



NFIB SMALL BUSINESS ECONOMIC TRENDS

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October 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	-4%	-4	*
Plans to Make Capital Outlays	18%	2	*
Plans to Increase Inventories	-6%	1	*
Expect Economy to Improve	8%	-2	*
Expect Real Sales Higher	-6%	-1	*
Current Inventory	0%	4	*
Current Job Openings	8%	0	*
Expected Credit Conditions	-15%	-2	*
Now a Good Time to Expand	9%	4	*
Earnings Trends	-40%	0	*
Total Change		2	*

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 0.2 points, rising to 88.8 (1986=100), 7.8 points higher than the survey's second lowest reading reached in March 2009. The gain was minor, so the good news is still that the Index did not decline. But all in all, the gain is less than was hoped for. Four of the ten Index components posted gains, two were unchanged, and four declined. The biggest problem continues to be poor sales, as 32 percent said "weak sales" was their top business problem.

LABOR MARKETS

In September, small business owners reported a decline in average employment per firm of 0.83 workers reported during the prior three months, a big improvement from May but virtually no change from July and August and historically the 6th largest loss per firm in the 35 year survey history (the record is -1.26 in May 2009). Seven percent of the owners increased employment and 23 percent reduced employment, yielding a seasonally adjusted net -16 percent of owners decreasing employment in the last three months, unchanged from August. Eight percent (seasonally adjusted) reported unfilled job openings, also unchanged from August. Over the next three months, 16 percent plan to reduce employment (up three points), and seven percent plan to create new jobs (unchanged), yielding a seasonally adjusted net negative four percent of owners planning to create new jobs, a four point deterioration from last month.

CAPITAL SPENDING

The frequency of reported capital outlays over the past six months fell one point to 44 percent of all firms, a record low reading. Plans to make capital expenditures over the next few months rose two points from a 35 year record low to 18 percent. Nine percent characterized the current period as a good time to expand facilities, up four points from August, a good sign. However, a net eight percent expect business conditions to improve over the next six months, down two points from August but 11 points ahead of the July reading.

INVENTORIES AND SALES

The net percent of all owners (seasonally adjusted) reporting higher sales in the past three months remained negative at -26 percent, up a point and eight points better than the record low set in March and revisited in June and July. Small business owners continued to liquidate inventories and weak sales trends gave little reason to order new stocks. A net negative 24 percent of all owners reported gains in inventory stocks (more firms cut stocks than added to them, seasonally adjusted), three points better than the record low of negative 27 recorded each month from April through July.



INFLATION

The weak economy continued to put downward pressure on prices. Ten percent of the owners reported raising average selling prices, but 32 percent reported price reductions. Seasonally adjusted, the net percent of owners raising prices was negative 21 percent, a two points decline from August. Far more owners are cutting prices than raising them. Plans to raise prices fell two points to a net seasonally adjusted six percent of owners, 32 points below the July 2008 reading. On the cost or input side, the percent of owners citing inflation as their number one problem was steady at four percent, so neither labor costs nor materials costs are 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. Not seasonally adjusted, 14 percent reported profits higher (down two points), but 50 percent reported profits falling (unchanged). Weak 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. Reports of increased compensation did rise two points to 14 percent, a good sign in this environment. Seasonally adjusted, a net seven percent reported raising worker compensation, up one point from August but only four points above June's record low reading - an improvement, but small.

CREDIT MARKETS

Thirty-three (33) percent reported regular borrowing, typical of the post-1983 period, down a point from July. 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. Thirty (30) percent reported all their borrowing needs met (unchanged) compared to 10 percent who reported problems obtaining desired financing (up three points, not seasonally adjusted). The net percent of owners reporting loans harder to get was unchanged at 14 percent of all firms. But only four percent of the owners reported "finance" as their #1 business problem. Pre-1983, as many as 37 percent cited financing and interest rates as their top problem. The percent of owners reporting higher interest rates on their most recent loan was nine percent, while three percent reported lower rates. The net percent of owners expecting credit conditions to ease in the coming months was a seasonally adjusted net negative 15 percent (more owners expect that it will be "harder" to arrange financing), two points worse than the August reading. Owners do not see credit conditions easing much in spite of the Federal Reserve's hugely expansionary policies.



