



NFIB SMALL BUSINESS ECONOMIC TRENDS

William C. Dunkelberg
Holly Wade

February 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	15%	-3	*
Plans to Make Capital Outlays	26%	-1	*
Plans to Increase Inventories	3%	1	*
Expect Economy to Improve	47%	-1	*
Expect Real Sales Higher	26%	-3	*
Current Inventory	-2%	3	*
Current Job Openings	32%	1	*
Expected Credit Conditions	-3%	0	*
Now a Good Time to Expand	22%	-3	*
Earnings Trends	-13%	-1	*
Total Change		-7	*

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

ECONOMIC TRENDS

NFIB Research Foundation 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 Foundation. © NFIB Research Foundation. 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

OPTIMISM INDEX

The Index of Small Business Optimism fell 0.6 points to 105.3, sustaining the remarkable surge in optimism that started November 9, 2016, the day after the election. Three of the 10 Index components posted a gain, six declined, all by just a few points, and one was unchanged. It is encouraging that the Index has held at 105 for three months now, and not faded. Monthly data were not available in the 1983 recovery for comparison when the record Index reading was last reached. Optimism has not faded, but the enthusiasm has yet to be translated into an equally impressive increase in spending and hiring. This will require progress on the agenda that business owners voted for.

LABOR MARKETS

Small business owners reported a seasonally adjusted average employment change per firm of 0.06 workers, just above the zero line but positive. Fourteen percent (up 1 point) reported increasing employment an average of 1.9 workers per firm and 10 percent (unchanged) reported reducing employment an average of 4.8 workers per firm (seasonally adjusted). Fifty-two percent reported hiring or trying to hire (down 1 point), but 44 percent reported few or no qualified applicants for the positions they were trying to fill. Seventeen percent of owners cited the difficulty of finding qualified workers as their Single Most Important Business Problem (up 2 points), revisiting the high for this recovery and the best reading since 2007. Thirty-two percent of all owners reported job openings they could not fill in the current period, up 1 point, the highest reading in this recovery. This is one of the tightest labor markets in the 43-year history of the NFIB survey. Twelve percent reported using temporary workers, down 1 point. A seasonally adjusted net 15 percent plan to create new jobs, down 3 points but still a very strong reading.

CAPITAL SPENDING

Sixty-two percent reported capital outlays, up 3 points and the second highest reading since 2007. Of those making expenditures, 45 percent reported spending on new equipment (up 3 points), 26 percent acquired vehicles (down 2 points), and 17 percent improved or expanded facilities (up 1 point). Seven percent acquired new buildings or land for expansion (up 1 point) and 16 percent spent money for new fixtures and furniture (up 3 points). Overall, a decent report on spending. The percent of owners planning capital outlays in the next 3 to 6 months fell 1 point to 26 percent, just shy of the highest reading in the recovery. Although these are high readings for the recovery, they are historically weak and have yet to reflect the optimism about sales and business conditions that occurred when President Trump was elected. Reports of actual outlays appear to be trending up, but still remain well below those observed in “good times”. Growth takes more than optimism, it takes more spending, at least rising to historically normal levels.



SALES

The net percent of all owners (seasonally adjusted) reporting higher nominal sales in the past three months compared to the prior three months improved 4 percentage point to 2 percent, the first positive reading since early 2015. This measure has been positive in only six months since 2007, with the lowest recession reading of net negative 35 percent. Consumer optimism soared after the election and is lifting actual sales, but at a slow pace. Seasonally adjusted, the net percent of owners expecting higher real sales volumes fell 3 points to a net 26 percent of owners, this after a 20 point rise in December. This leaves expectations at very positive levels but not yet confirmed by actual improvements in sales trends.

INVENTORIES

The net percent of owners reporting inventory increases fell 2 points to a net 1 percent (seasonally adjusted), extending the accumulation reported in January. This will be positive for GDP growth, and will hopefully be absorbed by stronger spending rather than depressing future investment in inventory stocks. The net percent of owners viewing current inventory stocks as “too low” improved 3 points to a net negative 2 percent. The surge in expected sales gains should make some of these “excess stocks” look better. The net percent of owners planning to add to inventory rose 1 point to a net 3 percent - not strong, but positive.

