



NFIB SMALL BUSINESS ECONOMIC TRENDS

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Holly Wadg

December 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	11%	1	*
Plans to Make Capital Outlay	25%	- 1	*
Plans to Increase Inventories	2%	- 1	*
Expect Economy to Improve	13%	16	*
Expect Real Sales Higher	14%	5	*
Current Inventory	- 3%	0	*
Current Job Openings	24%	0	*
Expected Credit Conditions	- 6%	- 1	*
Now a Good Time to Expand	11%	0	*
Earnings Trends	- 17%	3	*
Total Change		22	*

(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 Small Business Optimism Index gained 2.0 points, taking the Index to its highest level since February 2007. The average of the Index from 1974Q4 to 2014 to date is 98, which includes all the Great Recession readings. What didn't improve were the four "hard" Index components: job creation plans, plans for capital outlays, job openings and inventory investment plans, together adding a negative 1 percentage point to the Index. The entire gain in the Index was accounted for by two components: Expectations for Business Conditions in Six Months and Expectations for Real Sales Volumes, adding a combined 21 percentage points to net favorable responses, perhaps a response to the November election results.

LABOR MARKETS

The percent of owners reporting job creation fell a point from October to a net 2 percent of owners, continuing a four month run in positive territory. Overall, the average increase in workers per firm was 0.05 workers per firm, up from 0 in October, positive even if small. Twelve percent report increasing employment an average of 3.6 workers while 10 percent reduced their workforce by an average of 3.3 workers (seasonally adjusted). Fifty-three percent reported hiring or trying to hire, but 45 percent reported few or no qualified applicants for the positions they were trying to fill. Fifteen percent reported using temporary workers, up 1 point. Twenty-four percent of all owners reported job openings they could not fill in the current period, unchanged from October and a historically solid reading. Job creation plans improved 1 point to a seasonally adjusted net 11 percent.

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 4 percent, a rather poor picture and inconsistent with the rise in optimism – bottom line, it is customers that bring joy and improve optimism. Twelve percent cited weak sales as their top business problem, one of the lowest readings since December, 2007, unchanged from October. Expected real sales volumes posted a 5 point gain, rising to a net 14 percent of owners expecting gains.

The pace of inventory reduction shifted to a modest investment position, with a net 1 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 3 percent, suggesting that stocks are excessive relative to sales expectations. The net percent of owners planning to add to inventory stocks fell 1 point to a net 2 percent, positive but not very strong in light of the improved sales expectations.

This survey was conducted in November 2014. A sample of 3,938 small-business owners/members was drawn. Six hundred and eight (615) usable responses were received – a response rate of 16 percent.



CAPITAL SPENDING

Fifty-seven percent reported outlays, 1 point better than October. The percent of owners planning capital outlays in the next 3 to 6 months fell 1 point to 25, a strong reading in this mediocre expansion, but historically weak. Of the 53 percent of owners who said it was a bad time to expand (down 5 points), 19 percent (down 9 points) blamed the political environment, a sign of some optimism growing from the election results. The net percent of owners expecting better business conditions in 6 months rose 16 percentage points to a net 13 percent, a huge gain perhaps related to the election outcome. A net 14 percent of all owners expect improved real sales volumes, up 5 points. A nice rebound in expectations, not yet translated into plans for more capital spending.

INFLATION

Seasonally adjusted, the net percent of owners raising selling prices was 4 percent, down 4 points. There are no inflation pressures coming from Main Street. Twenty-three percent plan on raising average prices in the next few months (unchanged). Seasonally adjusted, a net 19 percent plan price hikes (down 1 point). The percent of owners reporting price declines is far higher than the percent planning reductions in the preceding months, by a factor of roughly 5 times. In October, 4 percent were planning reductions and in November 15 percent reporting actual reductions, suggesting little pricing power and the need to cut prices to keep or attract customers.

EARNINGS AND WAGES

Earnings trends improved 3 percentage points, reaching a net negative 17 percent. Sales are not improving substantially and labor costs continue to put pressure on the bottom line but energy prices are down a lot. That helps, but it is clear that firms are not able to pass their cost increases, primarily compensation, on to customers through higher prices. Two percent reported reduced worker compensation and 22 percent reported raising compensation (up 1 point), yielding a seasonally adjusted net 21 percent reporting higher compensation, up 2 points. A seasonally adjusted net 15 percent plan to raise compensation in the coming months (up 2 points). The reported gains in compensation are still in the range typical of an economy with reasonable growth, and labor market conditions are suggestive of a tightening, which will put further upward pressure on compensation.

