



NFIB SMALL BUSINESS ECONOMIC TRENDS

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November 2009

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 Index Change
Plans to Increase Employment	-1%	3	*
Plans to Make Capital Outlays	17%	-1	*
Plans to Increase Inventories	-3%	3	*
Expect Economy to Improve	11%	3	*
Expect Real Sales Higher	-4%	2	*
Current Inventory	-3%	-3	*
Current Job Openings	8%	0	*
Expected Credit Conditions	-16%	-1	*
Now a Good Time to Expand	7%	-2	*
Earnings Trends	-40%	0	*
Total Change		4	*

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

NFIB SMALL BUSINESS ECONOMIC TRENDS

The 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 Policy Analyst Holly Wade are responsible for the report.

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SUMMARY

OPTIMISM INDEX

The Index of Small Business Optimism gained 0.3 points, rising to 89.1 (1986=100), 8.1 points higher than the survey's second lowest reading reached in March (the lowest reading was 80.1 in 1980:2). In the 1980-82 recession period, the Index was below 90 in only one quarter. In this recession, the Index has been below 90 for six quarters, indicative of the severity of this downturn. The October gain was minor, so the good news is still less bad news. Four of the ten Index components posted gains, two were unchanged, four declined.

LABOR MARKETS

Eight percent (seasonally adjusted) reported unfilled job openings, unchanged from August and September. Over the next three months, 16 percent plan to reduce employment (unchanged), and nine percent plan to create new jobs (up two points), yielding a seasonally adjusted net-negative one percent of owners planning to create new jobs, a three point improvement. In the last three months, eight percent of the owners increased employment, but 19 percent reduced employment (seasonally adjusted), both statistics are better than September readings. However, the job generating machine is still in reverse.

CAPITAL SPENDING

The frequency of reported capital outlays over the past six months rose one point to 45 percent of all firms, one point above the record low reading logged in September. Capital spending, and the demand for credit to financing it, is on the sideline. Plans to make capital expenditures over the next few months fell one point to 17 percent, just one point above the record low last set in August. Seven percent characterized the current period as a good time to expand facilities, down two points from September. A net 11 percent expect business conditions to improve over the next six months, up three points from September but historically low.

INVENTORIES AND SALES

The net percent of all owners (seasonally adjusted) reporting higher sales in the past three months remained low at negative 31 percent, down five points and only three points above the record low last set in July. Widespread price cutting continued to contribute to reports of lower nominal sales. After a one point drop in September, the net percent of owners expecting real sales gains improved two points to a negative four percent of all owners, still negative but 27 points better than the March record low level. A net-negative 26 percent of all owners reported gains in inventory stocks, two points worse than September. For all firms, a net-negative three percent (down three points) reported stocks too low. Plans to add to inventories improved three points to a negative three percent of all firms (seasonally adjusted).



SUMMARY

INFLATION

The weak economy continued to put downward pressure on prices. Ten percent of the owners reported raising average selling prices, but 30 percent reported price reductions. Seasonally adjusted, the net percent of owners raising prices was negative 17 percent, far more cutting prices than raising them. Plans to raise prices fell one point to a seasonally adjusted net five percent of owners, 33 points below the July 2008 reading. On the cost or input side, the percent of owners citing inflation as their number one problem (e.g. costs coming in the “back door” of the business) fell two points to two percent and only four percent cited the cost of labor, so neither labor costs nor materials costs are seriously pressuring owners.

PROFITS AND WAGES

Reports of positive profit trends were unchanged at a net-negative 40 percentage points. The persistence of this imbalance is bad news for the small business community and a contributor to the reported difficulties in obtaining credit. No doubt we are losing firms in this recession. For those reporting lower earnings compared to the previous three months (52 percent, up two points), 62 percent cited weaker sales, four percent each blamed rising labor costs and higher materials costs, two percent blamed higher insurance costs, and eight percent blamed lower selling prices. Four percent blamed regulatory costs.

Owners continued to reduce compensation at a record pace, with 11 percent reporting reduced worker compensation. Reports of increased compensation fell three points to 11 percent. Seasonally adjusted, a net four percent reported raising worker compensation, down three points from September and only one point above June’s record low reading.

CREDIT MARKETS

For those who want to borrow, getting a loan continues to be difficult, with a net 14 percent reporting loans harder to get than in their last attempt. Thirty-three (33) percent reported regular borrowing, unchanged from September. Overall, loan demand remains weak due to widespread postponement of investment in inventories and record low plans for capital spending. In addition, the continued poor earnings and sales performance has weakened the credit worthiness of many potential borrowers. This has resulted in tougher terms and higher loan rejection rates (even with no change in lending standards), and there is no rush to borrow money like that observed in the pre-1983 period when regular borrowers made up over 50 percent of all owners (even with a 21 percent prime rate of interest).

Twenty-nine percent reported all their borrowing needs met (down 1 point) compared to 9 percent who reported problems obtaining desired financing (down 1 point, not seasonally adjusted).



COMMENTARY

The Administration has recently jumped on the “small business bandwagon,” although little important action has been taken. It sounds like the Administration thinks the reason small firms are not hiring is that they are not able to get credit. Although credit is harder to get, “financing” is cited as the “most important problem” by only four percent of NFIB’s hundreds of thousands of member firms. Although a nice gesture, enhancing SBA lending programs will not help much – too many owners have no reason to borrow. Record low percentages cite the current period as a good time to expand, more owners plan to reduce inventories than to add to them, and record low percentages plan any capital expenditures. In short, the demand for credit is in short supply and failing to understand the more major problems facing small business leads to bad policy. Less than one percent of small businesses have government sponsored loans, so the reach of this new policy will not be large. What small business needs is customers, but very little in the “stimulus” provided consumer spending support and all Washington talks about now is raising taxes and passing health care, likely a job destroyer. A \$500 billion payroll tax cut last January would have been helpful as opposed to the “earmarks” in the stimulus bill for which spending has not even started, but such suggestions were squashed.

