



NFIB SMALL BUSINESS ECONOMIC TRENDS

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March 2011

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	5%	2	*
Plans to Make Capital Outlays	22%	0	*
Plans to Increase Inventories	-2%	-1	*
Expect Economy to Improve	9%	-1	*
Expect Real Sales Higher	14%	1	*
Current Inventory	2%	2	*
Current Job Openings	15%	2	*
Expected Credit Conditions	-10%	0	*
Now a Good Time to Expand	7%	-1	*
Earnings Trend	-27%	1	*
Total Change		5	*

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 0.4 points in February, rising to 94.5, not the hoped-for surge that would signal a shift into “second gear” for economic growth. Gross Domestic Product (GDP) growth in the fourth quarter was revised lower due to a large fall off in inventory building and weaker consumer spending than initially estimated. “Weak sales” still get the most votes by owners as their top business problem. Seven Index components advanced or were unchanged and three fell, but all of the changes, positive or negative, were small.

LABOR MARKETS

Fifteen percent (seasonally adjusted) reported unfilled job openings (up two points from January), hinting that the unemployment rate could notch down a bit. Over the next three months, 17 percent plan to increase employment (up five points), and six percent plan to reduce their workforce (down two points), yielding a seasonally adjusted net five percent of owners planning to create new jobs, a two point gain.

CAPITAL SPENDING

The frequency of reported capital outlays over the past 6 months fell 2 points to 49 percent of all firms. Owners remain in “maintenance mode”, apparently unwilling to risk new capital investments or not seeing any need for them. Capital spending remains historically low in spite of very low interest rates and all sorts of expensing incentives. However, the problem is that “cheaper” equipment is still no bargain if you can’t use it. The percent of owners planning capital outlays in the future was unchanged at 22 percent, and is still historically quite low. Seven percent characterized the current period as a good time to expand facilities (seasonally adjusted), down one point from January. A net nine percent expect business conditions to improve over the next six months, down one point, not a reading that characterizes a strongly rebounding economy.

INVENTORIES AND SALES

The net percent of all owners (seasonally adjusted) reporting higher nominal sales over the past three months was unchanged at a net negative 11 percent, 23 points better than March 2009, but still indicative of weak customer activity. The net percent of owners expecting higher real sales continued to rise, gaining one point to a net 14 percent of all owners (seasonally adjusted). A net negative eight percent of all owners reported growth in inventories (seasonally adjusted), a two point improvement. For all firms, a net two percent (up two points) reported stocks too low, historically a very positive level of stock satisfaction. However, plans to add to inventories lost a point declining to a net negative two percent of all firms (seasonally adjusted), consistent with weak sales trends, but not consistent with the improved outlook for real sales volumes.



INFLATION

The spectacular period of price cutting in the small business sector was triggered by the sudden decrease in consumer spending late in 2008 and the need to get rid of inventory accumulated to satisfy the spending of a consumer that had forgotten how to save. The net percent of owners reporting higher average selling prices peaked at 32 percent in July 2008, fell to zero that November and to a negative six percent in December, a decline of 38 percentage points in just five months. For the next 25 months, the percent reducing selling prices exceeded the percent raising prices by as much as 24 percentage points. That's over! In January, the seasonally adjusted net percent reporting higher selling prices was negative four percent and in February, it hit a positive five percent. Seasonally adjusted, the net percent of owners raising prices was five percent. January was the 26th consecutive month in which more owners reported cutting average selling prices than raising them. February ended that trend and as the economy improves, more and more firms will be able to raise prices. The trend is clearly supportive of higher prices in future months. Plans to raise prices rose two points to a net seasonally adjusted 21 percent of owners, the highest reading in 28 months. With an improving economy, more and more of these hikes will "stick".

PROFITS AND WAGES

Reports of positive earnings trends improved one point in February, registering a net negative 27 percent. Better, but still far more owners report that earnings are deteriorating quarter on quarter than rising. Part of this is due to price cutting, but that is fading in importance as the economy continues to grow. Large firms may be posting great profits, but the trend on Main Street is not supportive of solid hiring and capital spending. Labor cost, materials costs, interest rates – not the problem. It is still weak sales. Five percent reported reduced worker compensation and 15 percent reported gains, a seasonally adjusted, a net eight percent reported raising worker compensation, down two points. A seasonally adjusted five percent plan to raise compensation, up two points and the highest reading since November 2008. As labor markets tighten, compensation will rise.

CREDIT MARKETS

Overall, 92 percent reported that all their credit needs were met or that they were not interested in borrowing. Eight percent reported that not all of their credit needs were satisfied, and 51 percent said they did not want a loan. Twenty-eight (28) percent of the owners reported that weak sales continued to be their top business problem. The historically high percent of owners who cite weak sales means that, for many owners, investments in new equipment or new workers are not likely to "pay back". This is a major cause of the lack of credit demand observed in financial markets along with the deficiency in housing starts, a million units below "normal". Thirty-one (31) percent of all owners reported borrowing on a regular basis, still near the record low. A net 11 percent reported loans "harder to get" compared to their last attempt (asked of regular borrowers only), up a point from January.



