



# NFIB SMALL BUSINESS ECONOMIC TRENDS

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June 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	9%	-3	7%
Plans to Make Capital Outlays	23%	-2	4%
Plans to Increase Inventories	-4%	-8	17%
Expect Economy to Improve	-9%	-6	13%
Expect Real Sales Higher	4%	-3	7%
Current Inventory	-4%	-4	8%
Current Job Openings	24%	-5	11%
Expected Credit Conditions	-4%	0	0%
Now a Good Time to Expand	9%	-5	11%
Earnings Trends	-17%	-10	22%
Total Change		46	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 and Policy Analysis Holly Wade are responsible for the report.*

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# SUMMARY

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## OPTIMISM INDEX

The Small Business Optimism Index fell 4.2 points to 94.1, likely in response to five months of lousy growth. The 42 year Index average is 98.0, while the pre-recession average is 99.5 (1974-2007). This leaves the current reading 4 points below the overall average, a deficiency of 40 net positive percentage point responses to the Index's 10 component questions. While this is not a recession signal, it is a clear sign that economic growth on Main Street is not set for a strong second half. Nine of the 10 Index components fell and 1 was unchanged from last month. Declines in spending plans accounted for 30 percent of the Index decline, and weaker expectations for real sales and business conditions another 20 percent. The deterioration in earnings trends accounted for about a quarter of the decline.

## LABOR MARKETS

It looks like small businesses “hired in May and then went away”. So, small businesses took a breather from job creation in June after a string of five solid months of job creation. On balance, owners added a net -0.01 workers per firm in recent months, essentially zero. Ten percent reported increasing employment an average of 3.2 workers per firm while 12 percent reported reducing employment an average of 3.3 workers per firm. Fifty-two percent reported hiring or trying to hire (down 3 points), but 44 percent reported few or no qualified applicants for the positions they were trying to fill. Eighteen percent reported using temporary workers, up 5 points. Twenty-four percent of all owners reported job openings they could not fill in the current period, down 5 points, after reaching the highest level since April 2006 in February. A net 9 percent plan to create new jobs, down 3 points and the lowest reading since September 2014.

## INVENTORIES AND SALES

After an exciting surge in May, the net percent of all owners (seasonally adjusted) reporting higher nominal sales in the past 3 months compared to the prior 3 months fell 9 points to a net negative 6 percent. Ten percent cited weak sales as their top business problem, down 1 point. Expected real sales volumes posted a 3 point decline, falling to a net 4 percent of owners expecting gains, a long way down from the 20 percent reading in December 2014.

The net percent of owners reporting inventory increases rose 5 points to a net 0 percent (seasonally adjusted). The net percent of owners viewing current inventory stocks as “too low” fell 4 points to a net negative 4 percent. Overall, stocks are viewed as excessive, however, owners in the “shale states” disagree, stocks are too low (see below). The net percent of owners planning to add to inventory fell to a net negative 4 percent, an 8 point decline, in sympathy with the more widespread reduction in stocks, weaker sales trends and weaker sales expectations.

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This survey was conducted in June 2015. A sample of 3,938 small-business owners/members was drawn. Six hundred and sixteen (620) usable responses were received – a response rate of 15 percent.



## **CAPITAL SPENDING**

Fifty-eight percent reported outlays, up 4 points. There is no evidence of a pickup in capital spending beyond “pick’emup” trucks. The Ford F150 is the top selling vehicle with a price tag above \$50,000. The percent of owners planning capital outlays in the next 3 to 6 months fell 2 points to 23 percent, not a strong reading historically but among the better in this expansion. Owner expectations for the economy appear to be for a continuation of “under-performance”. Consequently, investment plans remain historically sub-par and owners have little interest in borrowing to support investment spending that promises little return.

## **INFLATION**

Seasonally adjusted, the net percent of owners raising selling prices was 5 percent, down 1 point and a weak reading. There are no signs of inflation bubbling up on Main Street. Seasonally adjusted, a net 18 percent plan price hikes (up 1 point). But reports of actual hikes (net of reductions) suggest that the economy has grown too slowly to support widespread price increases.

## **EARNINGS AND WAGES**

If you can’t raise prices, and labor costs are rising, earnings can’t be very good. Earnings trends posted a 10 point decline, reversing last month’s surprising improvement and returning to a more “normal” reading for the recovery. A net negative 17 percent reported higher earnings.

