



NFIB SMALL BUSINESS ECONOMIC TRENDS

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U&I 2012

Based on a Survey of Small and Independent Business Owners

SMALL BUSINESS OPTIMISM INDEX COMPONENTS

Index Component	Seasonally Adjusted Level	Change from Last Month	Contribution to Index Change
Plans to Increase Employment	1%	-I	*
Plans to Make Capital Outlays	2F%	-H	A*
Plans to Increase Inventories	EE%	-F	A*
Expect Economy to Improve	3%	I	A*
Expect Real Sales Higher	AE%	E	*
Current Inventory	EE%	E	A*
Current Job Openings	AI%	E	A*
Expected Credit Conditions	AI%	G	A*
Now a Good Time to Expand	7%	AH	A*
Earnings Trends	-2I%	F	A*
Total Change		-F	*

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

ECONOMIC TRENDS

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

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SUMMARY

OPTIMISM INDEX

The Optimism Index lost 0.1 points, falling to 92.8. Since monthly surveys were started in 1986, the Index has been below 93.0 fifty-six times, and 32 of those low readings have occurred since the recovery began in June 2009. News on the economy didn't really change and neither did business owner's views of the future for the economy – it's as uncertain as it has been all year. Views about the current period as a "good time to expand" did gain 3 points, and the number of owners expecting business conditions to be better in six months gained 4 points over the pessimists, landing at a net 2 percent. However, these are hardly strong readings, even if improved.

LABOR MARKETS

Consumer spending has barely advanced this year, and consequently so has job creation. Employment is still 4 million lower than it was in the first quarter of 2008 (first quarter). The population grows about 1 percent annually. A few more jobs are needed to take care of that, and that seems to be about all we are getting. The percent of owners reporting hard to fill job openings fell 1 point to 17 percent of all owners, no help for a lower unemployment rate. Seasonally adjusted, the net percent of owners planning to create new jobs fell 6 points to 4 percent, a historically weak reading, especially in a recovery. Owners remained pessimistic about the future in September and consequently hiring plans remain weak. Reported job creation for the past few months was negative. More workers let go than hired, signaling a weak BLS jobs report for September, around 100,000 new jobs overall.

INVENTORIES AND SALES

The net percent of all owners (seasonally adjusted) reporting higher nominal sales over the past 3 months was unchanged at a negative 13 percent. The five year high of a net 4 percent was reached in April. The low for this cycle was a net negative 34 percent, last reached in July 2009. Twenty-one (21) percent still cite weak sales as their top business problem, historically high, but down from the record 34 percent reading last reached in March 2010. The net percent of owners expecting higher real sales was unchanged at 1 percent of all owners (seasonally adjusted), down 11 points from the year high of net 12 percent in February. This is a weak reading, not likely to trigger orders for new inventory or business expansion. The pace of inventory reduction slowed, with a net negative 8 percent of all owners reporting growth in inventories (seasonally adjusted), a 1 point deterioration. For all firms, a net negative 1 percent (down 1 point) reported stocks too low, still a very positive report as this indicates minimal excess inventory in the hands of owners. Plans to add to inventories remained weak at a net negative 1 percent of all firms (seasonally adjusted), more plan to reduce than plan to add new stocks.

This survey was conducted in September 2012. A sample of 3,938 small-business owners/members was drawn. Six hundred ninety-one (691) usable responses were received – a response rate of 18 percent.



CAPITAL SPENDING

The frequency of reported capital outlays over the past six months fell 4 points to 51 percent, still in “maintenance mode.” Overall, there was a substantial reduction in capital spending activity. A net 1 percent of all owners expect improved real sales volumes, unchanged after a 5 point gain in August. Twenty-one (21) percent reported “poor sales” as their top business problem, up 1 point. Overall, the survey shows no improvements in the capital spending indicators. The percent of owners planning capital outlays in the next 3 to 6 months fell 3 points to 21 percent. Seven percent characterized the current period as a good time to expand facilities (up 3 points, seasonally adjusted) compared to 14 percent in September 2007. The net percent of owners expecting better business conditions in 6 months rose 4 points to 2 percent after posting a 6 point improvement last month. But this is still a collectively pessimistic view.

INFLATION

Seasonally adjusted, the net percent of owners raising selling prices was 6 percent, down 3 points. The dramatic price cutting that characterized the recession is over and price pressures have returned to normal ranges in the NFIB survey. Recent readings are consistent with moderate inflation on Main Street, but rising energy prices will produce more headline inflation. Seasonally adjusted, a net 19 percent plan price hikes, up 2 points.

EARNINGS AND WAGES

Reports of positive earnings trends improved one point, rising to a net negative 27 percent in September. Earnings are the major source of capital for small firms to finance growth and expansion, and repay debts incurred to invest in their firms. The past and promised increases in regulatory costs and taxes will diminish the available financial support for growth, as well as reduce the expected profitability associated with new investments in the business or new hires. Two percent reported reduced worker compensation and 16 percent reported raising compensation, yielding a seasonally adjusted net 14 percent reporting higher worker compensation, up 1 point. A net seasonally adjusted 10 percent plan to raise compensation in the coming months, unchanged from August.

