



NFIB SMALL BUSINESS ECONOMIC TRENDS

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January 2019

SMALL BUSINESS OPTIMISM INDEX COMPONENTS

Index Component	Seasonally Adjusted Level	Change from Last Month	Contribution to Index Change
Plans to Increase Employment	18%	-5	15%
Plans to Make Capital Outlays	26%	1	-3%
Plans to Increase Inventories	1%	-7	20%
Expect Economy to Improve	6%	-10	29%
Expect Real Sales Higher	16%	-7	20%
Current Inventory	-3%	-2	6%
Current Job Openings	35%	-4	11%
Expected Credit Conditions	-5%	1	-3%
Now a Good Time to Expand	20%	-4	11%
Earnings Trends	-5%	2	-6%
Total Change		-35	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, Research and Policy Analysis Holly Wade are responsible for the report.

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SUMMARY

OPTIMISM INDEX

The Small Business Optimism Index declined 3.2 points to 101.2, the lowest reading since the last three weeks of November 2016 when the Index jumped from 95 to 102 after election results were announced. Three Index components increased modestly while seven declined. Except for a decline in inventory investment plans from stratospheric levels, half of the weakness came from softer expectations for real sales growth and business conditions in the second half of the year. There was a deterioration in the rates of bill payment and receivables collection, but this may well be a result of the temporary government shutdown. Overall, the January data reveal a solid small business sector that has some increased concern about how uncertainties may resolve themselves later in the year.

LABOR MARKETS

Job creation was solid in January with a net addition of 0.33 workers per firm (including those making no change in employment), up from 0.25 in December, affirming the outsized job number reported by the Department of Labor and the best reading since July 2018. Fifteen percent (unchanged) reported increasing employment an average of 3.1 workers per firm and 7 percent (down 3 points) reported reducing employment an average of 3.0 workers per firm (seasonally adjusted). Fifty-six percent reported hiring or trying to hire (down 4 points), but 49 percent (88 percent of those hiring or trying to hire) reported few or no qualified applicants for the positions they were trying to fill (down 2 points). Twenty-three percent of owners cited the difficulty of finding qualified workers as their Single Most Important Business Problem, unchanged from last month and 2 points below the record high. Thirty-five percent of all owners reported job openings they could not fill in the current period, down 4 points from December's record high. Thirteen percent reported using temporary workers (unchanged). A seasonally-adjusted net 18 percent plan to create new jobs, down 5 points from December's reading. Twenty-nine percent have openings for skilled workers and 12 percent have openings for unskilled labor. But 29 percent of owners reported few qualified applicants for their open positions and 20 percent reported none.

CAPITAL SPENDING

Sixty percent reported capital outlays, down 1 point. Of those making expenditures, 43 percent reported spending on new equipment (up 1 point), 26 percent acquired vehicles (up 1 point), and 16 percent improved or expanded facilities (up 1 point). Seven percent acquired new buildings or land for expansion (up 1 point) and 15 percent spent money for new fixtures and furniture (unchanged). From the start of the recovery in mid-2009 to the end of 2016, an average of 54 percent of small businesses made any capital expenditure, the driving force behind productivity improvements. But since 2016, reports of expenditures have averaged 60 percent. Twenty-six percent plan capital outlays in the next few months, up 1 point. Plans to invest were most frequent in manufacturing, agriculture, and transportation.

This survey was conducted in January 2019. A sample of 10,000 small-business owners/members was drawn. One thousand seven hundred and forty (1,740) usable responses were received—a response rate of 17 percent.

SUMMARY

SALES AND INVENTORIES

A net 4 percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months, unchanged, solid, but the lowest reading in a year. The net percent reporting higher sales averaged 2 percent in 2017 but 8 percent in 2018, with a peak value of 15 percent. The net percent of owners expecting higher real sales volumes fell 7 points to a net 16 percent of owners. For perspective, in the 12 months prior to the 2016 election, the average was -3.0.

The net percent of owners reporting inventory increases rose 4 points to a net 7 percent (seasonally adjusted). The net percent of owners viewing current inventory stocks as “too low” lost 2 points to a net negative 3 percent, historically a favorable reading but a little less comfortable than in 2018. The percent of owners planning to expand inventory stocks fell 7 points from exceptionally high levels to 1 percent of owners, positive and consistent with the increase in concerns about the size of current stocks.

