



# NFIB SMALL BUSINESS ECONOMIC TRENDS

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February 2015

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	6%
Plans to Make Capital Outlays	24%	-2	6%
Plans to Increase Inventories	1%	-3	10%
Expect Economy to Improve	-7%	-6	20%
Expect Real Sales Higher	13%	-2	6%
Current Inventory	-5%	-3	10%
Current Job Openings	24%	-5	16%
Expected Credit Conditions	-6%	-2	6%
Now a Good Time to Expand	10%	-3	10%
Earnings Trends	-22%	-3	10%
Total Change		31	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 Director of Research Holly Wade are responsible for the report.*

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# SUMMARY

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## OPTIMISM INDEX

The Small Business Optimism Index fell 2.8 points to 95.2, declining in sympathy with the rather weak stream of reports on the economy. Bad weather was certainly depressing, for both shoppers and the construction industry. All 10 Index components declined, contributing to the 31 point decline in net positive responses. The only good news is that the 10 Index components didn't fall further, not much to hang on to. Consumer spending has not shown much strength and the saving rate has increased. Not a recession scenario overall for sure, but there is not much growth energy in the economy, especially with the energy boom deflating a bit.

## LABOR MARKETS

The net percent of owners reporting an increase in employment fell 5 percentage points to a net negative 1 percent of owners, down substantially from the recent high of 9 percent in December 2014. Overall, the average increase in workers per firm was 0.18 workers per firm, besting the stats for January and February which were excellent readings. Fifty percent reported hiring or trying to hire (down 3 points), but 42 percent reported few or no qualified applicants for the positions they were trying to fill. Ten percent reported using temporary workers, down 2 points. Twenty-four percent of all owners reported job openings they could not fill in the current period, down 5 points from February which was the highest reading since March, 2006. A net 10 percent planning to create new jobs, down 2 points but a solid reading.

## 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 3 points, to a net negative 3 percent. Certainly consumer spending has not shown much energy in the past few months. Eleven percent cited weak sales as their top business problem, down 1 point. Expected real sales volumes posted a 2 point decline, falling to a net 13 percent of owners expecting gains, after a 5 point decline in January and February. Sales prospects are still looking reasonably good to owners, just not as hot as in the fourth quarter last year.

After 4 months of positive inventory investment, the pace of inventory investment reversed direction, 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" deteriorated 3 points to a net negative 5 percent, indicating that inventories are excessive when compared to expected sales volumes. The net percent of owners planning to add to inventory stocks fell 3 points to 1 percent, positive, but not a large force behind inventory investment in Q2.

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This survey was conducted in March 2015. A sample of 3,938 small-business owners/members was drawn. Seven hundred and sixteen (575) usable responses were received – a response rate of 15 percent.



## CAPITAL SPENDING

Fifty-eight percent reported outlays, down 2 points. Spending has not caught fire in spite of historically low interest rates. There is too much uncertainty and expected growth is too soft. Of those making expenditures, 40 percent reported spending on new equipment (down 3 points), 24 percent acquired vehicles (down 1 point), and 14 percent improved or expanded facilities (down 2 points). Eight percent acquired new buildings or land for expansion (unchanged) and 10 percent spent money for new fixtures and furniture (down 2 points). The percent of owners planning capital outlays in the next 3 to 6 months fell 2 points to 24 percent, not a strong reading historically. Of the 42 percent of owners who said it was a bad time to expand (down 1 point), 21 percent (down 2 points) still blamed the political environment.

## INFLATION

Seasonally adjusted, the net percent of owners raising selling prices was 2 percent, a very “tame” reading. There are no inflation pressures coming from Main Street. Seasonally adjusted, a net 15 percent plan price hikes (down 4 points). The economy has grown too slowly to support widespread price hikes and although compensation hikes are more frequently reported, energy cost savings are cushioning bottom lines.

## EARNINGS AND WAGES

Earnings trends deteriorated 3 points, falling to a net negative 22 percent. Reports of increased labor compensation rose 2 percentage points to a net 22 percent of all owners. Labor costs continue to put pressure on the bottom line but energy prices are down a lot. A seasonally adjusted net 13 percent plan to raise compensation in the coming months (down 1 point). 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 along with government regulations including the healthcare law.

## CREDIT MARKETS

Five percent of owners reported that all their credit needs were not met, up 2 points but historically low. Thirty-five percent reported all credit needs met, and 48 percent explicitly said they did not want a loan. For most of the recession, record numbers of firms have been on the “credit sidelines”, seeing no good reason to borrow. Only 3 percent reported that financing was their top business problem. Thirty-two percent of all owners reported borrowing on a regular basis, up 2 points. The average rate paid on short maturity loans rose 60 basis points to 5.7 percent. Loan demand remained historically weak. The net percent of owners expecting credit conditions to ease in the coming months was a negative 6 percent, a 2 point deterioration. Interest rates are low, but prospects for putting borrowed money profitably to work have not improved enough to induce owners to step up their borrowing and spending.



