



# NFIB SMALL BUSINESS ECONOMIC TRENDS

William C. Dunkelberg  
Holly Wade

August 2018

## SMALL BUSINESS OPTIMISM INDEX COMPONENTS

Index Component	Seasonally Adjusted Level	Change from Last Month	Contribution to Index Change
Plans to Increase Employment	26%	3	*%
Plans to Make Capital Outlays	33%	3	*%
Plans to Increase Inventories	10%	6	*%
Expect Economy to Improve	34%	-1	*%
Expect Real Sales Higher	26%	-3	*%
Current Inventory	-3%	0	*%
Current Job Openings	38%	1	*%
Expected Credit Conditions	-6%	-2	*%
Now a Good Time to Expand	34%	2	*%
Earnings Trends	1%	2	*%
Total Change		11	100%

Based on a Survey of Small and Independent Business Owners

# **NFIB SMALL BUSINESS ECONOMIC TRENDS**

---

*NFIB Research Center 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 Center. 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 Center. © NFIB Research Center. ISBS #0940791-24-2. Chief Economist William C. Dunkelberg and Director of Research and Policy Analysis Holly Wade are responsible for the report.*

## **IN THIS ISSUE**

---

Summary . . . . .	1
Commentary . . . . .	3
Optimism . . . . .	4
Outlook . . . . .	4
Earnings . . . . .	6
Sales . . . . .	7
Prices . . . . .	8
Employment . . . . .	9
Compensation . . . . .	10
Credit Conditions . . . . .	12
Inventories . . . . .	14
Capital Outlays . . . . .	16
Most Important Problem . . . . .	18
Survey Profile . . . . .	19
Economic Survey . . . . .	20

# SUMMARY

---

## OPTIMISM INDEX

It's a RECORD! Small business owners continued to deliver an "amazing" performance, taking the Index of Small Business Optimism up 0.9 points to a record-high of 108.8. Six of the 10 Index components advanced, three declined, and one was unchanged. Job creation plans and job openings both set new records, reflecting the need for workers and the tightness of the labor supply. Capital spending plans were the highest since 2007 and inventory investment plans the strongest since 2005.

The August Index has more "muscle" than any past reading. The "hard" component of the Index (job creation plans, job openings, capital spending plans, inventory plans, and earnings) soared to a historic record reading of 107.9. This caps a change in the complexion of the Index which was dominated by the "soft" components (inventory satisfaction, good time to expand, expected business conditions, sales expectations, and expected credit conditions) at the beginning of the record run that started in December 2016, but is now driven by the spending and hiring components, generators of GDP growth.

## LABOR MARKETS

After posting significant gains in employment in July, job creation slowed among small firms in August, perhaps because there were fewer workers available to hire because job openings hit a 45 year record high. Fifteen percent (down 2 points) reported increasing employment an average of 3.2 workers per firm and 10 percent (down 1 point) reported reducing employment an average of 2.4 workers per firm (seasonally adjusted). Sixty-two percent reported hiring or trying to hire (up 3 points), but 55 percent (up 3 points and 89 percent of those hiring or trying to hire) reported few or no qualified applicants for the positions they were trying to fill. A record 25 percent of owners cited the difficulty of finding qualified workers as their Single Most Important Business Problem (up 2 points). Thirty-eight percent of all owners reported job openings they could not fill in the current period, a new survey record high. Seventeen percent reported using temporary workers, up 4 points. A seasonally-adjusted net 26 percent plan to create new jobs, up 3 points from July and a survey record. Thirty-five percent have openings for skilled workers (up 2 points), and 16 percent have openings for unskilled labor, up 1 point.

## CAPITAL SPENDING

Fifty-six percent reported capital outlays, down 3 points from July. Of those making expenditures, 39 percent reported spending on new equipment (down 3 points), 22 percent acquired vehicles (down 3 points), and 18 percent improved or expanded facilities (up 2 points). Six percent acquired new buildings or land for expansion (unchanged) and 15 percent spent money for new fixtures and furniture (up 2 points). Overall, August showed a weaker investment spending picture even though prospects for the economy remain strong. Thirty-three percent plan capital outlays in the next three to six months, up 3 points and the best since 2007.

---

This survey was conducted in August 2018. A sample of 5,000 small-business owners/members was drawn. Six hundred and eighty (680) usable responses were received – a response rate of 13 percent.

## SALES AND INVENTORIES

A net 10 percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months compared to the prior three months, up 2 points and a very good number. Over 35 percent of the owners in construction, manufacturing, the wholesale trades and transportation reported sales volume gains. They are booming. The net percent of owners expecting higher real sales volumes fell 3 points to a net 26 percent of owners, still a strong reading.

The net percent of owners reporting inventory increases was unchanged at a net 4 percent (seasonally adjusted). Net additions to the stock of inventory for all firms adds to GDP growth. The net percent of owners viewing current inventory stocks as “too low” was unchanged at a net negative 3 percent. The net percent of owners planning to build inventories rose 6 points to a record net 10 percent, the fourteenth positive reading in the past 22 months.

## COMPENSATION AND EARNINGS

Reports of higher worker compensation remained unchanged at a net 32 percent of all firms, 3 points shy of May’s record reading of 35 percent. Plans to raise compensation fell 1 point to a net 21 percent, historically strong. Owners complain at record rates about labor quality issues, with 89 percent of those hiring or trying to hire in August reporting few or no qualified applicants for their open positions. Twenty-five percent (up 2 points) selected “finding qualified labor” as their top business problem, more than cited taxes, weak sales, or the cost of regulations as their top challenge. The frequency of reports of positive profit trends rose 2 points to a net 1 percent reporting quarter on quarter profit improvements, the second highest reading in the survey’s 45 year history. May 2018 holds the record of a net 3 percent.

