 13 percent spent money for new fixtures and furniture (down 2 points). Twenty-nine percent plan capital outlays in the next few months, up 2 points from December. Improvements in productivity depend crucially on investment spending in the labor intensive small-business sector. Improved earnings trends and lower taxes increase the pool of capital available for firms to invest in their businesses. Many of these investments do not involve “high” or new technology, just improvements in standard equipment and processes.



This survey was conducted in January 2018. A sample of 10,000 small-business owners/members was drawn. One thousand six hundred and fifty-eight (1,658) usable responses were received – a response rate of 17 percent.

SUMMARY

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 5 percent, a 4 point decline following a 14 point improvement in December. The net percent of owners expecting higher real sales volumes fell 3 points, falling to a net 25 percent of owners, still one of the best readings since 2007.

The net percent of owners reporting inventory increases rose 6 percentage points to a net 4 percent (seasonally adjusted). The net percent of owners viewing current inventory stocks as “too low” was a net negative 5 percent, 3 points lower than December. Apparently the buildup of inventories left stocks a bit larger than owners wanted, based on expected sales volumes. However, the net percent of owners planning to add to inventory rose 4 points from December to a net 3 percent. Plans averaged 4 percent in the last six months of 2017 as firms geared up for a solid holiday season.

INFLATION

The net percent of owners raising average selling prices rose 3 points to a net 11 percent seasonally adjusted, the highest reading since July 2014. Unadjusted, 9 percent of owners reported reducing their average selling prices in the past three months (down 2 points), and 19 percent reported price increases (up 4 points). Seasonally adjusted, a net 23 percent plan price hikes (up 1 point), although far fewer will report actually doing so in the following months. There is a strong dynamic in price adjustments on Main Street that is typical of a less regulated market.

COMPENSATION AND EARNINGS

Reports of higher worker compensation rose 4 percentage points to a net 31 percent, the highest reading since 2000 and among the highest in survey history. Twenty-two percent (up 3 points) selected “finding qualified labor” as their top business problem, the highest reading since 2000, the peak of the last expansion. Plans to raise compensation rose 1 point in frequency to a net 24 percent in response to tighter labor markets, the highest reading since 1989. Small firms are raising compensation to attract and keep the employees they need. The frequency of reports of positive profit trends improved a huge 11 points to a net negative 4 percent reporting quarter on quarter profit improvements, the best reading since March of 1988.

CREDIT MARKETS

Three percent of owners reported that all their borrowing needs were not satisfied, unchanged and historically low. Thirty-one percent reported all credit needs met (down 1 point) and 52 percent said they were not interested in a loan, unchanged. Only 2 percent reported that financing was their top business problem. Three percent reported loans “harder to get”, unchanged and at historic lows. Thirty-one percent of all owners reported borrowing on a regular basis (down 3 points). The average rate paid on short maturity loans was down 20 basis points at 5.9 percent. If the Federal Reserve raises rates the anticipated three times this year, variable rate loan costs will respond immediately, although longer term rates are not likely to reflect the full hike.



COMMENTARY

The new tax law, the Tax Cuts and Jobs Act, produced the most recent boost to small business optimism. And federal government related cost pressures continue to abate, offering a more supportive business climate for small firms. Consumer spending remains supportive, and business spending and housing remain strong.

On the Federal Reserve front, the minutes of their last meeting revealed a discussion of inflation that mirrored much of the recent public discussion by Former Chair Yellen, who acknowledged the difficulties the committee has in understanding current inflation dynamics and why inflation continues to remain below target, despite very accommodative policies. It is worrisome that our central bank wants to create inflation and assumes that once it has “enough”, it can keep inflation from going higher. The Federal Reserve’s forecast is that inflation will continue to rise and then stop at their target of 2 percent, they offer no explanation of why or how it will stop. And, there is no rigorous explanation of why 2 percent is the “right” level for the economy. If it is not, pursuing policies that try to increase inflation could become even more damaging to the economy, hurting the small business sector. In the meantime, the Federal Reserve will continue to raise rates.