# COMMENTARY

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First quarter growth is looking quite weak, due in part to weather (reduced shopping, construction etc.), the sharp decline in energy prices (lower employment and capital investment), weakness among our trading partners (lower exports) and dock strikes in the western part of the country. It is surprising that job markets have looked as good as they have given that GDP growth continued to slow from Q4 2014 rates.

The Federal Reserve did all it could to improve the markets' view of existing cash flows by lowering interest rates and supporting asset prices but did little to contribute to better cash flows for most of America's firms. The Federal Reserve and other central banks are hoarding risk free assets while the demand for these assets is rising. This keeps long term interest rates artificially low and creates longer term financial problems (like how to fund future pension liabilities) while denying savers a decent return on their savings. Thinking that their policies significantly impact the real economy, in spite of evidence to the contrary, the Fed persists in holding rates down and is probably not inclined to raise rates until GDP and employment growth rates pick up substantially. The fact that the Fed doesn't raise rates signals that they don't expect the economy to improve.

Meanwhile, the government continues to extend its control over the private sector, taking actions to restrict the growth in the energy sector, promulgating policies to support union growth in the small business sector, supporting climate change policies that will crush economic growth, unleashing the EPA to regulate every aspect of business activity and ignoring the issues that are important to small business growth such as tax reform and the regulatory avalanche that diverts the use of capital and owner time to unproductive activities.

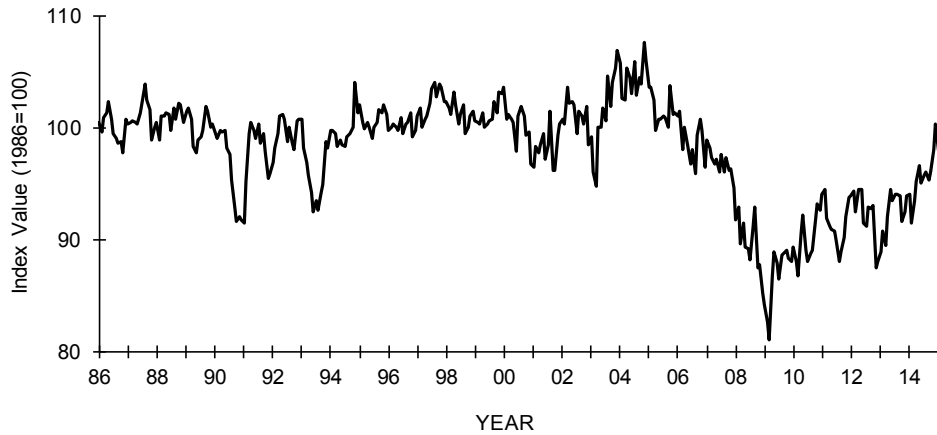
So it is no surprise that optimism is muted and that owners' expectations about the future are less than exuberant. Government policies increasingly impinge on the private sector, diverting resources to unproductive uses like 9,000 IRS employees to exact ACA penalties on taxpayers. When new business owners were asked to characterize difficulties encountered and whether or not they were more difficult or less difficult than expected, 60 percent said that government regulations and red tape were much worse than expected, far more than any other factor. That survey was taken in 1990 – it has only worsened.



# 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)

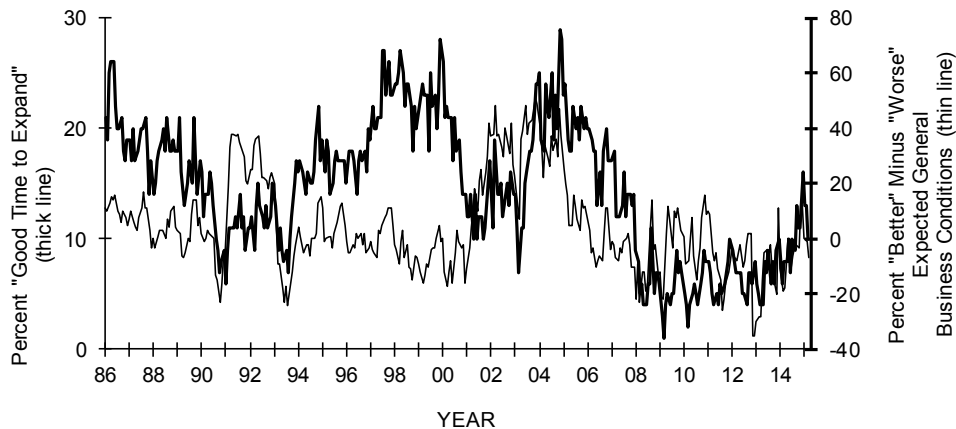
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2010</b>	89.3	88.0	86.8	90.6	92.2	89.0	88.1	88.8	89.0	91.7	93.2	92.6
<b>2011</b>	94.1	94.5	91.9	91.2	90.9	90.8	89.9	88.1	88.9	90.2	92.0	93.8
<b>2012</b>	93.9	94.3	92.5	94.5	94.4	91.4	91.2	92.9	92.8	93.1	87.5	88.0
<b>2013</b>	88.9	90.8	89.5	92.1	94.4	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	95.7	96.1	95.3	96.1	98.1	100.4
<b>2015</b>	97.9	98.0	95.2									