CREDIT MARKETS

Four percent of the owners reported that all their credit needs were not met, holding at the historic low. Twenty-nine percent reported all credit needs met, and 54 percent explicitly said they did not want a loan. Only 3 percent reported that financing was their top business problem. Thirty-three percent of all owners reported borrowing on a regular basis, up 5 points and high compared to recent experience. The average rate paid on short maturity loans increased 10 basis points to 5.6 percent. The net percent of owners expecting credit conditions to ease in the coming months was a seasonally adjusted negative 6 percent; 1 point worse than October.



COMMENTARY

Last month, we asked if the election outcome would matter to small business owners, planning to look for evidence in the November survey results which are mailed in over the entire month. It clearly had no impact on hiring and spending plans, these were unchanged from October numbers. But expectations did improve, with a 16 percentage point gain in expectations for better business conditions in 6 months and a 5 point gain in expectations for higher real sales in the coming months, likely not a response to “Black Friday” or “Small Business Saturday” results.

Responses to the question “Is now a good time to expand your business substantially?” might also be a result of election euphoria. The percent responding NO fell 5 percentage points to 53 percent, nice, but not the lowest reading in 2014. However, the percent of those saying NO and blaming the “political climate” fell from 28 percent of those who said NO to 19 percent, a significant decline and the lowest since January, 2012. The high reading was 37 percent in October, 2013. So it appears likely that the election outcome played a significant role in improving the Index of Small Business Optimism, but only two of the ten Index components appeared to be impacted. What is needed is a translation of this optimism into spending and hiring.

Third quarter real GDP growth was revised up to 3.9 percent making the 6 months in the middle of 2014 one of the best growth periods in decades. However, this didn’t do much for small business job creation in the U.S. One reason is that a lot of this growth has been driven by inventory building, unusual defense outlays and exports, selling around the world, an activity that doesn’t involve many small businesses. Expectations for growth in the fourth quarter are not as rosy, reverting to the high 2 percent pace.

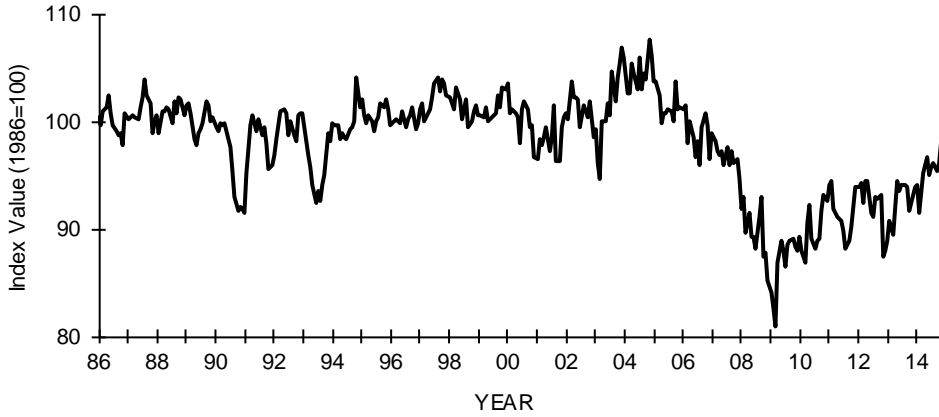
A new round of healthcare events will impact business owners in the coming months and consumers will find that their out of pocket outlays for healthcare will be rising because their policies have high deductibles. Just what impact this will have on spending remains to be seen.



OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

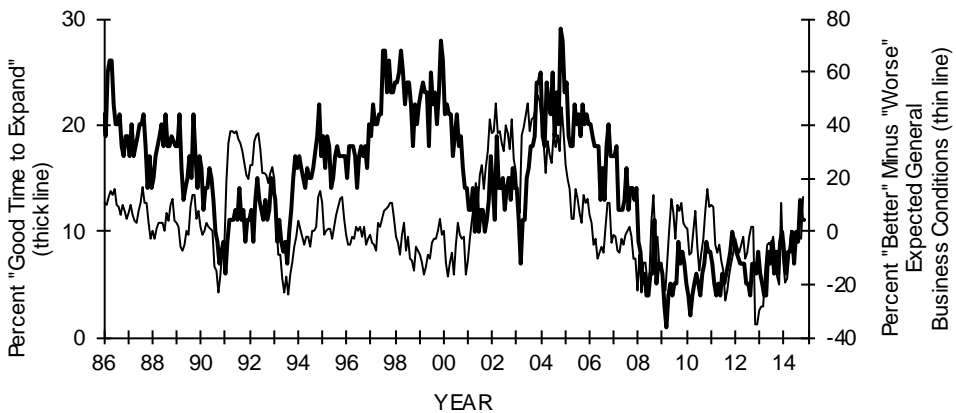
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

	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	95.0	95.7	96.1	95.3	96.1	98.1	

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January 1986 to November 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	7	10	9	13	11	11	

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
November 2014

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	3	28	17
Sales Prospects	3	5	4
Fin. & Interest Rates	2	2	0
Cost of Expansion	0	4	3
Political Climate	1	10	11
Other/Not Available	0	4	2

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

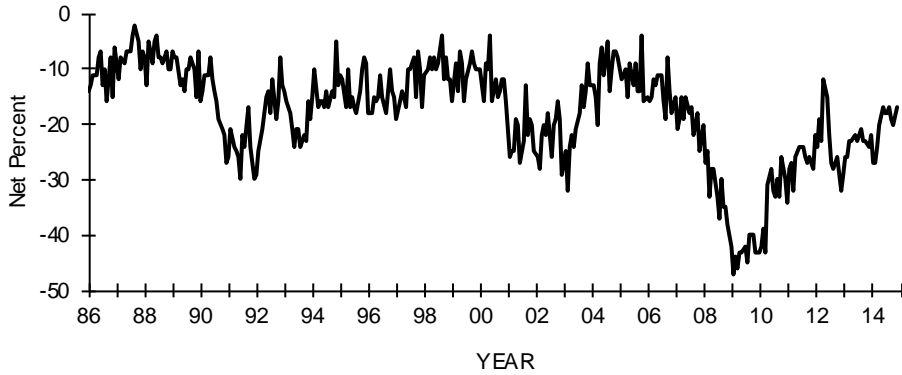
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	-12	-21	-22	2	12	7	-3	10	8	11	3	2
2010	1	-9	-8	0	8	-6	-15	-8	-3	8	16	9
2011	10	9	-5	-8	-5	-11	-15	-26	-22	-16	-12	-8
2012	-3	-6	-8	-5	-2	-10	-8	-2	2	2	-35	-35
2013	-30	-28	-28	-15	-5	-4	-6	-2	-10	-17	-20	-11
2014	-11	-19	-18	-9	0	-10	-6	-3	-2	-3	13	



SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to November 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	-18	-18	-17	-19	-20	-17	

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
September 2014

	Current Month	One Year Ago	Two Years Ago
Sales Volume	13	16	21
Increased Costs*	9	9	13
Cut Selling Prices	4	3	2
Usual Seasonal Change	4	4	4
Other	2	5	3

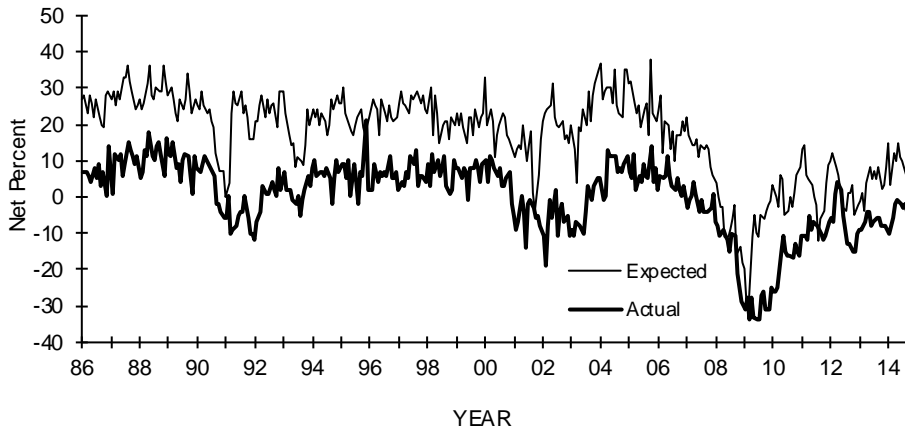
* Increased costs include labor, materials, finance, taxes, and regulatory costs.