INFLATION

The net percent of owners raising average selling prices fell 2 points to a net 15 percent, seasonally adjusted. Finance, insurance and real estate firms most frequently reported raising their average prices, followed by firms in construction. In no industry group did the percent raising prices exceed the percent raising worker compensation, good news for inflation watchers. Seasonally adjusted, a net 27 percent plan price hikes (up 2 points). Overall, inflationary pressures are minimal.

COMPENSATION AND EARNINGS

Reports of higher worker compensation rose 1 point to a net 36 percent of all firms, 1 point below the record high reached last September. Plans to raise compensation fell 4 points to a net 20 percent, suggesting some slowing in compensation gains as job creation plans faded a bit. Twenty-three percent (2 points below November’s record high) selected “finding qualified labor” as their top business problem. The frequency of reports of positive profit trends rose 2 points to a net negative 5 percent reporting quarter on quarter profit improvements, historically a very positive reading. Forty percent of those reporting weaker profits blamed sales, only 8 percent blamed labor costs, and 24 percent cited the usual seasonal change. For those reporting higher profits, 60 percent credited sales volumes.

CREDIT MARKETS

Three percent of owners reported that all their borrowing needs were not satisfied, historically very low. Thirty-three percent reported all credit needs met (up 1 point) and 49 percent said they were not interested in a loan, down 1 point. Four percent reported their last loan was harder to get than the previous one, historically low. Two percent reported that financing was their top business problem (down 1 point) compared to 15 percent citing taxes and 12 percent citing regulations and red tape. The percent of owners reporting paying a higher rate on their most recent loan fell 4 points to 20 percent a month after the highest reading since 2007. Thirty-three percent of all owners reported borrowing on a regular basis. The average rate paid on short maturity loans rose 50 basis points to 6.9 percent.

COMMENTARY

January was an unusual month, a “government shutdown,” uncertainty about federal budgets, and plenty of financial market commentators talking “slowdown” in Europe, China, and in the U.S. For small businesses, hiring and hiring plans signaled a strong economy, job openings were strong, inconsistent with rising weakness in the economy. Inventory spending and capital spending were solid. Of course, that is the “rear view mirror” and owners did express concerns about future sales growth, some weakness in business conditions later in the year and some deterioration in conditions that would be supportive of business expansion. The economy is at “full employment” and it’s hard to grow fast from that position, but solid growth would certainly be welcome.

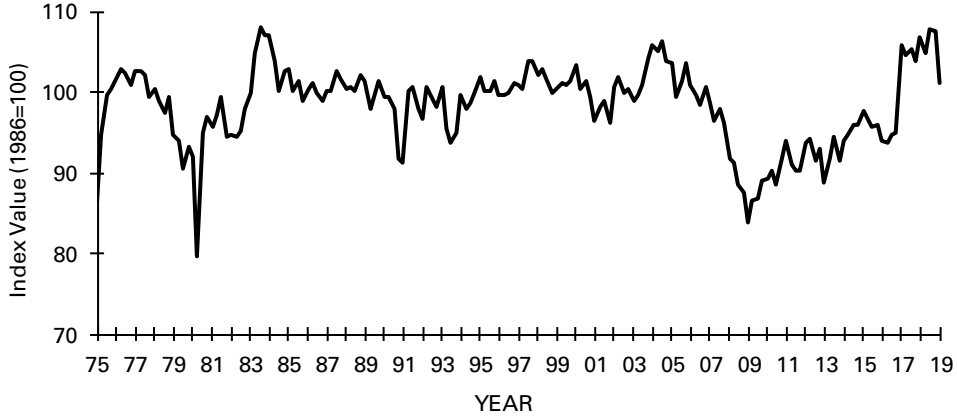
Part of the management team in Washington has changed and the House of Representatives is now controlled by the Democrats. The new dynamics have created an inability to agree on basic policy measures producing the longest partial government shutdown in history. This has elevated the level of “uncertainty” which is damaging to economic activity. The NFIB Uncertainty Index rose 7 points to 86, the fifth highest reading in the survey’s 45 year history, not a surprising move given the political and financial markets disfunction in January.

There is more talk about “recession risk.” A very credible commentator on the economy pointed out that GDP grew on average 3.9 percent in the year prior to the start of a recession, arguing that strong growth in 2018 (rear view) is no indicator of growth this year. Growth of near 4 percent is very strong, and this history would suggest that growth at those rates created imbalances that “mother nature” (markets) corrected—call it a recession. As of this month, the economy looks strong, including manufacturing and construction, usually areas of concern. Perhaps it is a good sign that current growth is closer to 2.9 percent—creating fewer “imbalances” to fix but very solid for consumers and businesses.

OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

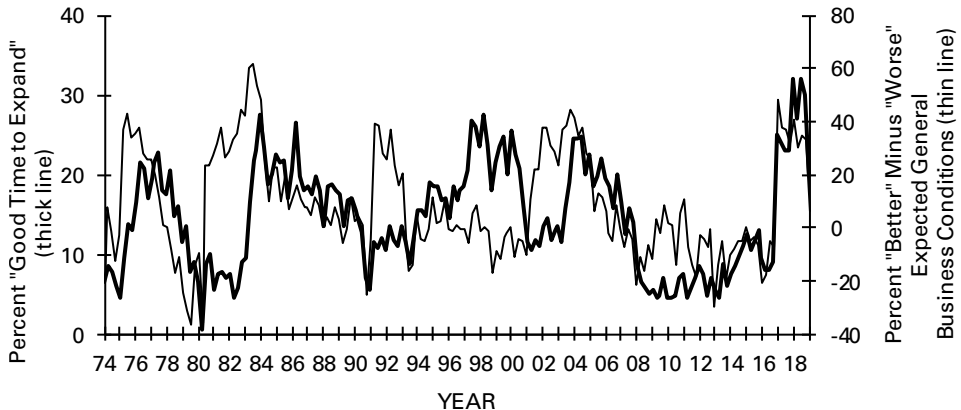
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	94.0	91.6	94.0	94.8	96.2	95.4	96.0	95.9	95.3	96.0	97.8	100.3
2015	97.7	98.1	95.7	96.5	97.9	94.6	95.7	95.7	96.0	96.0	94.5	95.2
2016	93.9	93.0	92.6	93.6	93.8	94.5	94.6	94.4	94.1	94.9	98.4	105.8
2017	105.9	105.3	104.7	104.5	104.5	103.6	105.2	105.3	103.0	103.8	107.5	104.9
2018	106.9	107.6	104.7	104.8	107.8	107.2	107.9	108.8	107.9	107.4	104.8	104.4
2019	101.2											

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January Quarter 1974 to January Quarter 2019
(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
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	33	30	29	24
2019	20											

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
January 2019

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	12	10	9
Sales Prospects	4	5	4
Fin. & Interest Rates	0	2	2
Cost of Expansion	0	4	6
Political Climate	2	8	17
Other/Not Available	1	5	8

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

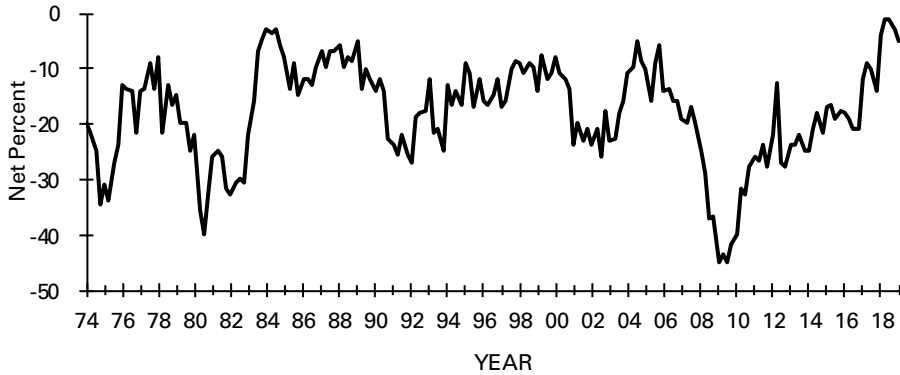
Net Percent ("Better" Minus "Worse") Six Months From Now
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	33	33	22	16
2019	6											

SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January Quarter 1974 to January Quarter 2019
(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
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	-1	-3	-4	-7
2019	-5											

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
January 2019

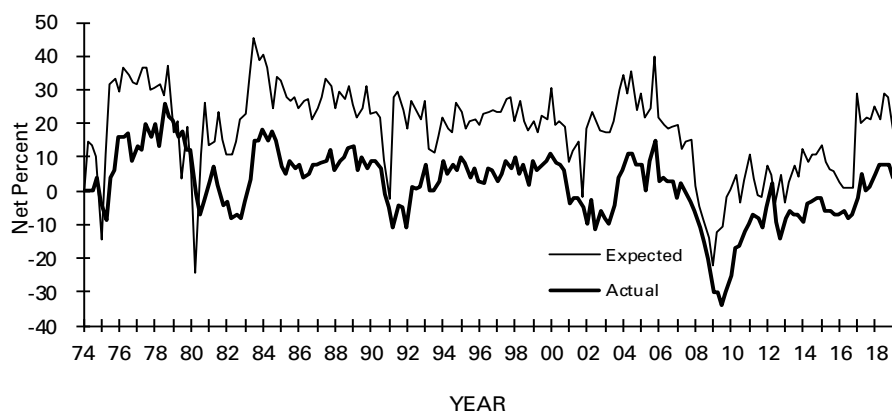
Reason	Current Month	One Year Ago	Two Years Ago
Sales Volume	10	9	12
Increased Costs*	6	6	8
Cut Selling Prices	2	3	2
Usual Seasonal Change	6	7	8
Other	6	3	4