CREDIT MARKETS

There were no interesting developments in credit markets in September. The average rate paid on short maturity loans was 5.7 percent, stuck at much the same level for years even though the one year Treasury rate is barely above 0 percent. Thirty-one (31) percent of all owners reported borrowing on a regular basis, up 1 point from August. Eight percent of owners reported that all their credit needs were not met, also up 1 point. Thirty-two (32) percent reported all credit needs met, and 50 percent explicitly said they did not want a loan. Only 2 percent reported that financing was their top business problem, compared to 21 each percent citing taxes, weak sales and unreasonable regulations and red tape.



COMMENTARY

Uncertainty has cast a cloud over the future for small business owners, making it difficult to make commitments to new spending and hiring. In a recently released NFIB Problems and Priorities survey (available at nfib.org/research), owners rated the severity of 75 business issues. Uncertainty about the economy ranked second while uncertainty about government policy ranked fourth. For perspective, securing long term funding was 56th and finding qualified workers 32nd. With a 50/50 election, according to the polls, and very different sets of policies that might be put in place, owners are unwilling to put their own capital on the line until the future path of the economy and economic policy becomes clearer.

MOST IMPORTANT PROBLEM: 2012

- 1 Rising Cost of Health Care Insurance
 - 2 Uncertainty over Economic Conditions
 - 3 Energy Costs
 - 4 Uncertainty over Government Actions
 - 5 Unreasonable Government Regulations
 - 6 Federal Taxes on Business Income
 - 7 Tax Complexity
 - 8 Frequent Changes in Federal Tax Laws and Rules
 - 9 Property Taxes
 - 10 State Taxes on Business Income
-
- 25 Finding Out About Regulatory Requirements
 - 31 Competition from Large Businesses
 - 32 Finding Qualified Employees
 - 56 Obtaining Long-Term Business Loans

Obviously, taxes and regulations are high on the list of concerns of business owners and these are issues that politicians will be addressing as the election approaches. Politicians have little understanding of the costs their actions impose on the private sector. “Frequent changes in the tax code” should not consistently rank in the top 15 problems that owners face.

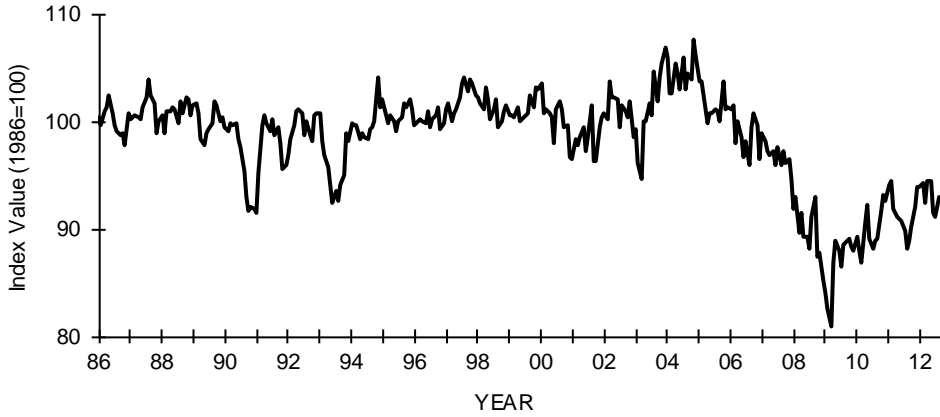
Labor market indicators remained weak, providing little hope for a recovery in employment. Capital spending plans, inventory investment plans, hiring plans were all soft, so prospects for more rapid growth in GDP are dim unless the election outcome produces euphoria (and more spending) among a significant segment of consumers. Economic activity appears to be driven mostly by population growth; there isn’t much beyond the 1 percent in growth this produces.



OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

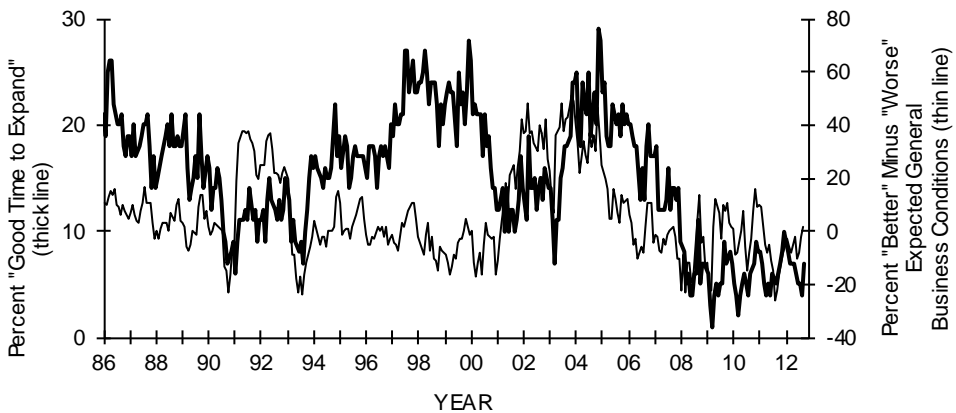
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	91.9	91.2	90.9	90.8	89.9	88.1	88.9	90.2	92.0	93.8
2012	93.9	94.3	92.5	94.5	94.4	91.4	91.2	92.9	92.8			

