



NFIB SMALL BUSINESS ECONOMIC TRENDS

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February 2010

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%	1	*
Plans to Make Capital Outlays	20%	2	*
Plans to Increase Inventories	-4%	4	*
Expect Economy to Improve	1	-1	*
Expect Real Sales Higher	3%	4	*
Current Inventory	-1%	3	*
Current Job Openings	10%	0	*
Expected Credit Conditions	-13%	2	*
Now a Good Time to Expand	5%	-2	*
Earnings Trends	-42%	1	*
Total Change		14	*

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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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

SUMMARY

OPTIMISM INDEX

The Index of Small Business Optimism gained 1.3 points, rising to 89.3 (1986=100), 8.3 points higher than the survey's second lowest reading reached in March 2009 (the lowest reading was 80.1 in 1980:2). Optimism has clearly stalled in spite of the improvements in the economy in the second half of 2009. Small business owners entered 2010 the same way they left 2009 – depressed. The quarterly Index readings have been below 90 for 7 quarters, indicative of the severity and pervasiveness of this recession.

LABOR MARKETS

There was no improvement in the job creation statistics for January as the Bureau of Labor Statistics data confirmed. Nine percent of the owners increased employment by an average of 3.0 workers per firm, but 19 percent reduced employment an average of 3.9 workers per firm (seasonally adjusted). Owners complained that “poor sales” was their top problem, and there is no need to hire with no new customers. It is hard for workers to “earn their pay” in this environment, a necessity if a firm is to stay in business. Ten (10) percent (seasonally adjusted) reported unfilled job openings, unchanged from December but historically low. Over the next three months, a seasonally adjusted net negative one percent of owners planning to create new jobs, a one point improvement, but still more firms planning to cut jobs than planning to add.

CAPITAL SPENDING

The frequency of reported capital outlays over the past six months rose three points to 47 percent of all firms, an improvement from December's record low reading, but historically very weak. A revival of capital spending will require a significantly improved business outlook and some support from reluctant customers. Plans to make capital expenditures over the next few months rose two points to 20 percent, four points above the 35 year record low. Five percent characterized the current period as a good time to expand facilities, down two points from December. Only a net one percent expects business conditions to improve over the next six months, down one point from December, a very pessimistic reading.

INVENTORIES AND SALES

The net percent of all owners (seasonally adjusted) reporting higher nominal sales in the past three months remained negative at negative 26 percent, one point worse than December. The net percent of owners expecting real sales gains improved four points to a net three percent of all owners, 34 points better than the March 2009 record low level. A net negative 21 percent of all owners reported gains in inventory stocks, seven points better than December's record liquidation reading.

This survey was conducted in January 2010. A sample of 10,799 small-business owners/members was drawn. Two thousand one hundred fourteen (2114) usable responses were received – a response rate of 20 percent.



SUMMARY

INFLATION

The weak economy continued to put downward pressure on prices. Eleven (11) percent of the owners reported raising average selling prices, but 27 percent reported average price reductions. Widespread price cutting contributed to the reports of lower nominal sales. Seasonally adjusted, the net percent of owners raising prices was a negative 18 percent, a four point improvement. A net seasonally adjusted eight percent of owners plan to raise prices, an increase of five points from December. On the cost side, three percent of owners cited inflation as their number one problem (e.g. costs coming in the “back door” of the business) and only 4 percent cited the cost of labor, so neither labor costs nor materials costs are pressuring owners.

PROFITS AND WAGES

Reports of positive profit trends were one point better, registering a net negative 42 percentage points (not much to cheer about). The persistence of this imbalance is bad news for the small business community. Profits are important for the support of capital spending. Of the owners reporting lower earnings compared to the previous three months (55 percent, up one point), 58 percent cited weaker sales, two percent each blamed rising labor costs, six percent higher materials costs and lower selling prices, and two percent higher insurance costs. Poor real sales and price cuts are responsible for much of the weakness in profits. Owners continued to reduce compensation at a record pace, with 11 percent reporting reduced worker compensation and 10 percent reporting gains, each up one point from December. Seasonally adjusted, a net one percent reported raising worker compensation, a record low reading.