INFLATION

The net percent of owners raising average selling prices was a net 6 percent (up 1 point). Ten percent of owners reported reducing their average selling prices in the past three months (down 1 point), and 16 percent reported price increases (up 1 point). The frequency of reported price hikes has ticked up since November, but not enough to produce a lot of inflation. Seasonally adjusted, a net 20 percent plan price hikes (down 1 point). National price indices are creeping up but show no tendency to surge ahead. Some markets in which demand is pressing against supply are experiencing more rapid price increases. Both home prices and rents are rising much faster than the overall price indices.

COMPENSATION AND EARNINGS

Reports of increased compensation fell 4 points to 26 percent, one of the best readings since February 2007, but below the recovery record level reached in January. Owners complain at recovery record rates of labor quality issues. A recovery record 17 percent ranked “finding qualified labor” as their top business problem ahead of regulations, weak sales and insurance costs. Only taxes received more “votes” as the top problem. The inability of firms to raise prices limits the extent to which firms can raise worker compensation. But rising labor costs, due to shortages, or, more widely, to government regulations will continue to pressure the bottom line until demand is strong enough to support rising selling prices. Earnings trends deteriorated 1 point to a net negative 13 percent reporting quarter on quarter profit improvements.



CREDIT MARKETS

Three percent of owners reported that all their borrowing needs were not satisfied, down 1 point. Thirty percent reported all credit needs met (down 1 point), and 52 percent explicitly said they did not want a loan. However, including those who did not answer the question, uninterested in borrowing, 67 percent of owners have no interest in borrowing. Record numbers of firms remain on the “credit sidelines”, seeing no good reason to borrow yet, in spite of the surge in optimism. As optimism is translated into spending plans, borrowing activity should pick up. Only 2 percent reported that financing was their top business problem compared to 22 percent citing taxes, 15 percent citing regulations and red tape, and 17 percent the availability of qualified labor. Weak sales garnered 12 percent of the vote.

Thirty-one percent of all owners reported borrowing on a regular basis (up 1 point). The average rate paid on short maturity loans fell 30 basis points to 5.4 percent. Overall, loan demand remains historically weak, even with cheap money. If the positive expectations for real sales and business conditions are translated into actual spending on capital equipment, expansion and inventory investment, borrowing activity should pick up.

The net percent of owners expecting credit conditions to ease in the coming months was unchanged at a negative 3 percent. The Federal Reserve is expected to raise rates in March, but that will still leave money costs historically low. As owners’ confidence in the economy and economic policies rises, they will be more likely to convert their optimism into actual borrowing to support spending.



COMMENTARY

The latest government statistics on growth confirmed that, contrary to the claims of many economists, the new Administration has not inherited a “strong” economy. The 1.6 percent GDP for 2016 hardly ranks among our better growth periods and the last eight years have not been much better. Coming out of the recession, small business owners were greeted with a large tax bill, Obamacare, and a fizzled stimulus package that mostly preserved the jobs of government workers, rather than stimulating economic growth. An avalanche of regulations followed, all through the recovery period. The growth we experienced was definitely in spite of government policy, not because of it. The private sector is stubbornly persistent when it comes to growth, regardless of obstacles.

The Federal Reserve will raise rates another 25 basis points, but this still leaves interest rates historically low. The percent of owners reporting paying higher interest rates on their last loan jumped 7 points to 11 percent in January and held at 9 percent in February, after averaging less than 2 percent since the recovery started in 2009. The interest rate is one of the most important prices in the economy, allocating capital to its highest valued uses. Since 2009, there has been very little movement as Fed policy has paralyzed the functioning of interest rates. The sooner the Federal Reserve restores the role of interest rates, the healthier the economy will become.

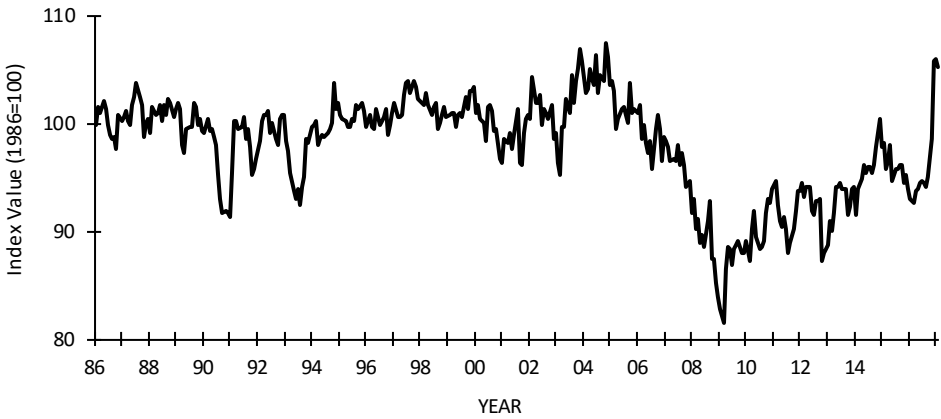
Evidence on the economy is mixed, the New York Federal Reserve puts first quarter growth at 3.1 percent while the Atlanta Federal Reserve is looking for 1.8 percent. Both have access to the same data. Growth will make everyone, regardless of politics, feel better. However, the gulf between liberals and conservatives is large. The University of Michigan/Reuters poll in February illustrated this, with the Expectations Index at 55 among Democrats, 120 for Republicans and 89 for Independents. The Democrats expect the worst, the Republicans the best. Spontaneous positive references to economic policy were made by a record 28 percent of consumers, 26 percent made negative references. Reality will resolve the gap.



OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

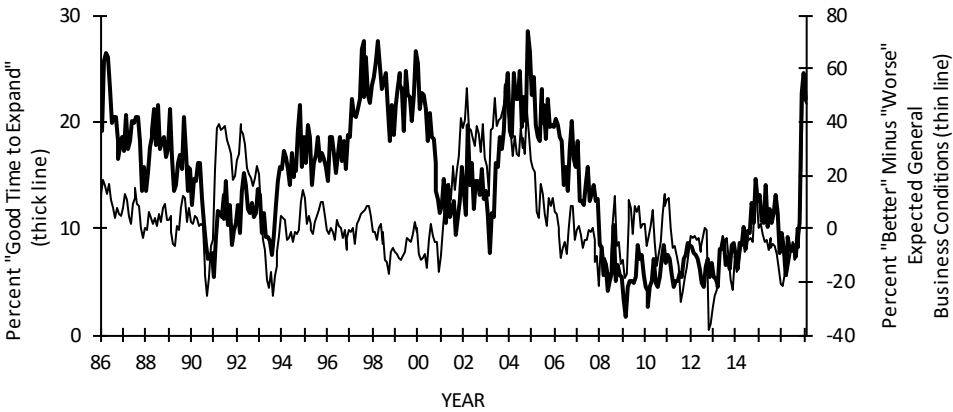
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	93.7	94.5	93.1	94.2	94.0	91.9	91.5	92.7	92.7	93.0	87.2	88.0
2013	88.8	90.9	90.0	91.7	94.0	94.0	94.4	94.0	93.8	91.5	92.2	93.8
2014	94.0	91.6	94.0	94.8	96.2	95.4	96.0	95.9	95.3	96.0	97.8	100.3
2015	97.7	98.1	95.7	96.5	97.9	94.6	95.7	95.7	96.0	96.0	94.5	95.2
2016	93.9	92.9	92.6	93.6	93.8	94.5	94.6	94.4	94.1	94.9	98.4	105.8
2017	105.9	105.3										

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January 1986 to February 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										

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
February 2017

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	8	12	16
Sales Prospects	3	5	4
Fin. & Interest Rates	1	0	2
Cost of Expansion	0	2	6
Political Climate	9	5	16
Other/Not Available	2	3	4

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

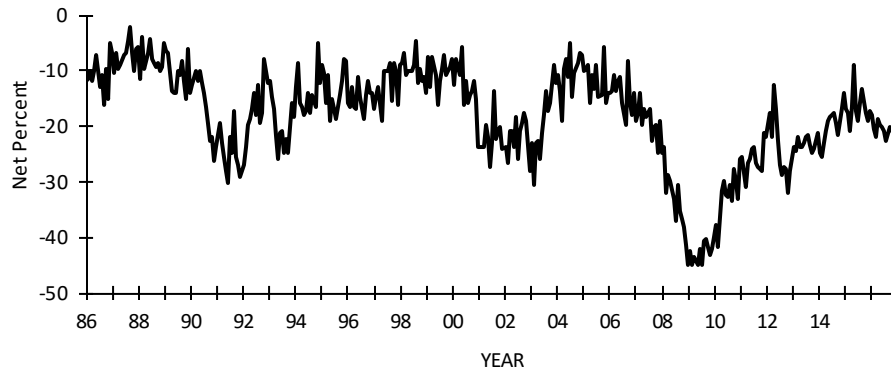
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	-3	-3	-3	-4	-3	-9	-7	-4	0	0	-38	-36
2013	-30	-25	-23	-14	-6	-3	-5	-4	-12	-19	-23	-12
2014	-11	-16	-13	-8	-1	-9	-5	-5	-4	-5	10	12
2015	0	2	-2	-5	-4	-8	-3	-8	-6	-6	-10	-15
2016	-21	-21	-17	-18	-13	-9	-5	-12	0	-7	12	50
2017	48	47										



SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to February 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										



MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
February 2017

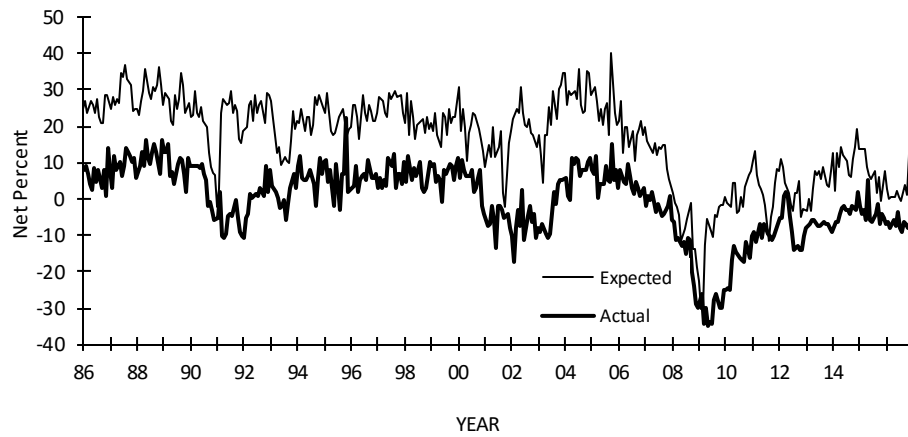
	Current Month	One Year Ago	Two Years Ago
Sales Volume	13	15	13
Increased Costs*	7	8	9
Cut Selling Prices	3	5	4
Usual Seasonal Change	7	7	9
Other	4	4	4

* 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 February 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										



SALES EXPECTATIONS

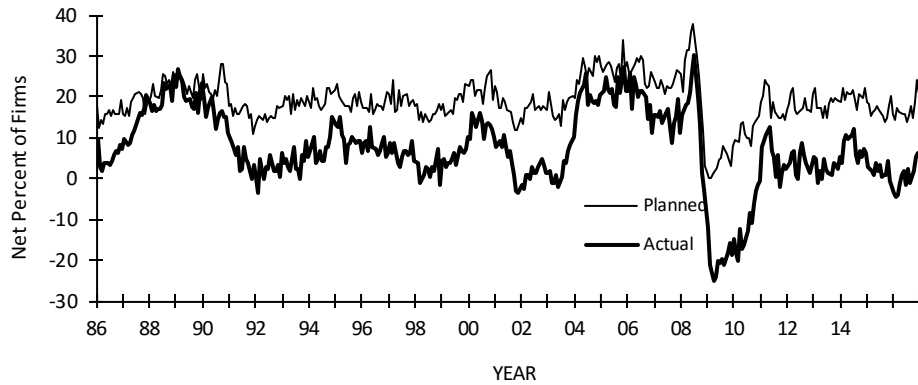
Net Percent (“Higher” Minus “Lower”) During Next Three Months
(Seasonally Adjusted)

	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										

SMALL BUSINESS PRICES

PRICES

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



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										

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										

QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	31	31	32	34	37	33	38	37	41	38	36	33
2013	34	34	36	38	38	41	40	42	41	40	44	38
2014	38	40	41	41	46	43	42	46	42	45	45	43
2015	42	47	42	44	47	44	48	48	45	48	47	48
2016	45	42	41	46	48	48	46	48	48	48	52	44
2017	47	44										



EMPLOYMENT

Planned Next Three Months and Current Job Openings
January 1986 to February 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										

HIRING PLANS

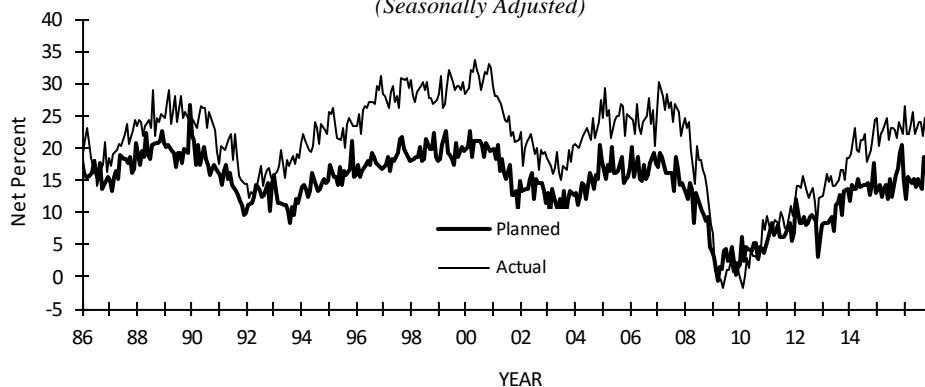
Net Percent ("Increase" Minus "Decrease") in the Next Three Months
(Seasonally Adjusted)

