



NFIB SMALL BUSINESS ECONOMIC TRENDS

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December 2014

Based on a Survey of Small and Independent Business Owners

SMALL BUSINESS OPTIMISM INDEX COMPONENTS

Index Component	Seasonally Adjusted Level	Change from Last Month	Contribution to Index Change
Plans to Increase Employment	15%	4	16%
Plans to Make Capital Outlays	29%	4	16%
Plans to Increase Inventories	5%	3	12%
Expect Economy to Improve	12%	- 1	- 4%
Expect Real Sales Higher	20%	6	24%
Current Inventory	- 3%	0	0%
Current Job Openings	25%	1	4%
Expected Credit Conditions	- 5%	1	4%
Now a Good Time to Expand	16%	5	20%
Earnings Trends	- 15%	2	8%
Total Change		25	100%

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

ECONOMIC TRENDS

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

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SUMMARY

OPTIMISM INDEX

The Small Business Optimism Index gained 2.3 points, at long last taking the Index back to its pre-recession average and the highest reading since October 2006. While last month's gain was accounted for just 2 of the 10 Index components (expected business conditions and real sales), the gain in December was broad-based, with 8 components advancing, one unchanged and one declining by just 1 percentage point. The single component posting a decline was expected business conditions 6 months out. Last month, this component posted a 16 point gain, so the 1 percentage point decline simply confirmed the very strong gain in November.

LABOR MARKETS

Fifty-four percent reported hiring or trying to hire, but 43 percent reported few or no qualified applicants for the positions they were trying to fill. Fourteen percent reported using temporary workers, down 1 point. Twenty-five percent of all owners reported job openings they could not fill in the current period, up 1 point from November and a very solid reading. This anticipates a further reduction in the unemployment rate even if job creation is not especially strong. Job creation plans improved 4 points to a seasonally adjusted net 15 percent, one of the stronger readings in NFIB survey history. This is a number consistent with the stronger GDP growth reported in the second half of the year and anticipates a ramp in private sector hiring.

INVENTORIES AND SALES

The pace of inventory reduction shifted to a neutral position, with a net 0 percent of all owners reporting growth in inventories (seasonally adjusted). The net percent of owners viewing current inventory stocks as "too low" was unchanged at a net negative 3 percent. The net percent of owners planning to add to inventory stocks rose 3 points to a net 5 percent, consistent with the improved outlook for sales growth and the positive trend in sales gains. Although satisfaction with current stocks was not strong, if the expected improvements in sales materialize, stocks will be quickly reduced and inventories will need to be built.

Expected real sales volumes posted a 6 point gain, rising to a net 20 percent of owners expecting gains, this on top of November's 5 point gain. Sales prospects are looking up. The net percent of all owners (seasonally adjusted) reporting higher nominal sales in the past 3 months compared to the prior 3 months gained 6 points, rising to a net 2 percent. Eleven percent cited weak sales as their top business problem, one of the lowest readings since December 2007. Consumers really did start to show up, the best thing that can happen to a small business owner. Stronger sales can help cover the rising costs of a burdensome government.

This survey was conducted in December 2014. A sample of 3,938 small-business owners/members was drawn. Five hundred sixty eight (568) usable responses were received – a response rate of 14 percent.



CAPITAL SPENDING

Sixty percent reported outlays, up 3 points from November and the strongest reading since December 2007, the peak of the last expansion. Of those making expenditures, 42 percent reported spending on new equipment (up 3 points), 23 percent acquired vehicles (up 1 point), and 16 percent improved or expanded facilities (up 1 point). Six percent acquired new buildings or land for expansion (up 2 points) and 12 percent spent money for new fixtures and furniture (up 2 points). The percent of owners planning capital outlays in the next 3 to 6 months rose 4 points to 29, the best reading for this expansion but still a bit weak historically. A net 20 percent of all owners expect improved real sales volumes, up 6 points on top of November's 5 point gain. These readings are very supportive of stronger capital spending in 2015.

INFLATION

Seasonally adjusted, the net percent of owners raising selling prices was a net 4 percent, unchanged. There are no inflation pressures coming from Main Street. Twenty-nine percent plan on raising average prices in the next few months (up 6 points), perhaps in anticipation of strong sales which will support price hikes. Four percent plan reductions (up 1 point), far fewer than actually reported reductions in past prices. Seasonally adjusted, a net 22 percent plan price hikes (up 3 points). Should these plans be realized, small businesses will become an engine of inflation.

EARNINGS AND WAGES

Earnings trends improved 2 percentage points, reaching a net negative 15 percent (net percent reporting quarter to quarter earnings trending higher or lower). Perhaps the expected sales growth will be supportive of a growth in profits. Three percent reported reduced worker compensation and 24 percent reported raising compensation, yielding a seasonally adjusted net 25 percent reporting higher compensation, up 4 points. A seasonally adjusted net 17 percent plan to raise compensation in the coming months (up 2 points). The reported gains in compensation are still in the range typical of an economy with reasonable growth, and labor market conditions are suggestive of a tightening, which will put further upward pressure on compensation along with government regulations.

CREDIT MARKETS

Four percent of the owners reported that all their credit needs were not met, holding at the historic low. Thirty-two percent reported all credit needs met, and 52 percent explicitly said they did not want a loan. 2 points. The average rate paid on short maturity loans fell 50 basis points to 5.1 percent. Loan demand remained historically weak. The net percent of owners expecting credit conditions to ease in the coming months was a seasonally adjusted negative 5 percent; 1 point better than November. Interest rates are low, prospects for putting borrowed money profitably to work seem to be improving but loan demand remains weak among small business owners.



