



NFIB SMALL BUSINESS ECONOMIC TRENDS

William C. Dunkelberg
Holly Wade

July 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	19%	4	21%
Plans to Make Capital Outlays	28%	-2	-10%
Plans to Increase Inventories	5%	1	5%
Expect Economy to Improve	37%	4	21%
Expect Real Sales Higher	22%	5	26%
Current Inventory	-2%	1	5%
Current Job Openings	35%	5	26%
Expected Credit Conditions	-4%	-1	-5%
Now a Good Time to Expand	23%	2	10%
Earnings Trends	-10%	0	0%
Total Change		19	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)

NFIB **SMALL BUSINESS**

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 Foundation. 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.

IN THIS ISSUE

Summary	1
Commentary.....	3
Optimism	4
Outlook	4
Earnings	6
Sales	7
Prices	8
Employment.....	9
Compensation	10
Credit Conditions	12
Inventories	14
Capital Outlays.....	16
Most Important Problem	18
Survey Profile	19
Economic Survey.....	20

SUMMARY

OPTIMISM INDEX

The Index of Small Business Optimism rose 1.6 points to 105.2, preserving the surge in optimism that started the day after the election. Seven of the 10 Index components posted a gain, two declined, and one was unchanged. Since the recession, the Index peaked at 105.9 in January, just 0.7 points above the July reading. Main Street was buoyed by stronger customer demand despite the dysfunction in Washington, D.C. The economy (GDP) grew about 2 percent in the first half of the year, nothing special, but the second quarter was much stronger than the first, and consumer spending was a major contributor to growth. The stock market continues to post record high readings, although a bit inconsistent with moderate growth in output from the nation's business sector.

LABOR MARKETS

Small business owners reported an adjusted average employment change per firm of 0.21 workers per firm over the past few months, a solid performance. Thirteen percent (up 3 points) reported increasing employment an average of 4.5 workers per firm and 11 percent (unchanged) reported reducing employment an average of 1.6 workers per firm (seasonally adjusted). A seasonally adjusted net 19 percent plan to create new jobs, up 4 points, with higher levels not seen since December 1999.

Sixty percent reported hiring or trying to hire (up 6 points), but 52 percent (87 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 (up 4 points), second only to taxes. This is a particularly severe problem in construction (28 percent) and manufacturing (21 percent) where labor shortages are the top problem, trumping taxes and regulatory costs. Thirty-five percent of all owners reported job openings they could not fill in the current period, up 5 points, the highest reading since November 2001.

CREDIT MARKETS

Three percent of owners reported that all their borrowing needs were not satisfied, down 1 point and historically very low. Thirty-one percent reported all credit needs met (up 4 points) and 51 percent explicitly said they were not interested in a loan, down 3 points. Including those who did not answer the question, 66 percent of owners have no interest in borrowing. Only 2 percent reported that financing was their top business problem compared to 21 percent citing taxes, 16 percent citing regulations and red tape, and 19 percent the availability of qualified labor. Thirty percent of all owners reported borrowing on a regular basis. The average rate paid on short maturity loans was up 30 basis points at 5.9 percent.

This survey was conducted in July 2017. A sample of 10,000 small-business owners/members was drawn. One thousand five hundred and thirty-three (1,533) usable responses were received – a response rate of 15 percent.



SUMMARY

SALES

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 0 percent, a 4-point improvement over June. Seasonally adjusted, the net percent of owners expecting higher real sales volumes gained 5 points, increasing to a net 22 percent of owners.

INVENTORIES

The net percent of owners reporting net inventory increases gained 4 points to 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” improved 1 point to a net negative 2 percent, as sales expectations changed for the better, requiring higher inventory stocks. The net percent of owners planning to add to inventory rose 1 point to a net 5 percent, the highest reading this year to date and historically normal for a growing economy.

INFLATION

The net percent of owners raising average selling prices posted a 7-point increase, rising to a net 8 percent of all firms, and erasing the dramatic decline posted in June. 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 (down 2 points) and 18 percent reported price increases (up 4 points). Seasonally adjusted, a net 23 percent plan price hikes (up 4 points). If expectations for sales volumes are realized, some of the price hikes may stick.