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

SMALL BUSINESS SALES

SALES

Actual (Prior Three Months) and Expected (Subsequent Three Months)
January 1974 to January 2019 (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
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	8	8	9	4
2019	4											

SALES EXPECTATIONS

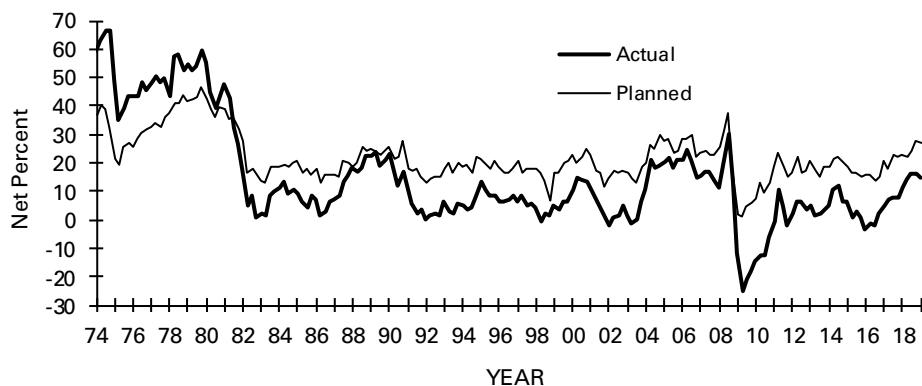
Net Percent ("Higher" Minus "Lower") During Next Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	29	28	24	23
2019	16											

SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
 January Quarter 1974 to January Quarter 2019
 (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
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	15	16	16	17
2019	15											

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
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	24	28	29	25
2019	27											

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
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	3	4	5	-1	2	2	-1	3	2	3
2018	4	4	4	7	7	3	6	5	1	5	5	5
2019	7											

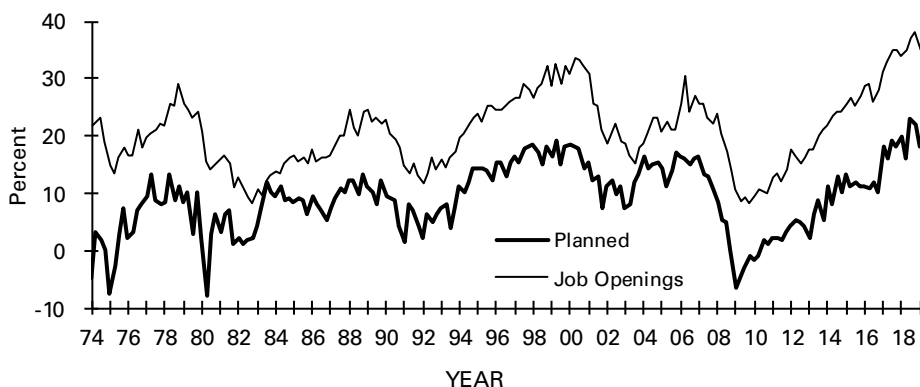
QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	51	44
2017	47	44	45	48	51	46	52	52	49	52	44	54
2018	49	47	47	50	48	55	52	55	53	53	53	54
2019	49											

EMPLOYMENT

Planned Next Three Months and Current Job Openings
January Quarter 1974 to January Quarter 2019
(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
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	38	38	34	39
2019	35											