CREDIT MARKETS

Regular borrowers (accessing capital markets at least once a quarter) continue to report difficulties in arranging credit at the highest frequency since 1983. A net 14 percent reported loans harder to get than in their last attempt, down one point from December. Twenty-four (24) months of recession have sapped the financial strength of many small firms that are too numerous now in the new spending/credit environment. Too many houses were built, too many strip malls opened, too many restaurants started, too many new retail outlets were launched in the 2003-2007 period and all of them cannot be supported by a consumer that now chooses to save. Thirty-two (32) percent reported regular borrowing, down one point from December and historically very low. Historically weak plans to make capital expenditures, to add to inventory and expand operations also make it clear that many potentially good borrowers are simply on the sidelines. Eleven (11) percent of all owners reported that their borrowing needs were not satisfied, up three points from December. The remaining 89 percent of all owners either obtained the credit they wanted or were not interested in borrowing. Only five percent of the owners reported “finance” as their #1 business problem (up one point). Pre-1983, as many as 37 percent cited financing and interest rates as their top problem.



COMMENTARY

Washington still does not get it. It pays lip service to the fact that small business generates half of private sector GDP and creates over two-thirds of private sector net new jobs, but when it comes time to provide help, small business gets \$30 billion IF banks decide to accept the TARP funds to support loans and IF the owners can subsequently get a loan from a bank. But for most firms, this dinky amount is of little help. More so, this new aid misses the main problem since only five percent of small business owners cite “financing” as their top business problem but 31 percent cite “poor sales.” We are building less than half of the number of housing units normally constructed, putting a huge dent in mortgage and construction loan demand. We are also buying two-thirds the number of cars normally purchased, so auto credit demand is way off too. Plans for capital expenditures and inventory investment among small firms are at 35 year lows. Even large bank CEOs now admit loan demand is weak! “Stimulus” for this administration has not focused on supporting consumer spending nor been designed with a sense of urgency as central to policy formulation.

Instead, Congress is focusing on a health care bill that features crippling taxes and mandates for small firms, fully expecting to have it in place and implemented (10 years of taxes, seven years of “reform”) this year with unemployment at 10 percent and expected by many to rise. Lawmakers also allowed the minimum wage to rise by nearly 11 percent in July 2009, catapulting teen job loss to over 500,000 and an unemployment rate of 27 percent in the second half even though the economy started growing. This was double the loss in the first half when GDP growth was plummeting. If the administration wants to count “jobs created and saved” it should also be accountable for “jobs destroyed or prevented.”

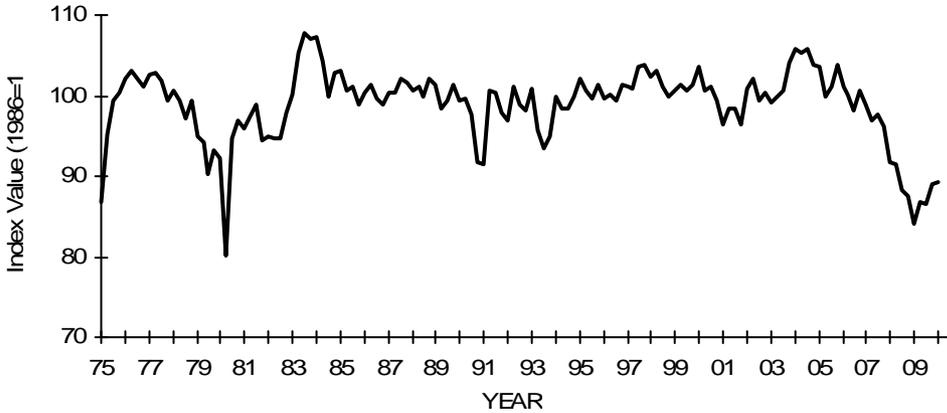
On top of all that bad news, small business owners fear Washington will then feel the need to “stimulate” us with even more spending and larger government (and taxes), the death knell for private sector vitality. The National Bureau of Economic Research is expected to declare a recession bottom in the second half of 2009. Manufacturing turned in the third quarter, employment managed a positive month in the fourth, both determinants of the turning point. The NFIB indicators do not appear to agree however. At the end of the 1982 recession (Q4, 1982), the Index value was 98, the percent of owners viewing that period as a good time to expand was nine percent and the net percent expecting better business conditions was 47 percent. The January Index value is 89.3, the percent of owners viewing the current period as a good time to expand is five percent and only a net one percent expect better business conditions in the first half, not really strong signs of a turn in the economy. The decline in the unemployment rate reflects a reduced number of individuals looking for a job and is more consistent with the NFIB forecast which did not anticipate a continued rise in the unemployment rate above 10 percent. The loss of a lock on 60 Senate votes for the Democrats may be encouraging to some owners, but the President and Congressional leaders still sound like they plan to press on with their agenda, not good news for small business owners.



OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

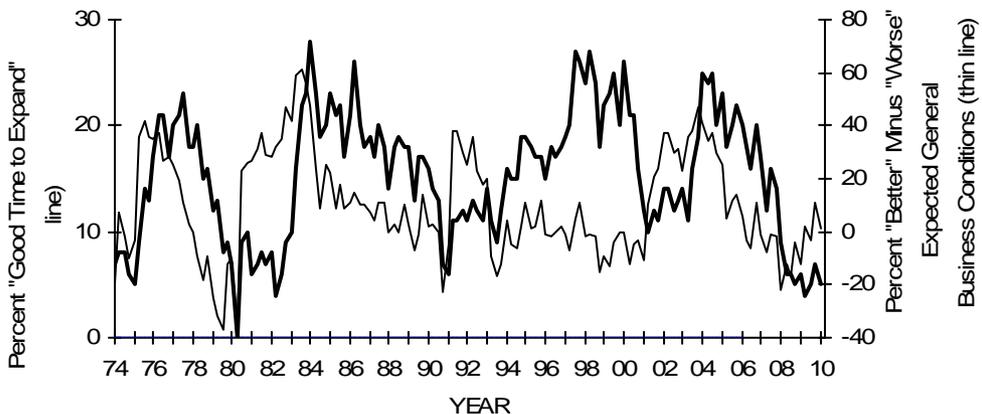
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	88.3	88.0
2010	89.3											

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January Quarter 1974 to January Quarter 2010
(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
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	8	7
2010	5											

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
January 2010

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	1	51	12
Sales Prospects	1	6	1
Fin. & Interest Rates	0	3	1
Cost of Expansion	0	2	1
Political Climate	0	11	3
Other/Not Available	2	1	2

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

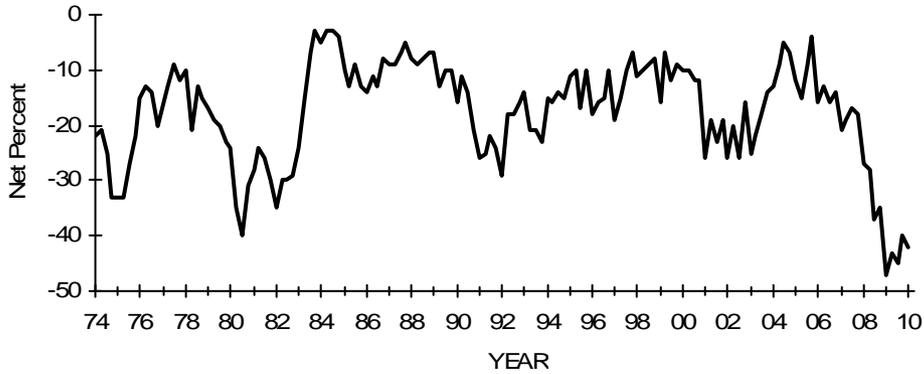
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	25	20	16	5	5	16	12	7	3	14	11	37
2006	6	3	-5	-3	-10	-8	-6	-8	2	11	11	12
2007	-1	-2	-7	-8	-3	-5	-1	0	2	-2	-10	-4
2008	-22	-9	-23	-12	-12	-19	-17	4	14	-4	-2	-13
2009	-12	-21	-22	2	12	7	-3	10	8	11	3	2
2010	1											



SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January Quarter 1974 to January Quarter 2010
(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
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	-43	-43
2010	-42											

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
January 2010

Reason	Current Month	One Year Ago	Two Years Ago
Sales Volume	32	34	20
Increased Costs*	8	11	12
Cut Selling Prices	3	3	2
Usual Seasonal Change	6	6	7
Other	6	4	2