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January 1986 to September 2012
(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
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	5	4	5	4	6	5	6	7	8	10
2012	9	8	7	7	7	5	5	4	7			

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
September 2012

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	2	39	12
Sales Prospects	1	3	1
Fin. & Interest Rates	1	1	1
Cost of Expansion	0	2	2
Political Climate	1	20	7
Other/Not Available	0	2	3

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

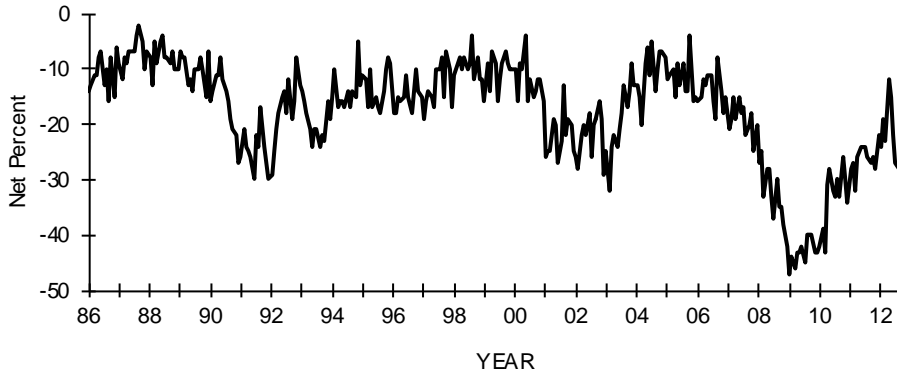
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	-1	-2	-7	-8	-3	-5	-1	0	2	-2	-10	-10
2008	-22	-9	-23	-12	-12	-19	-17	4	14	-4	-2	-13
2009	-12	-21	-22	2	12	7	-3	10	8	11	3	2
2010	1	-9	-8	0	8	-6	-15	-8	-3	8	16	9
2011	10	9	-5	-8	-5	-11	-15	-26	-22	-16	-12	-8
2012	-3	-6	-8	-5	-2	-10	-8	-2	2			



SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to September 2012
(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
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	-32	-26	-24	-24	-24	-26	-27	-26	-28	-22
2012	-24	-19	-23	-12	-15	-22	-27	-28	-27			

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
September 2012

	Current Month	One Year Ago	Two Years Ago
Sales Volume	18	19	25
Increased Costs*	9	13	12
Cut Selling Prices	3	3	3
Usual Seasonal Change	4	4	2
Other	4	1	3

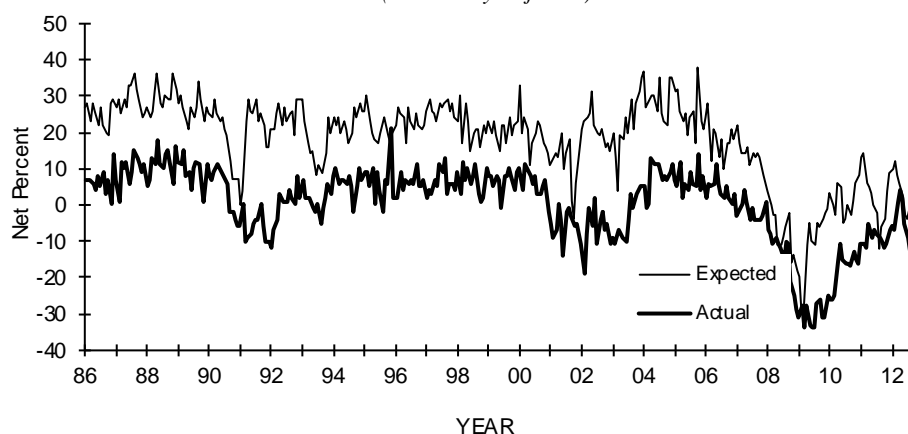
* Increased costs include labor, materials, finance, taxes, and regulatory costs.



