



# NFIB SMALL BUSINESS ECONOMIC TRENDS

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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	5%	-2	-9%
Plans to Make Capital Outlays	24%	-1	-5%
Plans to Increase Inventories	1%	6	27%
Expect Economy to Improve	-18%	1	5%
Expect Real Sales Higher	12%	9	41%
Current Inventory	0%	4	18%
Current Job Openings	22%	0	0%
Expected Credit Conditions	-7%	0	0%
Now a Good Time to Expand	8%	2	9%
Earnings Trends	-24%	3	14%
Total Change		22	100%

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

# ECONOMIC TRENDS

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*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

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## OPTIMISM INDEX

The latest Small Business Optimism Index rose 2 points to 93.4, mostly reversing the February decline but failing once again to breach the 95 ceiling that has capped the Index during the recovery. Six of the Index components improved, two were unchanged, and two were lower. The net percent of owners planning to create new jobs did fall 2 points but remained positive even if weak. The outlook for real sales gains accounted for about half of the improvement with inventory satisfaction and inventory investment plans accounting for most of the rest. However, throughout this recovery these types of increases have generally gone nowhere. As long as Washington continues to ignore policies that could restore the middle class growth and job creation will continue to be sub-par.

## LABOR MARKETS

NFIB owners increased employment by an average of 0.18 workers per firm in March (seasonally adjusted), an improvement over February's 0.11 reading and the sixth positive month in a row. Forty-nine percent of the owners hired or tried to hire in the last three months and 41 percent reported few or no qualified applicants for open positions. Twenty-two percent of all owners reported job openings they could not fill in the current period (unchanged). Thirteen percent reported using temporary workers, unchanged from February. Job creation plans softened further in February, falling 2 percentage points to a seasonally adjusted net 5 percent compared to 12 percent in January.

## INVENTORIES AND SALES

The net percent of all owners (seasonally adjusted) reporting higher nominal sales in the past 3 months compared to the prior 3 months improved 2 points to a net negative 6 percent. With more firms experiencing lower sales than higher quarter over quarter, the weakness in sentiment is no surprise. Fourteen percent cite weak sales as their top business problem, high but approaching levels experienced in "normal" times. Expected real sales volumes posted a strong 9 point gain, rising to a net 12 percent of owners. A solid improvement even though views about future business conditions remained very negative. While still a historically weak reading, it is one of the very best in this recovery, which has been tepid for years.

The pace of inventory reduction picked up speed, with a net negative 6 percent of all owners reporting growth in inventories (seasonally adjusted), 4 points lower than February. The net percent of owners viewing current inventory stocks as "too low" rose 4 points to a net 0 percent, a positive development. The net percent of owners planning to add to inventory stocks rose 6 points to a net 1 percent, a positive for new orders for inventory.

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This survey was conducted in March 2014. A sample of 3,938 small-business owners/members was drawn. Six hundred eighty-five (685) usable responses were received – a response rate of 17 percent.



## CAPITAL SPENDING

The percent of owners planning capital outlays in the next 3 to 6 months fell 1 point to 24 percent. Fifty-six percent reported outlays, down 1 point from February and typical of reports in recent months. Overall, spending was weaker, and typical of recent readings. Owners can't seem to find reasons to boost spending and remain in "maintenance mode".

## INFLATION

Twelve percent of the NFIB owners reported reducing their average selling prices in the past 3 months (down 3 points), and 23 percent reported price increases (up 4 points). Seasonally adjusted, the net percent of owners raising selling prices was a net 9 percent, up 8 points. Overall, there is a little more upward pressure on prices, especially in housing. Twenty-three percent plan on raising average prices in the next few months (down 4 points), matching the percent reporting actual price increases in the past few months, a hint that desired price hikes might be sticking. Only 3 percent plan reductions (unchanged), far fewer than actual reported reductions. Seasonally adjusted, a net 19 percent plan price hikes (down 4 points). If successful, the economy may see a bit more "inflation".

## EARNINGS AND WAGES

Earnings trends improved 3 points to a net negative 24 percent (net percent reporting quarter to quarter earnings trending higher or lower). Rising labor costs are keeping pressure on earnings. Two percent reported reduced worker compensation and 25 percent reported raising compensation, yielding a seasonally adjusted net 23 percent reporting higher worker compensation (up 4 points), the best readings since 2008. A net seasonally adjusted 14 percent plan to raise compensation in the coming months, unchanged from February and the strongest reading since 2008 as well. The reported gains in compensation are now solidly in the range typical of an economy with solid growth. Hopefully this is a good sign. With a net 23 percent raising compensation, but a net 9 percent raising selling prices, it is easy to see why profits remain under pressure. The issue is how much of the gains are in benefits rather than take-home pay.

## CREDIT MARKETS

Credit continues to be a non-issue for small employers. In March only 5 percent of owners reported that all their credit needs were not met, 1 point above the record low. Thirty percent reported all credit needs met, and 48 percent explicitly said they did not want a loan. Only 2 percent reported that financing was their top business problem compared to 21 percent citing taxes, 21 percent citing regulations and red tape and 14 percent citing weak sales.



# COMMENTARY

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First quarter GDP growth is looking pretty slow at just under 2 percent. Weather, trade deficits, and pessimistic consumers and business owners are all taking a toll on spending growth. Uncertainty remains elevated. Consequently, hiring will remain muted compared to previous expansions. There is lots of talk about this looking more like a “new normal”, that the nature of job requirements changed dramatically in the recession. Certainly firms trimmed all the fat and then some in the last 6 years, but technological change wasn’t that dramatic since 2008. Many of the “long term unemployed” would find jobs in an economy with 500,000 more housing starts and a consumer base more willing to spend on services. Washington is floundering and the economy is following suit.

