



# NFIB SMALL BUSINESS ECONOMIC TRENDS

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September 2018

## SMALL BUSINESS OPTIMISM INDEX COMPONENTS

| Index Component               | Seasonally Adjusted Level | Change from Last Month | Contribution to Index Change |
|-------------------------------|---------------------------|------------------------|------------------------------|
| Plans to Increase Employment  | 23%                       | -3                     | *%                           |
| Plans to Make Capital Outlays | 30%                       | -3                     | *%                           |
| Plans to Increase Inventories | 3%                        | -7                     | *%                           |
| Expect Economy to Improve     | 33%                       | -1                     | *%                           |
| Expect Real Sales Higher      | 29%                       | 3                      | *%                           |
| Current Inventory             | -1%                       | 2                      | *%                           |
| Current Job Openings          | 38%                       | 0                      | *%                           |
| Expected Credit Conditions    | -5%                       | 1                      | *%                           |
| Now a Good Time to Expand     | 33%                       | -1                     | *%                           |
| Earnings Trends               | -1%                       | -2                     | *%                           |
| Total Change                  |                           | -11                    | 100%                         |

Based on a Survey of Small and Independent Business Owners

# **NFIB SMALL BUSINESS ECONOMIC TRENDS**

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

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# SUMMARY

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## OPTIMISM INDEX

Small business owners continued to deliver a spectacular performance with September's third highest Index reading in the survey's 45 year history. The Index fell slightly from August's survey record breaking high of 108.8 to 107.9. Six of the ten Index components declined, three advanced and one was unchanged, exactly reversing last month's gain. Most of the decline came in the "hard" components of the Index (down 14 points) but still registered as the second highest reading since 1998, partially offset by some improvement in the expectations components (up 3 points).

Although the "hard" components accounted for most of the Index decline, it still signals very strong economic activity for the balance of the year. Actual capital spending in the past few months rose significantly, reported gains in net employment per firm were solid, and owners bulked up inventories, all real contributors to GDP growth. Third quarter GDP will be strong, although probably not eclipsing the 4 percent mark achieved in Q2. But it will clearly signal that the economy will enter the fourth quarter with a lot of momentum.

## LABOR MARKETS

Job creation picked up again in September, rising to a net addition of 0.15 workers per firm (including those making no change in employment). Thirteen percent (down 2 points) reported increasing employment an average of 4.6 workers per firm and 11 percent (up 1 point) reported reducing employment an average of 1.9 workers per firm (seasonally adjusted). Sixty-one percent reported hiring or trying to hire (down 1 point), but 53 percent (down 2 points and 87 percent of those hiring or trying to hire) reported few or no qualified applicants for the positions they were trying to fill. Twenty-two percent of owners cited the difficulty of finding qualified workers as their Single Most Important Business Problem, down 3 points but historically very high. Thirty-eight percent of all owners reported job openings they could not fill in the current period, unchanged from August's record high. Thirty-six percent have openings for skilled workers up 1 point and a record high. Fifteen percent have openings for unskilled labor, down 1 point. Fourteen percent reported using temporary workers, down 3 points. A seasonally-adjusted net 23 percent plan to create new jobs, down 3 points from August's record high.

## CAPITAL SPENDING

Sixty percent reported capital outlays, up 4 points from August. Of those making expenditures, 41 percent reported spending on new equipment (up 2 points), 26 percent acquired vehicles (up 4 points), and 16 percent improved or expanded facilities (down 2 points). Seven percent acquired new buildings or land for expansion (up 1 point) and 13 percent spent money for new fixtures and furniture (down 2 points). Thirty percent plan capital outlays in the next three to six months, down 3 points, but the second best reading this year.

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This survey was conducted in September 2018. A sample of 5,000 small-business owners/members was drawn. Six hundred and forty-two (642) usable responses were received – a response rate of 13 percent.

## **SALES AND INVENTORIES**

A net 8 percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months, down 2 points. Over 35 percent of the owners in construction, manufacturing, and the wholesale trades reported sales volumes gains. The net percent of owners expecting higher real sales volumes rose 3 points to a net 29 percent of owners, a very strong reading.

The net percent of owners reporting inventory increases rose 1 point to a net 5 percent (seasonally adjusted). The net percent of owners viewing current inventory stocks as “too low” rose 2 points to a net negative 1 percent (a positive number means more think stocks are too low than too high, a positive for inventory building). The net percent of owners planning to build inventories fell 7 points to a net 3 percent, reversing August’s record net 10 percent, but the fifteenth positive reading in the past 23 months.

## **COMPENSATION AND EARNINGS**

Reports of higher worker compensation rose 5 points to a new record of a net 37 percent of all firms, surpassing May’s record reading of a net 35 percent. Plans to raise compensation rose 3 points to a net 24 percent, a near-record high. Owners complain at record rates about labor quality issues, with 87 percent of those hiring or trying to hire in September reporting few or no qualified applicants for their open positions. Twenty-two percent (down 3 points) selected “finding qualified labor” as their top business problem, more than cited taxes, weak sales, or the cost of regulations as their top challenge (last month was a record high, 25 percent). The frequency of reports of positive profit trends fell 2 points to a net negative 1 percent reporting quarter on quarter profit improvements, historically very high.