COMMENTARY

Fourth quarter GDP growth was revised down from 3.2 percent to 2.8 percent, more consistent with the NFIB survey findings during that period. Although manufacturing output has grown substantially (with consumers buying more cars), retail sales (ex auto) have not been a large positive partly because of the terrible weather that has plagued virtually the entire continental 48 states. GDP in the fourth quarter of 2010 reached \$13.382 trillion, \$21 billion ahead of the peak in 2007. However, total employment in 2010 Q4 was 139.066 million, compared to 145.856 million in 2007. Thus, we produced the same output as in the 2007 peak with 6.8 million fewer workers. Several factors explain this, including the dominance of manufacturing (fewer workers needed per dollar of output) in this recovery and weak consumer spending on services, a labor intensive sector of the economy. And, of course, owners did learn to operate more efficiently, employment at the end of 2007 did not anticipate a deep recession but was based on optimistic views about the economy. Perhaps the largest “hole” in employment remains housing, with starts still stuck around 500,000, a million below what might normally be expected. Five jobs per housing start average accounts for five million missing jobs.

February appeared to signal an upward shift in two important areas: (1) job creation and (2) inflation. The step up in job creation per firm was solid and hopefully is the first month in a string of solid job creation months. The end of price cutting signals a return in the months ahead to increases in average prices (energy aside) as supply adjustments (in the number of firms as well as inventories) are restoring pricing power. With improving growth (more customers), price hikes will stick as owners try to restore profitability.

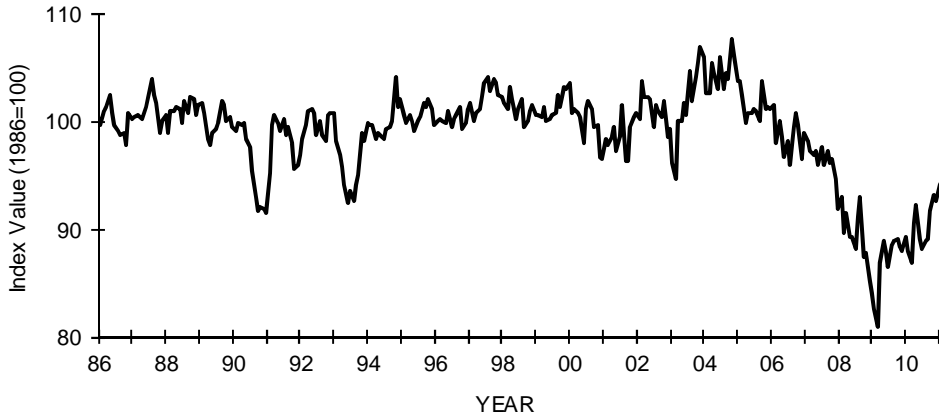
The Optimism Index is still well below its historical average (the Index averaged 100 up through 2007) and improvement remains reluctant. Much uncertainty remains, leadership is weak, conflicts are spreading from Washington to the states. This will continue to dampen any exuberance that might show itself.



OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

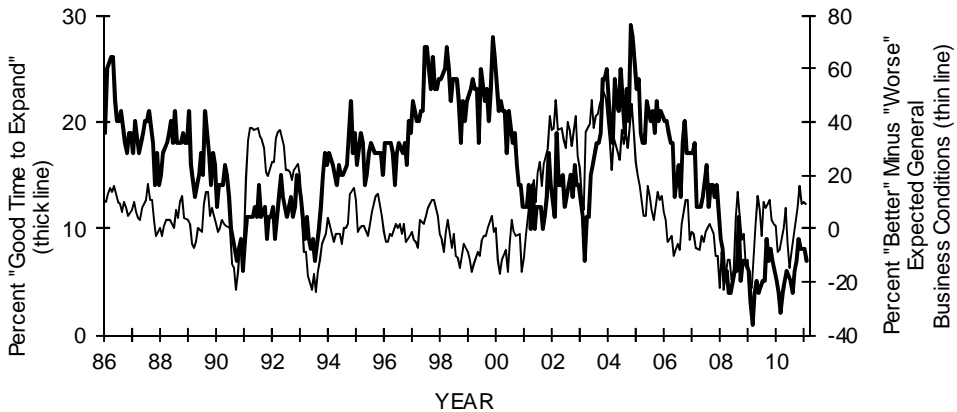
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

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

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January 1986 to February 2011
(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
2006	20	20	19	18	18	13	16	13	18	20	17	17
2007	17	18	12	12	12	13	16	12	14	14	13	14
2008	9	8	5	6	4	4	6	6	11	5	7	7
2009	6	3	1	4	5	4	5	5	9	7	8	7
2010	5	4	2	4	5	6	5	4	6	7	9	8
2011	8	7										

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
February 2011

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	3	44	17
Sales Prospects	3	7	2
Fin. & Interest Rates	1	1	1
Cost of Expansion	1	3	2
Political Climate	1	7	5
Other/Not Available	0	1	0