The President is pushing for a 39 percent increase in the minimum wage to address income inequality, to stimulate the economy and help the poor. None of this will occur as jobs will be lost according to a mountain of research and the CBO’s recent report). Certainly not much stimulus there, and most of the increased wage payments will go to families well above the poverty level which is no help for the poor. In addition to fewer jobs, prices will increase to cover the higher labor costs as owners will be paying more for the same work with no extra output. So for every dollar a minimum wage worker receives, it will come out of the pockets of the customers they serve, no increase in spendable income overall. In 2000, firms paid more than the minimum wage to fast food workers because demand was strong and workers generated sales that justified the higher pay. When demand fades, workers can earn less but have a job – unless the minimum wage compels the employer to fire the worker.

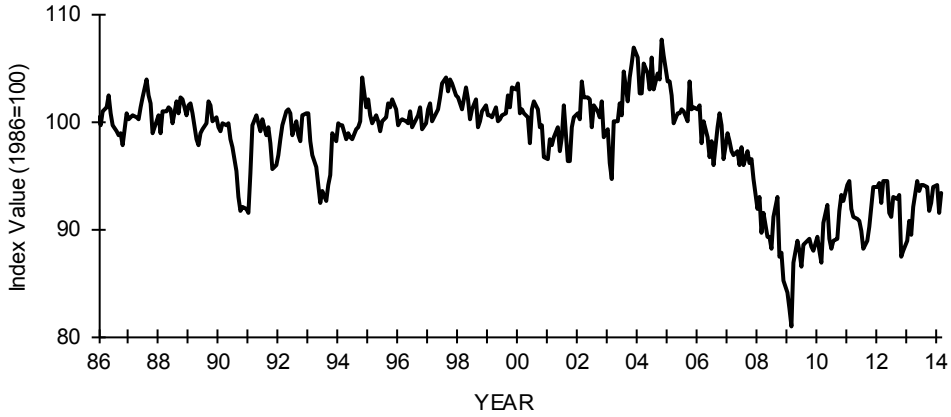
The President’s budget contains a billion dollars for “climate change” while the unemployment rate is 6.7 percent and millions can’t find work. The policies that could restore the middle class status of millions by providing job opportunities are not pursued. This will insure that growth and job creation continue to be sub-par.



# 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)

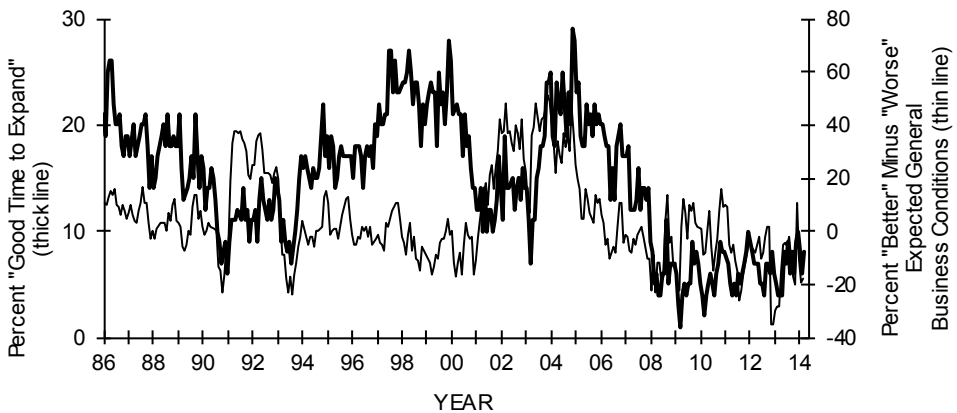
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	84.1	82.6	81.0	86.8	88.9	87.9	86.5	88.6	88.8	89.1	88.3	88.0
<b>2010</b>	89.3	88.0	86.8	90.6	92.2	89.0	88.1	88.8	89.0	91.7	93.2	92.6
<b>2011</b>	94.1	94.5	91.9	91.2	90.9	90.8	89.9	88.1	88.9	90.2	92.0	93.8
<b>2012</b>	93.9	94.3	92.5	94.5	94.4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



## SMALL BUSINESS OUTLOOK

### OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January 1986 to March 2014  
(Seasonally Adjusted)



## SMALL BUSINESS OUTLOOK (CONTINUED)

### OUTLOOK FOR EXPANSION

Percent Next Three Months "Good Time to Expand"  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	6	3	1	4	5	4	5	5	9	7	8	7
<b>2010</b>	5	4	2	4	5	6	5	4	6	7	9	8
<b>2011</b>	8	7	5	4	5	4	6	5	6	7	8	10
<b>2012</b>	9	8	7	7	7	5	5	4	7	7	6	8
<b>2013</b>	6	5	4	4	8	7	9	6	8	6	9	10
<b>2014</b>	8	6	8									

### MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
March 2014

Reason	Good Time	Not Good Time	Uncertain
<b>Economic Conditions</b>	5	34	13
<b>Sales Prospects</b>	5	3	2
<b>Fin. &amp; Interest Rates</b>	1	1	1
<b>Cost of Expansion</b>	0	5	3
<b>Political Climate</b>	0	13	9
<b>Other/Not Available</b>	0	0	2

### OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

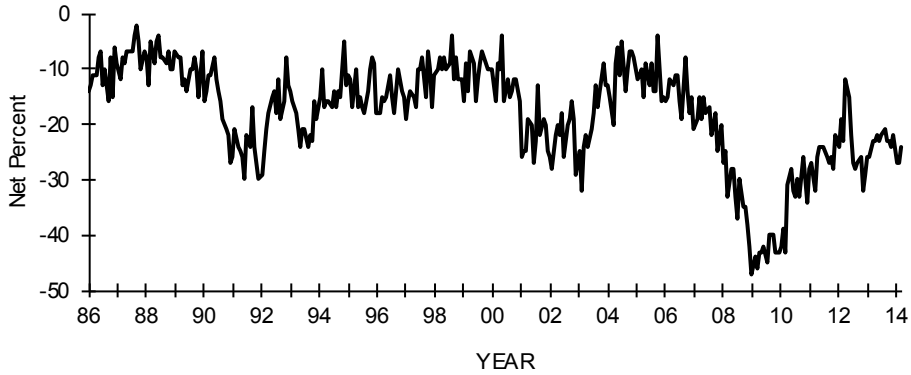
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	-12	-21	-22	2	12	7	-3	10	8	11	3	2
<b>2010</b>	1	-9	-8	0	8	-6	-15	-8	-3	8	16	9
<b>2011</b>	10	9	-5	-8	-5	-11	-15	-26	-22	-16	-12	-8
<b>2012</b>	-3	-6	-8	-5	-2	-10	-8	-2	2	2	-35	-35
<b>2013</b>	-30	-28	-28	-15	-5	-4	-6	-2	-10	-17	-20	-11
<b>2014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



# SMALL BUSINESS EARNINGS

## EARNINGS

Actual Last Three Months  
January 1986 to March 2014  
(Seasonally Adjusted)



## ACTUAL EARNINGS CHANGES

Net Percent (“Higher” Minus “Lower”) Last Three Months  
Compared to Prior Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	-47	-44	-46	-43	-43	-42	-45	-40	-40	-40	-43	-43
<b>2010</b>	-42	-39	-43	-31	-28	-32	-33	-30	-33	-26	-30	-34
<b>2011</b>	-28	-27	-32	-26	-24	-24	-24	-26	-27	-26	-28	-22
<b>2012</b>	-24	-19	-23	-12	-15	-22	-27	-28	-27	-26	-32	-29
<b>2013</b>	-26	-26	-23	-23	-22	-23	-22	-21	-23	-23	-24	-22
<b>2014</b>	-27	-27	-24									

## MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
March 2014

	Current Month	One Year Ago	Two Years Ago
<b>Sales Volume</b>	16	18	17
<b>Increased Costs*</b>	12	12	14
<b>Cut Selling Prices</b>	3	2	4
<b>Usual Seasonal Change</b>	8	7	6
<b>Other</b>	2	4	3

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

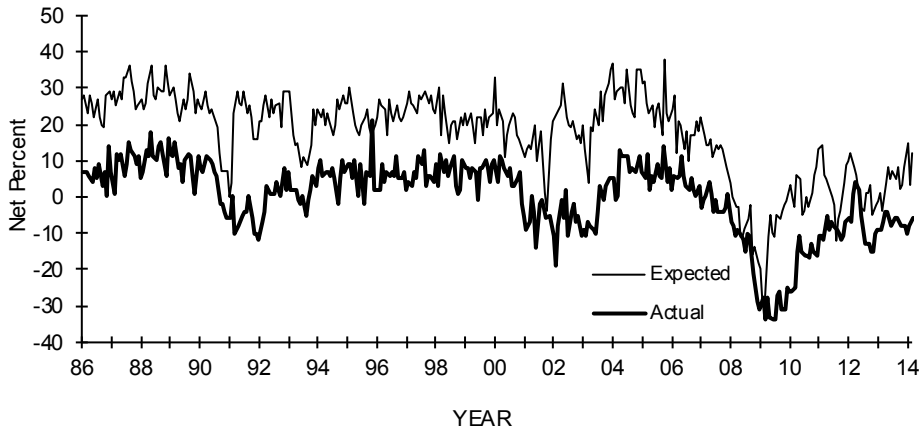




# SMALL BUSINESS SALES

## SALES

Actual (Prior Three Months) and Expected (Next Three Months)  
January 1986 to March 2014  
(Seasonally Adjusted)



## ACTUAL SALES CHANGES

Net Percent (“Higher” Minus “Lower”) Last Three Months  
Compared to Prior Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	-31	-28	-34	-28	-33	-34	-34	-27	-26	-31	-31	-25
<b>2010</b>	-26	-26	-25	-15	-11	-15	-16	-16	-17	-13	-15	-16
<b>2011</b>	-11	-11	-12	-5	-9	-7	-8	-9	-10	-12	-11	-7
<b>2012</b>	-6	-7	1	4	2	-5	-9	-13	-13	-15	-15	-10
<b>2013</b>	-9	-9	-7	-4	-4	-8	-7	-6	-6	-8	-8	-8
<b>2014</b>	-10	-8	-6									

## SALES EXPECTATIONS

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

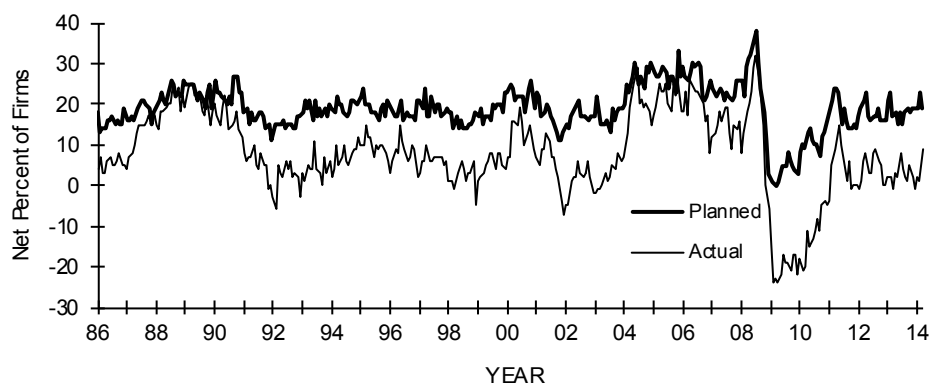
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	-20	-29	-31	-11	-5	-10	-11	-5	-6	-4	-2	-1
<b>2010</b>	3	0	-3	6	5	-5	-4	0	-3	1	6	8
<b>2011</b>	13	14	6	5	3	0	-2	-12	-6	-4	4	9
<b>2012</b>	10	12	8	6	2	-3	-4	1	1	3	-5	-2
<b>2013</b>	-1	1	-4	4	8	5	7	5	8	2	3	8
<b>2014</b>	15	3	12									