## **CREDIT MARKETS**

Three percent of owners reported that all their borrowing needs were not satisfied, unchanged and just 1 point above the record low. Twenty-seven percent reported all credit needs met (down 6 points) and 53 percent said they were not interested in a loan, up 2 points. Three percent reported that financing was their top business problem (up 1 point). A net 3 percent (down 2 points) reported loans “harder to get,” historically very low. The percent of owners reporting paying a higher rate on their most recent loan was 1 point lower at a net 16 percent. Twenty-nine percent of all owners reported borrowing on a regular basis (down 3 points). The average rate paid on short maturity loans rose 120 basis points to 7.3 percent, a substantial jump.

## **INFLATION**

The net percent of owners raising average selling prices dropped 2 points to a net 15 percent seasonally adjusted. Thirty-one percent of the construction firms reported raising prices (4 percent reduced) while 42 percent of the firms in agriculture report lower average prices (16 percent raised). The average net percent of firms raising price was negative in each of the first three quarters of 2016, averaging a negative 2 percent. In the fourth quarter it was 2 percent and has marched steadily upward until the past few months. Seasonally adjusted, a net 24 percent plan price hikes, unchanged since May.

# COMMENTARY

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The economy continues to deliver an “amazing” performance. A large part of that has been the revival of the small business sector that began with the 2016 election results. Animal spirits were released, optimism soared, and spending and hiring followed.

Since the election, results of the Administration’s economic policies have been exceptional to date. In the small business half of the economy, this year has produced 45 year record high measures of headline optimism, job openings, hiring plans, actual job creation, compensation increases (actual and planned), profit growth, and inventory investment. Actual capital spending has also posted substantial gains.

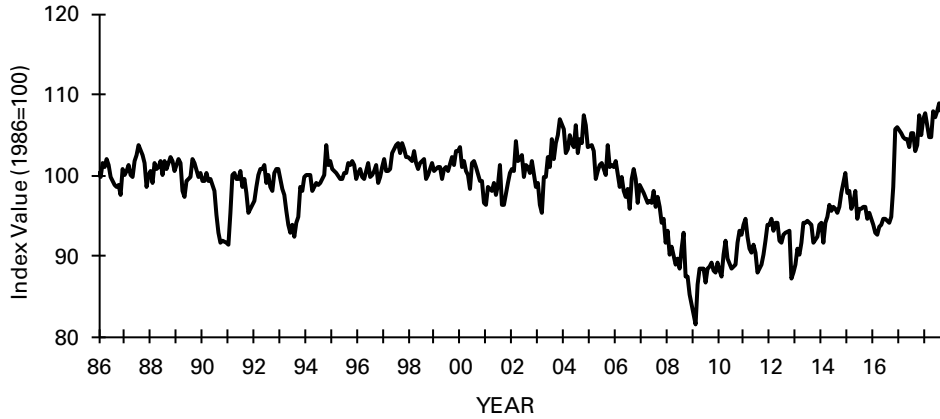
At the conference of the National Association for Business Economics this month, a major focus was on the amount of debt, public and private, being accumulated around the world, not just in the U.S. But, apparently small business owners are not participating in that “party” as regular borrowing activity is historically low and the percent of owners “not interested in a loan” is historically high. Only three percent say they didn’t get all the credit they wanted and 3 percent report credit as their top business problem, about as low as it can go.

The economy is growing faster than our ability to support that growth without inflation or significant productivity gains. Many analysts observe that with the labor force growing about 0.7 percent a year and output per worker (productivity) growing about 1.5 percent per year (at best), it is hard to support demand growth in excess of about 2 percent (the sum of the two which measures our growth in the capacity to produce output). So, with growth running at 3 percent and higher, this presents issues in the future. A good example of this is the impact of the shortage of labor on our ability to grow and produce more stuff. Of course, there are changes that can neutralize some of these problems including higher labor force participation rate induced by higher compensation, labor saving technology, new scientific breakthroughs, and the like. Hopefully policymakers won’t screw around with success.