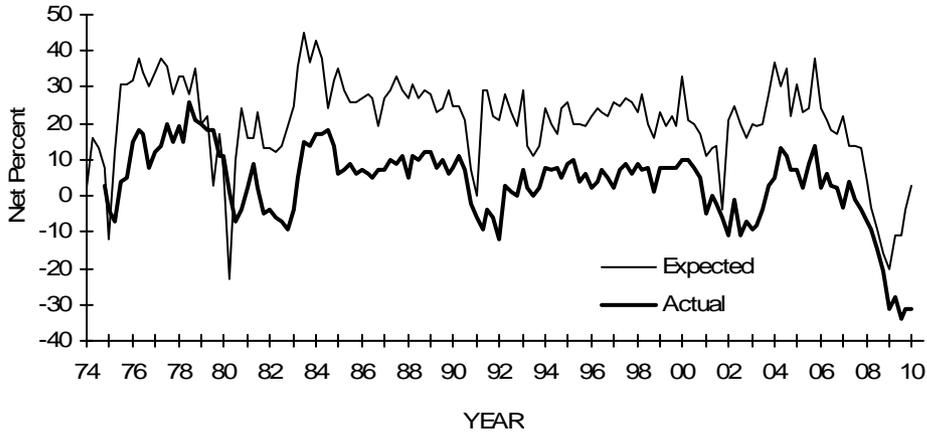
* Increased costs include labor, materials, finance, taxes, and regulatory costs.



SMALL BUSINESS SALES

SALES

Actual (Prior Three Months) and Expected (Subsequent Three Months)
 January 1986 to January 2010 (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
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	-31	-25
2010	-26											

SALES EXPECTATIONS

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

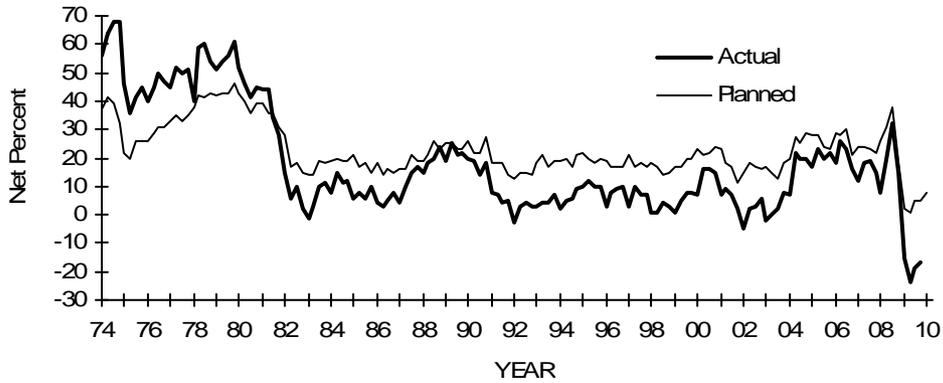
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	31	32	26	23	25	19	24	26	17	38	23	21
2006	24	28	12	21	20	13	18	10	17	17	21	18
2007	22	17	14	14	16	11	14	13	14	13	8	6
2008	4	0	-3	-3	-11	-11	-9	-6	-2	-16	-14	-18
2009	-20	-29	-31	-11	-5	-10	-11	-5	-6	-4	-2	-1
2010	3											



SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
January Quarter 1974 to January 2010
(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
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	-17	-22
2010	-18											

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
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	4	3
2010	8											



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
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	-12	-12
2010	-10											

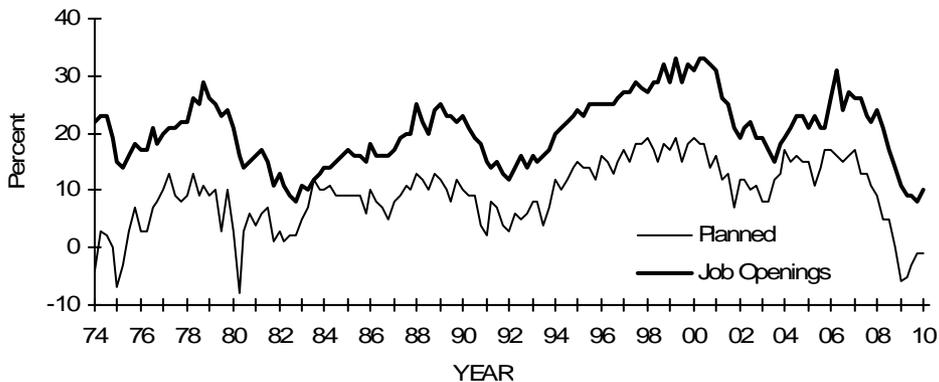
QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	28	21
2010	24											

EMPLOYMENT

Planned Next Three Months and Current Job Openings
January Quarter 1974 to January Quarter 2010
(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
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	8	10
2010	10											

