



NFIB SMALL BUSINESS ECONOMIC TRENDS

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December 2008

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	21%	2	*
Plans to Increase Inventories	-6%	-1	*
Expect Economy to Improve	-2%	2	*
Expect Real Sales Higher	-14%	2	*
Current Inventory	-4%	0	*
Current Job Openings	14%	0	*
Expected Credit Conditions	-13%	3	*
Now a Good Time to Expand	7%	2	*
Earnings Trends	-38%	-3	*
Total Change		3	*

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

Small business owners broadly and sharply feel the impact of the recession. While the National Federation of Independent Business Index of Small Business Optimism rose a marginal 0.3 points to 87.8 (1986=100), it was the fourth lowest reading in the 35-year history of the survey.

LABOR MARKETS

The decline in average employment per firm of 0.08 (seasonally adjusted) was not nearly as bad as September and October. Nine percent increased employment by an average of 6.5 workers per firm; 19 percent reduced employment an average of 3.4 workers per firm (seasonally adjusted). Forty-three (43) percent of those surveyed hired or tried to hire (down 3 points), and 72 percent of those trying to hire reported few or no qualified applicants for the job openings they were trying to fill. Eight percent of the owners said that the availability of qualified labor was their top business problem, down from 17 percent in September 2007. Over the next three months, 6 percent plan to create new jobs (down 3 points), and 17 percent plan workforce reductions (up 2 points), yielding a seasonally adjusted net-negative 4 percent of owners planning to create new jobs, one of the lowest readings in survey history. Lower readings occurred only in the 1974-75 and the 1980-82 recession periods.

CAPITAL SPENDING

The frequency of reported capital outlays over the past six months rose two points to 56 percent of all firms, still at recession levels. Thirty-eight (38) percent reported spending on new equipment (up 2 points), 19 percent acquired vehicles (down 1 point), 14 percent spent money for new fixtures and furniture (up 2 points), and 13 percent improved or expanded their facilities (unchanged). Five percent acquired new buildings or land for expansion (unchanged). Overall, spending is weak, but the frequency of outlays has improved for the last two months. There was a slight increase in the number of owners planning to make capital expenditures over the next few months: up 2 points. Seven percent characterized the current period as a good time to expand facilities, up 2 points, but very low.

INVENTORIES AND SALES

Small business owners continued to liquidate inventories. A net-negative 17 percent of owners reported gains in inventory stocks, the eighth negative, double-digit month in a row. Unadjusted, 10 percent reported gains, and 27 percent reported inventory reductions. A net-negative 4 percent of all firms (unchanged) reported stocks too low (seasonally adjusted). The net percent of all owners reporting higher sales in the past three months (seasonally adjusted) lost four points, falling to a net-negative 25 percent, the worst reading in the 35-year survey history.



INFLATION

Price pressures vanished in November. The net percent of owners reporting higher average selling prices dropped 15 points to a net zero percent in November (seasonally adjusted, down 32 points since July). Unadjusted, 21 percent reported raising average selling prices, down eight points, and 23 percent reported lower selling prices, up 6 points from October. The percent of owners citing inflation as their No.1 problem fell two points to 9 percent. The number of those planning to raise prices fell 7 points to a net, seasonally-adjusted 11 percent of owners, 27 points below the July reading, and good news for the Federal Reserve.

PROFITS AND WAGES

Profit gains deteriorated another three points to a negative 38 percentage points. Not seasonally adjusted, 14 percent reported profits higher, but 50 percent reported profits falling. Of the owners reporting higher earnings (14 percent, unchanged), 64 percent (up 14 points) cited stronger sales as the cause, and 11 percent each credited lower materials costs and higher selling prices. For those reporting lower earnings compared to the previous three months (50 percent, up two points), 54 percent cited weaker sales (up 4 points), 24 percent cited higher materials costs (including energy) and 8 percent blamed lower selling prices. The net percent of owners reporting earnings gains deteriorated further in November. Seasonally adjusted, those reporting declining earnings trends outnumbered those with gains by 38 percentage points, the second worst showing in 35 years of survey history.