# SMALL BUSINESS PRICES

## PRICES

Actual Last Three Months and Planned Next Three Months  
 January 1986 to March 2014  
 (Seasonally Adjusted)



## ACTUAL PRICE CHANGES

Net Percent (“Higher” Minus “Lower”)  
 Compared to Three Months Ago  
 (Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	-15	-24	-23	-24	-22	-17	-19	-19	-21	-17	-17	-22
<b>2010</b>	-18	-21	-20	-11	-15	-13	-11	-8	-11	-5	-4	-5
<b>2011</b>	-4	5	9	12	15	10	7	1	6	-1	0	0
<b>2012</b>	-1	1	6	8	3	3	8	9	6	5	0	0
<b>2013</b>	2	2	-1	3	2	8	4	2	1	5	2	-1
<b>2014</b>	2	1	9									

## 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
<b>2009</b>	2	1	0	1	3	5	5	8	6	5	4	3
<b>2010</b>	8	10	9	13	14	11	10	10	7	12	13	15
<b>2011</b>	19	21	24	24	23	15	19	16	14	14	15	14
<b>2012</b>	17	19	21	23	17	16	17	17	19	16	16	16
<b>2013</b>	21	23	17	18	15	18	15	18	19	18	19	19
<b>2014</b>	19	23	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
<b>2009</b>	-15	-15	-22	-25	-24	-23	-17	-16	-16	-12	-12	-12
<b>2010</b>	-10	-9	-11	-12	-12	-10	-5	-2	-3	-6	-2	-1
<b>2011</b>	-4	-2	-4	-6	-3	-7	-2	-2	-5	0	2	1
<b>2012</b>	0	-2	-3	-4	-5	-3	1	2	-3	1	-1	-2
<b>2013</b>	2	-2	-2	-2	-3	-1	-1	4	0	3	2	4
<b>2014</b>	2	2	-1									

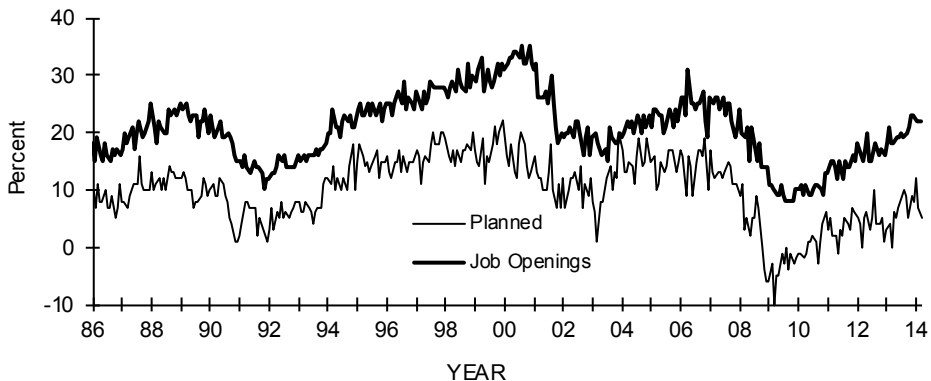
## QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants  
(Seasonally Adjusted)

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

## EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January 1986 to March 2014  
(Seasonally Adjusted)



# SMALL BUSINESS EMPLOYMENT (CONTINUED)

## JOB OPENINGS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	11	11	10	9	9	11	9	8	8	8	8	10
<b>2010</b>	10	11	9	11	9	9	10	11	11	10	9	13
<b>2011</b>	13	15	15	14	12	15	12	15	14	14	16	15
<b>2012</b>	18	17	15	17	20	15	15	18	17	16	17	16
<b>2013</b>	18	21	18	18	19	19	20	19	20	21	23	23
<b>2014</b>	22	22	22									

## HIRING PLANS

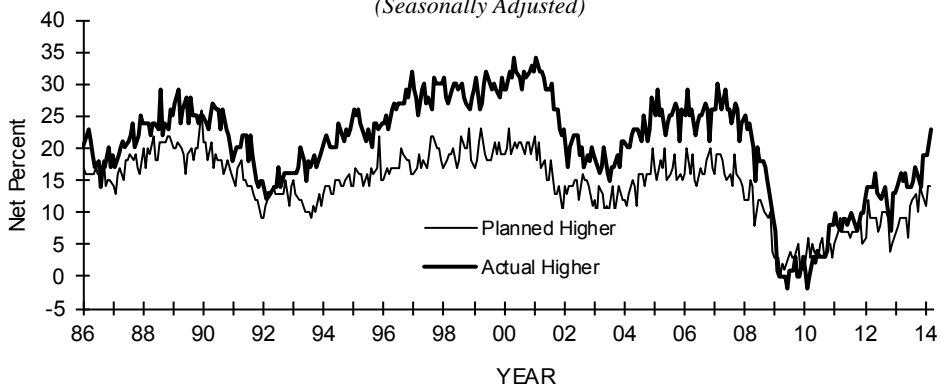
Net Percent ("Increase" Minus "Decrease") in the Next Three Months  
(Seasonally Adjusted)

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

## SMALL BUSINESS COMPENSATION

### COMPENSATION

Actual Last Three Months and Planned Next Three Months  
January 1986 to March 2014  
(Seasonally Adjusted)