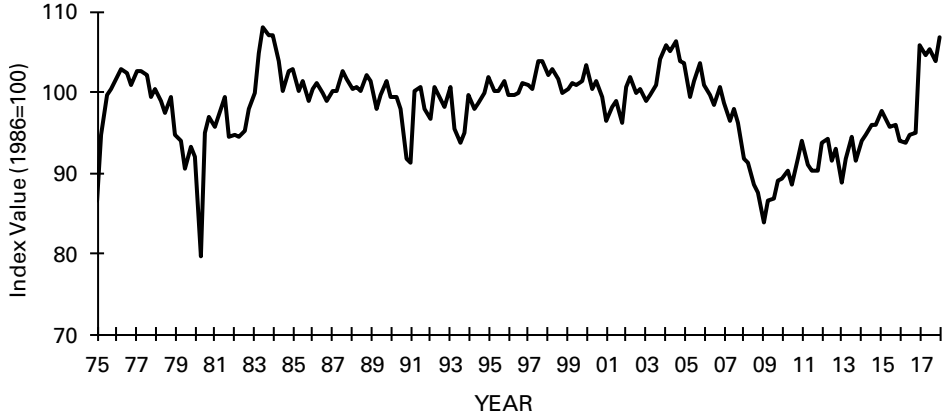
The U.S. ranked second in the World Economic Forum (Davos)’s assessment of global competitiveness. Strong points included inflation, venture capital, business sophistication, innovation, financial market development, labor market efficiency, and higher education and training. Not so good U.S. ranking included 61st (out of 137 economies studied) on business costs of crime and violence, 57th on organized crime, 39th for internet use penetration and 95th on tax rate as a percent of profits (pre tax law). The extensive size and performance of our small business sector plays a key role in supporting these rankings and now government policies are more focused on strengthening the competitiveness and performance of this sector by reducing regulatory and tax restrictions that waste time and capital. The new tax law is one more significant step towards establishing a pro-growth environment supporting the small business sector.



OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

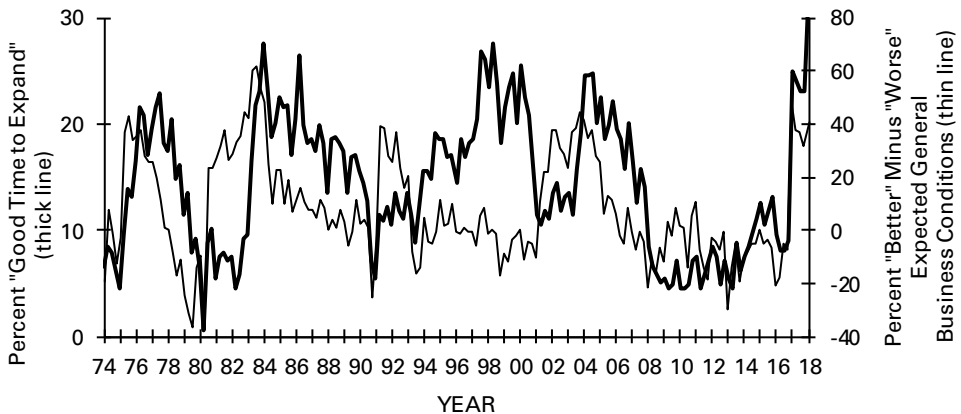
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

	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											

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January Quarter 1974 to January 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
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	17	23	27	27
2018	32											

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
January 2018

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	20	8	9
Sales Prospects	4	4	7
Fin. & Interest Rates	0	1	1
Cost of Expansion	0	5	10
Political Climate	6	3	10
Other/Not Available	1	4	6

