

JANUARY
2022

NFIB

SMALL BUSINESS ECONOMIC TRENDS

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SMALL BUSINESS OPTIMISM INDEX COMPONENTS

| Index Component | Seasonally Adjusted Level | Change from Last Month | Contribution to Index Change |
|-------------------------------|------------------------------|---------------------------|---------------------------------|
| Plans to Increase Employment | 26% | -2 | * |
| Plans to Make Capital Outlays | 29% | 0 | * |
| Plans to Increase Inventories | 3% | -5 | * |
| Expect Economy to Improve | -33% | 2 | * |
| Expect Real Sales Higher | -3% | -6 | * |
| Current Inventory (too low) | 7% | -2 | * |
| Current Job Openings | 47% | -2 | * |
| Expected Credit Conditions | -4% | 0 | * |
| Now a Good Time to Expand | 9% | -2 | * |
| Earnings Trends | -17% | -3 | * |
| Total Change | | -20 | |

Based on a Survey of Small and Independent Business Owners

NFIB
SMALL BUSINESS
ECONOMIC TRENDS

NFIB Research Center has collected Small Business Economic Trends Data with Quarterly surveys since 1973 and monthly surveys since 1986. The sample is drawn from the membership files of the National Federation of Independent Business (NFIB). Each was mailed a questionnaire and one reminder. Subscriptions for twelve monthly SBET issues are \$250. Historical and unadjusted data are available, along with a copy of the questionnaire, from the NFIB Research 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 Executive Director of the NFIB Research Center Holly Wade are responsible for the report.

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SUMMARY

OPTIMISM INDEX

The Optimism Index decreased slightly in January by 1.8 points to 97.1. One of the 10 Index components improved, seven declined and two were unchanged. Twenty-two percent of owners reported that inflation was their single most important problem. Owners expecting better business conditions over the next six months increased 2 points to a net negative 33 percent. Forty-seven percent of owners reported job openings that could not be filled, decrease of 2 points from December. Inventory accumulation plans fell 5 percentage points. A 48-year record high percent of owners reported raising worker compensation. The net percent of owners raising average selling prices increased 4 points to a net 61 percent seasonally adjusted, the highest reading since Q4 1974.

LABOR MARKETS

Forty-seven percent (seasonally adjusted) of all owners reported job openings they could not fill, down 2 points from December. Thirty-six percent have openings for skilled workers (down 3 points) and 22 percent have openings for unskilled labor (unchanged). Owners' plans to fill open positions remain at record high levels, with a seasonally adjusted net 26 percent planning to create new jobs in the next three months, down 2 points from December and just 6 points below the highest reading in the 48-year history of the survey set in August. Fifty-five percent (93 percent of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (down 2 points). Twenty-nine percent of owners reported few qualified applicants for their open positions (down 2 points) and 26 percent reported none (unchanged).

CAPITAL SPENDING

Fifty-eight percent reported capital outlays in the last six months, up 1 point from December. A recovery in investment will be needed to spark an improvement in productivity, but this is unlikely to occur while owners remain pessimistic about future business conditions. Of those making expenditures, 40 percent reported spending on new equipment (down 1 point), 22 percent acquired vehicles (down 3 points), and 15 percent improved or expanded facilities (down 4 points). Eight percent acquired new buildings or land for expansion (up 2 points) and 15 percent spent money for new fixtures and furniture (up 2 points). Twenty-nine percent plan capital outlays in the next few months, unchanged from December. This is 2 points higher than the 48-year average. A more positive view of the future economy and economic policy would help stimulate longer term investment spending.

This survey was conducted in January 2022. A sample of 5,000 small-business owners/members was drawn. One thousand five hundred and four (1504) usable responses were received — a response rate of 30.1 percent.

SALES AND INVENTORIES

Two percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months, up 1 point from December. The net percent of owners expecting higher real sales volumes decreased by 6 points to a net negative 3 percent. The net percent of owners reporting inventory change increased 2 points to a net 9 percent. Not seasonally adjusted, 18 percent reported increases in stocks while 15 percent reported reductions. Thirty-six percent of owners report that supply chain disruptions have had a significant impact on their business (unchanged). Another 32 percent report a moderate impact and 22 percent report a mild impact. Only 9 percent report no impact from recent supply chain disruptions. A net 7 percent of owners viewed current inventory stocks as “too low” in January, down 2 points from December. A net 3 percent of owners plan inventory investment in the coming months.

COMPENSATION AND EARNINGS

Seasonally adjusted, a net 50 percent reported raising compensation, up 2 points from December and a 48-year record high reading. A net 27 percent plan to raise compensation in the next three months, down 5 points from December, but historically high. Eleven percent cited labor costs as their top business problem, down 2 points from December’s 48-year record high reading, and 23 percent said that labor quality was their top business problem (down 2 points). The frequency of reports of positive profit trends decreased 3 points to a net negative 17 percent.

CREDIT MARKETS

Three percent of owners reported that all their borrowing needs were not satisfied (up 1 point). Twenty-five percent reported all credit needs met (down 1 point) and 62 percent said they were not interested in a loan (unchanged). A net 2 percent reported their last loan was harder to get than in previous attempts (down 2 points). One percent reported that financing was their top business problem (up 1 point). A net 4 percent of owners reported paying a higher rate on their most recent loan, unchanged from December. The average rate paid on short maturity loans was 5.02 percent, down 0.28 points from December. Twenty-three percent of all owners reported borrowing on a regular basis (unchanged).

INFLATION

The net percent of owners raising average selling prices increased 4 points to a net 61 percent seasonally adjusted, the highest reading since Q4 1974. Unadjusted, 5 percent (unchanged) reported lower average selling prices and 62 percent (up 4 points) reported higher average prices. Price hikes were most frequent in wholesale (88 percent higher, 3 percent lower), manufacturing (71 percent higher, 1 percent lower), retail (69 percent higher, 4 percent lower), and construction (67 percent higher, 5 percent lower). Seasonally adjusted, a net 47 percent plan price hikes (down 2 points).

COMMENTARY

In October 2020, the percent of owners raising their selling prices jumped 8 percentage points over July (the prior quarter) to 23 percent, reaching the highest level seen since 1982. Three months later, January 2021, reports of higher prices rose another 4 points to 27 percent. In April, the percent raising prices rose to 45, an 8-point increase. Then 52 percent in July, 57 percent in October, and 62 percent in January this year. The adds up to a 47 percentage points increase from July 2020, the start of the surge in prices. Hello? The Federal Reserve noticing the spread of price increases in the small business sector, a rather large and important segment of the economy, was slow to react. As this was happening, the Fed was and still is pursuing an expansive monetary policy rather than beginning to inoculate the economy against the inflation virus that is spreading aggressively.