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

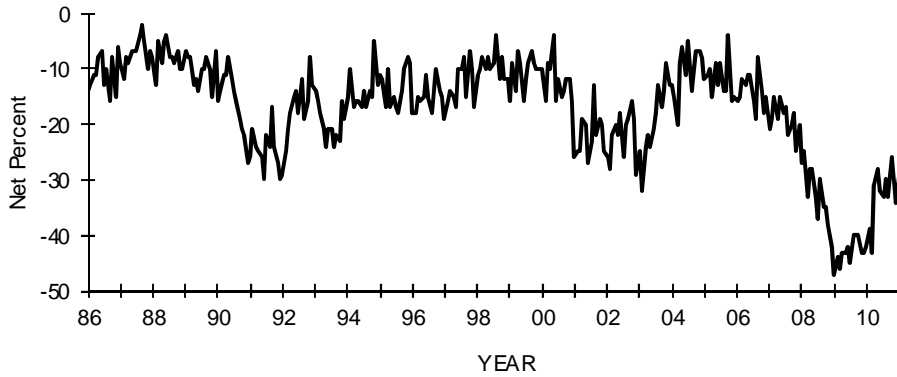
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	6	3	-5	-3	-10	-8	-6	-8	2	11	11	-4
2007	-1	-2	-7	-8	-3	-5	-1	0	2	-2	-10	-10
2008	-22	-9	-23	-12	-12	-19	-17	4	14	-4	-2	-13
2009	-12	-21	-22	2	12	7	-3	10	8	11	3	2
2010	1	-9	-8	0	8	-6	-15	-8	-3	8	16	9
2011	10	9										



SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to February 2011
(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
2006	-16	-15	-12	-13	-11	-11	-16	-19	-8	-14	-18	-15
2007	-21	-19	-15	-19	-15	-18	-17	-22	-20	-18	-25	-20
2008	-27	-25	-33	-28	-28	-33	-37	-30	-35	-35	-38	-42
2009	-47	-44	-46	-43	-43	-42	-45	-40	-40	-40	-43	-43
2010	-42	-39	-43	-31	-28	-32	-33	-30	-33	-26	-30	-34
2011	-28	-27										

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
February 2011

	Current Month	One Year Ago	Two Years Ago
Sales Volume	25	33	35
Increased Costs*	9	6	11
Cut Selling Prices	1	4	4
Usual Seasonal Change	7	6	6
Other	2	6	0

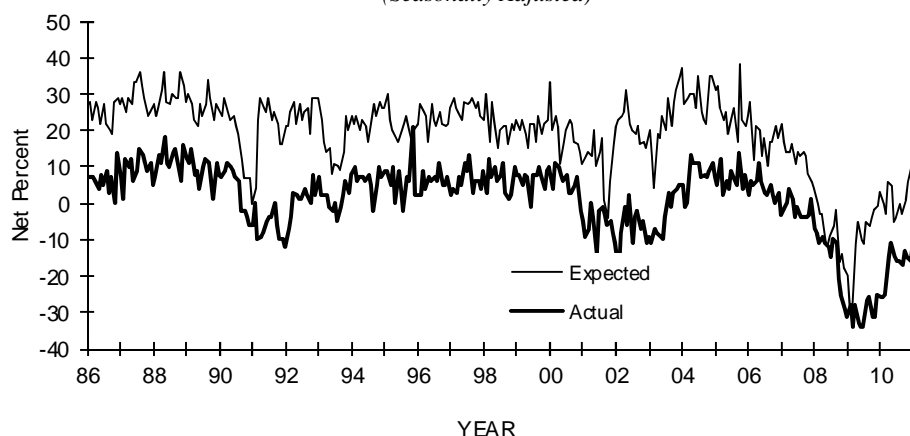
* Increased costs include labor, materials, finance, taxes, and regulatory costs.



SMALL BUSINESS SALES

SALES

Actual (Prior Three Months) and Expected (Next Three Months)
January 1986 to February 2011
(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
2006	2	6	5	6	11	6	3	2	5	2	0	3
2007	-3	-1	0	4	1	-4	-1	-4	-4	-4	-3	1
2008	-7	-8	-11	-9	-11	-12	-15	-10	-11	-21	-25	-29
2009	-31	-28	-34	-28	-33	-34	-34	-27	-26	-31	-31	-25
2010	-26	-26	-25	-15	-11	-15	-16	-16	-17	-13	-15	-16
2011	-11	-11										

SALES EXPECTATIONS

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

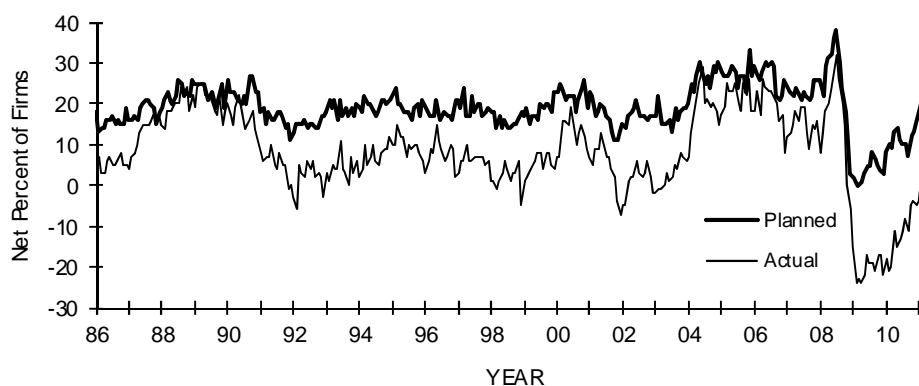
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	24	28	12	21	20	13	18	10	17	17	21	18
2007	22	17	14	14	16	11	14	13	14	13	8	6
2008	4	0	-3	-3	-11	-11	-9	-6	-2	-16	-14	-18
2009	-20	-29	-31	-11	-5	-10	-11	-5	-6	-4	-2	-1
2010	3	0	-3	6	5	-5	-4	0	-3	1	6	8
2011	13	14										



SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
 January 1986 to February 2011
 (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
2006	18	23	17	26	24	23	23	22	20	16	17	8
2007	12	13	15	18	16	19	19	13	9	15	14	16
2008	8	13	18	20	23	29	32	26	20	15	0	-6
2009	-15	-24	-23	-24	-22	-17	-19	-19	-21	-17	-17	-22
2010	-18	-21	-20	-11	-15	-13	-11	-8	-11	-5	-4	-5
2011	-4	5										

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
2006	29	27	26	28	30	29	30	29	22	21	22	26
2007	24	23	22	24	23	21	23	22	21	22	26	26
2008	26	22	29	31	32	36	38	30	24	18	11	3
2009	2	1	0	1	3	5	5	8	6	5	4	3
2010	8	10	9	13	14	11	10	10	7	12	13	15
2011	19	21										



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
2006	1	4	-1	-3	-3	-2	2	5	-3	5	0	3
2007	2	4	-6	-5	-2	0	1	4	-1	3	0	2
2008	0	-3	-7	-9	-10	-12	-5	-4	-10	-9	-10	-18
2009	-15	-15	-22	-25	-24	-23	-17	-16	-16	-12	-12	-12
2010	-10	-9	-11	-12	-12	-10	-5	-2	-3	-6	-2	-1
2011	-4	-2										

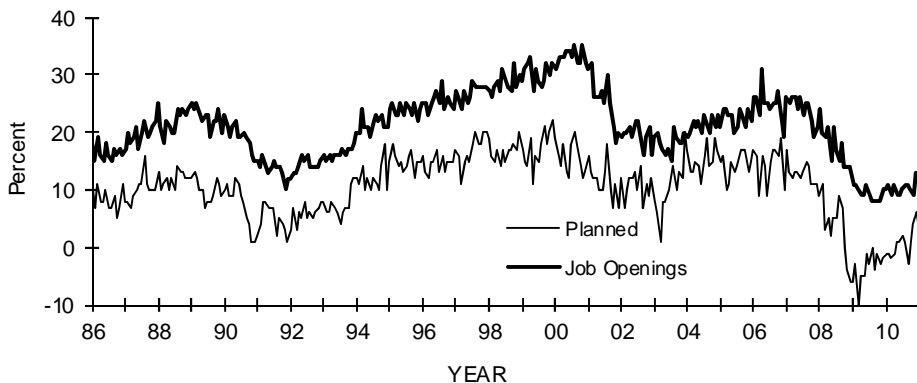
QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	40	40	39	41	46	45	42	46	44	46	44	40
2007	41	41	43	43	42	45	43	44	48	46	40	37
2008	37	36	36	37	33	39	36	35	38	35	31	30
2009	*	*	24	24	25	27	26	23	25	25	28	21
2010	24	26	23	26	26	25	28	32	30	28	27	28
2011	28	30										

EMPLOYMENT

Planned Next Three Months and Current Job Openings
January 1986 to February 2011
(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
2006	26	26	23	31	25	25	24	25	25	27	22	19
2007	26	25	26	26	24	26	23	25	25	22	19	21
2008	24	20	19	21	15	21	17	15	18	14	14	14
2009	11	11	10	9	9	11	9	8	8	8	8	10
2010	10	11	9	11	9	9	10	11	11	10	9	13
2011	13	15										

HIRING PLANS

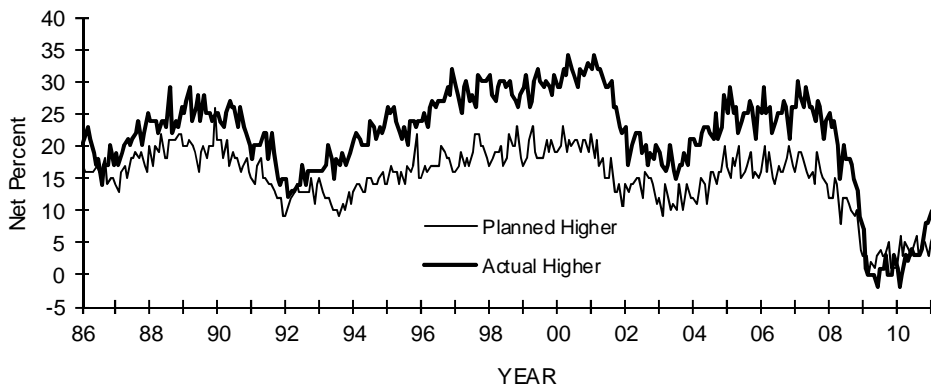
Net Percent ("Increase" Minus "Decrease") in the Next Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	17	16	9	16	14	9	15	17	17	16	19	10
2007	17	13	12	13	13	12	13	15	14	11	11	11
2008	9	11	3	5	2	5	5	9	7	0	-4	-6
2009	-6	-3	-10	-5	-5	-1	-3	0	-4	-1	-3	-2
2010	-1	-1	-2	-1	1	1	2	1	-3	1	4	6
2011	3	5										

