



NFIB SMALL BUSINESS ECONOMIC TRENDS

William C. Dunkelberg
Holly Wade

June 2018

SMALL BUSINESS OPTIMISM INDEX COMPONENTS

Index Component	Seasonally Adjusted Level	Change from Last Month	Contribution to Index Change
Plans to Increase Employment	23%	3	*%
Plans to Make Capital Outlays	30%	1	*%
Plans to Increase Inventories	4%	-2	*%
Expect Economy to Improve	35%	2	*%
Expect Real Sales Higher	29%	3	*%
Current Inventory	-3%	-3	*%
Current Job Openings	37%	1	*%
Expected Credit Conditions	-4%	0	*%
Now a Good Time to Expand	32%	3	*%
Earnings Trends	-1%	0	*%
Total Change		8	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

Small business owners continued to deliver an “amazing” performance, taking the Small Business Optimism Index up 0.7 points to 107.9. The Index is now within 0.1 point of the record high of 108.0 reached in July 1983. The percent of owners with unfilled job openings reached another record high. Eight of the 10 Index components increased or were unchanged; inventory building was strong in the second quarter, which produced a slight overhang in July but no real weakness. Stocks look good historically and plans to order more stuff are strong – all good!

LABOR MARKETS

Small business owners added the largest number of workers per firm since 2006 in July, adding a net 0.37 workers per firm on average, almost double June’s rate. Seventeen percent (up 2 points) reported increasing employment an average of 4.7 workers per firm, and 11 percent (down 1 point) reported reducing employment an average of 2.0 workers per firm (seasonally adjusted). Fifty-nine percent reported hiring or trying to hire (down 4 points), but 52 percent (88 percent of those hiring or trying to hire) reported few or no qualified applicants for the positions they were trying to fill. Twenty-three percent of owners cited the difficulty of finding qualified workers as their Single Most Important Business Problem (up 2 points), 1 point below the 45 year record high. Thirty-seven percent of all owners reported job openings they could not fill in the current period, a new survey record high. Thirteen percent reported using temporary workers, up 1 point. Reports of job openings were most frequent in construction (57 percent) where labor shortages are clearly restricting the construction of new homes and apartments, 46 percent in manufacturing, and 45 percent in the wholesale trades. A seasonally-adjusted net 23 percent plan to create new jobs, up 3 points from June and very strong. Firms in construction and manufacturing, sectors where wages are above average, account for the real strength in hiring plans. Labor markets are very tight, for both skilled and unskilled workers. Thirty-three percent have openings for skilled workers, and 15 percent have openings for unskilled labor, both 2 points higher than in June.

CAPITAL SPENDING

Fifty-eight percent reported capital outlays, down 1 point from June, but solid. Of those making expenditures, 42 percent reported spending on new equipment (down 2 points), 25 percent acquired vehicles (down 1 point), and 16 percent improved or expanded facilities (up 2 points). Six percent acquired new buildings or land for expansion (up 1 point), and 13 percent spent money for new fixtures and furniture (up 1 point). Solid investment spending is necessary to produce the improvements in productivity that will secure future increases in real wages and continued growth in output. Thirty percent plan capital outlays in the next few months, up 1 point from June. Plans were most frequent in manufacturing, where additional capacity and productivity-enhancing investments are needed.

This survey was conducted in July 2018. A sample of 10,000 small-business owners/members was drawn. One thousand seven hundred and eighteen (1,718) usable responses were received – a response rate of 17 percent.

SUMMARY

SALES AND INVENTORIES

A net 8 percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months compared to the prior three months, down 2 points but a very good number. July is the eighth consecutive strong month of reported sales gains after years of low or negative numbers. Over 40 percent of the owners in construction and manufacturing reported sales volume gains. The net percent of owners expecting higher real sales volumes rose 3 points to a net 29 percent of owners, a strong reading.