SMALL BUSINESS SALES

SALES

Actual (Prior Three Months) and Expected (Next Three Months)
 January 1986 to September 2012
 (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
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	-12	-5	-9	-7	-8	-9	-10	-12	-11	-7
2012	-6	-7	1	4	2	-5	-9	-13	-13			



SALES EXPECTATIONS

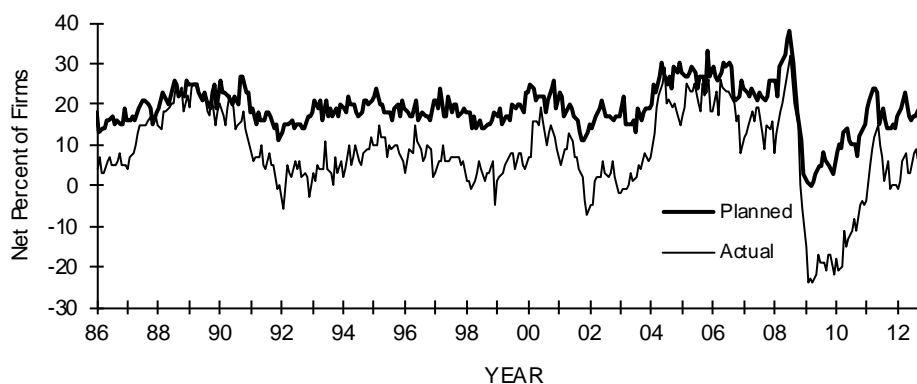
Net Percent (“Higher” Minus “Lower”) During Next Three Months
 (Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	6	5	3	0	-2	-12	-6	-4	4	9
2012	10	12	8	6	2	-3	-4	1	1			

SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
 January 1986 to September 2012
 (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
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	9	12	15	10	7	1	6	-1	0	0
2012	-1	1	6	8	3	3	8	9	6			

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
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	24	24	23	15	19	16	14	14	15	14
2012	17	19	21	23	17	16	17	17	19			



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
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	-4	-6	-3	-7	-2	-2	-5	0	2	1
2012	0	-2	-3	-4	-5	-3	1	2	-3			

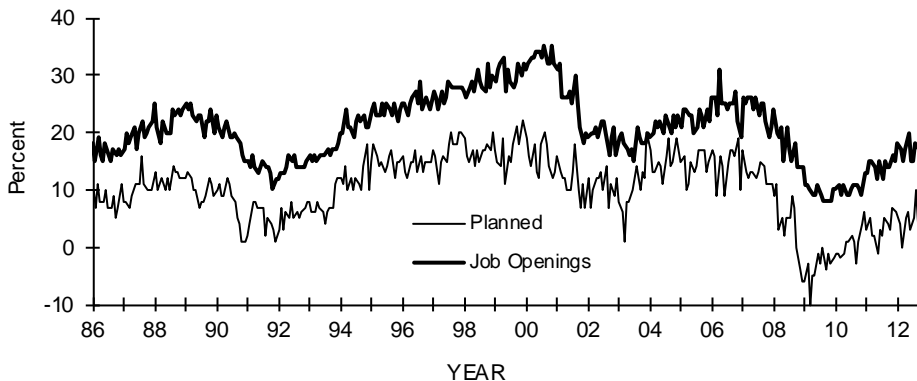
QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	29	32	30	33	31	33	34	31	35	34
2012	31	31	32	34	37	33	38	37	41			

EMPLOYMENT

Planned Next Three Months and Current Job Openings
January 1986 to September 2012
(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
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	15	14	12	15	12	15	14	14	16	15
2012	18	17	15	17	20	15	15	18	17			

HIRING PLANS

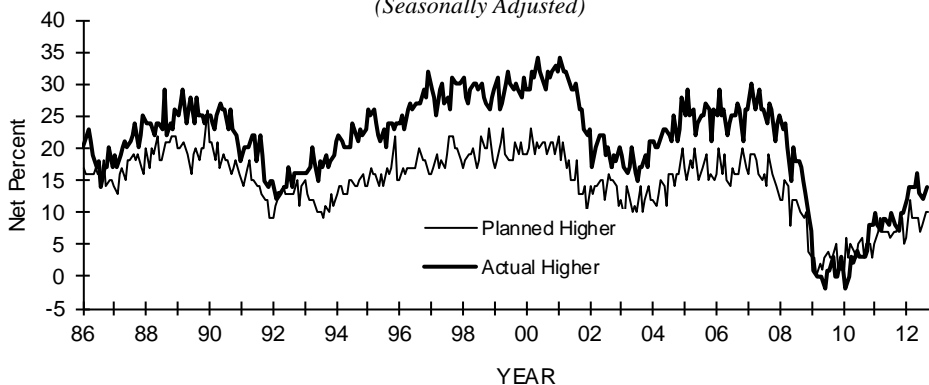
Net Percent ("Increase" Minus "Decrease") in the Next Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	2	2	-1	3	2	5	4	3	7	6
2012	5	4	0	5	6	3	5	10	4			

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to September 2012
(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
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	7	9	9	8	10	9	8	7	10	10
2012	12	14	14	14	16	13	12	13	14			