COMMENTARY

The BEA reported a blow-out economy in Q3 and Q4 appears to have been OK. But “low rates for too long” never produced the spending surge the Federal Reserve expected. As pointed out years ago in this report, the economy would heal itself in spite of the impediments and distortions government policy put in place, allowing the Federal Reserve to declare “victory” even if its policies were counterproductive as many observers and even some Federal Reserve officials believed. The cost of the QEs is far from clear and remain to be determined. Certainly QE1 was the right move, but only financial markets were the primary beneficiaries of subsequent actions, not the real economy. Fiscal and regulatory policy have provided no help, forcing firms to spend more of their scarce resources complying with record amounts of regulation and leaving the budget and tax policy floating without direction. The budget deficit has declined by a trillion dollars mostly without the benefit of major spending cuts or priority realignments.

So, it took 4½ years from the start of the recovery for the Index of Small Business Optimism to reach its pre-recession average, slogging along, and never once posting an above average reading. Assuming that non-member firms are similar to NFIB members as they are certainly subject to the same economic winds, half of the economy was not participating in the “recovery”, a bifurcated economy. Large firms profited, sending profits and the stock market to record levels, but that success was not shared on Main Street.

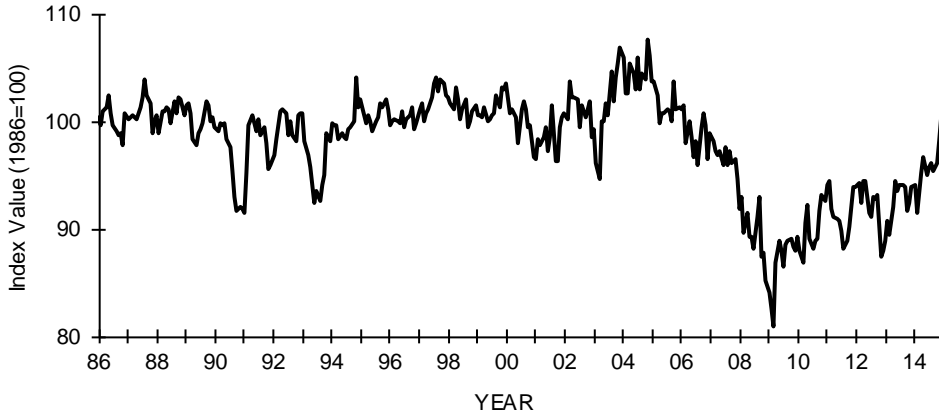
The recovery of Main Street which consists of about 5.5 million firms with fewer than 20 employees, can provide a good base for stronger economic growth. But any election euphoria that persists will soon be snuffed out if Congress cannot lay out a positive plan and make some progress on the top problems facing small business owners including: health insurance costs, uncertainty about economic policy, energy costs, the cost of regulations and red tape and the tax code which is too confiscatory, too complex, and changed too often. Prospects for progress are not that good with President Obama still holding his veto pen.



OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

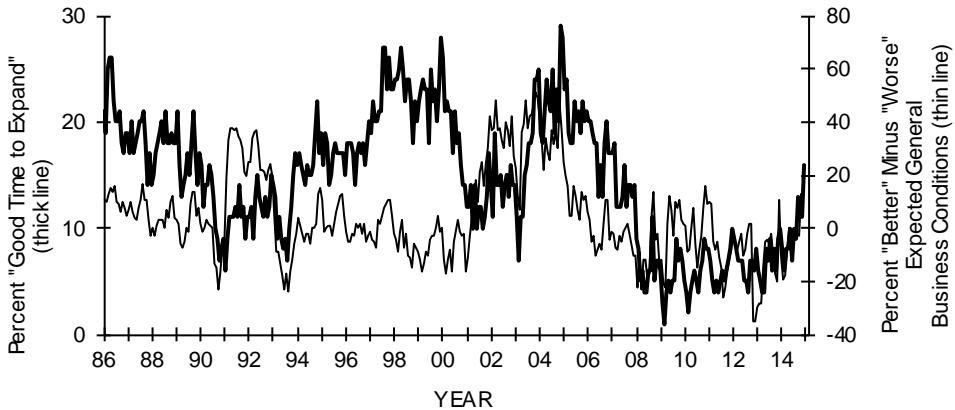
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	84.1	82.6	81.0	86.8	88.9	87.9	86.5	88.6	88.8	89.1	88.3	88.0
2010	89.3	88.0	86.8	90.6	92.2	89.0	88.1	88.8	89.0	91.7	93.2	92.6
2011	94.1	94.5	91.9	91.2	90.9	90.8	89.9	88.1	88.9	90.2	92.0	93.8
2012	93.9	94.3	92.5	94.5	94.4	91.4	91.2	92.9	92.8	93.1	87.5	88.0
2013	88.9	90.8	89.5	92.1	94.4	93.5	94.1	94.1	93.9	91.6	92.5	93.9
2014	94.1	91.4	93.4	95.2	96.6	95.0	95.7	96.1	95.3	96.1	98.1	100.4

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January 1986 to December 2014
(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
2009	6	3	1	4	5	4	5	5	9	7	8	7
2010	5	4	2	4	5	6	5	4	6	7	9	8
2011	8	7	5	4	5	4	6	5	6	7	8	10
2012	9	8	7	7	7	5	5	4	7	7	6	8
2013	6	5	4	4	8	7	9	6	8	6	9	10
2014	8	6	8	8	10	7	10	9	13	11	11	16