Reports of increased labor compensation fell 4 points to a net 21 percent of all owners (seasonally adjusted), lower but still a good reading. Labor costs continue to put pressure on the bottom line. A seasonally adjusted net 11 percent plan to raise compensation in the coming months, the lowest reading since October, 2013 (down 3 points). Official reports of hourly wages suggest that most of these gains are being absorbed by “benefits”, as little is getting through to take home pay.

## **CREDIT MARKETS**

Five percent of owners reported that all their borrowing needs were not satisfied, historically low. Thirty-two percent reported all credit needs met, and 49 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. But May and June readings suggest that the credit appetite of owners might be increasing. Thirty-one percent of all owners reported borrowing on a regular basis, up 2 points. The average rate paid on short maturity loans rose 20 basis points to 5.0 percent, just above last month’s record low reading. Loan demand remains historically weak but is showing some signs of life. The net percent of owners expecting credit conditions to ease in the coming months was a negative 4 percent, unchanged.



# COMMENTARY

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The President continues to push regulations to pay people more in higher wages, more overtime, health insurance, etc. However, he does not pursue policies that help increase productivity. Higher pay with the same output means inflation or unemployment or both, neither being good for workers or businesses.

Benefits are rising, increasing the cost of employment but the President doesn't mention this. We are becoming very French, trying to create new jobs by reducing the hours worked by current workers, and replacing those hours with new workers. The French 35 hour work week (for 40 hour pay) didn't work and the President's version won't work here. Instead, his plan will continue to eliminate opportunities for the young and unskilled to enter the labor force and become productive citizens. Hey, \$25 an hour would put everyone above the median income....hmmm, liberal math works, but only on paper.

Two "legislative bodies", SCOTUS and POTUS (not Congress) have been very busy turning things up-side-down for many business owners, although the reigning in of the EPA provided a celebratory moment. Greece and Puerto Rico are sending dire forecasts for governments that fail to undertake sensible fiscal policies. Chicago and Illinois, maybe New Jersey will add nearer-term punctuation as will other "debt events". Regardless of the party in charge, Congress continues to run deficits (the Gingrich Congress a recent exception) and larger threats to the economy be more plausible. That's not helpful for reducing uncertainties. An economy where "doom" becomes reality, just not the timing or shape, is not conducive to investment and growth.

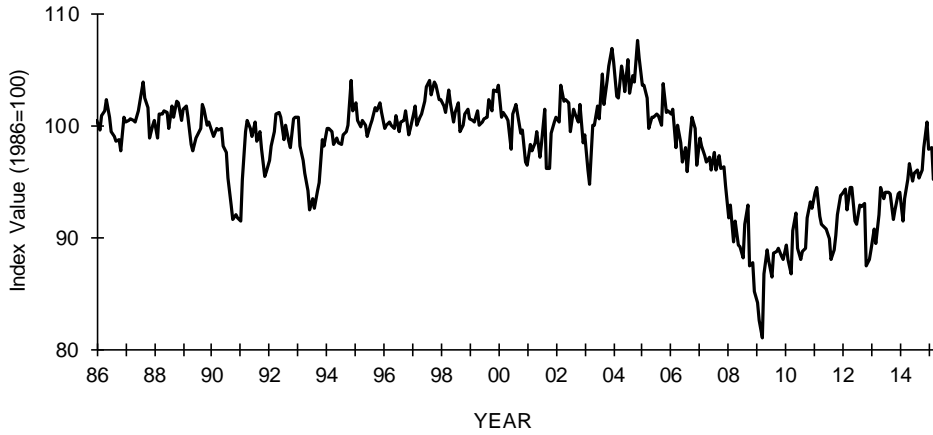
The Index decline is not a disaster, just a big disappointment and another failed attempt to reach a solid growth path. The weakness was substantial and across the board, showing no signs of a growth spurt in our near future.