COMPENSATION AND EARNINGS

While inflation remains low, reports of higher worker compensation continue to be strong, consistent with historically tight labor markets. Reports of increased compensation rose 3 points to a net 27 percent. Rising compensation will attract workers back into the labor force, but it is a slow process. The frequency of reports of improved profit trends was unchanged at a net negative 10 percent reporting quarter on quarter profit improvements, historically an excellent reading and one of the best readings in this expansion. In spite of rising labor costs, owners are seeing decent bottom line performance.

CAPITAL SPENDING

Fifty-seven percent reported capital outlays, unchanged. Of those making expenditures, 38 percent reported spending on new equipment (down 2 points), 24 percent acquired vehicles (up 3 points), and 17 percent improved or expanded facilities (up 4 points). Five percent acquired new buildings or land for expansion (up 1 point) and 13 percent spent money for new fixtures and furniture (up 2 points). There is still little evidence that capital spending, which raises worker productivity, is going to increase its contribution to growth anytime soon.



COMMENTARY

It appears that the Federal Reserve will stay on course, with a likely announcement about shrinking their portfolio in September and another 25 basis point increase in rates in December. Neither of these moves will have a major impact on owners, interest rates are still low, and lenders are more comfortable making loans now that we have left the “0 floor” behind.

Second quarter GDP growth came in at 2.6 percent. However, this is the first estimate from the Bureau of Economic Analysis, two revisions are yet to come. First quarter GDP was revised down to 1.2 percent. Consumers spent more, but residential investment weakened, and capital spending did not add to the growth. Inflation measures were lower in Q2, not good news for the Federal Reserve but they should be pleased that inflation has remained so low.

Although no progress has been made on health care or tax reform, many important changes have occurred to the regulatory structure with few if any new rules showing up in the Congressional Register. These changes will seep into the regulatory structure with little fanfare, but will have significant impacts on regulation costs paid by small businesses going forward.

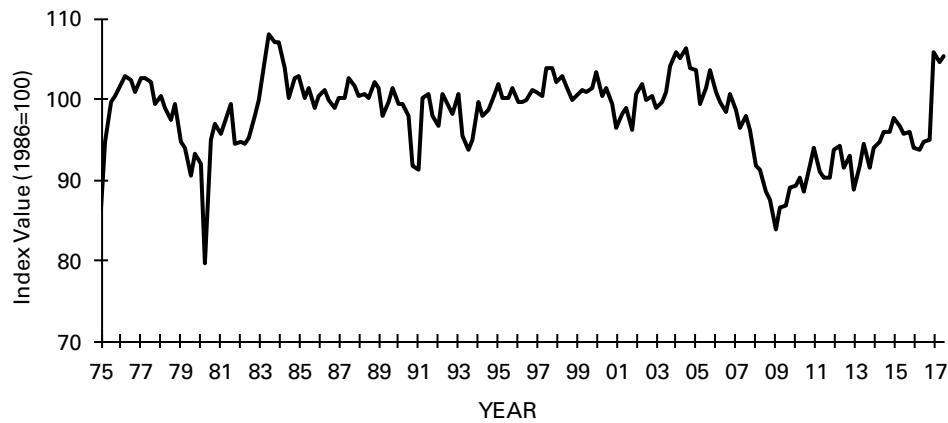
Apparently economic activity in the second quarter was good enough to divert owner attention from the impotence of Washington lawmakers. There’s nothing like more customers to make owners happy, and optimism held up as did important measures of spending and hiring plans. Congress still holds the key to faster growth, so let’s hope they open the door.