HIRING PLANS

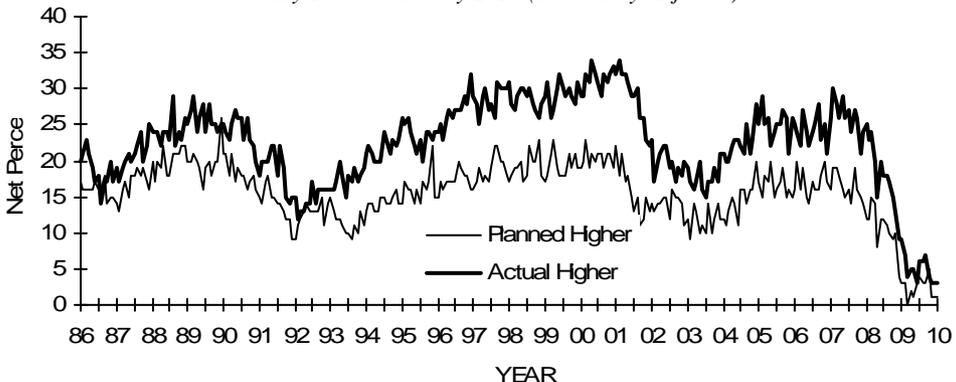
Net Percent (“Increase” Minus “Decrease”) in the Next Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	-3	-2
2010	-1											

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to January 2010 (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
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	3	3
2010	3											

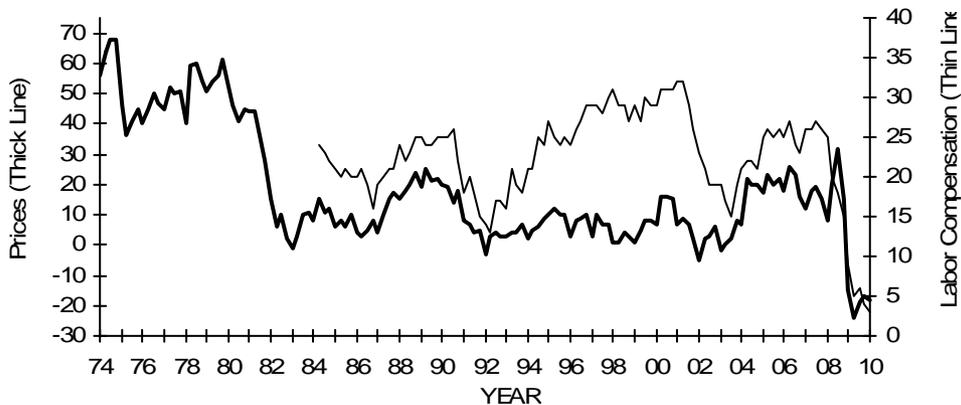
COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	1	1
2010	1											

PRICES AND LABOR COMPENSATION

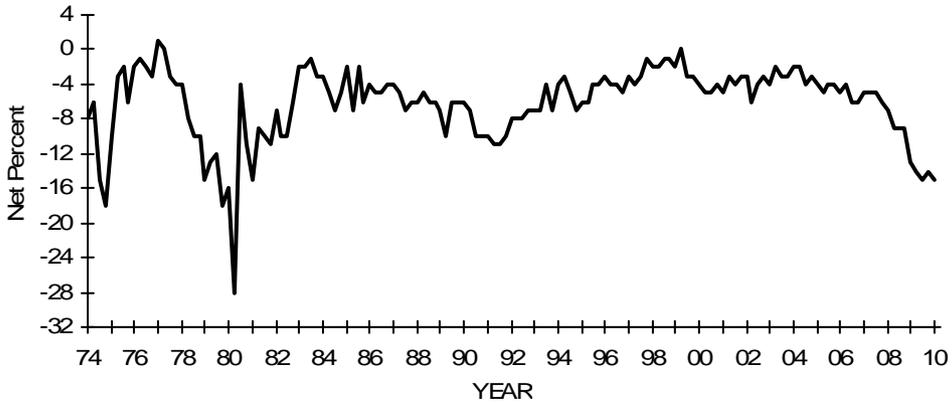
Net Percent Price Increase and Net Percent Compensation Increase
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1974 to January 2010



* 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
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	33	33
2010	32											



AVAILABILITY OF LOANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	-15	-15
2010	-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
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	29/10	28/8
2010	27/11											