HIRING PLANS

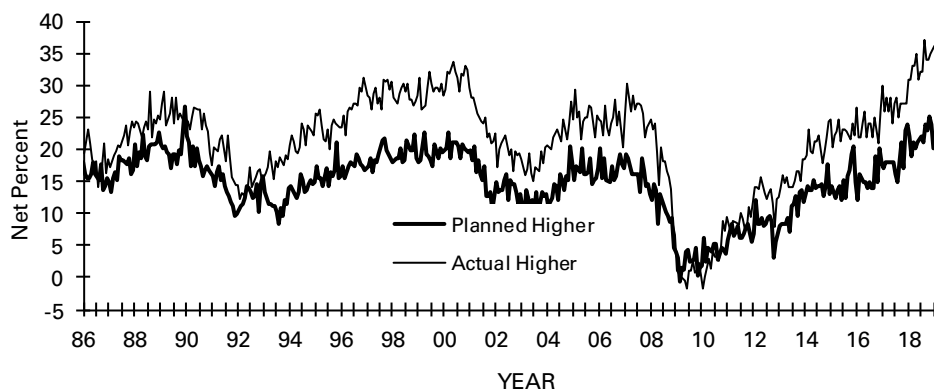
Net Percent ("Increase" Minus "Decrease") in the Next Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	23	22	22	23
2019	18											

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to January 2019 (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
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	37	34	34	35
2019	36											

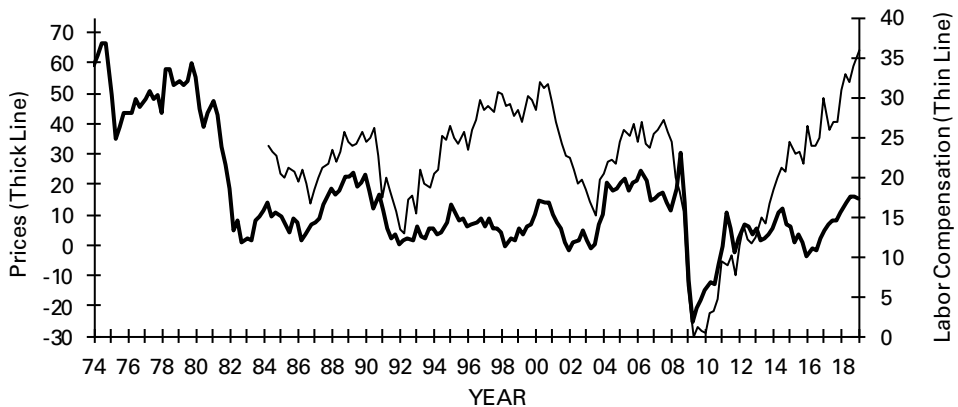
COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	24	23	25	24
2019	20											

PRICES AND LABOR COMPENSATION

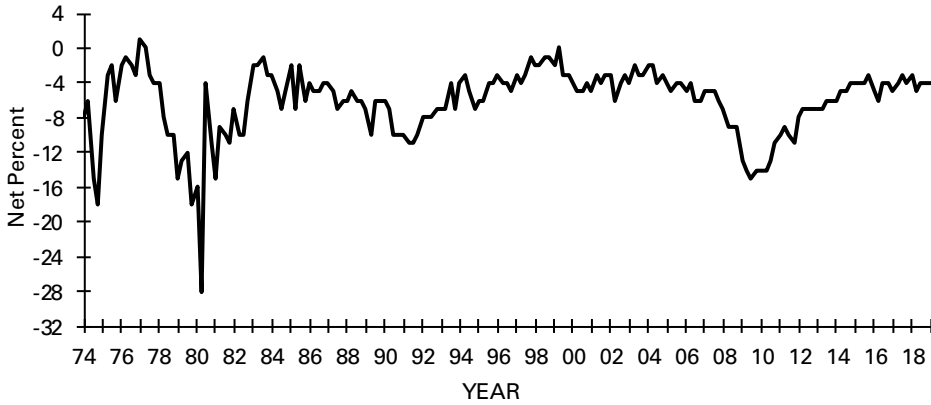
Net Percent Price Increase and Net Percent Compensation Increase
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January Quarter 1974 to January Quarter 2019



* 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
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	29	32	32	35
2019	33											

AVAILABILITY OF LOANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	-3	-4	-5	-5
2019	-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
2014	31/5	29/5	30/5	30/5	30/5	27/6	30/6	28/4	28/6	29/4	29/4	32/4
2015	32/4	33/3	35/5	31/4	30/4	32/5	32/4	33/3	30/2	30/3	32/3	32/4
2016	35/3	31/4	31/5	31/4	31/4	32/5	30/3	29/4	32/6	29/4	30/4	29/4
2017	31/4	30/3	32/4	32/3	31/3	27/4	31/3	34/3	33/2	29/4	32/4	32/3
2018	31/3	32/2	31/4	32/4	37/4	30/3	32/3	33/3	27/3	30/3	32/3	32/4
2019	33/3											