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)

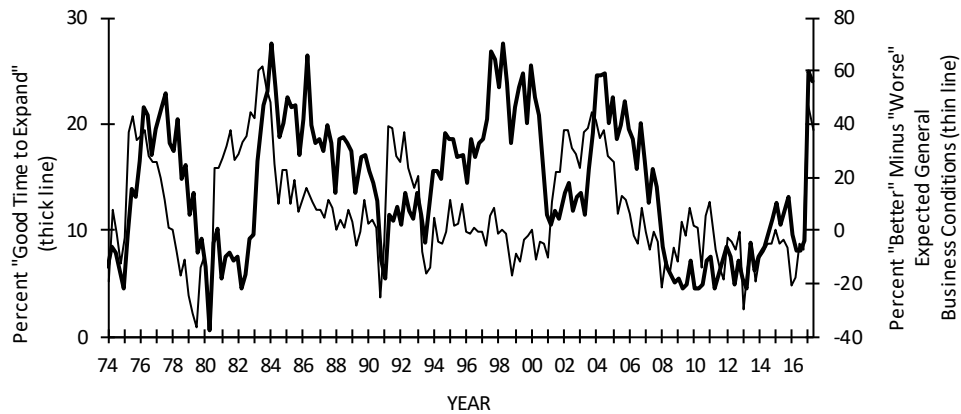
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	93.7	94.5	93.1	94.2	94.0	91.9	91.5	92.7	92.7	93.0	87.2	88.0
2013	88.8	90.9	90.0	91.7	94.0	94.0	94.4	94.0	93.8	91.5	92.2	93.8
2014	94.0	91.6	94.0	94.8	96.2	95.4	96.0	95.9	95.3	96.0	97.8	100.3
2015	97.7	98.1	95.7	96.5	97.9	94.6	95.7	95.7	96.0	96.0	94.5	95.2
2016	93.9	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					



SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January Quarter 1974 to July Quarter 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					

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
July 2017

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	12	12	13
Sales Prospects	4	4	4
Fin. & Interest Rates	1	1	1
Cost of Expansion	0	5	7
Political Climate	4	5	12
Other/Not Available	2	4	8



OUTLOOK FOR GENERAL BUSINESS CONDITIONS

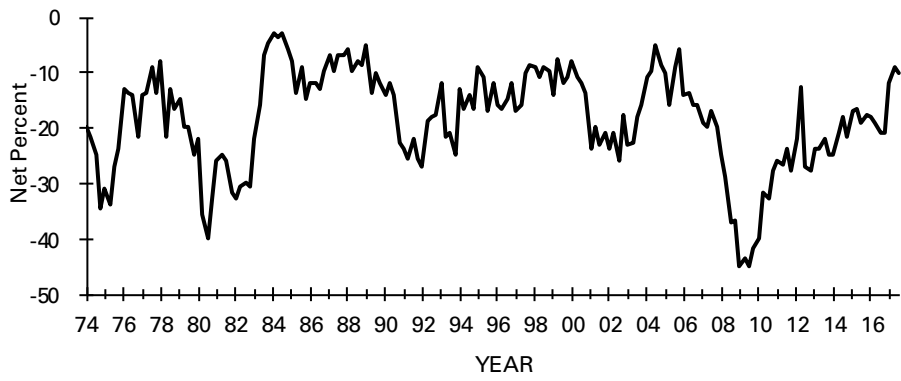
Net Percent (“Better” Minus “Worse”) Six Months From Now
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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					

SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January Quarter 1974 to July Quarter 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					

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
July 2017

Reason	Current Month	One Year Ago	Two Years Ago
Sales Volume	9	13	12
Increased Costs*	9	9	10
Cut Selling Prices	3	5	4
Usual Seasonal Change	4	4	3
Other	2	4	4