COMMENTARY

Although third quarter real Gross Domestic Product growth will likely be over three percent (a stunning improvement from the six percent shrinkage in the first quarter, the surge has not shown up on Main Street as of yet. Reported capital spending was at a survey-low level (started in 1973). More firms plan more inventory reductions than plan to invest, and more owners plan to trim their workforce than plan to increase employment. Quarterly reports on sales reveal 41 percent experiencing declines compared to 21 percent reporting quarterly gains. Quarterly profit trends are the worse in survey history, with 50 percent reporting declines compared to 14 percent reporting gains.

And, owners are not looking for a lot of improvement. About 40 percent expect real sales volumes to decline in the coming months in contrast to about 25 percent expecting gains. Only seven percent think the current period is a good time to expand, near the survey low. Credit markets are expected to remain difficult for those wanting to borrow, but with inventory investment and capital spending plans near historic lows, it is clear that loan demand (not the supply of credit) is weak. Legislative activities in Washington undoubtedly dampen the outlook with talk about health care mandates, cap and trade, card check, and new taxes on all sorts of goods and services. Many will wonder if it is worth the effort to try to grow the firm.

Now, some in Congress are considering “Stimulus II”, which may take the form of a jobs tax credit similar to that enacted in 1976-77. Some feel this was a successful program, creating new jobs. But it is likely that “government job creation” is an oxymoron. Such a program does not pass a simple “smell test” of logic. Even a minimum wage worker costs about \$20,000 (all in). For example, who would spend \$20,000 to get a \$5,000 credit if there were no use for the worker (e.g. the worker could not generate more than \$15,000 in revenue to cover the cost of hiring). Firms will not hire people to just stand around, and cannot pay workers more than the revenue they generate for the firm. With weak consumer demand, more workers are apparently not needed and owners are not hiring. A jobs credit will not bring in more sales.

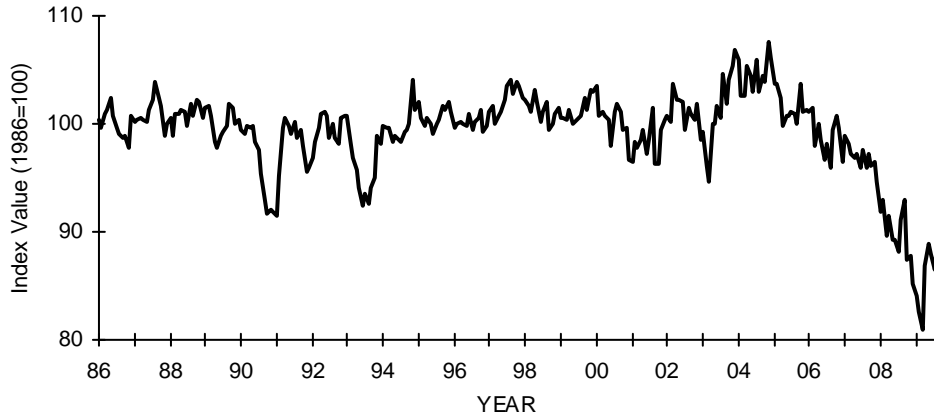
Such a program, if passed, would be the “cash for clunkers” program for the job market. Hiring might be delayed in anticipation of the program if it is proposed in Congress and debated for a period of time and, unless prevented, might induce some firms to release workers and re-hire them as “new.” Such a program will involve red tape and complex formulas to compute credits, and most if not all of the money will be paid for workers that would be hired anyway. All this would not induce many consumers to increase their spending, the top need identified by business owners. Labor is cheap, customers are needed. Maybe giving the money to consumers would be simpler. When consumer spending picks up, firms will have reason to 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)

