

# NFIB SMALL BUSINESS ECONOMIC TRENDS

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January 2020

## SMALL BUSINESS OPTIMISM INDEX COMPONENTS

Index Component	Seasonally Adjusted Level	Change from Last Month	Contribution to Index Change
Plans to Increase Employment	19%	0	0%
Plans to Make Capital Outlays	28%	0	0%
Plans to Increase Inventories	4%	1	6%
Expect Economy to Improve	14%	-2	-11%
Expect Real Sales Higher	23%	7	39%
Current Inventory	-3%	1	6%
Current Job Openings	37%	4	22%
Expected Credit Conditions	-4%	-1	-6%
Now a Good Time to Expand	28%	3	17%
Earnings Trends	-3%	5	28%
Total Change		18	100%

Based on a Survey of Small and Independent Business Owners

# 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, Research and Policy Analysis Holly Wade are responsible for the report.*

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# SUMMARY

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## OPTIMISM INDEX

The Optimism Index rose 1.6 points in January to 104.3, a reading among the top 10 percent of all readings in the 46-year history of the survey. The economic expansion continues its historic run as small businesses enter 2020.

Six of the 10 Index components improved, two declined, and two were unchanged. The NFIB Uncertainty Index rose one point in January to 81. Reports of expected higher nominal sales in the next three months improved 7 points, to a net 23 percent. Actual earnings trends improved 5 points in January negating half of December's 10 point decline. Actual job creation surged in January, as small businesses continued to hire and create new jobs. Reports of higher selling prices increased 1 point but remains subdued, so rising labor costs are still not pushing up inflation on Main Street

## LABOR MARKETS

New job creation jumped in January, with an average addition of 0.49 workers per firm, the highest level since March 2019, rebounding back into strong territory. Finding qualified workers remains the top issue for 26 percent reporting this as their number one problem, 1 point below August's record high. Thirteen percent (up 2 points) reported increasing employment an average of 2.8 workers per firm and 4 percent (unchanged) reported reducing employment an average of 2.8 workers per firm (seasonally adjusted). Fifty-six percent reported hiring or trying to hire (up 3 points), but 49 percent reported few or no "qualified" applicants for the positions they were trying to fill.

A seasonally-adjusted net 19 percent plan to create new jobs, unchanged. Not seasonally adjusted, 24 percent plan to increase total employment at their firm (up 5 points), and 3 percent plan reductions (down 2 points). Thirty percent have openings for skilled workers (up 3 points) and 14 percent have openings for unskilled labor (up 1 points). Twenty-nine percent of owners reported few qualified applicants for their open positions (up 1 point) and 20 percent reported none (down 2 points). Attempting to fill open positions, historically high percentages of owners plan to raise worker compensation. Seasonally adjusted, a net 36 percent reported raising compensation (up 7 points) and a net 24 percent plan to do so in the coming months, unchanged. Eight percent cited labor costs as their top problem.

## CAPITAL SPENDING

Sixty-three percent reported capital outlays, unchanged from December's reading. Of those making expenditures, 45 percent reported spending on new equipment (up 2 points), 27 percent acquired vehicles (up 2 points), and 17 percent improved or expanded facilities (down 1 point). Eight percent acquired new buildings or land for expansion (up 1 point), and 14 percent spent money for new fixtures and furniture (up 1 point). Twenty-eight percent plan capital outlays in the next few months, unchanged from December.

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This survey was conducted in January 2020. A sample of 10,000 small-business owners/members was drawn. One thousand six hundred and ninety-two (1,692) usable responses were received—a response rate of 17 percent.

# SUMMARY

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## **SALES AND INVENTORIES**

A net 7 percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months, down 2 points from December. The net percent of owners expecting higher real sales volumes increased 7 points to a net 23 percent of owners. Actual sales volumes are strong, and owners are a bit more certain of future sales growth.

The net percent of owners reporting inventory increases rose 4 points from December's reading to a net 6 percent. The net percent of owners viewing current inventory stocks as "too low" increased to negative 3 percent, a one point increase from December. The net percent of owners planning to expand inventory holdings increased from December by one point to a net 4 percent, a solid number. Overall, owners feel that the prospects for growth still justify adding to inventory stocks.

## **INFLATION**

The net percent of owners raising average selling prices rose 1 point to a net 15 percent, seasonally adjusted, continuing a measured upward trend since September. Unadjusted, 7 percent (down 3 points) reported lower average selling prices and 21 percent (up 1 point) reported higher average prices. Seasonally adjusted, a net 24 percent plan price hikes (up 4 points).

