



# NFIB SMALL BUSINESS ECONOMIC TRENDS

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March 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%	2	-6%
Plans to Make Capital Outlays	26%	-3	10%
Plans to Increase Inventories	1%	-3	10%
Expect Economy to Improve	32%	-11	32%
Expect Real Sales Higher	20%	-8	23%
Current Inventory	-6%	-3	10%
Current Job Openings	35%	1	-3%
Expected Credit Conditions	-6%	-3	6%
Now a Good Time to Expand	28%	-4	11%
Earnings Trends	-4%	-1	3%
Total Change		-33	100%

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

# ECONOMIC TRENDS

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

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# SUMMARY

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## OPTIMISM INDEX

The Index of Small Business Optimism slipped in March to 104.7, 2.9 points below the February reading of 107.6, the second highest level in its history. The Index has been higher only 20 times of the last 432 surveys.

- Taxes received the fewest votes as the #1 business problem since 1982, falling from 22 percent reporting it as their #1 business problem in November to 13 percent in March.
- Labor quality remained the #1 problem for the third straight month.
- Reports of improved earnings trends were the second best since 1987.
- Reports of compensation increases held at the highest level since 2000.
- Reported job creation posted another solid gain, best since 2006.
- The net percent of owners reporting higher selling prices continued to rise, reaching the highest level since 2008.

Overall, the small business sector has responded very positively to the new management team and its economic policies, leading the economy to what appears to become 12 months of 3 percent GDP growth, much better than the eight years under the previous administration.

## LABOR MARKETS

Job creation remained solid in the small business sector as owners reported a seasonally-adjusted average employment change per firm of 0.36 workers, one of the best readings in survey history. Fifty-three percent reported hiring or trying to hire (up 1 point), but 47 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-one percent of owners cited the difficulty of finding qualified workers as their Single Most Important Business Problem, exceeding the percentage citing taxes or regulations. Thirty-five percent of all owners reported job openings they could not fill in the current period. A seasonally-adjusted net 20 percent plan to create new jobs, up 2 points from February and at historically high levels. The availability of qualified workers will undoubtedly moderate actual job growth, even if the labor force participation rate picks up again.

## CREDIT MARKETS

Four percent of owners reported that all their borrowing needs were not satisfied, up 2 points and historically low. Thirty-one percent reported all credit needs met (down 1 point) and 47 percent said they were not interested in a loan, down 4 points. Only 2 percent reported that financing was their top business problem compared to 21 percent citing the availability of qualified labor. Four percent reported loans “harder to get”, historically low. In short, credit availability and cost are not issues and haven’t been for many years, even with the Federal Reserve raising interest rates. Thirty-two percent of all owners reported borrowing on a regular basis (up 1 point). The average rate paid on short maturity loans was up 40 basis points at 6.1 percent.

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This survey was conducted in March 2018. A sample of 5,000 small-business owners/members was drawn. Five hundred and seventy (570) usable responses were received – a response rate of 11 percent.



## **SALES AND INVENTORIES**

A net 8 percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months compared to the prior three months, unchanged and the fourth consecutive strong month. The net percent of owners expecting higher real sales volumes fell 8 points, to a net 20 percent of owners. The decline is surprising in light of the continuing good news for jobs and the economy, as well as continued reports of better sales from small business owners.

The net percent of owners reporting inventory increases fell 4 percentage points to a net 3 percent (seasonally adjusted), still positive and extending a three month run of substantial inventory building. The net percent of owners viewing current inventory stocks as “too low” was a net negative 6 percent, down 3 points, suggesting that current stocks are looking more excessive in light of diminished sales expectations. Consistent with weaker sales expectations and dissatisfaction with current stocks, the net percent of owners planning to build inventories fell 3 points to 1 percent.

## **COMPENSATION AND EARNINGS**

Reports of higher worker compensation rose 2 points to a net 33 percent, the highest reading since 2000. Owners complain at record rates of labor quality issues, with 89 percent of those hiring or trying to hire reporting few or no qualified applicants for their open positions. Perhaps the recent gain in labor force participation has reduced the pressure to raise compensation a bit as hiring became somewhat easier. The decline in temporary employment as new jobs were added at a record high rate seems to support this view. The frequency of reports of positive profit trends declined 1 percentage point to a net negative 4 percent reporting quarter on quarter profit improvements, still one of the best readings in survey history. Reports of earnings gains surged 11 points in January and has remained elevated over the last two months.