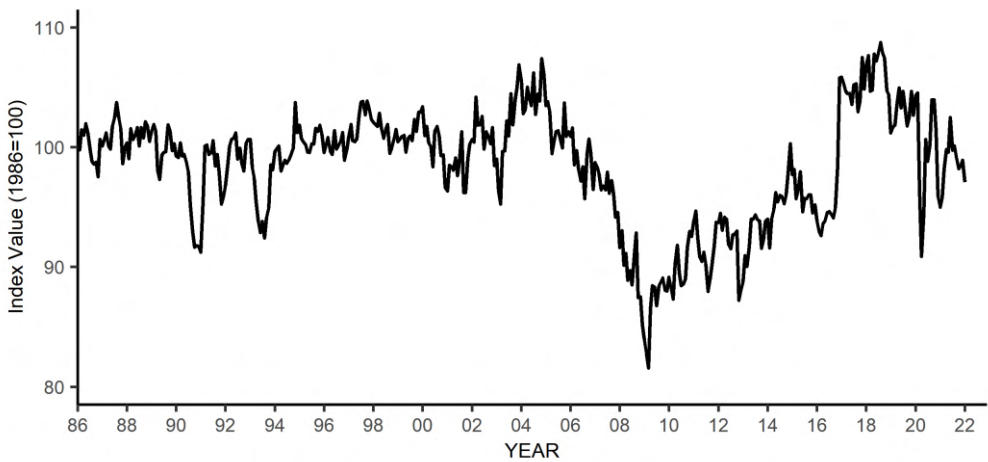
Compensation was also raising a red flag, reaching 48-year record high reports of increased labor compensation. Reports of price increases closely tracked reports of higher compensation, hinting at a wage-price inflation spiral. Virus-related shortages and the massive dump of free money has also played a part, supporting a surge in income not related to production of goods and services. It's a complex picture, especially with the Federal Reserve and the Administration keeping their foot on the accelerator.

Going forward, it is likely that the Administration will not be able to pass any new spending bill in the near future. This will help. The Fed will have to acknowledge that inflation has spread like Omicron, and it will have to act by raising interest rates to depress spending, cease buying securities, and instead shrinking its expansive portfolio. This will not be well received by financial markets. Absent strong inventory growth in the first quarter, economic growth will fall back to the 2% level and employment growth will probably slow. Inflation will remain stubbornly high this year, but should slow down in the second half of the year as some of the economic disruptions get untangled.

OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

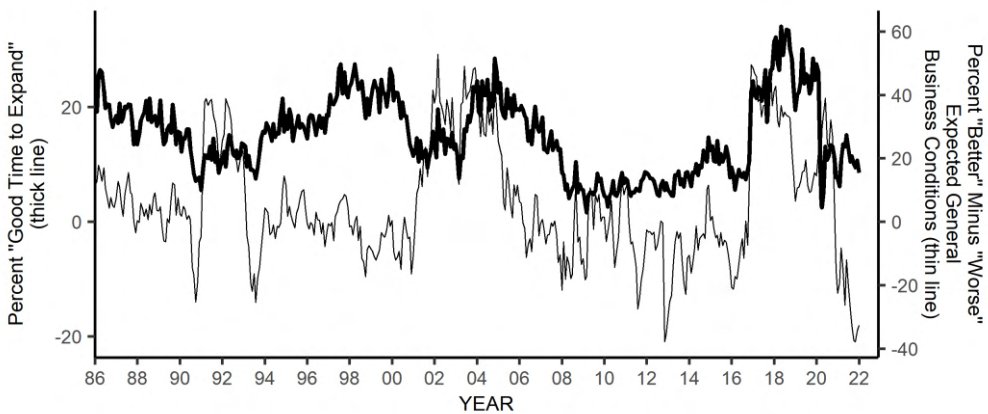
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2017 | 105.9 | 105.3 | 104.7 | 104.5 | 104.5 | 103.6 | 105.2 | 105.3 | 103.0 | 103.8 | 107.5 | 104.9 |
| 2018 | 106.9 | 107.6 | 104.7 | 104.8 | 107.8 | 107.2 | 107.9 | 108.8 | 107.9 | 107.4 | 104.8 | 104.4 |
| 2019 | 101.2 | 101.7 | 101.8 | 103.5 | 105.0 | 103.3 | 104.7 | 103.1 | 101.8 | 102.4 | 104.7 | 102.7 |
| 2020 | 104.3 | 104.5 | 96.4 | 90.9 | 94.4 | 100.6 | 98.8 | 100.2 | 104.0 | 104.0 | 101.4 | 95.9 |
| 2021 | 95.0 | 95.8 | 98.2 | 99.8 | 99.6 | 102.5 | 99.7 | 100.1 | 99.1 | 98.2 | 98.4 | 98.9 |
| 2022 | 97.1 | | | | | | | | | | | |

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January 1986 to January 2022
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 25 | 22 | 22 | 24 | 23 | 21 | 23 | 27 | 17 | 23 | 27 | 27 |
| 2018 | 32 | 32 | 28 | 27 | 34 | 29 | 32 | 34 | 33 | 30 | 29 | 24 |
| 2019 | 20 | 22 | 23 | 25 | 30 | 24 | 26 | 26 | 22 | 23 | 29 | 25 |
| 2020 | 28 | 26 | 13 | 3 | 5 | 13 | 11 | 12 | 13 | 13 | 12 | 8 |
| 2021 | 8 | 6 | 11 | 14 | 13 | 15 | 13 | 11 | 11 | 10 | 10 | 11 |
| 2022 | 9 | | | | | | | | | | | |

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
January 2022

| Reason | Good Time | Not Good Time | Uncertain |
|-----------------------|-----------|---------------|-----------|
| Economic Conditions | 4 | 28 | 18 |
| Sales Prospects | 3 | 1 | 1 |
| Fin. & Interest Rates | 1 | 0 | 0 |
| Cost of Expansion | 0 | 5 | 4 |
| Political Climate | 0 | 14 | 11 |
| Other / Not Available | 0 | 4 | 3 |

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

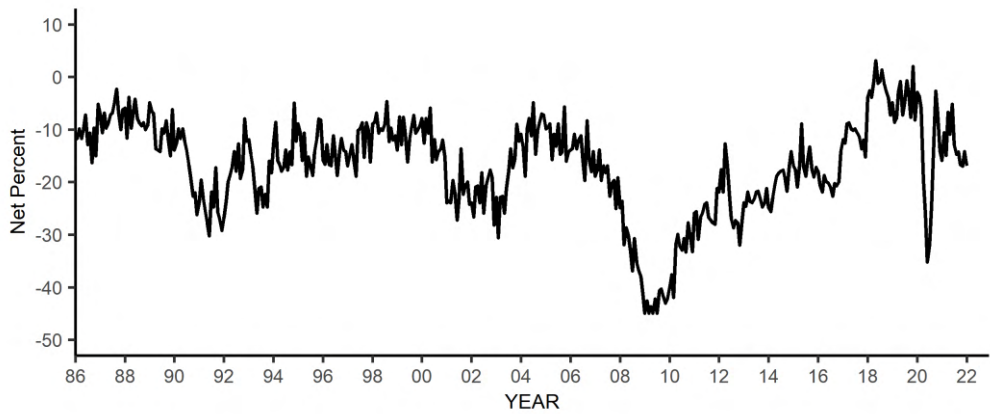
Net Percent (“Better” Minus “Worse”) Six Months From Now
(Seasonally Adjusted)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 48 | 47 | 46 | 38 | 39 | 33 | 37 | 37 | 31 | 32 | 48 | 37 |
| 2018 | 41 | 43 | 32 | 30 | 37 | 33 | 35 | 34 | 33 | 33 | 22 | 16 |
| 2019 | 6 | 11 | 11 | 13 | 16 | 16 | 20 | 12 | 9 | 10 | 13 | 16 |
| 2020 | 14 | 22 | 5 | 29 | 34 | 39 | 25 | 24 | 32 | 27 | 8 | -16 |
| 2021 | -23 | -19 | -8 | -15 | -26 | -12 | -20 | -28 | -33 | -37 | -38 | -35 |
| 2022 | -33 | | | | | | | | | | | |

SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to January 2022
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | -12 | -13 | -9 | -9 | -10 | -10 | -10 | -11 | -11 | -14 | -12 | -15 |
| 2018 | -4 | -3 | -4 | -1 | 3 | -1 | -1 | 1 | -1 | -3 | -4 | -7 |
| 2019 | -5 | -9 | -8 | -3 | -1 | -7 | -5 | -1 | -3 | -8 | 2 | -8 |
| 2020 | -3 | -4 | -6 | -20 | -26 | -35 | -32 | -25 | -12 | -3 | -7 | -14 |
| 2021 | -16 | -11 | -15 | -7 | -11 | -5 | -13 | -15 | -14 | -17 | -17 | -14 |
| 2022 | -17 | | | | | | | | | | | |

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
January 2022

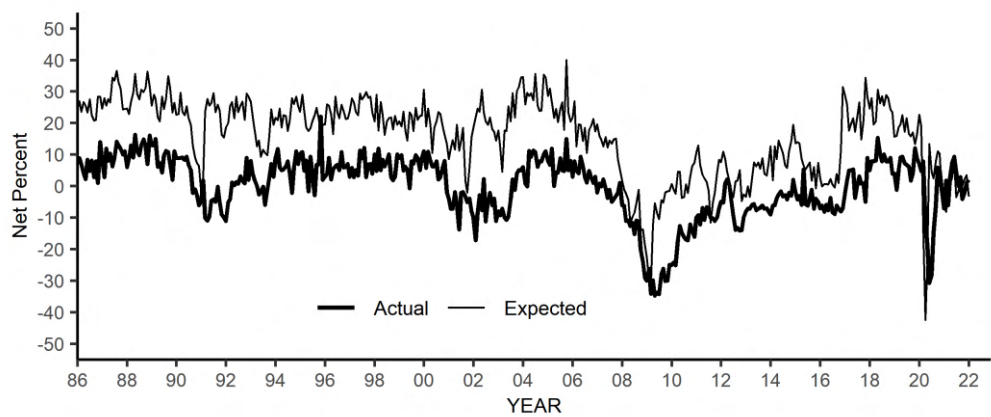
| Reason | Current Month | One Year Ago | Two Years Ago |
|-----------------------|---------------|--------------|---------------|
| Sales Volume | 7 | 16 | 9 |
| Increased Costs* | 15 | 5 | 5 |
| Cut Selling Prices | 2 | 2 | 1 |
| Usual Seasonal Change | 6 | 6 | 8 |
| Other | 2 | 5 | 2 |

* 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 January 2022
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | -2 | 2 | 5 | 5 | 5 | -4 | 0 | 3 | 1 | 1 | -5 | 9 |
| 2018 | 5 | 8 | 8 | 8 | 15 | 10 | 8 | 10 | 8 | 8 | 9 | 4 |
| 2019 | 4 | -1 | 5 | 9 | 9 | 7 | 7 | 6 | 2 | 4 | 12 | 9 |
| 2020 | 7 | 5 | 8 | -11 | -19 | -31 | -28 | -15 | -6 | 6 | 5 | -2 |
| 2021 | -7 | 2 | -6 | 3 | 7 | 9 | 5 | 0 | 3 | -4 | -2 | 1 |
| 2022 | 2 | | | | | | | | | | | |

SALES EXPECTATIONS

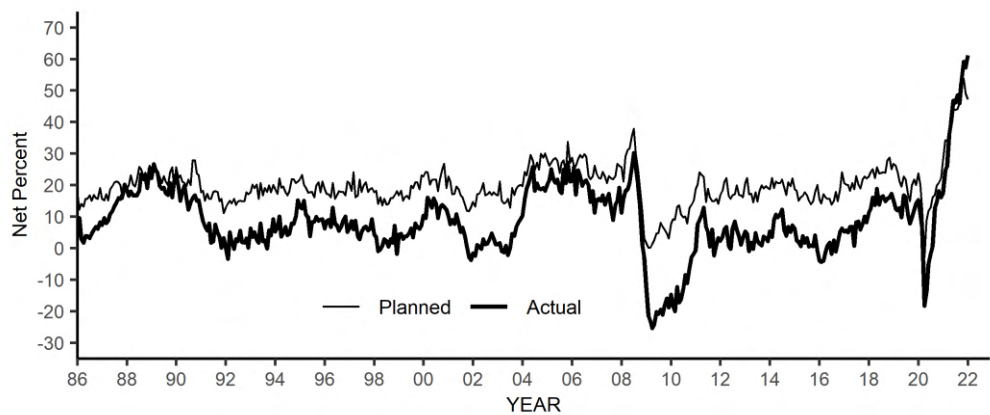
Net Percent ("Higher" Minus "Lower") During Next Three Months
(Seasonally Adjusted)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 29 | 26 | 18 | 20 | 22 | 17 | 22 | 27 | 15 | 21 | 34 | 28 |
| 2018 | 25 | 28 | 20 | 21 | 31 | 26 | 29 | 26 | 29 | 28 | 24 | 23 |
| 2019 | 16 | 16 | 19 | 20 | 23 | 17 | 22 | 17 | 16 | 17 | 13 | 16 |
| 2020 | 23 | 19 | -12 | -42 | -24 | 13 | 5 | 3 | 8 | 11 | 10 | -4 |
| 2021 | -6 | -8 | 0 | 1 | 3 | 7 | -4 | -2 | 2 | 0 | 2 | 3 |
| 2022 | -3 | | | | | | | | | | | |

SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
January 1986 to January 2022
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 5 | 6 | 5 | 7 | 7 | 1 | 8 | 9 | 6 | 8 | 10 | 8 |
| 2018 | 11 | 13 | 16 | 14 | 19 | 14 | 16 | 17 | 15 | 16 | 16 | 17 |
| 2019 | 15 | 13 | 12 | 13 | 10 | 17 | 16 | 11 | 8 | 10 | 12 | 14 |
| 2020 | 15 | 11 | 6 | -18 | -14 | -5 | -2 | 1 | 13 | 15 | 18 | 16 |
| 2021 | 17 | 25 | 26 | 36 | 40 | 47 | 46 | 49 | 46 | 53 | 59 | 57 |
| 2022 | 61 | | | | | | | | | | | |