## **COMPENSATION AND EARNINGS**

Attempting to fill open positions, historically high percentages of owners plan to raise worker compensation. Seasonally adjusted, a net 36 percent reported raising compensation (up 7 points) and a net 24 percent plan to do so in the coming months, unchanged from December. Eight percent cited labor costs as their top problem. Twenty-six percent of the owners selected "finding qualified labor" as their top business problem.

The frequency of reports of positive profit trends rose 5 points to a net negative 3 percent reporting quarter on quarter profit improvements, reversing the decline in December. Thirty-three percent of those reporting weaker profits blamed weak sales, 27 percent blamed usual seasonal change, and 8 percent cited labor costs, 6 percent cited materials costs, and 4 percent cited price changes. For those reporting higher profits, 61 percent credited sales volumes. 17 percent credited usual seasonal change.

## **CREDIT MARKETS**

Three percent of owners reported that all their borrowing needs were not satisfied, unchanged and near a record low. Thirty percent reported all credit needs met (up 1 point) and 54 percent said they were not interested in a loan (down 2 points). Four percent reported their last loan was harder to get than in previous attempts, up 1 point and also near a record low. One percent reported that financing was their top business problem (down 1 point). The percent of owners reporting paying a higher rate on their most recent loan was 3 percent, down 2 points. Thirty-one percent of all owners reported borrowing on a regular basis (up 2 points). The average rate paid on short maturity loans fell 40 basis points to 6.0 percent.

# COMMENTARY

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The 2020 small business sector is off to a strong start, continuing the longest economic recovery on record. Small business owners are confidently filling open positions, raising wages, and investing in their business.

The current environment is a sharp departure from this time last year when the political disfunction in D.C. created the longest federal government shutdown in U.S. history. About 1/3 of small business owners were negatively impacted and the residual effects of slower payments and lost revenue, for many, lasted months after it ended. But despite the shutdown, recession mumblings, tariffs, and an impeachment, 2019 was still a strong year for small businesses and with most of those issues resolved or muted, 2020 is shaping up to outpace last year.

The politicians are out on the campaign trail, debating the issues and promising solutions, often unaffordable, to problems small business owners know are usually best solved through a strong, stable economy. Wages continue to improve, workforce training enhanced, and job openings are still plentiful. Only a major unexpected event can disrupt the economy in the near term, otherwise there is no reason this expansion can't continue, benefiting small business owners, employees, and consumers.

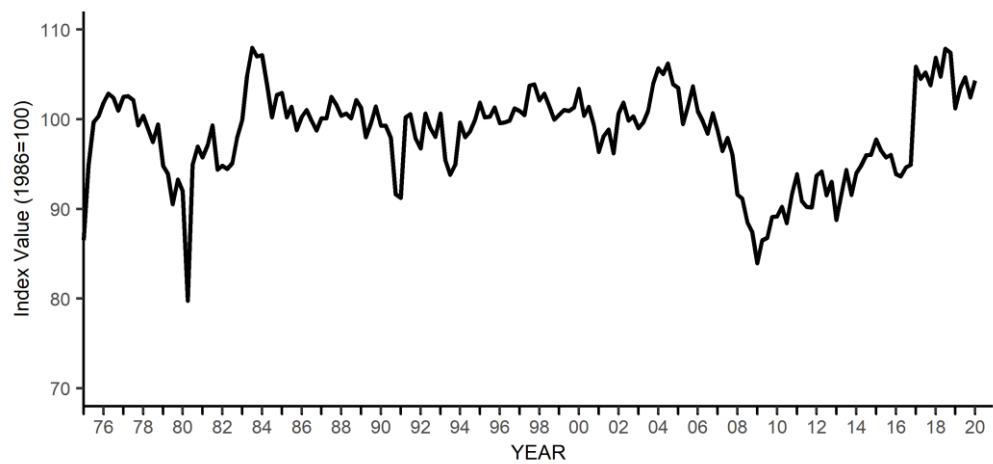
The current Index is in the top 10 percent of all readings in the 46-year history of the survey. A great position for current small business owners and those just getting their business off and running. U.S. GDP averaged a 2.3 percent growth rate in 2019. The unemployment rate remains historically low at 3.6 percent and the labor force participation rate ticked up over the last year 0.2 points, drawing more people off the sidelines with more attractive opportunities and compensation.

The biggest risk appears to be potential global implications of the Wuhan coronavirus. The Fed has said it's monitoring the spread of the disease and its impact on China's economy, deciding in March whether there's a larger impact that deserves policy action. But if just evaluating the U.S. economy, risks to slower economic growth are low in near term. Small businesses owners remain highly optimistic on continued growth as strong policy fundamentals in D.C. remain supportive of Main Street.