# 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)

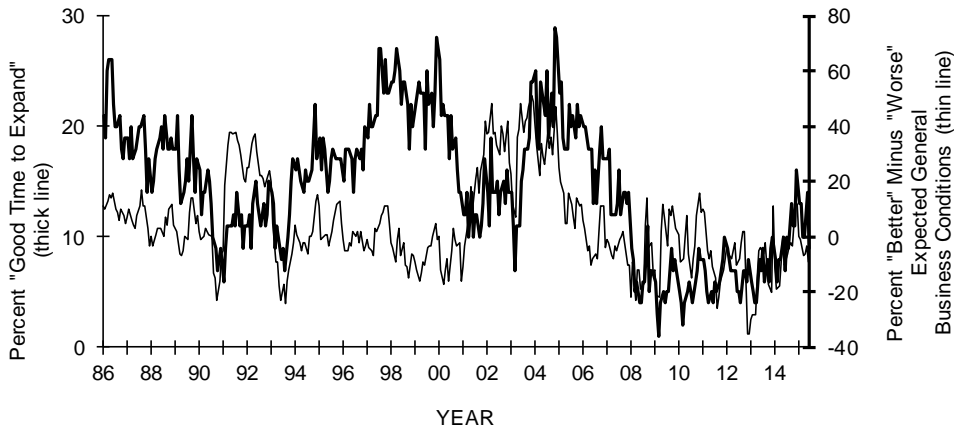
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2010</b>	89.3	88.0	86.8	90.6	92.2	89.0	88.1	88.8	89.0	91.7	93.2	92.6
<b>2011</b>	94.1	94.5	91.9	91.2	90.9	90.8	89.9	88.1	88.9	90.2	92.0	93.8
<b>2012</b>	93.9	94.3	92.5	94.5	94.4	91.4	91.2	92.9	92.8	93.1	87.5	88.0
<b>2013</b>	88.9	90.8	89.5	92.1	94.4	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	96.9	98.3	94.1						



## SMALL BUSINESS OUTLOOK

### OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January 1986 to June 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	10	14	9						

### MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
June 2015

Reason	Good Time	Not Good Time	Uncertain
<b>Economic Conditions</b>	4	27	14
<b>Sales Prospects</b>	4	4	3
<b>Fin. &amp; Interest Rates</b>	1	1	0
<b>Cost of Expansion</b>	1	5	4
<b>Political Climate</b>	0	12	9
<b>Other/Not Available</b>	0	1	0



### OUTLOOK FOR GENERAL BUSINESS CONDITIONS

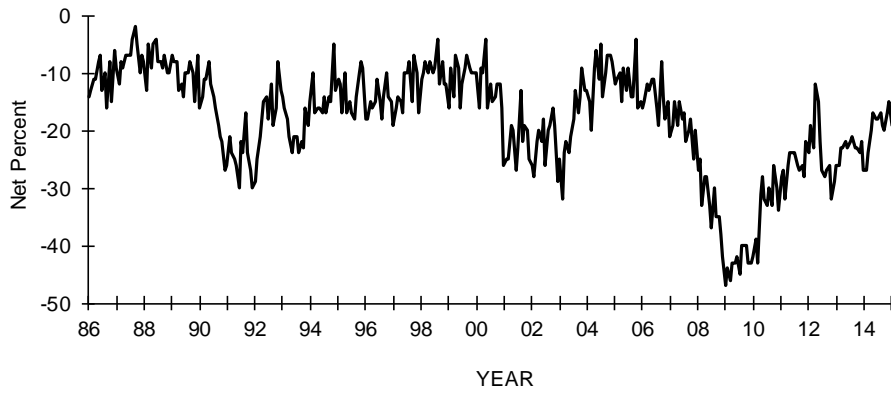
Net Percent (“Better” Minus “Worse”) Six Months From Now  
(Seasonally Adjusted)

	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	-6	-3	-9						

# SMALL BUSINESS EARNINGS

## EARNINGS

Actual Last Three Months  
January 1986 to June 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	-16	-7	-17						



## MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
June 2015

	Current Month	One Year Ago	Two Years Ago
<b>Sales Volume</b>	12	11	17
<b>Increased Costs*</b>	10	13	11
<b>Cut Selling Prices</b>	4	4	2
<b>Usual Seasonal Change</b>	5	4	4
<b>Other</b>	0	4	5

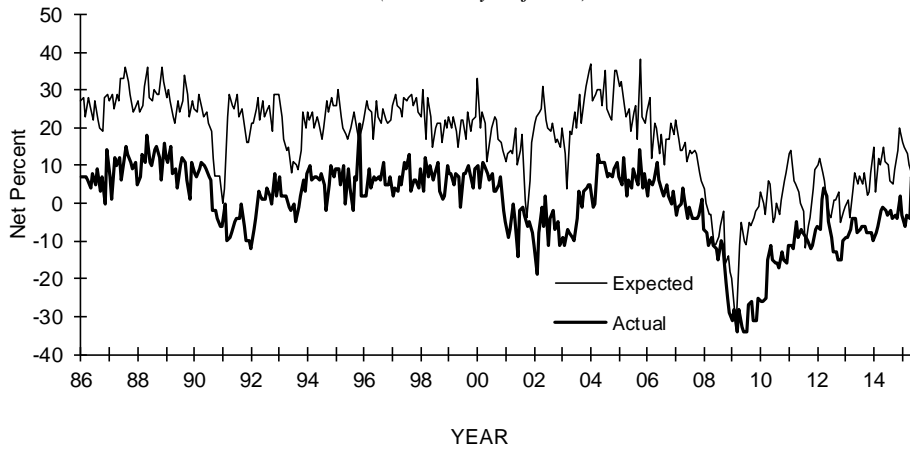
\* Increased costs include labor, materials, finance, taxes, and regulatory costs.