# OVERVIEW - SMALL BUSINESS OPTIMISM

## OPTIMISM INDEX

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



## OPTIMISM INDEX

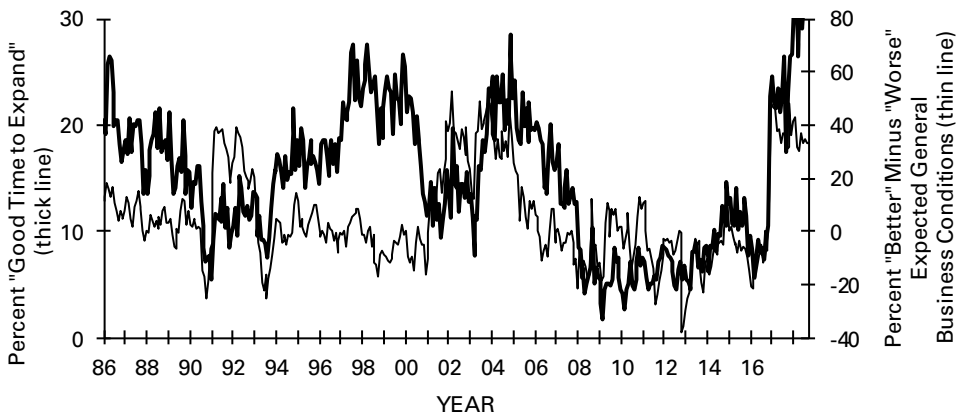
Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)

|             | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>2013</b> | 88.8  | 90.9  | 90.0  | 91.7  | 94.0  | 94.0  | 94.4  | 94.0  | 93.8  | 91.5  | 92.2  | 93.8  |
| <b>2014</b> | 94.0  | 91.6  | 94.0  | 94.8  | 96.2  | 95.4  | 96.0  | 95.9  | 95.3  | 96.0  | 97.8  | 100.3 |
| <b>2015</b> | 97.7  | 98.1  | 95.7  | 96.5  | 97.9  | 94.6  | 95.7  | 95.7  | 96.0  | 96.0  | 94.5  | 95.2  |
| <b>2016</b> | 93.9  | 92.9  | 92.6  | 93.6  | 93.8  | 94.5  | 94.6  | 94.4  | 94.1  | 94.9  | 98.4  | 105.8 |
| <b>2017</b> | 105.9 | 105.3 | 104.7 | 104.5 | 104.5 | 103.6 | 105.2 | 105.3 | 103.0 | 103.8 | 107.5 | 104.9 |
| <b>2018</b> | 106.9 | 107.6 | 104.7 | 104.8 | 107.8 | 107.2 | 107.9 | 108.8 | 107.9 |       |       |       |

## SMALL BUSINESS OUTLOOK

### OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January 1986 to September 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  | 27  | 34  | 29  | 32  | 34  | 33  |     |     |     |

### MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
September 2018

| Reason                | Good Time | Not Good Time | Uncertain |
|-----------------------|-----------|---------------|-----------|
| Economic Conditions   | 22        | 7             | 5         |
| Sales Prospects       | 4         | 4             | 4         |
| Fin. & Interest Rates | 1         | 0             | 2         |
| Cost of Expansion     | 0         | 5             | 7         |
| Political Climate     | 3         | 4             | 14        |
| Other/Not Available   | 2         | 5             | 9         |

### OUTLOOK FOR GENERAL BUSINESS CONDITIONS

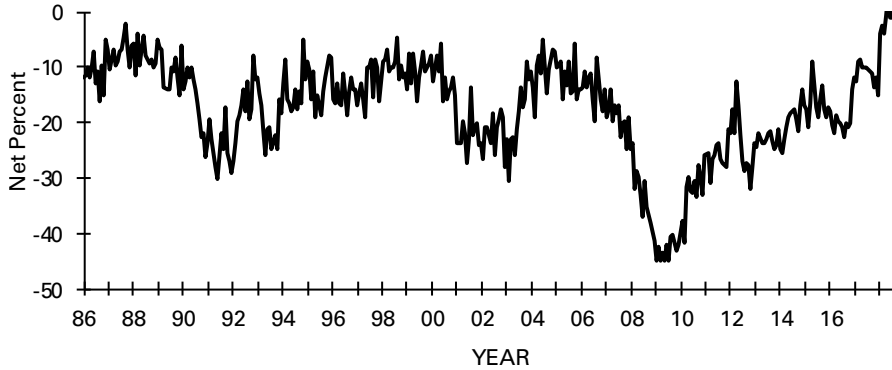
Net Percent ("Better" Minus "Worse") Six Months From Now  
(Seasonally Adjusted)

|      | 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  | 30  | 37  | 33  | 35  | 34  | 33  |     |     |     |

# SMALL BUSINESS EARNINGS

## EARNINGS

Actual Last Three Months  
January 1986 to September 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  | -1  | 3   | -1  | -1  | 1   | -1  |     |     |     |

## MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
September 2018

|                       | Current Month | One Year Ago | Two Years Ago |
|-----------------------|---------------|--------------|---------------|
| Sales Volume          | 6             | 10           | 14            |
| Increased Costs*      | 7             | 7            | 9             |
| Cut Selling Prices    | 2             | 3            | 4             |
| Usual Seasonal Change | 5             | 4            | 4             |
| Other                 | 4             | 4            | 3             |