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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 21 | 20 | 20 | 18 | 21 | 19 | 23 | 20 | 19 | 22 | 23 | 22 |
| 2018 | 23 | 24 | 25 | 22 | 26 | 24 | 24 | 24 | 24 | 28 | 29 | 25 |
| 2019 | 27 | 26 | 24 | 21 | 20 | 23 | 22 | 17 | 15 | 20 | 22 | 20 |
| 2020 | 24 | 20 | 12 | -3 | 9 | 12 | 13 | 16 | 17 | 20 | 21 | 22 |
| 2021 | 28 | 34 | 34 | 36 | 43 | 44 | 44 | 44 | 46 | 51 | 54 | 49 |
| 2022 | 47 | | | | | | | | | | | |

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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 3 | 4 | 2 | 4 | 5 | -1 | 2 | 2 | -1 | 3 | 2 | 3 |
| 2018 | 4 | 4 | 4 | 7 | 7 | 3 | 6 | 5 | 1 | 5 | 5 | 5 |
| 2019 | 7 | 9 | 12 | 7 | 9 | 5 | 3 | 5 | 4 | 4 | 10 | 6 |
| 2020 | 9 | 13 | 8 | -12 | -16 | -16 | -11 | -12 | -6 | -2 | -2 | -5 |
| 2021 | 0 | -3 | -2 | 1 | -5 | -2 | -6 | -8 | -1 | -2 | -1 | 1 |
| 2022 | -1 | | | | | | | | | | | |

QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 47 | 44 | 45 | 48 | 51 | 46 | 52 | 52 | 49 | 52 | 44 | 54 |
| 2018 | 49 | 47 | 47 | 50 | 48 | 55 | 52 | 55 | 53 | 53 | 53 | 54 |
| 2019 | 49 | 49 | 54 | 49 | 54 | 50 | 56 | 57 | 50 | 53 | 53 | 50 |
| 2020 | 49 | 52 | 47 | 41 | 37 | 43 | 44 | 46 | 50 | 48 | 47 | 48 |
| 2021 | 46 | 51 | 51 | 54 | 57 | 56 | 57 | 60 | 62 | 58 | 56 | 57 |
| 2022 | 55 | | | | | | | | | | | |

EMPLOYMENT

Planned Next Three Months and Current Job Openings
January 1986 to January 2022
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 31 | 32 | 30 | 33 | 34 | 30 | 35 | 31 | 30 | 35 | 30 | 31 |
| 2018 | 34 | 34 | 35 | 35 | 33 | 36 | 37 | 38 | 38 | 38 | 34 | 39 |
| 2019 | 35 | 37 | 39 | 38 | 38 | 36 | 39 | 35 | 35 | 34 | 38 | 33 |
| 2020 | 37 | 38 | 35 | 24 | 23 | 32 | 30 | 33 | 36 | 33 | 34 | 32 |
| 2021 | 33 | 40 | 42 | 44 | 48 | 46 | 49 | 50 | 51 | 49 | 48 | 49 |
| 2022 | 47 | | | | | | | | | | | |

HIRING PLANS

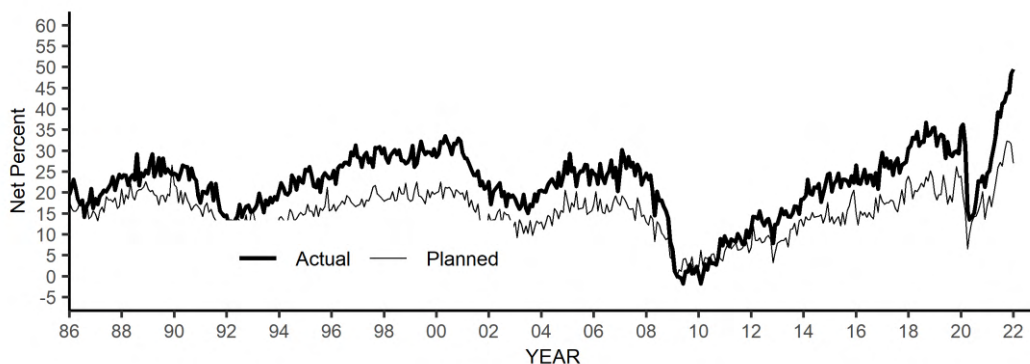
Net Percent ("Increase" Minus "Decrease") in the Next Three Months
(Seasonally Adjusted)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 18 | 15 | 16 | 16 | 18 | 15 | 19 | 18 | 19 | 18 | 24 | 20 |
| 2018 | 20 | 18 | 20 | 16 | 18 | 20 | 23 | 26 | 23 | 22 | 22 | 23 |
| 2019 | 18 | 16 | 18 | 20 | 21 | 19 | 21 | 20 | 17 | 18 | 21 | 19 |
| 2020 | 19 | 21 | 9 | 1 | 8 | 16 | 18 | 21 | 23 | 18 | 21 | 17 |
| 2021 | 17 | 18 | 22 | 21 | 27 | 28 | 27 | 32 | 26 | 26 | 25 | 28 |
| 2022 | 26 | | | | | | | | | | | |

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to January 2022
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 30 | 26 | 28 | 26 | 28 | 24 | 27 | 28 | 25 | 27 | 27 | 27 |
| 2018 | 31 | 31 | 33 | 33 | 35 | 31 | 32 | 32 | 37 | 34 | 34 | 35 |
| 2019 | 36 | 31 | 33 | 34 | 34 | 28 | 32 | 29 | 29 | 30 | 30 | 29 |
| 2020 | 36 | 36 | 31 | 16 | 14 | 14 | 15 | 18 | 23 | 23 | 24 | 21 |
| 2021 | 25 | 25 | 28 | 31 | 34 | 39 | 38 | 41 | 42 | 44 | 44 | 48 |
| 2022 | 50 | | | | | | | | | | | |

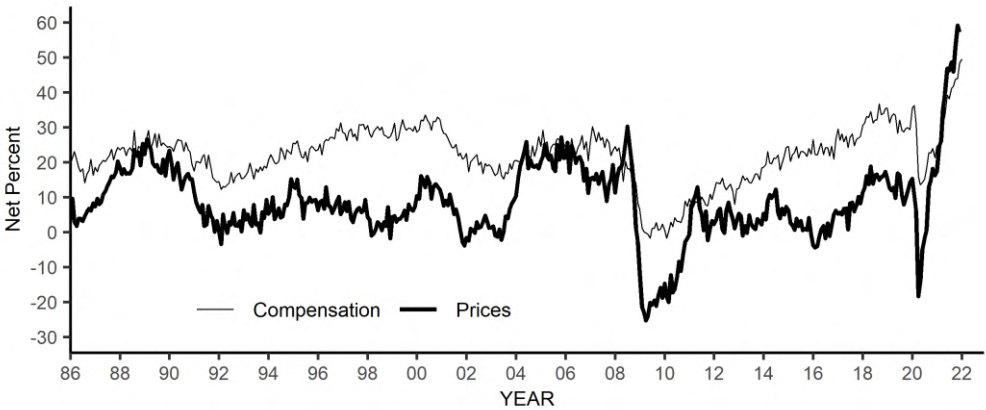
COMPENSATION PLANS

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

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 18 | 17 | 18 | 18 | 18 | 18 | 16 | 15 | 18 | 21 | 17 | 23 |
| 2018 | 24 | 22 | 19 | 21 | 20 | 21 | 22 | 21 | 24 | 23 | 25 | 24 |
| 2019 | 20 | 18 | 20 | 20 | 24 | 21 | 17 | 19 | 18 | 22 | 26 | 24 |
| 2020 | 24 | 19 | 16 | 7 | 10 | 13 | 14 | 14 | 16 | 18 | 20 | 14 |
| 2021 | 17 | 19 | 17 | 20 | 22 | 26 | 27 | 26 | 30 | 32 | 32 | 32 |
| 2022 | 27 | | | | | | | | | | | |