## **CAPITAL SPENDING**

Fifty-eight percent reported capital outlays, down 8 points from February’s impressive reading (highest since 2004). Of those making expenditures, 39 percent reported spending on new equipment (down 6 points), 24 percent acquired vehicles (down 6 points), and 16 percent improved or expanded facilities (up 1 point). Eight percent acquired new buildings or land for expansion (up 2 points) and 12 percent spent money for new fixtures and furniture (down 3 points). Twenty-six percent plan capital outlays in the next few months, down 3 points.

## **INFLATION**

The net percent of owners raising average selling prices rose 3 points to a net 16 percent seasonally adjusted, after a 3-point increase in both February and January. Seasonally adjusted, a net 25 percent plan price hikes (up 1 point), the highest reading since 2008. With reports of increased compensation running high, there is more pressure to pass these costs on in higher selling prices, although tax cuts and growing operating profits alleviate some of this pressure.



# COMMENTARY

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Growth in the fourth quarter was revised up to 2.9 percent, leaving growth at 3 percent for the last nine months of 2017. If the first quarter this year comes in at or close to 3 percent, the economy will have logged a full 12 months of 3 percent GDP growth, 50 percent better than growth in the prior administration. Job growth continues to produce high numbers and the labor force participation rate has improved as jobs are more plentiful.

The Federal Reserve is expected to raise rates several more times this year and continue its plan to not reinvest proceeds from maturing bonds in its portfolio. By itself, this reduces the demand for bonds and thus raises interest rates. Putting more pressure on rates is the Treasury's need to sell a lot of bonds to finance the deficit, which imposes additional pressure on rates (higher rates must be paid to get private investors to take them). Rising interest rates will, of course, not be a positive development for equity prices or asset prices in general. Interest rates on variable price loans will rise. Less clear is the impact on long term rates, but they are likely to continue to move higher.

The percent of owners reporting higher average selling prices has risen steadily since October 2016, from a net 2 percent to a net 16 percent. This should raise the overall average increase in average prices for the economy. The Federal Reserve has predicted that the inflation rate would rise to 2 percent and then stay there (without explaining how the inflation rate would stop rising). Using 45 years of NFIB and inflation data makes it clear that serious inflation for the economy is dependent on serious inflation on Main Street – lots of firms raising average selling prices. So far, the percent raising prices is not supportive of serious inflation, but a clear trend has been established. A look at past inflation makes clear that the price of “things” has been falling steadily while the price of labor intensive “services” has been increasing. The small business sector is “labor intensive” and labor services are rising in cost, whether in areas like health care or in construction. Reports of compensation gains are running well ahead of reports of price increases, but the gap is narrowing.

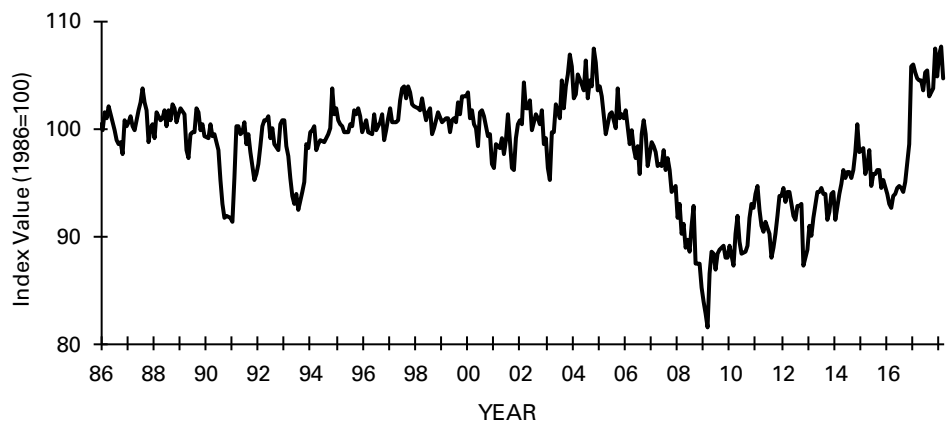
The big picture remains solid, with small firms as optimistic, and inclined to spend and hire as they have ever been. Tax cuts will start to impact firms directly and positively impact their customers. Economic growth will continue to be strong and that will spur more capital investment and hiring on Main Street.