## SMALL BUSINESS COMPENSATION (CONTINUED)

### ACTUAL COMPENSATION CHANGES

Net Percent ("Increase" Minus "Decrease") During Last Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	7	1	0	0	0	-2	1	1	3	0	0	3
2010	1	-2	0	3	2	4	3	3	3	4	8	8
2011	10	8	7	9	9	8	10	9	8	7	10	10
2012	12	14	14	14	16	13	12	13	14	11	7	13
2013	13	14	16	15	16	14	14	15	17	16	14	19
2014	19	19	23									

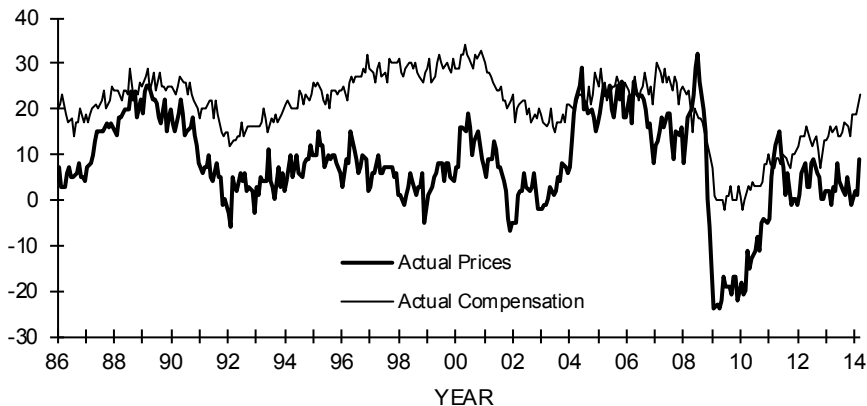
### COMPENSATION PLANS

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

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

### PRICES AND LABOR COMPENSATION

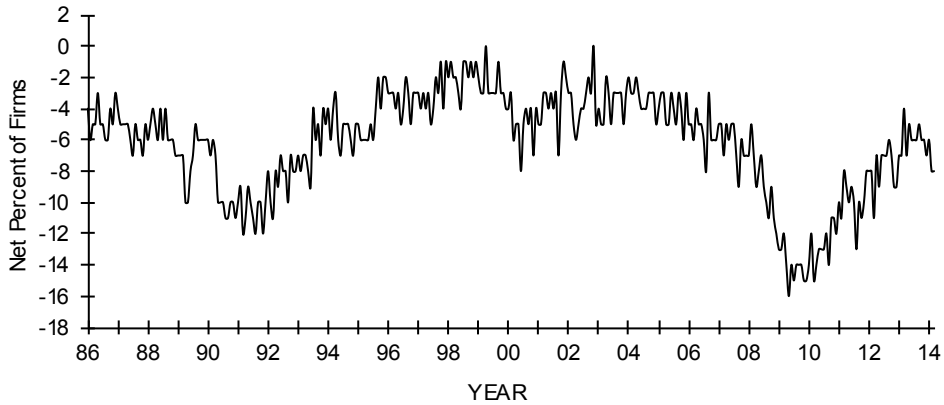
Net Percent Price Increase and Net Percent Compensation  
(Seasonally Adjusted)



# SMALL BUSINESS CREDIT CONDITIONS

## CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
January 1986 to March 2014



\* For the population borrowing at least once every three months.

## REGULAR BORROWERS

Percent Borrowing at Least Once Every Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	35	36	33	33	34	30	33	32	33	33	33	33
<b>2010</b>	32	34	35	31	32	29	32	31	33	31	28	30
<b>2011</b>	31	31	29	32	29	29	30	32	31	30	34	31
<b>2012</b>	32	32	31	32	32	29	31	30	31	30	30	29
<b>2013</b>	31	29	30	31	29	29	31	28	30	28	29	30
<b>2014</b>	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
<b>2009</b>	-13	-13	-12	-14	-16	-14	-15	-14	-14	-14	-15	-15
<b>2010</b>	-14	-12	-15	-14	-13	-13	-13	-12	-14	-11	-11	-12
<b>2011</b>	-10	-11	-8	-9	-10	-9	-10	-13	-10	-11	-10	-8
<b>2012</b>	-8	-8	-11	-7	-9	-7	-7	-7	-6	-7	-9	-9
<b>2013</b>	-7	-7	-4	-7	-5	-6	-6	-6	-5	-6	-6	-7
<b>2014</b>	-6	-8	-8									

## 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
<b>2009</b>	33/8	32/8	29/10	30/8	28/9	30/10	28/10	30/7	30/10	29/9	29/10	28/8
<b>2010</b>	27/11	29/9	29/11	28/9	28/8	25/10	27/9	27/9	27/9	26/9	25/9	28/9
<b>2011</b>	28/8	29/8	28/7	28/8	28/8	25/9	28/8	28/7	29/8	28/9	30/7	29/7
<b>2012</b>	30/7	31/7	27/8	31/8	29/9	29/7	30/7	31/7	32/8	28/8	28/6	29/6
<b>2013</b>	31/6	29/7	29/7	31/6	28/5	29/5	30/5	31/5	28/6	28/6	32/4	32/4
<b>2014</b>	31/5	29/5	30/5									