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

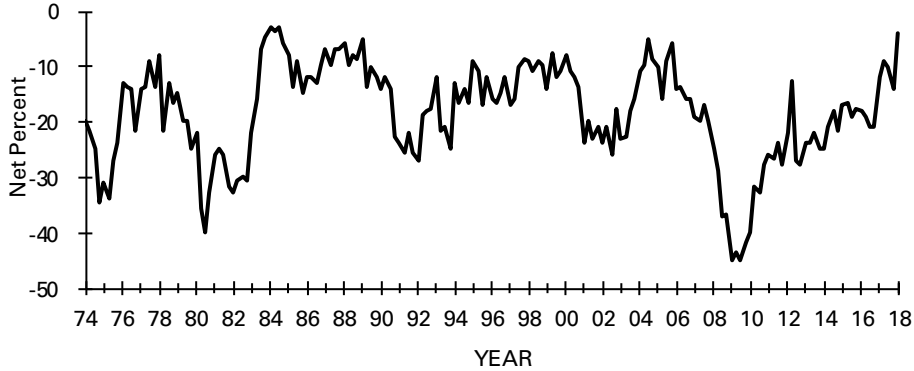
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-30	-25	-23	-14	-6	-3	-5	-4	-12	-19	-23	-12
2014	-11	-16	-13	-8	-1	-9	-5	-5	-4	-5	10	12
2015	0	2	-2	-5	-4	-8	-3	-8	-6	-6	-10	-15
2016	-21	-21	-17	-18	-13	-9	-5	-12	0	-7	12	50
2017	48	47	46	38	39	33	37	37	31	32	48	37
2018	41											



SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January Quarter 1974 to January 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											

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
January 2018

Reason	Current Month	One Year Ago	Two Years Ago
Sales Volume	9	12	13
Increased Costs*	6	8	9
Cut Selling Prices	3	2	4
Usual Seasonal Change	7	8	8
Other	3	4	4

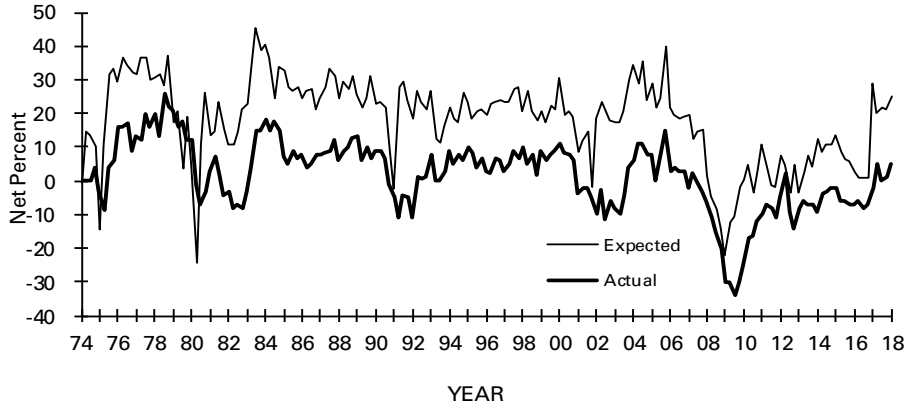
* Increased costs include labor, materials, finance, taxes, and regulatory costs.



SMALL BUSINESS SALES

SALES

Actual (Prior Three Months) and Expected (Subsequent Three Months)
January 1974 to January 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											

SALES EXPECTATIONS

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

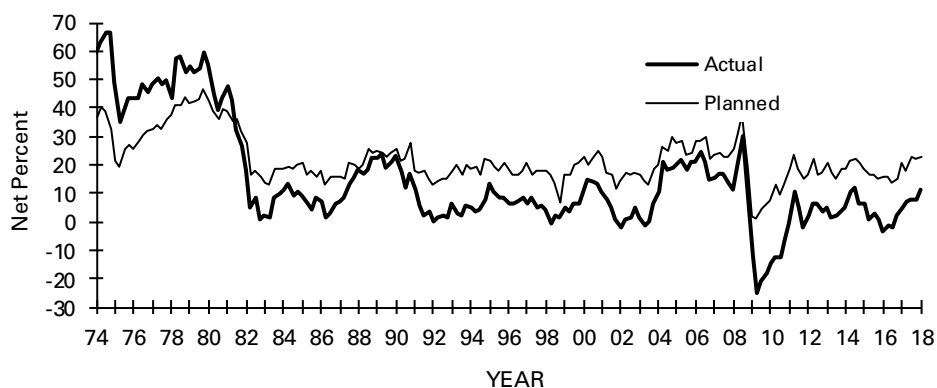
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-3	0	-3	3	8	6	8	6	9	4	3	7
2014	13	2	13	9	15	12	11	7	6	11	14	19
2015	14	14	14	9	7	5	7	8	2	6	-1	7
2016	3	0	1	1	1	2	1	-1	4	1	11	31
2017	29	26	18	20	22	17	22	27	15	21	34	28
2018	25											



SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
January Quarter 1974 to January 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											

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											



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											

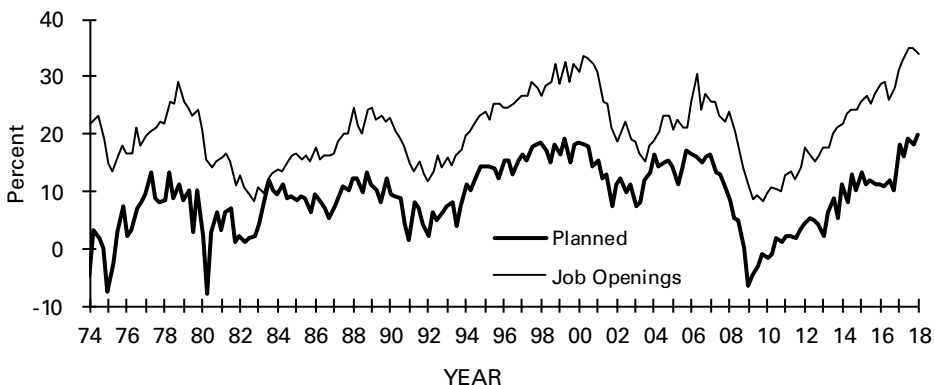
QUALIFIED APPLICANTS FOR JOB OPENINGS

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											

EMPLOYMENT

Planned Next Three Months and Current Job Openings
January Quarter 1974 to January 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											

HIRING PLANS

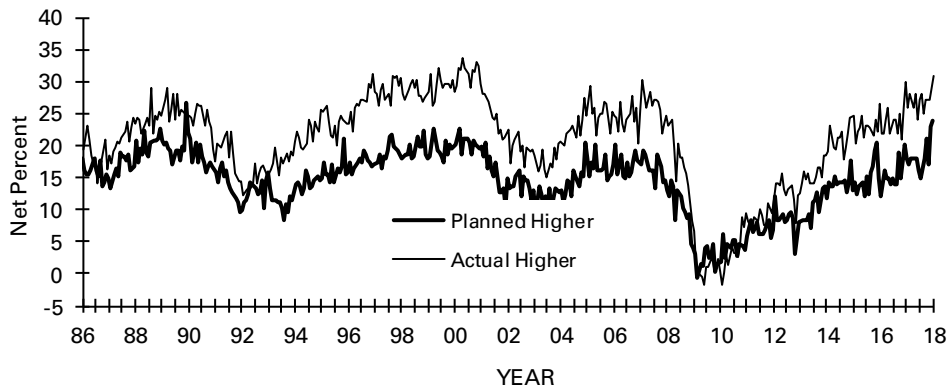
Net Percent (“Increase” Minus “Decrease”) in the Next Three Months
(Seasonally Adjusted)

	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											

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to January 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											