## SMALL BUSINESS OUTLOOK

### OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January 1986 to March 2015  
(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>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	10	9	13	11	11	16
<b>2015</b>	13	13	10									

### MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
March 2015

Reason	Good Time	Not Good Time	Uncertain
<b>Economic Conditions</b>	6	20	17
<b>Sales Prospects</b>	4	5	4
<b>Fin. &amp; Interest Rates</b>	2	0	1
<b>Cost of Expansion</b>	1	5	7
<b>Political Climate</b>	1	9	11
<b>Other/Not Available</b>	0	3	4



### OUTLOOK FOR GENERAL BUSINESS CONDITIONS

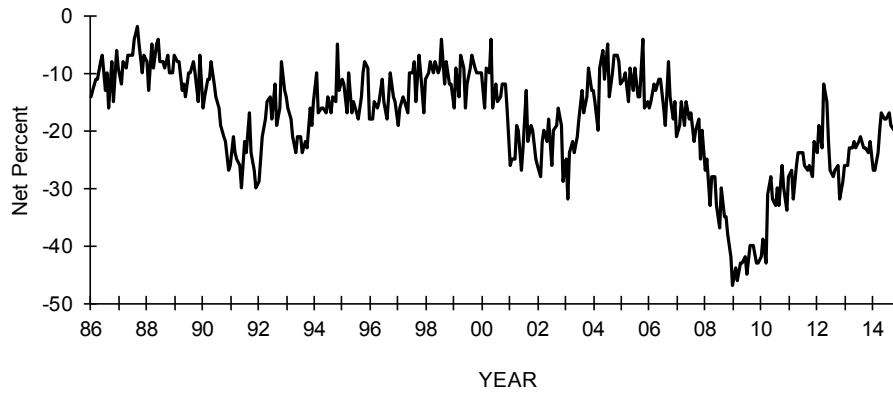
Net Percent (“Better” Minus “Worse”) Six Months From Now  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>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	-6	-3	-2	-3	13	12
<b>2015</b>	0	-1	-7									

## SMALL BUSINESS EARNINGS

### EARNINGS

Actual Last Three Months  
January 1986 to March 2015  
(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>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	-18	-17	-19	-20	-17	-15
<b>2015</b>	-19	-19	-22									



### MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
March 2015

	Current Month	One Year Ago	Two Years Ago
<b>Sales Volume</b>	13	16	18
<b>Increased Costs*</b>	10	12	12
<b>Cut Selling Prices</b>	4	3	2
<b>Usual Seasonal Change</b>	9	8	7
<b>Other</b>	4	2	4

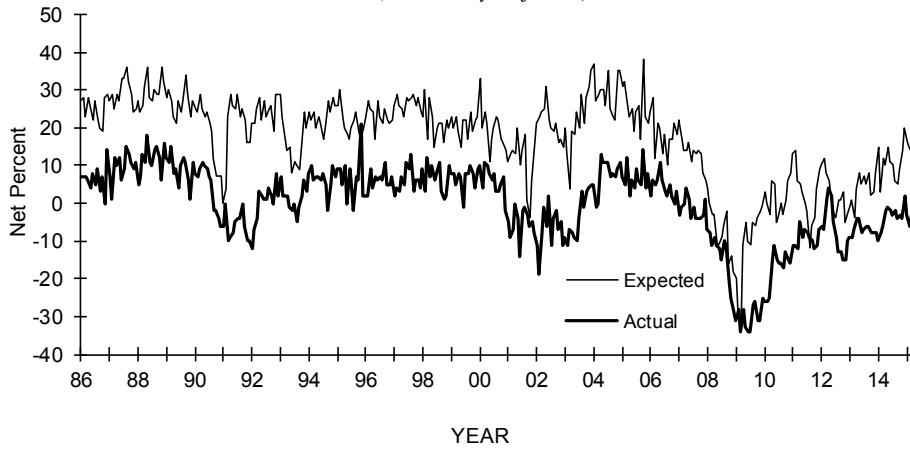
\* Increased costs include labor, materials, finance, taxes, and regulatory costs.