SMALL BUSINESS SALES

SALES

Actual (Prior Three Months) and Expected (Next Three Months)
 January 1986 to November 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	-2	-3	-2	-4	-3	-4	



SALES EXPECTATIONS

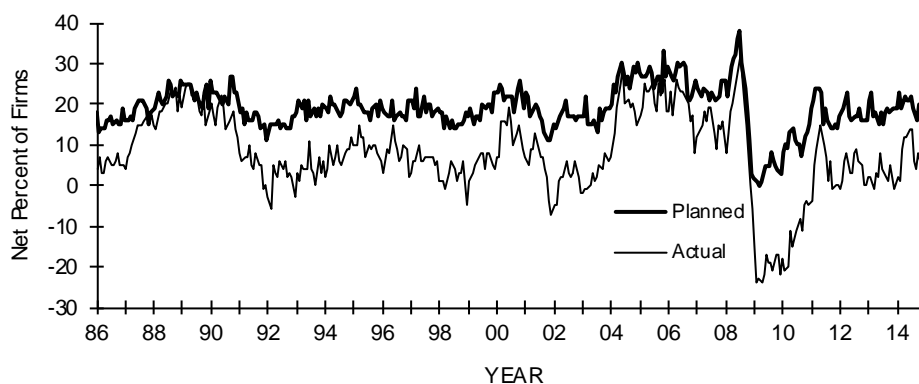
Net Percent (“Higher” Minus “Lower”) During Next Three Months
 (Seasonally Adjusted)

	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	11	10	6	5	9	14	

SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
January 1986 to November 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	14	14	6	4	8	4	



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	21	22	19	16	20	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
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	-1	3	4	3	3	2	

QUALIFIED APPLICANTS FOR JOB OPENINGS

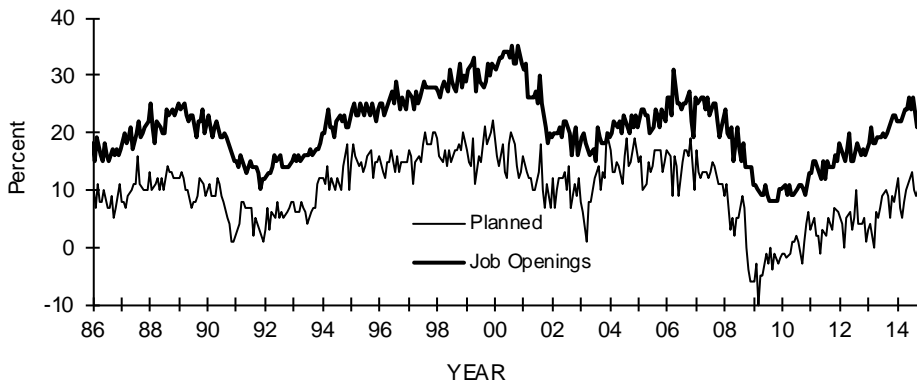
Percent Few or No Qualified Applicants
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	43	42	46	42	45	45	



EMPLOYMENT

Planned Next Three Months and Current Job Openings
January 1986 to November 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	26	24	26	21	24	24	

HIRING PLANS

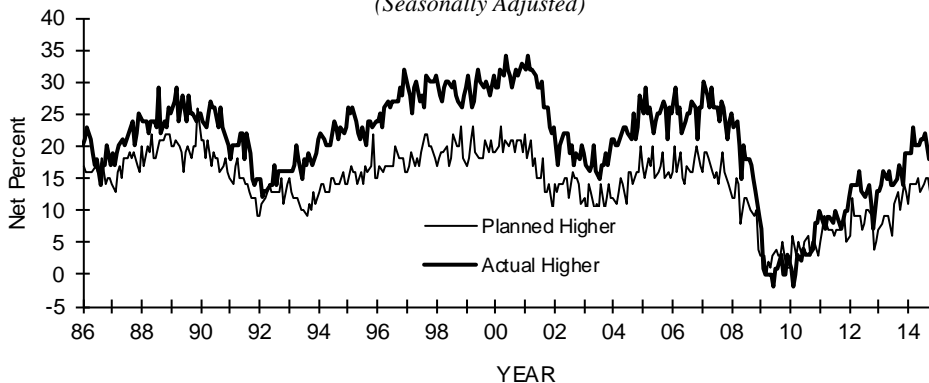
Net Percent ("Increase" Minus "Decrease") in the Next Three Months
(Seasonally Adjusted)