# OVERVIEW - SMALL BUSINESS OPTIMISM

## OPTIMISM INDEX

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



## OPTIMISM INDEX

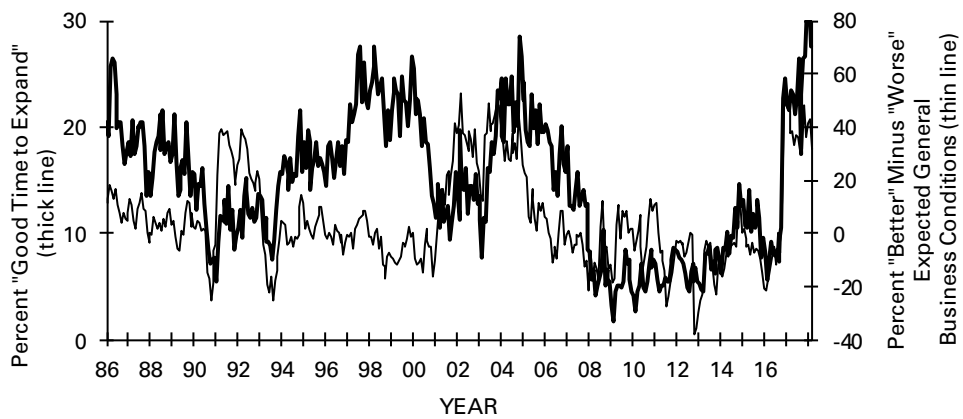
Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	88.8	90.9	90.0	91.7	94.0	94.0	94.4	94.0	93.8	91.5	92.2	93.8
2014	94.0	91.6	94.0	94.8	96.2	95.4	96.0	95.9	95.3	96.0	97.8	100.3
2015	97.7	98.1	95.7	96.5	97.9	94.6	95.7	95.7	96.0	96.0	94.5	95.2
2016	93.9	92.9	92.6	93.6	93.8	94.5	94.6	94.4	94.1	94.9	98.4	105.8
2017	105.9	105.3	104.7	104.5	104.5	103.6	105.2	105.3	103.0	103.8	107.5	104.9
2018	106.9	107.6	104.7									

## SMALL BUSINESS OUTLOOK

### OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January 1986 to March 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	32	28									

## MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
March 2018

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	19	10	11
Sales Prospects	4	4	5
Fin. & Interest Rates	1	1	1
Cost of Expansion	0	5	9
Political Climate	5	3	10
Other/Not Available	1	4	5

## OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

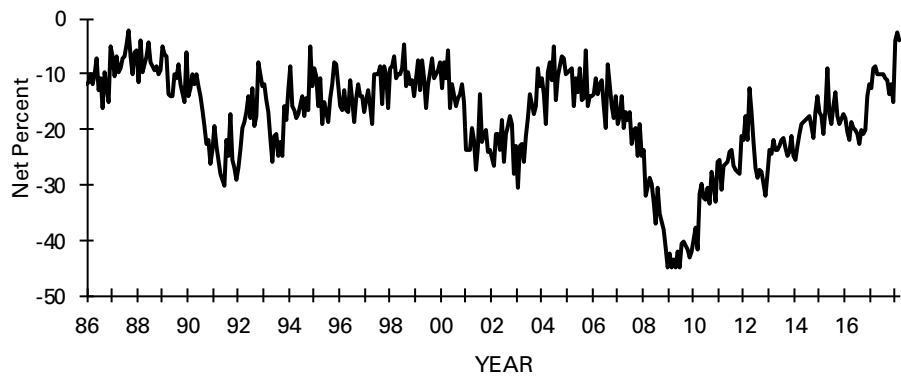
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-30	-25	-23	-14	-6	-3	-5	-4	-12	-19	-23	-12
2014	-11	-16	-13	-8	-1	-9	-5	-5	-4	-5	10	12
2015	0	2	-2	-5	-4	-8	-3	-8	-6	-6	-10	-15
2016	-21	-21	-17	-18	-13	-9	-5	-12	0	-7	12	50
2017	48	47	46	38	39	33	37	37	31	32	48	37
2018	41	43	32									



# SMALL BUSINESS EARNINGS

## EARNINGS

Actual Last Three Months  
January 1986 to March 2018  
(Seasonally Adjusted)