PRICES AND LABOR COMPENSATION

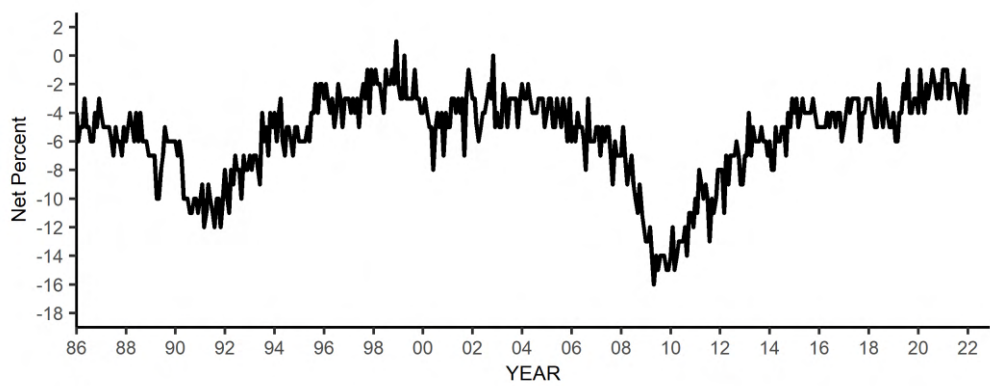
Net Percent Price Increase and Net Percent Compensation
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1986 to January 2022



* 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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 30 | 31 | 30 | 31 | 28 | 27 | 30 | 31 | 29 | 30 | 30 | 34 |
| 2018 | 31 | 31 | 32 | 31 | 34 | 28 | 32 | 32 | 29 | 32 | 32 | 35 |
| 2019 | 33 | 33 | 34 | 31 | 31 | 28 | 28 | 33 | 30 | 29 | 28 | 29 |
| 2020 | 31 | 28 | 26 | 29 | 26 | 27 | 26 | 24 | 26 | 25 | 22 | 26 |
| 2021 | 23 | 26 | 23 | 24 | 23 | 21 | 21 | 20 | 20 | 23 | 21 | 23 |
| 2022 | 23 | | | | | | | | | | | |

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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | -5 | -4 | -3 | -4 | -3 | -3 | -3 | -3 | -6 | -4 | -4 | -3 |
| 2018 | -3 | -3 | -4 | -5 | -5 | -2 | -4 | -5 | -3 | -4 | -5 | -5 |
| 2019 | -4 | -6 | -6 | -4 | -4 | -2 | -3 | -1 | -4 | -4 | -3 | -3 |
| 2020 | -4 | -1 | -3 | -4 | -2 | -3 | -2 | -1 | -2 | -3 | -2 | -3 |
| 2021 | -1 | -1 | -1 | -3 | -2 | -2 | -2 | -3 | -4 | -2 | -1 | -4 |
| 2022 | -2 | | | | | | | | | | | |

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 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2017 | 31/4 | 30/3 | 32/4 | 32/3 | 31/3 | 27/4 | 31/3 | 34/3 | 33/2 | 29/4 | 32/4 | 32/3 |
| 2018 | 31/3 | 32/2 | 31/4 | 32/4 | 37/4 | 30/3 | 32/3 | 33/3 | 27/3 | 30/3 | 32/3 | 32/4 |
| 2019 | 33/3 | 34/3 | 33/3 | 32/4 | 34/3 | 29/3 | 28/3 | 31/4 | 30/2 | 29/3 | 28/3 | 29/3 |
| 2020 | 30/3 | 32/2 | 29/3 | 29/5 | 33/3 | 34/3 | 35/3 | 31/3 | 33/2 | 29/3 | 25/2 | 26/3 |
| 2021 | 24/2 | 28/2 | 27/2 | 26/2 | 23/3 | 25/3 | 23/2 | 22/2 | 20/2 | 23/2 | 23/2 | 26/2 |
| 2022 | 25/3 | | | | | | | | | | | |

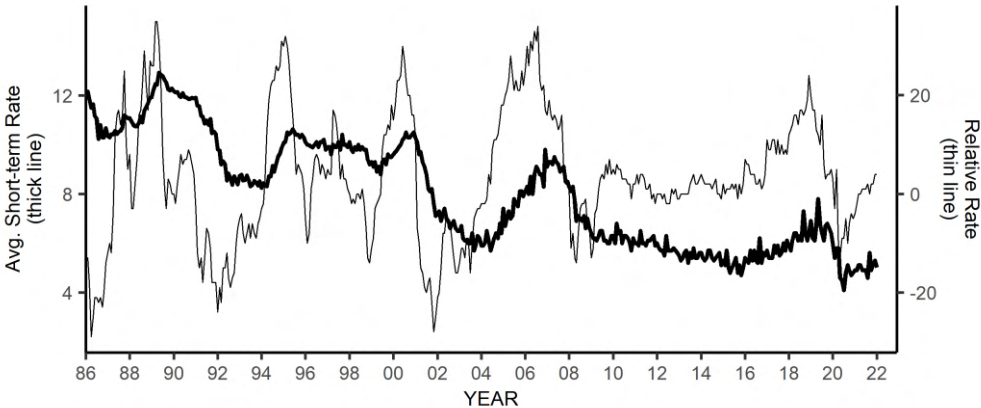
EXPECT EASIER CREDIT CONDITIONS

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

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | -3 | -3 | -3 | -4 | -4 | -3 | -4 | -3 | -4 | -5 | -4 | -4 |
| 2018 | -4 | -3 | -6 | -6 | -5 | -4 | -4 | -6 | -5 | -5 | -5 | -6 |
| 2019 | -5 | -5 | -7 | -4 | -5 | -3 | -4 | -2 | -4 | -3 | -3 | -3 |
| 2020 | -4 | -1 | -4 | -6 | -4 | -6 | -5 | -4 | -5 | -4 | -3 | -5 |
| 2021 | -3 | -6 | -3 | -3 | -3 | -4 | -4 | -4 | -4 | -4 | -3 | -4 |
| 2022 | -4 | | | | | | | | | | | |

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January 1986 to January 2022