	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										

SMALL BUSINESS COMPENSATION

COMPENSATION

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

COMPENSATION PLANS

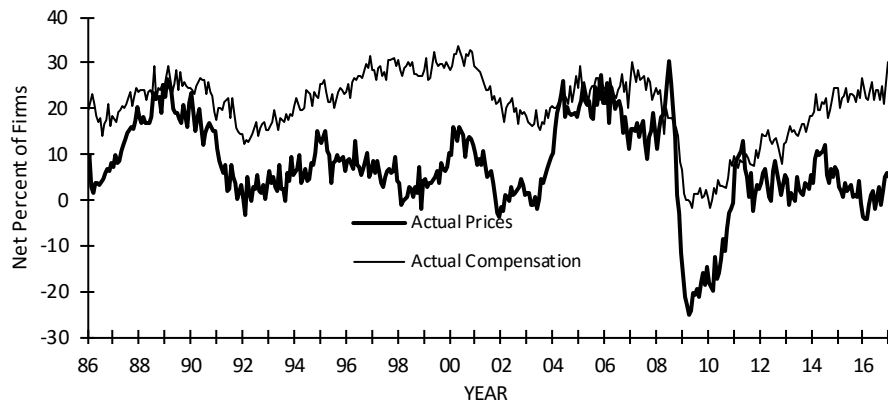
Net Percent ("Increase" Minus "Decrease") in the Next Three Months
(Seasonally Adjusted)

	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										



PRICES AND LABOR COMPENSATION

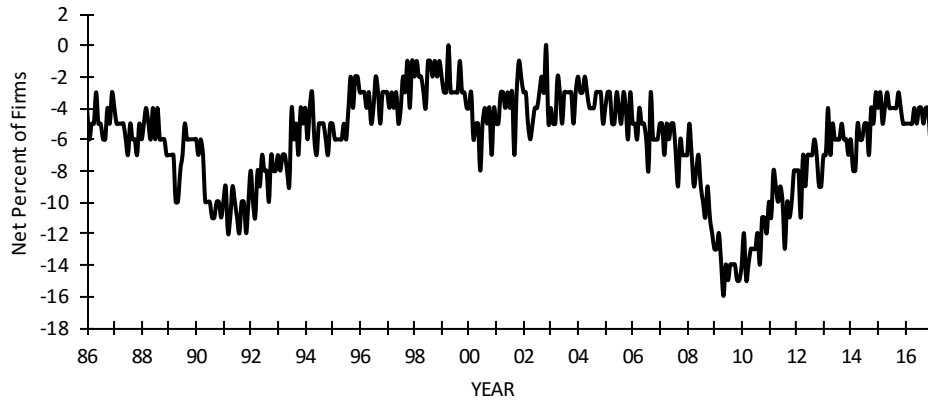
Net Percent Price Increase and Net Percent Compensation
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1986 to February 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										



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										

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										

EXPECTED CREDIT CONDITIONS

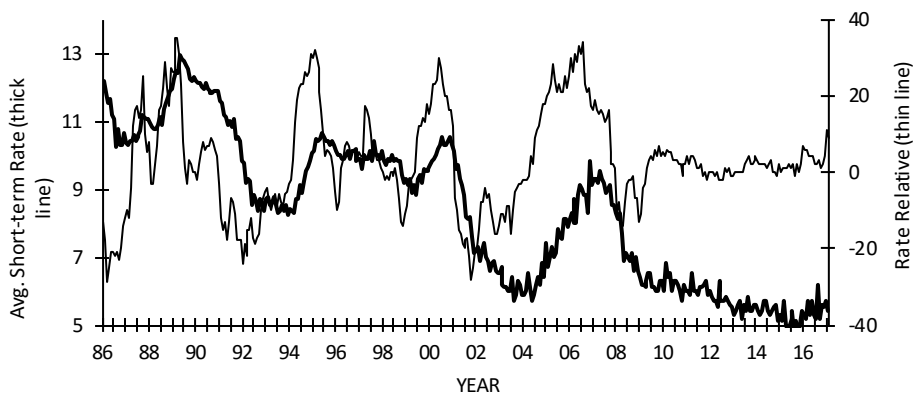
Net Percent ("Easier" Minus "Harder") During Next Three Months
(Regular Borrowers)