## CREDIT MARKETS

Three percent of owners reported that all their borrowing needs were not satisfied, unchanged and just 1 point above the record low. Thirty-three percent reported all credit needs met (up 1 point) and 51 percent said they were not interested in a loan, up 1 point. Two percent reported that financing was their top business problem (unchanged). Five percent (up 1 point) reported loans “harder to get,” historically very low. In short, credit availability and cost are not issues and haven’t been for many years, even with the Federal Reserve raising interest rates. The percent of owners reporting paying a higher rate on their most recent loan was unchanged at 17 percent, the highest reading since February 2007. Thirty-two percent of all owners reported borrowing on a regular basis (unchanged). The average rate paid on short maturity loans fell to 6.1 percent (down 20 basis points).

## INFLATION

The net percent of owners raising average selling prices rose 1 point to a net 17 percent, seasonally adjusted. The net percent of firms raising price was negative in each of the first three quarters of 2016, averaging -2 percent. In the fourth quarter it was 2 percent, and has marched steadily upward ever since. Seasonally adjusted, a net 24 percent plan price hikes (unchanged). With reports of increased compensation running at record levels, there is more pressure to pass these costs on in higher selling prices.

# COMMENTARY

---

Stock indices are hitting new highs as the economy keeps producing good numbers. New heights of small business optimism contradicts the conventional storyline that the recovery is losing steam, that we should prepare ourselves for the downturn. Worriers focus on the role of FAANG stocks driving the market higher. But recently, the Russell 2000, a “small company” stock index began posting record gains as well, based on very favorable profit reports for small businesses. The “small cap” companies in the Index are much larger than NFIB members, but their experience mirrors the record reports of rising profits among NFIB members. The small business engine continues to roar with the dramatic change in economic policies since November 2016.

In December 2016, the Index jumped 8 points to 105.7, virtually equal to its average reading since then of 105.8. At the beginning of this historic run, the Index gains were dominated by expectations: good time to expand, expected real sales, and expected business conditions. Now the Index is dominated by stuff that makes GDP grow: job creation plans, job openings, strong capital spending plans, record inventory investment plans, and, earnings. Small business is clearly helping to drive that “4 percent growth” in the domestic economy.

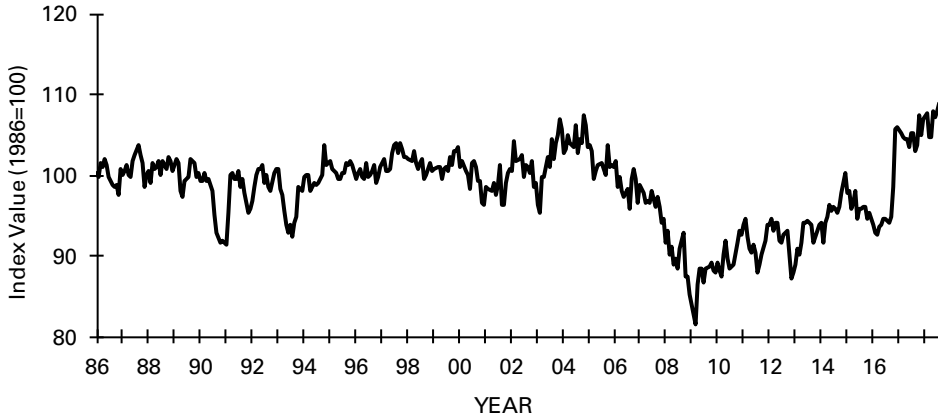
Credit is not a problem, few report being unable to meet their financing needs. The Ten Year Treasury yield did hit 3 percent, a rate typically used by small business lenders as the base for loan interest rates. And, the Federal Reserve is expected to tack on another 50 basis points by year end. Mortgage rates may be affecting the housing market, although the inability of builders to increase housing supply and the associated rise in house prices are probably a bigger problem for our construction firms who can't hire the workers they need.

Politics, rather than the strong economy and low unemployment, will continue to dominate the news. But this is not likely to have much of an impact on the level of economic activity which is on course to equal or surpass last quarter's performance.