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to February 2011 (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
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	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										

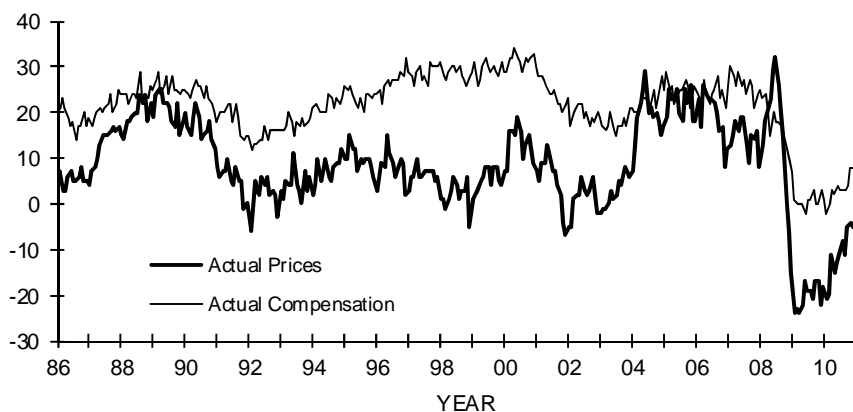
COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	16	20	16	19	15	14	17	16	16	18	20	17
2007	16	19	19	18	16	15	16	14	19	16	15	14
2008	12	12	15	14	8	12	12	11	10	9	10	4
2009	3	3	0	2	1	3	4	3	3	5	1	1
2010	1	6	3	5	4	3	5	6	3	5	5	3
2011	5	7										

PRICES AND LABOR COMPENSATION

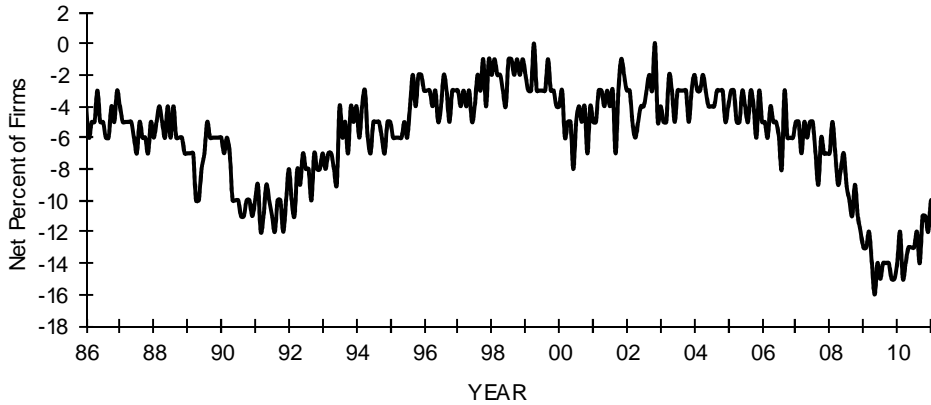
Net Percent Increase and Net Percent Compensation
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1986 to February 2011



* 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
2006	37	38	36	40	38	41	38	46	35	37	38	35
2007	37	39	35	37	38	35	36	35	36	36	32	34
2008	36	34	33	36	35	35	34	34	32	33	31	33
2009	35	36	33	33	34	30	33	32	33	33	33	33
2010	32	34	35	31	32	29	32	31	33	31	28	30
2011	31	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
2006	-5	-5	-6	-4	-5	-5	-6	-8	-3	-6	-6	-6
2007	-5	-5	-7	-5	-6	-5	-5	-7	-9	-6	-7	-7
2008	-7	-5	-7	-9	-8	-7	-9	-10	-11	-9	-11	-12
2009	-13	-13	-12	-14	-16	-14	-15	-14	-14	-14	-15	-15
2010	-14	-12	-15	-14	-13	-13	-13	-12	-14	-11	-11	-12
2011	-10	-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
2006	36/4	37/6	36/6	38/5	38/5	39/5	38/4	44/4	34/4	36/7	34/4	36/5
2007	36/5	40/5	35/5	38/4	39/6	36/4	37/5	35/4	37/5	36/6	32/4	32/7
2008	34/5	35/4	32/6	34/5	34/7	35/5	32/7	35/6	33/6	31/6	31/7	32/6
2009	33/8	32/8	29/10	30/8	28/9	30/10	28/10	30/7	30/10	29/9	29/10	28/8
2010	27/11	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										