# OVERVIEW - SMALL BUSINESS OPTIMISM

## OPTIMISM INDEX

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



## OPTIMISM INDEX

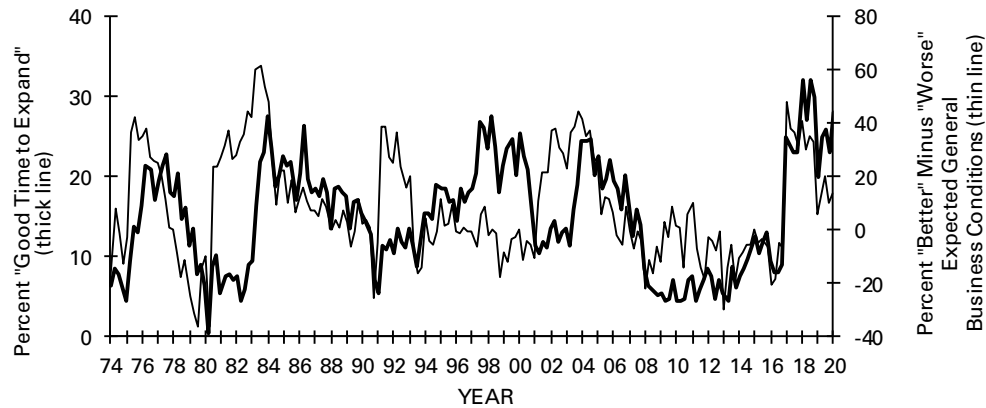
Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	107.8	107.2	107.9	108.8	107.9	107.4	104.8	104.4
2019	101.2	101.7	101.8	103.5	105.0	103.3	104.7	103.1	101.8	102.4	104.7	102.7
2020	104.3											

# SMALL BUSINESS OUTLOOK

## OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January Quarter 1974 to January Quarter 2020  
(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
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	32	28	27	34	29	32	34	33	30	29	24
2019	20	22	23	25	30	24	26	26	22	23	29	25
2020	28											

## MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
January 2020

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	14	10	7
Sales Prospects	4	6	4
Fin. & Interest Rates	1	0	1
Cost of Expansion	0	5	6
Political Climate	1	9	17
Other/Not Available	1	6	6

## OUTLOOK FOR GENERAL BUSINESS CONDITIONS

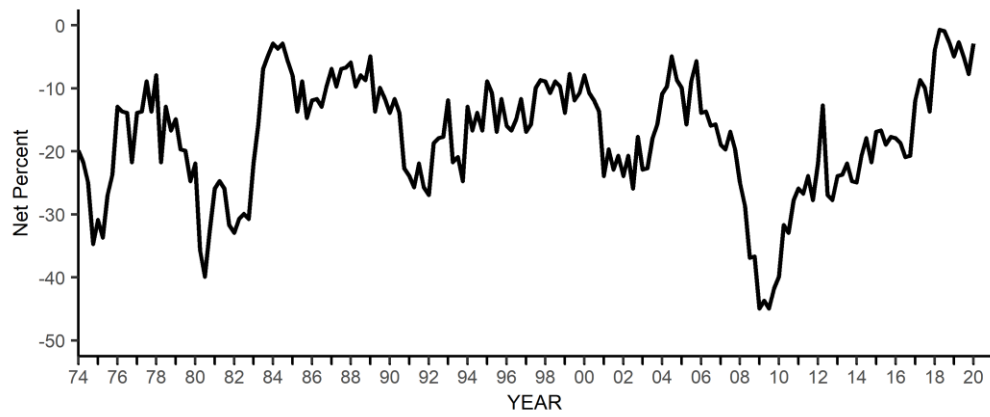
Net Percent (“Better” Minus “Worse”) Six Months From Now  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	43	32	30	37	33	35	34	33	33	22	16
2019	6	11	11	13	16	13	20	12	9	10	13	16
2020	15											

# SMALL BUSINESS EARNINGS

## EARNINGS

Actual Last Three Months  
January Quarter 1974 to January Quarter 2020  
(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
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	3	-1	-1	1	-1	-3	-4	-7
2019	-5	-9	-8	-3	-1	-7	-5	-1	-3	-8	2	-8
2020	-3											

## MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
January 2020

Reason	Current Month	One Year Ago	Two Years Ago
Sales Volume	9	10	9
Increased Costs*	6	6	6
Cut Selling Prices	1	2	3
Usual Seasonal Change	8	6	7
Other	4	6	3