CREDIT MARKETS

As the economy weakens, loan demand continues to decline. Only 31 percent reported regular borrowing, down two points and equal to the 35-year, record-low reading. Plans to add to inventories and plans for capital outlays have declined to historically low levels since September of 2007. The credit worthiness of potential borrowers has also deteriorated over the last year, leading to more difficult terms and higher loan rejection rates, even with no change in lending standards. Thirty-one (31) percent reported all their borrowing needs met compared to 7 percent who reported problems obtaining desired financing. The net percent of owners reporting loans harder to get rose two points to 11 percent of all firms, revisiting the expansion high reached in September. No credit crunch has appeared to date beyond the normal cyclical tightening of credit.



COMMENTARY

The National Bureau of Economic Research, the official “historians” of the business cycle, announced that the economy peaked in December, 2007. Since then, the economy has slogged its way downhill. Economic growth was solid in the middle of 2007, 4.8 percent in the second and third quarters of 2007, but plunged to -0.2 percent in the fourth. Then the pace of activity picked up in the first quarter, posting growth of 0.9 percent followed by 2.8 percent in the second, then -0.5 percent in the third quarter this year. No “rule of thumb” recession (two quarters of negative growth back to back) yet, but even this recession measure will be satisfied at the end of the fourth quarter.

“Monetary policy” is providing immense amounts of liquidity (if I buy your car, your net worth is unchanged on your balance sheet, but you have lots of cash which yields no return – what will “you” do with it? Lend? Spend? And maybe I will overpay you for your car!). Lower oil prices are delivering a \$400 billion “stimulus package” (assuming \$50 oil for a year), much needed, although not an “energy policy” that will encourage the development of alternatives to oil based energy generation. In real terms (like how long a worker must labor to buy 10 gallons of gas), gas is cheap!

The net percent of owners planning to create new jobs is a negative 4 percent, rivaling readings in the 1974-5 and 1980-82 periods. The percent with unfilled openings is the lowest since 1992 (but still better than in 1990-91 and 1980-82 periods). Reports of declining sales are the largest in survey history. Planned capital expenditures remain among the lowest readings in 35 years, although improved in November. Pricing power has vanished, good news for policy makers, but reports of profit declines are at record levels, not good for hiring and spending prospects. With housing starts about half of what would normally be needed to satisfy household formation demand, the stock of surplus units should be cleaned up in most parts of the U.S. by the end of the first quarter of 2009 (except in places like Florida and Southern California where new construction was immensely overdone). This will help revive the construction industry which is dominated by small builders and help stabilize house prices.

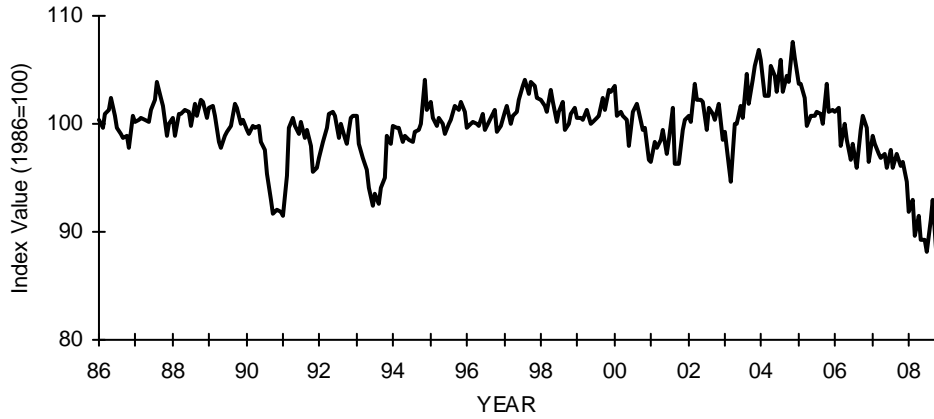
The economy is trying to sort out the winners from the losers, government policy is, in simple terms, interfering by providing “humanitarian relief” to struggling firms (and consumers) to blunt the impact of the adjustment on its citizens. This is typically the way the story plays out and there will be long term implications as always. At the end of this chapter of our economic history, the reach of government into the private sector will be large indeed and how well the economy does going forward will depend in part on how this is managed.