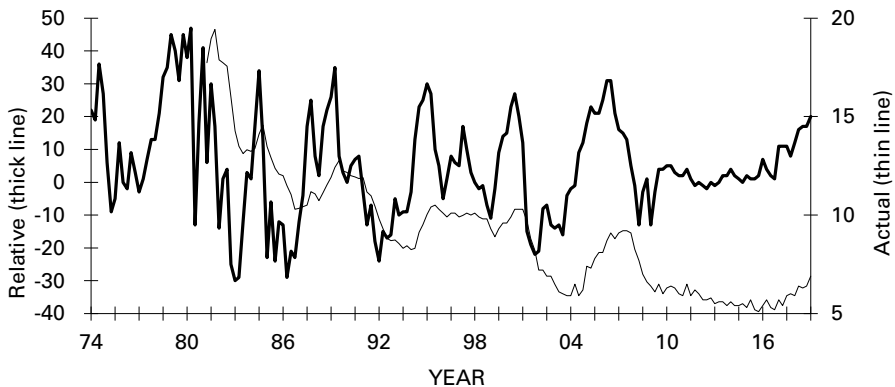
EXPECTED CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	-7	-7	-7	-6	-7	-7	-5	-5	-7	-5	-6	-5
2015	-5	-4	-6	-4	-4	-4	-5	-7	-6	-5	-4	-6
2016	-7	-7	-6	-6	-6	-6	-5	-5	-7	-6	-5	-6
2017	-3	-3	-3	-4	-4	-3	-4	-3	-4	-5	-4	-4
2018	-4	-3	-6	-6	-5	-4	-4	-6	-5	-5	-5	-6
2019	-5											

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January Quarter 1974 to January Quarter 2019



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
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	16	17	19	24
2019	20											

*Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

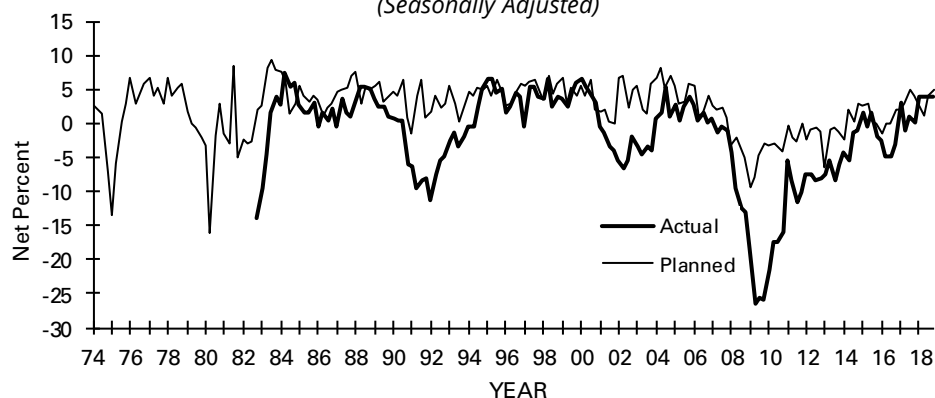
Average Interest Rate Paid

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	7.3	6.4	6.1	6.4
2019	6.9											

SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January Quarter 1974 to January Quarter 2019
(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
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	5	4	6	3
2019	7											

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
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	-1	-2	-5	-1
2019	-3											

INVENTORY PLANS

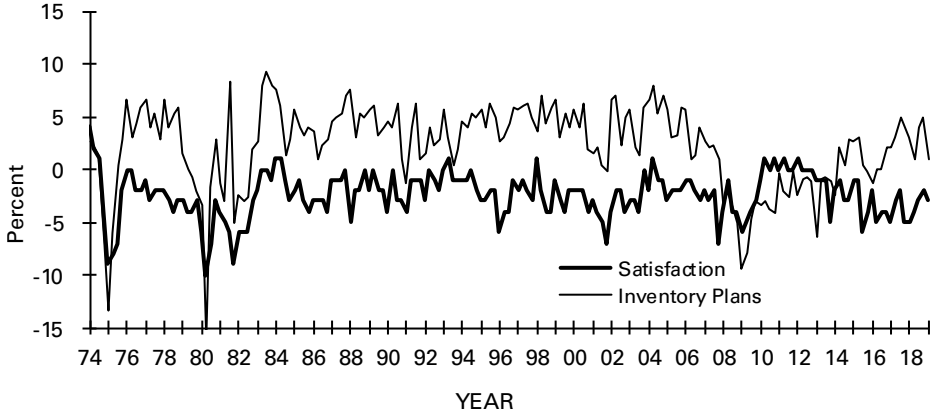
Net Percent ("Increase" Minus "Decrease") in the Next Three to Six Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	3	5	2	8
2019	1											