# OVERVIEW - SMALL BUSINESS OPTIMISM

## OPTIMISM INDEX

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



## OPTIMISM INDEX

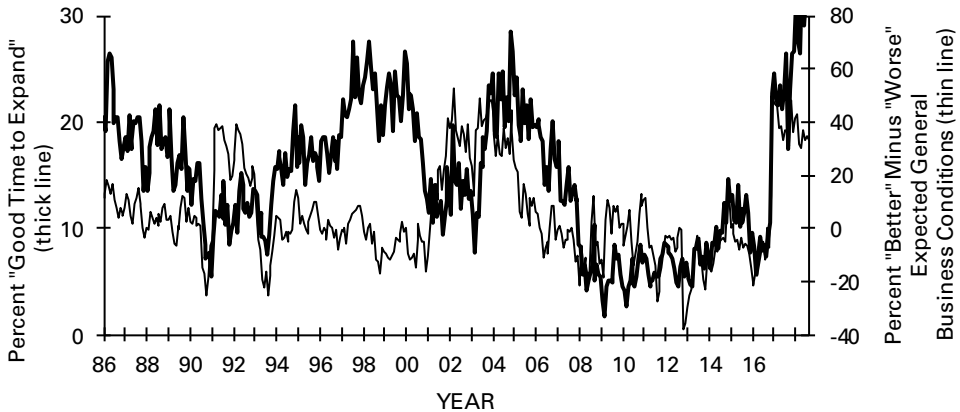
Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2013</b>	88.8	90.9	90.0	91.7	94.0	94.0	94.4	94.0	93.8	91.5	92.2	93.8
<b>2014</b>	94.0	91.6	94.0	94.8	96.2	95.4	96.0	95.9	95.3	96.0	97.8	100.3
<b>2015</b>	97.7	98.1	95.7	96.5	97.9	94.6	95.7	95.7	96.0	96.0	94.5	95.2
<b>2016</b>	93.9	92.9	92.6	93.6	93.8	94.5	94.6	94.4	94.1	94.9	98.4	105.8
<b>2017</b>	105.9	105.3	104.7	104.5	104.5	103.6	105.2	105.3	103.0	103.8	107.5	104.9
<b>2018</b>	106.9	107.6	104.7	104.8	107.8	107.2	107.9	108.8				

## SMALL BUSINESS OUTLOOK

### OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January 1986 to August 2018  
(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
2013	6	5	5	5	8	8	9	7	7	6	9	9
2014	8	6	9	9	10	8	10	10	12	11	11	15
2015	13	13	11	11	14	10	12	11	11	13	12	8
2016	10	8	6	8	9	8	8	9	7	9	11	23
2017	25	22	22	24	23	21	23	27	17	23	27	27
2018	32	32	28	27	34	29	32	34				

### MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
August 2018

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	24	8	9
Sales Prospects	3	4	5
Fin. & Interest Rates	1	1	2
Cost of Expansion	0	5	8
Political Climate	4	4	8
Other/Not Available	1	3	9

### OUTLOOK FOR GENERAL BUSINESS CONDITIONS

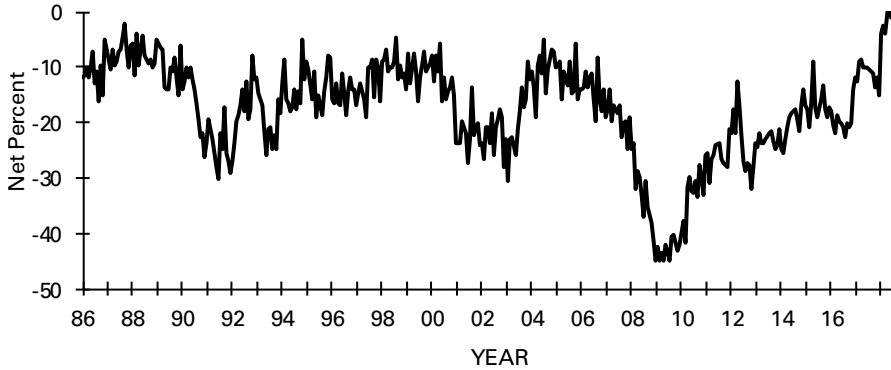
Net Percent ("Better" Minus "Worse") Six Months From Now  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-30	-25	-23	-14	-6	-3	-5	-4	-12	-19	-23	-12
2014	-11	-16	-13	-8	-1	-9	-5	-5	-4	-5	10	12
2015	0	2	-2	-5	-4	-8	-3	-8	-6	-6	-10	-15
2016	-21	-21	-17	-18	-13	-9	-5	-12	0	-7	12	50
2017	48	47	46	38	39	33	37	37	31	32	48	37
2018	41	43	32	30	37	33	35	34				

# SMALL BUSINESS EARNINGS

## EARNINGS

Actual Last Three Months  
January 1986 to August 2018  
(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
2013	-24	-25	-22	-24	-24	-23	-22	-22	-23	-25	-24	-21
2014	-25	-26	-23	-21	-19	-18	-18	-18	-19	-22	-17	-14
2015	-17	-18	-21	-17	-9	-17	-19	-16	-13	-18	-19	-17
2016	-18	-21	-22	-19	-20	-20	-21	-23	-20	-21	-20	-14
2017	-12	-13	-9	-9	-10	-10	-10	-11	-11	-14	-12	-15
2018	-4	-3	-4	-1	3	-1	-1	1				

## MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
August 2018

	Current Month	One Year Ago	Two Years Ago
Sales Volume	6	10	14
Increased Costs*	7	8	9
Cut Selling Prices	2	3	3
Usual Seasonal Change	3	4	4
Other	3	2	4

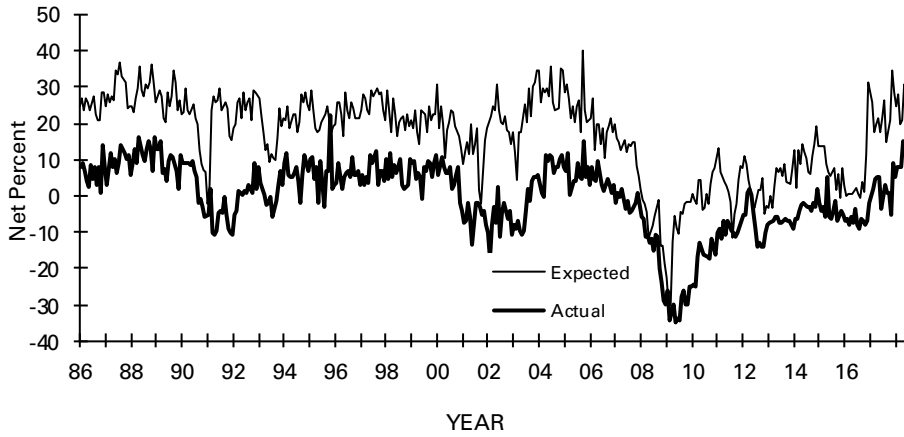
\* Increased costs include labor, materials, finance, taxes, and regulatory costs.