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
December 2014

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	5	28	11
Sales Prospects	4	5	4
Fin. & Interest Rates	2	2	0
Cost of Expansion	0	4	5
Political Climate	1	10	12
Other/Not Available	0	4	4

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

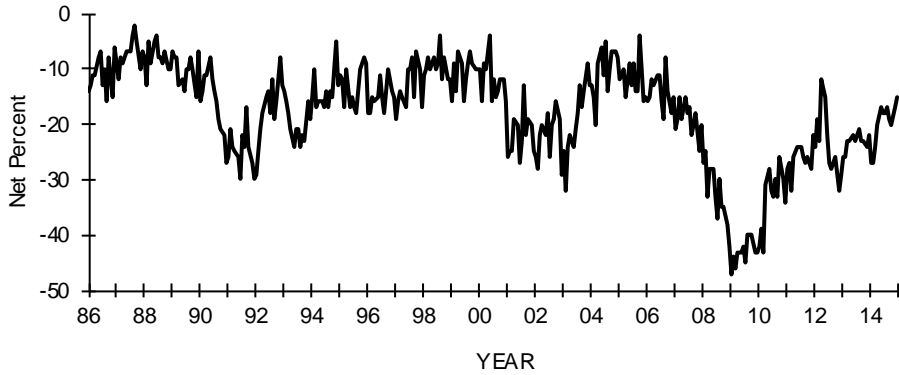
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	-12	-21	-22	2	12	7	-3	10	8	11	3	2
2010	1	-9	-8	0	8	-6	-15	-8	-3	8	16	9
2011	10	9	-5	-8	-5	-11	-15	-26	-22	-16	-12	-8
2012	-3	-6	-8	-5	-2	-10	-8	-2	2	2	-35	-35
2013	-30	-28	-28	-15	-5	-4	-6	-2	-10	-17	-20	-11
2014	-11	-19	-18	-9	0	-10	-6	-3	-2	-3	13	12



SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to December 2014
(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
2009	-47	-44	-46	-43	-43	-42	-45	-40	-40	-40	-43	-43
2010	-42	-39	-43	-31	-28	-32	-33	-30	-33	-26	-30	-34
2011	-28	-27	-32	-26	-24	-24	-24	-26	-27	-26	-28	-22
2012	-24	-19	-23	-12	-15	-22	-27	-28	-27	-26	-32	-29
2013	-26	-26	-23	-23	-22	-23	-22	-21	-23	-23	-24	-22
2014	-27	-27	-24	-20	-17	-18	-18	-17	-19	-20	-17	-15

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
December 2014

	Current Month	One Year Ago	Two Years Ago
Sales Volume	10	15	17
Increased Costs*	10	10	11
Cut Selling Prices	4	2	4
Usual Seasonal Change	6	3	4
Other	3	7	5

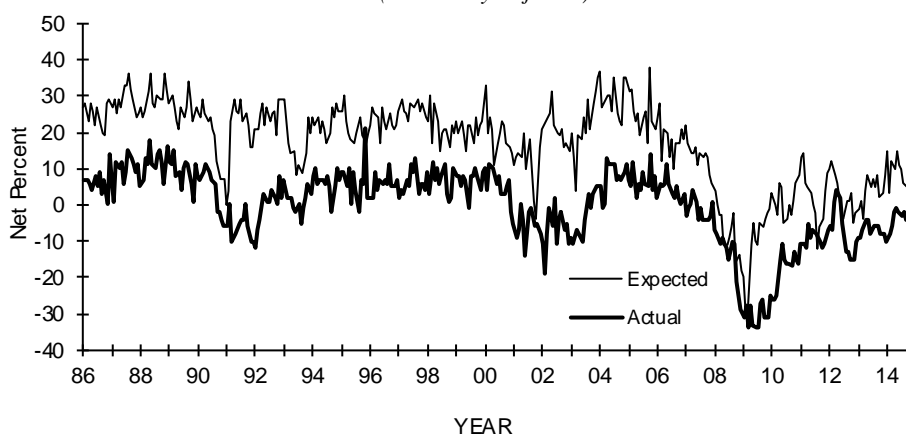
* Increased costs include labor, materials, finance, taxes, and regulatory costs.



SMALL BUSINESS SALES

SALES

Actual (Prior Three Months) and Expected (Next Three Months)
 January 1986 to December 2014
 (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
2009	-31	-28	-34	-28	-33	-34	-34	-27	-26	-31	-31	-25
2010	-26	-26	-25	-15	-11	-15	-16	-16	-17	-13	-15	-16
2011	-11	-11	-12	-5	-9	-7	-8	-9	-10	-12	-11	-7
2012	-6	-7	1	4	2	-5	-9	-13	-13	-15	-15	-10
2013	-9	-9	-7	-4	-4	-8	-7	-6	-6	-8	-8	-8
2014	-10	-8	-6	-2	-1	-2	-3	-2	-4	-3	-4	2