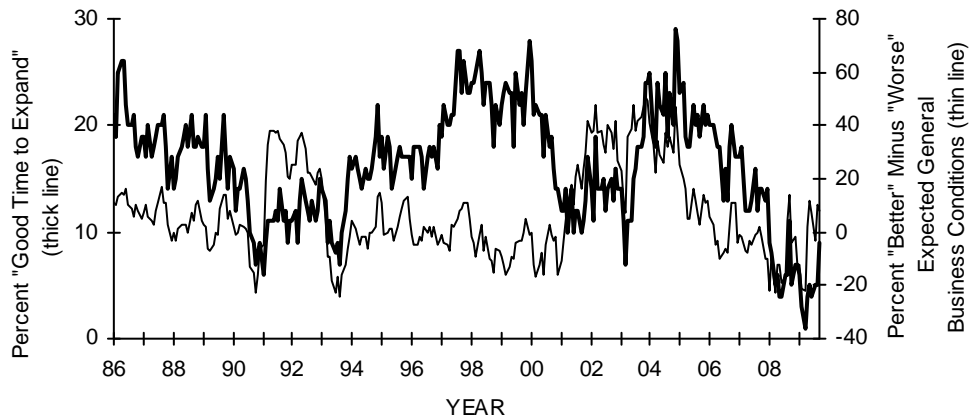
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	105.8	102.6	102.6	105.3	104.5	103.0	105.9	102.9	104.5	103.9	107.7	106.1
2005	103.7	103.7	102.5	99.8	100.8	100.8	101.1	100.9	100.0	103.7	101.2	101.4
2006	101.1	101.5	98.0	100.1	98.5	96.7	98.1	95.9	99.4	100.7	99.7	96.5
2007	98.9	98.2	97.3	96.8	97.2	96.0	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	87.9	86.5	88.6	88.8			



SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January 1986 to September 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			

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
September 2009

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	2	51	10
Sales Prospects	2	6	1
Fin. & Interest Rates	1	2	1
Cost of Expansion	1	2	0
Political Climate	0	13	3
Other/Not Available	1	1	1



OUTLOOK FOR GENERAL BUSINESS CONDITIONS

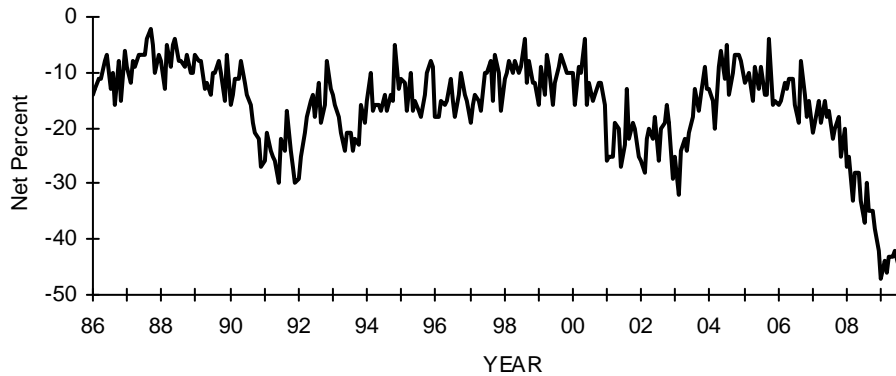
Net Percent ("Better" Minus "Worse") Six Months From Now
(Seasonally Adjusted)

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

SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to September 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			



MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
September 2009

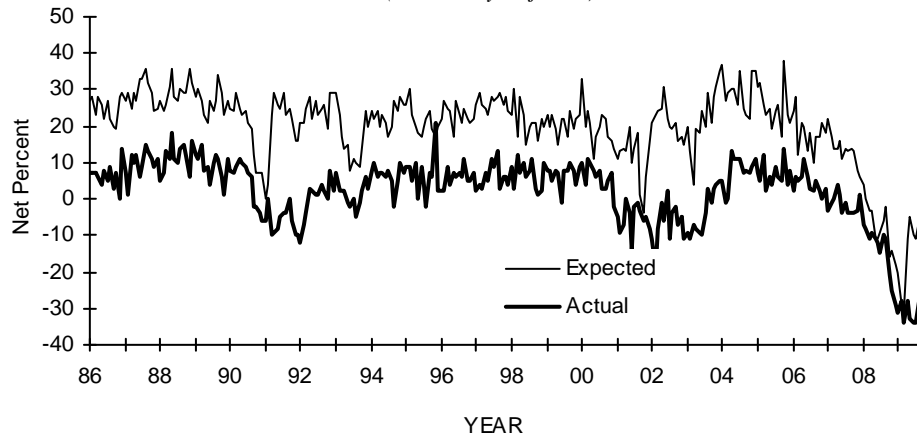
Reason	Current Month	One Year Ago	Two Years Ago
Sales Volume	31	19	13
Increased Costs*	8	20	13
Cut Selling Prices	4	2	3
Usual Seasonal Change	2	3	4
Other	5	3	1

