



NFIB SMALL BUSINESS ECONOMIC TRENDS

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June 2014

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	10%	2	13%
Plans to Make Capital Outlays	24%	-1	- 6%
Plans to Increase Inventories	1%	- 2	- 13%
Expect Economy to Improve	0%	9	55%
Expect Real Sales Higher	15%	5	31%
Current Inventory	- 2%	- 1	- 6%
Current Job Openings	24%	0	0%
Expected Credit Conditions	- 7%	- 1	- 6%
Now a Good Time to Expand	10%	2	13%
Earnings Trends	- 17%	3	19%
Total Change		16	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

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 Index of Small Business Optimism posted another gain in May, the third month in a row. The improvement is certainly good news even though the current reading of 96.6 (up 1.4 points) is still “below average” and far from what is considered to be an expansion level. The four components most closely related to GDP and employment growth (job openings, job creation plans, inventory and capital spending plans) collectively fell 1 point in May. So the entire gain in optimism was driven by soft components (sales expectations and business conditions). If these translate into more spending and hiring, growth will get a boost. However, this “optimism” has not translated into more debt financed spending.

LABOR MARKETS

NFIB owners increased employment by an average of 0.11 workers per firm in May (seasonally adjusted), the eighth positive month in a row and the best string of gains since 2006. Fifty-five (55) percent of the owners hired or tried to hire in the last three months and 46 percent reported few or no qualified applicants for open positions. Twenty-four (24) percent of all owners reported job openings they could not fill in the current period (unchanged), providing some downward pressure on the unemployment rate. Fourteen (14) percent reported using temporary workers, unchanged for several months. Job creation plans continued to strengthen and rose 2 percentage points to a seasonally adjusted net 10 percent, approaching “normal” levels for a growing economy, even with no growth last quarter.

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 1 point to a net negative 1 percent, far better than the negative 34 percent readings in 2009. Twelve (12) percent cite weak sales as their top business problem, the best reading since December 2007, the peak of the expansion. Expected real sales volumes increased 5 points rising to a net 15 percent of owners, the best reading since mid-2007. Expectations for improved sales volumes have strengthened substantially, but this has not translated into strong demand for inventories or employees.

The pace of inventory reduction was steady, with a net negative 4 percent of all owners reporting growth in inventories (seasonally adjusted) a more positive overall reading by 2 points. The net percent of owners viewing current inventory stocks as “too low” lost 1 point, falling to a net negative 2 percent, historically still a “lean” reading. Sales trends did improve, although remained historically weak. The solid reading for expected real sales contributed to a need to rebuild but the net percent of owners planning to add to inventory stocks fell 2 points to a net 1 percent.

This survey was conducted in May 2014. A sample of 3,938 small-business owners/members was drawn. Six hundred seventy-eight (678) usable responses were received – a response rate of 17 percent.



CAPITAL SPENDING

Fifty-five (55) percent reported outlays, down 2 points from April and typical of reports in recent months. Overall, spending was a bit weaker than April, but typical of recent readings. Owners can't seem to find reasons to boost spending out of "maintenance mode". The percent of owners planning capital outlays in the next 3 to 6 months fell 1 point to 24 percent. The net percent of owners expecting better business conditions in 6 months rose to a net 0 percent, a 9 point improvement over April and 18 points better than March. A net 15 percent of all owners expect improved real sales volumes, up 5 points, is also a nice jump. Overall, owners are hinting at better business conditions and sales prospects, but not much movement in the needle yet.

INFLATION

Eight percent of the NFIB owners reported reducing their average selling prices in the past 3 months (down 2 points), and 21 percent reported price increases (down 3 points). Seasonally adjusted, the net percent of owners raising selling prices was a net 12 percent, unchanged from April after an 8 point rise in March. Overall, there is more upward pressure on prices. Twenty-two (22) percent plan on raising average prices in the next few months (down 3 points) and only 2 percent plan reductions (down 1 point). Seasonally adjusted, a net 21 percent plan price hikes (down 1 point). If successful, the economy will see a bit more "inflation" as the price indices seem to be suggesting.

EARNINGS AND WAGES

Earnings trends improved 3 points to a net negative 17 percent, one of the best readings since 2007. Rising labor costs are keeping pressure on earnings, but there appears to be steady improvement in profit trends. This is one of the best readings since mid-2007 with the exception of a few months in early 2012 when the economy made an attempt to pick up the pace of economic growth. Three percent reported reduced worker compensation and 24 percent reported raising compensation, yielding a seasonally adjusted net 20 percent reporting higher worker compensation, unchanged and among the best readings since 2008. A net seasonally adjusted 15 percent plan to raise compensation in the coming months (up 1 point), the strongest reading since 2008.