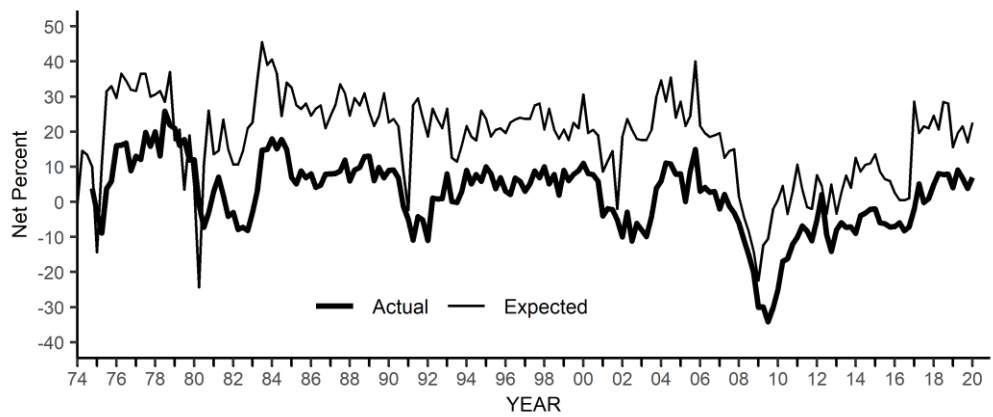
\* Increased costs include labor, materials, finance, taxes, and regulatory costs.



# SMALL BUSINESS SALES

## SALES

Actual (Prior Three Months) and Expected (Subsequent Three Months)  
January 1974 to January 2020 (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
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	15	10	8	10	8	8	9	4
2019	4	-1	5	9	9	7	7	6	2	4	12	9
2020	7											

## SALES EXPECTATIONS

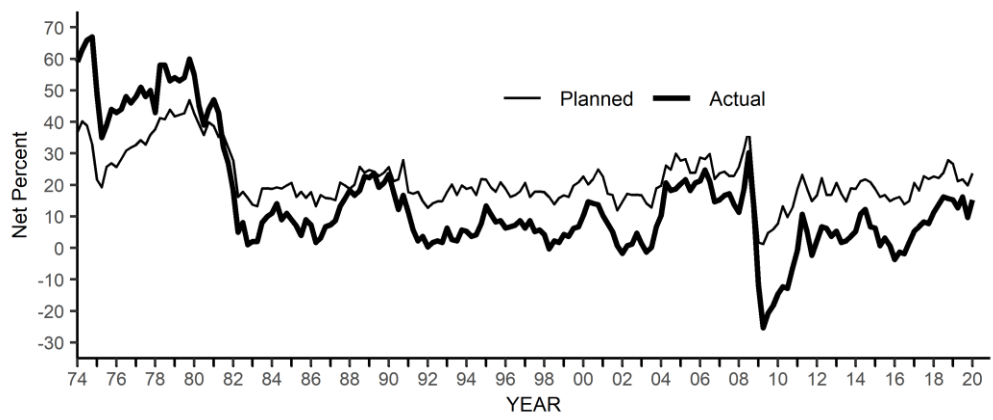
Net Percent ("Higher" Minus "Lower") During Next Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	31	26	29	26	29	28	24	23
2019	16	16	19	20	23	17	22	17	16	17	13	16
2020	23											

# SMALL BUSINESS PRICES

## PRICES

Actual Last Three Months and Planned Next Three Months  
January Quarter 1974 to January Quarter 2020  
(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
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	19	14	16	17	15	16	16	17
2019	15	13	12	13	10	17	16	11	8	10	12	14
2020	15											

## 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
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	26	24	24	24	24	28	29	25
2019	27	26	24	21	20	23	22	17	15	20	22	20
2020	24											

# 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
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	7	3	6	5	1	5	5	5
2019	7	9	12	7	9	5	3	5	4	4	10	6
2020	9											

## QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	48	55	52	55	53	53	53	54
2019	49	49	54	49	54	50	56	57	50	53	53	50
2020	49											

## EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January Quarter 1974 to January Quarter 2020  
(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
<b>2015</b>	26	29	24	27	29	24	25	28	27	27	28	28
<b>2016</b>	29	28	25	29	27	29	26	30	24	28	31	29
<b>2017</b>	31	32	30	33	34	30	35	31	30	35	30	31
<b>2018</b>	34	34	35	35	33	36	37	38	38	38	34	39
<b>2019</b>	35	37	39	38	38	36	39	35	35	34	38	33
<b>2020</b>	37											