## ACTUAL EARNINGS CHANGES

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

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

## MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
March 2018

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

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

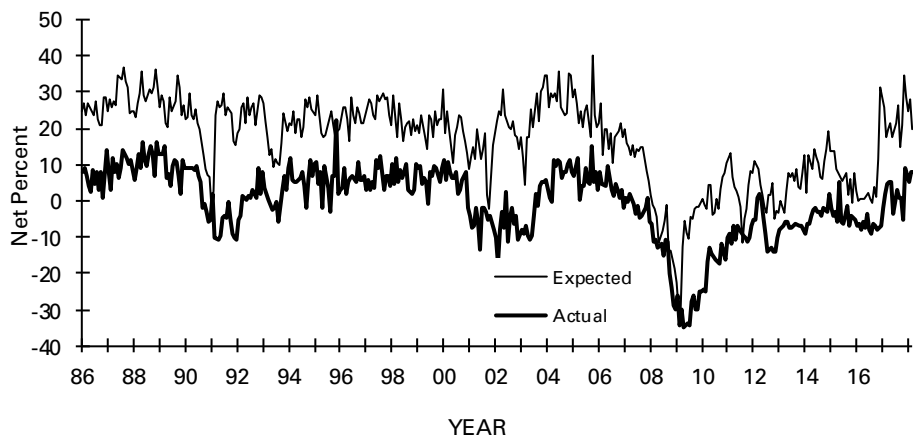




# SMALL BUSINESS SALES

## SALES

Actual (Prior Three Months) and Expected (Next Three Months)  
January 1986 to March 2018  
(Seasonally Adjusted)



## ACTUAL SALES CHANGES

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

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

## SALES EXPECTATIONS

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

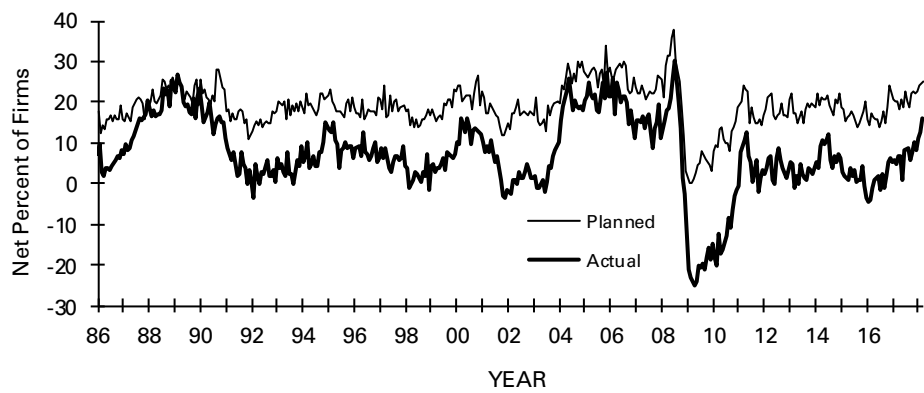
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-3	0	-3	3	8	6	8	6	9	4	3	7
2014	13	2	13	9	15	12	11	7	6	11	14	19
2015	14	14	14	9	7	5	7	8	2	6	-1	7
2016	3	0	1	1	1	2	1	-1	4	1	11	31
2017	29	26	18	20	22	17	22	27	15	21	34	28
2018	25	28	20									



# SMALL BUSINESS PRICES

## PRICES

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



## ACTUAL PRICE CHANGES

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

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

## PRICE PLANS

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

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



# 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	2	4	5	-1	2	2	-1	3	2	3
2018	4	4	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	52	44
2017	47	44	45	48	51	46	52	52	49	52	44	54
2018	49	47	47									

## EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January 1986 to March 2018  
(Seasonally Adjusted)



# SMALL BUSINESS EMPLOYMENT (CONTINUED)

## JOB OPENINGS

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

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

## HIRING PLANS

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

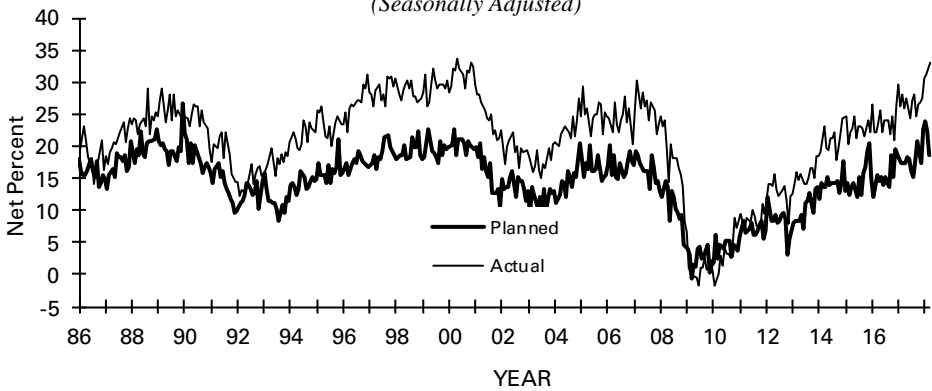
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	2	4	2	6	6	7	9	8	9	5	9	8
2014	11	7	7	8	11	12	13	8	9	10	11	15
2015	13	12	12	11	13	9	12	11	12	11	11	15
2016	11	10	9	11	12	11	12	9	10	10	15	16
2017	18	15	16	16	18	15	19	18	19	18	24	20
2018	20	18	20									