Statistically, we are in a huge “V” recovery, with Gross Domestic Product rebounding from a 6.4 percent decline in the first quarter to 3.5 percent growth in the third. That is quite a “comeback”, a very steep “V”. But unless the consumer comes back, the recovery is likely to turn into the “square root recovery” (Γ), slower, flatter growth on the recovery leg of the V. Federal government spending rose over seven percent but most of the reported jobs “saved or created” were in the public sector. Although there are other benefits to this spending (better schools or some road repairs for example), the average amount spent per reported job saved or created is nearly \$250,000 - and many of these “saved” jobs were counted when an existing employee got a raise!

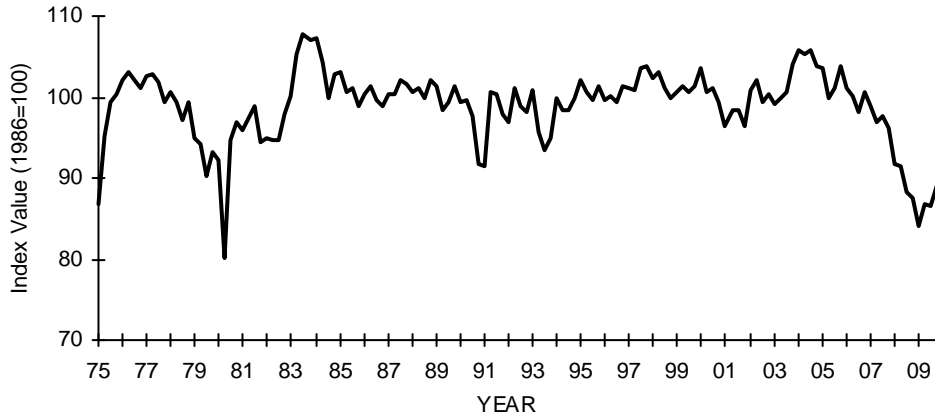
Overall, the small business job machine is still in reverse, due to continued declines in reported sales, rising labor costs, and a need to cut costs. Reported capital spending is at historic low levels, owners are still, on balance, reducing inventory stocks (only seven percent reported increases, 32 percent reported reductions) so orders to wholesale and manufacturing firms for new inventory are weak. Price cutting is rampant (though slowing) which combined with lower real sales continues to produce record reports of earnings declines, one reason capital spending remains low. Few firms report credit availability as a problem, though those who are borrowing report more difficulty and tougher terms than during the expansion. Events in Washington are not supportive of more optimism about the future – another reason not to spend or hire.



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)

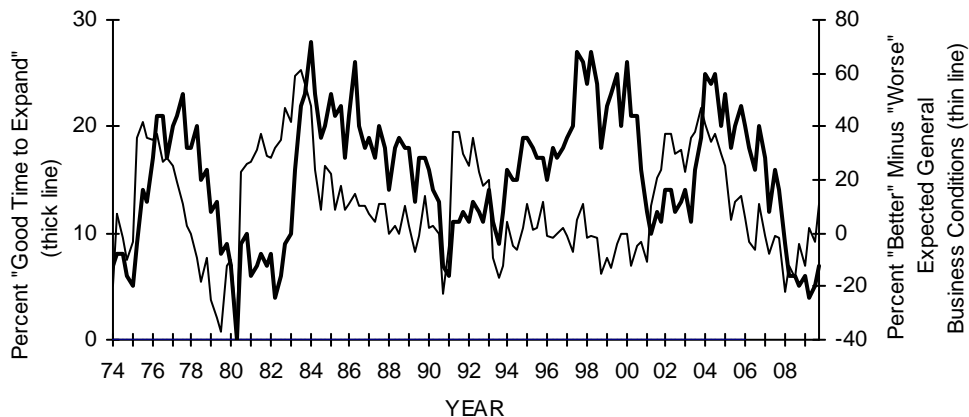
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	105.8	102.6	102.6	105.3	104.5	103.0	105.9	102.9	104.5	103.9	107.7	106.1
2005	103.7	103.7	102.5	99.8	100.8	100.8	101.1	100.9	100.0	103.7	101.2	101.4
2006	101.1	101.5	98.0	100.1	98.5	96.7	98.1	95.9	99.4	100.7	99.7	96.5
2007	98.9	98.2	97.3	96.8	97.2	96.0	97.6	96.3	97.3	96.2	94.4	94.6
2008	91.8	92.9	89.6	91.5	89.3	89.2	88.2	91.1	92.9	87.5	87.8	85.2
2009	84.1	82.6	81.0	86.8	88.9	87.8	86.5	88.6	88.8	89.1		



SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January Quarter 1974 to October Quarter 2009
(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
2004	25	19	18	24	22	21	25	19	23	20	29	28
2005	23	24	19	18	18	22	20	21	19	22	20	21
2006	20	20	19	18	18	13	16	13	18	20	17	17
2007	17	18	12	12	12	13	16	12	14	14	13	14
2008	9	8	5	6	4	4	6	6	11	5	7	7
2009	6	3	1	4	5	4	5	5	9	7		