	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	12	13	10	9	10	11	

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to November 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	21	22	18	19	21	

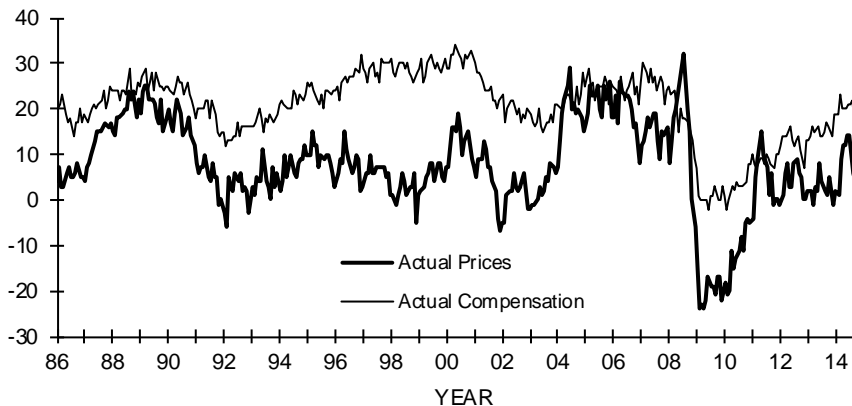
COMPENSATION PLANS

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	14	15	15	13	15	

PRICES AND LABOR COMPENSATION

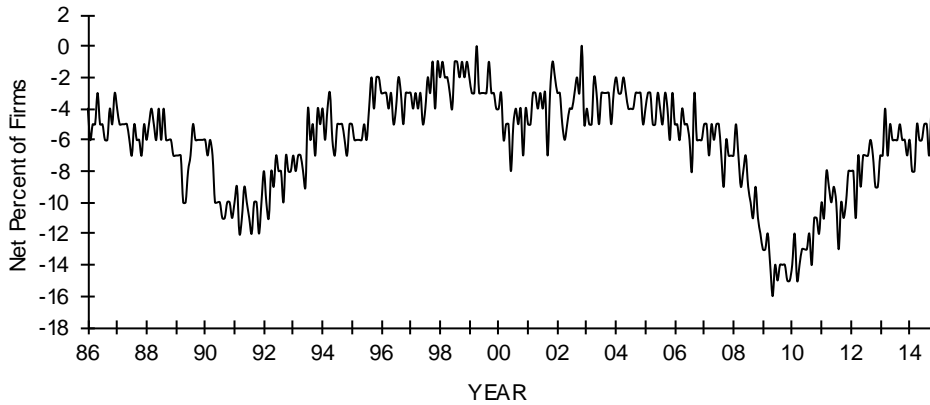
Net Percent Price Increase and Net Percent Compensation
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1986 to November 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	28	30	29	31	28	33	



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	-6	-5	-5	-7	-4	-5	

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	27/6	30/6	28/4	28/6	29/4	29/4	