SALES EXPECTATIONS

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

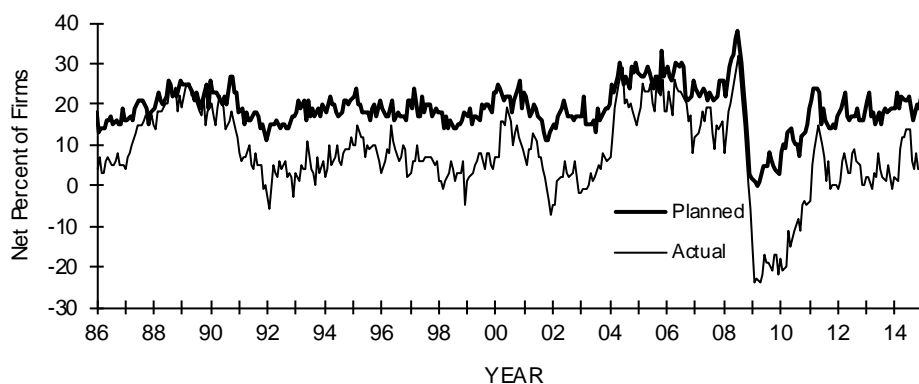
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	-20	-29	-31	-11	-5	-10	-11	-5	-6	-4	-2	-1
2010	3	0	-3	6	5	-5	-4	0	-3	1	6	8
2011	13	14	6	5	3	0	-2	-12	-6	-4	4	9
2012	10	12	8	6	2	-3	-4	1	1	3	-5	-2
2013	-1	1	-4	4	8	5	7	5	8	2	3	8
2014	15	3	12	10	15	11	10	6	5	9	14	20



SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
 January 1986 to December 2014
 (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
2009	-15	-24	-23	-24	-22	-17	-19	-19	-21	-17	-17	-22
2010	-18	-21	-20	-11	-15	-13	-11	-8	-11	-5	-4	-5
2011	-4	5	9	12	15	10	7	1	6	-1	0	0
2012	-1	1	6	8	3	3	8	9	6	5	0	0
2013	2	2	-1	3	2	8	4	2	1	5	2	-1
2014	2	1	9	12	12	14	14	6	4	8	4	4

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
2009	2	1	0	1	3	5	5	8	6	5	4	3
2010	8	10	9	13	14	11	10	10	7	12	13	15
2011	19	21	24	24	23	15	19	16	14	14	15	14
2012	17	19	21	23	17	16	17	17	19	16	16	16
2013	21	23	17	18	15	18	15	18	19	18	19	19
2014	19	23	19	22	21	21	22	19	16	20	19	22



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
2009	-15	-15	-22	-25	-24	-23	-17	-16	-16	-12	-12	-12
2010	-10	-9	-11	-12	-12	-10	-5	-2	-3	-6	-2	-1
2011	-4	-2	-4	-6	-3	-7	-2	-2	-5	0	2	1
2012	0	-2	-3	-4	-5	-3	1	2	-3	1	-1	-2
2013	2	-2	-2	-2	-3	-1	-1	4	0	3	2	4
2014	2	2	-1	-2	-1	-1	3	4	3	3	2	9

QUALIFIED APPLICANTS FOR JOB OPENINGS

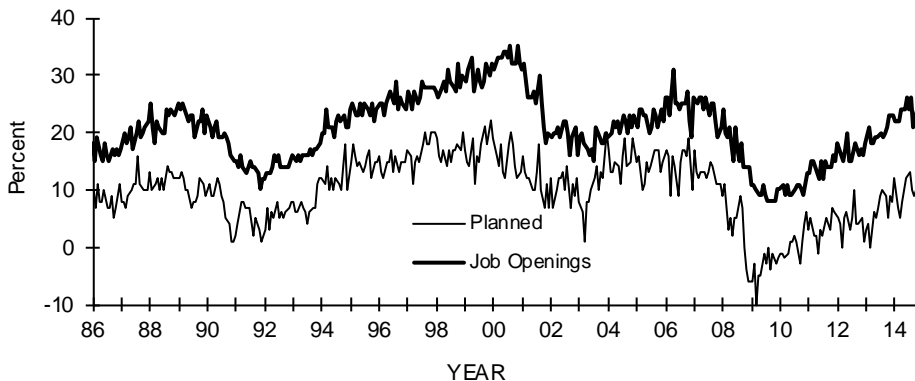
Percent Few or No Qualified Applicants
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	*	*	24	24	25	27	26	23	25	25	28	21
2010	24	26	23	26	26	25	28	32	30	28	27	28
2011	28	30	29	32	30	33	31	33	34	31	35	34
2012	31	31	32	34	37	33	38	37	41	38	36	33
2013	34	34	36	38	38	41	40	42	41	40	44	38
2014	38	40	41	41	46	43	42	46	42	45	45	43



EMPLOYMENT

Planned Next Three Months and Current Job Openings
January 1986 to December 2014
(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
2009	11	11	10	9	9	11	9	8	8	8	8	10
2010	10	11	9	11	9	9	10	11	11	10	9	13
2011	13	15	15	14	12	15	12	15	14	14	16	15
2012	18	17	15	17	20	15	15	18	17	16	17	16
2013	18	21	18	18	19	19	20	19	20	21	23	23
2014	22	22	22	24	24	26	24	26	21	24	24	25