### HIRING PLANS

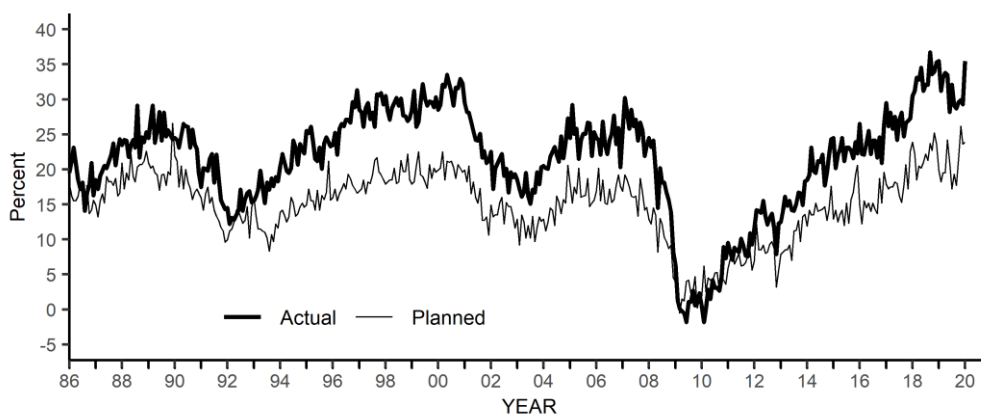
Net Percent ("Increase" Minus "Decrease") in the Next Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2015</b>	13	12	12	11	13	9	12	11	12	11	11	15
<b>2016</b>	11	10	9	11	12	11	12	9	10	10	15	16
<b>2017</b>	18	15	16	16	18	15	19	18	19	18	24	20
<b>2018</b>	20	18	20	16	18	20	23	26	23	22	22	23
<b>2019</b>	18	16	18	20	21	19	21	20	17	18	21	19
<b>2020</b>	19											

## SMALL BUSINESS COMPENSATION

### COMPENSATION

Actual Last Three Months and Planned Next Three Months  
January 1986 to January 2020 (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
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	35	31	32	32	37	34	34	35
2019	36	31	33	34	34	28	32	29	29	30	30	29
2020	36											

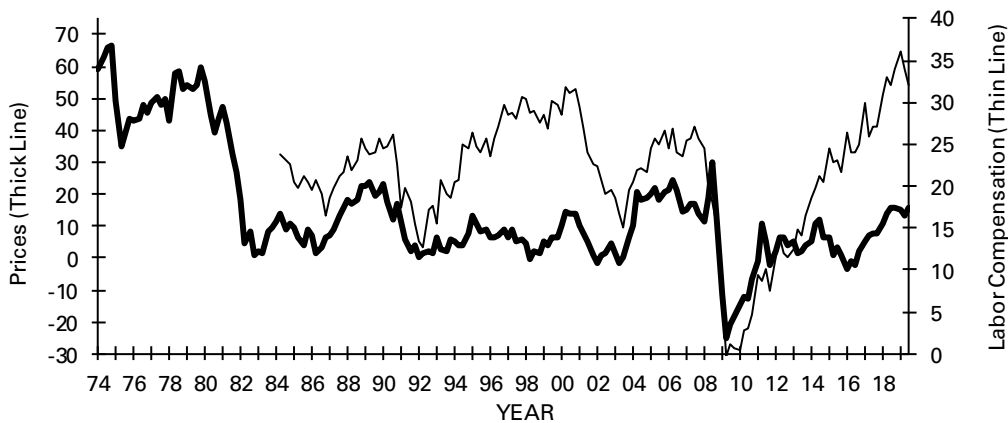
## COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	20	21	22	21	24	23	25	24
2019	20	18	20	20	24	21	17	19	18	22	26	24
2020	24											

## PRICES AND LABOR COMPENSATION

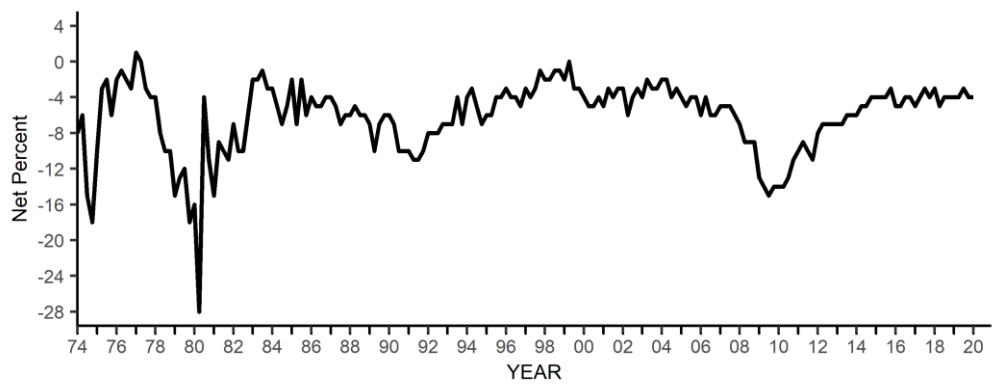
Net Percent Price Increase and Net Percent Compensation Increase  
(Seasonally Adjusted)