# SMALL BUSINESS COMPENSATION

## COMPENSATION

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



# SMALL BUSINESS COMPENSATION (CONTINUED)

## ACTUAL COMPENSATION CHANGES

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

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

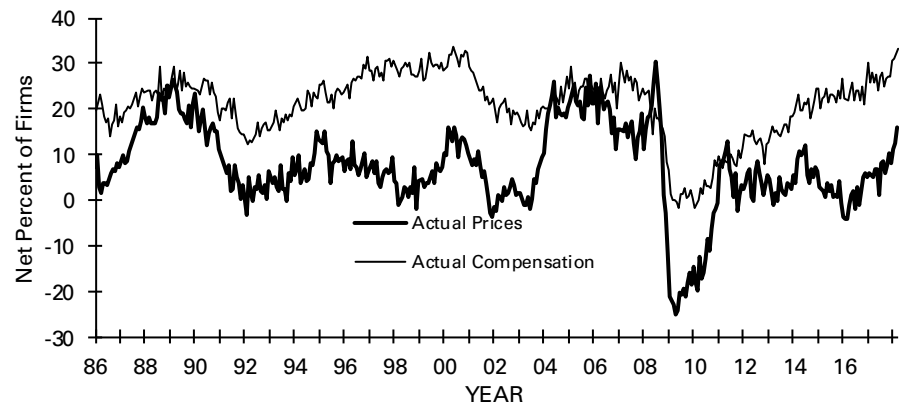
## COMPENSATION PLANS

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

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

## PRICES AND LABOR COMPENSATION

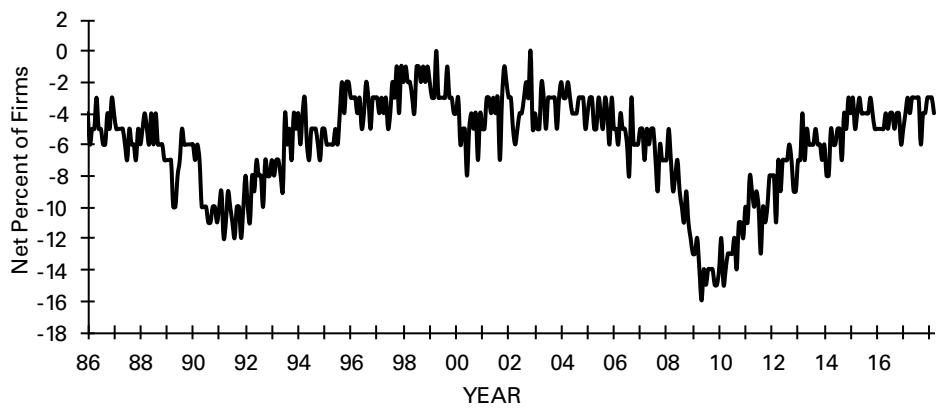
Net Percent Price Increase and Net Percent Compensation  
(Seasonally Adjusted)