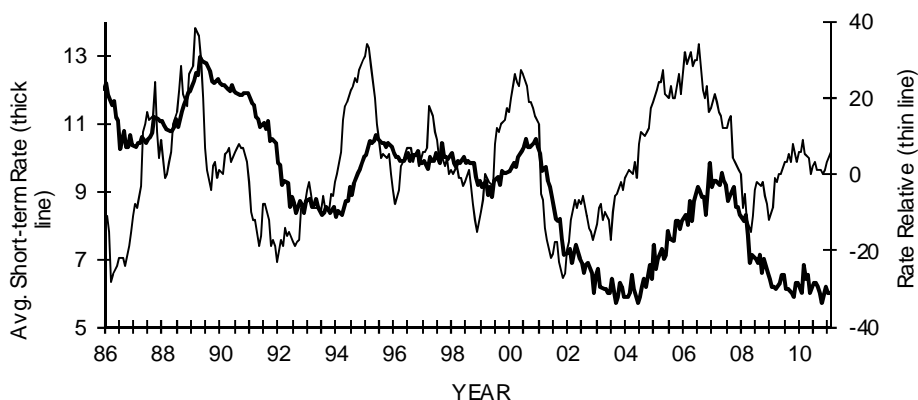
EXPECTED CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	-6	-7	-7	-8	-8	-8	-7	-9	-5	-6	-5	-7
2007	-7	-8	-8	-7	-6	-6	-6	-9	-10	-8	-8	-10
2008	-9	-8	-9	-11	-10	-10	-12	-11	-13	-16	-13	-15
2009	-14	-16	-14	-12	-15	-13	-14	-13	-15	-16	-15	-15
2010	-13	-14	-16	-15	-12	-13	-14	-14	-14	-12	-10	-11
2011	-10	-10										

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January 1986 to February 2011



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
2006	26	32	29	32	28	30	30	34	22	20	23	16
2007	17	21	19	16	15	12	12	14	15	4	3	1
2008	0	-9	-5	-12	-15	-11	-4	-2	-3	-2	-6	-8
2009	-12	-9	-1	-2	0	0	3	3	5	3	8	3
2010	6	6	9	5	4	0	2	3	1	1	0	1
2011	3	6										

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

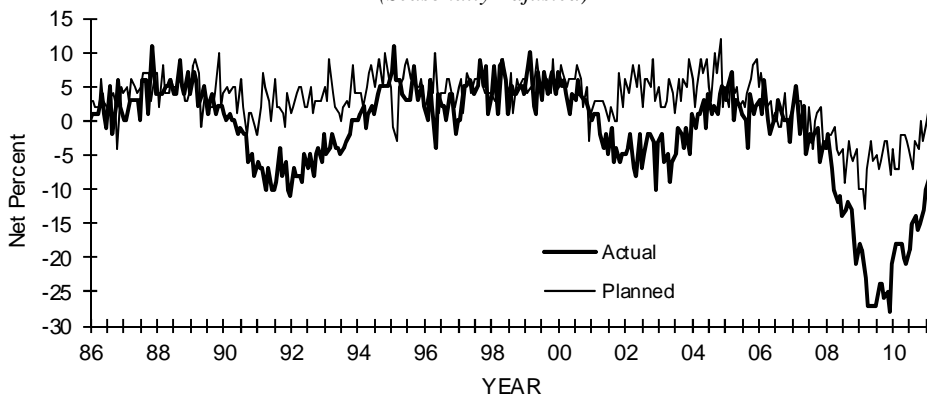
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	8.1	8.3	8.0	8.7	8.1	8.7	9.1	9.0	8.8	8.8	8.3	9.8
2007	9.1	9.3	9.3	9.2	9.5	9.3	9.2	8.7	9.0	9.1	8.5	8.5
2008	8.3	8.1	8.3	7.7	6.9	7.1	7.0	6.9	7.1	6.6	7.0	6.6
2009	6.4	6.2	6.2	6.1	6.3	6.5	6.5	6.1	6.1	6.0	5.9	6.3
2010	6.3	6.0	6.8	6.4	6.5	6.0	6.3	6.3	6.2	6.0	5.7	6.2
2011	6.0	6.0										



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January 1986 to February 2011
(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
2006	3	1	6	0	-2	0	0	3	1	0	0	-3
2007	1	5	2	-2	2	-5	-2	-3	-2	-1	-6	-3
2008	-4	-2	-7	-10	-12	-11	-14	-13	-12	-13	-17	-21
2009	-18	-19	-23	-27	-27	-27	-27	-24	-24	-26	-25	-28
2010	-21	-18	-18	-18	-20	-21	-19	-15	-14	-16	-15	-13
2011	-10	-8										

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
2006	-1	-2	0	-1	-1	-1	-2	-6	-6	-3	-6	-7
2007	-2	-2	-5	-3	-6	-7	-2	-2	-3	-7	-3	-3
2008	-4	-4	-1	-1	-3	-1	-4	-3	-1	-4	-4	-7
2009	-6	-5	-4	-5	-2	-5	-4	-4	0	-3	-2	-4
2010	-1	-1	-1	1	0	-1	0	-1	-2	1	-3	-3
2011	0	2										