The net percent of owners reporting inventory increases rose 6 points to a net 4 percent (seasonally adjusted). The net percent of owners viewing current inventory stocks as “too low” (a positive number means more think stocks are too low than too high, a positive for inventory building) fell 3 points to a net negative 3 percent, historically a “lean” reading (although not as “lean” as June’s reading of 0). The net percent of owners planning to build inventories fell 2 points to a net 4 percent, the thirteenth positive reading in the past 21 months.

INFLATION

The net percent of owners raising average selling prices rose 2 points to a net 16 percent seasonally adjusted. 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. Shortages also create opportunities to raise prices as in the housing market. Forty-one percent of construction firms report raising average selling prices, substantially more than in any other industry group.

COMPENSATION AND EARNINGS

Reports of higher worker compensation gained a point from June to a net 32 percent of all firms, 3 points below May’s record reading of 35 percent. Plans to raise compensation rose 1 point to a net 22 percent, historically strong. Government measures of wage and compensation gains follow movements in NFIB plans to raise compensation but with a 3 quarter lag, so government reports of rising compensation will increase even more in the second half of the year. Owners complain at record rates about labor quality issues, with 88 percent of those hiring or trying to hire in June reporting few or no qualified applicants for their open positions. The frequency of reports of positive profit trends was unchanged at a net negative 1 percent, one of the very best readings in the survey’s 45 year history.

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-two percent reported all credit needs met (up 2 points), and 50 percent said they were not interested in a loan, down 4 points. Two percent reported that financing was their top business problem (unchanged) compared to 17 percent citing taxes, 14 percent citing regulations and red tape, and 23 percent the availability of qualified labor. Four percent (up 2 points) reported loans “harder to get”, historically very low. Thirty-two percent of all owners reported borrowing on a regular basis (up 4 points). The average rate paid on short maturity loans rose to 6.3 percent (up 20 basis points).

COMMENTARY

Although some panned any celebration of the 4.1 percent second quarter GDP growth, small business owners beg to disagree. At least in the small business sector of the economy, Main Street's performance over the last 21 months is unprecedented based on reports for the past 45 years by hundreds of thousands of NFIB's member firms. Owners have never been so optimistic for so long. This has translated to improved employment and investment spending that buoys GDP growth, even at the end of what will be the longest expansion in modern history.

Consumer sentiment is at record high levels. Consumer spending, which accounts for 70 percent of our economy, posted 4 percent growth in Q2. Historically revised data show that consumers have been saving much more than thought, and income gains in recent months have been solid, providing support for spending in the second half. The record levels of firms reporting higher compensation is a clear indication that wages will be rising further in the second half.

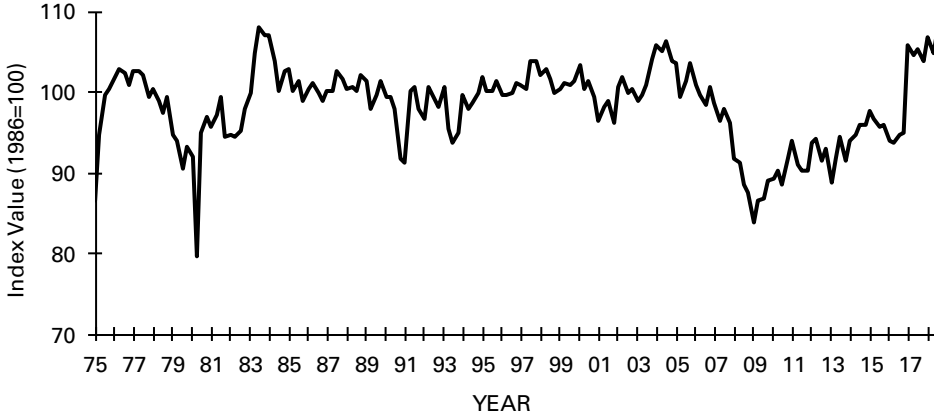
The Federal Reserve is on track for a rate hike in September and in December, adding half a percent to the rate on all variable rate loans. The 10-year Treasury bond is at 3 percent. Two rate hikes and prospects for more in 2019 will take that rate to 3.5 percent. This is the rate that most small business loans are priced from. However, with strong sales, lower taxes and lower regulatory costs, and the ability to raise prices, the expected return on real capital investments in plant and equipment will remain favorable, overwhelming the negative effects of higher rates.