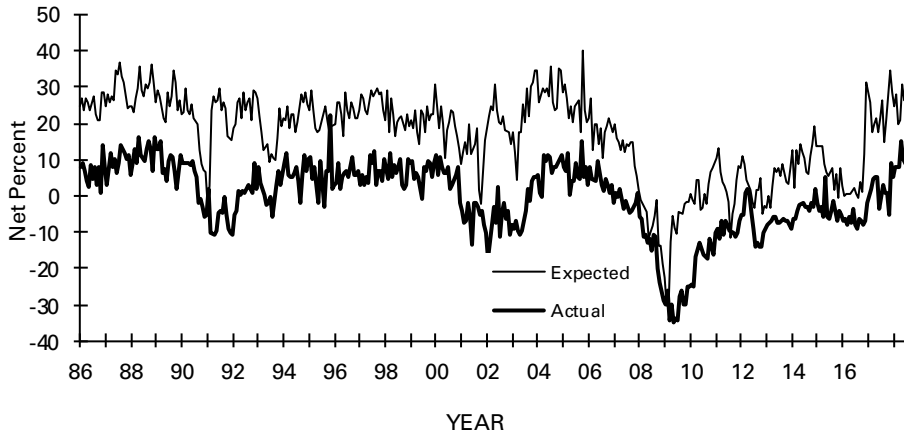
\* Increased costs include labor, materials, finance, taxes, and regulatory costs.



# SMALL BUSINESS SALES

## SALES

Actual (Prior Three Months) and Expected (Next Three Months)  
 January 1986 to September 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   | 8   | 15  | 10  | 8   | 10  | 8   |     |     |     |

## SALES EXPECTATIONS

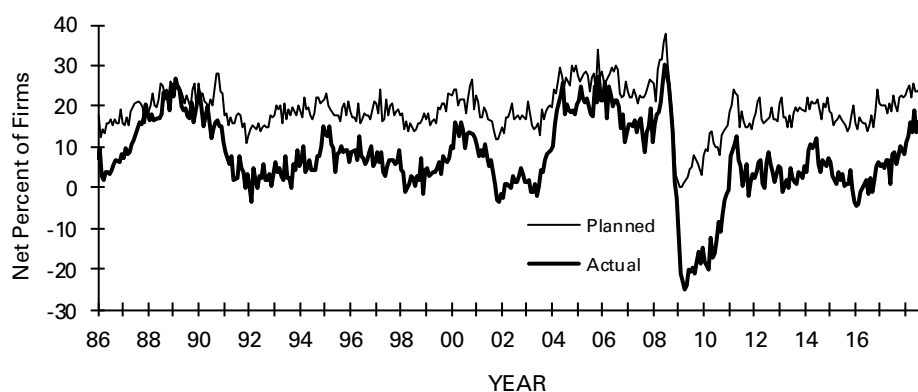
Net Percent ("Higher" Minus "Lower") During Next Three Months  
 (Seasonally Adjusted)

|      | 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  | 21  | 31  | 26  | 29  | 26  | 29  |     |     |     |

# SMALL BUSINESS PRICES

## PRICES

Actual Last Three Months and Planned Next Three Months  
 January 1986 to September 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  | 14  | 19  | 14  | 16  | 17  | 15  |     |     |     |

## PRICE PLANS

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

|      | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 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  | 22  | 26  | 24  | 24  | 24  | 24  |     |     |     |

# SMALL BUSINESS EMPLOYMENT

## ACTUAL EMPLOYMENT CHANGES

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

|      | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 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   | 7   | 7   | 3   | 6   | 5   | 1   |     |     |     |

## 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  | 50  | 48  | 55  | 52  | 55  | 53  |     |     |     |

## EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January 1986 to September 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  | 35  | 33  | 36  | 37  | 38  | 38  |     |     |     |

### HIRING PLANS

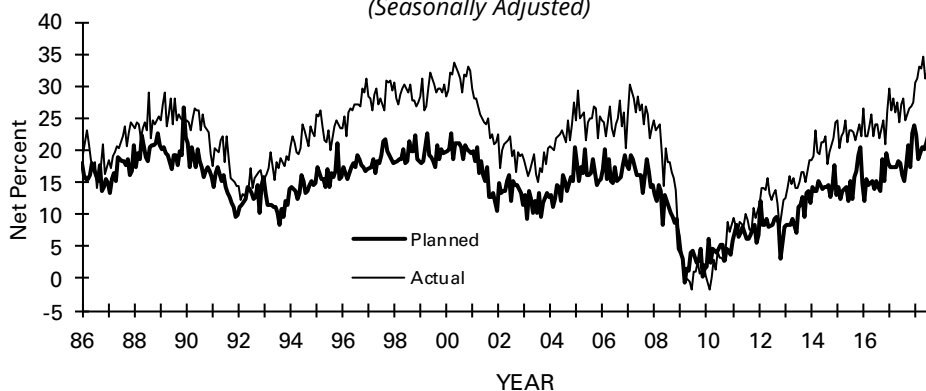
Net Percent ("Increase" Minus "Decrease") in the Next Three Months  
(Seasonally Adjusted)

|      | 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  | 16  | 18  | 20  | 23  | 26  | 23  |     |     |     |