# SMALL BUSINESS CREDIT CONDITIONS

## CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
*January Quarter 1974 to January Quarter 2020*



\* 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
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	34	28	32	32	29	32	32	35
2019	33	33	34	31	31	28	28	33	30	29	28	29
2020	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
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	-5	-2	-4	-5	-3	-4	-5	-5
2019	-4	-6	-6	-4	-4	-2	-3	-1	-4	-4	-3	-3
2020	-4											

# 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
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	37/4	30/3	32/3	33/3	27/3	30/3	32/3	32/4
2019	33/3	34/3	33/3	32/4	34/3	29/3	28/3	31/4	30/2	29/3	28/3	29/3
2020	30/3											

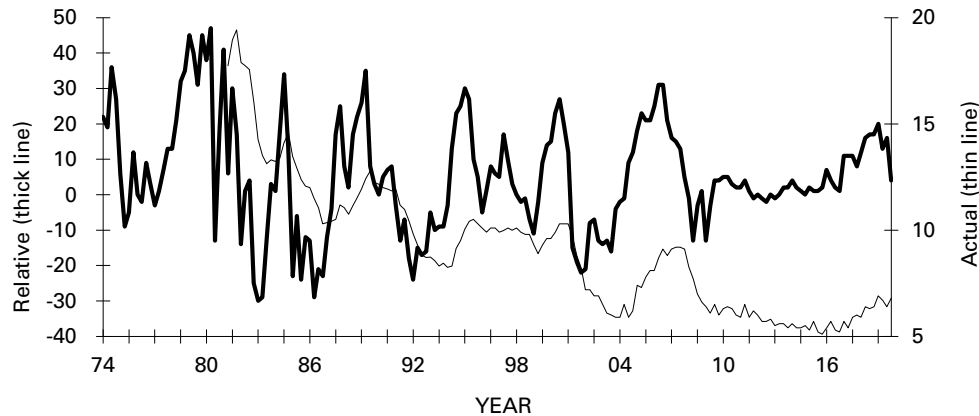
## EXPECTED CREDIT CONDITIONS

Net Percent ("Easier" Minus "Harder") During Next Three Months  
*(Regular Borrowers)*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	-5	-4	-4	-6	-5	-5	-5	-6
2019	-5	-5	-7	-4	-5	-3	-4	-2	-4	-3	-3	-3
2020	-4											

## INTEREST RATES

Relative Rates and Actual Rates Last Three Months  
*January Quarter 1974 to January Quarter 2020*



# 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
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	16	14	17	17	16	17	19	24
2019	20	17	17	13	12	10	16	6	3	4	4	5
2020	3											

\*Borrowing at Least Once Every Three Months.

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

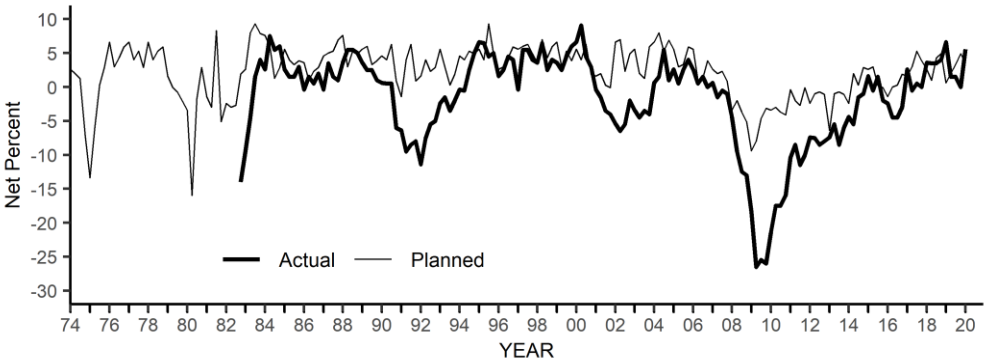
Average Interest Rate Paid

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	6.4	6.1	6.3	6.1	7.3	6.4	6.1	6.4
2019	6.9	6.2	6.1	6.7	7.8	6.8	6.4	6.1	6.7	6.8	6.6	6.4
2020	6.0											