CREDIT MARKETS

Five percent of the owners reported that all their credit needs were not met, unchanged and 1 point over the record low. Thirty (30) percent reported all credit needs met, and 53 percent explicitly said they did not want a loan. Only 3 percent reported that financing was their top business problem compared to 25 percent citing taxes. Thirty-one (31) percent of all owners reported borrowing on a regular basis, up 1 point. A net 6 percent of regular borrowers reported loans "harder to get" compared to their last attempt. The average rate paid on short maturity loans was up three-tenths at 5.7 percent. The net percent of owners expecting credit conditions to ease in the coming months was a seasonally adjusted negative 7 percent.



COMMENTARY

The Index continued to improve, to the highest level since September 2007. That's the good news. Three gains in a row – could be the start of a trend, although we have had quite a few of these along the way that didn't pan out. Not so good is that virtually all of the gain came in expectations for sales and for business conditions, the real spending/hiring components collectively lost 1 point. Still, expectations lead actual decisions, and the gains were large. And the employment measures held ground, so something is going somewhat well. Sales and profit trends are the best seen in years and that is an important motivator for hiring, which strengthened, and capital spending, which unfortunately remained uninspired by the expectations gains. Price hikes are becoming less “tame” but not a real inflation threat yet, and owners, although feeling better about sales prospects and business conditions, are still not willing to borrow and spend. Loan demand remains historically weak and few complain about credit availability or cost.

The “bifurcation” continues, with the S&P 500 hitting new record highs while the output of the firms being valued (GDP) fell 1 percent at an annual rate in the first quarter and the second quarter seems off to a weak start. Profit performance was not great (down 34 percent at an annual rate, down 4 percent year over year) but this did not deter investors who were further enticed to buy equities by a bond market rally. Although the Federal Reserve has declared that we are wealthier than at any time in history, it doesn't feel that way. All that wealth isn't producing much consumer spending. Consumption is estimated to rise 2 cents for every dollar increase in stock market wealth and 10 cents for every dollar in housing wealth, thought to be more permanent, at least until the housing bubble burst. And it is hard to believe that after the housing bubble and the worst recession since the Depression, that we could be so wealthy so quickly. Perhaps the values we are attaching to the assets we all own are not realistic (viz. the Fed's distortion of a very important price, interest rates).

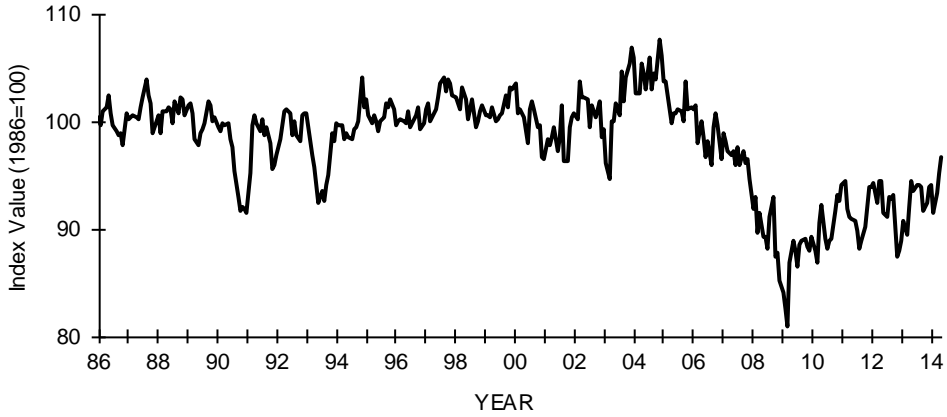
Chairman Yellen has promised to keep rates low and provide substantial accommodation. Although it is not clear that buying a trillion dollars of bonds really helps the real economy much, just big banks and traders. So, the stock and bond markets get continued artificial support and consumers lose “normal” interest income - and the Fed's portfolio grows.



OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

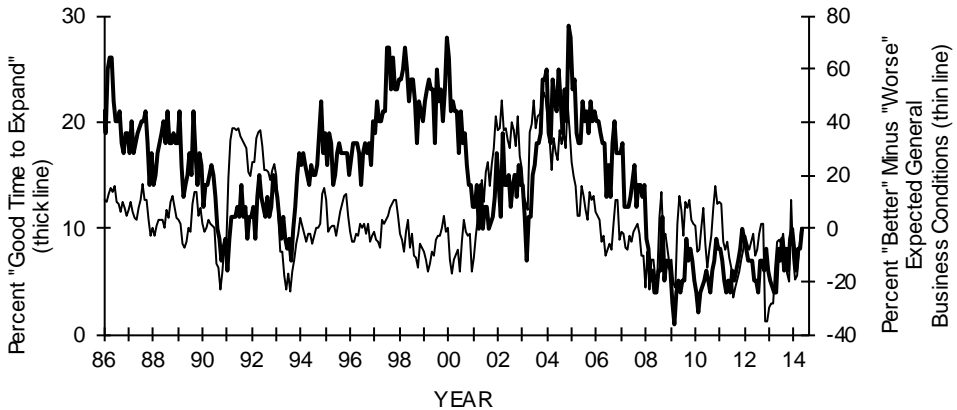
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	93.1	87.5	88.0
2013	88.9	90.8	89.5	92.1	94.4	93.5	94.1	94.1	93.9	91.6	92.5	93.9
2014	94.1	91.4	93.4	95.2	96.6							

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January 1986 to May 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
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	7	6	8
2013	6	5	4	4	8	7	9	6	8	6	9	10
2014	8	6	8	8	10							

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
May 2014

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	5	28	15
Sales Prospects	5	5	3
Fin. & Interest Rates	1	1	1
Cost of Expansion	0	4	4
Political Climate	0	11	10
Other/Not Available	1	2	2

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

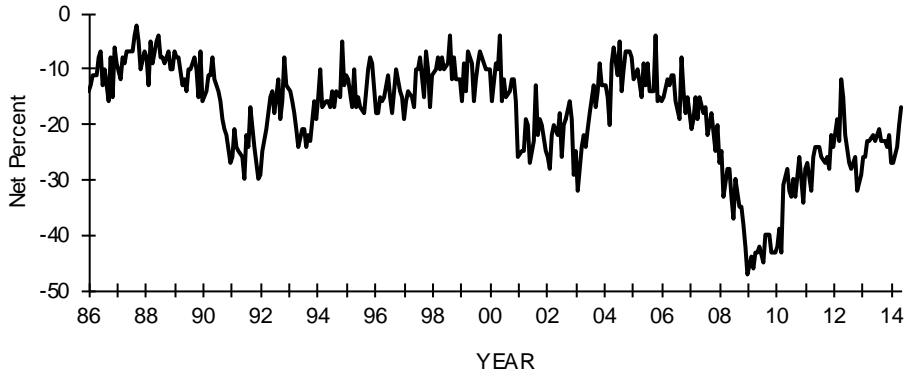
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	-12	-21	-22	2	12	7	-3	10	8	11	3	2
2010	1	-9	-8	0	8	-6	-15	-8	-3	8	16	9
2011	10	9	-5	-8	-5	-11	-15	-26	-22	-16	-12	-8
2012	-3	-6	-8	-5	-2	-10	-8	-2	2	2	-35	-35
2013	-30	-28	-28	-15	-5	-4	-6	-2	-10	-17	-20	-11
2014	-11	-19	-18	-9	0							



SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to May 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
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	-26	-32	-29
2013	-26	-26	-23	-23	-22	-23	-22	-21	-23	-23	-24	-22
2014	-27	-27	-24	-20	-17							

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
May 2014

	Current Month	One Year Ago	Two Years Ago
Sales Volume	15	18	16
Increased Costs*	11	12	9
Cut Selling Prices	2	2	2
Usual Seasonal Change	7	7	6
Other	4	4	4

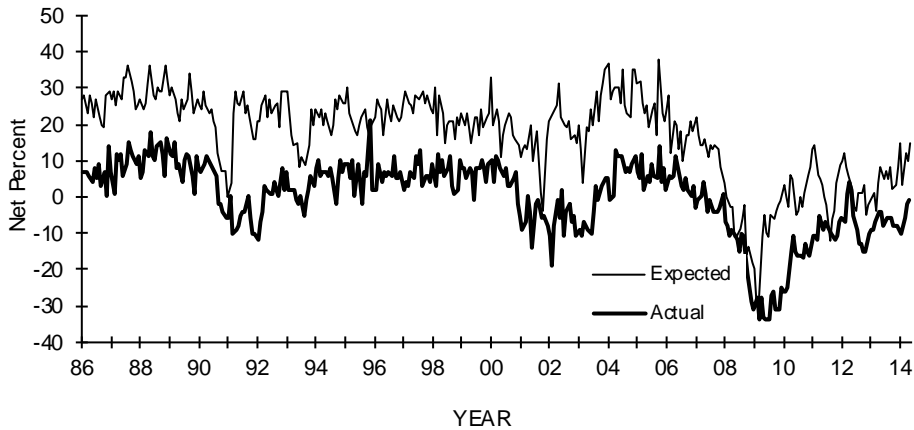
* Increased costs include labor, materials, finance, taxes, and regulatory costs.