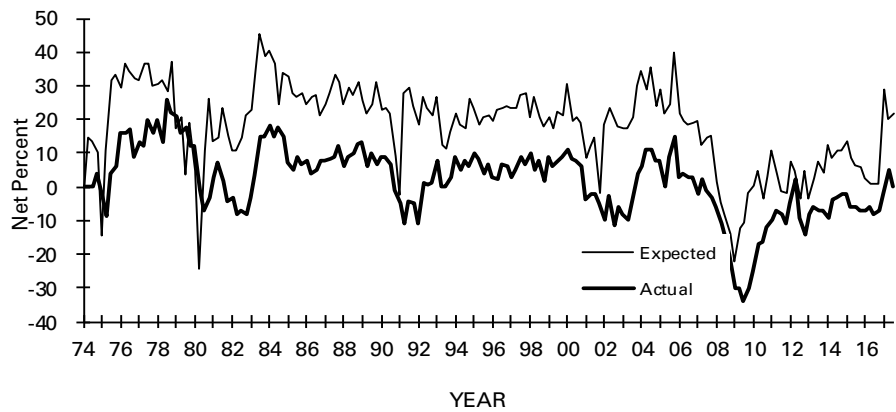
* Increased costs include labor, materials, finance, taxes, and regulatory costs.



SMALL BUSINESS SALES

SALES

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



SALES EXPECTATIONS

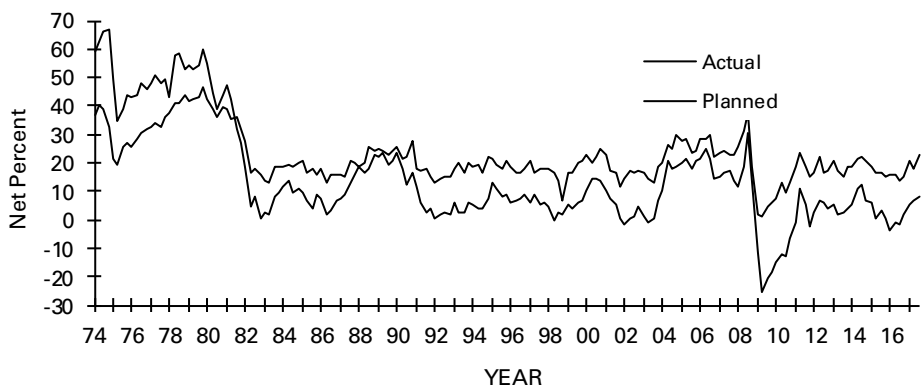
Net Percent (“Higher” Minus “Lower”) During Next Three Months
(Seasonally Adjusted)

	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					

SMALL BUSINESS PRICES

PRICES

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



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					

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	3	4	5	-1	2					

QUALIFIED APPLICANTS FOR JOB OPENINGS

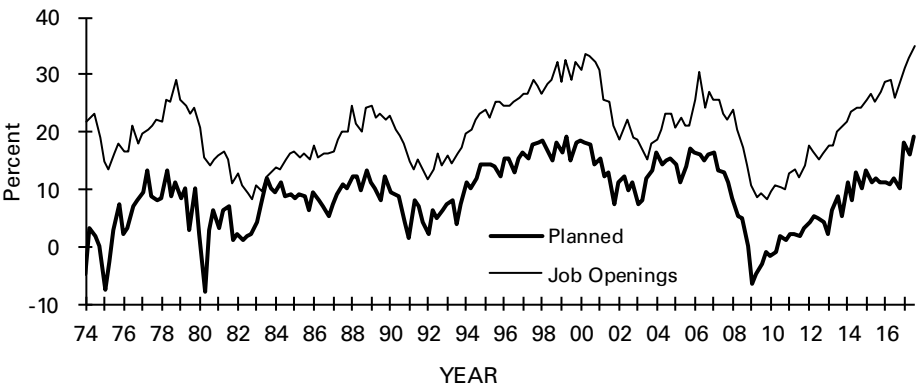
Percent Few or No Qualified Applicants

	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	51	44
2017	47	44	45	48	51	46	52					