# SMALL BUSINESS CREDIT CONDITIONS

## CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
January 1986 to March 2018



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

## REGULAR BORROWERS

Percent Borrowing at Least Once Every Three Months

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

## AVAILABILITY OF LOANS

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

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



# SMALL BUSINESS CREDIT CONDITIONS (CONTINUED)

## BORROWING NEEDS SATISFIED

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

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

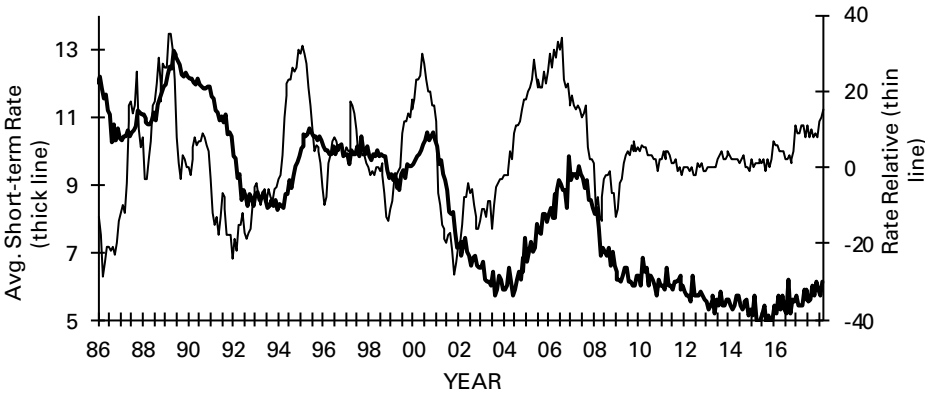
## EXPECTED CREDIT CONDITIONS

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

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

## INTEREST RATES

Relative Rates and Actual Rates Last Three Months  
January 1986 to March 2018



# SMALL BUSINESS CREDIT CONDITIONS (CONTINUED)

## RELATIVE INTEREST RATE PAID BY REGULAR BORROWERS

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

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

Borrowing at Least Once Every Three Months.

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

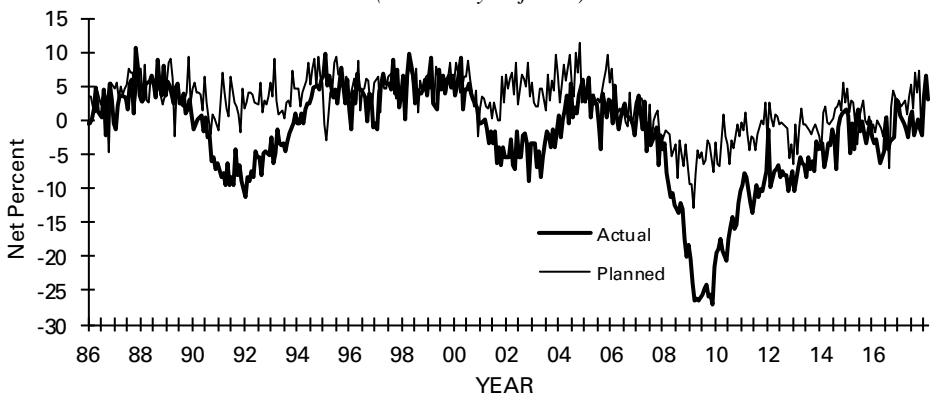
Average Interest Rate Paid

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

## SMALL BUSINESS INVENTORIES

### INVENTORIES

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





# SMALL BUSINESS INVENTORIES (CONTINUED)

## ACTUAL INVENTORY CHANGES

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

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

## 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	-3	1	-2	-1	0	0	-5	-3	-4
2014	-2	-5	-2	-2	-3	-2	-3	-2	0	-3	-2	-2
2015	-1	-3	-7	-2	-1	-4	-6	-6	-5	-4	-5	-4
2016	-2	-2	-5	-5	-4	-4	-4	-2	-7	-4	-4	-3
2017	-5	-2	-5	-3	-6	-3	-2	-5	-3	-5	-2	-2
2018	-5	-3	-6									

## INVENTORY PLANS

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

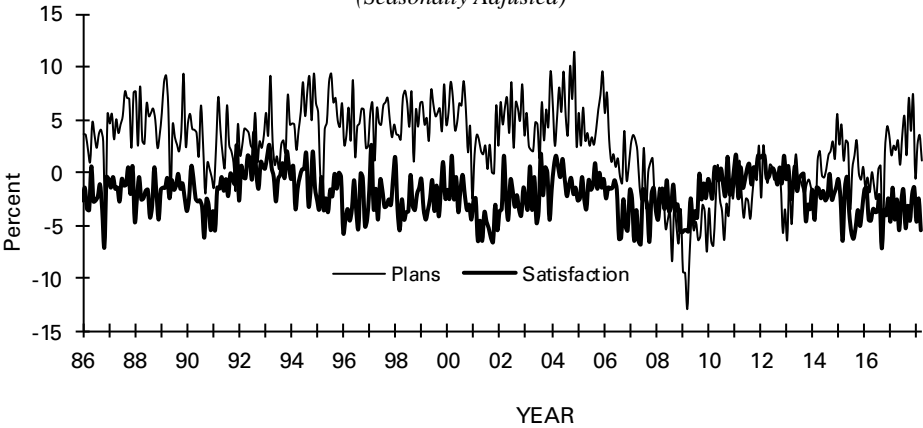
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-6	-1	-5	-1	2	-1	-1	-1	-2	-1	-1	-2
2014	-2	-5	1	2	0	-1	0	2	2	3	1	6
2015	3	5	1	3	3	-4	0	2	3	0	-1	1
2016	-1	-1	-2	0	-1	-3	0	1	-7	2	4	4
2017	2	3	2	3	1	4	5	2	7	4	7	-1
2018	3	4	1									