Now the second longest expansion in history, Main Street is set to push this expansion to a new record by adding a super-charged era of growth on to the sluggish one from 2009 to 2016.

OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

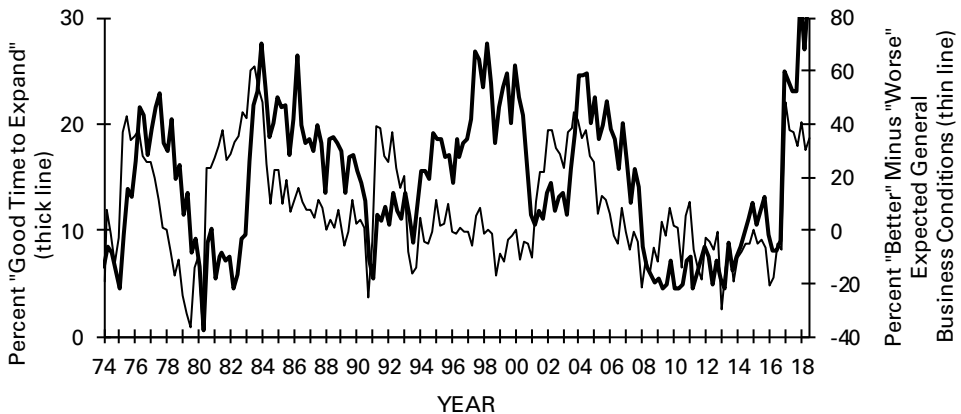
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	88.8	90.9	90.0	91.7	94.0	94.0	94.4	94.0	93.8	91.5	92.2	93.8
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					

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January Quarter 1974 to July Quarter 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					

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
July 2018

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	22	7	8
Sales Prospects	4	5	6
Fin. & Interest Rates	1	1	2
Cost of Expansion	0	4	9
Political Climate	4	4	11
Other/Not Available	1	4	6

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

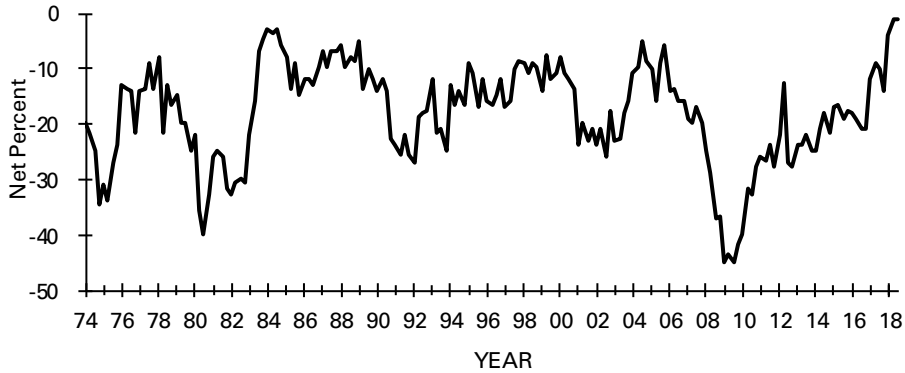
Net Percent ("Better" Minus "Worse") Six Months From Now
(Seasonally Adjusted)

	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					

SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January Quarter 1974 to July Quarter 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					