SMALL BUSINESS SALES

SALES

Actual (Prior Three Months) and Expected (Next Three Months)
 January 1986 to May 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
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	-15	-15	-10
2013	-9	-9	-7	-4	-4	-8	-7	-6	-6	-8	-8	-8
2014	-10	-8	-6	-2	-1							



SALES EXPECTATIONS

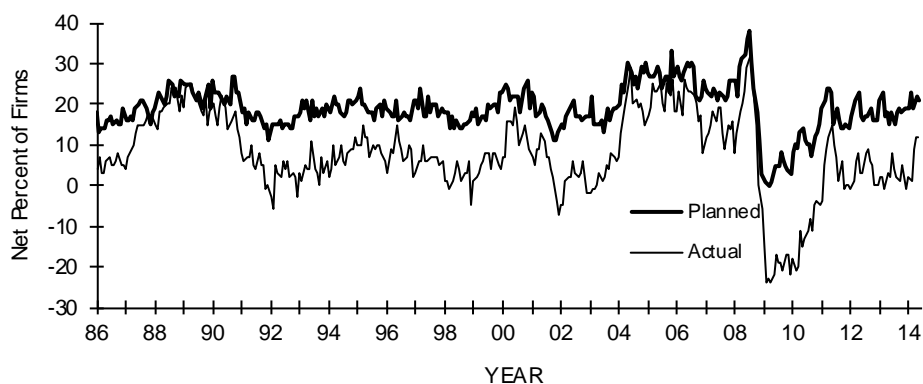
Net Percent (“Higher” Minus “Lower”) During Next Three Months
 (Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	3	-5	-2
2013	-1	1	-4	4	8	5	7	5	8	2	3	8
2014	15	3	12	10	15							

SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
 January 1986 to May 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
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	5	0	0
2013	2	2	-1	3	2	8	4	2	1	5	2	-1
2014	2	1	9	12	12							



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
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	16	16	16
2013	21	23	17	18	15	18	15	18	19	18	19	19
2014	19	23	19	22	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
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	1	-1	-2
2013	2	-2	-2	-2	-3	-1	-1	4	0	3	2	4
2014	2	2	-1	-2	-1							

QUALIFIED APPLICANTS FOR JOB OPENINGS

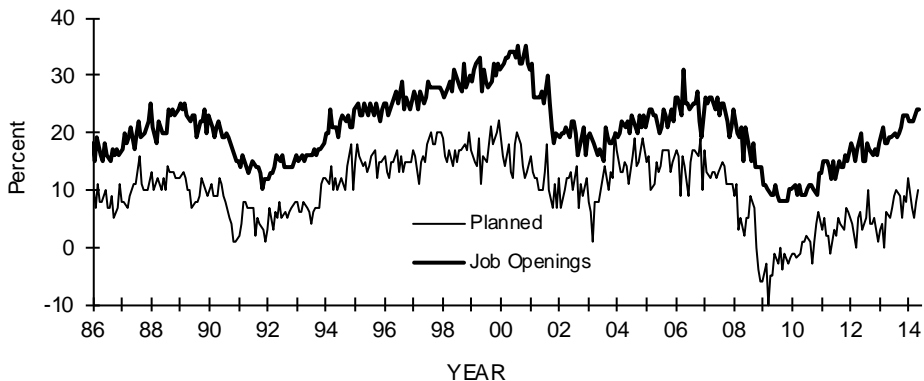
Percent Few or No Qualified Applicants
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	38	36	33
2013	34	34	36	38	38	41	40	42	41	40	44	38
2014	38	40	41	41	46							



EMPLOYMENT

Planned Next Three Months and Current Job Openings
January 1986 to May 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
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	16	17	16
2013	18	21	18	18	19	19	20	19	20	21	23	23
2014	22	22	22	24	24							