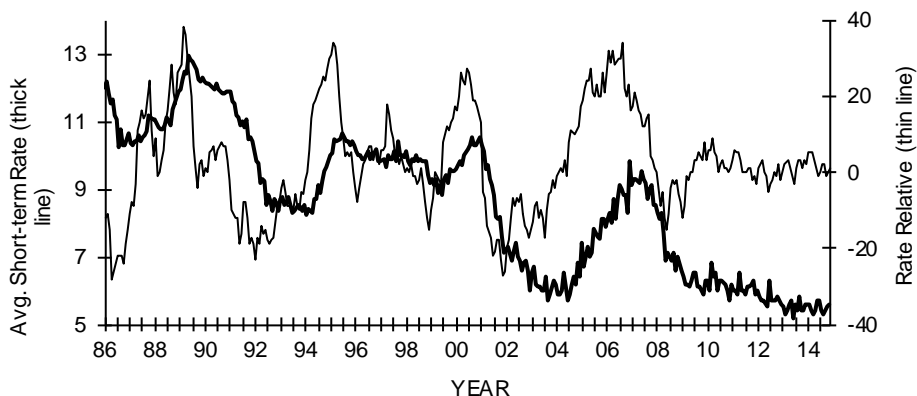
EXPECTED CREDIT CONDITIONS

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	-7	-5	-5	-7	-5	-6	

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January 1986 to November 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	-1	0	2	2	-1	1	

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

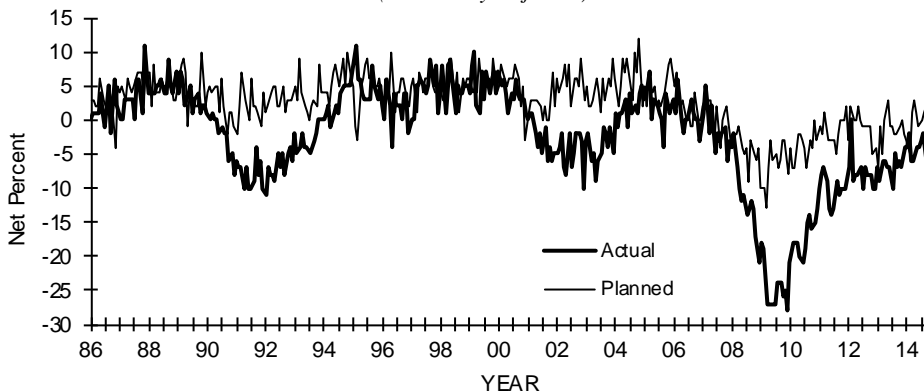
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	6.4	6.2	6.2	6.1	6.3	6.5	6.5	6.1	6.1	6.0	5.9	6.3
2010	6.3	6.0	6.8	6.4	6.5	6.0	6.3	6.3	6.2	6.0	5.7	6.2
2011	6.0	6.0	5.9	6.5	6.0	6.0	5.9	6.1	6.1	6.2	6.3	5.9
2012	6.0	5.8	5.7	5.7	5.5	6.3	5.7	5.7	5.7	5.8	5.7	5.6
2013	5.5	5.3	5.4	5.6	5.7	5.2	5.6	5.4	5.8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



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January 1986 to November 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	-4	-3	-2	-7	-1	1	

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	-2	-3	-2	0	-3	-3	

INVENTORY PLANS

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

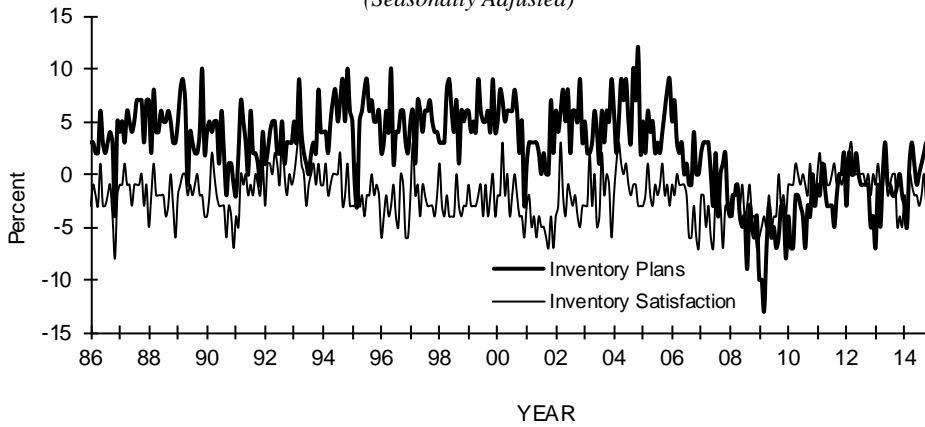
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	-10	-10	-13	-7	-3	-6	-5	-7	-6	-3	-3	-8
2010	-4	-7	-7	-2	2	-3	-4	-7	-3	-4	0	-3
2011	-1	-2	1	-1	-3	-3	-3	-5	-2	0	0	2
2012	-3	2	0	0	2	0	-1	-1	-1	-1	-5	-4
2013	-7	-1	-5	0	3	-1	-1	-2	-2	-1	0	-2
2014	-3	-5	1	3	1	-1	0	1	2	3	2	