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)

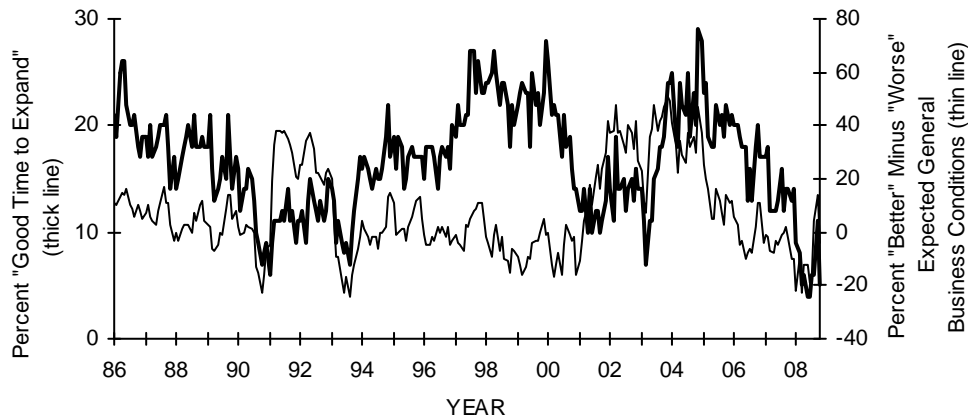
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	99.2	96.1	94.7	100.0	100.1	101.7	100.6	104.7	101.9	104.0	105.3	106.9
2004	105.8	102.6	102.6	105.3	104.5	103.0	105.9	102.9	104.5	103.9	107.7	106.1
2005	103.7	103.7	102.5	99.8	100.8	100.8	101.1	100.9	100.0	103.7	101.2	101.4
2006	101.1	101.5	98.0	100.1	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	



SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January 1986 to November 2008
(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
2003	14	11	7	11	11	15	16	18	18	19	24	24
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	

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
November 2008

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	1	59	13
Sales Prospects	1	4	1
Fin. & Interest Rates	0	2	0
Cost of Expansion	0	2	1
Political Climate	0	8	4
Other/Not Available	2	1	1



OUTLOOK FOR GENERAL BUSINESS CONDITIONS

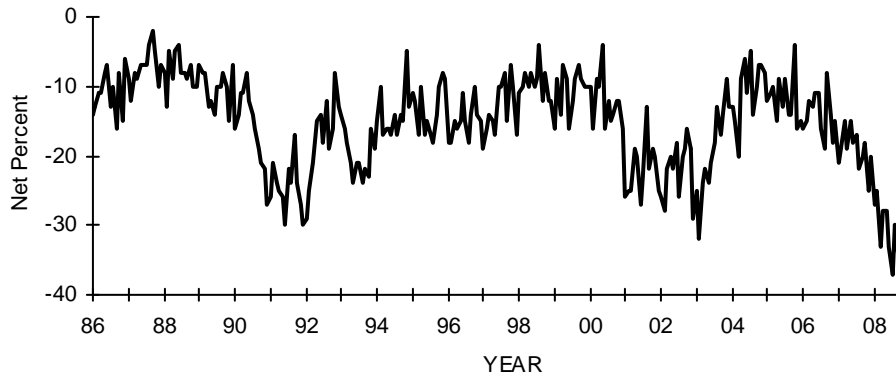
Net Percent ("Better" Minus "Worse") Six Months From Now
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	23	12	7	36	39	48	38	42	43	47	51	49
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	

SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to November 2008
(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
2003	-25	-32	-24	-22	-24	-21	-18	-13	-17	-14	-9	-13
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	



MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
November 2008

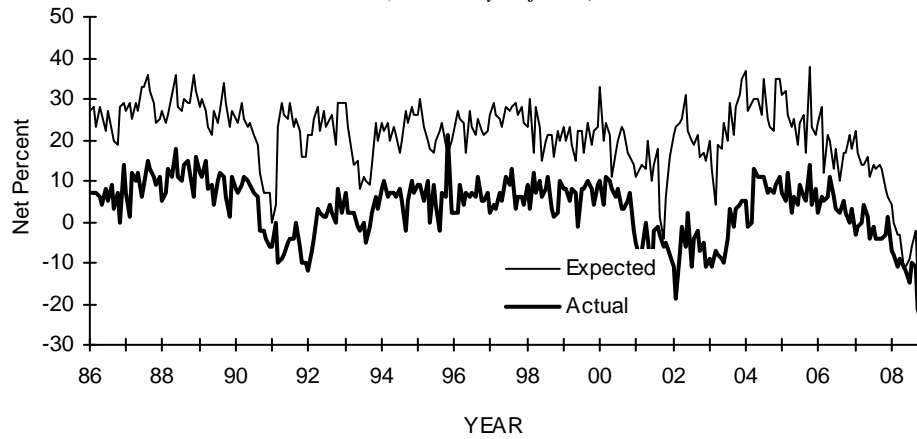
Reason	Current Month	One Year Ago	Two Years Ago
Sales Volume	27	17	14
Increased Costs*	12	13	12
Cut Selling Prices	4	3	3
Usual Seasonal Change	3	5	4
Other	4	1	4