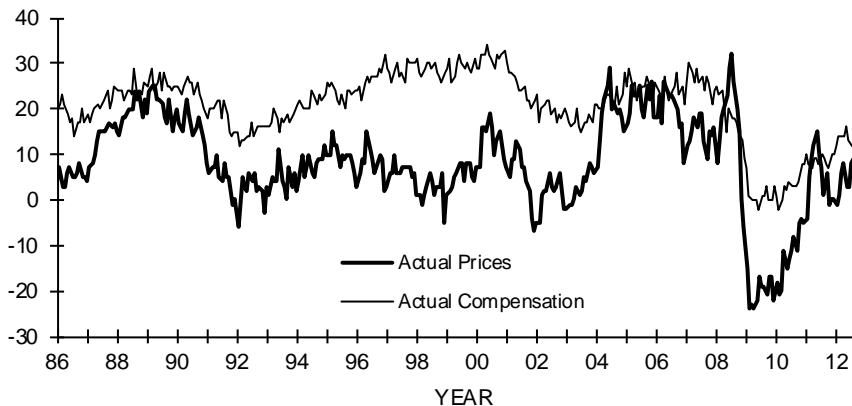
COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	9	7	7	7	6	7	7	8	9	5
2012	6	12	9	9	9	7	8	10	10			

PRICES AND LABOR COMPENSATION

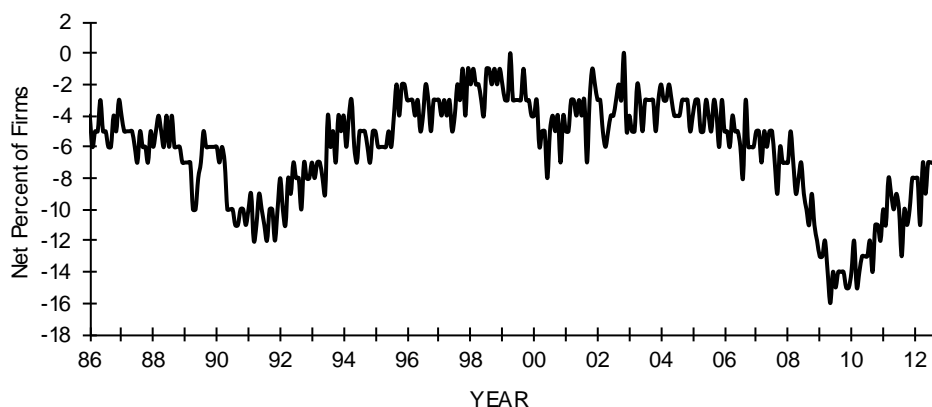
Net Percent Price Increase and Net Percent Compensation
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1986 to September 2012



* 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
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	29	32	29	29	30	32	31	30	34	31
2012	32	32	31	32	32	29	31	30	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
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	-8	-9	-10	-9	-10	-13	-10	-11	-10	-8
2012	-8	-8	-11	-7	-9	-7	-7	-7	-6			

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
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	28/7	28/8	28/8	25/9	28/8	28/7	29/8	28/9	30/7	29/7
2012	30/7	31/7	27/8	31/8	29/9	29/7	30/7	31/7	32/8			

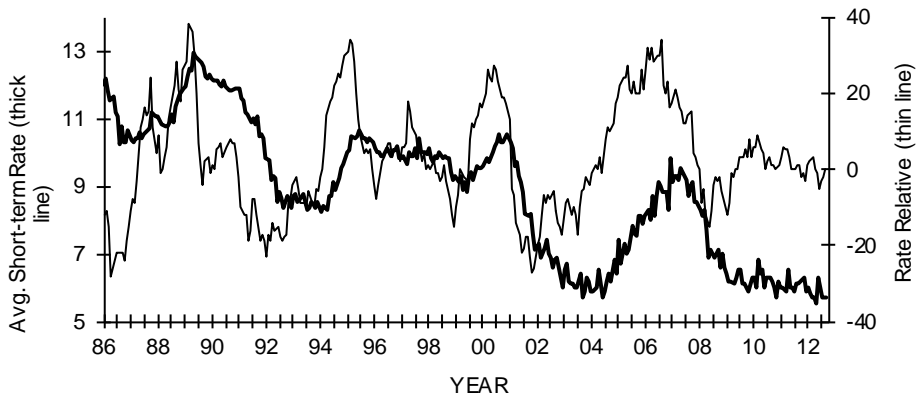
EXPECTED CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	-9	-13	-11	-10	-11	-13	-12	-11	-10	-9
2012	-9	-10	-11	-8	-10	-8	-7	-9	-7			

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January 1986 to September 2012



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
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	5	5	3	0	0	1	1	-2	-1	-3
2012	1	2	3	0	-1	-5	-3	-2	0			