## SMALL BUSINESS COMPENSATION

### COMPENSATION

Actual Last Three Months and Planned Next Three Months  
January 1986 to September 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  | 33  | 35  | 31  | 32  | 32  | 37  |     |     |     |

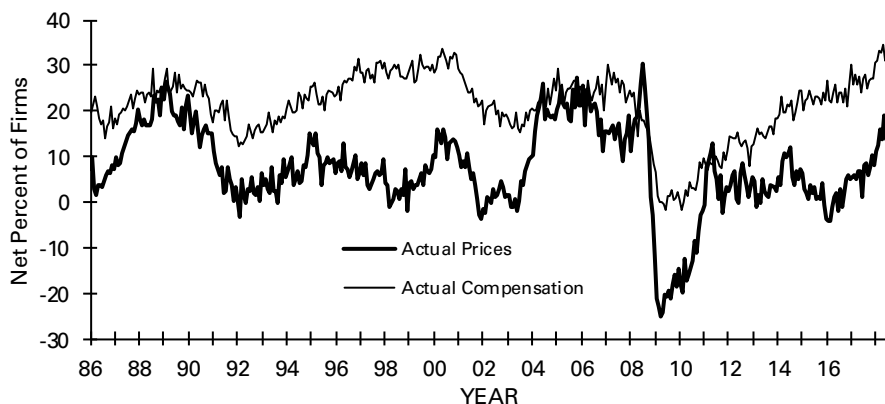
### COMPENSATION PLANS

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  | 21  | 20  | 21  | 22  | 21  | 24  |     |     |     |

### PRICES AND LABOR COMPENSATION

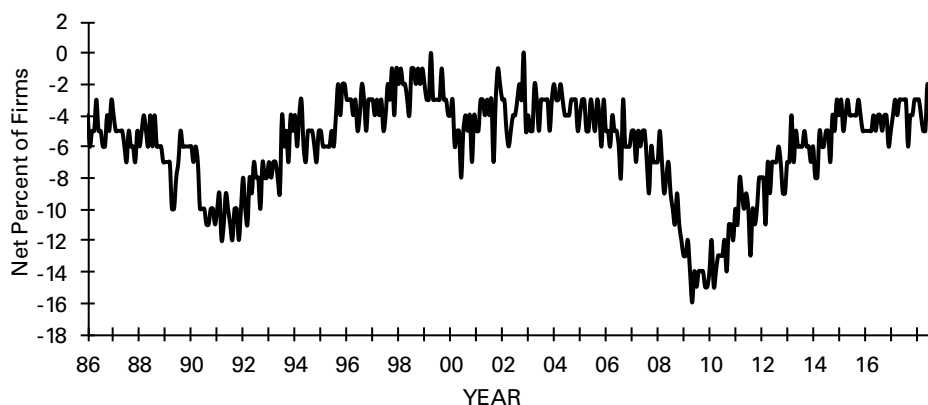
Net Percent Price Increase and Net Percent Compensation  
(Seasonally Adjusted)



# SMALL BUSINESS CREDIT CONDITIONS

## CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
January 1986 to September 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  | 31  | 34  | 28  | 32  | 32  | 29  |     |     |     |

## 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  | -5  | -5  | -2  | -4  | -5  | -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  |
|-------------|------|------|------|------|------|------|------|------|------|------|------|------|
| <b>2013</b> | 31/6 | 29/7 | 29/7 | 31/6 | 28/5 | 29/5 | 30/5 | 31/5 | 28/6 | 28/6 | 32/4 | 32/4 |
| <b>2014</b> | 31/5 | 29/5 | 30/5 | 30/5 | 30/5 | 27/6 | 30/6 | 28/4 | 28/6 | 29/4 | 29/4 | 32/4 |
| <b>2015</b> | 32/4 | 33/3 | 35/5 | 31/4 | 30/4 | 32/5 | 32/4 | 33/3 | 30/2 | 30/3 | 32/3 | 32/4 |
| <b>2016</b> | 35/3 | 31/4 | 31/5 | 31/4 | 31/4 | 32/5 | 30/3 | 29/4 | 32/6 | 29/4 | 30/4 | 29/4 |
| <b>2017</b> | 31/4 | 30/3 | 32/4 | 32/3 | 31/3 | 27/4 | 31/3 | 34/3 | 33/2 | 29/4 | 32/4 | 32/3 |
| <b>2018</b> | 31/3 | 32/2 | 31/4 | 32/4 | 37/4 | 30/3 | 32/3 | 33/3 | 27/3 |      |      |      |

