



# NFIB SMALL BUSINESS ECONOMIC TRENDS

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July 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	12%	2	11%
Plans to Make Capital Outlays	22%	- 2	-11%
Plans to Increase Inventories	- 1%	- 2	- 11%
Expect Economy to Improve	- 10%	- 10	- 55%
Expect Real Sales Higher	11%	- 4	- 22%
Current Inventory	- 2%	0	0%
Current Job Openings	26%	2	11%
Expected Credit Conditions	- 7%	0	0%
Now a Good Time to Expand	7%	- 3	- 17%
Earnings Trend	- 18%	- 1	- 6%
Total Change		- 18	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

“Foiled again!” The Optimism Index can’t seem to muster a run longer than 3 months. After a promising first half run, the Index fell 1.6 points to 95.0, ending another false start for the Index’s “road to recovery”. The Index did manage to stay above 95, which seemed to be a ceiling on the Index since the recovery started. The good news is that the job components improved again, reaching levels seen only in strong private sector economic times. The bad news is that capital outlays and planned spending faded along with expectations for improving business conditions.

## LABOR MARKETS

Seasonally adjusted, 12 percent of the owners (up 1 point) reported adding an average of 3.3 workers per firm over the past few months. Offsetting that, 13 percent reduced employment (up 1 point) an average of 3.1 workers, producing the seasonally adjusted net gain of 0.05 workers per firm overall. The rather substantial dent in first quarter growth did not have much of an impact on Main Street employment. Fifty-three percent of the owners hired or tried to hire in the last three months and 43 percent reported few or no qualified applicants for open positions. Twenty-six percent of all owners reported job openings they could not easily fill in the current period (up 2 points), suggesting more downward pressure on the unemployment rate. Fourteen percent reported using temporary workers, unchanged for several months.

## 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 fell 1 point to a net negative 2 percent, still one of the very best readings of the recovery period. Thirteen percent cite weak sales as their top business problem, one of the lowest readings since December 2007, the peak of the expansion. Expected real sales volumes posted a 4 point decline, falling to a net 11 percent of owners expecting gains. Lower sales expectations offers no motivation for owners to hire or order more inventories.

The pace of inventory reduction was steady, with a net negative 4 percent of all owners reporting growth in inventories (seasonally adjusted). The net percent of owners viewing current inventory stocks as “too low” was unchanged at a net negative 2 percent, still a “lean” reading. Sales trends deteriorated a bit but remained at the best levels in the recovery, just historically weak. Expected real sales weakened as well, and this contributed to less urgency to rebuild stocks. The net percent of owners planning to add to inventory stocks fell 2 points to a net negative 1 percent. While inventories have been building solidly at the national level (a car inventory bubble), it appears that the small business sector is adding only a little to the accumulation of stocks reported in the GDP accounts and sales are too weak to produce much liquidation.

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This survey was conducted in June 2014. A sample of 3,938 small-business owners/members was drawn. Six hundred seventy-eight (672) usable responses were received – a response rate of 17 percent.



## CAPITAL SPENDING

Fifty-four percent reported outlays, down 1 point from May and typical of reports in recent months. Overall, spending was a bit weaker than May, but typical of recent readings. A net 11 percent of all owners expect improved real sales volumes, down 4 points. Overall, expectations faded in June, casting a negative cloud over prospects for growth in capital spending. The net percent of owners expecting better business conditions in 6 months fell 10 percentage points to a negative net 10 percent. The percent of owners planning capital outlays in the next 3 to 6 months fell 2 points to 22 percent. Seven percent characterized the current period as a good time to expand facilities, down 3 points and low for a period of growth.

## INFLATION

Seasonally adjusted, the net percent of owners raising selling prices was a net 14 percent, up 2 points from May and 15 percentage points from December. Twenty-two percent plan on raising average prices in the next few months (unchanged). Only 3 percent plan reductions (up 1 point), far fewer than actually reported reductions in past prices. Seasonally adjusted, a net 21 percent plan price hikes (unchanged and the fourth highest level since 2008). If successful, the economy will see a bit more “inflation” as the price indices seem to be suggesting.