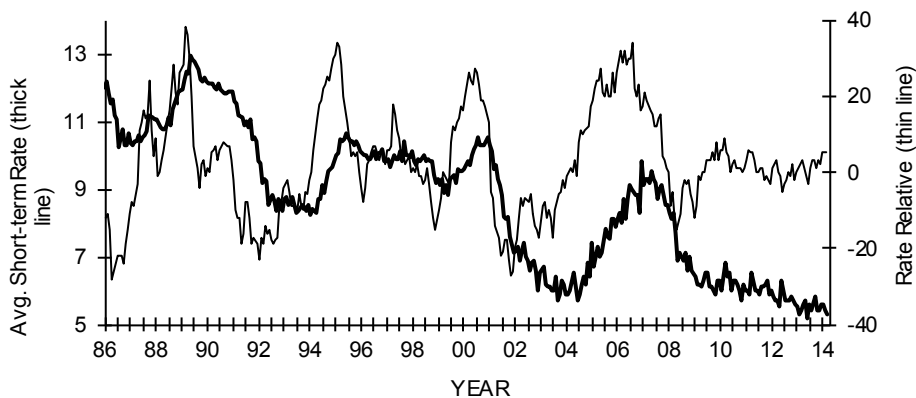
### EXPECTED CREDIT CONDITIONS

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

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

### INTEREST RATES

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



## SMALL BUSINESS CREDIT CONDITIONS (CONTINUED)

### RELATIVE INTEREST RATE PAID BY REGULAR BORROWERS

Net Percent ("Higher" Minus "Lower") Compared to Three Months Ago

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	-12	-9	-1	-2	0	0	3	3	5	3	8	3
<b>2010</b>	6	6	9	5	4	0	2	3	1	1	0	1
<b>2011</b>	3	6	5	5	3	0	0	1	1	-2	-1	-3
<b>2012</b>	1	2	3	0	-1	-5	-3	-2	0	-1	2	-2
<b>2013</b>	0	2	3	1	-1	-3	1	3	3	1	3	2
<b>2014</b>	5	5	5									

*Borrowing at Least Once Every Three Months.*

### ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

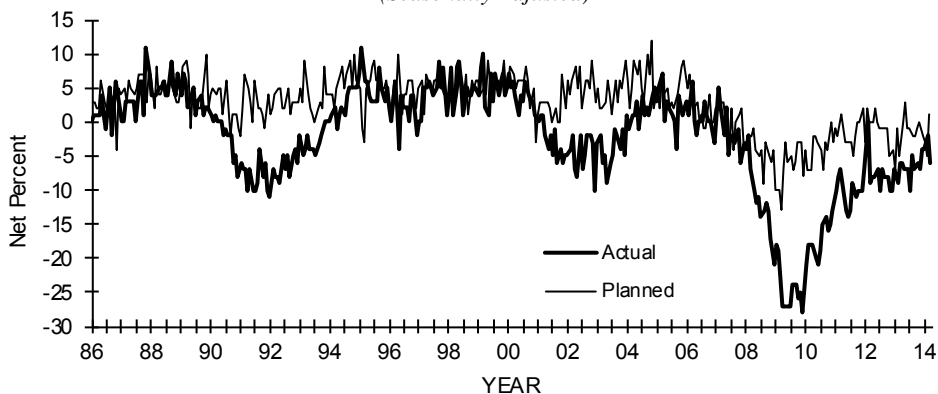
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	6.4	6.2	6.2	6.1	6.3	6.5	6.5	6.1	6.1	6.0	5.9	6.3
<b>2010</b>	6.3	6.0	6.8	6.4	6.5	6.0	6.3	6.3	6.2	6.0	5.7	6.2
<b>2011</b>	6.0	6.0	5.9	6.5	6.0	6.0	5.9	6.1	6.1	6.2	6.3	5.9
<b>2012</b>	6.0	5.8	5.7	5.7	5.5	6.3	5.7	5.7	5.7	5.8	5.7	5.6
<b>2013</b>	5.5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



## SMALL BUSINESS INVENTORIES

### INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)  
January 1986 to March 2014  
(Seasonally Adjusted)





## SMALL BUSINESS INVENTORIES (CONTINUED)

### ACTUAL INVENTORY CHANGES

Net Percent (“Increase” Minus “Decrease”) During Last Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	-18	-19	-23	-27	-27	-27	-27	-24	-24	-26	-25	-28
<b>2010</b>	-21	-18	-18	-18	-20	-21	-19	-15	-14	-16	-15	-13
<b>2011</b>	-10	-8	-7	-9	-13	-14	-13	-9	-11	-10	-10	-10
<b>2012</b>	-7	0	-9	-8	-8	-7	-10	-7	-8	-8	-10	-10
<b>2013</b>	-7	-9	-6	-6	-7	-7	-10	-5	-7	-6	-7	-4
<b>2014</b>	-4	-2	-6									

### 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
<b>2009</b>	-6	-5	-4	-5	-2	-5	-4	-4	0	-3	-2	-4
<b>2010</b>	-1	-1	-1	1	0	-1	0	-1	-2	1	-3	-3
<b>2011</b>	0	2	-1	1	-1	-1	0	1	-1	0	-1	0
<b>2012</b>	1	2	3	0	0	0	0	0	-1	0	-2	0
<b>2013</b>	-1	1	-1	-1	1	-2	-1	0	0	-5	-4	-5
<b>2014</b>	-2	-4	0									

### INVENTORY PLANS

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

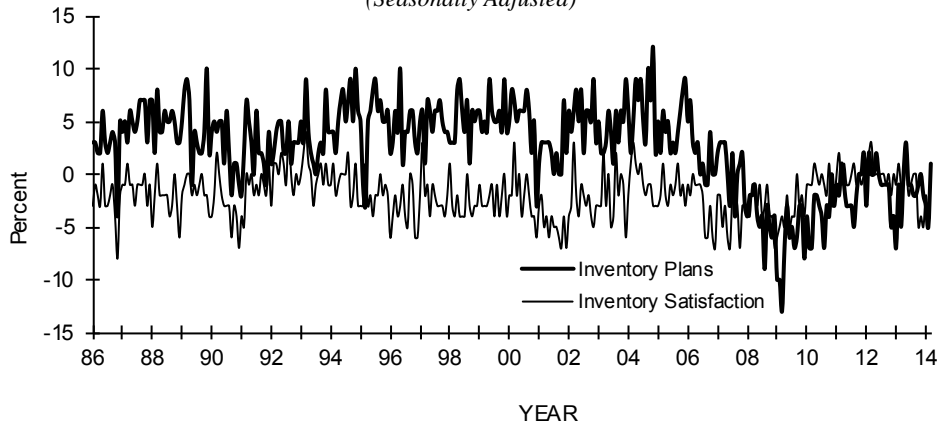
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	-10	-10	-13	-7	-3	-6	-5	-7	-6	-3	-3	-8
<b>2010</b>	-4	-7	-7	-2	2	-3	-4	-7	-3	-4	0	-3
<b>2011</b>	-1	-2	1	-1	-3	-3	-3	-5	-2	0	0	2
<b>2012</b>	-3	2	0	0	2	0	-1	-1	-1	-1	-5	-4
<b>2013</b>	-7	-1	-5	0	3	-1	-1	-2	-2	-1	0	-2
<b>2014</b>	-3	-5	1									