SMALL BUSINESS CAPITAL OUTLAYS

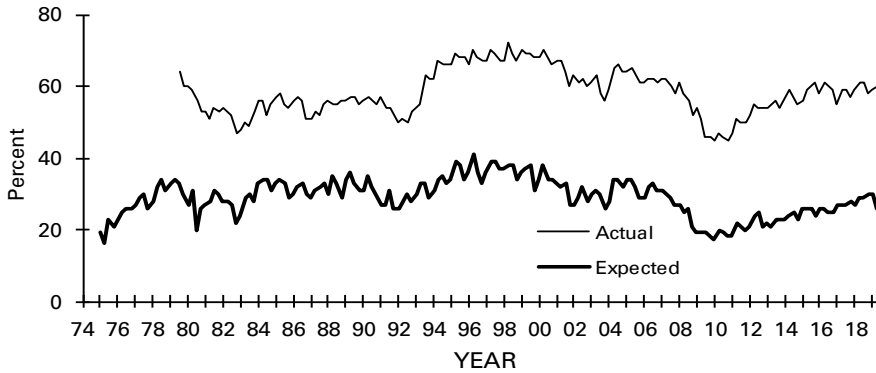
INVENTORY SATISFACTION AND INVENTORY PLANS

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 Quarter 1974 to January Quarter 2019
(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
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	60	59	61	61
2019	60											

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	26	28	28
Equipment	43	44	42
Furniture or Fixtures	15	13	13
Add. Bldgs. or Land	7	6	6
Improved Bldgs. or Land	16	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	3	3	3
\$1,000 to \$4,999	8	8	7
\$5,000 to \$9,999	6	5	6
\$10,000 to \$49,999	19	20	18
\$50,000 to \$99,999	10	11	11
\$100,000 +	14	15	14
No Answer	0	0	0



CAPITAL EXPENDITURE PLANS

Percent Planning a Capital Expenditure During Next Three to Six Months

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	30	30	29	25
2019	26											

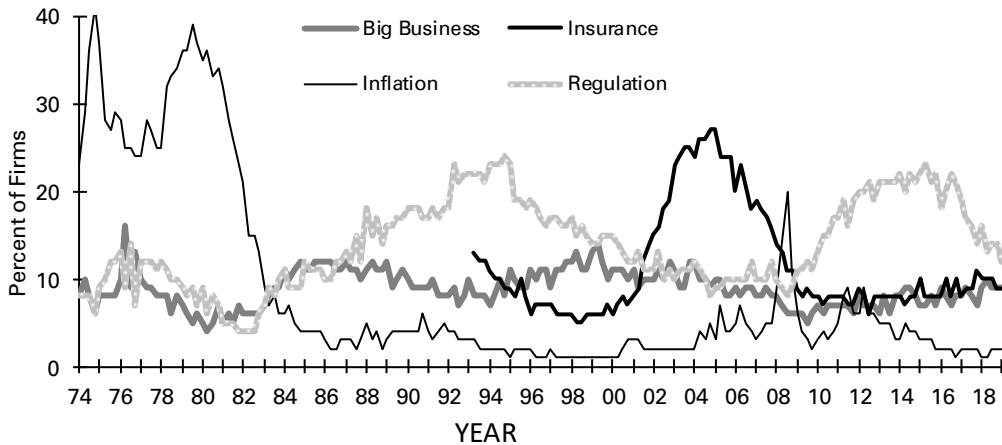
SINGLE MOST IMPORTANT PROBLEM

SINGLE MOST IMPORTANT PROBLEM January 2019

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	15	19	32	8
Inflation	2	1	41	0
Poor Sales	9	9	33	2
Fin. & Interest Rates	2	2	37	2
Cost of Labor	8	6	9	2
Govt. Reqs. & Red Tape	12	16	27	4
Comp. From Large Bus.	9	9	14	4
Quality of Labor	23	22	23	3
Cost/Avail. of Insurance	9	10	29	4
Other	11	6	31	2