# SMALL BUSINESS SALES

## SALES

Actual (Prior Three Months) and Expected (Next Three Months)  
 January 1986 to June 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	-4	7	-6						



## SALES EXPECTATIONS

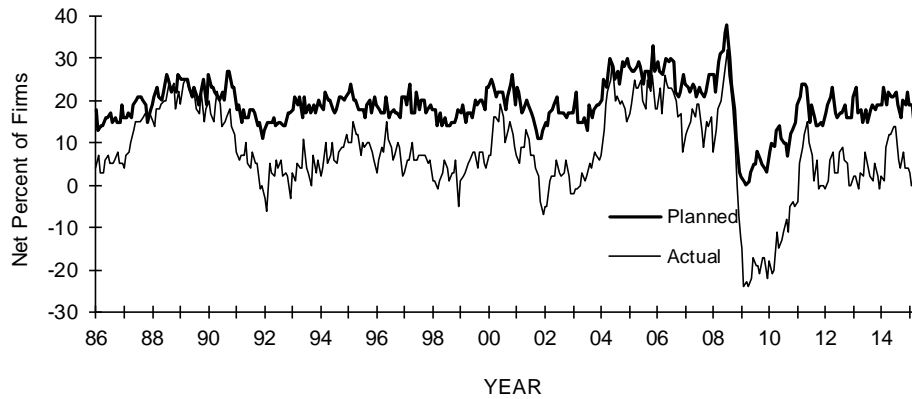
Net Percent (“Higher” Minus “Lower”) During Next Three Months  
 (Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>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	10	7	4						

# SMALL BUSINESS PRICES

## PRICES

Actual Last Three Months and Planned Next Three Months  
 January 1986 to June 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	2	6	5						



## 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	17	17	18						

# 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	-2	2	-2						

## QUALIFIED APPLICANTS FOR JOB OPENINGS

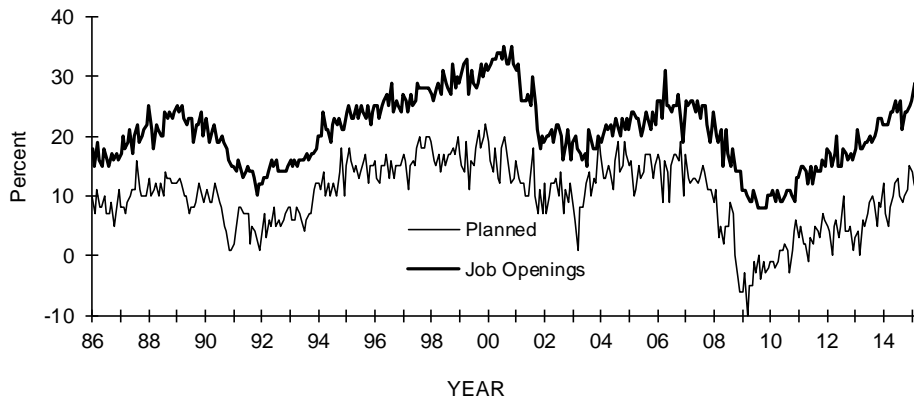
Percent Few or No Qualified Applicants  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<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	44	47	44						



## EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January 1986 to June 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	27	29	24						