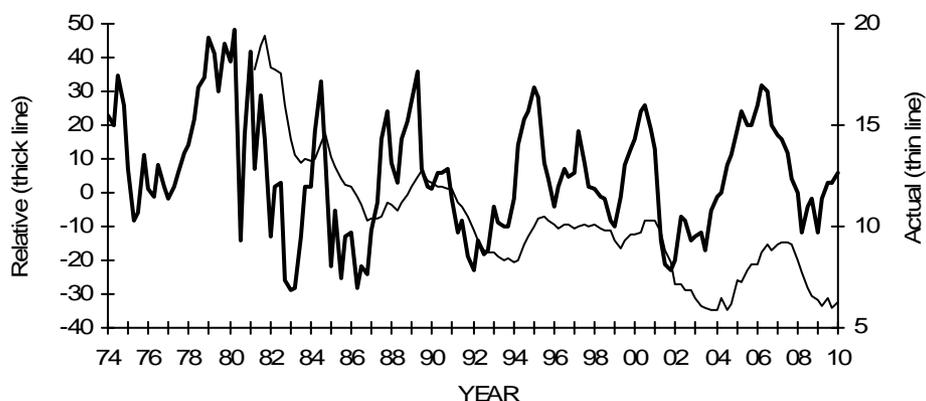
EXPECTED CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	-15	-15
2010	-13											

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January Quarter 1974 to January Quarter 2010



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
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	8	3
2010	6											

*Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

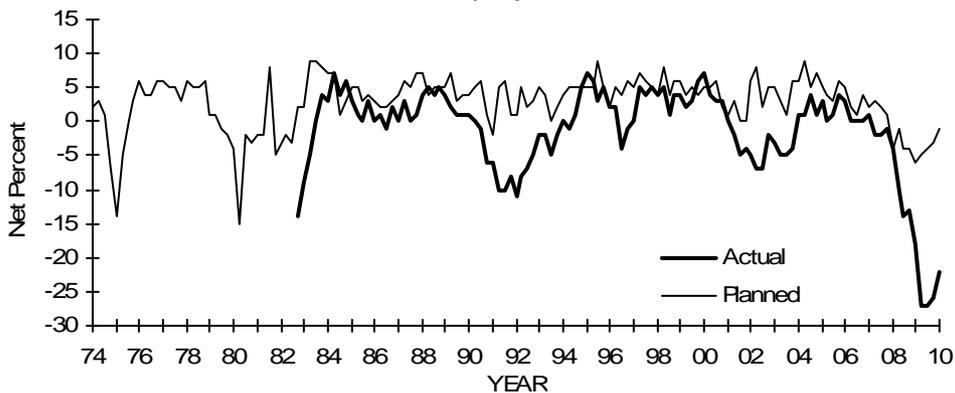
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	7.4	6.7	7.0	7.3	7.0	7.1	7.8	7.6	7.5	8.1	8.1	7.9
2006	8.1	8.3	8.0	8.7	8.1	8.7	9.1	9.0	8.8	8.8	8.3	9.8
2007	9.1	9.3	9.3	9.2	9.5	9.3	9.2	8.7	9.0	9.1	8.5	8.5
2008	8.3	8.1	8.3	7.7	6.9	7.1	7.0	6.9	7.1	6.6	7.0	6.6
2009	6.4	6.2	6.2	6.1	6.3	6.5	6.5	6.1	6.1	6.0	5.9	6.3
2010	6.3											



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January Quarter 1974 to January Quarter 2010
(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
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	-25	-28
2010	-21											

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
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	-2	-4
2010	-1											

INVENTORY PLANS

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

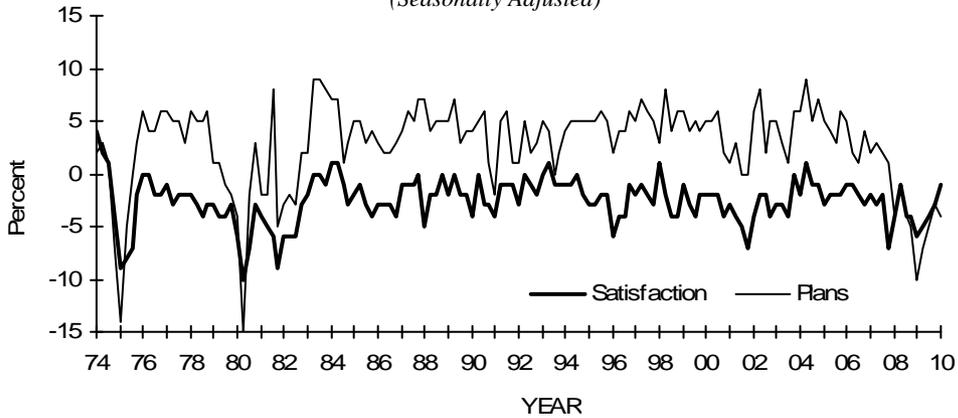
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	5	2	6	4	5	2	3	2	4	6	8	9
2006	5	7	3	2	3	0	1	-1	-1	4	0	0
2007	2	3	3	3	0	-3	2	-4	0	1	2	-3
2008	-4	-2	-2	-1	-4	-5	-4	-9	-3	-5	-6	-4
2009	-10	-10	-13	-7	-3	-6	-5	-7	-6	-3	-3	-8
2010	-4											