# SMALL BUSINESS CAPITAL OUTLAYS

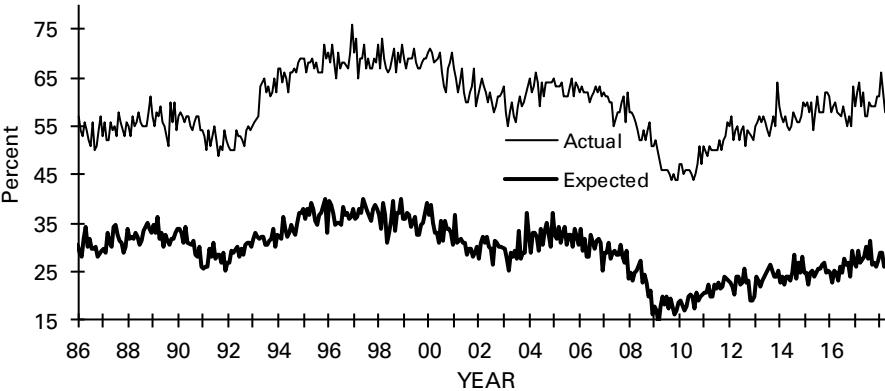
## INVENTORY SATISFACTION AND INVENTORY PLANS

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



## CAPITAL EXPENDITURES

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



## ACTUAL CAPITAL EXPENDITURES

Percent Making a Capital Expenditure During the Last Six Months

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



# 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	26	24
Equipment	39	46	43
Furniture or Fixtures	12	16	12
Add. Bldgs. or Land	8	5	8
Improved Bldgs. or La	16	15	14

AMOUNT OF CAPITAL EXPENDITURES MADE  
Percent Distribution of Per Firm Expenditures  
During the Last Six Months

Amount	Current	One Year Ago	Two Years Ago
\$1 to \$999	3	4	3
\$1,000 to \$4,999	9	9	10
\$5,000 to \$9,999	5	7	6
\$10,000 to \$49,999	17	19	18
\$50,000 to \$99,999	9	9	8
\$100,000 +	15	16	13
No Answer	0	0	1

## CAPITAL EXPENDITURE PLANS

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

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



# SINGLE MOST IMPORTANT PROBLEM

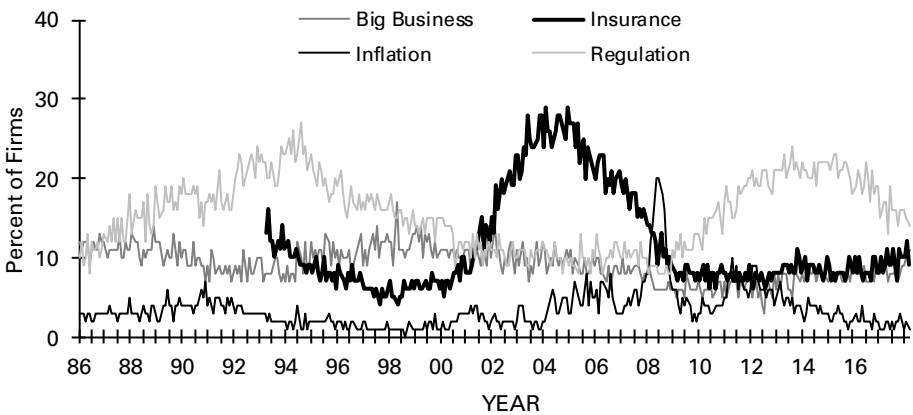
## SINGLE MOST IMPORTANT PROBLEM

March 2018

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	13	20	32	8
Inflation	1	1	41	0
Poor Sales	11	12	34	2
Fin. & Interest Rates	2	2	37	1
Cost of Labor	8	6	9	2
Govt. Regs. & Red Tape	14	17	27	4
Comp. From Large Bus.	11	9	14	4
Quality of Labor	21	16	24	3
Cost/Avail. of Insurance	9	8	29	4
Other	10	9	31	1