## HIRING PLANS

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

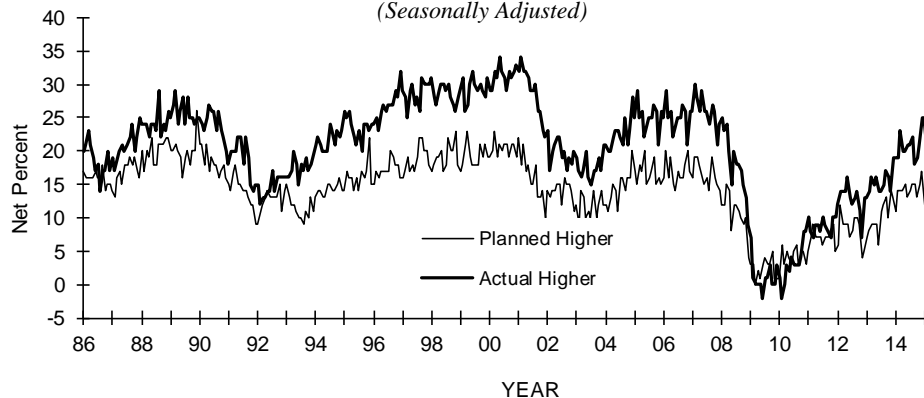
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2010</b>	-1	-1	-2	-1	1	1	2	1	-3	1	4	6
<b>2011</b>	3	5	2	2	-1	3	2	5	4	3	7	6
<b>2012</b>	5	4	0	5	6	3	5	10	4	4	5	1
<b>2013</b>	3	4	0	6	5	7	9	10	9	5	9	8
<b>2014</b>	12	7	5	8	10	12	13	10	9	10	11	15
<b>2015</b>	14	12	10	11	12	9						



## SMALL BUSINESS COMPENSATION

### COMPENSATION

Actual Last Three Months and Planned Next Three Months  
January 1986 to June 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
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	25
2015	25	20	22	23	25	21						

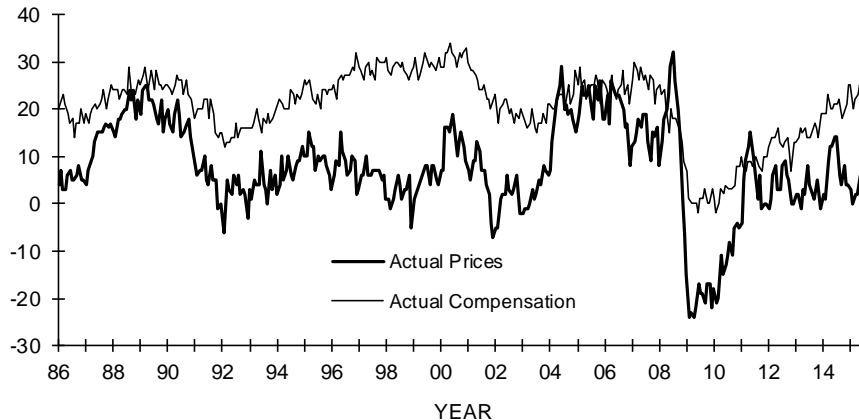
### COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	17
2015	12	14	13	14	14	11						

### PRICES AND LABOR COMPENSATION

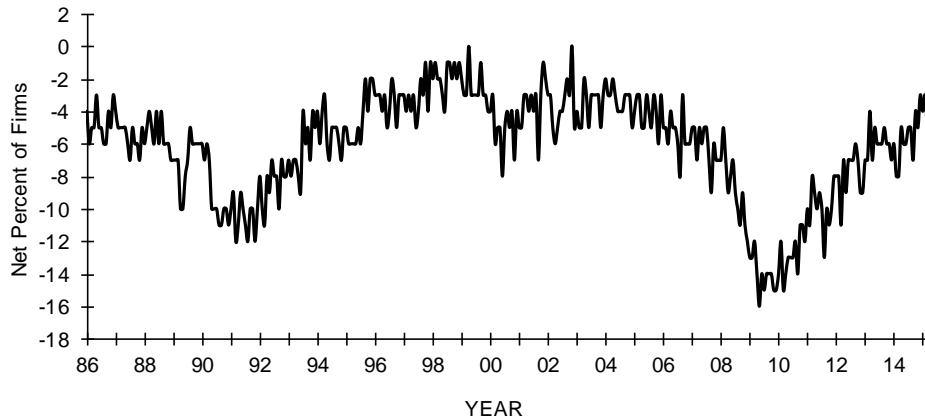
Net Percent Price Increase and Net Percent Compensation  
(Seasonally Adjusted)



# SMALL BUSINESS CREDIT CONDITIONS

## CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
January 1986 to June 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	30	29	31						



## AVAILABILITY OF LOANS

Net Percent (“Easier” Minus “Harder”)  
Compared to Three Months Ago  
(Regular Borrowers)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>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	-4	-3	-4						