* 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 November 2008
 (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
2003	-9	-11	-7	-8	-9	-10	-4	3	-1	3	4	5
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	



SALES EXPECTATIONS

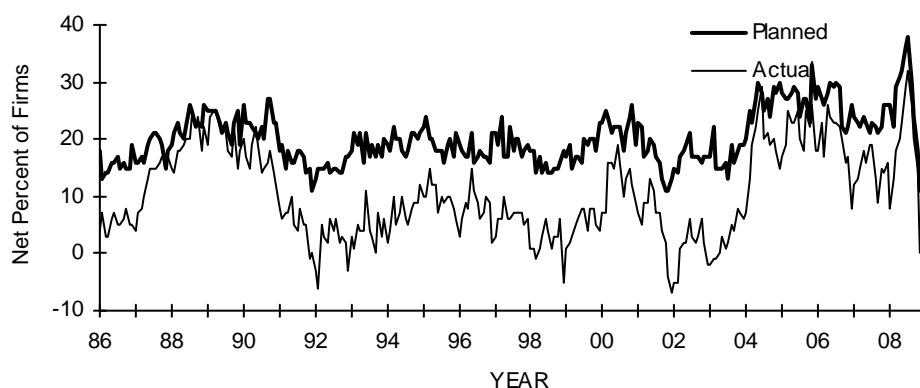
Net Percent (“Higher” Minus “Lower”) During Next Three Months
 (Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	20	13	4	19	18	24	20	29	21	28	31	35
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	

SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
 January 1986 to November 2008
 (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
2003	-2	-1	-1	0	3	1	2	5	4	8	7	6
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	



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
2003	17	22	15	15	15	16	13	19	16	18	19	19
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	

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
2003	-3	-1	-5	-7	-7	-4	-3	6	2	4	0	4
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	

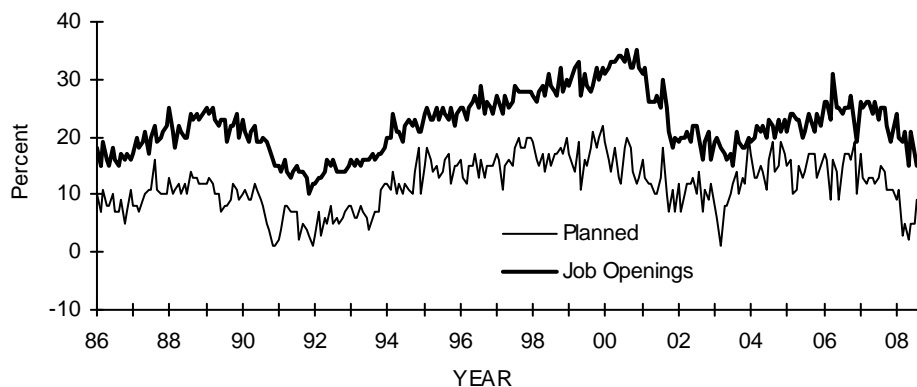
QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	34	36	33	31	34	36	35	39	40	36	34	39
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	

EMPLOYMENT

Planned Next Three Months and Current Job Openings
January 1986 to November 2008
(Seasonally Adjusted)



SMALL BUSINESS EMPLOYMENT (CONTINUED)

JOB OPENINGS

Percent With Positions Not Able to Fill Right Now
(Seasonally Adjusted)

	21	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003		19	20	18	17	16	17	15	21	19	18	18	20
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	