# SMALL BUSINESS SALES

## SALES

Actual (Prior Three Months) and Expected (Next Three Months)  
 January 1986 to March 2015  
 (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>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	-3	-2	-4	-3	-4	2
<b>2015</b>	-3	-6	-3									



## SALES EXPECTATIONS

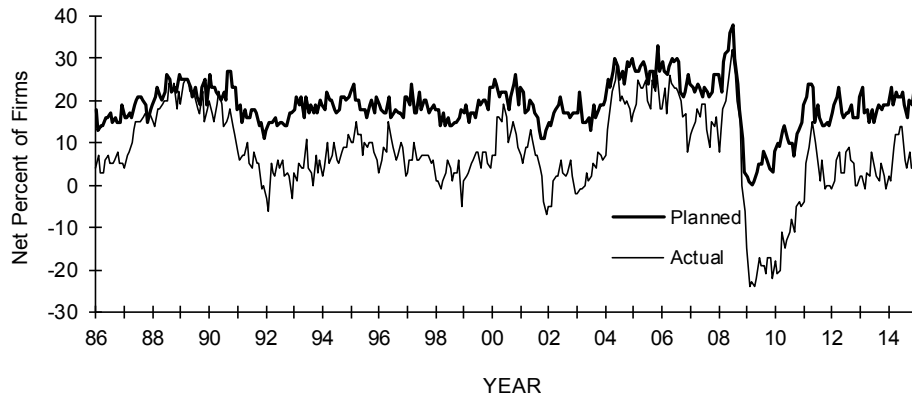
Net Percent (“Higher” Minus “Lower”) During Next Three Months  
 (Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>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	10	6	5	9	14	20
<b>2015</b>	16	15	13									

# SMALL BUSINESS PRICES

## PRICES

Actual Last Three Months and Planned Next Three Months  
 January 1986 to April 2015  
 (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>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	14	6	4	8	4	4
<b>2015</b>	3	0	2									



## 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>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	22	19	16	20	19	22
<b>2015</b>	19	19	15									

# 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>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	3	4	3	3	2	9
<b>2015</b>	5	4	-1									

## QUALIFIED APPLICANTS FOR JOB OPENINGS

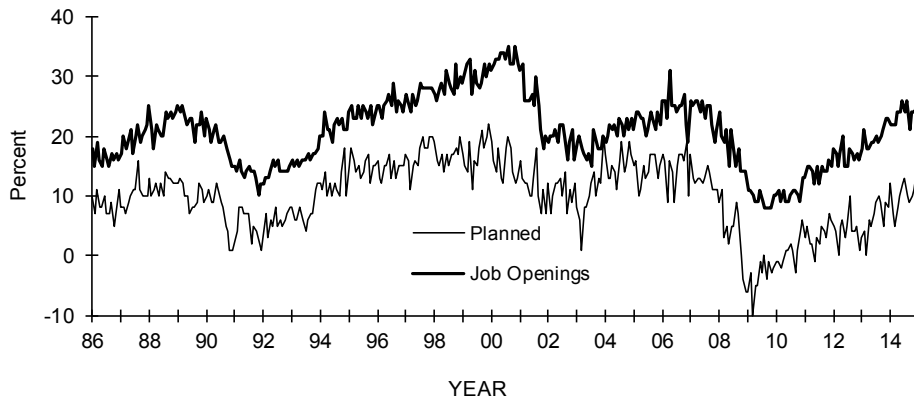
Percent Few or No Qualified Applicants  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>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	42	46	42	45	45	43
<b>2015</b>	42	47	42									



## EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January 1986 to March 2015  
(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>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	24	26	21	24	24	25
<b>2015</b>	26	29	24									

### HIRING PLANS

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

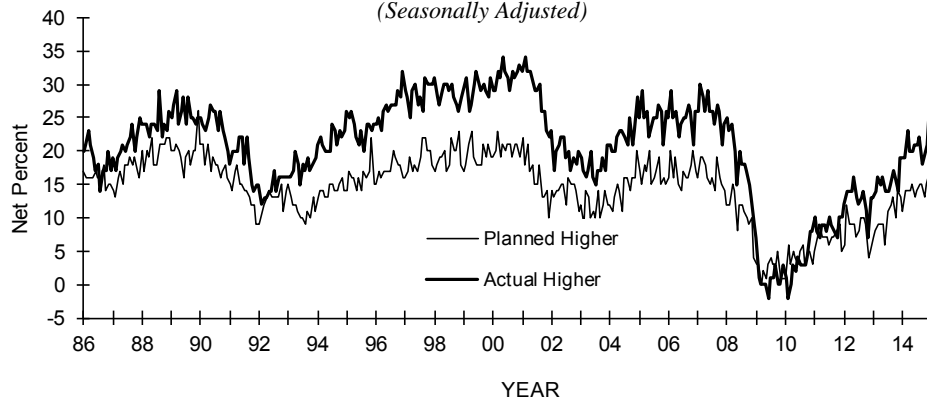
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2010</b>	-1	-1	-2	-1	1	1	2	1	-3	1	4	6
<b>2011</b>	3	5	2	2	-1	3	2	5	4	3	7	6
<b>2012</b>	5	4	0	5	6	3	5	10	4	4	5	1
<b>2013</b>	3	4	0	6	5	7	9	10	9	5	9	8
<b>2014</b>	12	7	5	8	10	12	13	10	9	10	11	15
<b>2015</b>	14	12	10									