## 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	31/4	30/4	32/5						

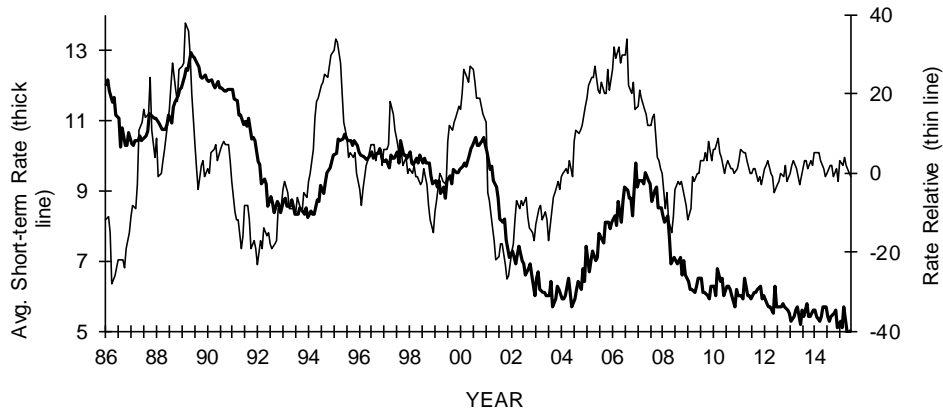
### EXPECTED CREDIT CONDITIONS

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	-4	-4	-4						

### INTEREST RATES

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

*Borrowing at Least Once Every Three Months.*

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

Average Interest Rate Paid

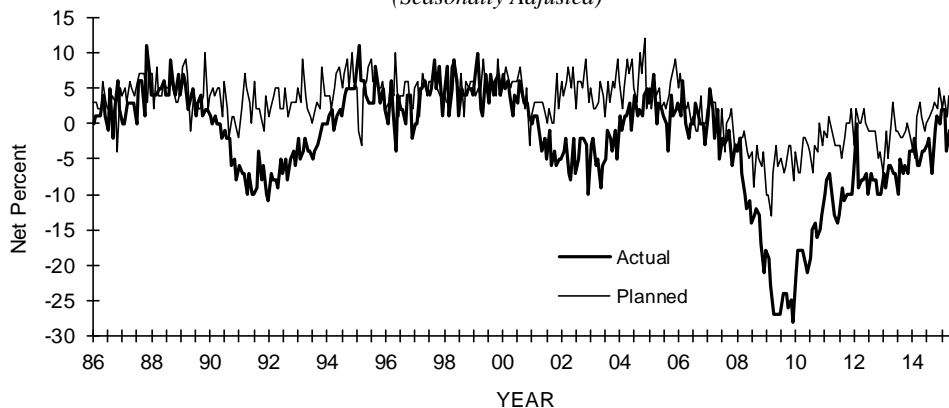
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2010</b>	6.3	6.0	6.8	6.4	6.5	6.0	6.3	6.3	6.2	6.0	5.7	6.2
<b>2011</b>	6.0	6.0	5.9	6.5	6.0	6.0	5.9	6.1	6.1	6.2	6.3	5.9
<b>2012</b>	6.0	5.8	5.7	5.7	5.5	6.3	5.7	5.7	5.7	5.8	5.7	5.6
<b>2013</b>	5.5	5.3	5.4	5.6	5.7	5.2	5.6	5.4	5.8	5.4	5.4	5.6
<b>2014</b>	5.6	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	5.0	4.8	5.0						



## SMALL BUSINESS INVENTORIES

### INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)  
January 1986 to June 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	-1	-5	0						

### 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	-1	0	-4						



### INVENTORY PLANS

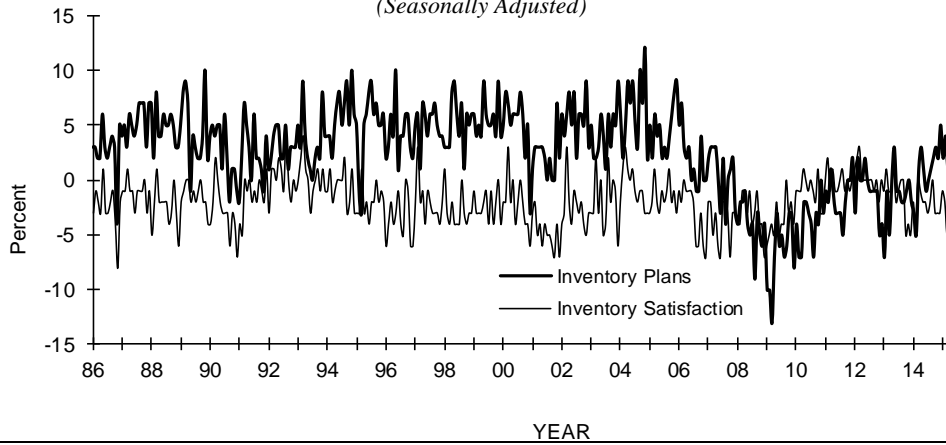
Net Percent (“Increase” Minus “Decrease”) in the Next Three to Six Months  
(Seasonally Adjusted)