SMALL BUSINESS CAPITAL OUTLAYS

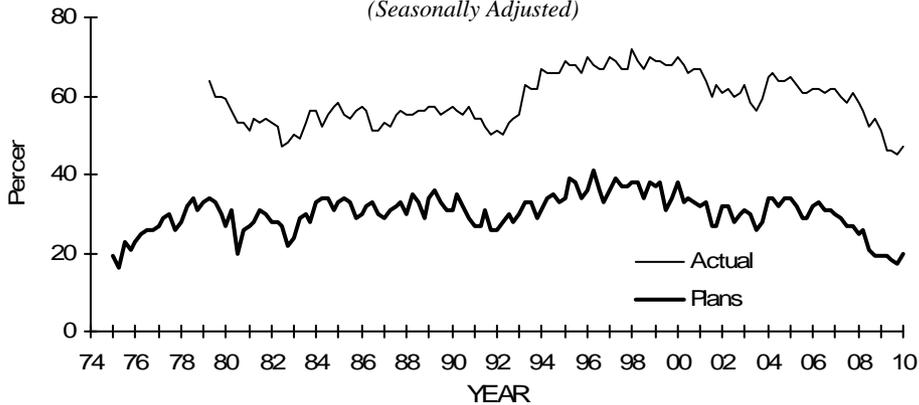
INVENTORY SATISFACTION AND INVENTORY PLANS

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 January Quarter 2010
(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
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	44	44
2010	47											



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	16	20	23
Equipment	32	36	42
Furniture or Fixtures	10	12	12
Add. Bldgs. or Land	3	5	6
Improved Bldgs. or Land	10	13	13

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	4	5	4
\$1,000 to \$4,999	9	9	9
\$5,000 to \$9,999	6	5	6
\$10,000 to \$49,999	16	18	20
\$50,000 to \$99,999	5	7	9
\$100,000 +	7	9	8
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
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	16	18
2010	20											



SINGLE MOST IMPORTANT PROBLEM

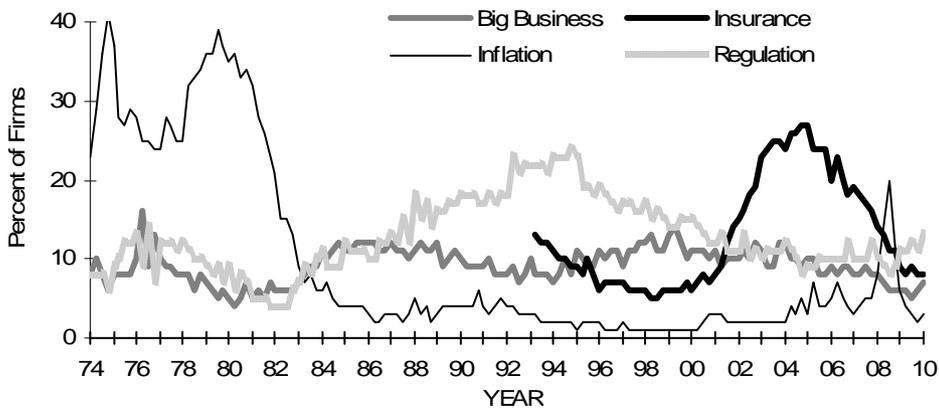
SINGLE MOST IMPORTANT PROBLEM

January 2010

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	22	19	32	8
Inflation	3	6	41	0
Poor Sales	31	28	33	2
Fin. & Interest Rates	5	4	37	2
Cost of Labor	4	5	9	2
Govt. Reqs. & Red Tape	13	11	27	4
Comp. From Large Bus.	7	6	14	4
Quality of Labor	3	6	23	3
Cost/Avail. of Insurance	8	9	29	4
Other	4	6	31	2