HIRING PLANS

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

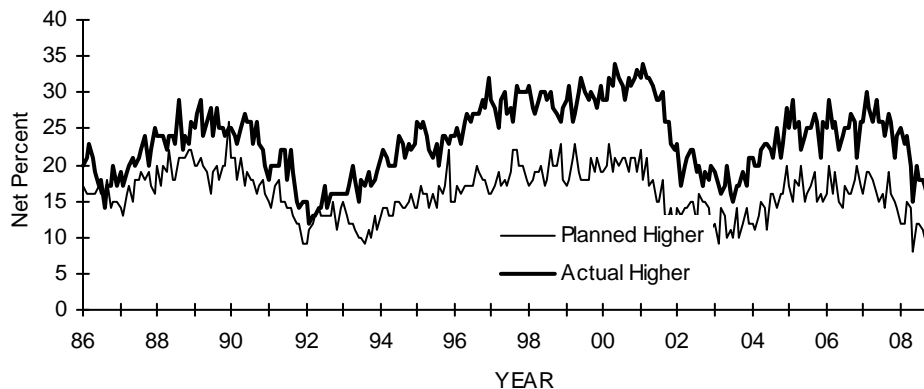
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	8	6	1	8	8	10	12	14	10	13	12	20
2004	17	13	13	15	14	11	16	19	14	15	19	17
2005	15	16	10	11	15	13	14	17	17	17	13	15
2006	17	16	9	16	14	9	15	17	17	16	19	10
2007	17	13	12	13	13	12	13	15	14	11	11	11
2008	9	11	3	5	2	5	5	9	7	0	-4	



SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to November 2008 (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
2003	19	17	16	17	20	16	15	17	17	19	17	21
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	

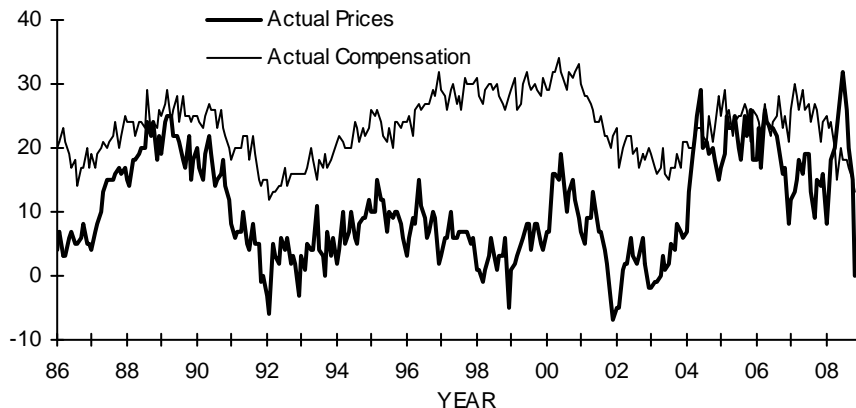
COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	12	9	14	13	10	11	10	14	10	12	14	12
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	

PRICES AND LABOR COMPENSATION

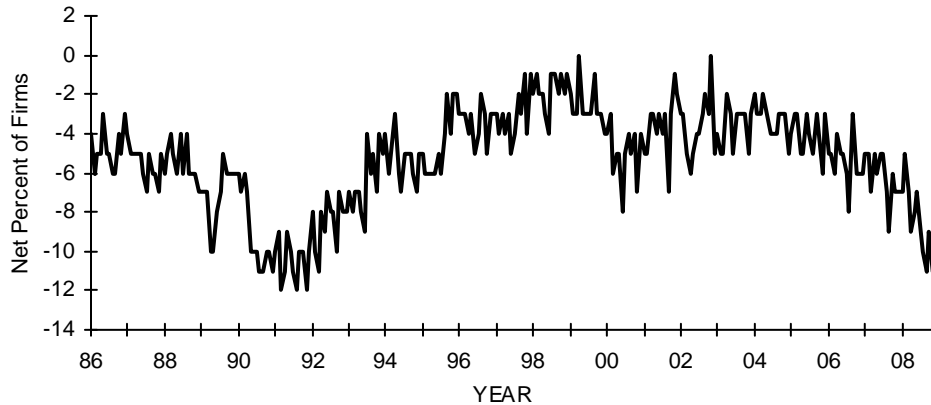
Net Percent Increase and Net Percent Compensation
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1986 to November 2008



* 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
2003	36	38	37	36	34	37	34	38	35	36	34	30
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	



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
2003	-4	-5	-5	-2	-3	-5	-3	-3	-3	-3	-5	-3
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	

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
2003	36/6	37/6	35/6	35/6	35/6	35/6	37/6	38/6	37/6	36/6	32/6	32/6
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	