HIRING PLANS

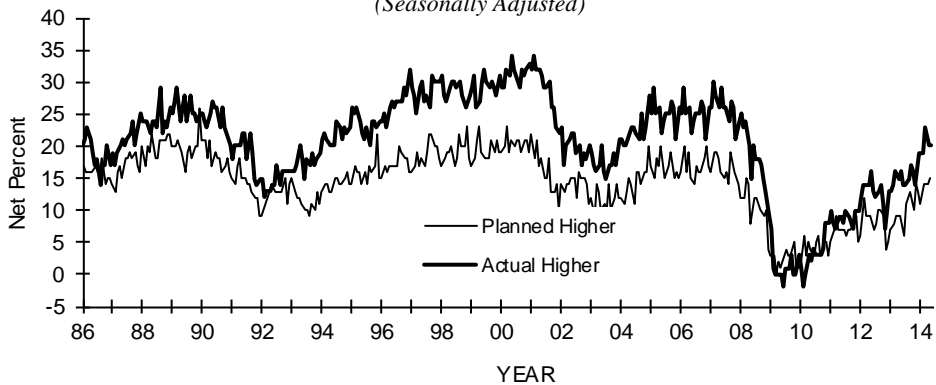
Net Percent ("Increase" Minus "Decrease") in the Next Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	4	5	1
2013	3	4	0	6	5	7	9	10	9	5	9	8
2014	12	7	5	8	10							

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to May 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	20	20							

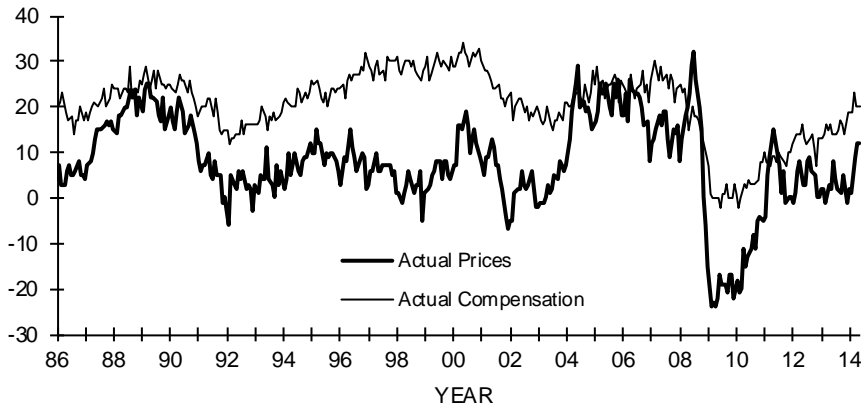
COMPENSATION PLANS

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	14	15							

PRICES AND LABOR COMPENSATION

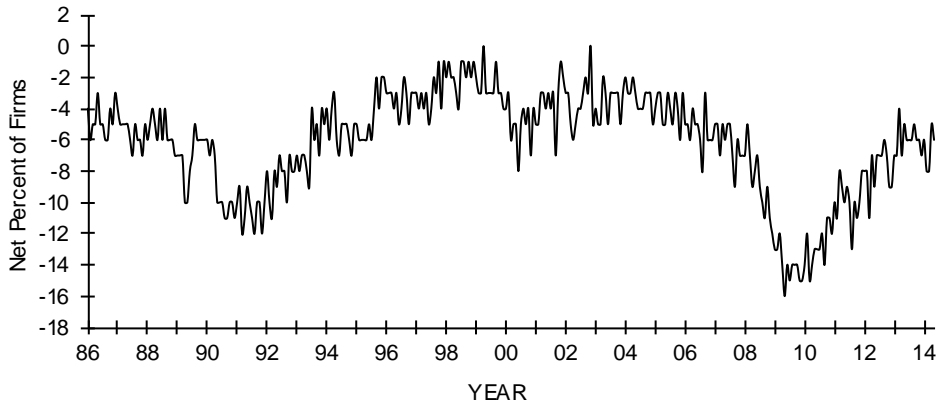
Net Percent Price Increase and Net Percent Compensation
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1986 to May 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
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	30	30	29
2013	31	29	30	31	29	29	31	28	30	28	29	30
2014	31	30	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
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	-7	-9	-9
2013	-7	-7	-4	-7	-5	-6	-6	-6	-5	-6	-6	-7
2014	-6	-8	-8	-5	-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
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	28/8	28/6	29/6
2013	31/6	29/7	29/7	31/6	28/5	29/5	30/5	31/5	28/6	28/6	32/4	32/4
2014	31/5	29/5	30/5	30/5	30/5							