# SMALL BUSINESS SALES

## SALES

Actual (Prior Three Months) and Expected (Next Three Months)  
 January 1986 to August 2018  
 (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
2013	-8	-7	-7	-6	-6	-8	-7	-7	-6	-7	-7	-8
2014	-9	-6	-6	-4	-3	-2	-3	-3	-4	-2	-3	2
2015	-2	-4	-3	-6	5	-6	-6	-4	-1	-7	-4	-5
2016	-7	-6	-8	-6	-8	-4	-8	-9	-6	-7	-8	-7
2017	-2	2	5	5	5	-4	0	3	1	1	-5	9
2018	5	8	8	8	15	10	8	10				

## SALES EXPECTATIONS

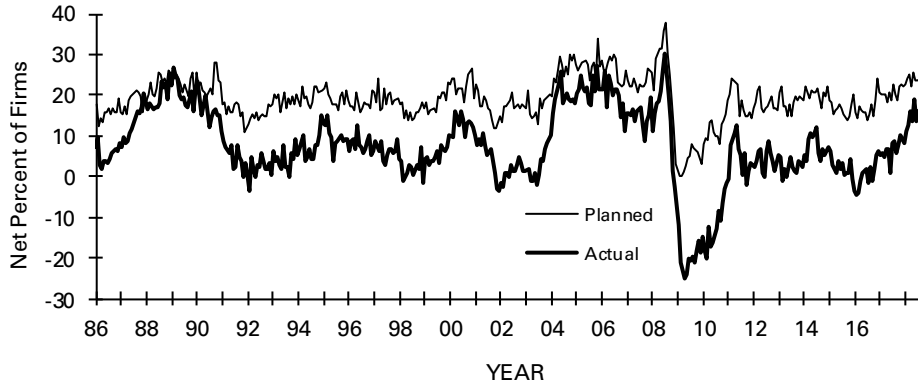
Net Percent ("Higher" Minus "Lower") During Next Three Months  
 (Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-3	0	-3	3	8	6	8	6	9	4	3	7
2014	13	2	13	9	15	12	11	7	6	11	14	19
2015	14	14	14	9	7	5	7	8	2	6	-1	7
2016	3	0	1	1	1	2	1	-1	4	1	11	31
2017	29	26	18	20	22	17	22	27	15	21	34	28
2018	25	28	20	21	31	26	29	26				

# SMALL BUSINESS PRICES

## PRICES

Actual Last Three Months and Planned Next Three Months  
*January 1986 to August 2018*  
*(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
2013	5	5	-1	2	0	5	2	2	1	4	3	2
2014	5	4	9	11	10	11	12	6	4	7	5	7
2015	6	3	2	1	4	2	3	1	1	1	4	-1
2016	-4	-4	-4	-1	1	2	-2	3	-1	2	5	6
2017	5	6	5	7	7	1	8	9	6	8	10	8
2018	11	13	16	14	19	14	16	17				

## 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
2013	21	22	17	17	15	18	15	18	20	19	20	19
2014	19	22	19	21	21	21	22	19	17	21	20	22
2015	19	18	15	16	17	18	17	15	14	15	18	20
2016	16	14	17	16	16	16	14	15	18	15	19	24
2017	21	20	20	18	21	19	23	20	19	22	23	22
2018	23	24	25	22	26	24	24	24				

# 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
2013	2	-3	1	2	-1	1	-3	0	0	1	1	2
2014	2	2	2	2	1	1	1	0	3	1	1	7
2015	5	4	2	2	4	0	0	6	5	0	0	-1
2016	1	-3	0	-1	-1	-2	-2	-3	3	0	-2	4
2017	3	4	2	4	5	-1	2	2	-1	3	2	3
2018	4	4	4	7	7	3	6	5				

## QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	43
2015	42	47	42	44	47	44	48	48	45	48	47	48
2016	45	42	41	46	48	48	46	48	48	48	52	44
2017	47	44	45	48	51	46	52	52	49	52	44	54
2018	49	47	47	50	48	55	52	55				

## EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January 1986 to August 2018  
(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
2013	18	21	18	18	19	19	20	18	20	21	24	23
2014	22	22	22	24	24	26	24	25	21	24	25	25
2015	26	29	24	27	29	24	25	28	27	27	28	28
2016	29	28	25	29	27	29	26	30	24	28	31	29
2017	31	32	30	33	34	30	35	31	30	35	30	31
2018	34	34	35	35	33	36	37	38				