HIRING PLANS

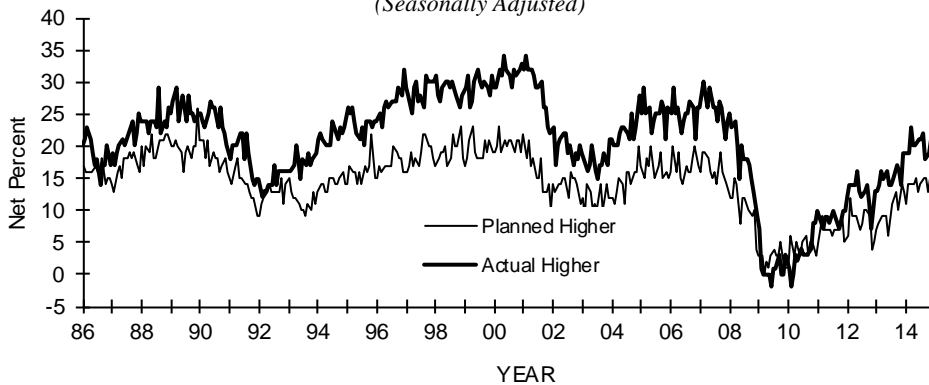
Net Percent ("Increase" Minus "Decrease") in the Next Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	-6	-3	-10	-5	-5	-1	-3	0	-4	-1	-3	-2
2010	-1	-1	-2	-1	1	1	2	1	-3	1	4	6
2011	3	5	2	2	-1	3	2	5	4	3	7	6
2012	5	4	0	5	6	3	5	10	4	4	5	1
2013	3	4	0	6	5	7	9	10	9	5	9	8
2014	12	7	5	8	10	12	13	10	9	10	11	15

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to December 2014
(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
2009	7	1	0	0	0	-2	1	1	3	0	0	3
2010	1	-2	0	3	2	4	3	3	3	4	8	8
2011	10	8	7	9	9	8	10	9	8	7	10	10
2012	12	14	14	14	16	13	12	13	14	11	7	13
2013	13	14	16	15	16	14	14	15	17	16	14	19
2014	19	19	23	20	20	21	21	22	18	19	21	25

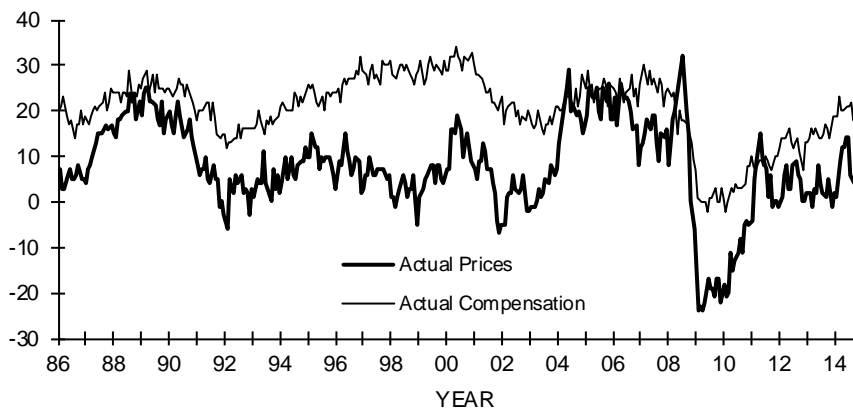
COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	3	3	0	2	1	3	4	3	3	5	1	1
2010	1	6	3	5	4	3	5	6	3	5	5	3
2011	5	7	9	7	7	7	6	7	7	8	9	5
2012	6	12	9	9	9	7	8	10	10	9	4	5
2013	7	8	9	9	9	6	11	12	13	10	14	13
2014	11	14	14	14	15	13	14	15	15	13	15	17

PRICES AND LABOR COMPENSATION

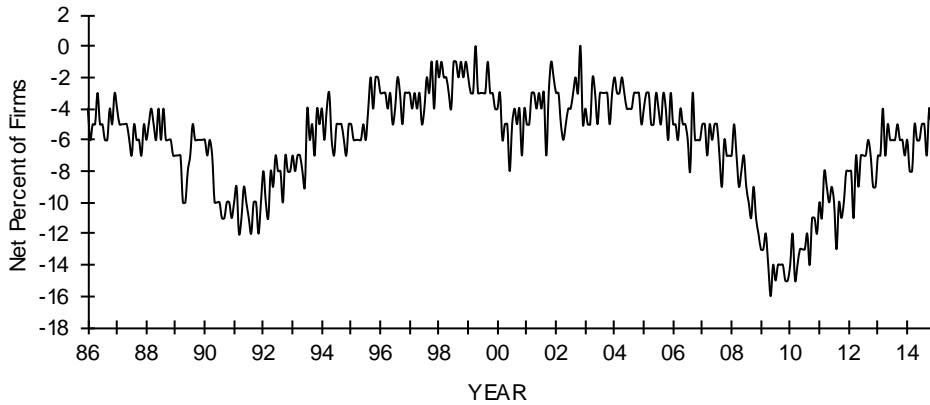
Net Percent Price Increase and Net Percent Compensation
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1986 to December 2014



* 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
2009	35	36	33	33	34	30	33	32	33	33	33	33
2010	32	34	35	31	32	29	32	31	33	31	28	30
2011	31	31	29	32	29	29	30	32	31	30	34	31
2012	32	32	31	32	32	29	31	30	31	30	30	29
2013	31	29	30	31	29	29	31	28	30	28	29	30
2014	31	30	31	30	31	28	30	29	31	28	33	31



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
2009	-13	-13	-12	-14	-16	-14	-15	-14	-14	-14	-15	-15
2010	-14	-12	-15	-14	-13	-13	-13	-12	-14	-11	-11	-12
2011	-10	-11	-8	-9	-10	-9	-10	-13	-10	-11	-10	-8
2012	-8	-8	-11	-7	-9	-7	-7	-7	-6	-7	-9	-9
2013	-7	-7	-4	-7	-5	-6	-6	-6	-5	-6	-6	-7
2014	-6	-8	-8	-5	-6	-6	-5	-5	-7	-4	-5	-3