	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										



INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January 1986 to February 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										

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

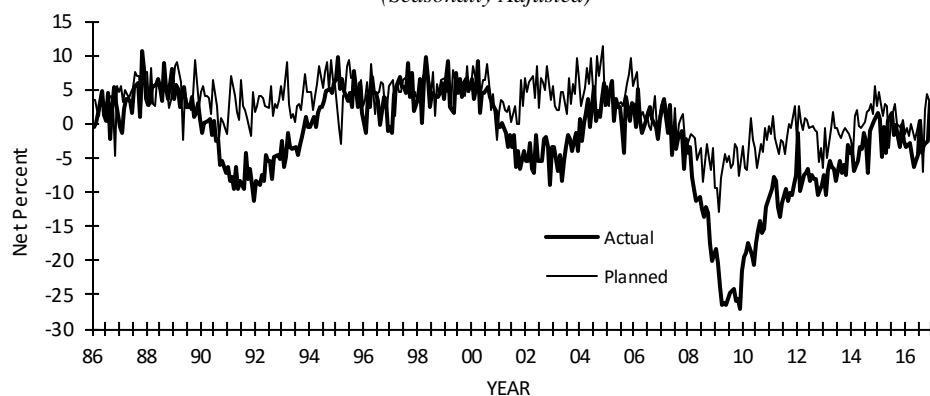
Average Interest Rate Paid

	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										

SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January 1986 to February 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										

INVENTORY SATISFACTION

Net Percent (“Too Low” Minus “Too Large”) at Present Time
(Seasonally Adjusted)

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

INVENTORY PLANS

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

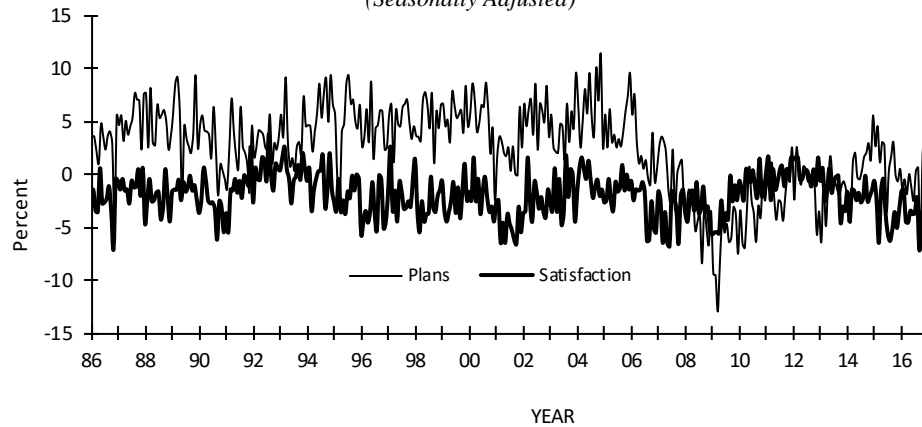
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	-2	3	0	-1	1	1	-1	0	-1	-1	-6	-4
2013	-6	-1	-5	-1	2	-1	-1	-1	-2	-1	-1	-2
2014	-2	-5	1	2	0	-1	0	2	2	3	1	6
2015	3	5	1	3	3	-4	0	2	3	0	-1	1
2016	-1	-1	-2	0	-1	-3	0	1	-7	2	4	4
2017	2	3										



SMALL BUSINESS CAPITAL OUTLAYS

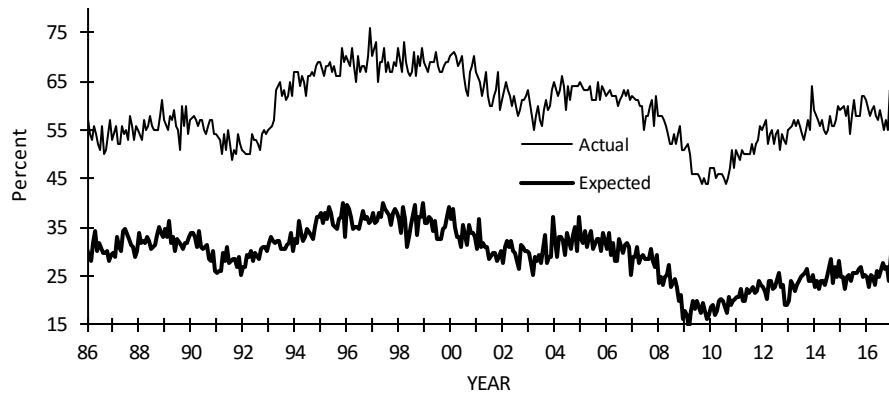
INVENTORY SATISFACTION AND INVENTORY PLANS