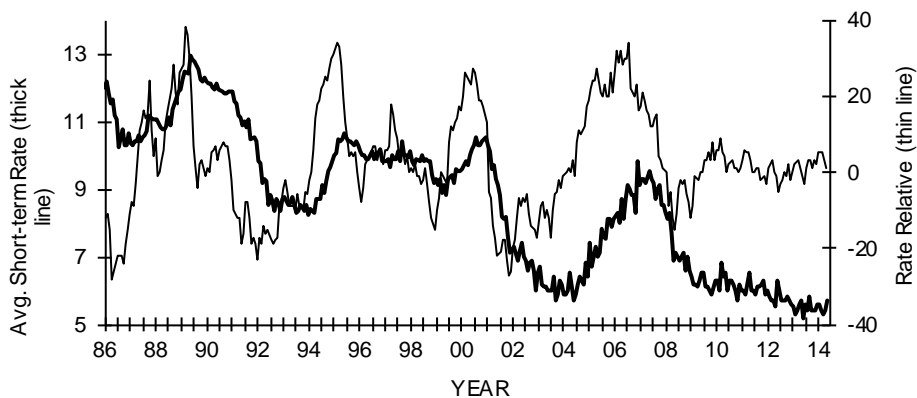
EXPECTED CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	-8	-10	-11
2013	-9	-8	-6	-8	-6	-7	-8	-8	-7	-8	-7	-7
2014	-7	-7	-7	-6	-7							

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January 1986 to May 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
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	-1	2	-2
2013	0	2	3	1	-1	-3	1	3	3	1	3	2
2014	5	5	5	3	1							

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

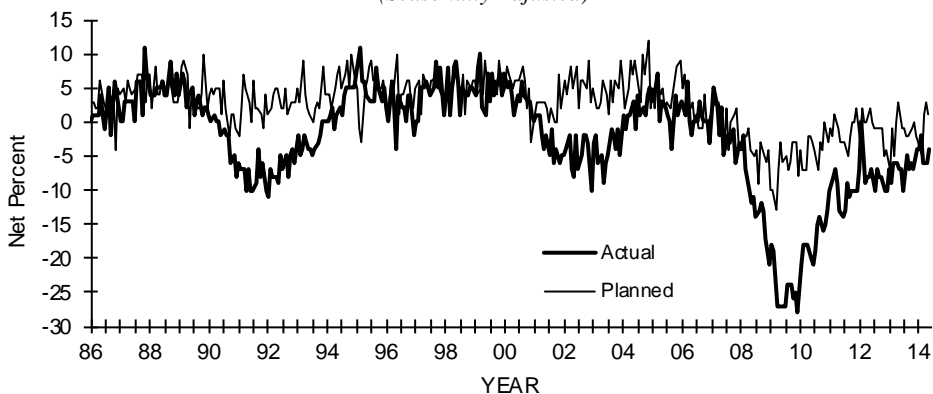
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	6.4	6.2	6.2	6.1	6.3	6.5	6.5	6.1	6.1	6.0	5.9	6.3
2010	6.3	6.0	6.8	6.4	6.5	6.0	6.3	6.3	6.2	6.0	5.7	6.2
2011	6.0	6.0	5.9	6.5	6.0	6.0	5.9	6.1	6.1	6.2	6.3	5.9
2012	6.0	5.8	5.7	5.7	5.5	6.3	5.7	5.7	5.7	5.8	5.7	5.6
2013	5.5	5.3	5.4	5.6	5.7	5.2	5.6	5.4	5.8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



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January 1986 to May 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
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	-8	-10	-10
2013	-7	-9	-6	-6	-7	-7	-10	-5	-7	-6	-7	-4
2014	-4	-2	-6	-6	-4							

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
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	0	-2	0
2013	-1	1	-1	-1	1	-2	-1	0	0	-5	-4	-5
2014	-2	-4	0	-1	-2							