EMPLOYMENT

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

HIRING PLANS

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

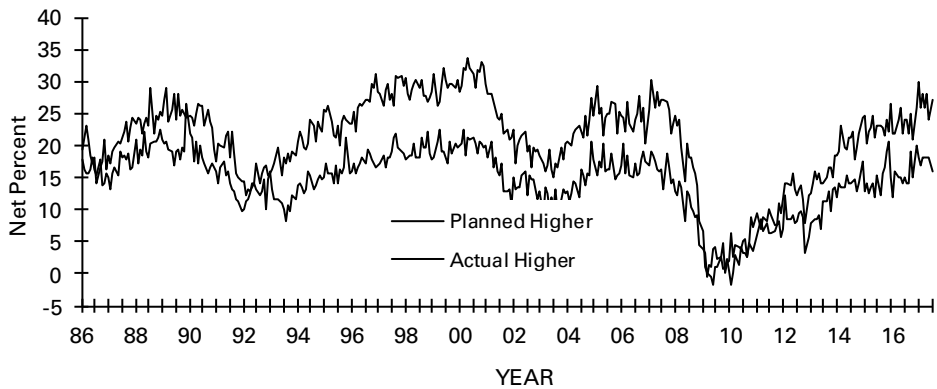
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	4	4	2	5	7	3	5	8	4	4	5	1
2013	2	4	2	6	6	7	9	8	9	5	9	8
2014	11	7	7	8	11	12	13	8	9	10	11	15
2015	13	12	12	11	13	9	12	11	12	11	11	15
2016	11	10	9	11	12	11	12	9	10	10	15	16
2017	18	15	16	16	18	15	19					



SMALL BUSINESS COMPENSATION

COMPENSATION

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

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					

PRICES AND LABOR COMPENSATION

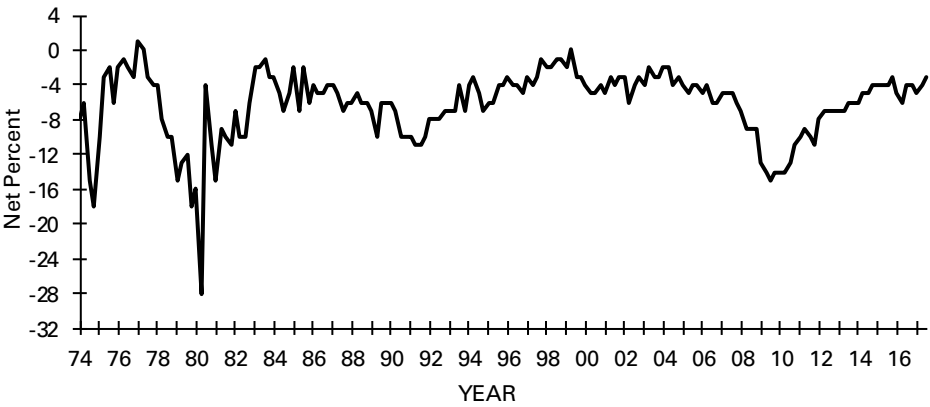
Net Percent Price Increase and Net Percent Compensation Increase
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

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



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					

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					

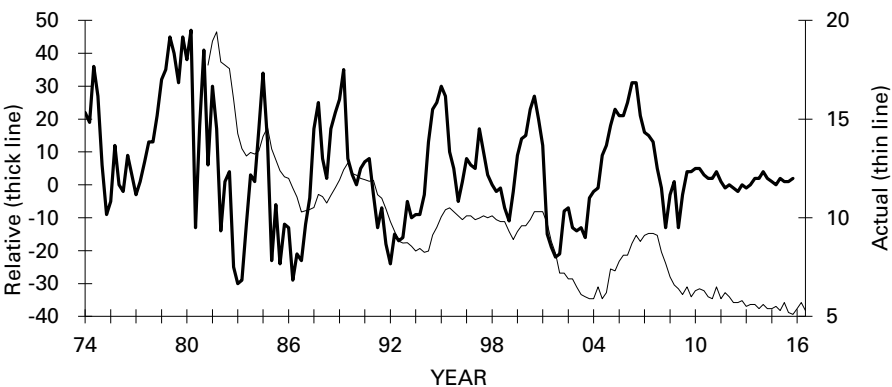
EXPECTED CREDIT CONDITIONS

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					

INTEREST RATES

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

*Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON
SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