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
October 2009

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	2	53	12
Sales Prospects	2	6	1
Fin. & Interest Rates	0	2	1
Cost of Expansion	0	2	1
Political Climate	0	10	3
Other/Not Available	1	1	2

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

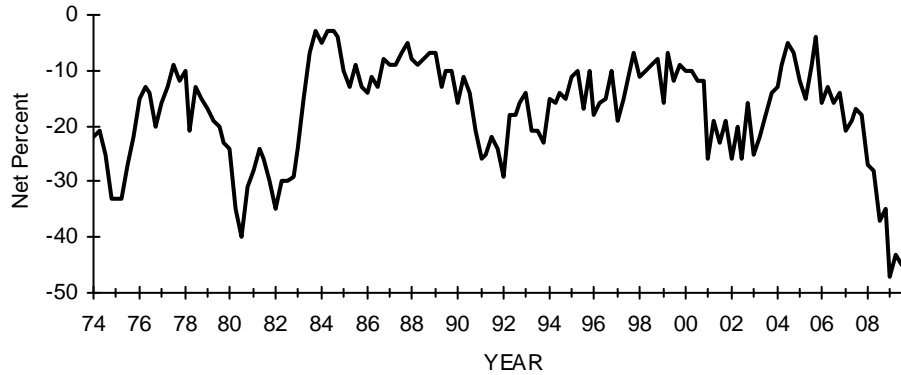
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	41	33	22	34	29	26	37	32	36	30	47	
2005	25	20	16	5	5	16	12	7	3	14	11	37
2006	6	3	-5	-3	-10	-8	-6	-8	2	11	11	12
2007	-1	-2	-7	-8	-3	-5	-1	0	2	-2	-10	-4
2008	-22	-9	-23	-12	-12	-19	-17	4	14	-4	-2	-13
2009	-12	-21	-22	2	12	7	-3	10	8	11		



SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January Quarter 1974 to October Quarter 2009
(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
2004	-13	-15	-20	-9	-6	-11	-5	-14	-10	-7	-7	-8
2005	-12	-11	-10	-15	-9	-13	-9	-14	-14	-4	-16	-15
2006	-16	-15	-12	-13	-11	11	-16	-19	-8	-14	-18	-15
2007	-21	-19	-15	-19	-15	-18	-17	-22	-20	-18	-25	-20
2008	-27	-25	-33	-28	-28	-33	-37	-30	-35	-35	-38	-42
2009	-47	-44	-46	-43	-43	-42	-45	-40	-40	-40		



MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
October 2009

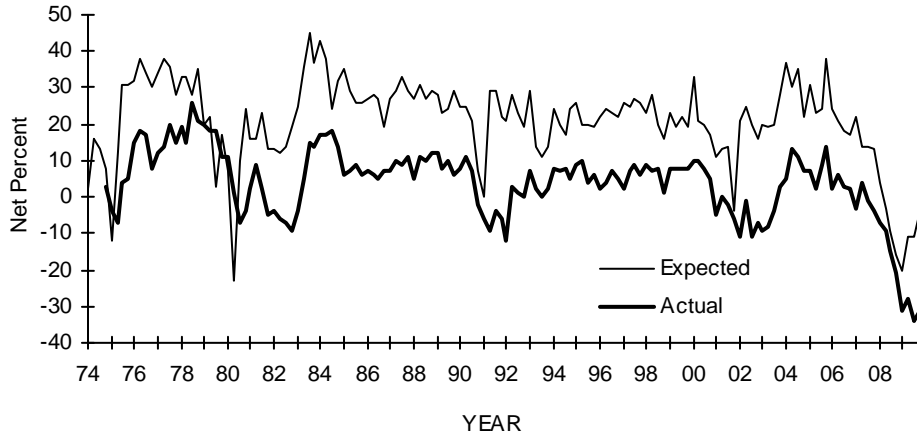
Reason	Current Month	One Year Ago	Two Years Ago
Sales Volume	32	24	16
Increased Costs*	7	14	11
Cut Selling Prices	4	4	3
Usual Seasonal Change	4	4	4
Other	5	2	1

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

SMALL BUSINESS SALES

SALES

Actual (Prior Three Months) and Expected (Subsequent Three Months)
January 1986 to October 2009 (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
2004	5	-1	0	13	11	11	11	7	8	7	9	11
2005	7	5	12	2	6	4	9	6	5	14	4	8
2006	2	6	5	6	11	6	3	2	5	2	0	3
2007	-3	-1	0	4	1	-4	-1	-4	-4	-4	-3	1
2008	-7	-8	-11	-9	-11	-12	-15	-10	-11	-21	-25	-29
2009	-31	-28	-34	-28	-33	-34	-34	-27	-26	-31		

SALES EXPECTATIONS

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

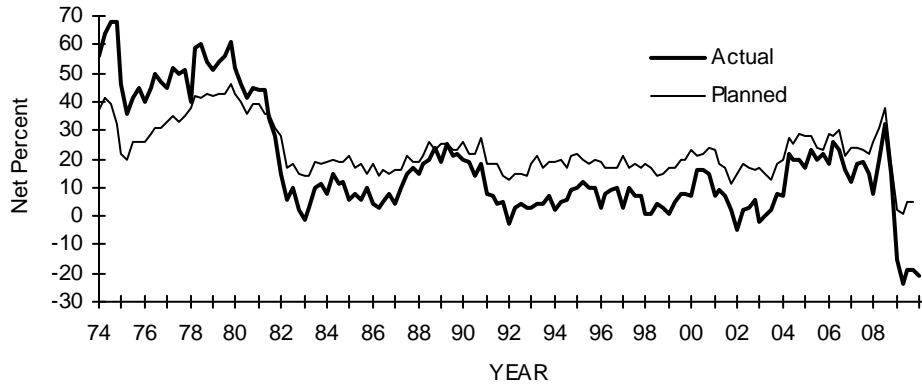
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	37	27	29	30	30	26	35	25	23	22	35	35
2005	31	32	26	23	25	19	24	26	17	38	23	21
2006	24	28	12	21	20	13	18	10	17	17	21	18
2007	22	17	14	14	16	11	14	13	14	13	8	6
2008	4	0	-3	-3	-11	-11	-9	-6	-2	-16	-14	-18
2009	-20	-29	-31	-11	-5	-10	-11	-5	-6	-4		



SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
 January Quarter 1974 to October 2009
 (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
2004	7	13	19	22	25	29	20	21	19	20	18	15
2005	17	19	25	23	23	25	20	18	25	22	26	18
2006	18	23	17	26	24	23	23	22	20	16	17	8
2007	12	13	15	18	16	19	19	13	9	15	14	16
2008	8	13	18	20	23	29	32	26	20	15	0	-6
2009	-15	-24	-23	-24	-22	-17	-19	-19	-21	-17		



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
2004	20	25	23	27	30	28	25	27	24	29	28	30
2005	28	27	27	28	29	28	24	27	27	23	33	27
2006	29	27	26	28	30	29	30	29	22	21	22	26
2007	24	23	22	24	23	21	23	22	21	22	26	26
2008	26	22	29	31	32	36	38	30	24	18	11	3
2009	2	1	0	1	3	5	5	8	6	5		

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
2004	0	0	-2	0	3	2	7	5	5	6	7	11
2005	4	3	4	-1	1	4	7	7	0	14	4	1
2006	1	4	-1	-3	-3	-2	2	5	-3	5	0	3
2007	2	4	-6	-5	-2	0	1	4	-1	3	0	2
2008	0	-3	-7	-9	-10	-12	-5	-4	-10	-9	-10	-18
2009	-15	-15	-22	-25	-24	-23	-17	-16	-16	-12		

QUALIFIED APPLICANTS FOR JOB OPENINGS

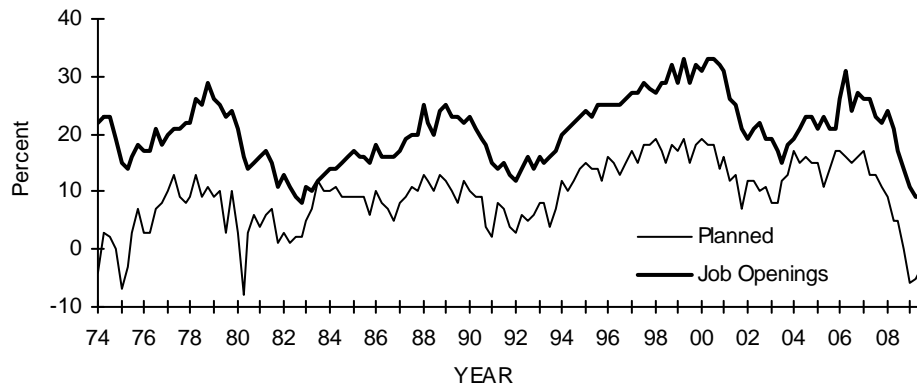
Percent Few or No Qualified Applicants
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	33	37	39	35	40	37	39	42	36	42	39	41
2005	36	38	41	39	41	39	41	41	39	41	46	42
2006	40	40	39	41	46	45	42	46	44	46	44	40
2007	41	41	43	43	42	45	43	44	48	46	40	37
2008	37	36	36	37	33	39	36	35	38	35	31	30
2009	*	*	24	24	25	27	26	23	25	25		



EMPLOYMENT

Planned Next Three Months and Current Job Openings
January Quarter 1974 to October Quarter 2009
(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
2004	19	20	22	21	22	20	23	22	20	23	21	23
2005	21	24	24	23	23	20	21	24	23	21	24	22
2006	26	26	23	31	25	25	24	25	25	27	22	19
2007	26	25	26	26	24	26	23	25	25	22	19	21
2008	24	20	19	21	15	21	17	15	18	14	14	14
2009	11	11	10	9	9	11	9	8	8	8		

HIRING PLANS

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

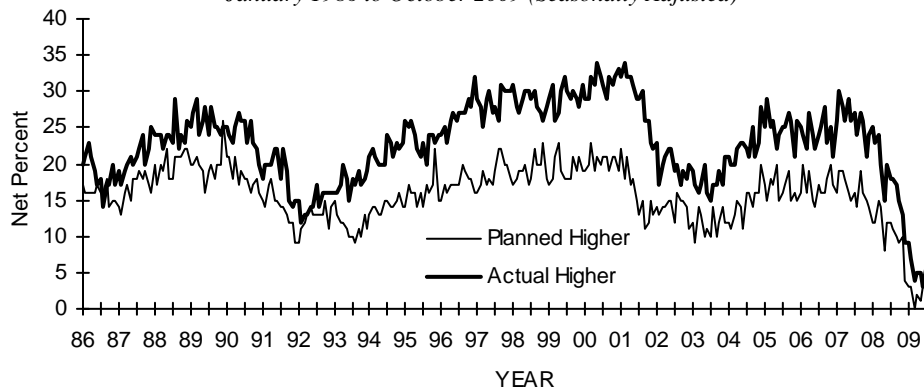
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	17	13	13	15	14	11	16	19	14	15	19	17
2005	15	16	10	11	15	13	14	17	17	17	13	15
2006	17	16	9	16	14	9	15	17	17	16	19	10
2007	17	13	12	13	13	12	13	15	14	11	11	11
2008	9	11	3	5	2	5	5	9	7	0	-4	-6
2009	-6	-3	-10	-5	-5	-1	-3	0	-4	-1		



SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to October 2009 (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
2004	21	20	20	22	23	23	22	21	25	21	23	28
2005	25	29	25	26	22	24	25	25	27	26	21	26
2006	25	24	22	27	24	22	24	25	28	23	25	21
2007	26	30	28	26	29	26	27	24	27	26	21	24
2008	25	23	24	20	15	20	18	18	17	15	13	9
2009	9	7	4	5	5	3	6	6	7	4		

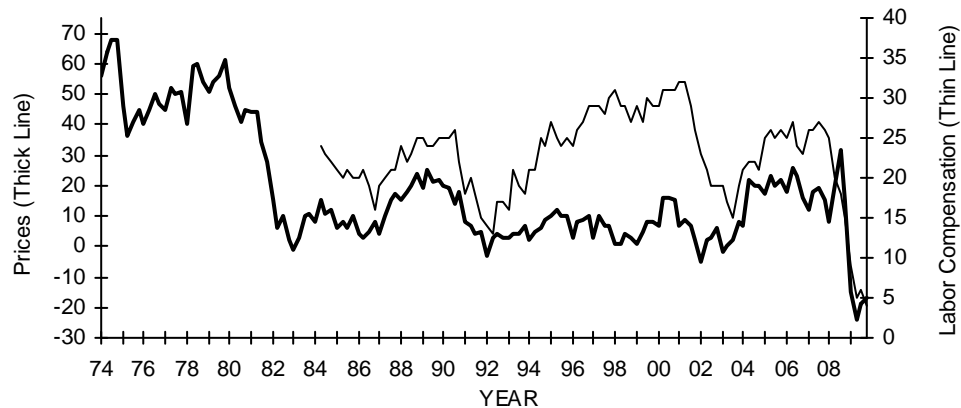
COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	12	11	13	15	14	11	16	19	14	16	16	20
2005	17	15	18	17	20	15	16	17	19	15	16	15
2006	16	20	16	19	15	14	17	16	16	18	20	17
2007	16	19	19	18	16	15	16	14	19	16	15	14
2008	12	12	15	14	8	12	12	11	10	9	10	4
2009	3	3	0	2	1	3	4	3	3	5		

PRICES AND LABOR COMPENSATION

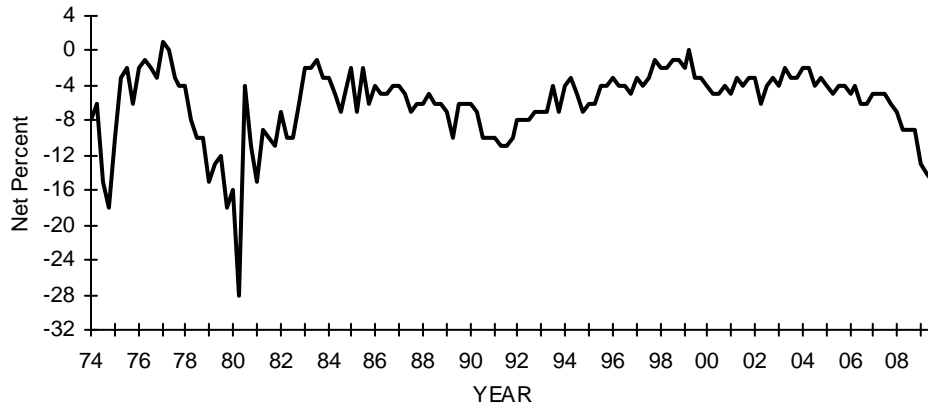
Net Percent Price Increase and Net Percent Compensation Increase
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1974 to October 2009



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

REGULAR BORROWERS

Percent Borrowing at Least Once Every Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	36	35	40	36	35	33	35	35	33	35	33	38
2005	36	35	37	39	40	39	34	40	36	34	38	34
2006	37	38	36	40	38	41	38	46	35	37	38	35
2007	37	39	35	37	38	35	36	35	36	36	32	34
2008	36	34	33	36	35	35	34	34	32	33	31	33
2009	35	36	33	33	34	30	33	32	33	33		



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
2004	-2	-3	-3	-2	-3	-4	-4	-4	-3	-3	-3	-5
2005	-4	-3	-3	-5	-5	-3	-4	-5	-3	-4	-6	-3
2006	-5	-5	-6	-4	-5	-5	-6	-8	-3	-6	-6	-6
2007	-5	-5	-7	-5	-6	-5	-5	-7	-9	-6	-7	-7
2008	-7	-5	-7	-9	-8	-7	-9	-10	-11	-9	-11	-12
2009	-13	-13	-12	-14	-16	-14	-15	-14	-14	-14		

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
(Borrowers Only)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	36/6	36/8	38/6	37/6	34/5	34/5	37/5	35/7	36/5	35/5	36/3	39/4
2005	38/4	39/4	39/5	38/6	41/4	39/5	34/5	36/4	34/4	34/5	39/4	35/5
2006	36/4	37/6	36/6	38/5	38/5	39/5	38/4	44/4	34/4	36/7	34/4	36/5
2007	36/5	40/5	35/5	38/4	39/6	36/4	37/5	35/4	37/5	36/6	32/4	32/7
2008	34/5	35/4	32/6	34/5	34/7	35/5	32/7	35/6	33/6	31/6	31/7	32/6
2009	33/8	32/8	29/10	30/8	28/9	30/10	28/10	30/7	30/10	29/9		