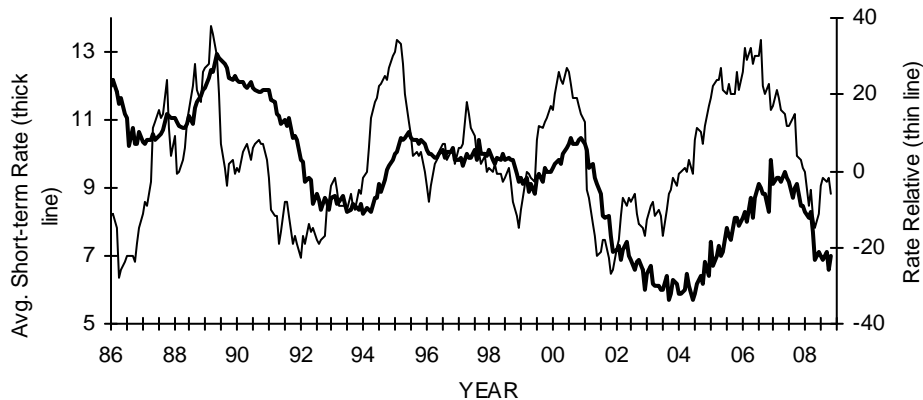
EXPECTED CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	-6	-6	-7	-4	-6	-6	-4	-5	-5	-6	-7	-5
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	

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January 1986 to November 2008



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
2003	-13	-9	-8	-12	-10	-12	-17	-10	-6	-5	-2	-4
2004	-1	0	1	0	3	-1	8	11	10	7	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	

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

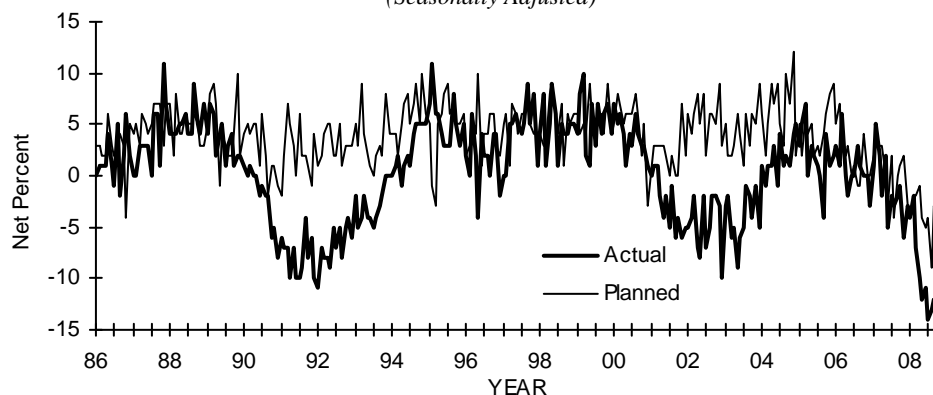
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	6.5	6.7	6.2	6.1	6.1	6.0	6.0	6.4	5.7	5.9	6.3	6.2
2004	5.9	5.9	6.0	6.5	6.1	5.7	5.9	6.2	6.4	6.2	6.8	6.4
2005	7.4	6.7	7.0	7.3	7.0	7.1	7.8	7.6	7.5	8.1	8.1	7.9
2006	8.1	8.3	8.0	8.7	8.1	8.7	9.1	9.0	8.8	8.8	8.3	9.8
2007	9.1	9.3	9.3	9.2	9.5	9.3	9.2	8.7	9.0	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	



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January 1986 to November 2008
(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
2003	-3	-2	-6	-5	-9	-6	-5	-1	-2	-4	-1	-5
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	

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
2003	-3	-3	2	-3	0	-5	-4	2	-2	0	-1	-6
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	

INVENTORY PLANS

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

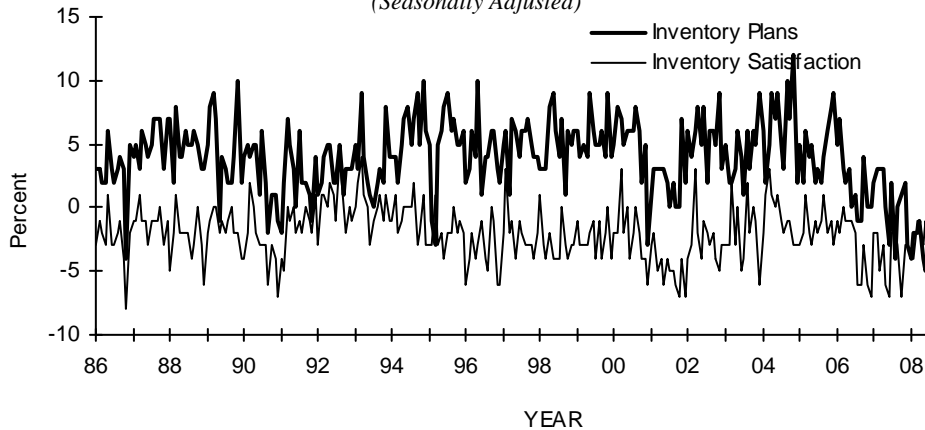
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	5	2	2	3	6	4	1	6	3	6	5	9
2004	6	2	5	9	7	9	5	3	10	7	12	2
2005	5	2	6	4	5	2	3	2	4	6	8	9
2006	5	7	3	2	3	0	1	-1	-1	4	0	0
2007	2	3	3	3	0	-3	2	-4	0	1	2	-3
2008	-4	-2	-2	-1	-4	-5	-4	-9	-3	-5	-6	