SMALL BUSINESS CAPITAL OUTLAYS

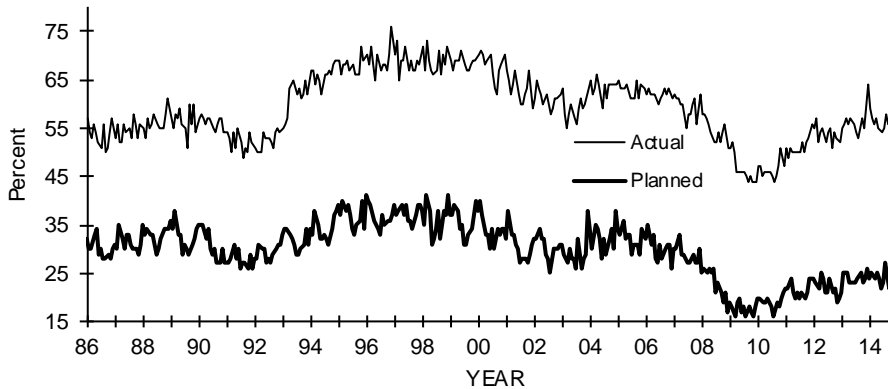
INVENTORY SATISFACTION AND INVENTORY PLANS

Net Percent (“Too Low” Minus “Too Large”) at Present Time
 Net Percent Planning to Add Inventories in the Next Three to Six Months
(Seasonally Adjusted)



CAPITAL EXPENDITURES

Actual Last Six Months and Planned Next Three Months
 January 1986 to November 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	54	55	58	56	56	57	



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	22	22	21
Equipment	39	38	37
Furniture or Fixtures	10	10	11
Add. Bldgs. or Land	4	7	5
Improved Bldgs. or Land	15	15	12

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	2	3	3
\$1,000 to \$4,999	10	8	8
\$5,000 to \$9,999	5	5	8
\$10,000 to \$49,999	18	19	16
\$50,000 to \$99,999	10	9	7
\$100,000 +	11	11	10
No Answer	1	0	1

CAPITAL EXPENDITURE PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	23	27	22	26	25	



SINGLE MOST IMPORTANT PROBLEM

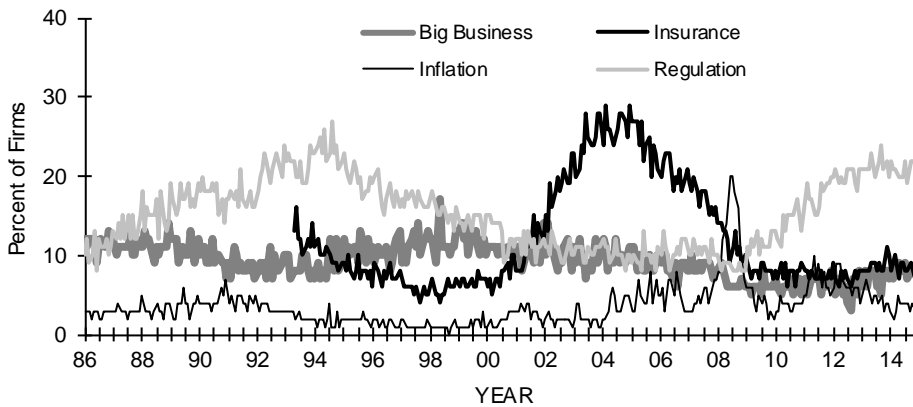
SINGLE MOST IMPORTANT PROBLEM

November 2014

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	23	21	32	8
Inflation	3	4	41	0
Poor Sales	12	15	34	2
Fin. & Interest Rates	3	2	37	1
Cost of Labor	5	5	9	2
Govt. Reqs. & Red Tape	22	22	27	4
Comp. From Large Bus.	8	8	14	4
Quality of Labor	10	8	24	3
Cost/Avail. of Insurance	7	11	29	4
Other	7	4	31	1