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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 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 | 14 | 16 | 16 | 14 | 17 | 17 | 16 | 17 | 19 | 24 |
| 2019 | 20 | 17 | 17 | 13 | 12 | 10 | 16 | 6 | 3 | 4 | 4 | 5 |
| 2020 | 3 | -3 | 5 | -11 | -13 | -9 | -9 | -5 | -10 | -6 | -4 | -5 |
| 2021 | -4 | -2 | 0 | 0 | 1 | 1 | 1 | 2 | 0 | 2 | 2 | 4 |
| 2022 | 4 | | | | | | | | | | | |

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

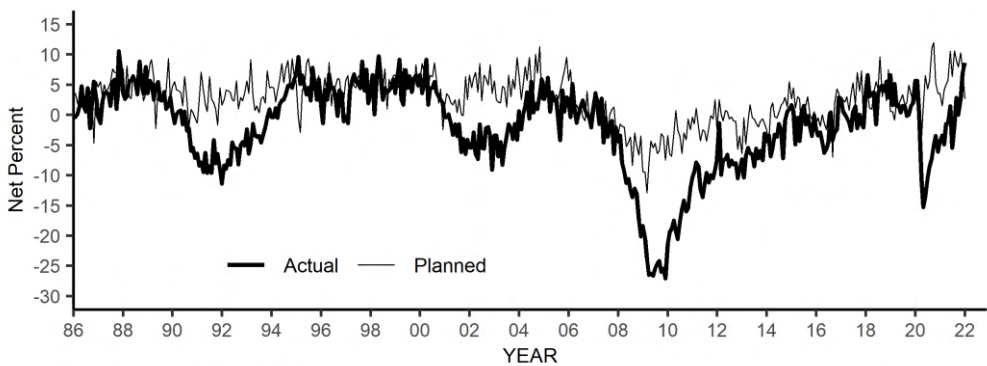
Average Interest Rate Paid

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 5.7 | 5.4 | 5.4 | 5.4 | 5.9 | 5.6 | 5.9 | 5.5 | 5.6 | 6.0 | 5.7 | 6.1 |
| 2018 | 5.9 | 5.7 | 6.1 | 6.4 | 6.4 | 6.1 | 6.3 | 6.1 | 7.3 | 6.4 | 6.1 | 6.4 |
| 2019 | 6.9 | 6.2 | 6.1 | 6.7 | 7.8 | 6.8 | 6.4 | 6.1 | 6.7 | 6.8 | 6.6 | 6.4 |
| 2020 | 6.0 | 5.4 | 5.8 | 5.8 | 4.6 | 4.5 | 4.1 | 4.8 | 5.1 | 4.9 | 4.7 | 4.8 |
| 2021 | 4.9 | 4.9 | 5.1 | 5.1 | 4.9 | 4.9 | 4.9 | 4.6 | 5.6 | 4.9 | 5.1 | 5.3 |
| 2022 | 5.0 | | | | | | | | | | | |

SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January 1986 to January 2022
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 3 | 1 | 0 | -1 | -1 | -3 | 1 | 1 | -2 | 0 | -2 | -2 |
| 2018 | 4 | 7 | 3 | 4 | 4 | -2 | 4 | 4 | 5 | 4 | 6 | 3 |
| 2019 | 7 | 2 | 5 | 2 | 2 | 0 | 2 | 1 | 0 | 0 | 2 | 2 |
| 2020 | 6 | 6 | 0 | -11 | -15 | -14 | -11 | -9 | -7 | -5 | -4 | -6 |
| 2021 | -4 | -3 | -5 | -2 | -1 | 1 | -6 | -2 | 3 | 0 | 3 | 7 |
| 2022 | 9 | | | | | | | | | | | |

Current Inventory (too low)

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

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | -5 | -2 | -5 | -3 | -6 | -3 | -2 | -5 | -3 | -5 | -2 | -2 |
| 2018 | -5 | -3 | -6 | -4 | -4 | 0 | -3 | -3 | -1 | -2 | -5 | -1 |
| 2019 | -3 | -2 | -6 | -4 | -4 | 0 | -3 | -6 | -6 | -4 | 1 | -4 |
| 2020 | -3 | -4 | -2 | -7 | -5 | 1 | 1 | 3 | 5 | 4 | 5 | 7 |
| 2021 | 5 | 5 | 3 | 7 | 8 | 11 | 12 | 11 | 10 | 9 | 15 | 9 |
| 2022 | 7 | | | | | | | | | | | |

INVENTORY PLANS

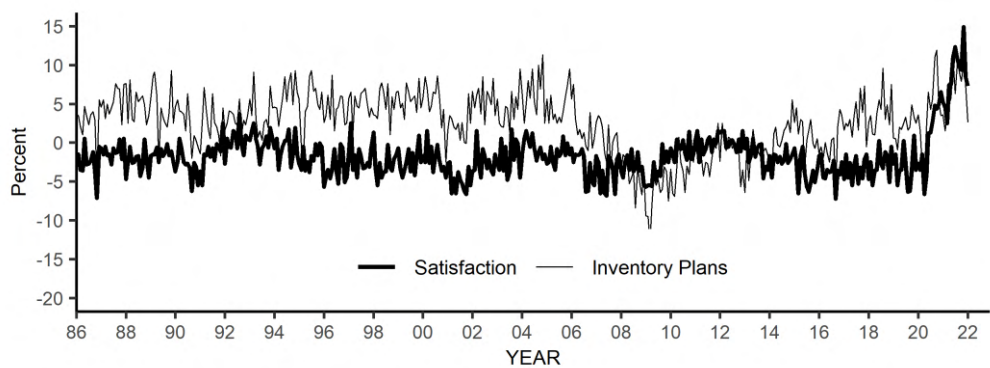
Net Percent ("Increase" Minus "Decrease") in the Next Three to Six Months
(Seasonally Adjusted)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 2 | 3 | 2 | 3 | 1 | 4 | 5 | 2 | 7 | 4 | 7 | -1 |
| 2018 | 3 | 4 | 1 | 1 | 4 | 6 | 4 | 10 | 3 | 5 | 2 | 8 |
| 2019 | 1 | 1 | -1 | 2 | 2 | 3 | 3 | 2 | 2 | 5 | 3 | 3 |
| 2020 | 4 | 2 | -3 | -4 | 2 | 7 | 4 | 6 | 11 | 12 | 5 | 4 |
| 2021 | 4 | 2 | 4 | 5 | 6 | 11 | 6 | 11 | 9 | 8 | 10 | 8 |
| 2022 | 3 | | | | | | | | | | | |