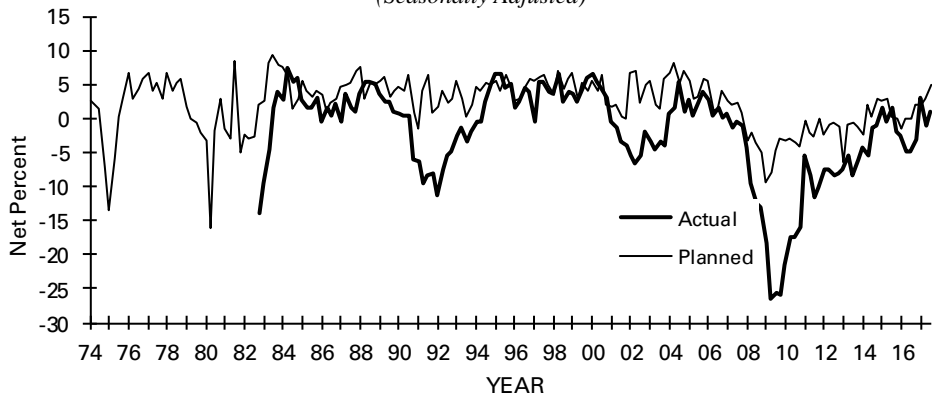
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	6.0	5.8	5.7	5.7	5.5	6.3	5.7	5.7	5.7	5.8	5.7	5.6
2013	5.5	5.3	5.4	5.6	5.7	5.2	5.6	5.4	5.8	5.4	5.4	5.6
2014	5.6	5.4	5.3	5.4	5.7	5.7	5.4	5.3	5.4	5.5	5.6	5.1
2015	5.3	5.1	5.7	5.0	4.8	5.0	5.2	5.4	4.8	5.1	4.7	5.0
2016	5.4	5.3	5.2	5.7	5.3	5.7	5.3	5.2	6.2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



SMALL BUSINESS INVENTORIES

INVENTORIES

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

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	-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					

INVENTORY PLANS

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

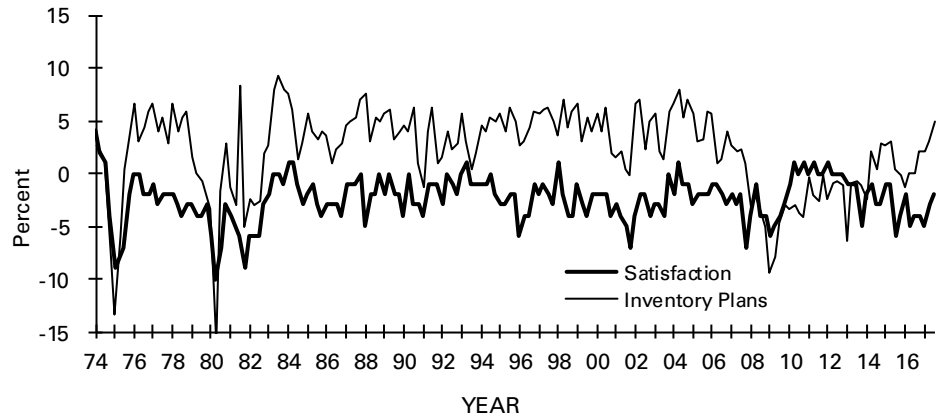
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	-2	3	0	-1	1	1	-1	0	-1	-1	-6	-4
2013	-6	-1	-5	-1	2	-1	-1	-1	-2	-1	-1	-2
2014	-2	-5	1	2	0	-1	0	2	2	3	1	6
2015	3	5	1	3	3	-4	0	2	3	0	-1	1
2016	-1	-1	-2	0	-1	-3	0	1	-7	2	4	4
2017	2	3	2	3	1	4	5					