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
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	29/9	29/11	28/9	28/8	25/10	27/9	27/9	27/9	26/9	25/9	28/9
2011	28/8	29/8	28/7	28/8	28/8	25/9	28/8	28/7	29/8	28/9	30/7	29/7
2012	30/7	31/7	27/8	31/8	29/9	29/7	30/7	31/7	32/8	28/8	28/6	29/6
2013	31/6	29/7	29/7	31/6	28/5	29/5	30/5	31/5	28/6	28/6	32/4	32/4
2014	31/5	29/5	30/5	30/5	30/5	27/6	30/6	28/4	28/6	29/4	29/4	32/4

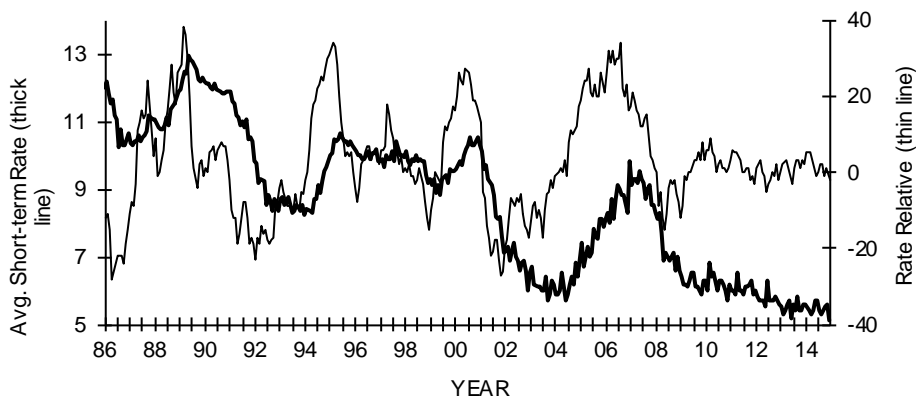
EXPECTED CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	-14	-16	-14	-12	-15	-13	-14	-13	-15	-16	-15	-15
2010	-13	-14	-16	-15	-12	-13	-14	-14	-14	-12	-10	-11
2011	-10	-10	-9	-13	-11	-10	-11	-13	-12	-11	-10	-9
2012	-9	-10	-11	-8	-10	-8	-7	-9	-7	-8	-10	-11
2013	-9	-8	-6	-8	-6	-7	-8	-8	-7	-8	-7	-7
2014	-7	-7	-7	-6	-7	-7	-5	-5	-7	-5	-6	-5

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January 1986 to December 2014



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
2009	-12	-9	-1	-2	0	0	3	3	5	3	8	3
2010	6	6	9	5	4	0	2	3	1	1	0	1
2011	3	6	5	5	3	0	0	1	1	-2	-1	-3
2012	1	2	3	0	-1	-5	-3	-2	0	-1	2	-2
2013	0	2	3	1	-1	-3	1	3	3	1	3	2
2014	5	5	5	3	1	-1	0	2	2	-1	1	-2

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

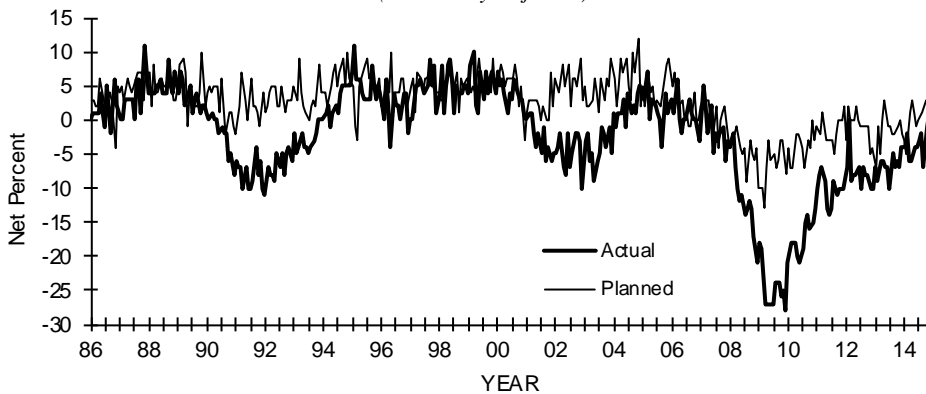
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	6.4	6.2	6.2	6.1	6.3	6.5	6.5	6.1	6.1	6.0	5.9	6.3
2010	6.3	6.0	6.8	6.4	6.5	6.0	6.3	6.3	6.2	6.0	5.7	6.2
2011	6.0	6.0	5.9	6.5	6.0	6.0	5.9	6.1	6.1	6.2	6.3	5.9
2012	6.0	5.8	5.7	5.7	5.5	6.3	5.7	5.7	5.7	5.8	5.7	5.6
2013	5.5	5.3	5.4	5.6	5.7	5.2	5.6	5.4	5.8	5.4	5.4	5.6
2014	5.6	5.4	5.3	5.4	5.7	5.7	5.4	5.3	5.4	5.5	5.6	5.1



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January 1986 to December 2014
(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
2009	-18	-19	-23	-27	-27	-27	-27	-24	-24	-26	-25	-28
2010	-21	-18	-18	-18	-20	-21	-19	-15	-14	-16	-15	-13
2011	-10	-8	-7	-9	-13	-14	-13	-9	-11	-10	-10	-10
2012	-7	0	-9	-8	-8	-7	-10	-7	-8	-8	-10	-10
2013	-7	-9	-6	-6	-7	-7	-10	-5	-7	-6	-7	-4
2014	-4	-2	-6	-6	-4	-4	-3	-2	-7	-1	1	0