## SMALL BUSINESS COMPENSATION

### COMPENSATION

Actual Last Three Months and Planned Next Three Months  
January 1986 to March 2015  
(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
<b>2010</b>	1	-2	0	3	2	4	3	3	3	4	8	8
<b>2011</b>	10	8	7	9	9	8	10	9	8	7	10	10
<b>2012</b>	12	14	14	14	16	13	12	13	14	11	7	13
<b>2013</b>	13	14	16	15	16	14	14	15	17	16	14	19
<b>2014</b>	19	19	23	20	20	21	21	22	18	19	21	25
<b>2015</b>	25	20	22									

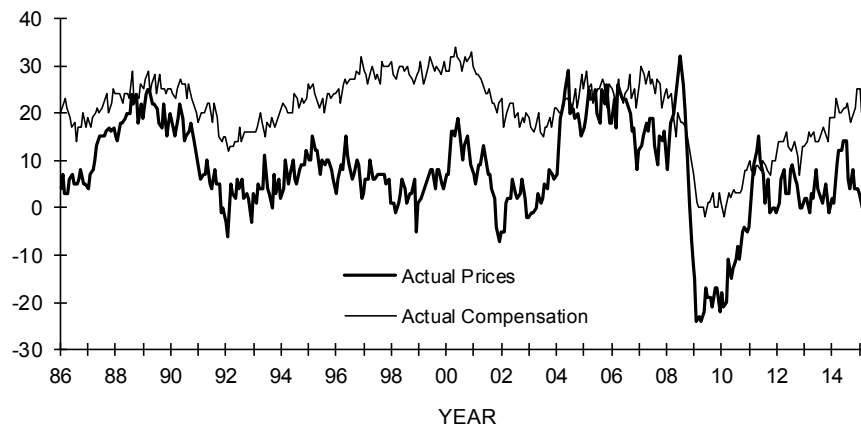
### COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2010</b>	1	6	3	5	4	3	5	6	3	5	5	3
<b>2011</b>	5	7	9	7	7	7	6	7	7	8	9	5
<b>2012</b>	6	12	9	9	9	7	8	10	10	9	4	5
<b>2013</b>	7	8	9	9	9	6	11	12	13	10	14	13
<b>2014</b>	11	14	14	14	15	13	14	15	15	13	15	17
<b>2015</b>	12	14	13									

### PRICES AND LABOR COMPENSATION

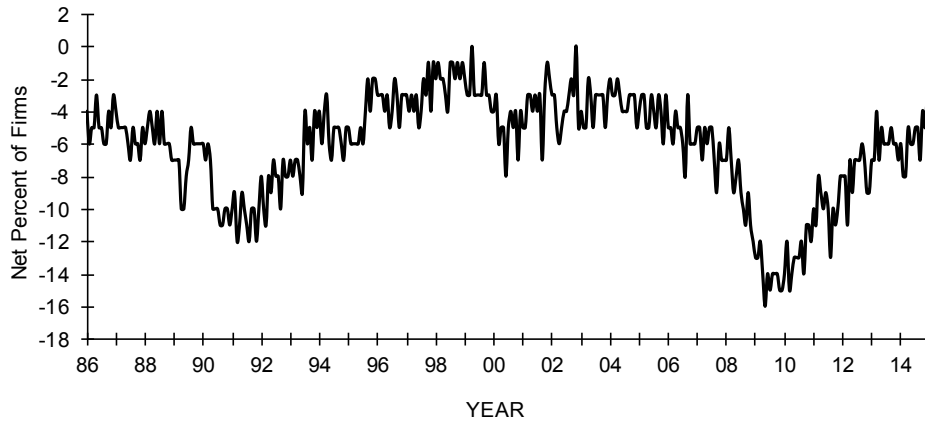
Net Percent Price Increase and Net Percent Compensation  
(Seasonally Adjusted)