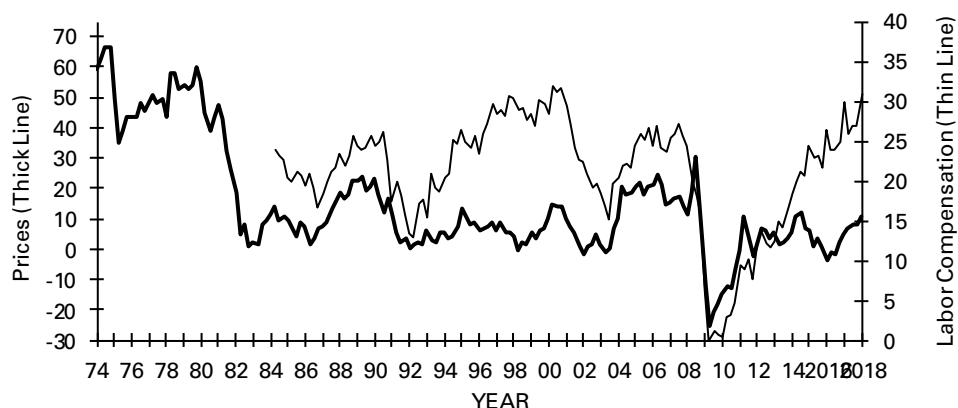
COMPENSATION PLANS

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											

PRICES AND LABOR COMPENSATION

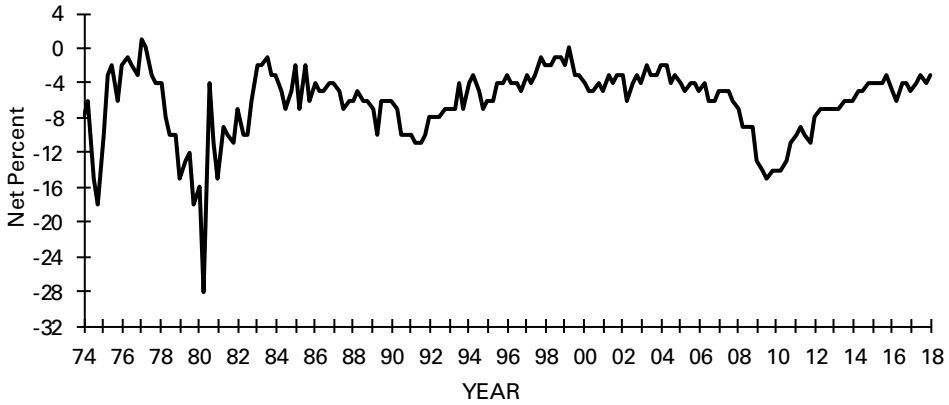
Net Percent Price Increase and Net Percent Compensation Increase
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January Quarter 1974 to January 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											



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											

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											

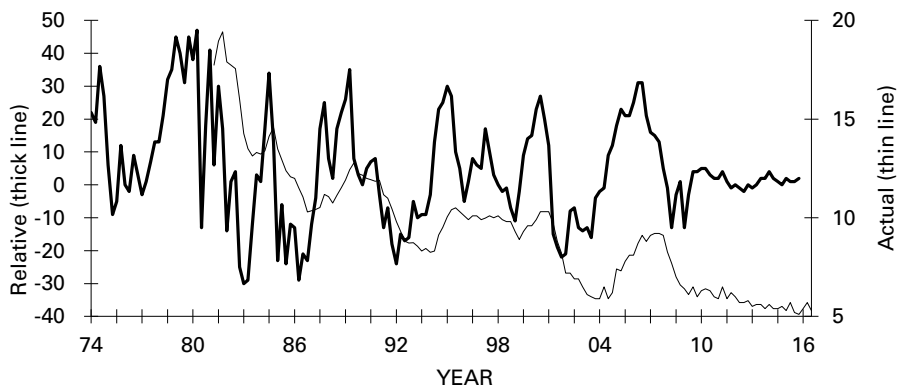
EXPECTED CREDIT CONDITIONS

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											

INTEREST RATES

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

*Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

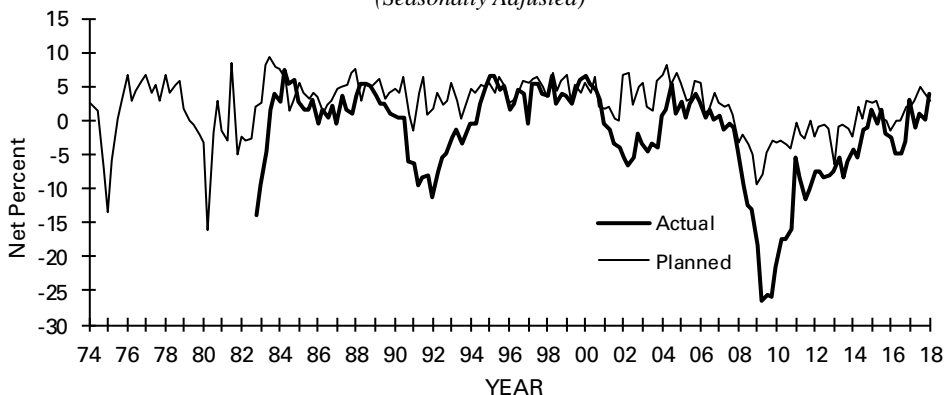
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	5.5	5.3	5.4	5.6	5.7	5.2	5.6	5.4	5.8	5.4	5.4	5.6
2014	5.6	5.4	5.3	5.4	5.7	5.7	5.4	5.3	5.4	5.5	5.6	5.1
2015	5.3	5.1	5.7	5.0	4.8	5.0	5.2	5.4	4.8	5.1	4.7	5.0
2016	5.4	5.3	5.2	5.7	5.3	5.7	5.3	5.2	6.2	5.2	5.6	5.5
2017	5.7	5.4	5.4	5.4	5.9	5.6	5.9	5.5	5.6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