## EARNINGS AND WAGES

Earnings trends deteriorated 1 point to a net negative 18 percent (net percent reporting quarter to quarter earnings trending higher or lower), still one of the best readings since 2007. Rising labor costs are keeping pressure on earnings, but there appears to be an improvement in profit trends in place, even if not historically strong. This is one of the best readings since mid-2007 with the exception of a few months in early 2012 when the economy posted decent growth rates for several quarters. A seasonally adjusted net 21 percent reporting higher worker compensation, up 1 point and among the best readings since 2008. A net seasonally adjusted 13 percent plan to raise compensation in the coming months (down 2 points), still one of the strongest reading since 2008.

## CREDIT MARKETS

Six percent of the owners reported that all their credit needs were not met, up 1 point and 2 points above the record low. Twenty-seven percent reported all credit needs met, and a record 54 percent explicitly said they did not want a loan. Only 3 percent reported that financing was their top business problem. Twenty-eight percent of all owners reported borrowing on a regular basis, down 3 points. 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 unchanged 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; more owners expect that it will be “harder” to arrange financing than easier (unchanged).



# COMMENTARY

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According to the NFIB June survey, June was the best employment month in recent years. BLS agreed, although the headline jobs report was better than the details. Part-time workers rose 1.12 million while full-time employment fell by 523,000. Thus, we swapped two part-time workers for each full-time job lost, not an efficient way to structure the workforce but that reflects the incentive structure created by Washington. Aggregate hours worked were little changed from 2007. The hours worked index was 100.8 for June vs 100 in 2007. After 6 ½ years of “recovery”, the same number of workers are now employed as at the peak in January, 2008, the population of eligible labor force participants is 14 million higher and more of the existing jobs are part-time jobs.

The only two index components that increased in June were labor market indicators: the percent of owners with job openings and the percent planning to create new jobs in the coming months. Reports of actual net job creation per firm were positive for the ninth month in a row. But consumer and business owner optimism remain low, spending growth is weak and sales expectations weak. There are more jobs but not much more output.

The number of allegedly “contrived scandals” in Washington grows, none are being resolved and many are growing in severity. The latest Reuters/University of Michigan poll shows 10 percent of consumers characterizing government policy as “good” and over 50 percent say “poor”. Other than “economic conditions”, the “political climate” is the most frequently cited reason for not expanding businesses. This is the major impediment to a stronger recovery. Owners are experiencing far too much uncertainty and no sign that the powers that be will get any of it resolved.

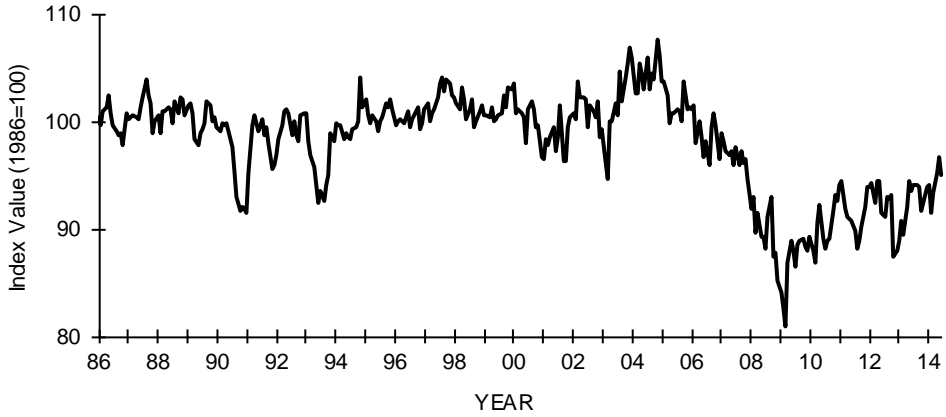
Economic growth for the rest of the year will continue to be sub-par. Even if the second half is as strong as some predict, the average for the year will be about 2.5 percent. Inflation will pick up, even “core” inflation, although energy and food prices will probably see more lift than other prices. The unemployment rate will fall more due to people leaving the labor force than to jobs being created, fewer hands making GDP. With the election only months away, not much will change in the coming months in Washington or in the economy.