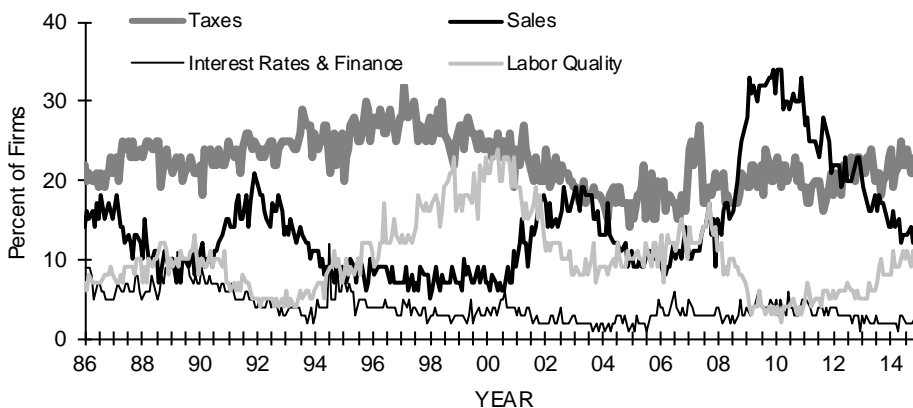
SELECTED SINGLE MOST IMPORTANT PROBLEM

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



SELECTED SINGLE MOST IMPORTANT PROBLEM

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



SURVEY PROFILE

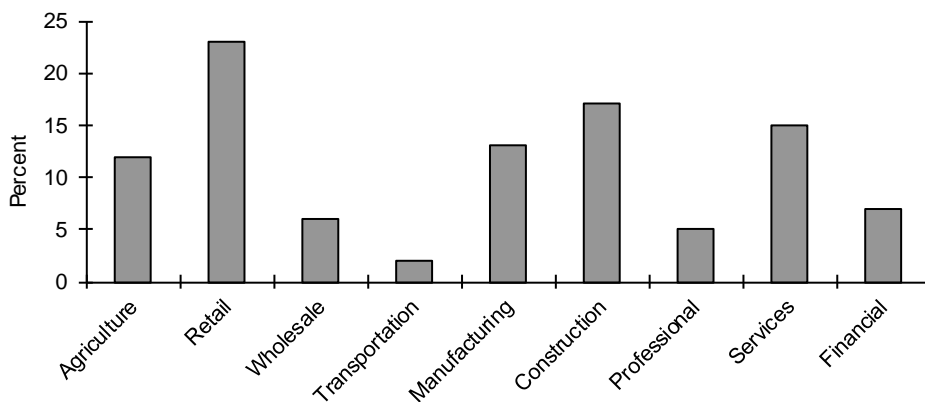
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

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	773	1940	762	635
2014	1864	792	685	1699	678	672	1645	598	608	1502	615	

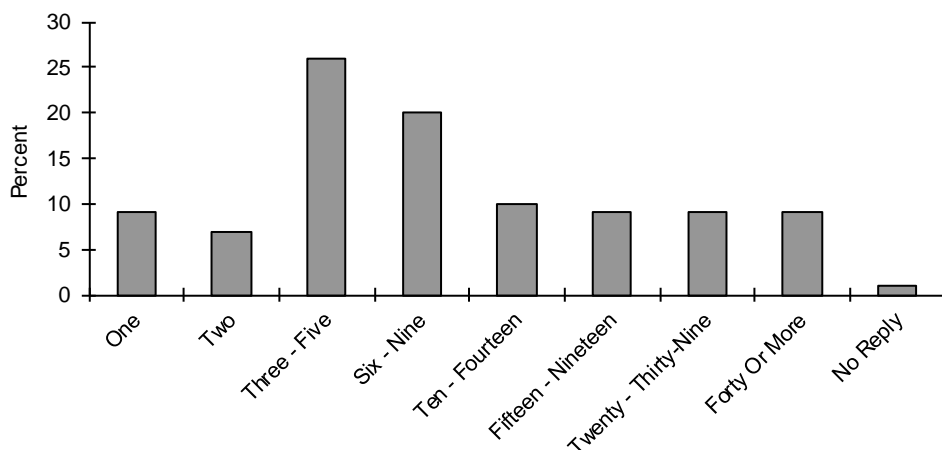
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