### HIRING PLANS

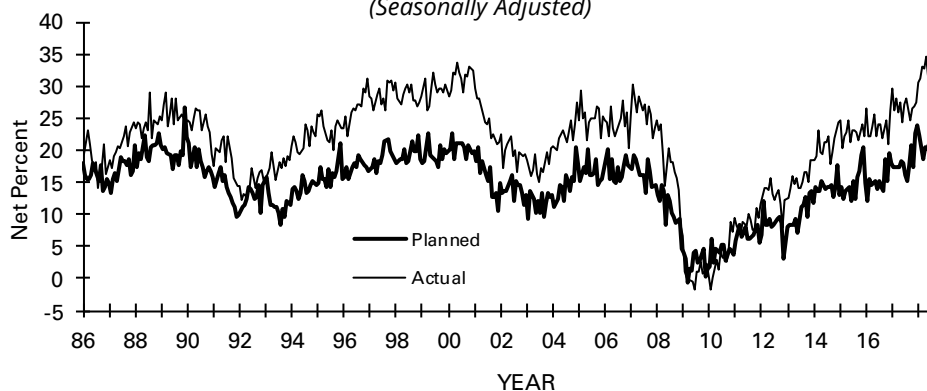
Net Percent ("Increase" Minus "Decrease") in the Next Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	2	4	2	6	6	7	9	8	9	5	9	8
2014	11	7	7	8	11	12	13	8	9	10	11	15
2015	13	12	12	11	13	9	12	11	12	11	11	15
2016	11	10	9	11	12	11	12	9	10	10	15	16
2017	18	15	16	16	18	15	19	18	19	18	24	20
2018	20	18	20	16	18	20	23	26				

## SMALL BUSINESS COMPENSATION

### COMPENSATION

Actual Last Three Months and Planned Next Three Months  
January 1986 to August 2018  
(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
2013	13	14	16	15	16	14	14	15	17	17	15	18
2014	19	19	23	20	20	21	21	22	18	20	22	24
2015	25	20	22	23	25	21	23	23	23	22	24	22
2016	27	22	22	24	26	22	24	24	22	25	21	26
2017	30	26	28	26	28	24	27	28	25	27	27	27
2018	31	31	33	33	35	31	32	32				

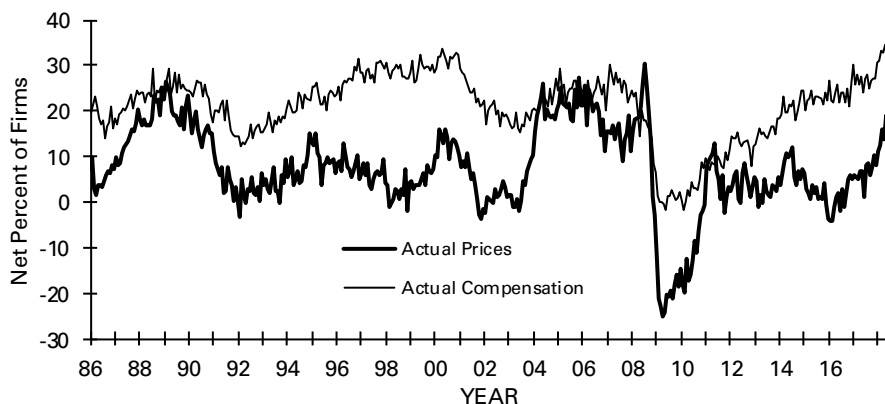
### COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	8	8	9	9	9	7	11	11	13	10	13	14
2014	12	14	14	14	15	14	14	14	15	13	14	18
2015	13	14	13	14	14	12	15	12	16	17	19	21
2016	15	12	16	15	15	14	15	14	14	19	15	20
2017	18	17	18	18	18	18	16	15	18	21	17	23
2018	24	22	19	21	20	21	22	21				

### PRICES AND LABOR COMPENSATION

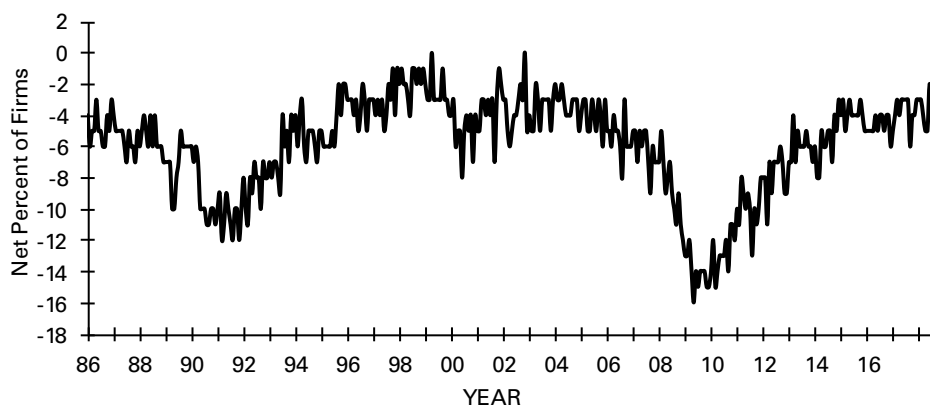
Net Percent Price Increase and Net Percent Compensation  
(Seasonally Adjusted)



# SMALL BUSINESS CREDIT CONDITIONS

## CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
January 1986 to August 2018



\* For the population borrowing at least once every three months.