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January Quarter 1974 to January 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											

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											

INVENTORY PLANS

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

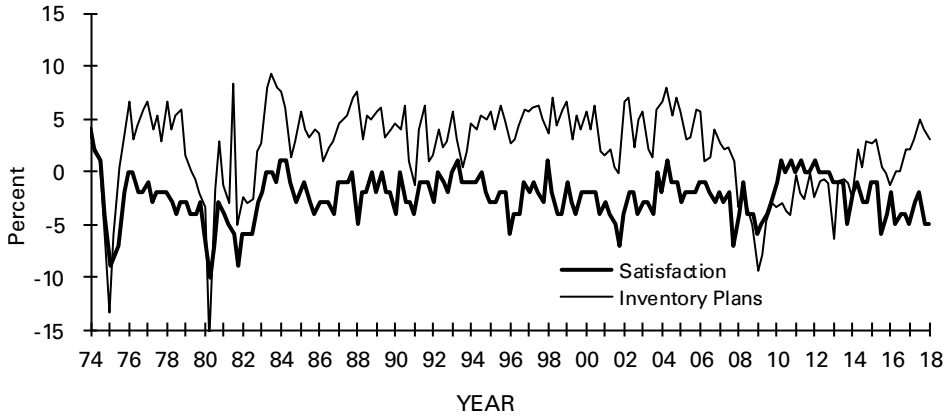
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-6	-1	-5	-1	2	-1	-1	-1	-2	-1	-1	-2
2014	-2	-5	1	2	0	-1	0	2	2	3	1	6
2015	3	5	1	3	3	-4	0	2	3	0	-1	1
2016	-1	-1	-2	0	-1	-3	0	1	-7	2	4	4
2017	2	3	2	3	1	4	5	2	7	4	7	-1
2018	3											



SMALL BUSINESS CAPITAL OUTLAYS

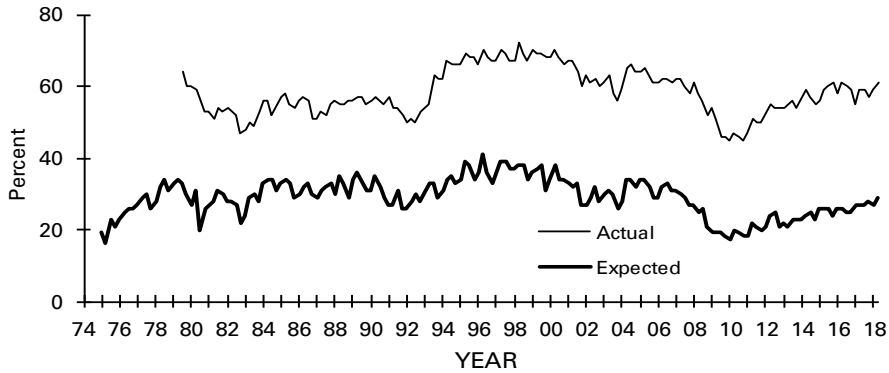
INVENTORY SATISFACTION AND INVENTORY PLANS

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 January 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											