SMALL BUSINESS CAPITAL OUTLAYS

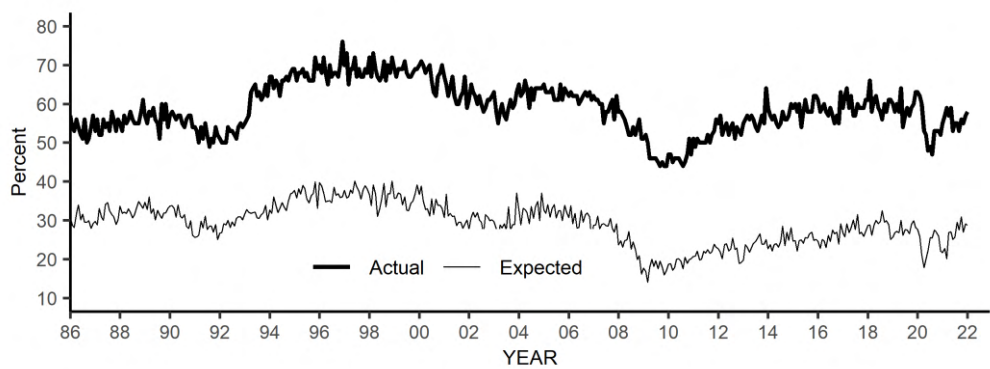
INVENTORY SATISFACTION AND INVENTORY PLANS

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 January 2022
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 59 | 62 | 64 | 59 | 62 | 57 | 57 | 60 | 59 | 59 | 59 | 61 |
| 2018 | 61 | 66 | 58 | 61 | 62 | 59 | 58 | 56 | 60 | 58 | 61 | 61 |
| 2019 | 60 | 58 | 60 | 58 | 64 | 54 | 57 | 59 | 57 | 59 | 60 | 63 |
| 2020 | 63 | 62 | 60 | 53 | 52 | 48 | 49 | 47 | 53 | 53 | 53 | 52 |
| 2021 | 55 | 57 | 59 | 57 | 59 | 53 | 55 | 55 | 53 | 56 | 55 | 57 |
| 2022 | 58 | | | | | | | | | | | |

SMALL BUSINESS CAPITAL OUTLAYS (CONTINUED)

TYPE OF CAPITAL EXPENDITURES MADE
Percent Purchasing or Leasing During Last Six Months

| Type | Current Month | One Year Ago | Two Years Ago |
|-------------------------|---------------|--------------|---------------|
| Vechicles | 22 | 27 | 27 |
| Equipment | 40 | 41 | 45 |
| Furniture or Fixtures | 15 | 12 | 14 |
| Add. Bldgs. or Land | 8 | 5 | 8 |
| Improved Bldgs. or Land | 15 | 15 | 17 |

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

| Amount | Current Month | One Year Ago | Two Years Ago |
|----------------------|---------------|--------------|---------------|
| \$1 to \$999 | 2 | 2 | 3 |
| \$1,000 to \$4,999 | 7 | 6 | 8 |
| \$5,000 to \$9,999 | 4 | 5 | 6 |
| \$10,000 to \$49,999 | 16 | 16 | 19 |
| \$50,000 to \$99,999 | 11 | 12 | 11 |
| \$100,000 + | 15 | 14 | 15 |
| No Answer | 3 | 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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2017 | 27 | 26 | 29 | 27 | 28 | 30 | 28 | 32 | 27 | 27 | 26 | 27 |
| 2018 | 29 | 29 | 26 | 29 | 30 | 29 | 30 | 33 | 30 | 30 | 29 | 25 |
| 2019 | 26 | 27 | 27 | 27 | 30 | 26 | 28 | 28 | 27 | 29 | 30 | 28 |
| 2020 | 28 | 26 | 21 | 18 | 20 | 22 | 26 | 26 | 28 | 27 | 26 | 22 |
| 2021 | 22 | 23 | 20 | 27 | 27 | 25 | 26 | 30 | 28 | 31 | 27 | 29 |
| 2022 | 29 | | | | | | | | | | | |

SINGLE MOST IMPORTANT PROBLEM

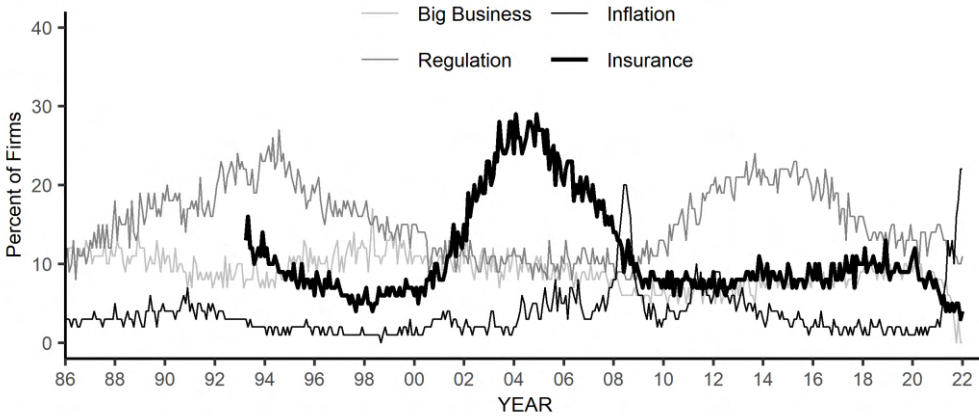
SINGLE MOST IMPORTANT PROBLEM

January 2022

| Problem | Current | One Year Ago | Survey High | Survey Low |
|--------------------------|---------|--------------|-------------|------------|
| Taxes | 14 | 19 | 32 | 8 |
| Inflation | 22 | 3 | 41 | 0 |
| Poor Sales | 4 | 11 | 34 | 2 |
| Fin. & Interest Rates | 1 | 1 | 37 | 0 |
| Cost of Labor | 11 | 7 | 13 | 2 |
| Government Regulation | 11 | 15 | 27 | 4 |
| Comp. from Large Bus. | 0 | 8 | 14 | 0 |
| Quality of Labor | 23 | 21 | 28 | 3 |
| Cost/Avail. of Insurance | 4 | 7 | 29 | 4 |
| Other | 10 | 8 | 31 | 1 |

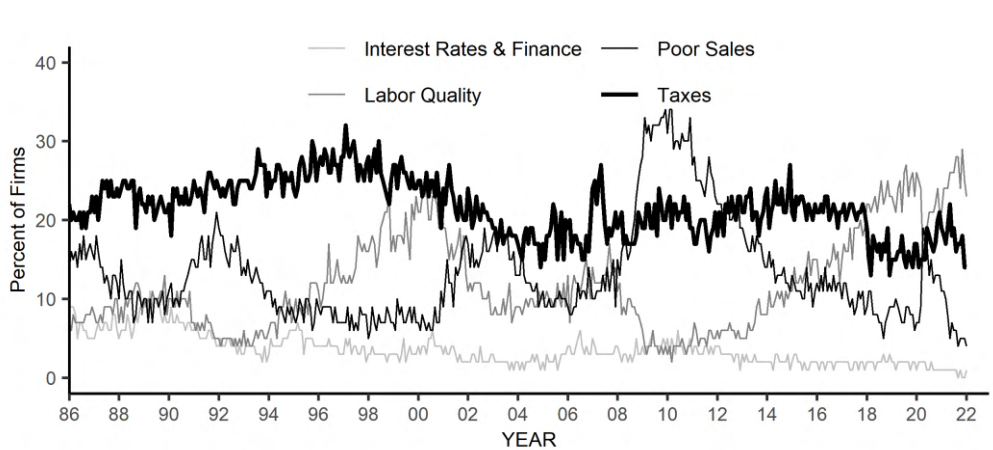
SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation
January 1986 to January 2022



SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality
January 1986 to January 2022



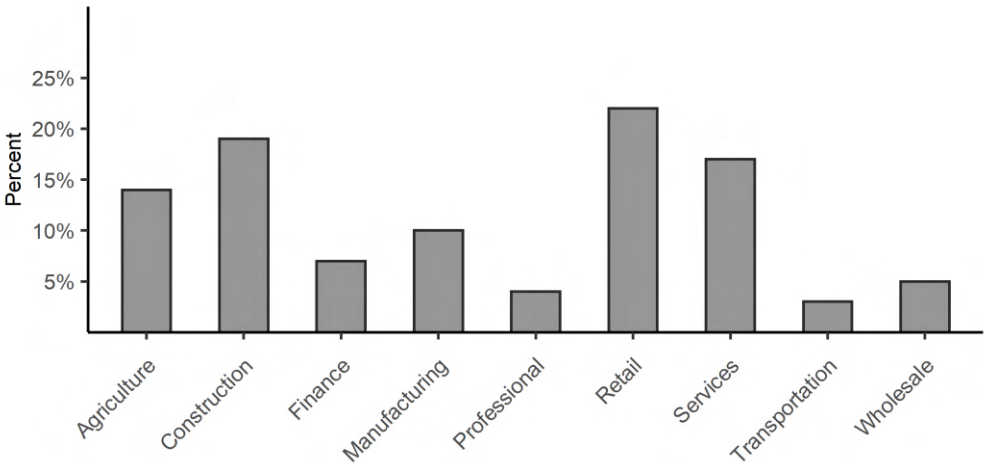
SURVEY PROFILE

OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

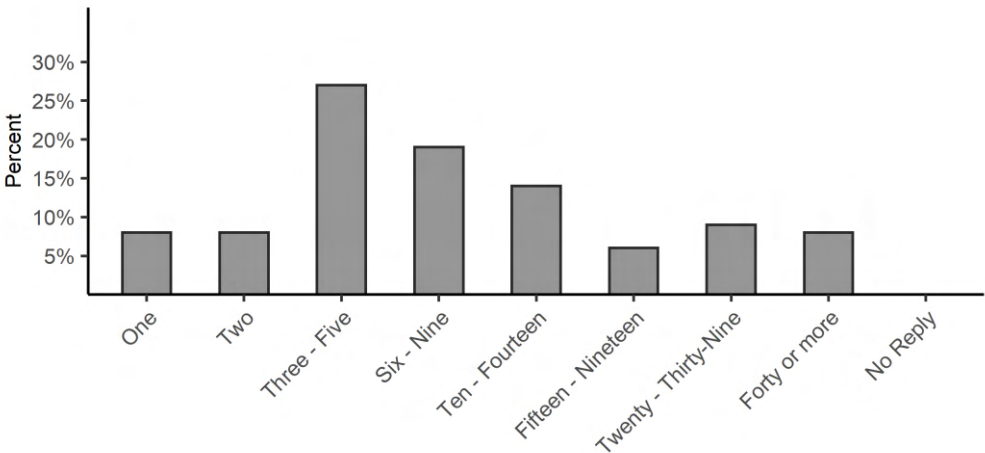
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|------|-----|-----|------|-----|-----|------|-----|-----|------|-----|-----|
| 2017 | 1873 | 764 | 704 | 1618 | 699 | 624 | 1533 | 713 | 629 | 1513 | 544 | 495 |
| 2018 | 1658 | 642 | 570 | 1554 | 562 | 665 | 1718 | 680 | 642 | 1743 | 700 | 621 |
| 2019 | 1740 | 526 | 643 | 1735 | 650 | 606 | 1502 | 680 | 603 | 1618 | 500 | 488 |
| 2020 | 1692 | 641 | 627 | 1832 | 814 | 670 | 1652 | 751 | 604 | 1719 | 561 | 542 |
| 2021 | 1109 | 678 | 514 | 1516 | 659 | 592 | 1440 | 595 | 537 | 1431 | 613 | 639 |
| 2022 | 1504 | | | | | | | | | | | |

NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY



NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

Number of Full and Part-Time Employees



NFIB RESEARCH CENTER SMALL BUSINESS ECONOMIC SURVEY

| SMALL BUSINESS SURVEY QUESTIONS | PAGE IN REPORT |
|--|----------------|
| Do you think the next three months will be a good time for small business to expand substantially? Why? | 4 |
| About the economy in general, do you think that six months from now general business conditions will be better than they are now, about the same, or worse? | 5 |
| Were your net earnings or “income” (after taxes) from your business during the last calendar quarter higher, lower, or about the same as they were for the quarter before? | 6 |
| If higher or lower, what is the most important reason? | 6 |
| During the last calendar quarter, was your dollar sales volume higher, lower, or about the same as it was for the quarter before? | 7 |
| Overall, what do you expect to happen to real volume (number of units) of goods and/or services that you will sell during the next three months? | 7 |
| How are your average selling prices compared to three months ago? | 8 |
| In the next three months, do you plan to change the average selling prices of your goods and/or services? | 8 |
| During the last three months, did the total number of employees in your firm increase, decrease, or stay about the same? | 9 |
| If you have filled or attempted to fill any job openings in the past three months, how many qualified applicants were there for the position(s)? | 9 |
| Do you have any job openings that you are not able to fill right now? | 10 |
| In the next three months, do you expect to increase or decrease the total number of people working for you? | 10 |
| Over the past three months, did you change the average employee compensation? | 11 |
| Do you plan to change average employee compensation during the next three months? | 11 |

| SMALL BUSINESS SURVEY QUESTIONS | PAGE IN REPORT |
|---|----------------|
| Are...loans easier or harder to get than they were three months ago? | 12 |
| During the last three months, was your firm able to satisfy its borrowing needs? | 13 |
| Do you expect to find it easier or harder to obtain your required financing during the next three months? | 13 |
| If you borrow money regularly (at least once every three months) as part of your business activity, how does the rate of interest payable on your most recent loan compare with that paid three months ago? | 14 |
| If you borrowed within the last three months for business purposes, and the loan maturity (pay back period) was 1 year or less, what interest rate did you pay? | 14 |
| During the last three months, did you increase or decrease your inventories? | 15 |
| At the present time, do you feel your inventories are too large, about right, or inadequate? | 15 |
| Looking ahead to the next three months to six months, do you expect, on balance, to add to your inventories, keep them about the same, or decrease them? | 15 |
| During the last six months, has your firm made any capital expenditures to improve or purchase equipment, buildings, or land? | 16 |
| If [your firm made any capital expenditures], what was the total cost of all these projects? | 17 |
| Looking ahead to the next three to six months, do you expect to make any capital expenditures for plant and/or physical equipment? | 17 |
| What is the single most important problem facing your business today? | 18 |
| Please classify your major business activity, using one of the categories of example below | 19 |
| How many employees do you have full and part-time, including yourself? | 19 |