	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	4	4	-4						

# SMALL BUSINESS CAPITAL OUTLAYS

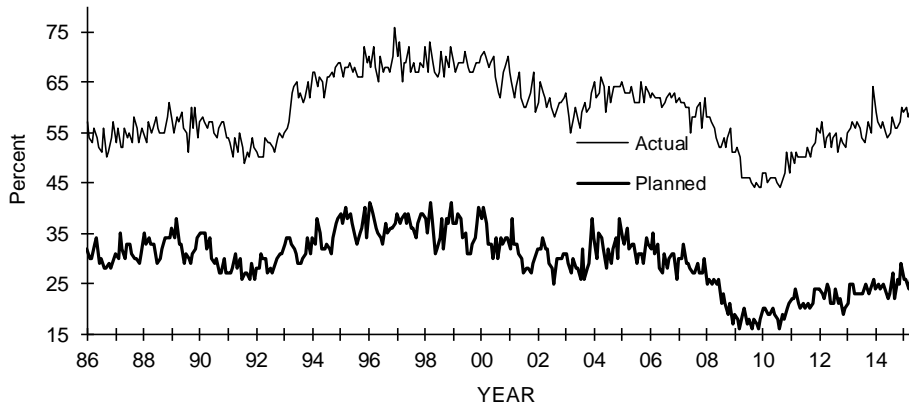
## INVENTORY SATISFACTION AND INVENTORY PLANS

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 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	60	54	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	23	21	23
Equipment	40	37	39
Furniture or Fixtures	14	14	10
Add. Bldgs. or Land	5	5	6
Improved Bldgs. or Land	12	13	14

### AMOUNT OF CAPITAL EXPENDITURES MADE

Percent Distribution of Per Firm Expenditures  
During the Last Six Months

Amount	Current	One Year Ago	Two Years Ago
\$1 to \$999	4	3	3
\$1,000 to \$4,999	8	7	9
\$5,000 to \$9,999	6	6	5
\$10,000 to \$49,999	16	16	17
\$50,000 to \$99,999	9	9	10
\$100,000 +	13	11	11
No Answer	2	2	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
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	26	25	23						

# SINGLE MOST IMPORTANT PROBLEM

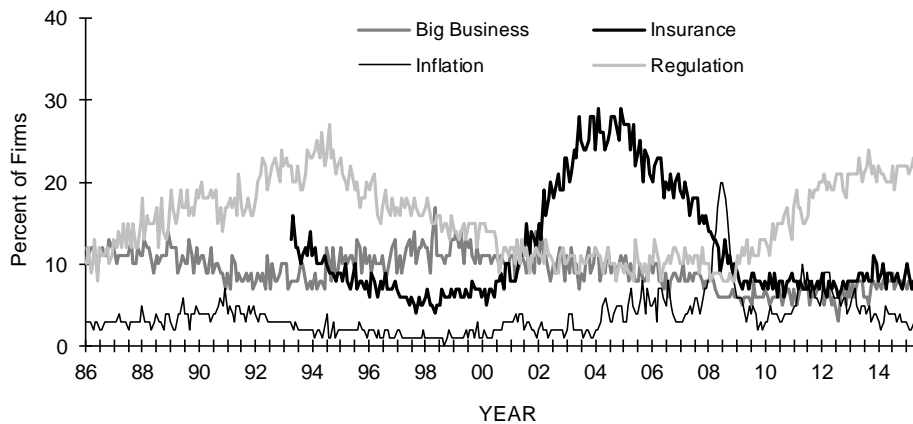
## SINGLE MOST IMPORTANT PROBLEM

June 2015

Problem	Current	One Year Ago	Survey High	Survey Low
<b>Taxes</b>	23	22	32	8
<b>Inflation</b>	4	4	41	0
<b>Poor Sales</b>	10	13	34	2
<b>Fin. &amp; Interest Rates</b>	1	3	37	1
<b>Cost of Labor</b>	5	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>	12	11	24	3
<b>Cost/Avail. of Insurance</b>	8	9	29	4
<b>Other</b>	9	6	31	1