INVENTORY PLANS

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

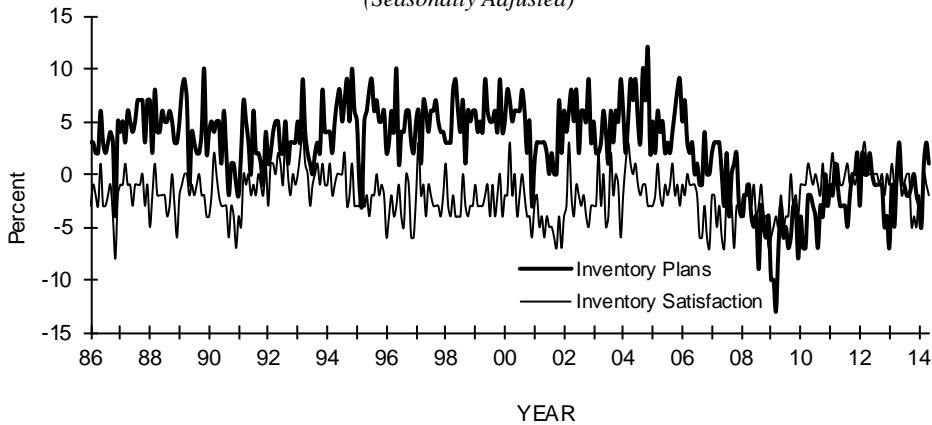
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	-10	-10	-13	-7	-3	-6	-5	-7	-6	-3	-3	-8
2010	-4	-7	-7	-2	2	-3	-4	-7	-3	-4	0	-3
2011	-1	-2	1	-1	-3	-3	-3	-5	-2	0	0	2
2012	-3	2	0	0	2	0	-1	-1	-1	-1	-5	-4
2013	-7	-1	-5	0	3	-1	-1	-2	-2	-1	0	-2
2014	-3	-5	1	3	1							



SMALL BUSINESS CAPITAL OUTLAYS

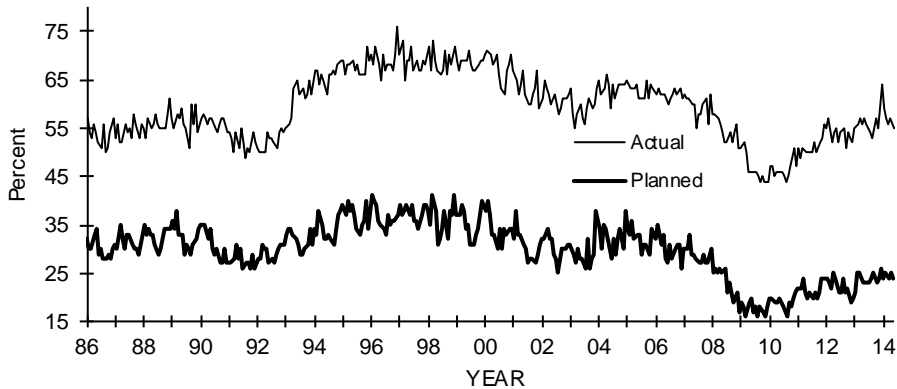
INVENTORY SATISFACTION AND INVENTORY PLANS

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 May 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
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	54	53	52
2013	55	56	57	56	57	56	54	53	55	57	55	64
2014	59	57	56	57	55							

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	24	19	24
Equipment	34	43	39
Furniture or Fixtures	12	12	13
Add. Bldgs. or Land	4	6	7
Improved Bldgs. or Land	13	13	14

AMOUNT OF CAPITAL EXPENDITURES MADE

Percent Distribution of Per Firm Expenditures
During the Last Six Months

Amount	Current	One Year Ago	Two Years Ago
\$1 to \$999	4	3	4
\$1,000 to \$4,999	9	9	9
\$5,000 to \$9,999	5	6	5
\$10,000 to \$49,999	18	18	19
\$50,000 to \$99,999	8	8	8
\$100,000 +	10	11	5
No Answer	1	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	25	24							



SINGLE MOST IMPORTANT PROBLEM

SINGLE MOST IMPORTANT PROBLEM

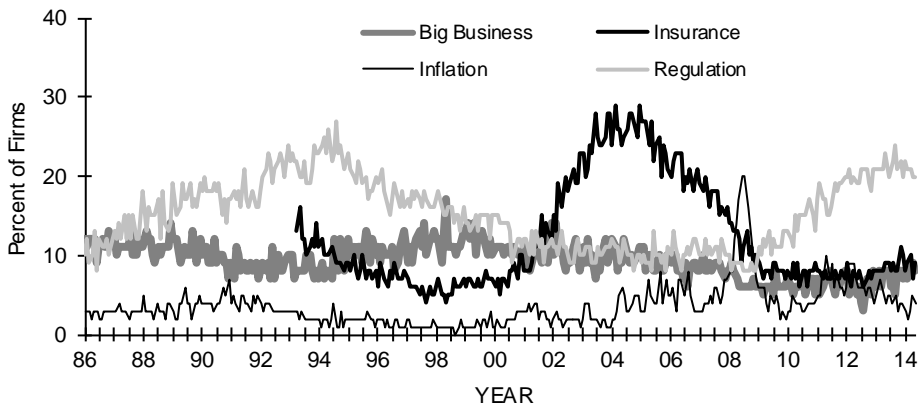
May 2014

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	25	24	32	8
Inflation	4	4	41	0
Poor Sales	12	16	34	2
Fin. & Interest Rates	3	2	37	1
Cost of Labor	4	4	9	2
Govt. Reqs. & Red Tape	20	23	27	4
Comp. From Large Bus.	8	8	14	4
Quality of Labor	10	6	24	3
Cost/Avail. of Insurance	9	9	29	4
Other	5	4	31	1

SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation

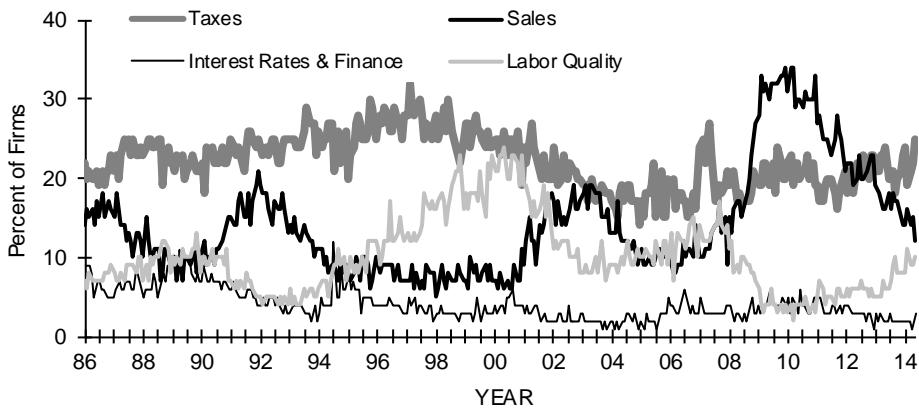
January 1986 to May 2014



SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality

January 1986 to May 2014



SURVEY PROFILE

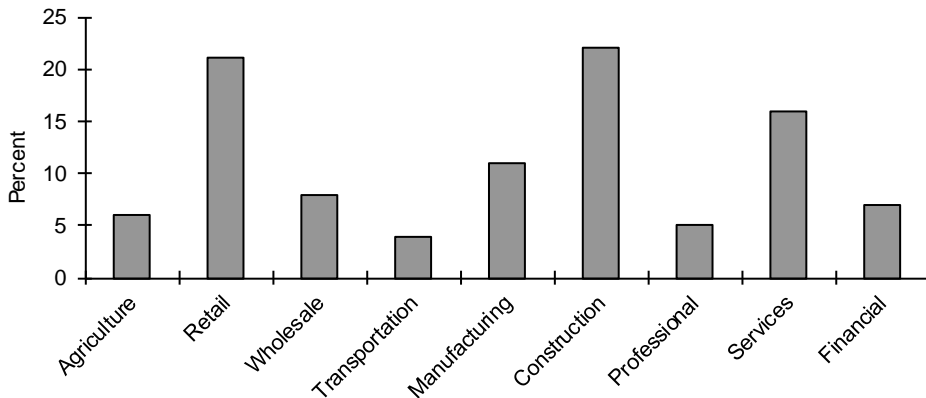
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	2029	733	648
2013	2033	870	759	1873	715	662	1615	782	113	1940	762	635
2014	1864	792	685	1699	678							

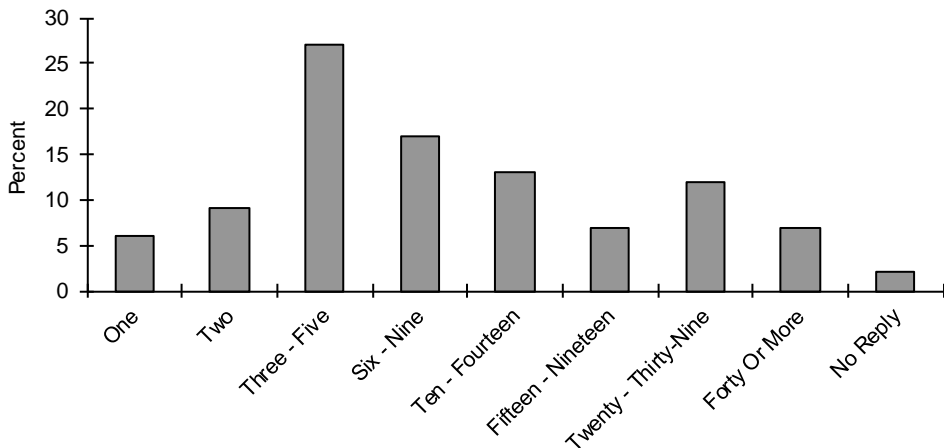
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