## REGULAR BORROWERS

Percent Borrowing at Least Once Every Three Months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	31
2015	33	30	32	30	29	31	30	33	29	28	27	31
2016	33	31	32	29	29	29	28	29	32	28	31	30
2017	30	31	30	31	28	27	30	31	29	30	30	34
2018	31	31	32	31	34	28	32	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
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	-3
2015	-4	-3	-5	-4	-3	-4	-4	-4	-4	-3	-4	-5
2016	-5	-5	-5	-5	-4	-5	-4	-4	-5	-4	-4	-6
2017	-5	-4	-3	-4	-3	-3	-3	-3	-6	-4	-4	-3
2018	-3	-3	-4	-5	-5	-2	-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
<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	32/4	33/3	30/2	30/3	32/3	32/4
<b>2016</b>	35/3	31/4	31/5	31/4	31/4	32/5	30/3	29/4	32/6	29/4	30/4	29/4
<b>2017</b>	31/4	30/3	32/4	32/3	31/3	27/4	31/3	34/3	33/2	29/4	32/4	32/3
<b>2018</b>	31/3	32/2	31/4	32/4	37/4	30/3	32/3	33/3				

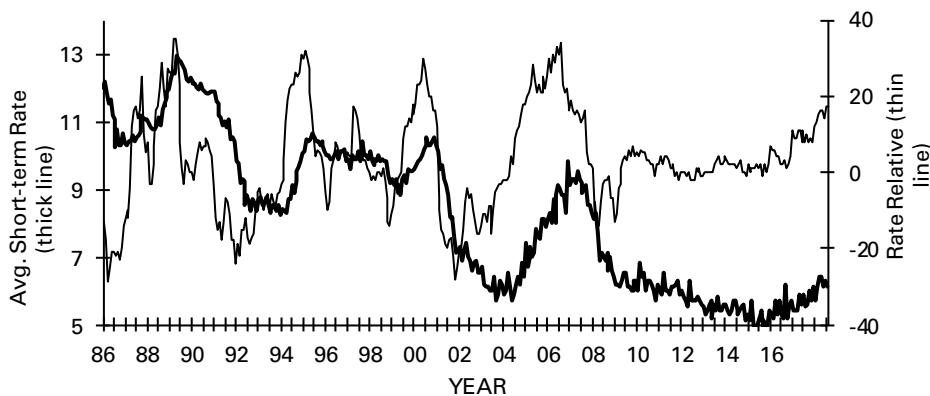
## EXPECTED CREDIT CONDITIONS

Net Percent ("Easier" Minus "Harder") During Next Three Months  
*(Regular Borrowers)*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>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	-5	-7	-6	-5	-4	-6
<b>2016</b>	-7	-7	-6	-6	-6	-6	-5	-5	-7	-6	-5	-6
<b>2017</b>	-3	-3	-3	-4	-4	-3	-4	-3	-4	-5	-4	-4
<b>2018</b>	-4	-3	-6	-6	-5	-4	-4	-6				

## INTEREST RATES

Relative Rates and Actual Rates Last Three Months  
*January 1986 to August 2018*



## 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
2013	-1	0	0	0	0	0	2	3	4	2	2	3
2014	4	3	2	2	2	2	1	2	3	0	0	-1
2015	2	0	1	1	1	2	1	2	-1	2	0	2
2016	7	6	6	4	4	4	2	2	3	1	2	4
2017	11	9	9	11	11	8	11	8	10	8	9	8
2018	12	13	15	16	16	14	17	17				

*Borrowing at Least Once Every Three Months.*

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

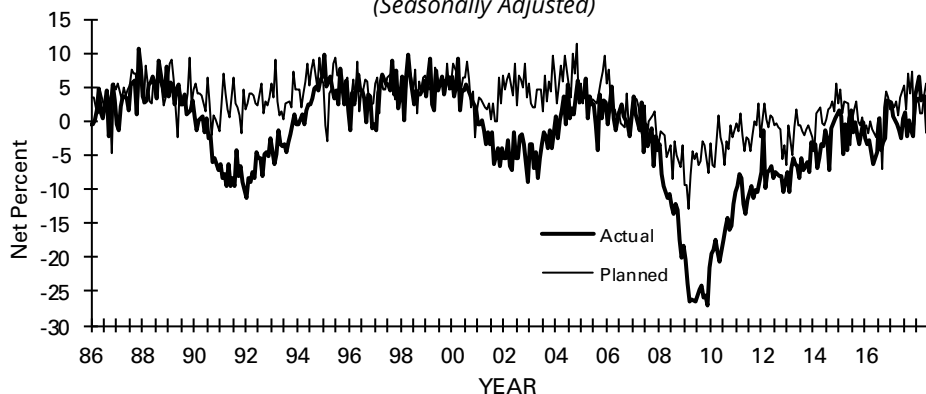
Average Interest Rate Paid

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	5.1
2015	5.3	5.1	5.7	5.0	4.8	5.0	5.2	5.4	4.8	5.1	4.7	5.0
2016	5.4	5.3	5.2	5.7	5.3	5.7	5.3	5.2	6.2	5.2	5.6	5.5
2017	5.7	5.4	5.4	5.4	5.9	5.6	5.9	5.5	5.6	6.0	5.7	6.1
2018	5.9	5.7	6.1	6.4	6.4	6.1	6.3	6.1				

## SMALL BUSINESS INVENTORIES

### INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)  
January 1986 to August 2018  
(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
2013	-7	-10	-7	-6	-6	-7	-9	-6	-7	-6	-8	-3
2014	-4	-3	-7	-6	-3	-4	-2	-3	-7	-1	1	1
2015	2	1	-5	-1	-4	0	2	-2	0	-2	-4	0
2016	-2	-3	-3	-5	-6	-6	-5	0	-4	-3	-3	3
2017	3	1	0	-1	-1	-3	1	1	-2	0	-2	-2
2018	4	7	3	4	4	-2	4	4				

### INVENTORY SATISFACTION

Net Percent ("Too Low" Minus "Too Large") at Present Time  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-1	1	-3	-3	1	-2	-1	0	0	-5	-3	-4
2014	-2	-5	-2	-2	-3	-2	-3	-2	0	-3	-2	-2
2015	-1	-3	-7	-2	-1	-4	-6	-6	-5	-4	-5	-4
2016	-2	-2	-5	-5	-4	-4	-4	-2	-7	-4	-4	-3
2017	-5	-2	-5	-3	-6	-3	-2	-5	-3	-5	-2	-2
2018	-5	-3	-6	-4	-4	0	-3	-3				