INVENTORY PLANS

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

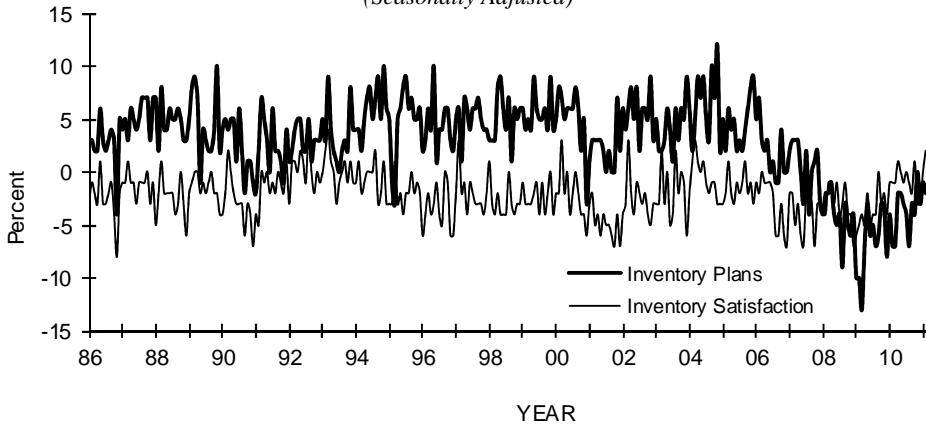
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	5	7	3	2	3	0	1	-1	-1	4	0	0
2007	2	3	3	3	0	-3	2	-4	0	1	2	-3
2008	-4	-2	-2	-1	-4	-5	-4	-9	-3	-5	-6	-4
2009	-10	-10	-13	-7	-3	-6	-5	-7	-6	-3	-3	-8
2010	-4	-7	-7	-2	2	-3	-4	-7	-3	-4	0	-3
2011	-1	-2										



SMALL BUSINESS CAPITAL OUTLAYS

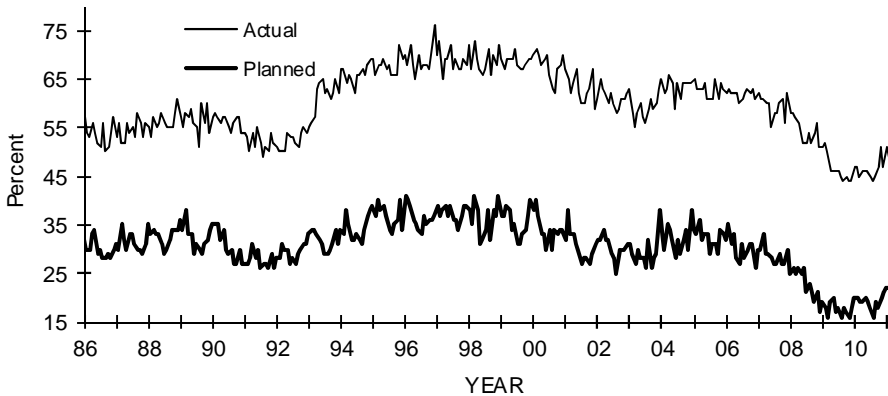
INVENTORY SATISFACTION AND INVENTORY PLANS

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 February 2011
(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
2006	62	63	62	62	62	60	61	62	63	62	63	61
2007	62	61	61	60	60	55	58	58	60	61	56	62
2008	58	58	57	56	54	52	52	54	52	54	56	51
2009	51	52	50	46	46	46	46	45	44	45	44	44
2010	47	47	45	46	46	46	45	44	45	47	51	47
2011	51	49										



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	19	19
Equipment	33	31	35
Furniture or Fixtures	10	8	11
Add. Bldgs. or Land	5	4	4
Improved Bldgs. or Land	12	10	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	4	4
\$1,000 to \$4,999	7	9	9
\$5,000 to \$9,999	5	5	5
\$10,000 to \$49,999	17	17	19
\$50,000 to \$99,999	9	5	6
\$100,000 +	9	8	8
No Answer	0	0	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
2006	32	35	31	33	28	27	31	28	30	31	31	26
2007	30	30	33	29	29	28	27	27	29	27	27	30
2008	25	26	25	26	25	26	21	23	21	19	21	17
2009	19	18	16	19	20	17	18	16	18	17	16	18
2010	20	20	19	19	20	19	18	16	19	18	20	21
2011	22	22										



SINGLE MOST IMPORTANT PROBLEM

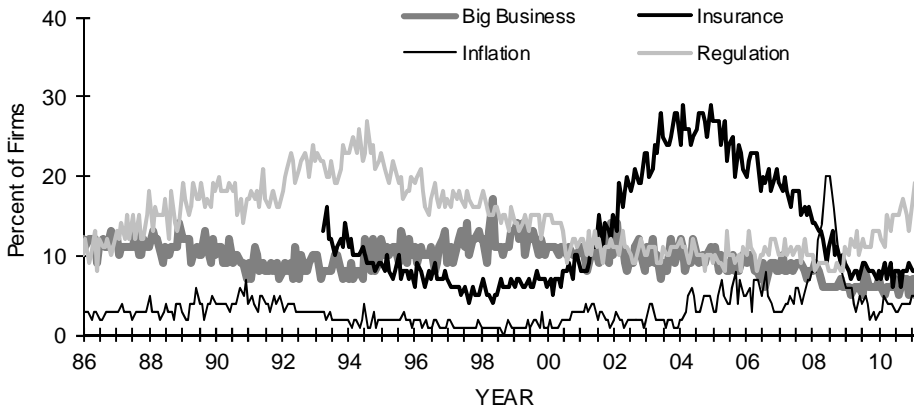
SINGLE MOST IMPORTANT PROBLEM

February 2011

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	17	23	32	8
Inflation	5	3	41	0
Poor Sales	28	34	34	2
Fin. & Interest Rates	4	3	37	1
Cost of Labor	3	3	9	2
Govt. Reqs. & Red Tape	19	12	27	4
Comp. From Large Bus.	5	6	14	4
Quality of Labor	7	4	24	3
Cost/Avail. of Insurance	8	7	29	4
Other	4	5	31	1