# OVERVIEW - SMALL BUSINESS OPTIMISM

## OPTIMISM INDEX

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



## OPTIMISM INDEX

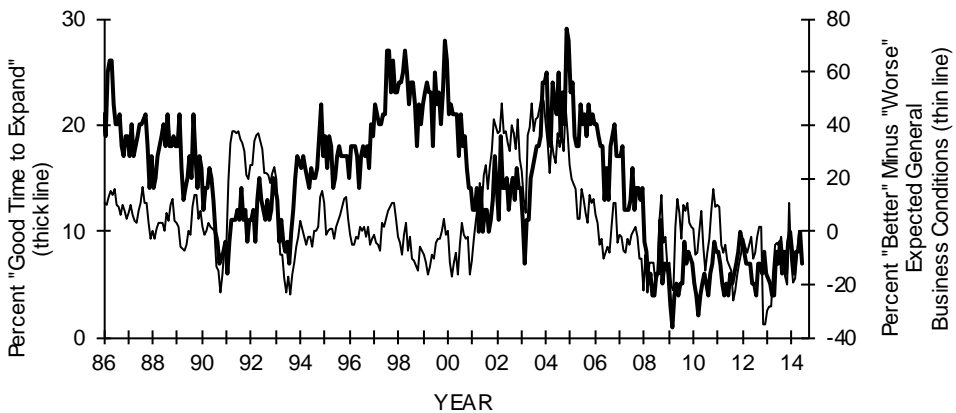
Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)

	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	95.2	96.6	95.0						

## SMALL BUSINESS OUTLOOK

### OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January 1986 to June 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	8	10	7						

### MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
June 2014

Reason	Good Time	Not Good Time	Uncertain
<b>Economic Conditions</b>	5	30	14
<b>Sales Prospects</b>	3	4	3
<b>Fin. &amp; Interest Rates</b>	1	1	1
<b>Cost of Expansion</b>	0	5	5
<b>Political Climate</b>	0	12	9
<b>Other/Not Available</b>	0	3	2

### OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

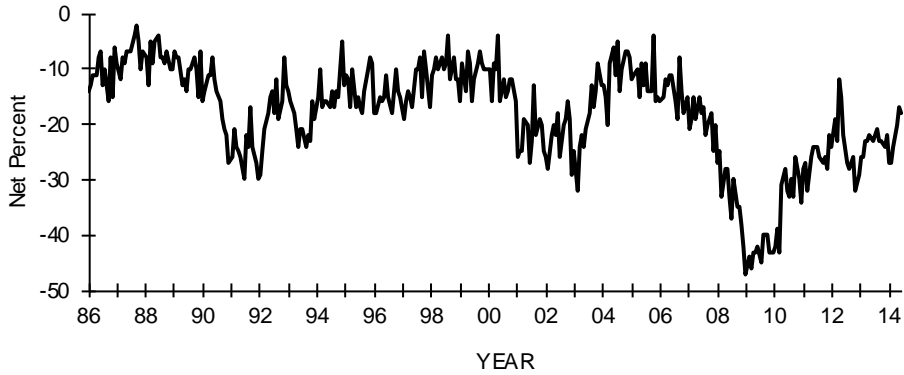
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	-12	-21	-22	2	12	7	-3	10	8	11	3	2
<b>2010</b>	1	-9	-8	0	8	-6	-15	-8	-3	8	16	9
<b>2011</b>	10	9	-5	-8	-5	-11	-15	-26	-22	-16	-12	-8
<b>2012</b>	-3	-6	-8	-5	-2	-10	-8	-2	2	2	-35	-35
<b>2013</b>	-30	-28	-28	-15	-5	-4	-6	-2	-10	-17	-20	-11
<b>2014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



# SMALL BUSINESS EARNINGS

## EARNINGS

Actual Last Three Months  
January 1986 to June 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	-20	-17	-18						

## MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
June 2014

	Current Month	One Year Ago	Two Years Ago
<b>Sales Volume</b>	11	17	17
<b>Increased Costs*</b>	13	11	12
<b>Cut Selling Prices</b>	4	2	3
<b>Usual Seasonal Change</b>	4	4	3
<b>Other</b>	4	5	3