### INVENTORY PLANS

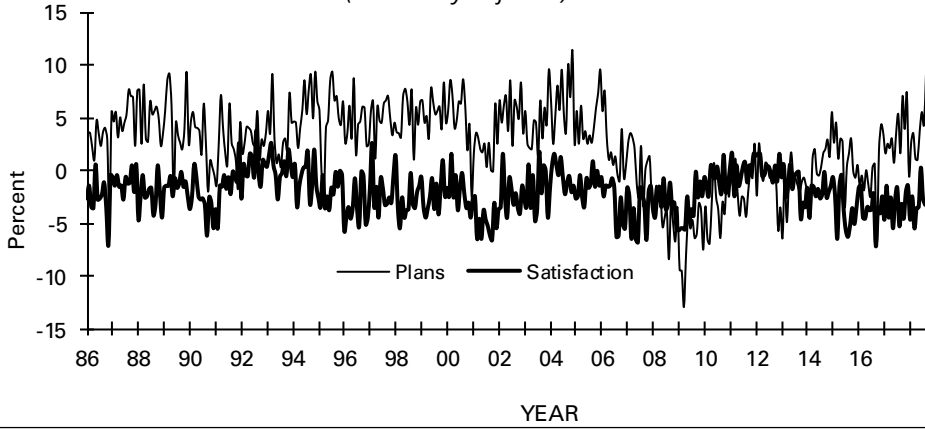
Net Percent ("Increase" Minus "Decrease") in the Next Three to Six Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-6	-1	-5	-1	2	-1	-1	-1	-2	-1	-1	-2
2014	-2	-5	1	2	0	-1	0	2	2	3	1	6
2015	3	5	1	3	3	-4	0	2	3	0	-1	1
2016	-1	-1	-2	0	-1	-3	0	1	-7	2	4	4
2017	2	3	2	3	1	4	5	2	7	4	7	-1
2018	3	4	1	1	4	6	4	10				

# SMALL BUSINESS CAPITAL OUTLAYS

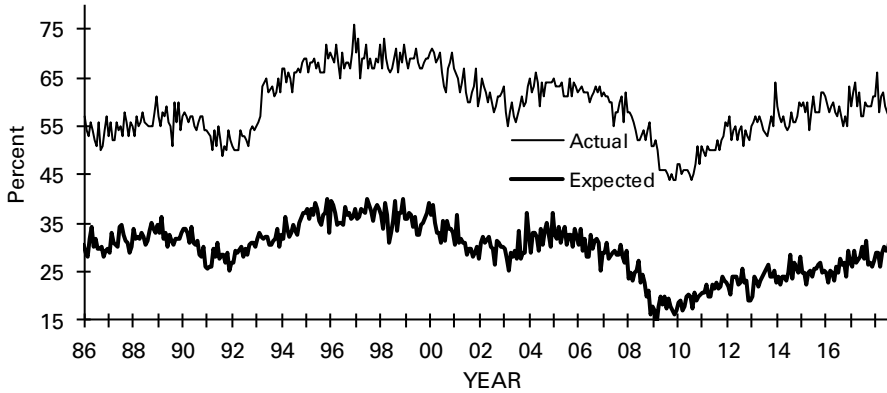
## INVENTORY SATISFACTION AND INVENTORY PLANS

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 August 2018  
*(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
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	60
2015	59	60	58	60	54	58	61	58	58	58	62	62
2016	61	58	59	60	58	57	59	57	55	57	55	63
2017	59	62	64	59	62	57	57	60	59	59	59	61
2018	61	66	58	61	62	59	58	56				

## 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	24	22
Equipment	39	42	41
Furniture or Fixtures	15	9	12
Add. Bldgs. or Land	6	7	5
Improved Bldgs. or Lan	18	16	16

### 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	1	2	4
\$1,000 to \$4,999	7	7	7
\$5,000 to \$9,999	5	6	4
\$10,000 to \$49,999	20	22	18
\$50,000 to \$99,999	10	8	9
\$100,000 +	13	14	13
No Answer	0	1	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
2013	20	24	23	22	23	24	25	26	27	24	24	25
2014	23	24	22	24	24	23	25	29	24	27	25	28
2015	25	25	22	25	25	24	26	26	27	27	25	25
2016	25	23	25	25	23	26	25	28	27	27	24	29
2017	27	26	29	27	28	30	28	32	27	27	26	27
2018	29	29	26	29	30	29	30	33				