# SMALL BUSINESS CREDIT CONDITIONS

## CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
January 1986 to March 2015



\* 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>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	30	29	31	28	33	31
<b>2015</b>	33	30	32									



## 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>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	-5	-5	-7	-4	-5	-3
<b>2015</b>	-4	-3	-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
<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	30/6	28/4	28/6	29/4	29/4	32/4
<b>2015</b>	32/4	33/3	35/5									

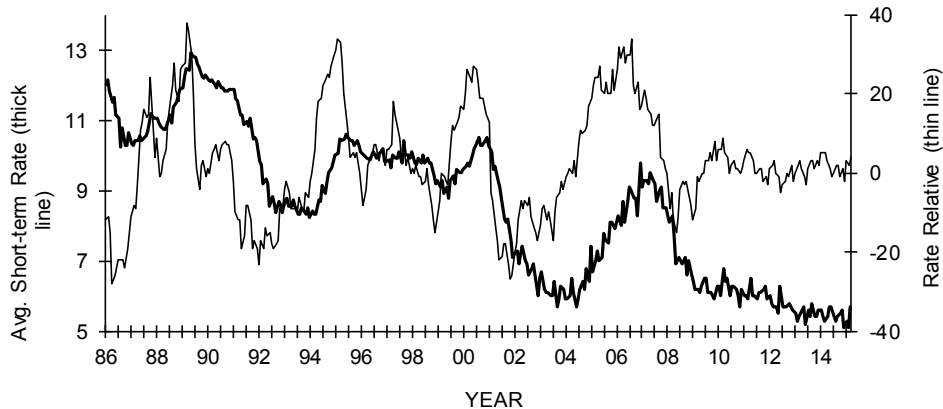
### EXPECTED CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>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	-5	-5	-7	-5	-6	-5
<b>2015</b>	-5	-4	-6									

### INTEREST RATES

Relative Rates and Actual Rates Last Three Months  
January 1986 to March 2015



## 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>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	0	2	2	-1	1	-2
<b>2015</b>	3	2	4									

*Borrowing at Least Once Every Three Months.*

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

Average Interest Rate Paid

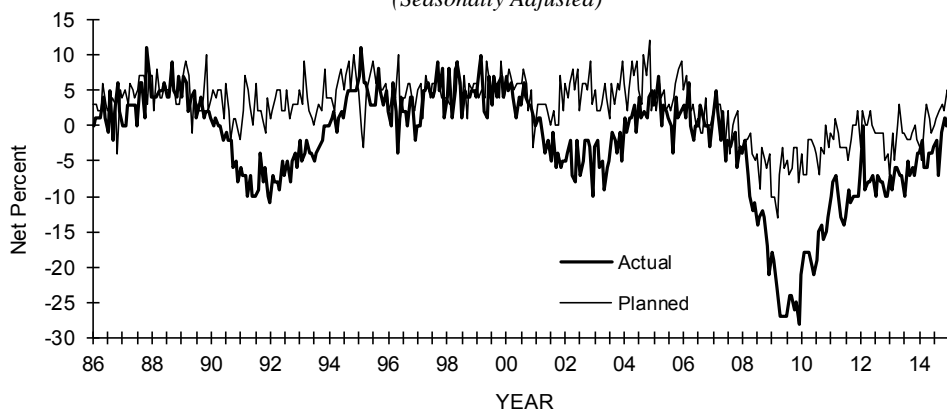
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2010</b>	6.3	6.0	6.8	6.4	6.5	6.0	6.3	6.3	6.2	6.0	5.7	6.2
<b>2011</b>	6.0	6.0	5.9	6.5	6.0	6.0	5.9	6.1	6.1	6.2	6.3	5.9
<b>2012</b>	6.0	5.8	5.7	5.7	5.5	6.3	5.7	5.7	5.7	5.8	5.7	5.6
<b>2013</b>	5.5	5.3	5.4	5.6	5.7	5.2	5.6	5.4	5.8	5.4	5.4	5.6
<b>2014</b>	5.6	5.4	5.3	5.4	5.7	5.7	5.4	5.3	5.4	5.5	5.6	5.1
<b>2015</b>	5.3	5.1	5.7									



## SMALL BUSINESS INVENTORIES

### INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)  
January 1986 to March 2015  
(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
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	0
2015	2	2	-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
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	-3
2015	-1	-2	-5									