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

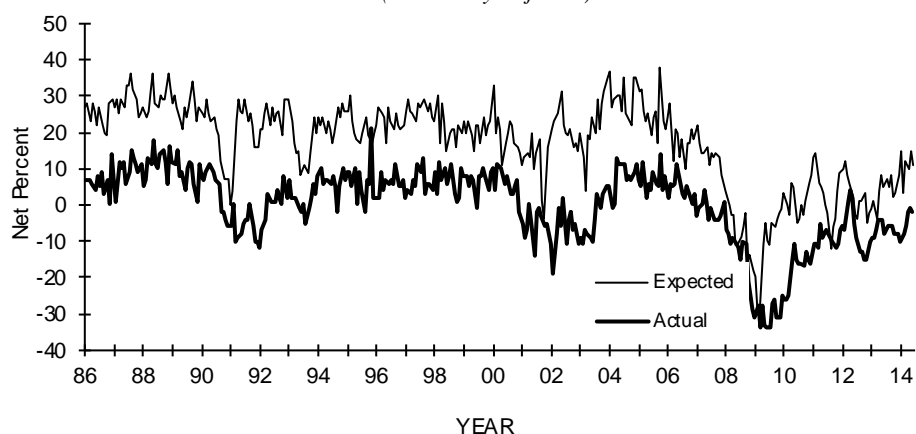




# SMALL BUSINESS SALES

## SALES

Actual (Prior Three Months) and Expected (Next Three Months)  
 January 1986 to June 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	-2	-1	-2						



## SALES EXPECTATIONS

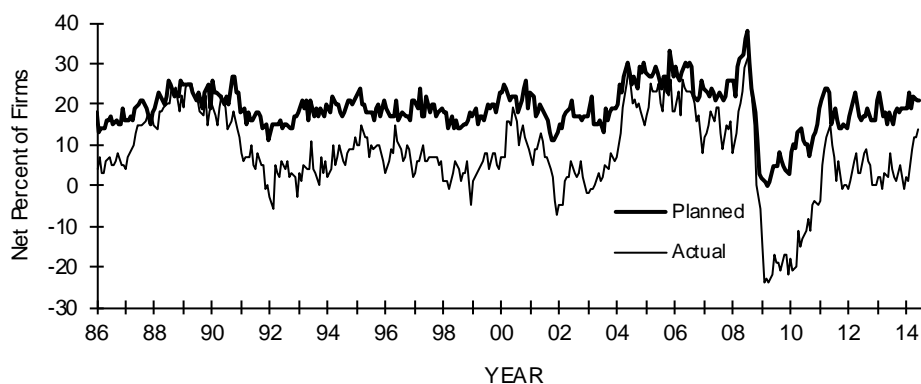
Net Percent (“Higher” Minus “Lower”) During Next Three Months  
 (Seasonally Adjusted)

	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	10	15	11						

# SMALL BUSINESS PRICES

## PRICES

Actual Last Three Months and Planned Next Three Months  
 January 1986 to June 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	12	12	14						

## 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	22	21	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
<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	-2	-1	-1						

## QUALIFIED APPLICANTS FOR JOB OPENINGS

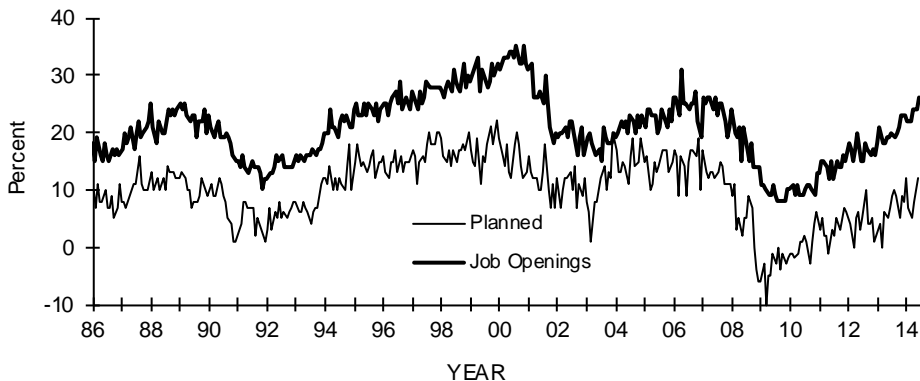
Percent Few or No Qualified Applicants  
(Seasonally Adjusted)

	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	41	46	43						



## EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January 1986 to June 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	24	24	26						