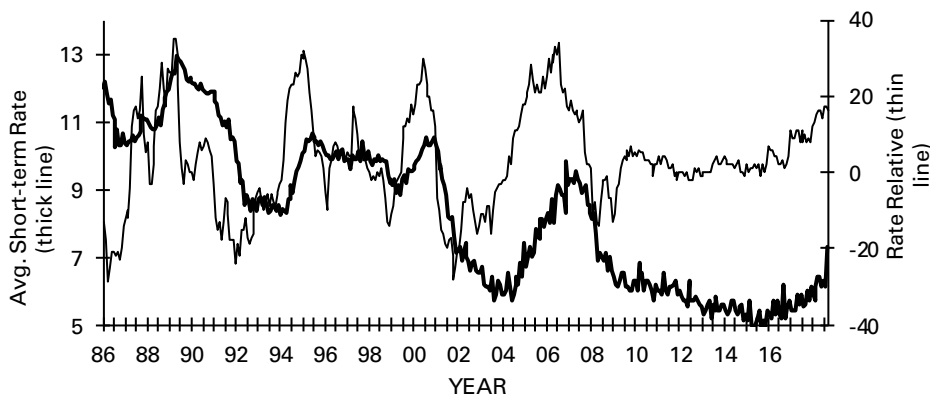
## EXPECTED CREDIT CONDITIONS

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

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

## INTEREST RATES

Relative Rates and Actual Rates Last Three Months  
January 1986 to September 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  | 16  | 16  | 14  | 17  | 17  | 16  |     |     |     |

*Borrowing at Least Once Every Three Months.*

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

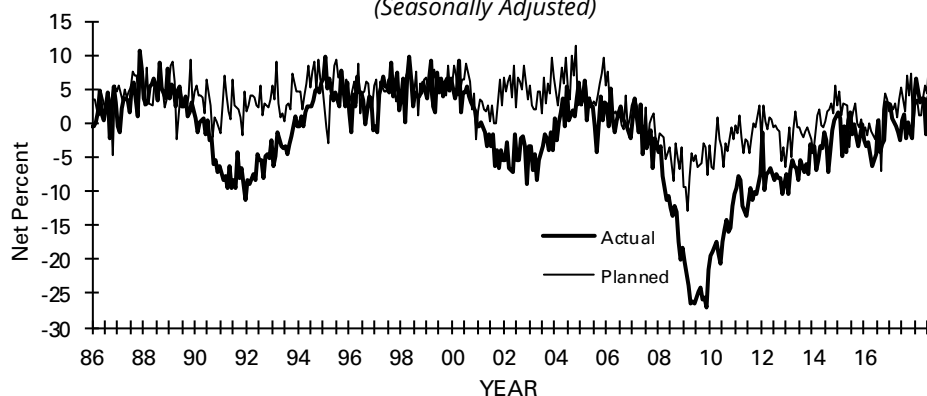
Average Interest Rate Paid

|      | 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 | 6.4 | 6.4 | 6.1 | 6.3 | 6.1 | 7.3 |     |     |     |

## SMALL BUSINESS INVENTORIES

### INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)  
January 1986 to September 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   | 4   | 4   | -2  | 4   | 4   | 5   |     |     |     |

### 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  | -4  | -4  | 0   | -3  | -3  | -1  |     |     |     |

### INVENTORY PLANS

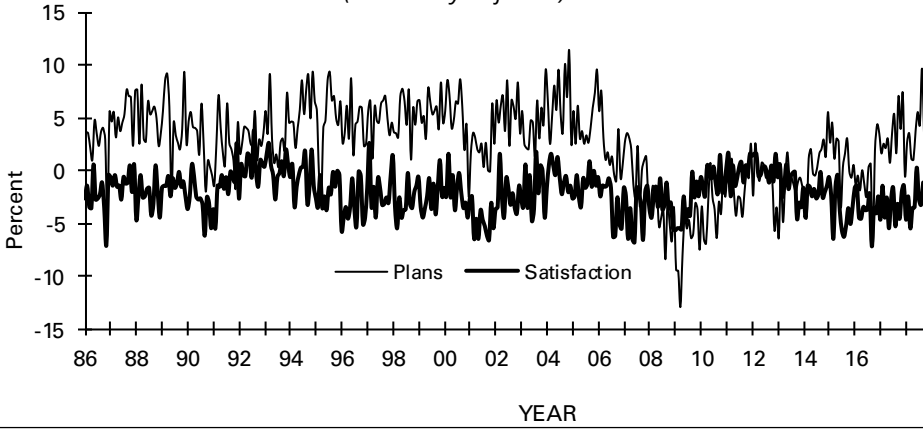
Net Percent ("Increase" Minus "Decrease") in the Next Three to Six Months  
(Seasonally Adjusted)

|      | 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   | 1   | 4   | 6   | 4   | 10  | 3   |     |     |     |