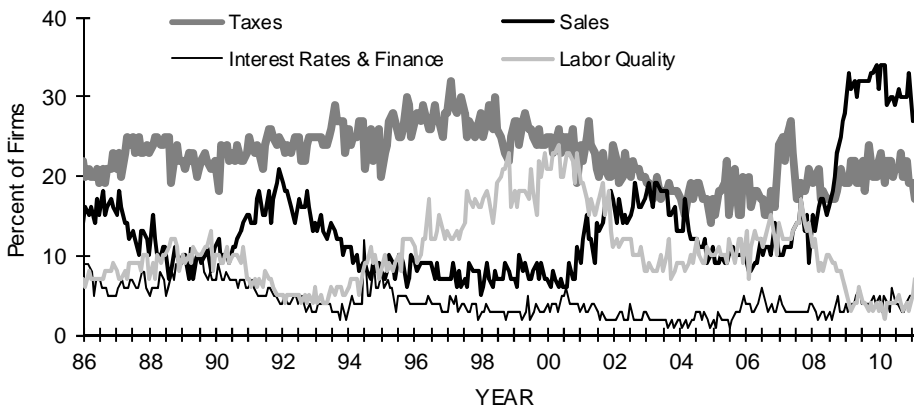
SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation
January 1986 to February 2011



SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality
January 1986 to February 2011



SURVEY PROFILE

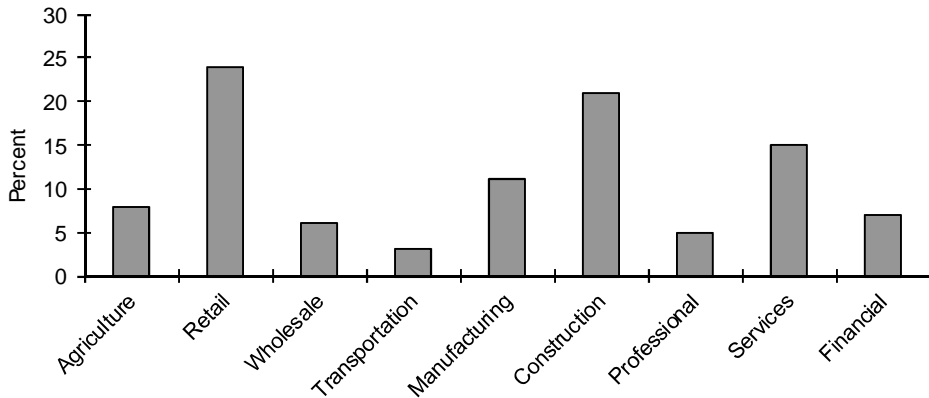
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	1274	484	471	1094	440	416	1007	480	380	1075	451	446
2007	1755	750	737	1703	618	589	1613	720	674	1614	719	670
2008	1845	700	735	1768	737	703	1827	812	743	1992	826	805
2009	2013	846	867	1794	814	758	1994	882	827	2059	825	830
2010	2114	799	948	2176	823	804	2029	874	849	1910	807	804
2011	2144	774										

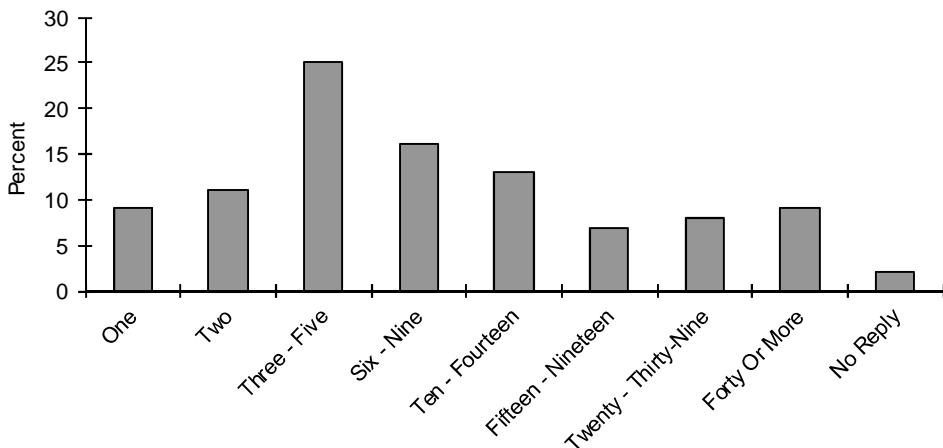
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