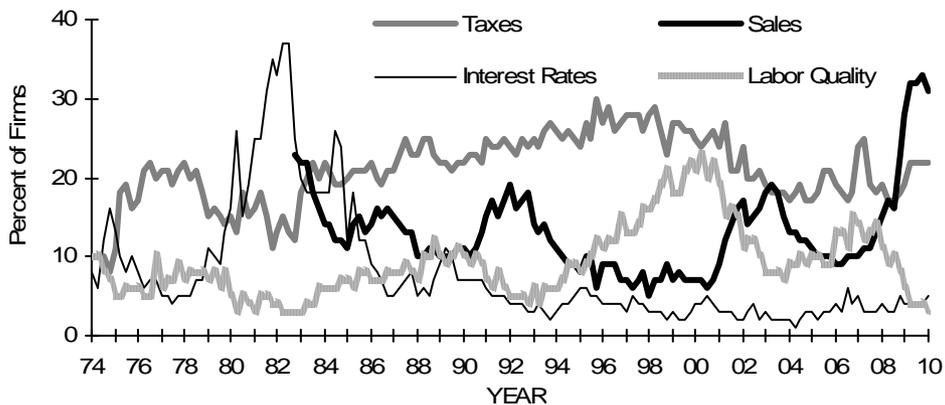
SELECTED SINGLE MOST IMPORTANT PROBLEM

Insurance, Big Business Competition, Inflation, and Regulation
January Quarter 1974 to January Quarter 2010



SELECTED SINGLE MOST IMPORTANT PROBLEM

Sales, Fin. & Interest Rates, Labor Cost, Labor Quality, and Taxes
January Quarter 1974 to January Quarter 2010



SURVEY PROFILE

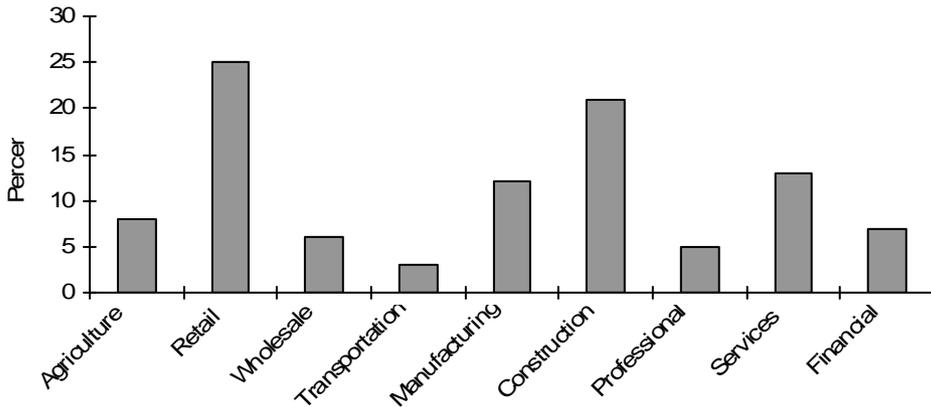
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	825	830
2010	2114											

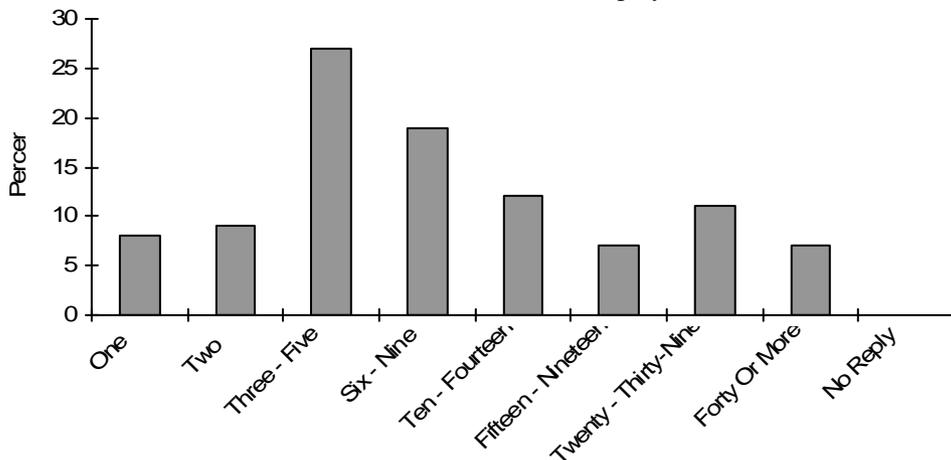
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