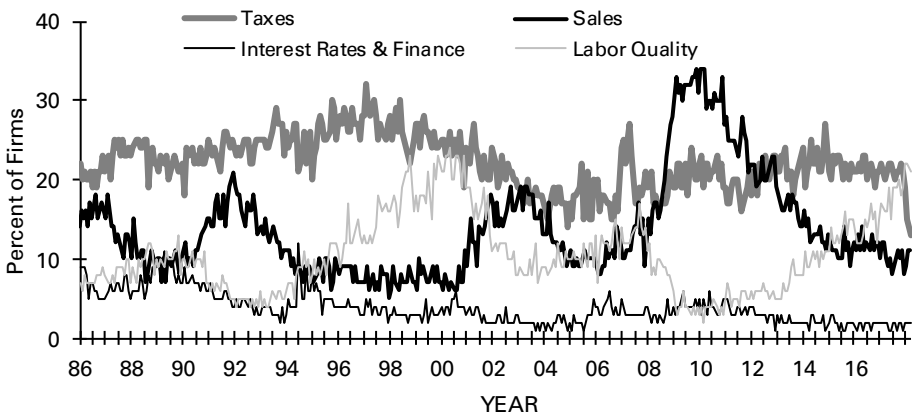
## SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation  
*January 1986 to March 2018*



## SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality  
*January 1986 to March 2018*



# SURVEY PROFILE

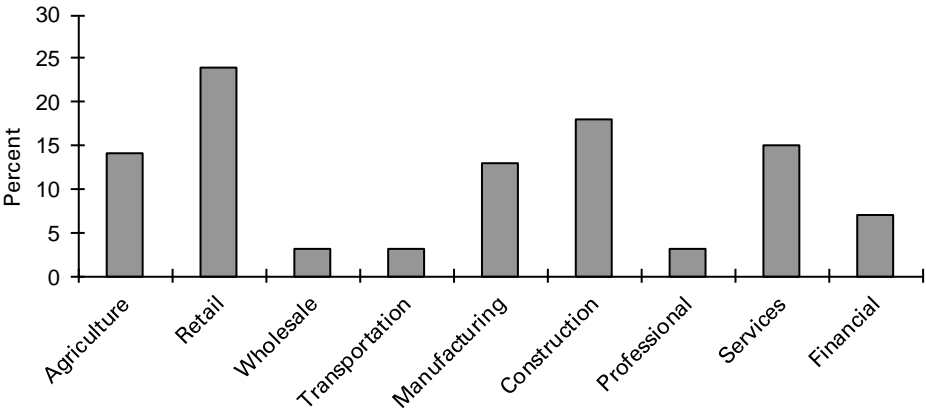
## OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

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

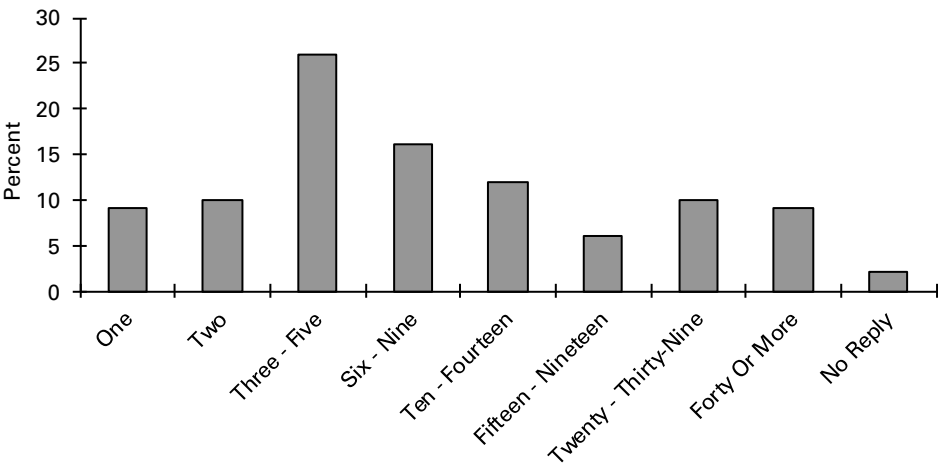
## NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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>