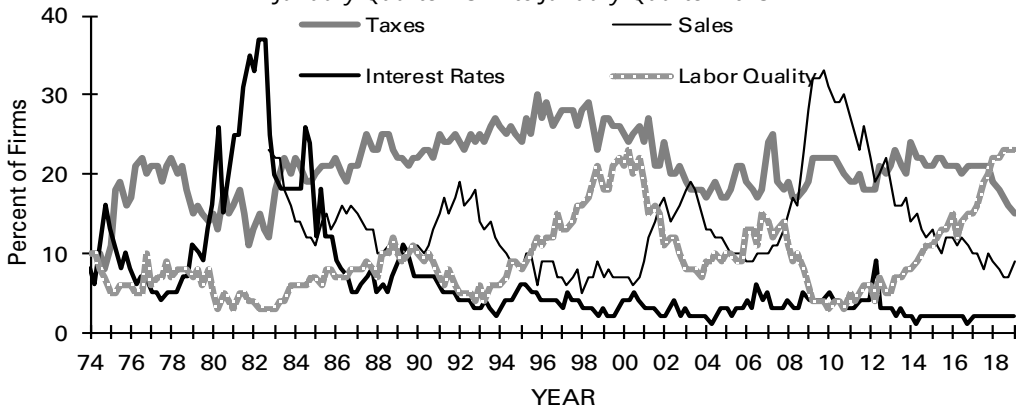
SELECTED SINGLE MOST IMPORTANT PROBLEM

Insurance, Big Business Competition, Inflation, and Regulation
January Quarter 1974 to January Quarter 2019



SELECTED SINGLE MOST IMPORTANT PROBLEM

Sales, Fin. & Interest Rates, Labor Cost, Labor Quality, and Taxes
January Quarter 1974 to January Quarter 2019



SURVEY PROFILE

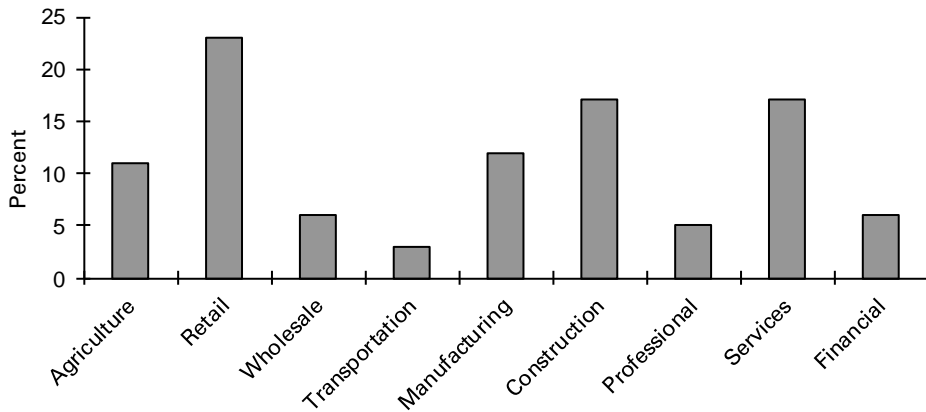
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	1864	792	685	1699	678	672	1645	598	608	1502	615	568
2015	1663	716	575	1500	616	620	1495	656	556	1411	601	509
2016	1438	756	727	1644	700	735	1703	730	723	1702	724	619
2017	1873	764	704	1618	699	624	1533	713	629	1513	544	495
2018	1658	642	570	1554	562	665	1718	680	642	1743	700	621
2019	1740											

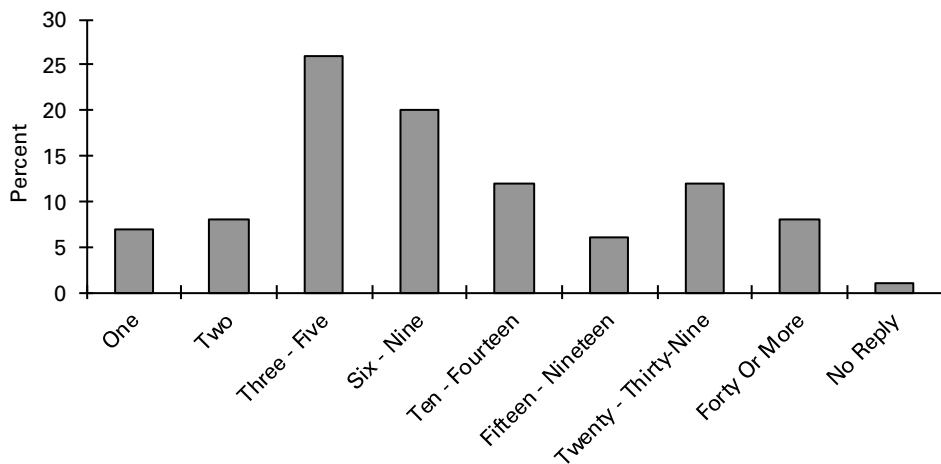
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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