## HIRING PLANS

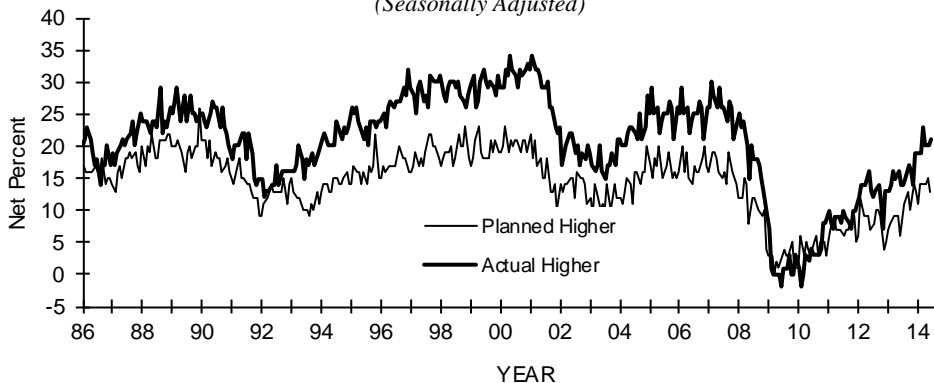
Net Percent ("Increase" Minus "Decrease") in the Next Three Months  
(Seasonally Adjusted)

	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	8	10	12						

## SMALL BUSINESS COMPENSATION

### COMPENSATION

Actual Last Three Months and Planned Next Three Months  
January 1986 to June 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	21						

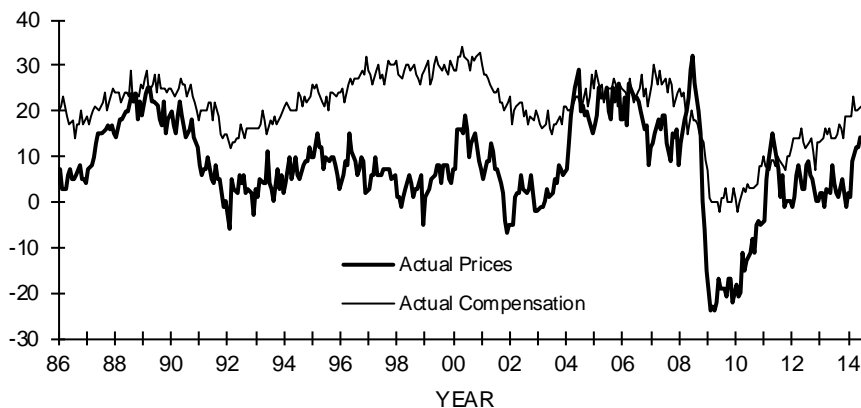
### COMPENSATION PLANS

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	13						

### PRICES AND LABOR COMPENSATION

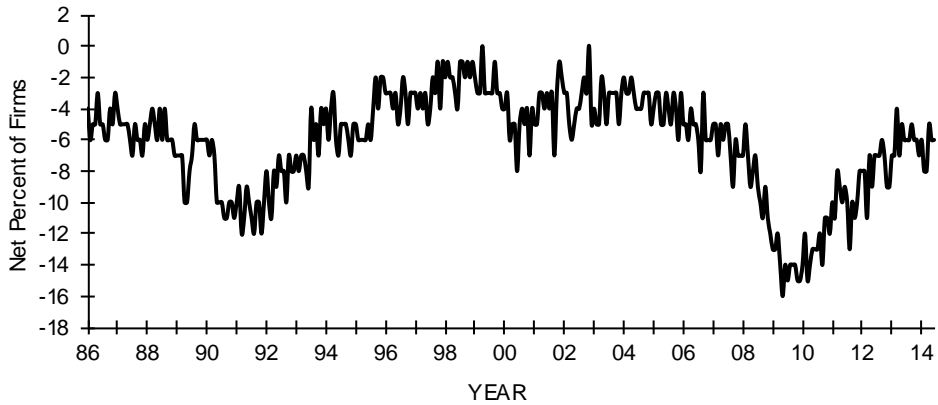
Net Percent Price Increase and Net Percent Compensation  
(Seasonally Adjusted)



# SMALL BUSINESS CREDIT CONDITIONS

## CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
January 1986 to June 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	30	31	28						



## 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	-5	-6	-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
<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	30/5	30/5	27/6						