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

SMALL BUSINESS SALES

SALES

Actual (Prior Three Months) and Expected (Next Three Months)
 January 1986 to September 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			



SALES EXPECTATIONS

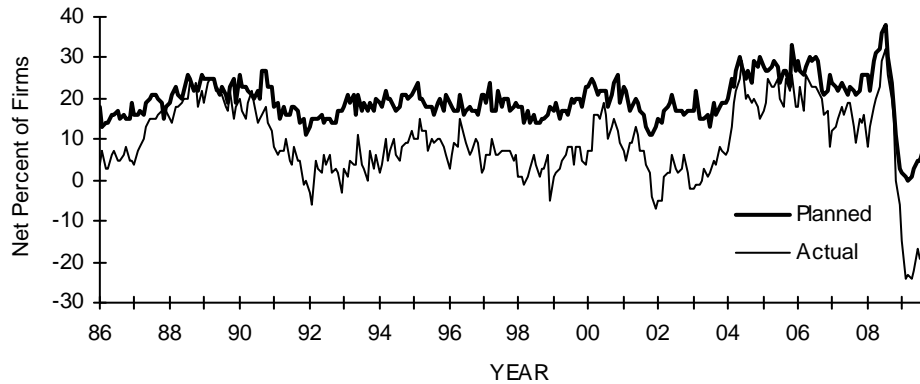
Net Percent (“Higher” Minus “Lower”) During Next Three Months
 (Seasonally Adjusted)

	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			

SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
 January 1986 to September 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			



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			

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			

QUALIFIED APPLICANTS FOR JOB OPENINGS

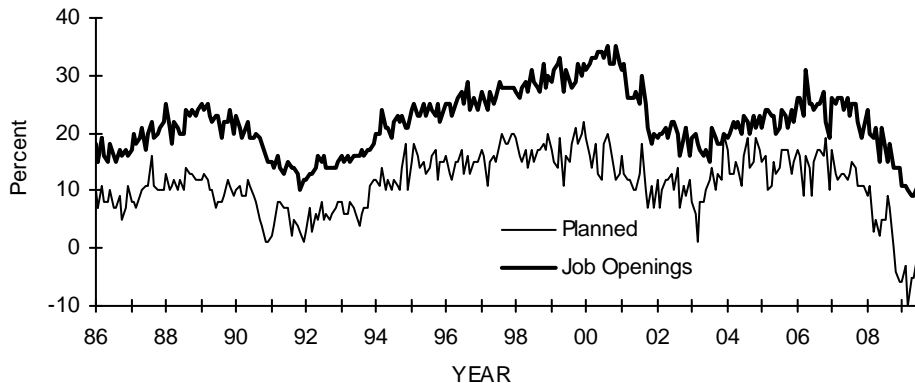
Percent Few or No Qualified Applicants
(Seasonally Adjusted)

	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			



EMPLOYMENT

Planned Next Three Months and Current Job Openings
January 1986 to September 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			

HIRING PLANS

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

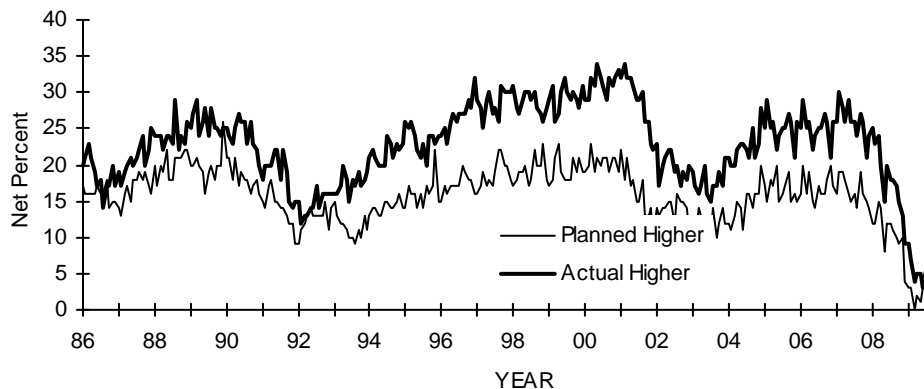
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	17	13	13	15	14	11	16	19	14	15	19	17
2005	15	16	10	11	15	13	14	17	17	17	13	15
2006	17	16	9	16	14	9	15	17	17	16	19	10
2007	17	13	12	13	13	12	13	15	14	11	11	11
2008	9	11	3	5	2	5	5	9	7	0	-4	-6
2009	-6	-3	-10	-5	-5	-1	-3	0	-4			



SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to September 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			

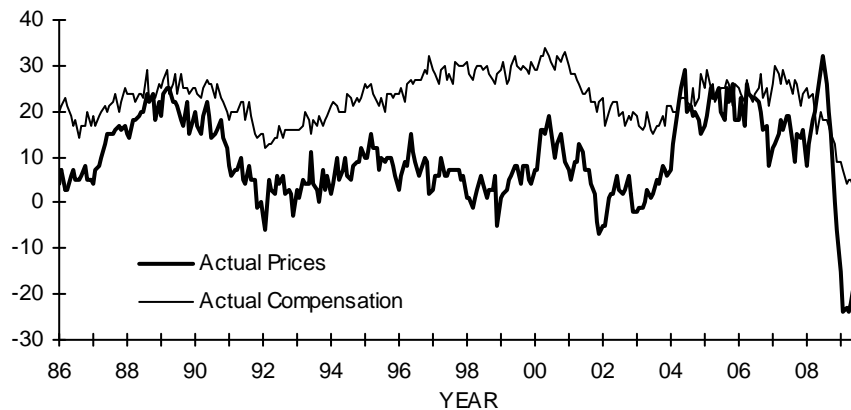
COMPENSATION PLANS

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	16	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			

PRICES AND LABOR COMPENSATION

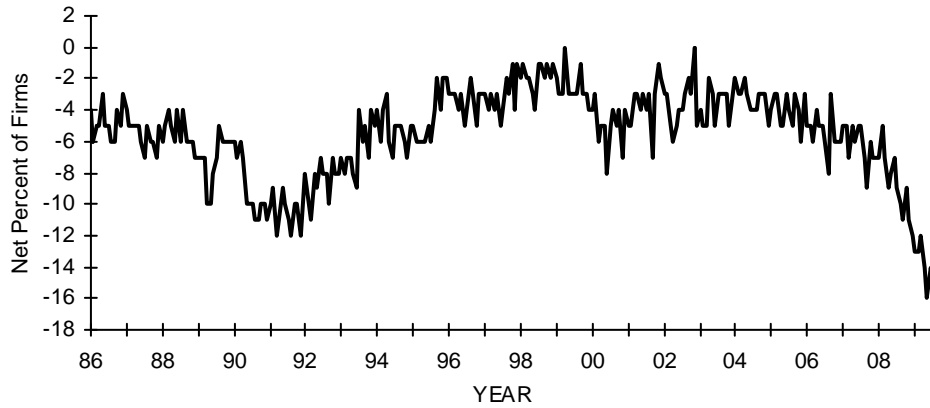
Net Percent Increase and Net Percent Compensation
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

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



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			

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
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			