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

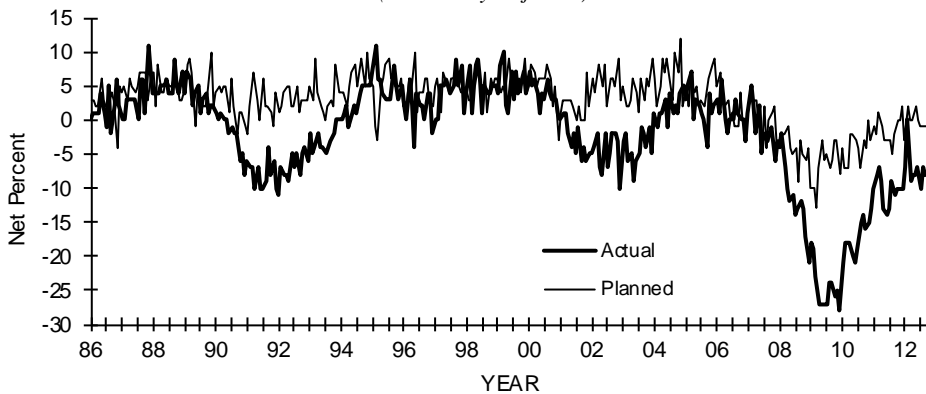
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	9.1	9.3	9.3	9.2	9.5	9.3	9.2	8.7	9.0	9.1	8.5	8.5
2008	8.3	8.1	8.3	7.7	6.9	7.1	7.0	6.9	7.1	6.6	7.0	6.6
2009	6.4	6.2	6.2	6.1	6.3	6.5	6.5	6.1	6.1	6.0	5.9	6.3
2010	6.3	6.0	6.8	6.4	6.5	6.0	6.3	6.3	6.2	6.0	5.7	6.2
2011	6.0	6.0	5.9	6.5	6.0	6.0	5.9	6.1	6.1	6.2	6.3	5.9
2012	6.0	5.8	5.7	5.7	5.5	6.3	5.7	5.7	5.7			



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January 1986 to September 2012
(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
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	-7	-9	-13	-14	-13	-9	-11	-10	-10	-10
2012	-7	0	-9	-8	-8	-7	-10	-7	-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
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	-1	1	-1	-1	0	1	-1	0	-1	0
2012	1	2	3	0	0	0	0	0	-1			

INVENTORY PLANS

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

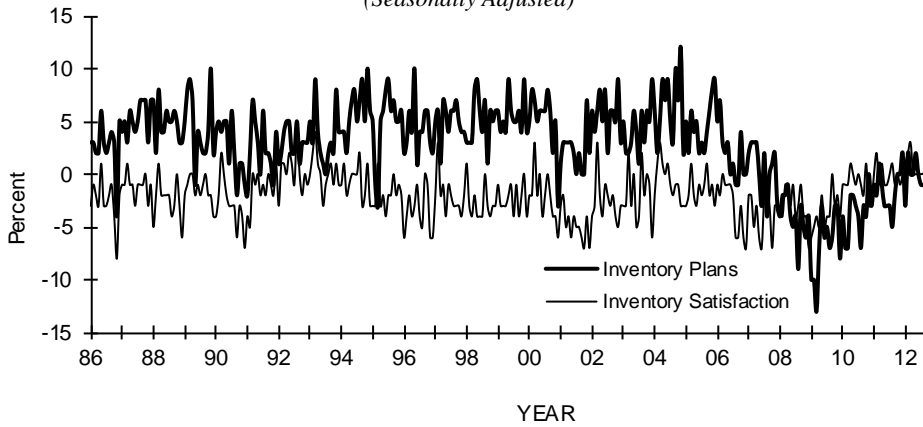
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	2	3	3	3	0	-3	2	-4	0	1	2	-3
2008	-4	-2	-2	-1	-4	-5	-4	-9	-3	-5	-6	-4
2009	-10	-10	-13	-7	-3	-6	-5	-7	-6	-3	-3	-8
2010	-4	-7	-7	-2	2	-3	-4	-7	-3	-4	0	-3
2011	-1	-2	1	-1	-3	-3	-3	-5	-2	0	0	2
2012	-3	2	0	0	2	0	-1	-1	-1			



SMALL BUSINESS CAPITAL OUTLAYS

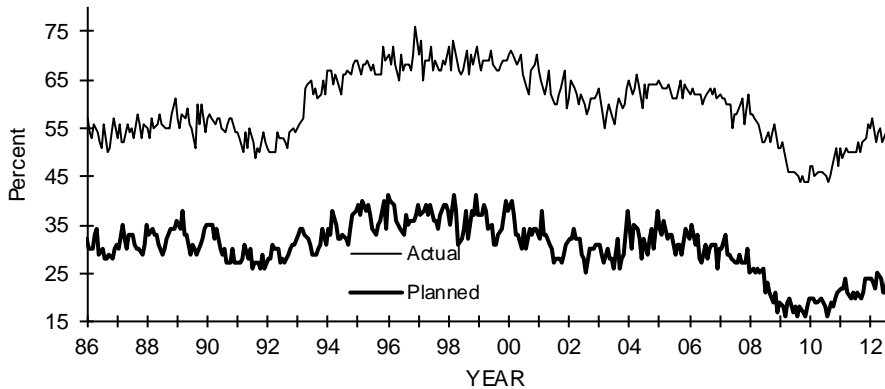
INVENTORY SATISFACTION AND INVENTORY PLANS