# SMALL BUSINESS INVENTORIES

## INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)  
January Quarter 1974 to January Quarter 2020  
(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
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	4	-2	4	4	5	4	6	3
2019	7	2	5	2	2	0	2	1	0	0	2	2
2020	6											

### 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
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	-4	0	-3	-3	-1	-2	-5	-1
2019	-3	-2	-6	-4	-4	0	-3	-6	-6	-4	1	-4
2020	-3											

### 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
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	4	6	4	10	3	5	2	8
2019	1	1	-1	2	2	3	3	2	2	5	3	3
2020	4											

# SMALL BUSINESS CAPITAL OUTLAYS

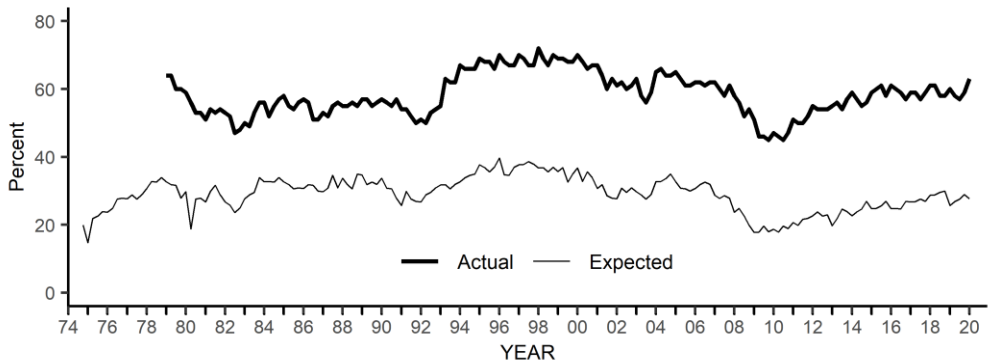
## INVENTORY SATISFACTION AND INVENTORY PLANS

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 2020  
(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
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	62	59	58	56	60	59	61	61
2019	60	58	60	58	64	54	57	59	57	59	60	63
2020	63											

## 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	28
Equipment	45	43	44
Furniture or Fixtures	14	15	13
Add. Bldgs. or Land	8	7	6
Improved Bldgs. or Land	17	16	16

### 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	8	8
\$5,000 to \$9,999	6	6	5
\$10,000 to \$49,999	19	19	20
\$50,000 to \$99,999	11	10	11
\$100,000 +	11	14	15
No Answer	1	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
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	30	29	30	33	30	30	29	25
2019	26	27	27	27	30	26	28	28	27	29	30	28
2020	28											

# SINGLE MOST IMPORTANT PROBLEM

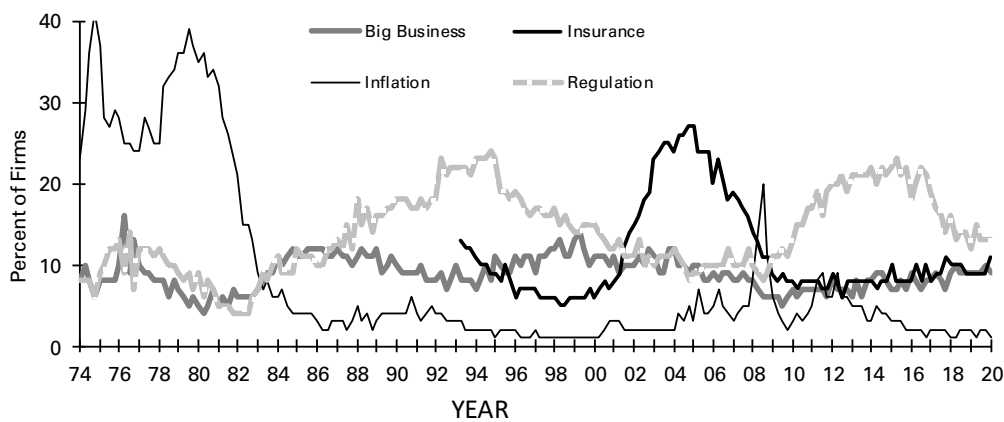
## SINGLE MOST IMPORTANT PROBLEM

January 2020

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	17	15	32	8
Inflation	1	2	41	0
Poor Sales	7	9	34	2
Fin. & Interest Rates	1	2	37	1
Cost of Labor	8	8	11	2
Govt. Reqs. & Red Tape	13	12	27	4
Comp. From Large Bus.	9	9	14	4
Quality of Labor	26	23	27	3
Cost/Avail. of Insurance	11	9	29	4
Other	7	11	31	1