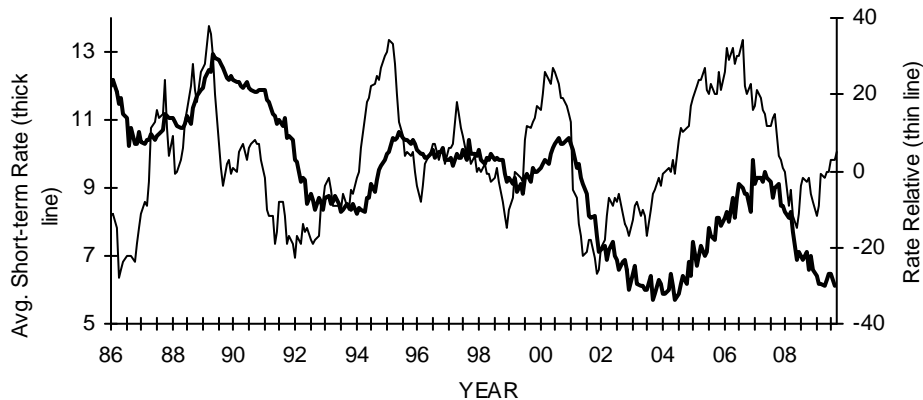
EXPECTED CREDIT CONDITIONS

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			

INTEREST RATES

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

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

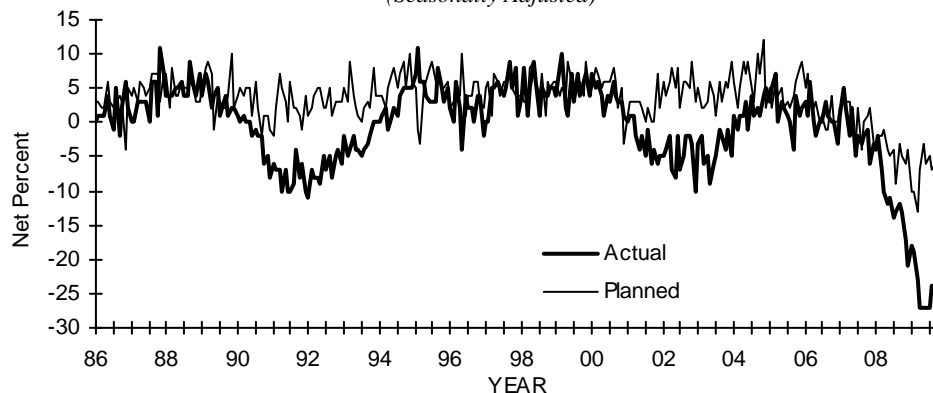
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	5.9	5.9	6.0	6.5	6.1	5.7	5.9	6.2	6.4	6.2	6.8	6.4
2005	7.4	6.7	7.0	7.3	7.0	7.1	7.8	7.6	7.5	8.1	8.1	7.9
2006	8.1	8.3	8.0	8.7	8.1	8.7	9.1	9.0	8.8	8.8	8.3	9.8
2007	9.1	9.3	9.3	9.2	9.5	9.3	9.2	8.7	9.0	9.1	8.5	8.5
2008	8.3	8.1	8.3	7.7	6.9	7.1	7.0	6.9	7.1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



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January 1986 to September 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			

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			

INVENTORY PLANS

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

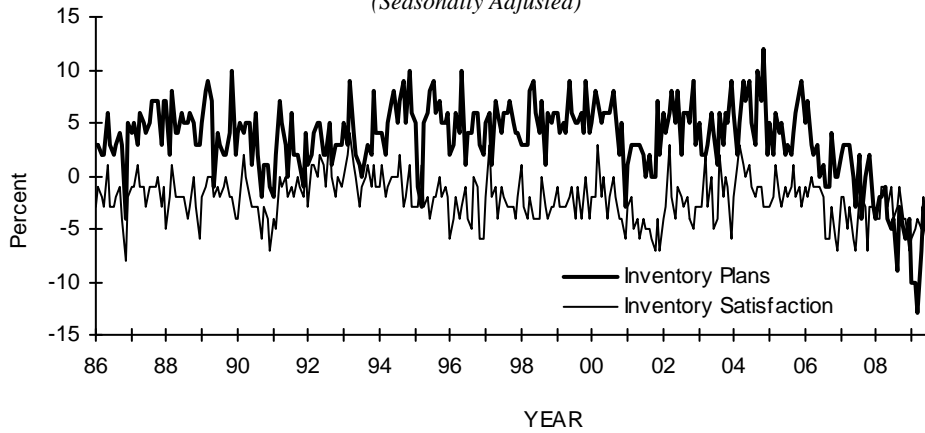
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	6	2	5	9	7	9	5	3	10	7	12	2
2005	5	2	6	4	5	2	3	2	4	6	8	9
2006	5	7	3	2	3	0	1	-1	-1	4	0	0
2007	2	3	3	3	0	-3	2	-4	0	1	2	-3
2008	-4	-2	-2	-1	-4	-5	-4	-9	-3	-5	-6	-4
2009	-10	-10	-13	-7	-3	-6	-5	-7	-6			