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	28	28	27
Equipment	44	42	43
Furniture or Fixtures	13	13	13
Add. Bldgs. or Land	6	6	5
Improved Bldgs. or Land	16	16	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	3	3
\$1,000 to \$4,999	8	7	8
\$5,000 to \$9,999	5	6	6
\$10,000 to \$49,999	20	18	21
\$50,000 to \$99,999	11	11	9
\$100,000 +	15	14	14
No Answer	0	0	0



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											

SINGLE MOST IMPORTANT PROBLEM

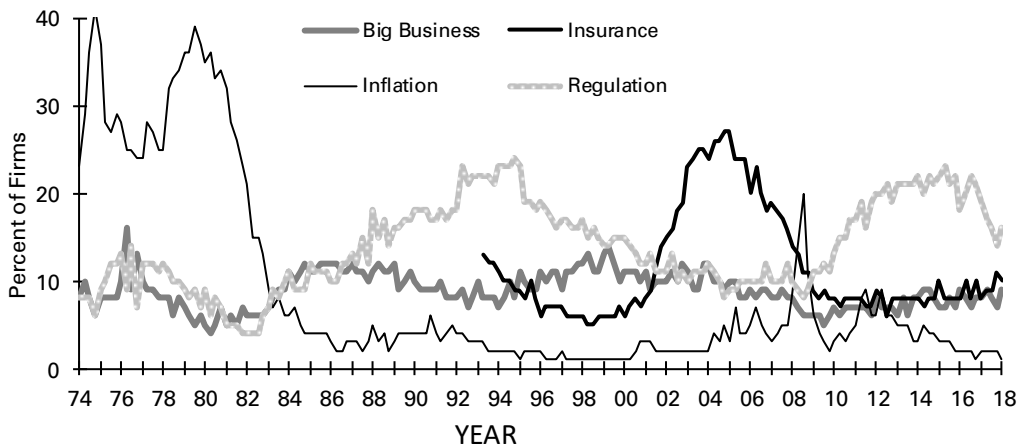
SINGLE MOST IMPORTANT PROBLEM

January 2018

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	19	21	32	8
Inflation	1	2	41	0
Poor Sales	9	10	33	2
Fin. & Interest Rates	2	2	37	2
Cost of Labor	6	7	9	2
Govt. Reqs. & Red Tape	16	19	27	4
Comp. From Large Bus.	9	8	14	4
Quality of Labor	22	15	23	3
Cost/Avail. of Insurance	10	8	29	4
Other	6	8	31	2