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
2009	-6	-5	-4	-5	-2	-5	-4	-4	0	-3	-2	-4
2010	-1	-1	-1	1	0	-1	0	-1	-2	1	-3	-3
2011	0	2	-1	1	-1	-1	0	1	-1	0	-1	0
2012	1	2	3	0	0	0	0	0	-1	0	-2	0
2013	-1	1	-1	-1	1	-2	-1	0	0	-5	-4	-5
2014	-2	-4	0	-1	-2	-2	-3	-2	0	-3	-3	-3

INVENTORY PLANS

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

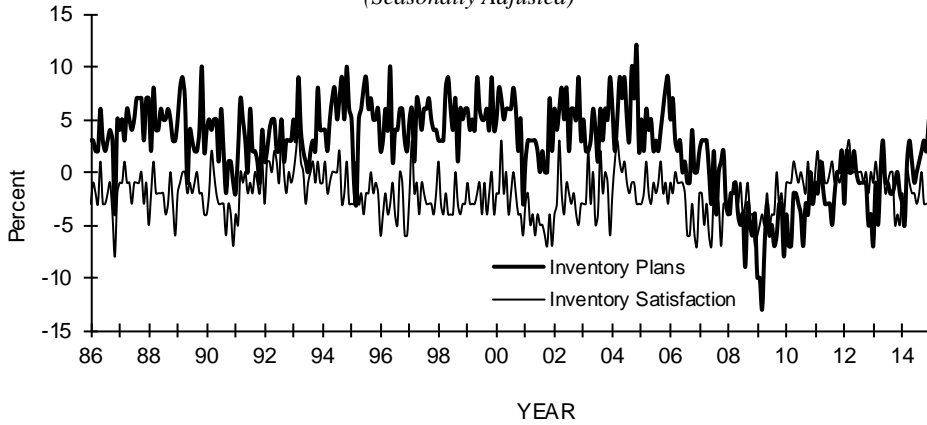
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	-10	-10	-13	-7	-3	-6	-5	-7	-6	-3	-3	-8
2010	-4	-7	-7	-2	2	-3	-4	-7	-3	-4	0	-3
2011	-1	-2	1	-1	-3	-3	-3	-5	-2	0	0	2
2012	-3	2	0	0	2	0	-1	-1	-1	-1	-5	-4
2013	-7	-1	-5	0	3	-1	-1	-2	-2	-1	0	-2
2014	-3	-5	1	3	1	-1	0	1	2	3	2	5



SMALL BUSINESS CAPITAL OUTLAYS

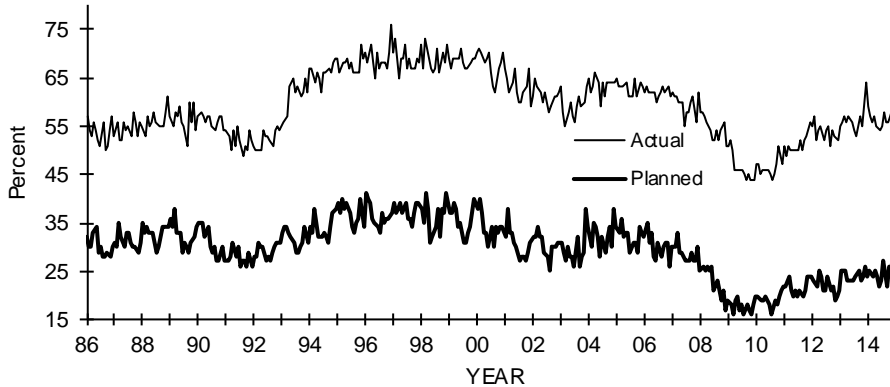
INVENTORY SATISFACTION AND INVENTORY PLANS

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 December 2014
(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
2009	51	52	50	46	46	46	46	45	44	45	44	44
2010	47	47	45	46	46	46	45	44	45	47	51	47
2011	51	49	51	50	50	50	50	52	50	52	53	56
2012	55	57	52	54	55	52	54	55	51	54	53	52
2013	55	56	57	56	57	56	54	53	55	57	55	64
2014	59	57	56	57	55	54	55	58	56	56	57	60



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	23	26	18
Equipment	42	43	39
Furniture or Fixtures	12	16	11
Add. Bldgs. or Land	6	8	6
Improved Bldgs. or Land	16	16	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	3	3	3
\$1,000 to \$4,999	9	9	10
\$5,000 to \$9,999	5	8	4
\$10,000 to \$49,999	21	20	15
\$50,000 to \$99,999	10	9	8
\$100,000 +	12	14	11
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
2009	19	18	16	19	20	17	18	16	18	17	16	18
2010	20	20	19	19	20	19	18	16	19	18	20	21
2011	22	22	24	21	20	21	20	21	20	21	24	24
2012	24	23	22	25	24	21	21	24	21	22	19	20
2013	21	25	25	23	23	23	23	24	25	23	24	26
2014	24	25	24	25	24	22	23	27	22	26	25	29