# SINGLE MOST IMPORTANT PROBLEM

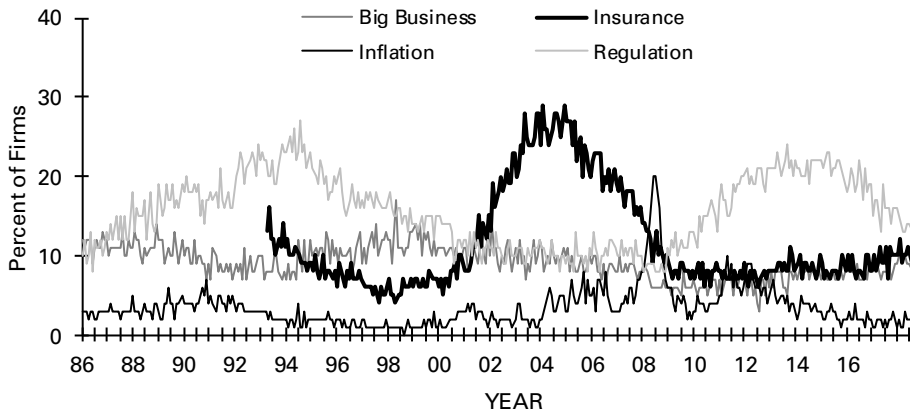
## SINGLE MOST IMPORTANT PROBLEM

August 2018

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	15	20	32	8
Inflation	2	1	41	0
Poor Sales	7	9	34	2
Fin. & Interest Rates	2	2	37	1
Cost of Labor	8	7	9	2
Govt. Regs. & Red Tape	13	16	27	4
Comp. From Large Bus.	8	8	14	4
Quality of Labor	25	19	25	3
Cost/Avail. of Insurance	9	11	29	4
Other	11	7	31	1

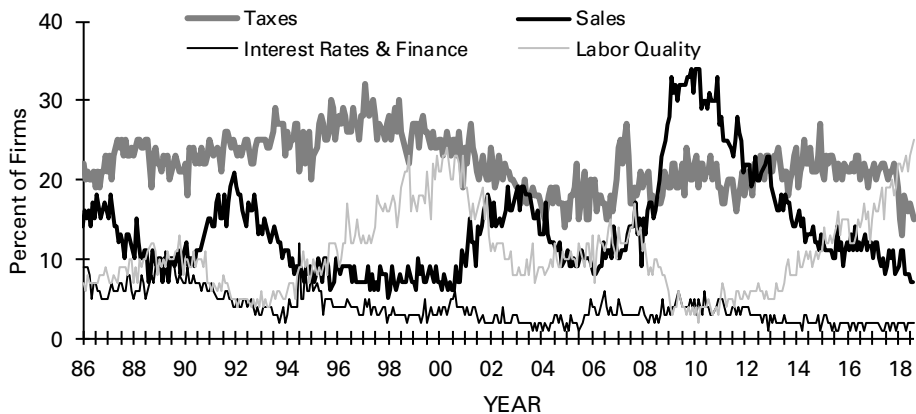
## SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation  
January 1986 to August 2018



## SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality  
January 1986 to August 2018



## SURVEY PROFILE

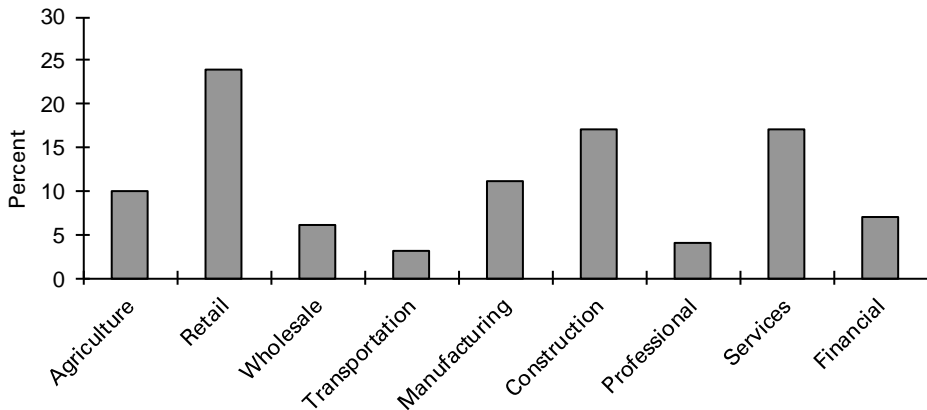
### OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>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	1495	656	556	1411	601	509
<b>2016</b>	1438	756	727	1644	700	735	1703	730	723	1702	724	619
<b>2017</b>	1873	764	704	1618	699	624	1533	713	629	1513	544	495
<b>2018</b>	1658	642	570	1554	562	665	1718	680				

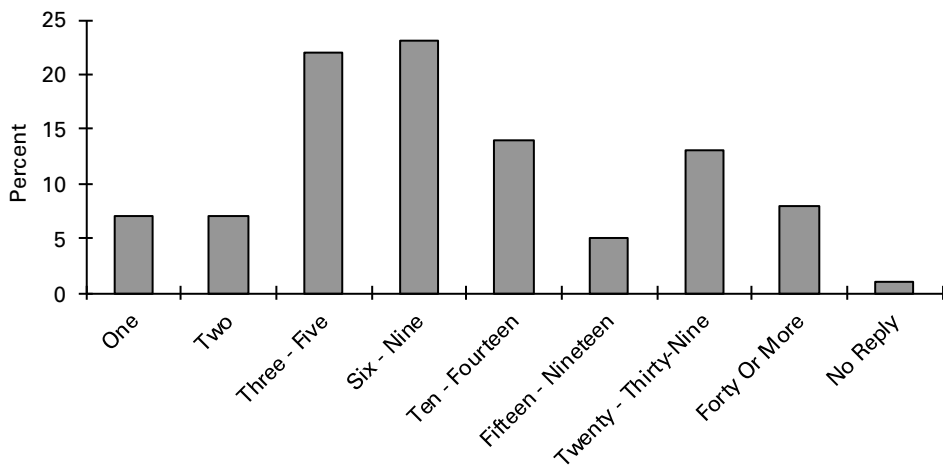
### NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

Industry of Small Business



### NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

Number of Full and Part-Time Employees



# NFIB RESEARCH CENTER 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