SMALL BUSINESS CAPITAL OUTLAYS

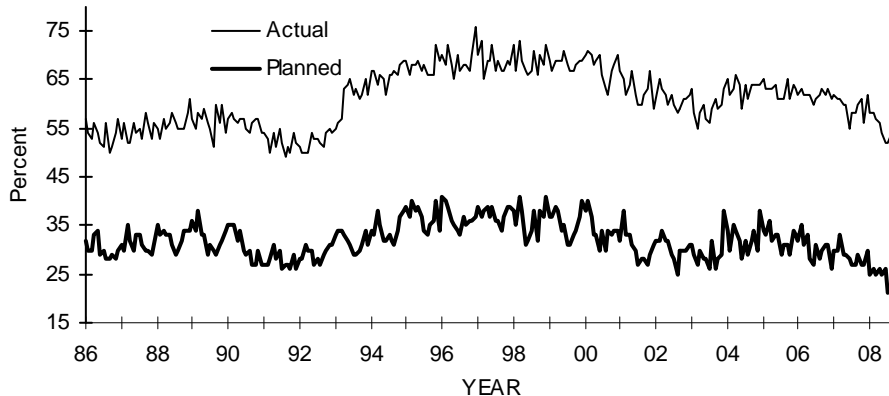
INVENTORY SATISFACTION AND INVENTORY PLANS

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 November 2008
(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
2003	63	58	55	58	60	57	56	59	61	59	60	63
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	

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	19	21	21
Equipment	38	40	42
Furniture or Fixtures	14	12	13
Add. Bldgs. or Land	5	6	5
Improved Bldgs. or Land	13	14	16

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	2	4	3
\$1,000 to \$4,999	10	10	12
\$5,000 to \$9,999	6	6	7
\$10,000 to \$49,999	18	19	19
\$50,000 to \$99,999	8	8	8
\$100,000 +	9	9	8
No Answer	3	2	0



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
2003	31	29	27	30	28	28	26	32	26	28	29	38
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	

SINGLE MOST IMPORTANT PROBLEM

SINGLE MOST IMPORTANT PROBLEM

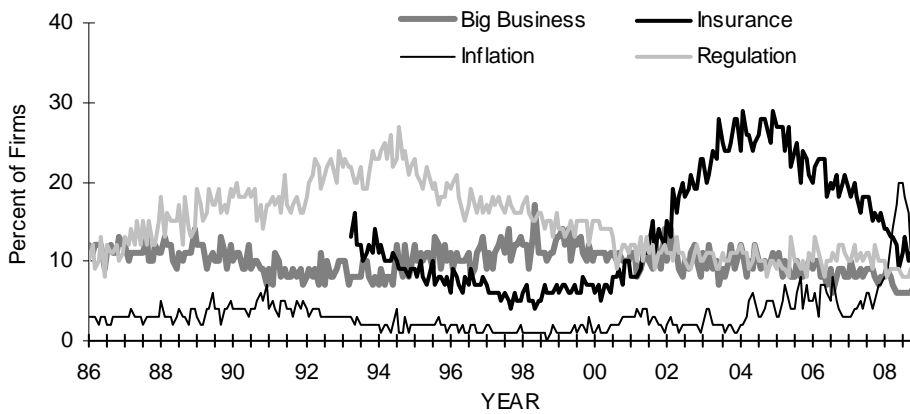
November 2008

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	21	19	32	8
Inflation	9	7	41	0
Poor Sales	25	15	22	2
Fin. & Interest Rates	3	3	37	1
Cost of Labor	4	6	9	2
Govt. Reqs. & Red Tape	8	10	27	4
Comp. From Large Bus.	7	7	14	4
Quality of Labor	8	13	24	3
Cost/Avail. of Insurance	9	15	29	4
Other	6	5	31	1

SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation

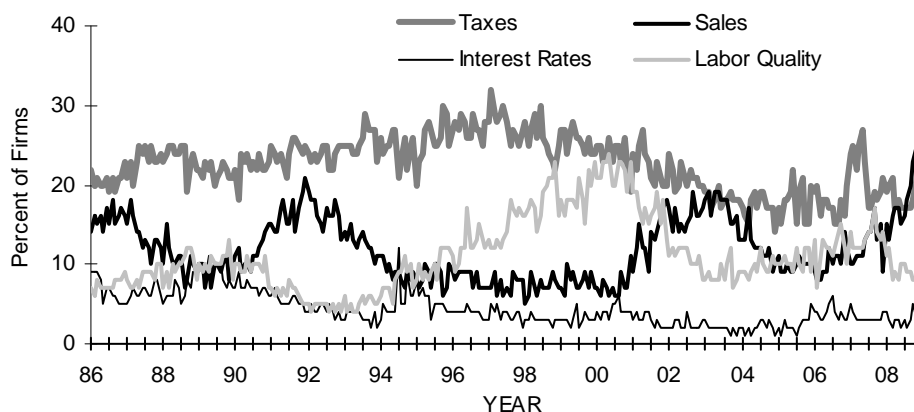
January 1986 to November 2008



SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality

January 1986 to November 2008



SURVEY PROFILE

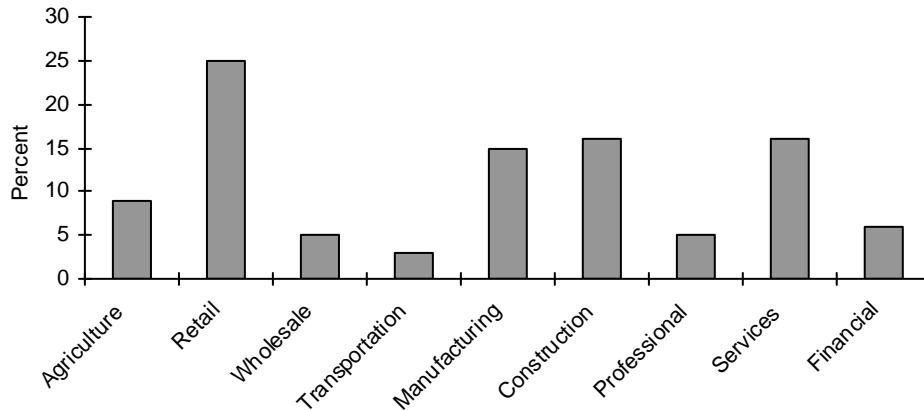
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	1204	539	555	1393	558	530	1160	544	555	1205	629	460
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	

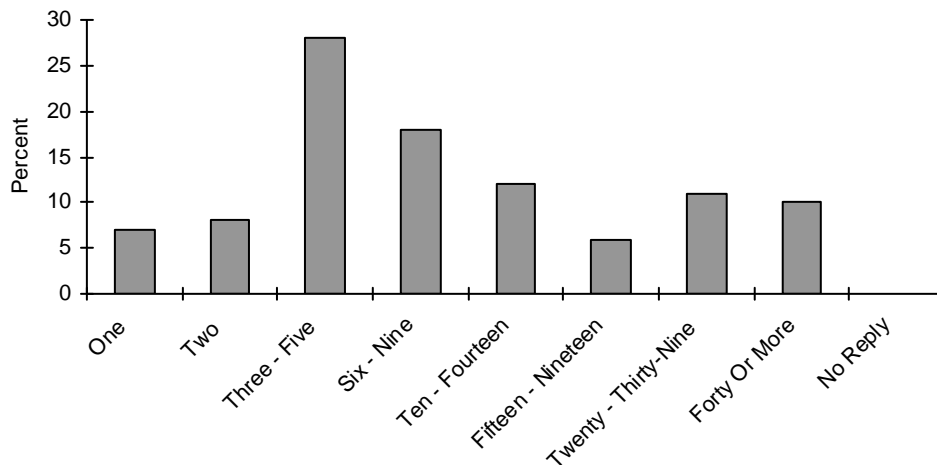
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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