# SMALL BUSINESS CAPITAL OUTLAYS

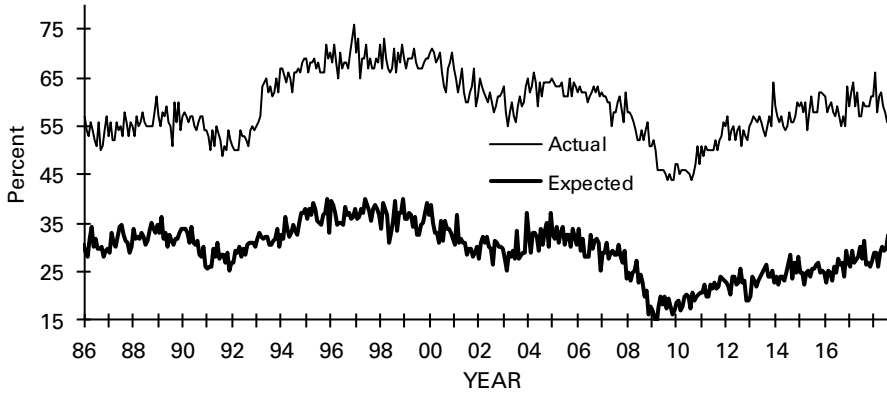
## INVENTORY SATISFACTION AND INVENTORY PLANS

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 September 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  | 61  | 62  | 59  | 58  | 56  | 60  |     |     |     |

## 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      | 23           | 22            |
| Equipment              | 41      | 39           | 38            |
| Furniture or Fixtures  | 13      | 12           | 12            |
| Add. Bldgs. or Land    | 7       | 6            | 6             |
| Improved Bldgs. or Lan | 16      | 13           | 15            |

### AMOUNT OF CAPITAL EXPENDITURES MADE

#### Percent Distribution of Per Firm Expenditures During the Last Six Months

| Amount               | Current | One Year Ago | Two Years Ago |
|----------------------|---------|--------------|---------------|
| \$1 to \$999         | 2       | 3            | 2             |
| \$1,000 to \$4,999   | 8       | 8            | 9             |
| \$5,000 to \$9,999   | 6       | 8            | 6             |
| \$10,000 to \$49,999 | 21      | 19           | 17            |
| \$50,000 to \$99,999 | 9       | 10           | 9             |
| \$100,000 +          | 13      | 11           | 10            |
| No Answer            | 1       | 0            | 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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 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  | 29  | 30  | 29  | 30  | 33  | 30  |     |     |     |

# SINGLE MOST IMPORTANT PROBLEM

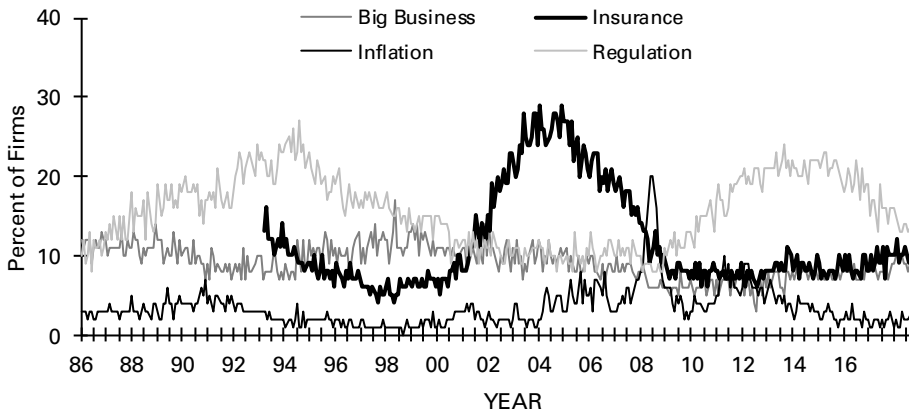
## SINGLE MOST IMPORTANT PROBLEM

September 2018

| Problem                  | Current | One Year Ago | Survey High | Survey Low |
|--------------------------|---------|--------------|-------------|------------|
| Taxes                    | 17      | 21           | 32          | 8          |
| Inflation                | 3       | 2            | 41          | 0          |
| Poor Sales               | 5       | 11           | 34          | 2          |
| Fin. & Interest Rates    | 3       | 1            | 37          | 1          |
| Cost of Labor            | 8       | 5            | 9           | 2          |
| Govt. Regs. & Red Tape   | 14      | 16           | 27          | 4          |
| Comp. From Large Bus.    | 10      | 9            | 14          | 4          |
| Quality of Labor         | 22      | 19           | 25          | 3          |
| Cost/Avail. of Insurance | 10      | 7            | 29          | 4          |
| Other                    | 8       | 9            | 31          | 1          |