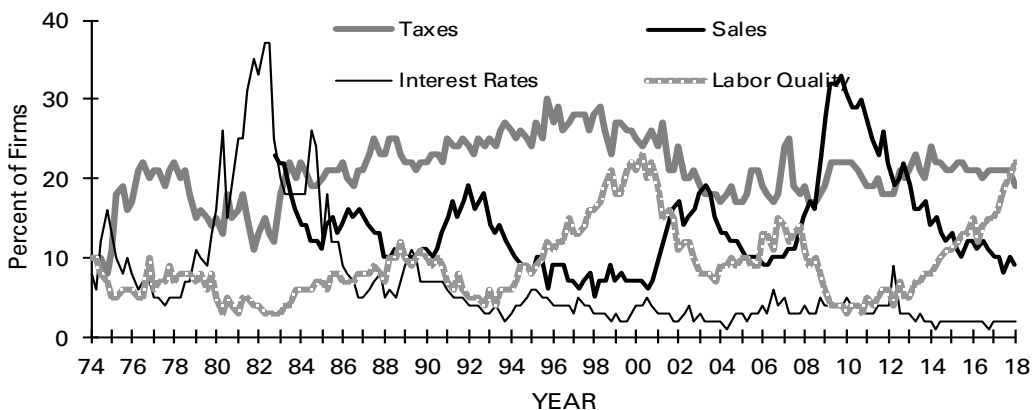
SELECTED SINGLE MOST IMPORTANT PROBLEM

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



SELECTED SINGLE MOST IMPORTANT PROBLEM

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



SURVEY PROFILE

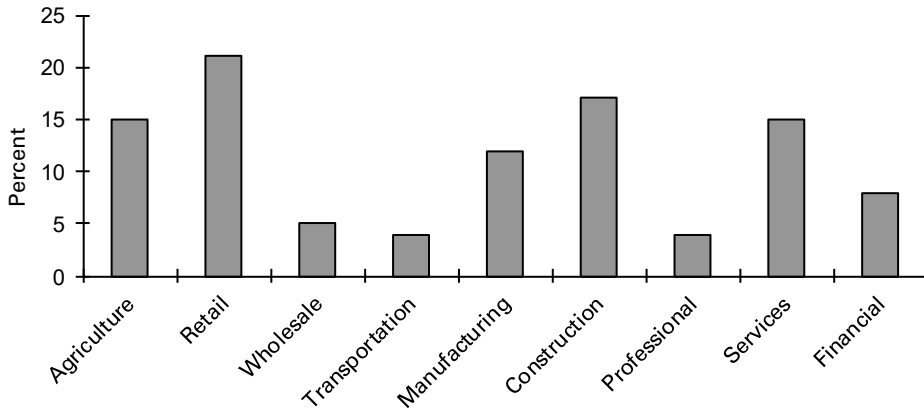
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

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											

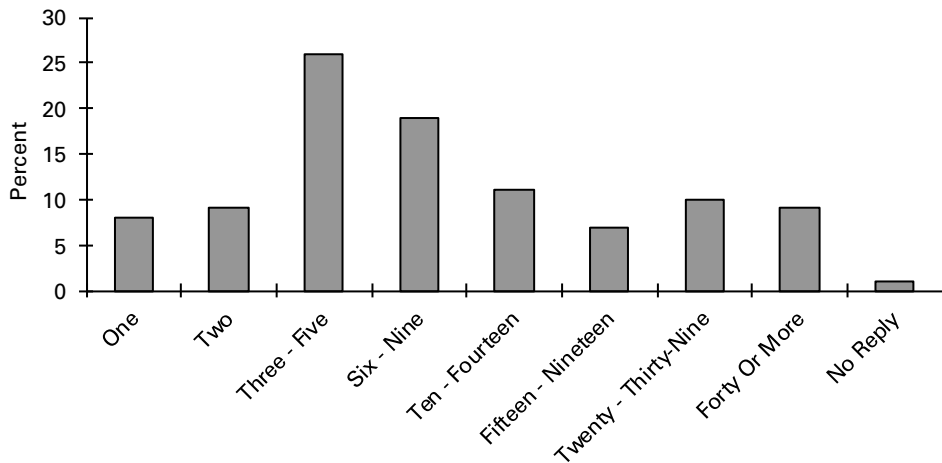
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

Do you think the next three months will be a good time for small business to expand substantially? Why?	4
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?	5
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?.	6
If higher or lower, what is the most important reason?.	6
During the last calendar quarter, was your dollar sales volume higher, lower, or about the same as it was for the quarter before?.	7
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?.	7
How are your average selling prices compared to three months ago?.	8
In the next three months, do you plan to change the average selling prices of your goods and/or services?	8
During the last three months, did the total number of employees in your firm increase, decrease, or stay about the same?.	9
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)?.	9
Do you have any job openings that you are not able to fill right now?.	10
In the next three months, do you expect to increase or decrease the total number of people working for you?	10
Over the past three months, did you change the average employee compensation?.	11
Do you plan to change average employee compensation during the next three months?.	11



Are...loans easier or harder to get than they were three months ago? 12

During the last three months, was your firm able to satisfy its borrowing needs? 13

Do you expect to find it easier or harder to obtain your required financing during the next three months? 13

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? 14

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? 14

During the last three months, did you increase or decrease your inventories? 15

At the present time, do you feel your inventories are too large, about right, or inadequate? 15

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? 15

During the last six months, has your firm made any capital expenditures to improve or purchase equipment, buildings, or land? 16

If [your firm made any capital expenditures], what was the total cost of all these projects? 17

Looking ahead to the next three to six months, do you expect to make any capital expenditures for plant and/or physical equipment? 17

What is the single most important problem facing your business today? 18

Please classify your major business activity, using one of the categories of example below 19

How many employees do you have full and part-time, including yourself? 19