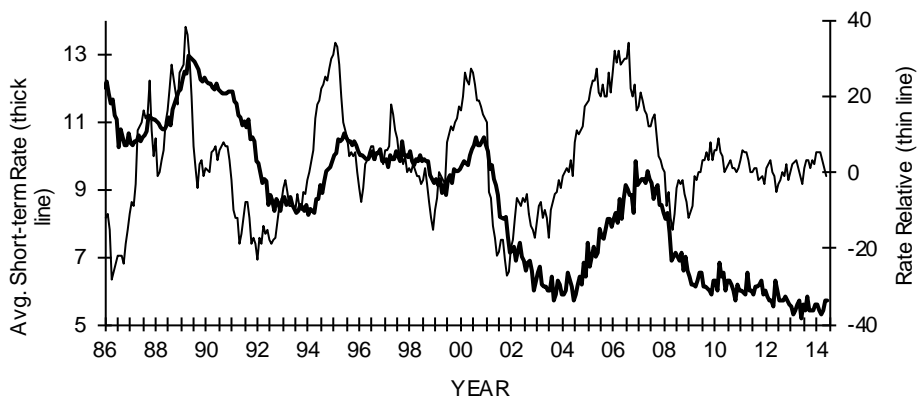
### EXPECTED CREDIT CONDITIONS

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	-6	-7	-7						

### INTEREST RATES

Relative Rates and Actual Rates Last Three Months  
January 1986 to June 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	3	1	-1						

*Borrowing at Least Once Every Three Months.*

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

Average Interest Rate Paid

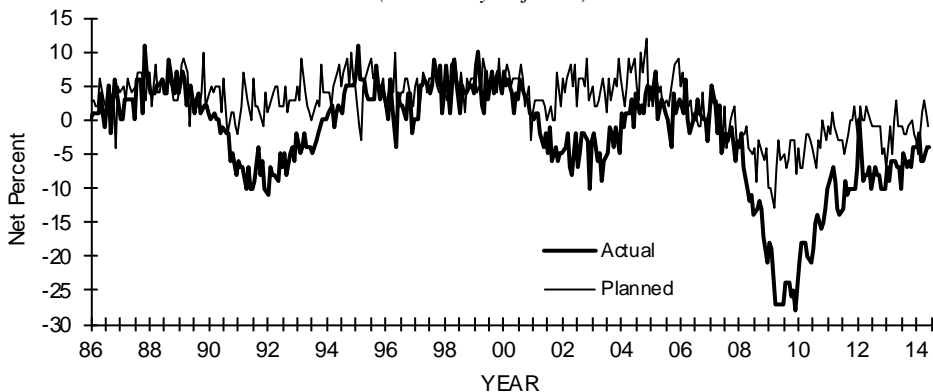
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	6.4	6.2	6.2	6.1	6.3	6.5	6.5	6.1	6.1	6.0	5.9	6.3
<b>2010</b>	6.3	6.0	6.8	6.4	6.5	6.0	6.3	6.3	6.2	6.0	5.7	6.2
<b>2011</b>	6.0	6.0	5.9	6.5	6.0	6.0	5.9	6.1	6.1	6.2	6.3	5.9
<b>2012</b>	6.0	5.8	5.7	5.7	5.5	6.3	5.7	5.7	5.7	5.8	5.7	5.6
<b>2013</b>	5.5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



## SMALL BUSINESS INVENTORIES

### INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)  
January 1986 to June 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	-6	-4	-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
<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	-1	-2	-2						

### INVENTORY PLANS

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

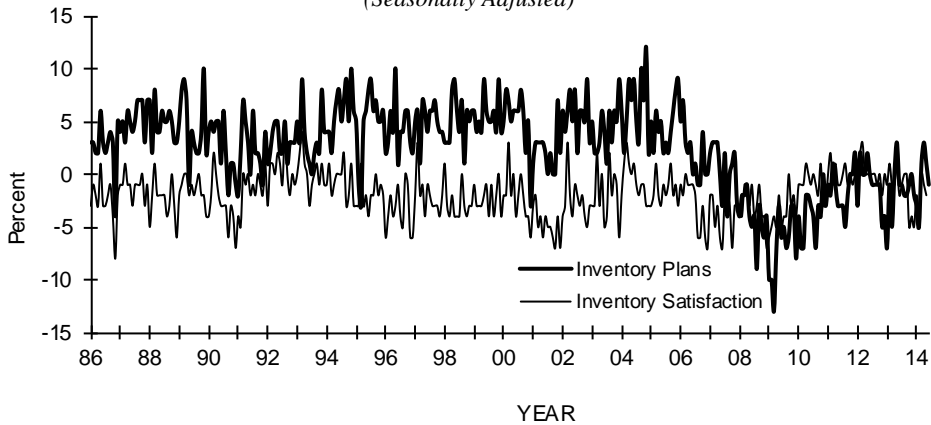
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2009</b>	-10	-10	-13	-7	-3	-6	-5	-7	-6	-3	-3	-8
<b>2010</b>	-4	-7	-7	-2	2	-3	-4	-7	-3	-4	0	-3
<b>2011</b>	-1	-2	1	-1	-3	-3	-3	-5	-2	0	0	2
<b>2012</b>	-3	2	0	0	2	0	-1	-1	-1	-1	-5	-4
<b>2013</b>	-7	-1	-5	0	3	-1	-1	-2	-2	-1	0	-2
<b>2014</b>	-3	-5	1	3	1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