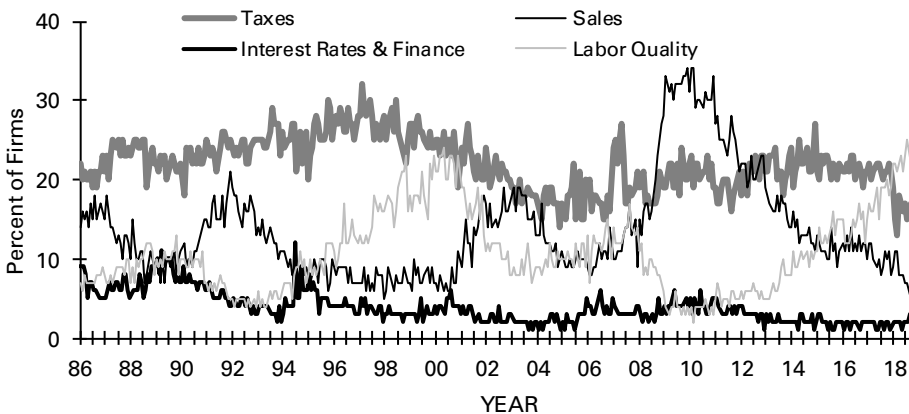
## SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation  
January 1986 to September 2018



## SELECTED SINGLE MOST IMPORTANT PROBLEM

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



## SURVEY PROFILE

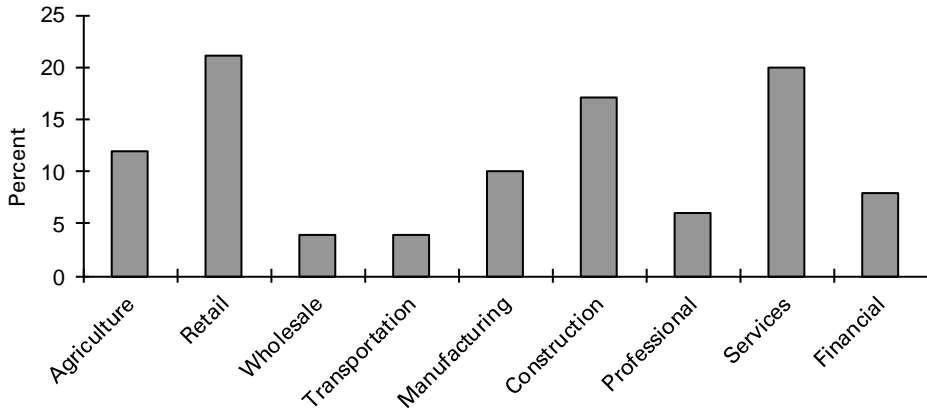
### OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

|             | Jan  | Feb | Mar | Apr  | May | Jun | Jul  | Aug | Sep | Oct  | Nov | Dec |
|-------------|------|-----|-----|------|-----|-----|------|-----|-----|------|-----|-----|
| <b>2013</b> | 2033 | 870 | 759 | 1873 | 715 | 662 | 1615 | 782 | 773 | 1940 | 762 | 635 |
| <b>2014</b> | 1864 | 792 | 685 | 1699 | 678 | 672 | 1645 | 598 | 608 | 1502 | 615 | 568 |
| <b>2015</b> | 1663 | 716 | 575 | 1500 | 616 | 620 | 1495 | 656 | 556 | 1411 | 601 | 509 |
| <b>2016</b> | 1438 | 756 | 727 | 1644 | 700 | 735 | 1703 | 730 | 723 | 1702 | 724 | 619 |
| <b>2017</b> | 1873 | 764 | 704 | 1618 | 699 | 624 | 1533 | 713 | 629 | 1513 | 544 | 495 |
| <b>2018</b> | 1658 | 642 | 570 | 1554 | 562 | 665 | 1718 | 680 | 642 |      |     |     |

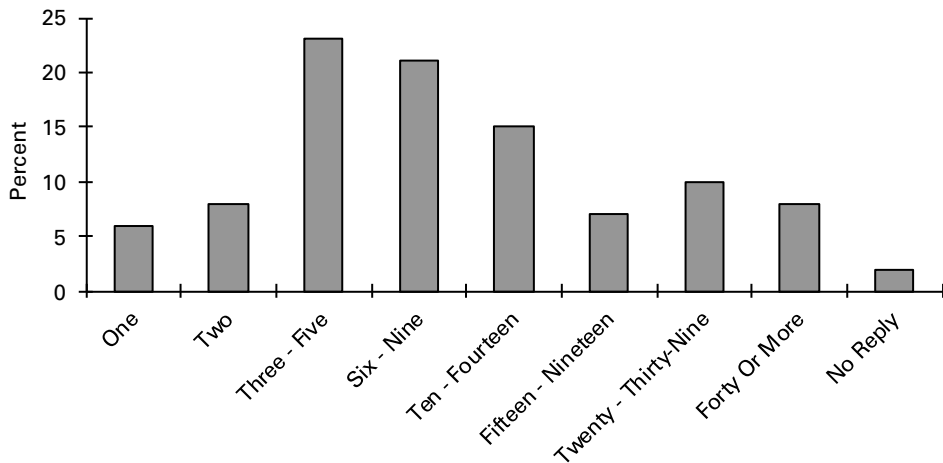
### NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

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| 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             |

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| 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             |