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 February 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										



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	26	24	25
Equipment	45	40	43
Furniture or Fixtures	16	12	12
Add. Bldgs. or Land	7	5	8
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	9	7	9
\$5,000 to \$9,999	6	7	5
\$10,000 to \$49,999	19	18	21
\$50,000 to \$99,999	11	9	8
\$100,000 +	14	13	11
No Answer	0	1	2

CAPITAL EXPENDITURE PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	23	22	20	24	24	22	23	26	23	23	19	19
2013	20	24	23	22	23	24	25	26	27	24	24	25
2014	23	24	22	24	24	23	25	29	24	27	25	28
2015	25	25	22	25	25	24	26	26	27	27	25	25
2016	25	23	25	25	23	26	25	28	27	27	24	29
2017	27	26										



SINGLE MOST IMPORTANT PROBLEM

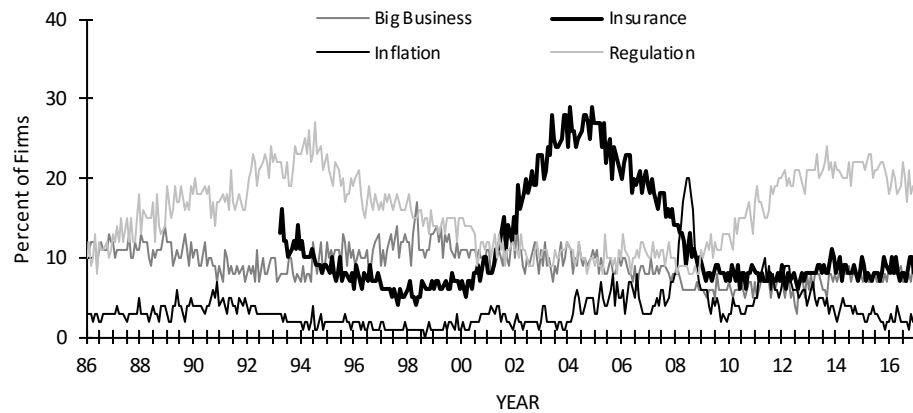
SINGLE MOST IMPORTANT PROBLEM

February 2017

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	22	21	32	8
Inflation	1	3	41	0
Poor Sales	12	11	34	2
Fin. & Interest Rates	2	1	37	1
Cost of Labor	5	7	9	2
Govt. Regs. & Red Tape	15	19	27	4
Comp. From Large Bus.	9	8	14	4
Quality of Labor	17	12	24	3
Cost/Avail. of Insurance	10	10	29	4
Other	7	8	31	1

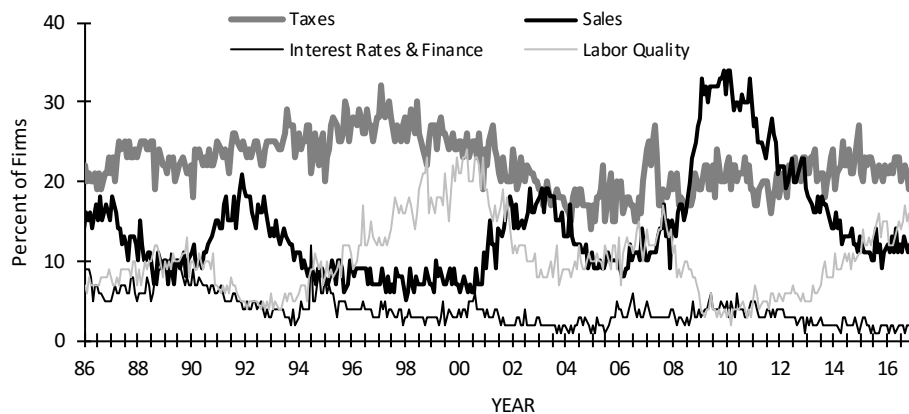
SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation
January 1986 to February 2017