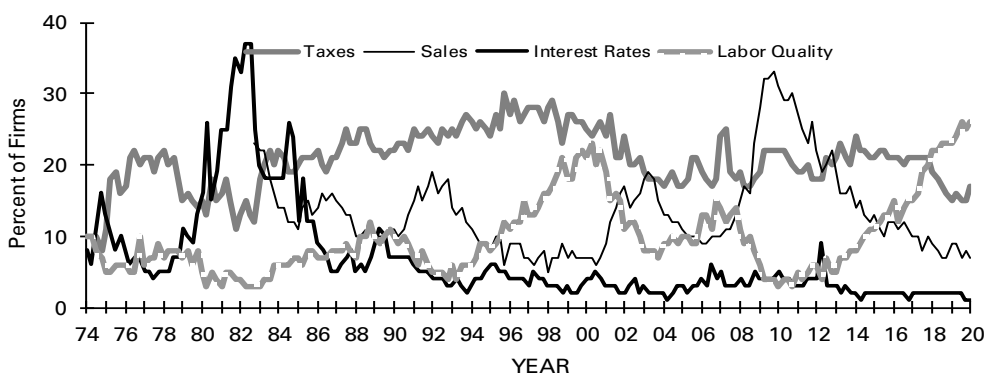
## SELECTED SINGLE MOST IMPORTANT PROBLEM

Insurance, Big Business Competition, Inflation, and Regulation  
*January Quarter 1974 to January Quarter 2020*



## SELECTED SINGLE MOST IMPORTANT PROBLEM

Sales, Fin. & Interest Rates, Labor Cost, Labor Quality, and Taxes  
*January Quarter 1974 to January Quarter 2020*



# SURVEY PROFILE

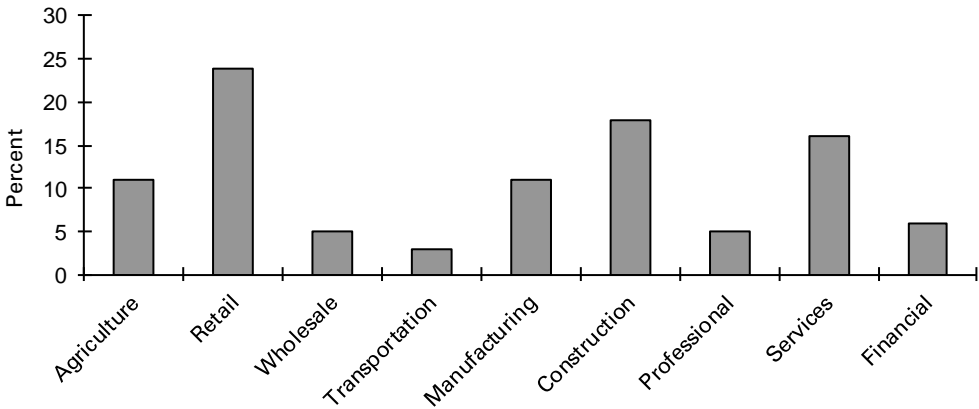
## OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	562	665	1718	680	642	1743	700	621
2019	1740	526	643	1735	650	606	1502	680	603	1618	500	488
2020	1692											

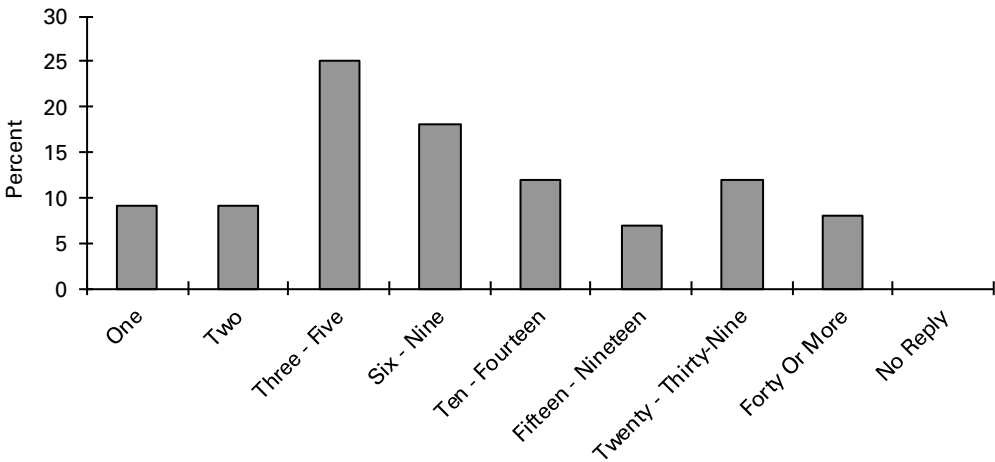
## NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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>