SINGLE MOST IMPORTANT PROBLEM

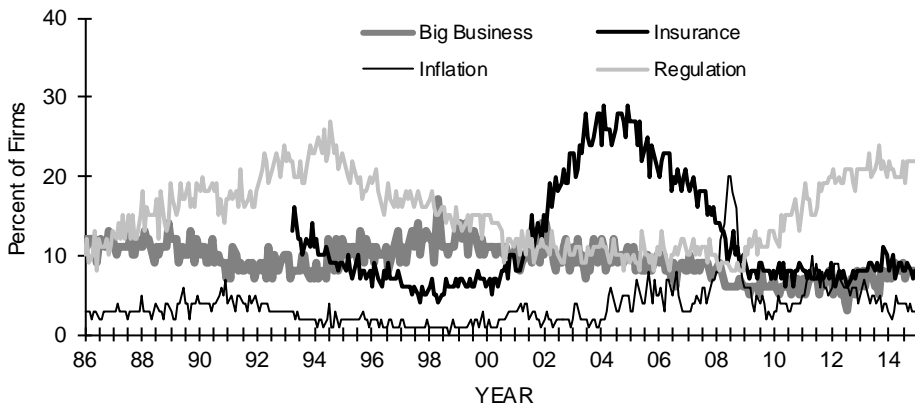
SINGLE MOST IMPORTANT PROBLEM

December 2014

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	27	23	32	8
Inflation	3	4	41	0
Poor Sales	11	14	34	2
Fin. & Interest Rates	1	2	37	1
Cost of Labor	4	4	9	2
Govt. Reqs. & Red Tape	22	20	27	4
Comp. From Large Bus.	8	7	14	4
Quality of Labor	11	8	24	3
Cost/Avail. of Insurance	8	10	29	4
Other	5	8	31	1

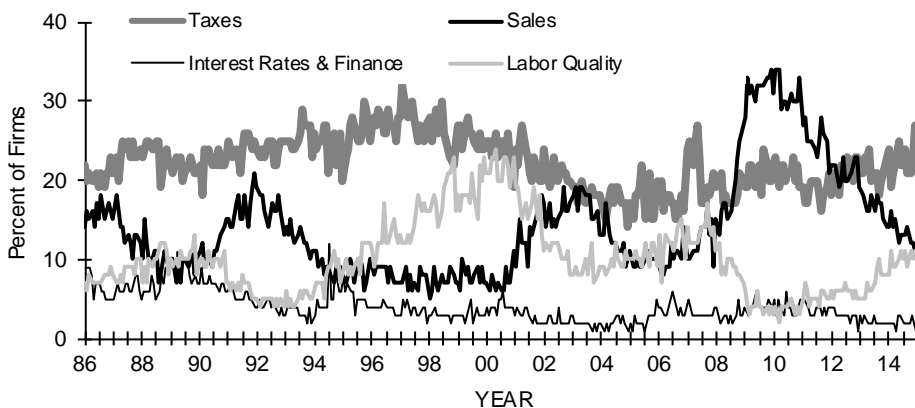
SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation
January 1986 to December 2014



SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality
January 1986 to December 2014



SURVEY PROFILE

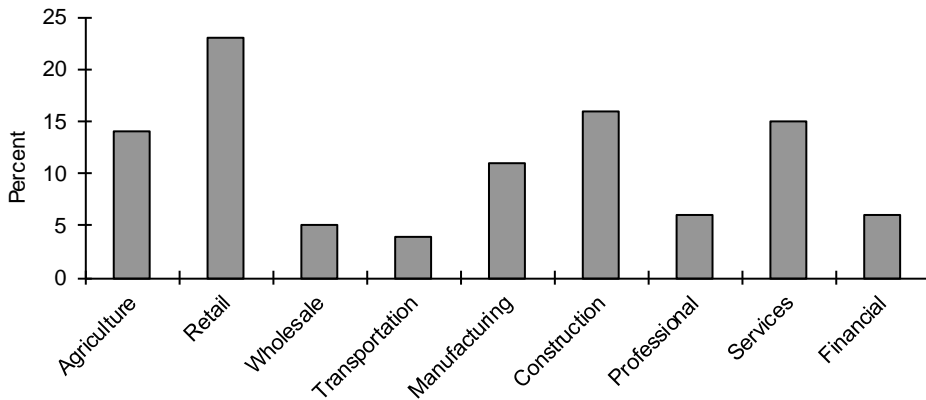
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	2013	846	867	1794	814	758	1994	882	827	2059	825	830
2010	2114	799	948	2176	823	804	2029	874	849	1910	807	804
2011	2144	774	811	1985	733	766	1817	926	729	2077	781	735
2012	2155	819	757	1817	681	740	1803	736	691	2029	733	648
2013	2033	870	759	1873	715	662	1615	782	773	1940	762	635
2014	1864	792	685	1699	678	672	1645	598	608	1502	615	568

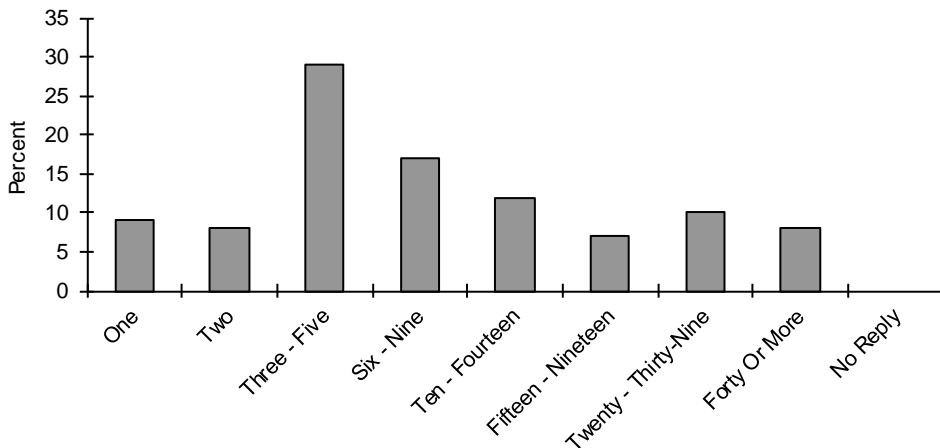
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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



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