### INVENTORY PLANS

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

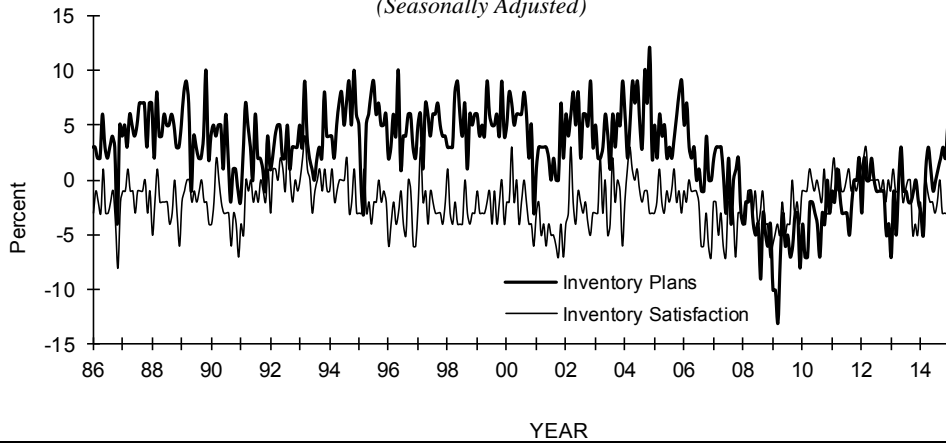
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010	-4	-7	-7	-2	2	-3	-4	-7	-3	-4	0	-3
2011	-1	-2	1	-1	-3	-3	-3	-5	-2	0	0	2
2012	-3	2	0	0	2	0	-1	-1	-1	-1	-5	-4
2013	-7	-1	-5	0	3	-1	-1	-2	-2	-1	0	-2
2014	-3	-5	1	3	1	-1	0	1	2	3	2	5
2015	2	4	1									



# SMALL BUSINESS CAPITAL OUTLAYS

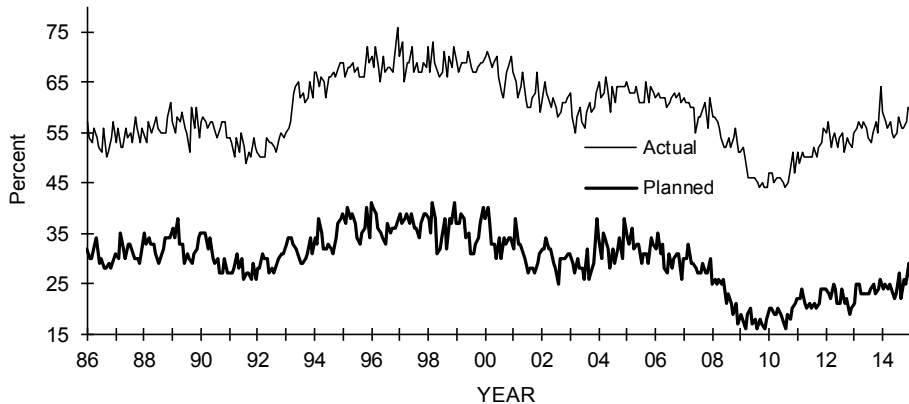
## INVENTORY SATISFACTION AND INVENTORY PLANS

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



## CAPITAL EXPENDITURES

Actual Last Six Months and Planned Next Three Months  
*January 1986 to March 2015*  
*(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>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	55	58	56	56	57	60
<b>2015</b>	59	60	58									

## 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	20	22
Equipment	40	40	40
Furniture or Fixtures	10	11	11
Add. Bldgs. or Land	8	5	6
Improved Bldgs. or Land	14	13	13

### AMOUNT OF CAPITAL EXPENDITURES MADE

Percent Distribution of Per Firm Expenditures  
During the Last Six Months

Amount	Current	One Year Ago	Two Years Ago
\$1 to \$999	3	3	3
\$1,000 to \$4,999	9	8	9
\$5,000 to \$9,999	5	6	6
\$10,000 to \$49,999	18	20	18
\$50,000 to \$99,999	9	5	8
\$100,000 +	14	11	11
No Answer	0	3	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
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	29
2015	26	26	24									