SELECTED SINGLE MOST IMPORTANT PROBLEM

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



SURVEY PROFILE

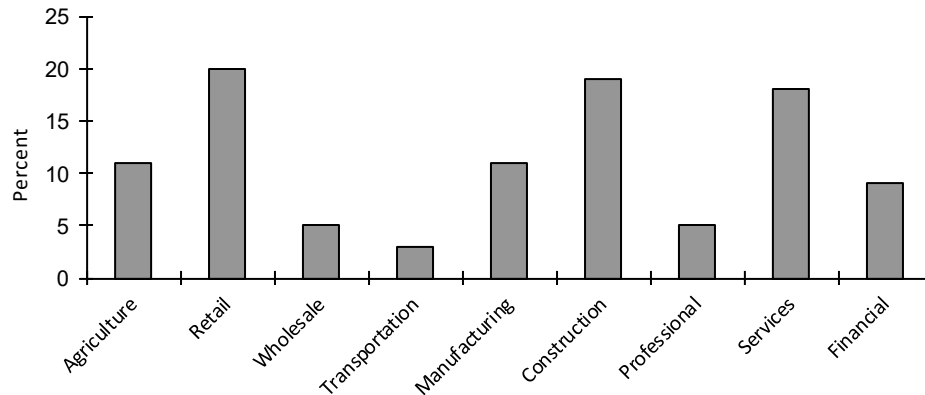
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

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										

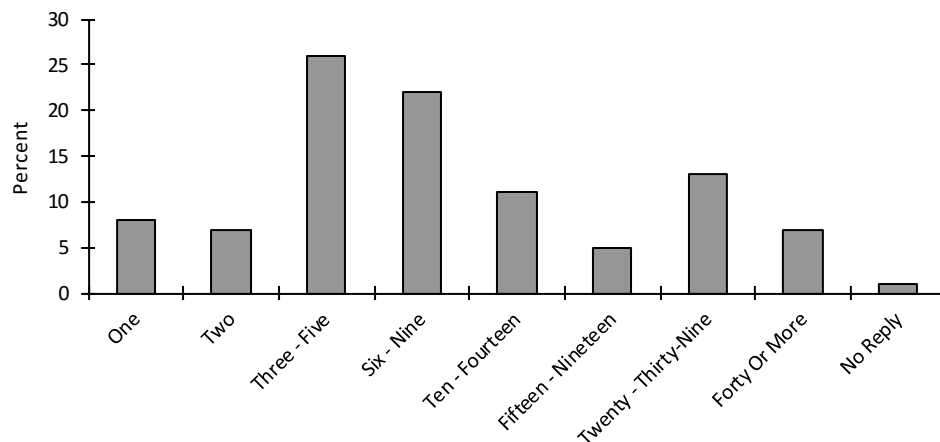
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

Industry of Small Business



NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

Number of Full and Part-Time Employees



NFIB RESEARCH FOUNDATION 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?	5
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?	6
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?	7
If higher or lower, what is the most important reason?	7
During the last calendar quarter, was your dollar sales volume higher, lower, or about the same as it was for the quarter before?	8
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?	8
How are your average selling prices compared to three months ago?	9
In the next three months, do you plan to change the average selling prices of your goods and/or services?	9
During the last three months, did the total number of employees in your firm increase, decrease, or stay about the same?	10
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)?	10
Do you have any job openings that you are not able to fill right now?	11
In the next three months, do you expect to increase or decrease the total number of people working for you?	11
Over the past three months, did you change the average employee compensation?	12
Do you plan to change average employee compensation during the next three months?	12



SMALL BUSINESS SURVEY QUESTIONS

PAGE IN REPORT

Are...loans easier or harder to get than they were three months ago?	13
During the last three months, was your firm able to satisfy its borrowing needs?	14
Do you expect to find it easier or harder to obtain your required financing during the next three months?	14
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?	15
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?	15
During the last three months, did you increase or decrease your inventories?	16
At the present time, do you feel your inventories are too large, about right, or inadequate?	16
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?	16
During the last six months, has your firm made any capital expenditures to improve or purchase equipment, buildings, or land?	17
If [your firm made any capital expenditures], what was the total cost of all these projects?	18
Looking ahead to the next three to six months, do you expect to make any capital expenditures for plant and/or physical equipment?	18
What is the single most important problem facing your business today?	19
Please classify your major business activity, using one of the categories of example below	20
How many employees do you have full and part-time, including yourself?	20