SMALL BUSINESS CAPITAL OUTLAYS

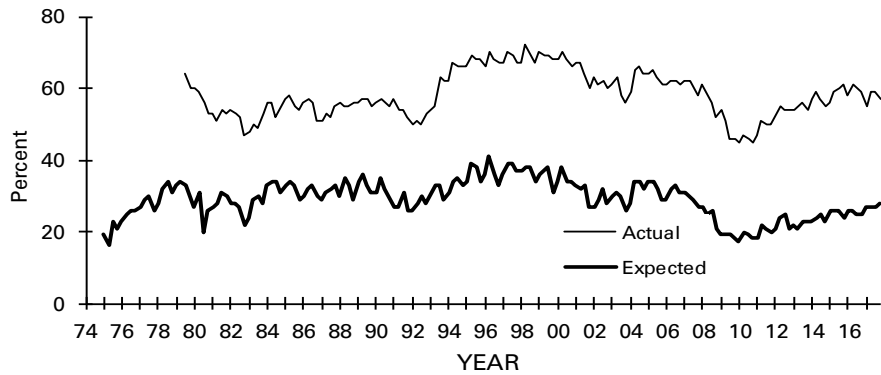
INVENTORY SATISFACTION AND INVENTORY PLANS

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 July Quarter 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					



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	25
Equipment	38	37	42
Furniture or Fixtures	13	11	13
Add. Bldgs. or Land	5	5	5
Improved Bldgs. or Land	17	13	18

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	2	3
\$1,000 to \$4,999	7	8	9
\$5,000 to \$9,999	6	5	7
\$10,000 to \$49,999	20	16	19
\$50,000 to \$99,999	9	8	8
\$100,000 +	12	10	14
No Answer	1	10	1



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
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					

SINGLE MOST IMPORTANT PROBLEM

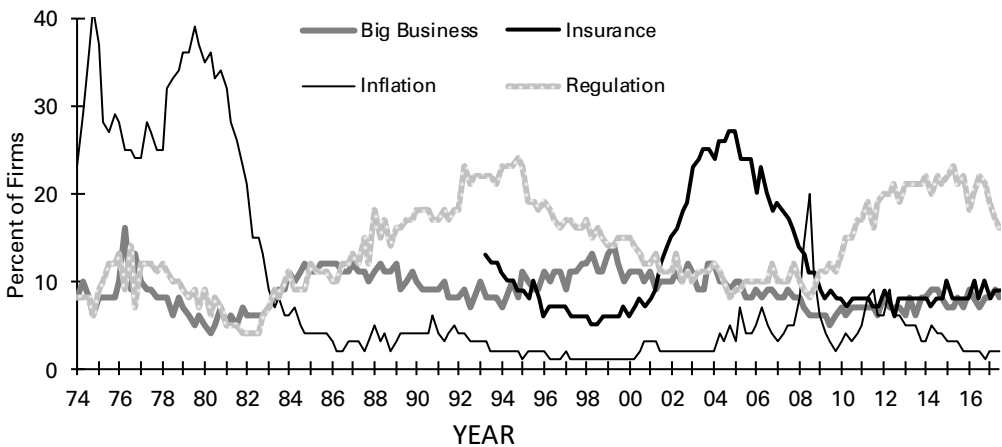
SINGLE MOST IMPORTANT PROBLEM

July 2017

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	21	20	32	8
Inflation	2	2	41	0
Poor Sales	8	12	33	2
Fin. & Interest Rates	2	2	37	2
Cost of Labor	8	6	9	2
Govt. Reqs. & Red Tape	16	22	27	4
Comp. From Large Bus.	8	7	14	4
Quality of Labor	19	14	23	3
Cost/Avail. of Insurance	9	8	29	4
Other	7	7	31	2