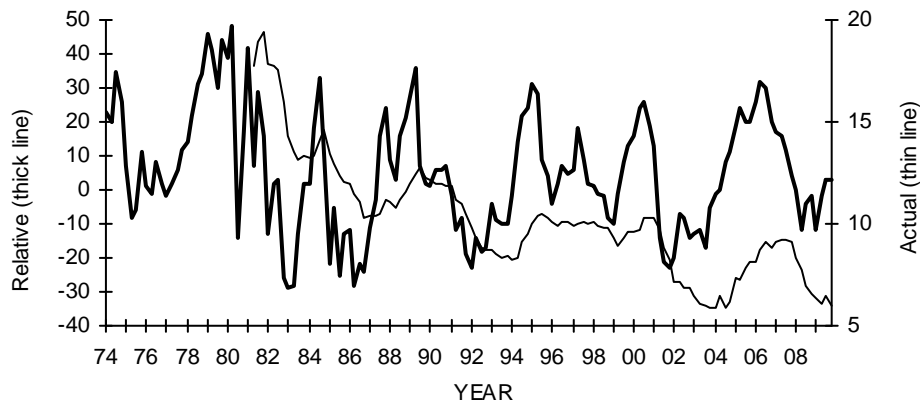
EXPECTED CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	-5	-6	-4	-4	-5	-6	-6	-6	-3	-5	-4	-7
2005	-4	-3	-6	-6	-8	-7	-5	-8	-6	-5	-8	-5
2006	-6	-7	-7	-8	-8	-8	-7	-9	-5	-6	-5	-7
2007	-7	-8	-8	-7	-6	-6	-6	-9	-10	-8	-8	-10
2008	-9	-8	-9	-11	-10	-10	-12	-11	-13	-16	-13	-15
2009	-14	-16	-14	-12	-15	-13	-14	-13	-15	-16		

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January Quarter 1974 to October Quarter 2009



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
2004	-1	0	1	0	3	-1	8	11	10	11	12	17
2005	19	22	24	24	27	21	20	23	20	20	26	21
2006	26	32	29	32	28	30	30	34	22	20	23	16
2007	17	21	19	16	15	12	12	14	15	4	3	1
2008	0	-9	-5	-12	-15	-11	-4	-2	-3	-2	-6	-8
2009	-12	-9	-1	-2	0	0	3	3	5	3		

*Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

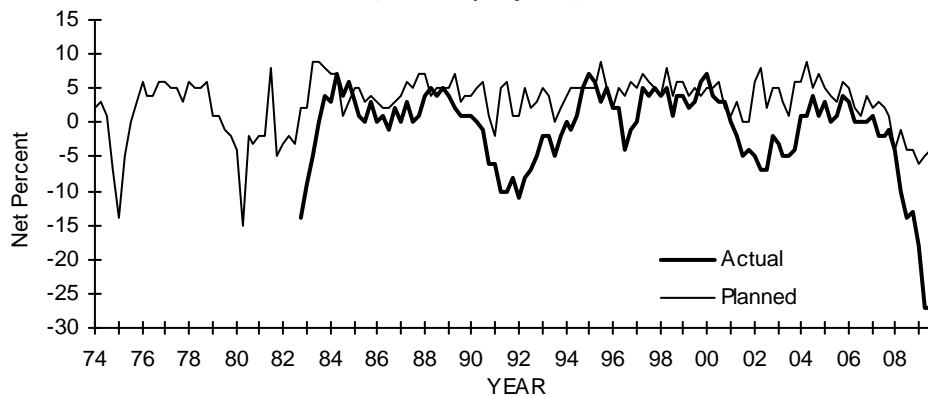
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	5.9	5.9	6.0	6.5	6.1	5.7	5.9	6.2	6.4	6.2	6.8	6.4
2005	7.4	6.7	7.0	7.3	7.0	7.1	7.8	7.6	7.5	8.1	8.1	7.9
2006	8.1	8.3	8.0	8.7	8.1	8.7	9.1	9.0	8.8	8.8	8.3	9.8
2007	9.1	9.3	9.3	9.2	9.5	9.3	9.2	8.7	9.0	9.1	8.5	8.5
2008	8.3	8.1	8.3	7.7	6.9	7.1	7.0	6.9	7.1	6.6	7.0	6.6
2009	6.4	6.2	6.2	6.1	6.3	6.5	6.5	6.1	6.1	6.0		



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January Quarter 1974 to October Quarter 2009
(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
2004	1	-1	1	1	3	1	4	1	2	1	4	5
2005	3	5	7	0	3	2	1	0	-4	4	1	2
2006	3	1	6	0	-2	0	0	3	1	0	0	-3
2007	1	5	2	-2	2	-5	-2	-3	-2	-1	-6	-3
2008	-4	-2	-7	-10	-12	-11	-14	-13	-12	-13	-17	-21
2009	-18	-19	-23	-27	-27	-27	-27	-24	-24	-26		

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
2004	-2	1	3	1	0	1	-1	-2	-1	-1	-3	-3
2005	-3	-2	1	-2	-3	-1	-2	-1	1	-2	-1	-3
2006	-1	-2	0	-1	-1	-1	-2	-6	-6	-3	-6	-7
2007	-2	-2	-5	-3	-6	-7	-2	-2	-3	-7	-3	-3
2008	-4	-4	-1	-1	-3	-1	-4	-3	-1	-4	-4	-7
2009	-6	-5	-4	-5	-2	-5	-4	-4	0	-3		