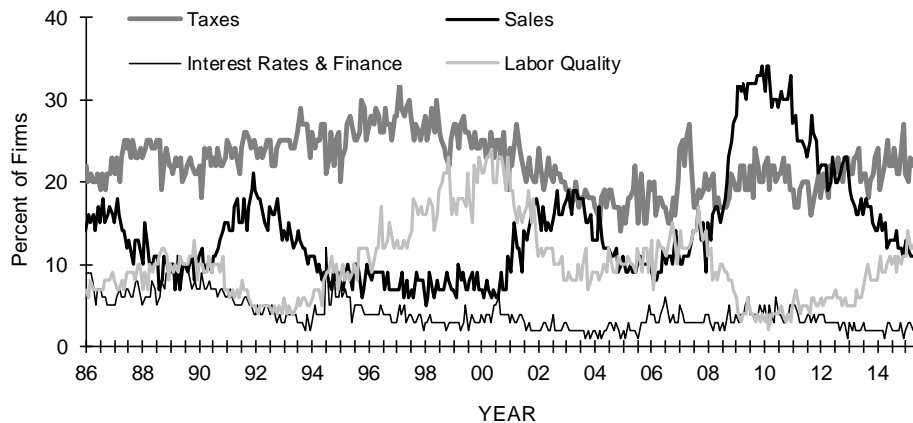
## SELECTED SINGLE MOST IMPORTANT PROBLEM

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



## SELECTED SINGLE MOST IMPORTANT PROBLEM

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



# SURVEY PROFILE

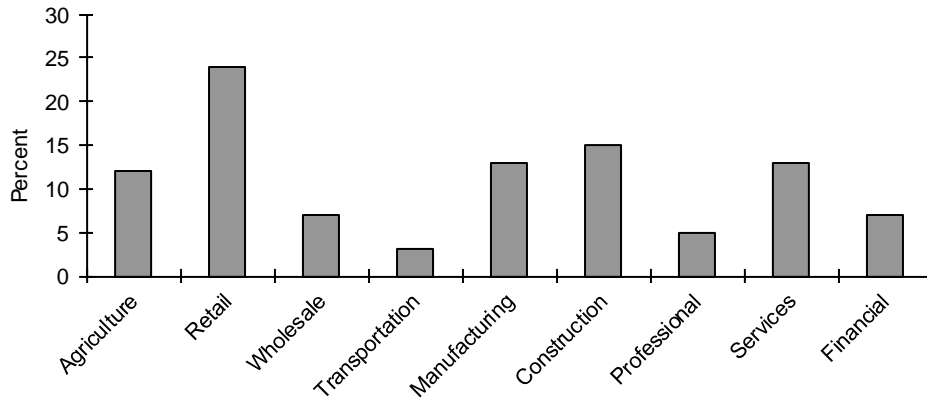
## OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

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	1500	616	620						

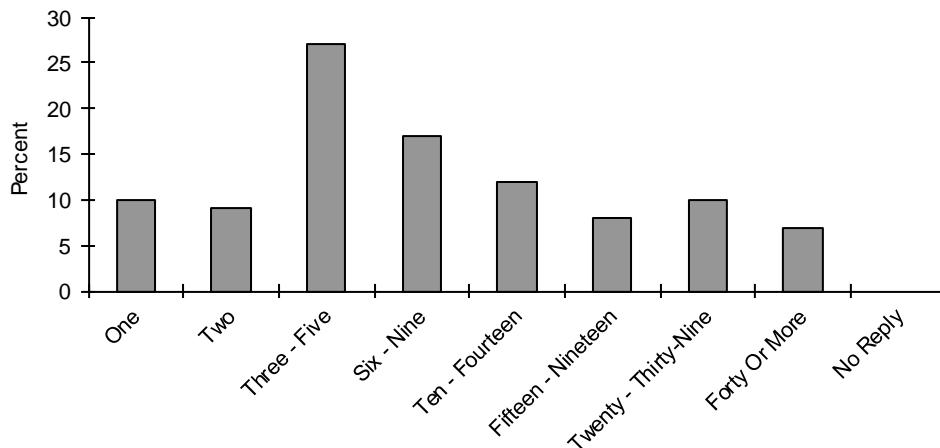
## NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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**