# SINGLE MOST IMPORTANT PROBLEM

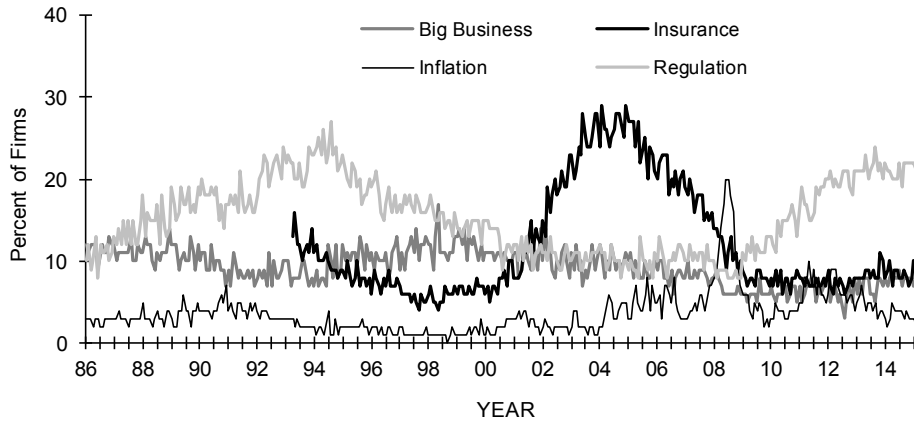
## SINGLE MOST IMPORTANT PROBLEM

March 2015

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

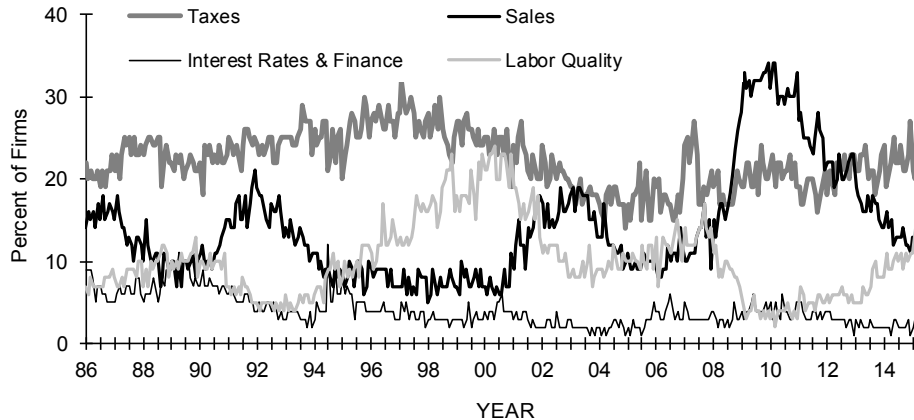
## SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation  
January 1986 to March 2015



## SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality  
January 1986 to March 2015



# SURVEY PROFILE

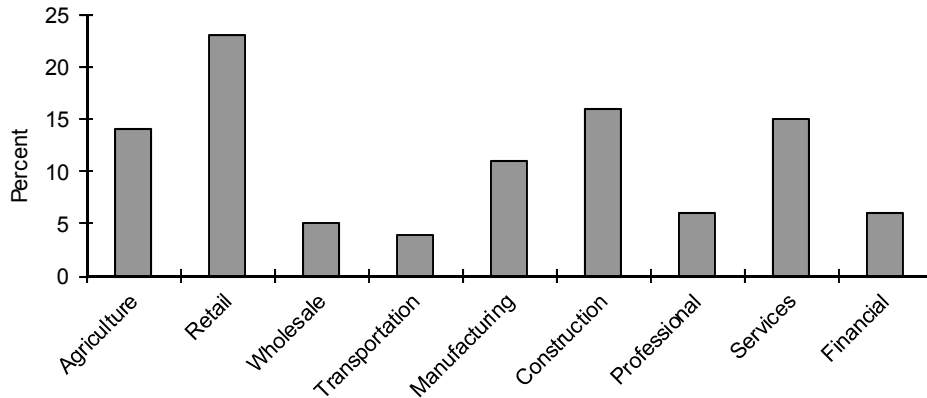
## OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>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	1645	598	608	1502	615	568
<b>2015</b>	1663	716	575									

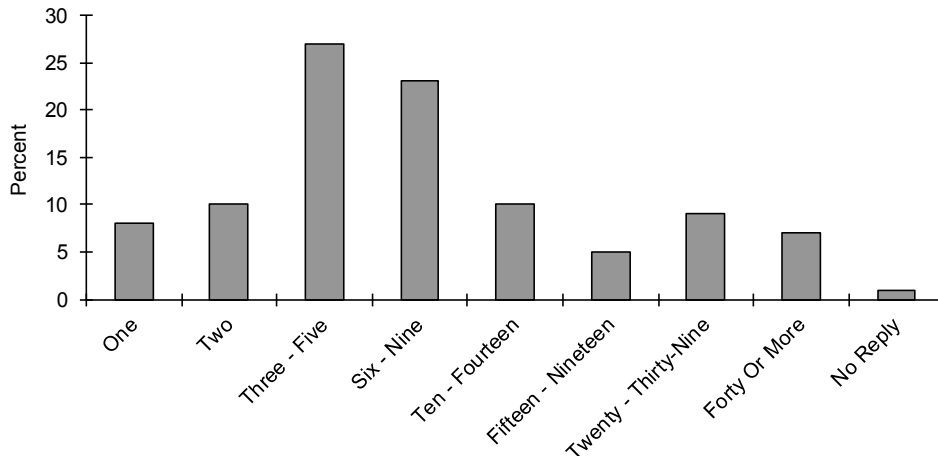
## NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

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## 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**