INVENTORY PLANS

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

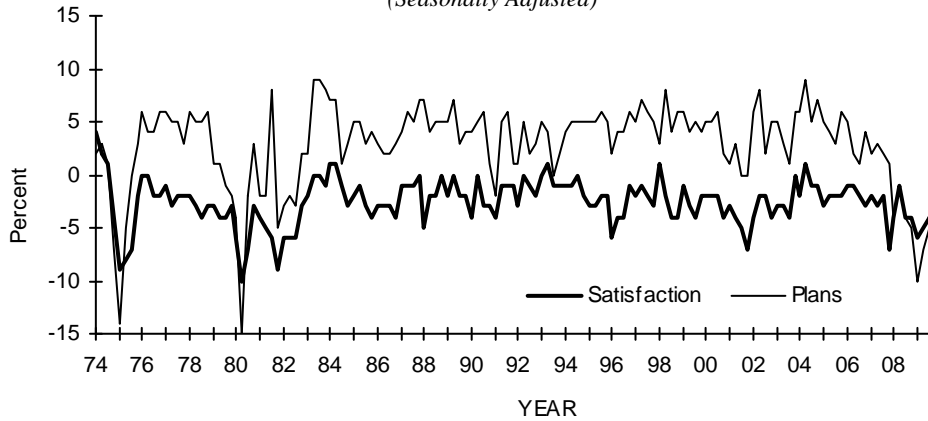
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	6	2	5	9	7	9	5	3	10	7	12	2
2005	5	2	6	4	5	2	3	2	4	6	8	9
2006	5	7	3	2	3	0	1	-1	-1	4	0	0
2007	2	3	3	3	0	-3	2	-4	0	1	2	-3
2008	-4	-2	-2	-1	-4	-5	-4	-9	-3	-5	-6	-4
2009	-10	-10	-13	-7	-3	-6	-5	-7	-6	-3		



SMALL BUSINESS CAPITAL OUTLAYS

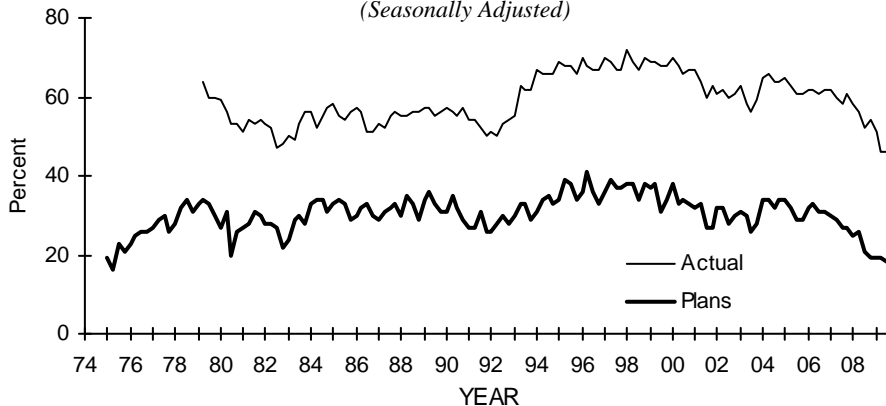
INVENTORY SATISFACTION AND INVENTORY PLANS

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 Quarter 1974 to October Quarter 2009
(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
2004	65	62	63	66	64	59	64	61	64	64	64	64
2005	65	63	63	63	64	61	61	61	65	61	64	63
2006	62	63	62	62	62	60	61	62	63	62	63	61
2007	62	61	61	60	60	55	58	58	60	61	56	62
2008	58	58	57	56	54	52	52	54	52	54	56	51
2009	51	52	50	46	46	46	46	45	44	45		

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	17	20	22
Equipment	31	36	43
Furniture or Fixtures	9	12	14
Add. Bldgs. or Land	3	5	7
Improved Bldgs. or Land	11	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	3	5	4
\$1,000 to \$4,999	9	9	11
\$5,000 to \$9,999	5	5	7
\$10,000 to \$49,999	16	18	20
\$50,000 to \$99,999	5	7	9
\$100,000 +	7	9	9
No Answer	0	1	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
2004	34	30	35	34	32	28	32	29	32	34	30	38
2005	34	33	36	32	33	33	29	31	31	29	34	33
2006	32	35	31	33	28	27	31	28	30	31	31	26
2007	30	30	33	29	29	28	27	27	29	27	27	30
2008	25	26	25	26	25	26	21	23	21	19	21	17
2009	19	18	16	19	20	17	18	16	18	17		



SINGLE MOST IMPORTANT PROBLEM

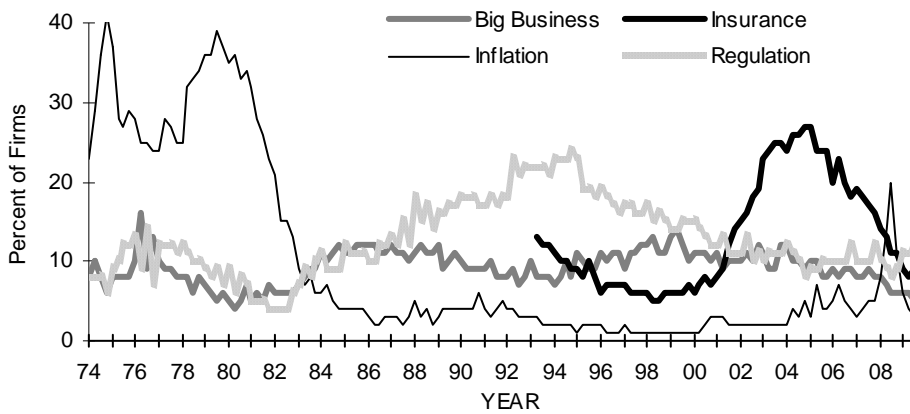
SINGLE MOST IMPORTANT PROBLEM

October 2009

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	22	18	32	8
Inflation	2	11	41	0
Poor Sales	33	23	33	2
Fin. & Interest Rates	4	5	37	2
Cost of Labor	4	4	9	2
Govt. Reqs. & Red Tape	11	9	27	4
Comp. From Large Bus.	6	6	14	4
Quality of Labor	4	8	23	3
Cost/Avail. of Insurance	8	11	29	4
Other	6	5	31	2