SMALL BUSINESS CAPITAL OUTLAYS

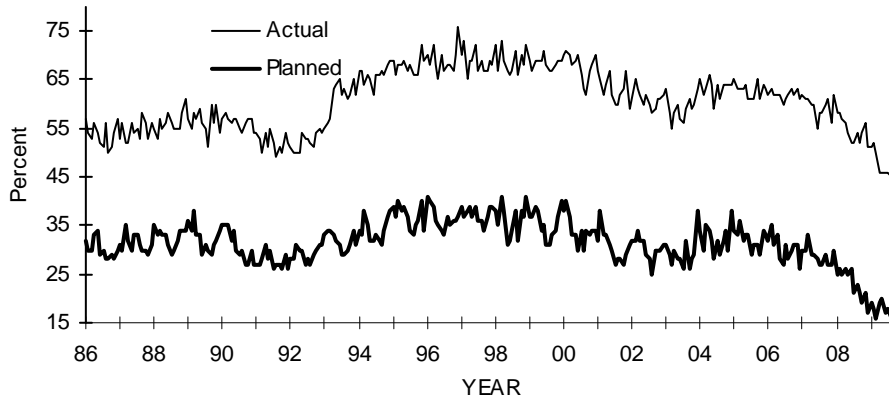
INVENTORY SATISFACTION AND INVENTORY PLANS

Net Percent (“Too Low” Minus “Too Large”) at Present Time
 Net Percent Planning to Add Inventories in the Next Three to Six Months
(Seasonally Adjusted)



CAPITAL EXPENDITURES

Actual Last Six Months and Planned Next Three Months
 January 1986 to September 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			

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	17	23
Equipment	30	36	45
Furniture or Fixtures	8	11	15
Add. Bldgs. or Land	4	5	6
Improved Bldgs. or Land	9	15	17

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	3	4
\$1,000 to \$4,999	7	9	9
\$5,000 to \$9,999	4	6	6
\$10,000 to \$49,999	15	16	23
\$50,000 to \$99,999	6	7	6
\$100,000 +	6	11	10
No Answer	2	0	2



CAPITAL EXPENDITURE PLANS

Percent Planning a Capital Expenditure During Next Three to Six Months
(Seasonally Adjusted)

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

SINGLE MOST IMPORTANT PROBLEM

SINGLE MOST IMPORTANT PROBLEM

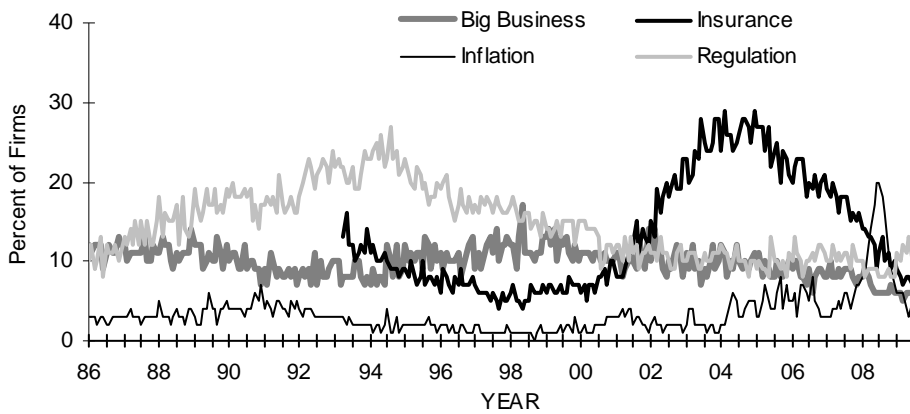
September 2009

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	24	17	32	8
Inflation	4	16	41	0
Poor Sales	32	20	33	2
Fin. & Interest Rates	4	3	37	1
Cost of Labor	4	4	9	2
Govt. Reqs. & Red Tape	11	8	27	4
Comp. From Large Bus.	6	6	14	4
Quality of Labor	3	9	24	3
Cost/Avail. of Insurance	8	10	29	4
Other	4	7	31	1

SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation

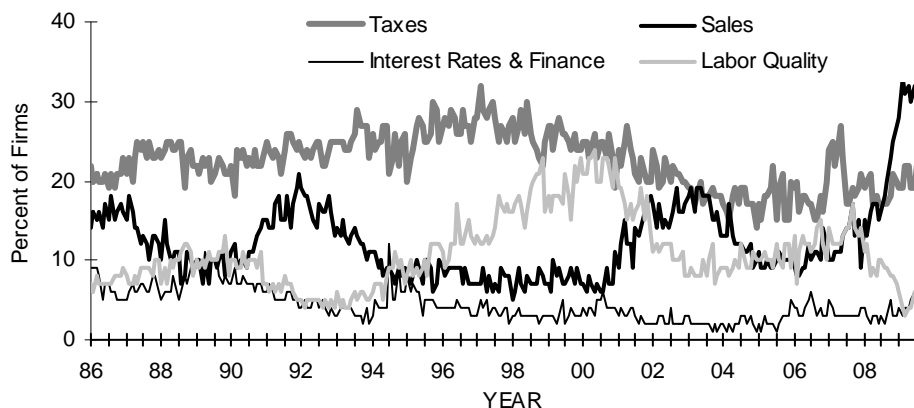
January 1986 to September 2009



SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality

January 1986 to September 2009



SURVEY PROFILE

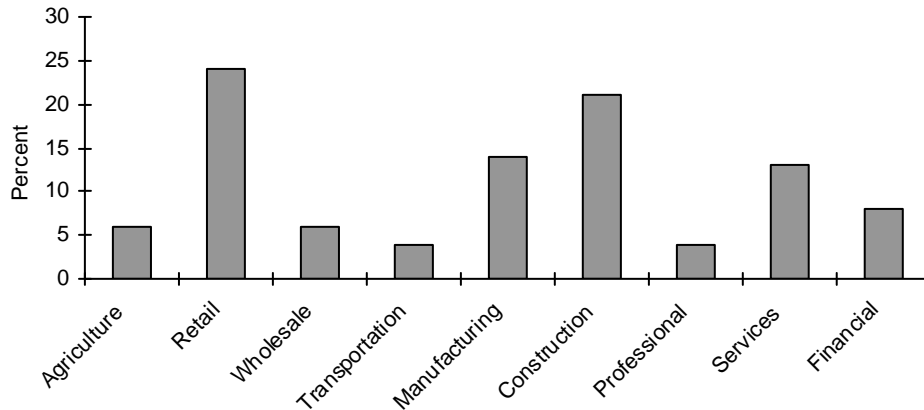
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

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			

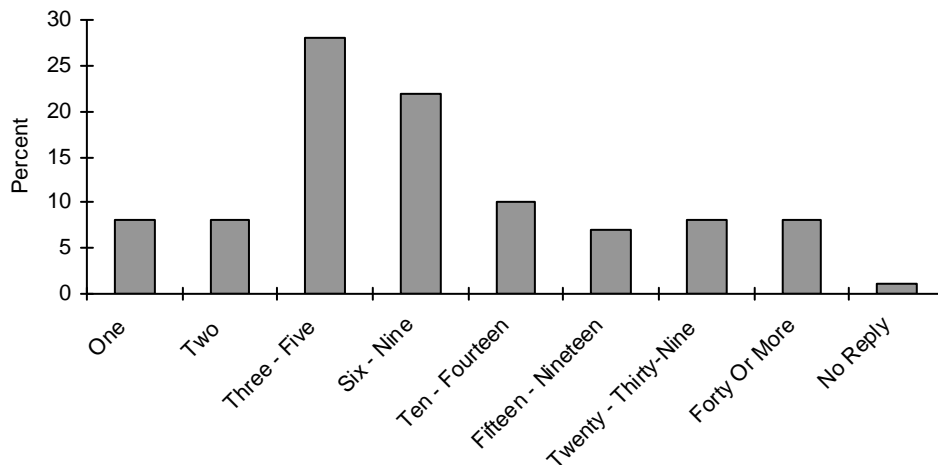
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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