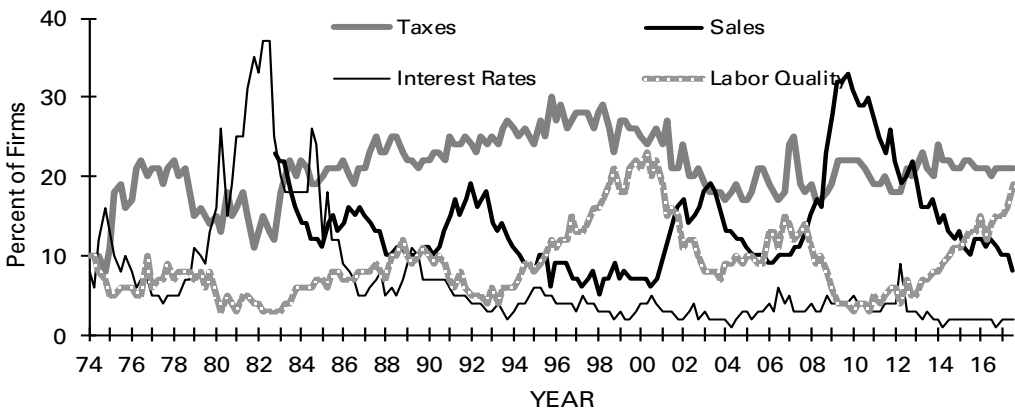
SELECTED SINGLE MOST IMPORTANT PROBLEM

Insurance, Big Business Competition, Inflation, and Regulation
January Quarter 1974 to July Quarter 2017



SELECTED SINGLE MOST IMPORTANT PROBLEM

Sales, Fin. & Interest Rates, Labor Cost, Labor Quality, and Taxes
January Quarter 1974 to July Quarter 2017



SURVEY PROFILE

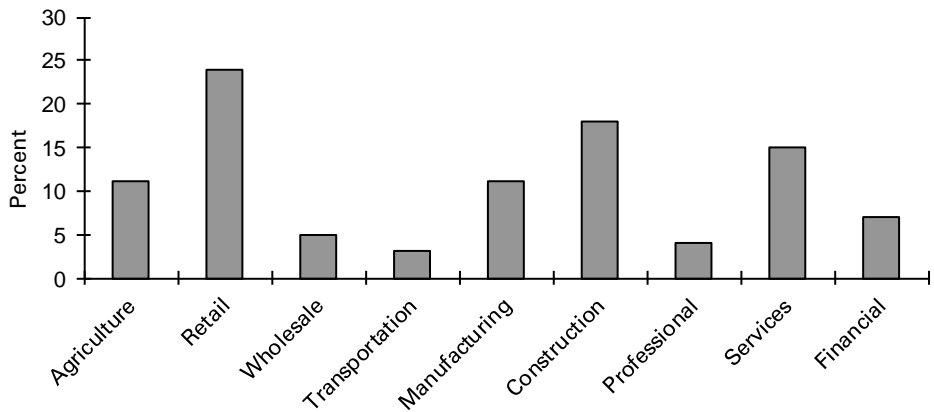
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

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					

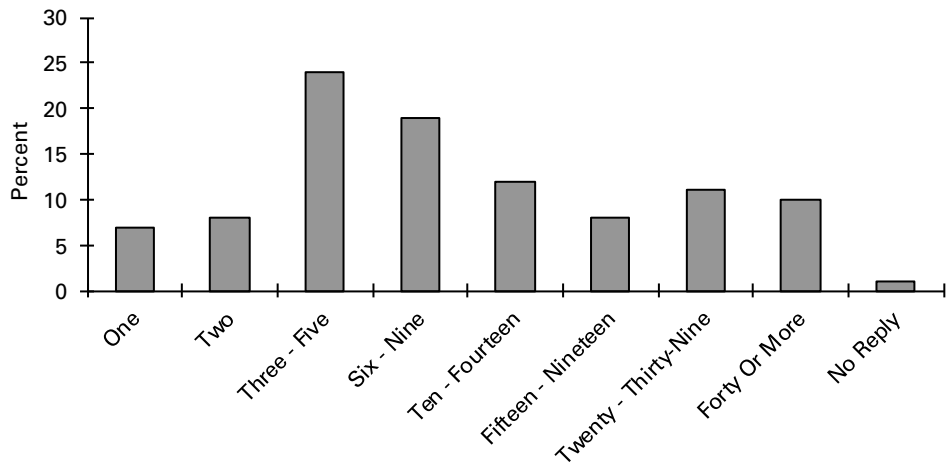
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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



SMALL BUSINESS SURVEY QUESTIONS	PAGE IN REPORT
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