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 2012
(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
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	51	50	50	50	50	52	50	52	53	56
2012	55	57	52	54	55	52	54	55	51			

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	15
Equipment	34	35	30
Furniture or Fixtures	12	9	10
Add. Bldgs. or Land	4	6	4
Improved Bldgs. or Land	14	13	10

AMOUNT OF CAPITAL EXPENDITURES MADE

Percent Distribution of Per Firm Expenditures
During the Last Six Months

Amount	Current	One Year Ago	Two Years Ago
\$1 to \$999	4	5	4
\$1,000 to \$4,999	7	9	8
\$5,000 to \$9,999	5	4	5
\$10,000 to \$49,999	19	16	15
\$50,000 to \$99,999	6	6	5
\$100,000 +	9	10	7
No Answer	1	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
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	24	21	20	21	20	21	20	21	24	24
2012	24	23	22	25	24	21	21	24	21			



SINGLE MOST IMPORTANT PROBLEM

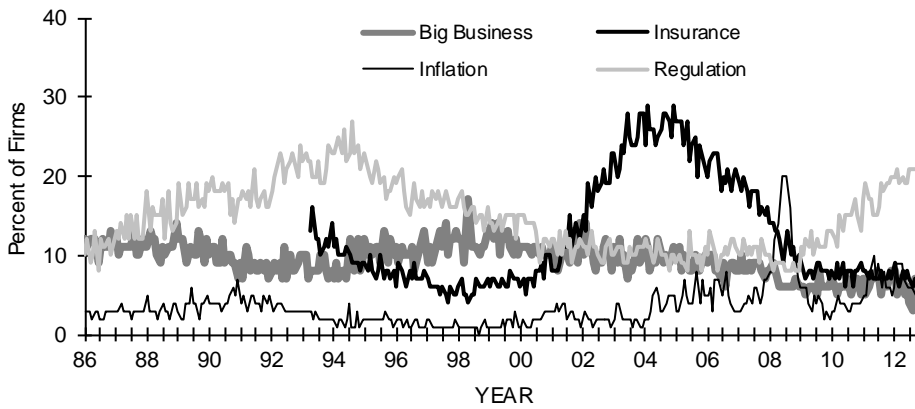
SINGLE MOST IMPORTANT PROBLEM

September 2012

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	21	16	32	8
Inflation	5	8	41	0
Poor Sales	21	28	34	2
Fin. & Interest Rates	2	3	37	1
Cost of Labor	4	3	9	2
Govt. Reqs. & Red Tape	21	18	27	4
Comp. From Large Bus.	7	7	14	4
Quality of Labor	6	6	24	3
Cost/Avail. of Insurance	7	7	29	4
Other	6	4	31	1

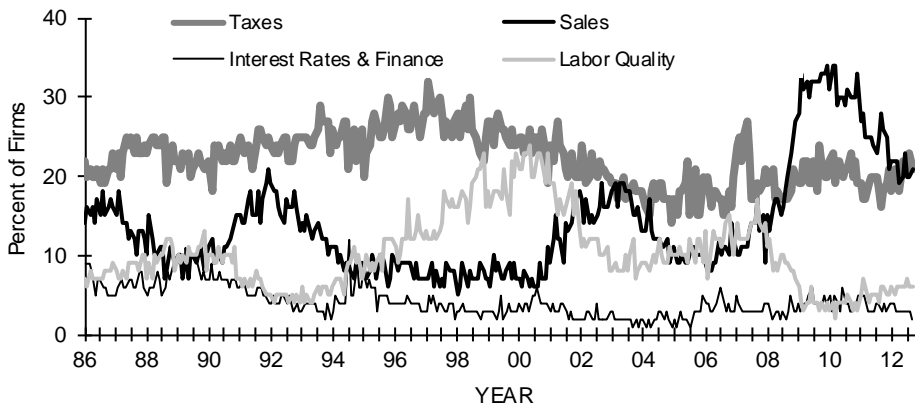
SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation
January 1986 to September 2012



SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality
January 1986 to September 2012