# SMALL BUSINESS CAPITAL OUTLAYS

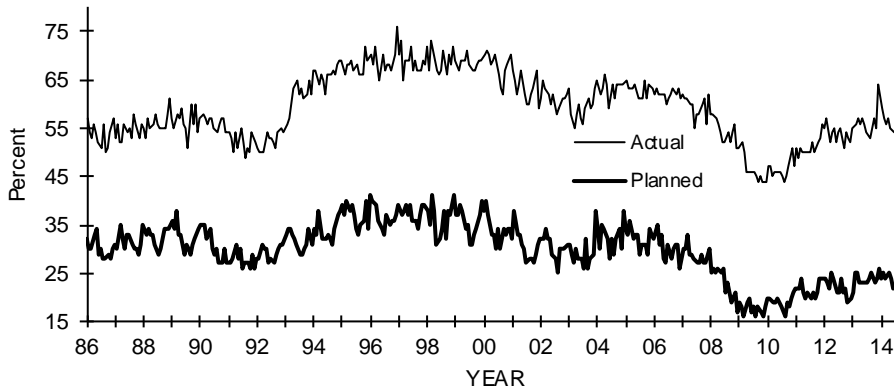
## INVENTORY SATISFACTION AND INVENTORY PLANS

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 June 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	57	55	54						

## 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	21	23	19
Equipment	37	39	32
Furniture or Fixtures	14	10	10
Add. Bldgs. or Land	5	6	5
Improved Bldgs. or Land	13	14	11

### 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	2
\$1,000 to \$4,999	7	9	8
\$5,000 to \$9,999	6	5	6
\$10,000 to \$49,999	16	17	19
\$50,000 to \$99,999	9	10	7
\$100,000 +	11	11	9
No Answer	2	1	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
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	22						



# SINGLE MOST IMPORTANT PROBLEM

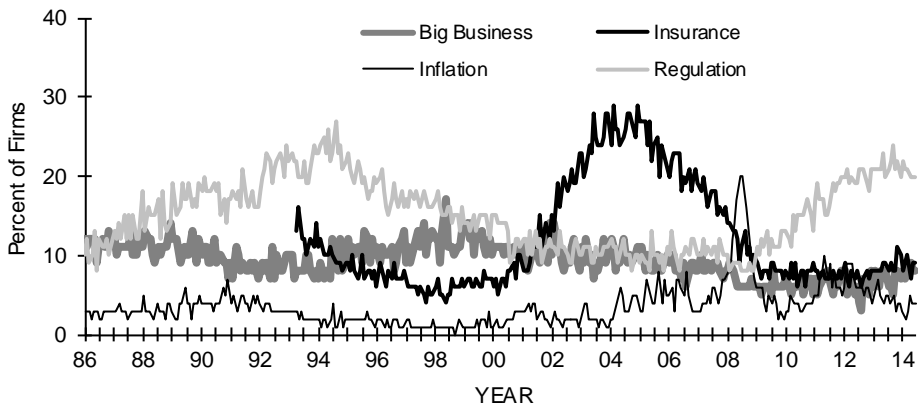
## SINGLE MOST IMPORTANT PROBLEM

June 2014

Problem	Current	One Year Ago	Survey High	Survey Low
<b>Taxes</b>	22	20	32	8
<b>Inflation</b>	4	5	41	0
<b>Poor Sales</b>	13	18	34	2
<b>Fin. &amp; Interest Rates</b>	3	2	37	1
<b>Cost of Labor</b>	4	4	9	2
<b>Govt. Reqs. &amp; Red Tape</b>	20	20	27	4
<b>Comp. From Large Bus.</b>	8	8	14	4
<b>Quality of Labor</b>	11	6	24	3
<b>Cost/Avail. of Insurance</b>	9	9	29	4
<b>Other</b>	6	8	31	1