# SMALL BUSINESS CAPITAL OUTLAYS

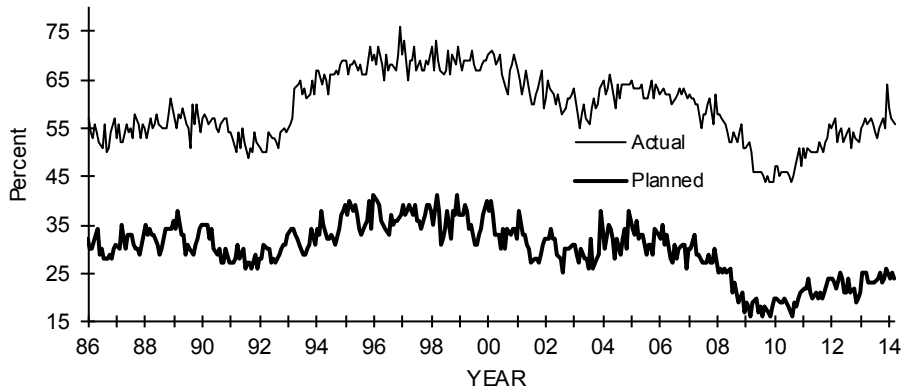
## INVENTORY SATISFACTION AND INVENTORY PLANS

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 March 2014  
*(Seasonally Adjusted)*



## ACTUAL CAPITAL EXPENDITURES

Percent Making a Capital Expenditure During the Last Six Months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	51	52	50	46	46	46	46	45	44	45	44	44
<b>2010</b>	47	47	45	46	46	46	45	44	45	47	51	47
<b>2011</b>	51	49	51	50	50	50	50	52	50	52	53	56
<b>2012</b>	55	57	52	54	55	52	54	55	51	54	53	52
<b>2013</b>	55	56	57	56	57	56	54	53	55	57	55	64
<b>2014</b>	59	57	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	20	22	20
Equipment	40	40	36
Furniture or Fixtures	11	11	11
Add. Bldgs. or Land	5	6	4
Improved Bldgs. or Land	13	13	13

### AMOUNT OF CAPITAL EXPENDITURES MADE

Percent Distribution of Per Firm Expenditures  
During the Last Six Months

Amount	Current	One Year Ago	Two Years Ago
\$1 to \$999	3	3	4
\$1,000 to \$4,999	8	9	9
\$5,000 to \$9,999	6	6	5
\$10,000 to \$49,999	20	18	19
\$50,000 to \$99,999	5	8	8
\$100,000 +	11	11	5
No Answer	3	2	2

### CAPITAL EXPENDITURE PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	19	18	16	19	20	17	18	16	18	17	16	18
2010	20	20	19	19	20	19	18	16	19	18	20	21
2011	22	22	24	21	20	21	20	21	20	21	24	24
2012	24	23	22	25	24	21	21	24	21	22	19	20
2013	21	25	25	23	23	23	23	24	25	23	24	26
2014	24	25	24									



# SINGLE MOST IMPORTANT PROBLEM

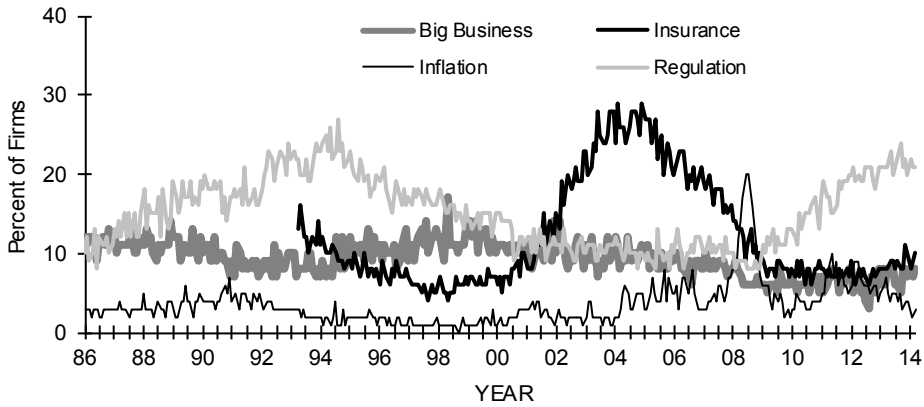
## SINGLE MOST IMPORTANT PROBLEM

March 2014

Problem	Current	One Year Ago	Survey High	Survey Low
<b>Taxes</b>	21	23	32	8
<b>Inflation</b>	3	7	41	0
<b>Poor Sales</b>	14	17	34	2
<b>Fin. &amp; Interest Rates</b>	2	3	37	1
<b>Cost of Labor</b>	5	6	9	2
<b>Govt. Reqs. &amp; Red Tape</b>	21	21	27	4
<b>Comp. From Large Bus.</b>	8	6	14	4
<b>Quality of Labor</b>	9	5	24	3
<b>Cost/Avail. of Insurance</b>	10	8	29	4
<b>Other</b>	7	4	31	1