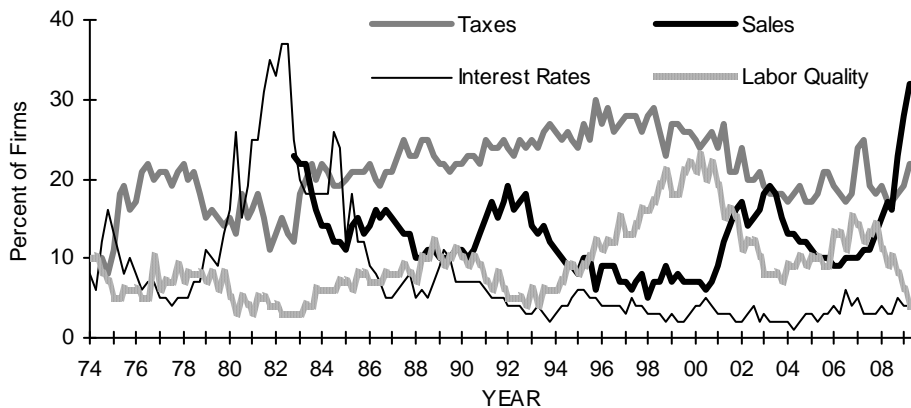
SELECTED SINGLE MOST IMPORTANT PROBLEM

Insurance, Big Business Competition, Inflation, and Regulation
January Quarter 1974 to October Quarter 2009



SELECTED SINGLE MOST IMPORTANT PROBLEM

Sales, Fin. & Interest Rates, Labor Cost, Labor Quality, and Taxes
January Quarter 1974 to October Quarter 2009



SURVEY PROFILE

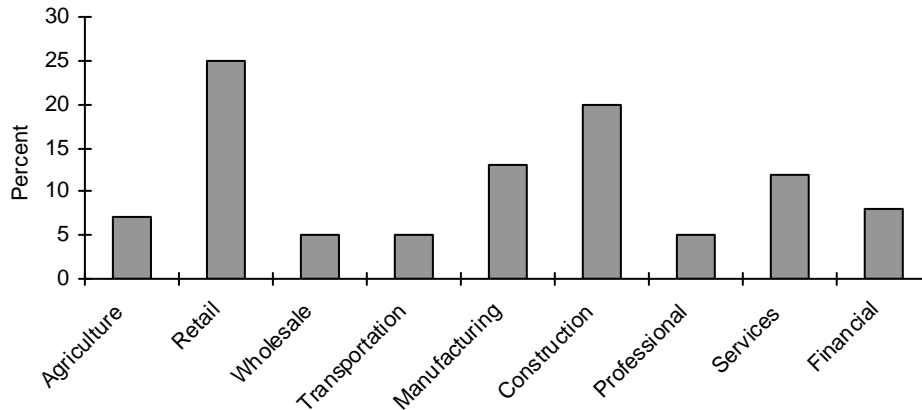
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	1245	587	474	1274	487	468	1221	503	480	1221	574	441
2005	1239	495	409	1220	489	427	1116	499	423	1116	532	481
2006	1274	484	471	1094	440	416	1007	480	380	1075	451	446
2007	1755	750	737	1703	618	589	1613	720	674	1614	719	670
2008	1845	700	735	1768	737	703	1827	812	743	1992	826	805
2009	2013	846	867	1794	814	758	1994	882	827	2059		

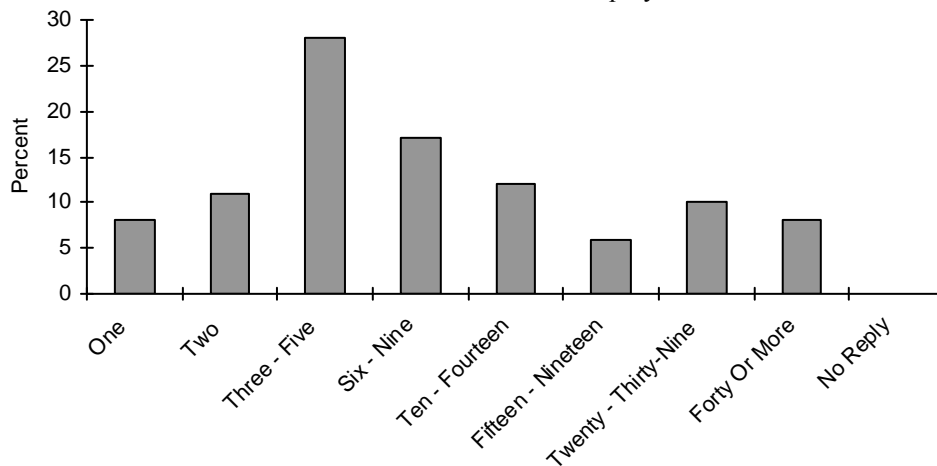
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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?	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



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