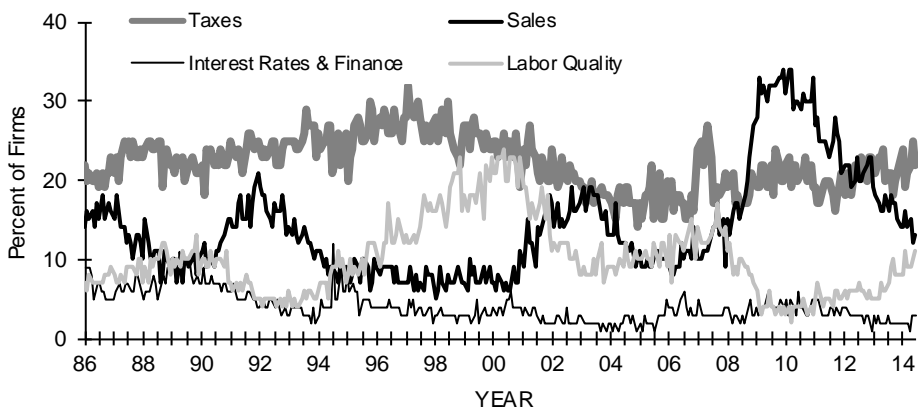
## SELECTED SINGLE MOST IMPORTANT PROBLEM

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



## SELECTED SINGLE MOST IMPORTANT PROBLEM

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



# SURVEY PROFILE

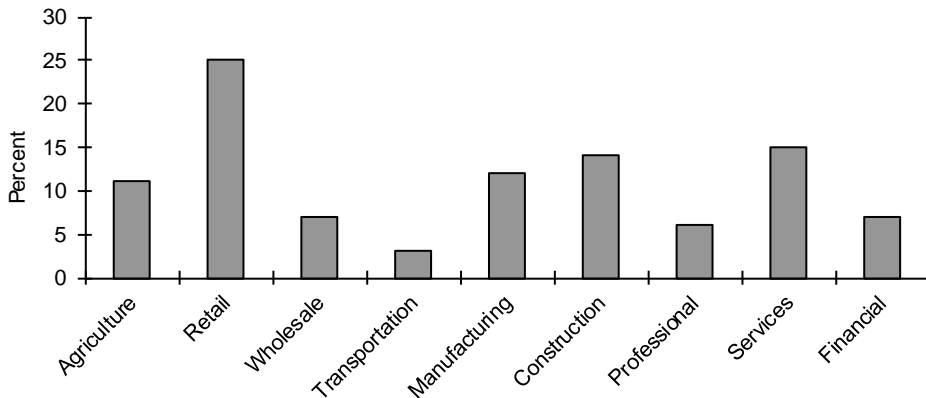
## OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

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	773	1940	762	635
<b>2014</b>	1864	792	685	1699	678	672						

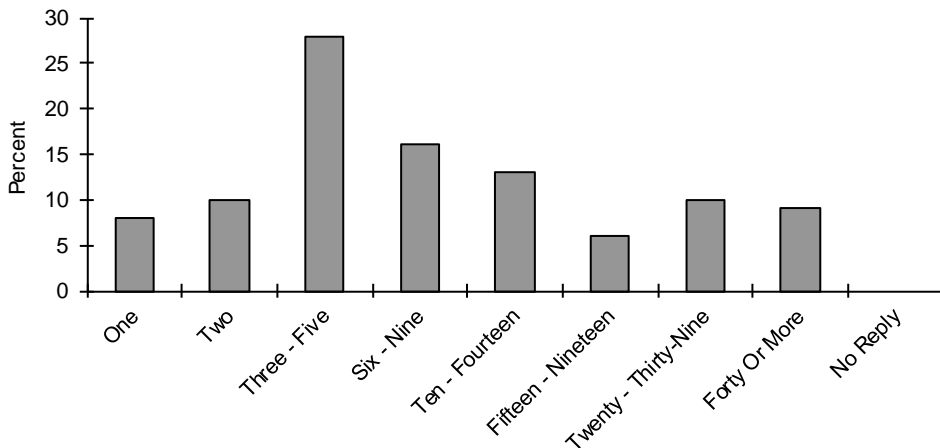
## NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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**