SURVEY PROFILE

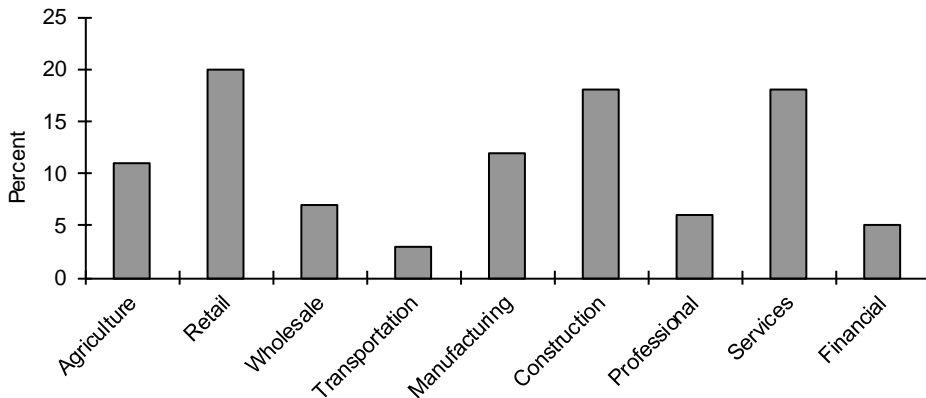
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	811	1985	733	766	1817	926	729	2077	781	735
2012	2155	819	757	1817	681	740	1803	736	691			

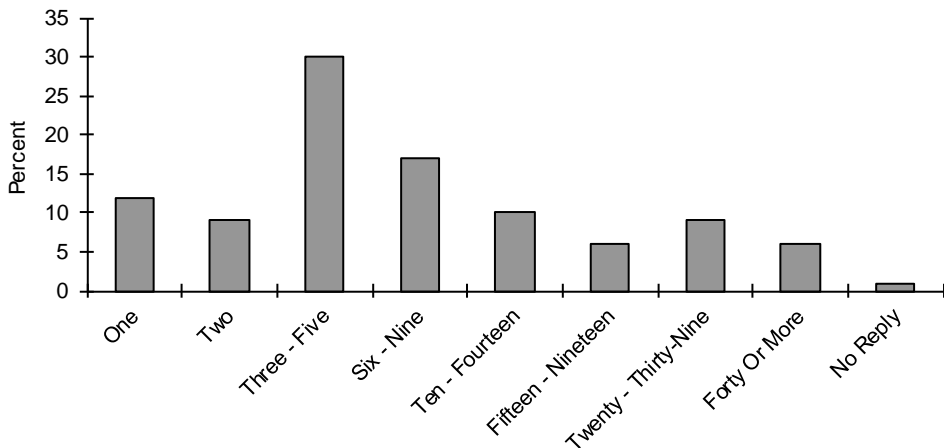
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

Industry of Small Business



NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

Number of Full and Part-Time Employees



NFIB RESEARCH FOUNDATION SMALL BUSINESS ECONOMIC SURVEY

SMALL BUSINESS SURVEY QUESTIONS

PAGE IN REPORT

Do you think the next three months will be a good time for small business to expand substantially? Why?	4
About the economy in general, do you think that six months from now general business conditions will be better than they are now, about the same, or worse?	5
Were your net earnings or “income” (after taxes) from your business during the last calendar quarter higher, lower, or about the same as they were for the quarter before?	6
If higher or lower, what is the most important reason?	6
During the last calendar quarter, was your dollar sales volume higher, lower, or about the same as it was for the quarter before?	7
Overall, what do you expect to happen to real volume (number of units) of goods and/or services that you will sell during the next three months?	7
How are your average selling prices compared to three months ago?	8
In the next three months, do you plan to change the average selling prices of your goods and/or services?	8
During the last three months, did the total number of employees in your firm increase, decrease, or stay about the same?	9
If you have filled or attempted to fill any job openings in the past three months, how many qualified applicants were there for the position(s)?	9
Do you have any job openings that you are not able to fill right now?	10
In the next three months, do you expect to increase or decrease the total number of people working for you?	10
Over the past three months, did you change the average employee compensation?	11
Do you plan to change average employee compensation during the next three months?	11



SMALL BUSINESS SURVEY QUESTIONS

PAGE IN REPORT

Are...loans easier or harder to get than they were three months ago? 12

During the last three months, was your firm able to satisfy its borrowing needs? 13

Do you expect to find it easier or harder to obtain your required financing during the next three months? 13

If you borrow money regularly (at least once every three months) as part of your business activity, how does the rate of interest payable on your most recent loan compare with that paid three months ago? 14

If you borrowed within the last three months for business purposes, and the loan maturity (pay back period) was 1 year or less, what interest rate did you pay? 14

During the last three months, did you increase or decrease your inventories? 15

At the present time, do you feel your inventories are too large, about right, or inadequate? 15

Looking ahead to the next three months to six months, do you expect, on balance, to add to your inventories, keep them about the same, or decrease them? 15

During the last six months, has your firm made any capital expenditures to improve or purchase equipment, buildings, or land? 16

If [your firm made any capital expenditures], what was the total cost of all these projects? 17

Looking ahead to the next three to six months, do you expect to make any capital expenditures for plant and/or physical equipment? 17

What is the single most important problem facing your business today? 18

Please classify your major business activity, using one of the categories of example below 19

How many employees do you have full and part-time, including yourself? 19