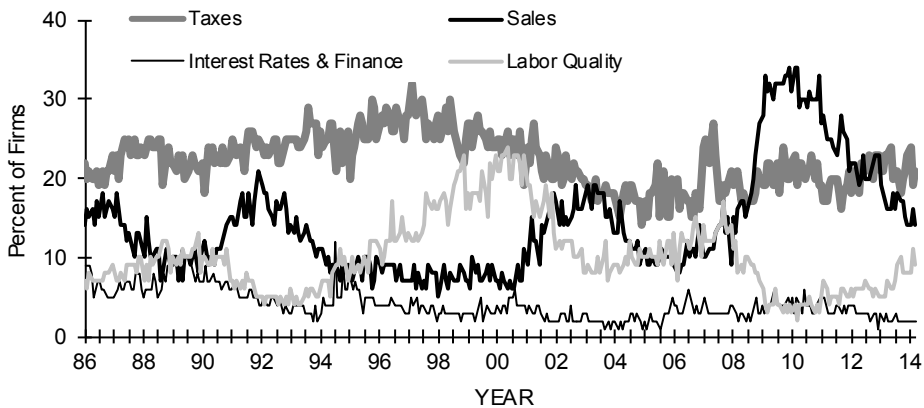
## SELECTED SINGLE MOST IMPORTANT PROBLEM

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



## SELECTED SINGLE MOST IMPORTANT PROBLEM

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



# SURVEY PROFILE

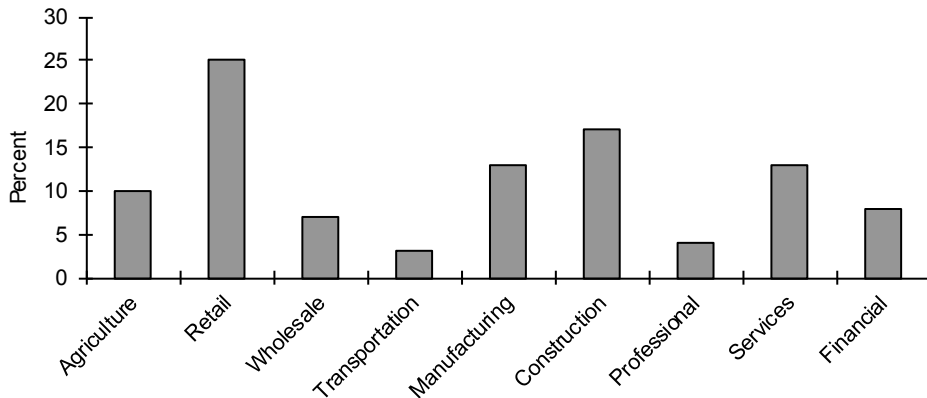
## OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	2013	846	867	1794	814	758	1994	882	827	2059	825	830
<b>2010</b>	2114	799	948	2176	823	804	2029	874	849	1910	807	804
<b>2011</b>	2144	774	811	1985	733	766	1817	926	729	2077	781	735
<b>2012</b>	2155	819	757	1817	681	740	1803	736	691	2029	733	648
<b>2013</b>	2033	870	759	1873	715	662	1615	782	113	1940	762	635
<b>2014</b>	1864	792	685									

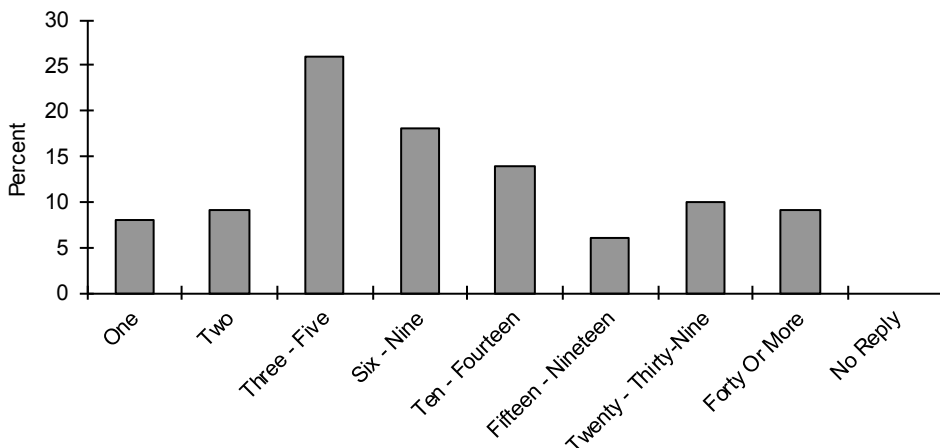
## NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

<b>Do you think the next three months will be a good time for small business to expand substantially? Why? . . . . .</b>	<b>4</b>
<b>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? . . . . .</b>	<b>5</b>
<b>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? . . . . .</b>	<b>6</b>
<b>If higher or lower, what is the most important reason? . . . . .</b>	<b>6</b>
<b>During the last calendar quarter, was your dollar sales volume higher, lower, or about the same as it was for the quarter before? . . . . .</b>	<b>7</b>
<b>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? . . . . .</b>	<b>7</b>
<b>How are your average selling prices compared to three months ago? . . . . .</b>	<b>8</b>
<b>In the next three months, do you plan to change the average selling prices of your goods and/or services? . . . . .</b>	<b>8</b>
<b>During the last three months, did the total number of employees in your firm increase, decrease, or stay about the same? . . . . .</b>	<b>9</b>
<b>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)? . . . . .</b>	<b>9</b>
<b>Do you have any job openings that you are not able to fill right now? . . . . .</b>	<b>10</b>
<b>In the next three months, do you expect to increase or decrease the total number of people working for you? . . . . .</b>	<b>10</b>
<b>Over the past three months, did you change the average employee compensation? . . . . .</b>	<b>11</b>
<b>Do you plan to change average employee compensation during the next three months? . . . . .</b>	<b>11</b>



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**