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
July 2018

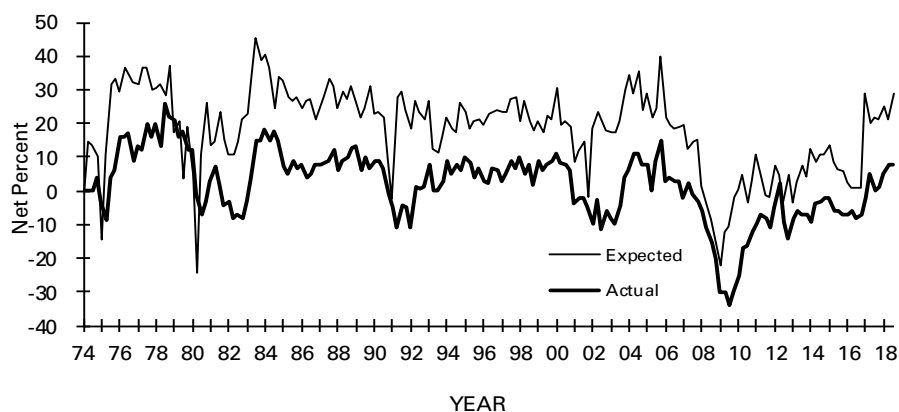
Reason	Current Month	One Year Ago	Two Years Ago
Sales Volume	7	9	13
Increased Costs*	6	9	9
Cut Selling Prices	3	3	5
Usual Seasonal Change	4	4	4
Other	4	2	4

* 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 July 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					

SALES EXPECTATIONS

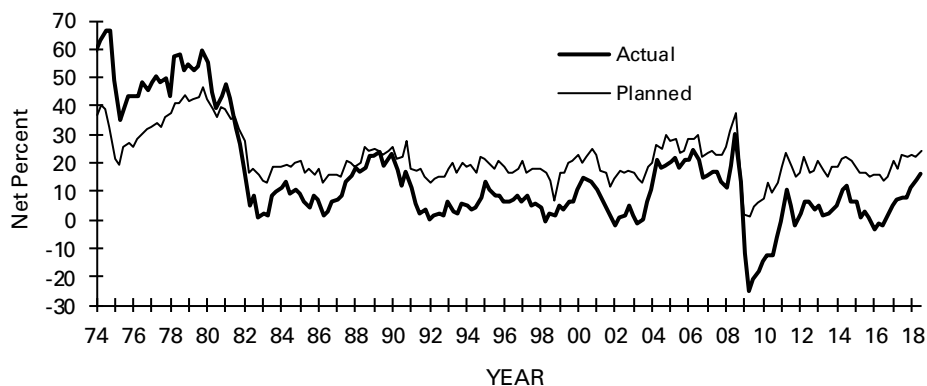
Net Percent ("Higher" Minus "Lower") During Next Three Months
(Seasonally Adjusted)

	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					

SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
 January Quarter 1974 to July Quarter 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					

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					

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

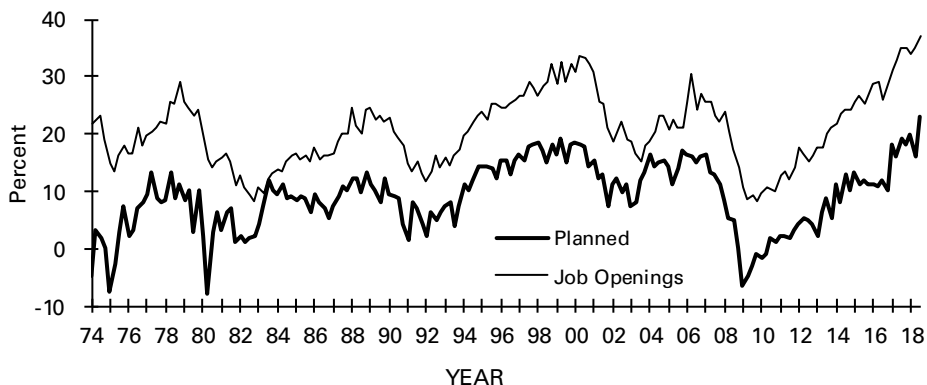
QUALIFIED APPLICANTS FOR JOB OPENINGS

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	51	44
2017	47	44	45	48	51	46	52	52	49	52	44	54
2018	49	47	47	50	48	55	52					

EMPLOYMENT

Planned Next Three Months and Current Job Openings
January Quarter 1974 to July Quarter 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					

HIRING PLANS

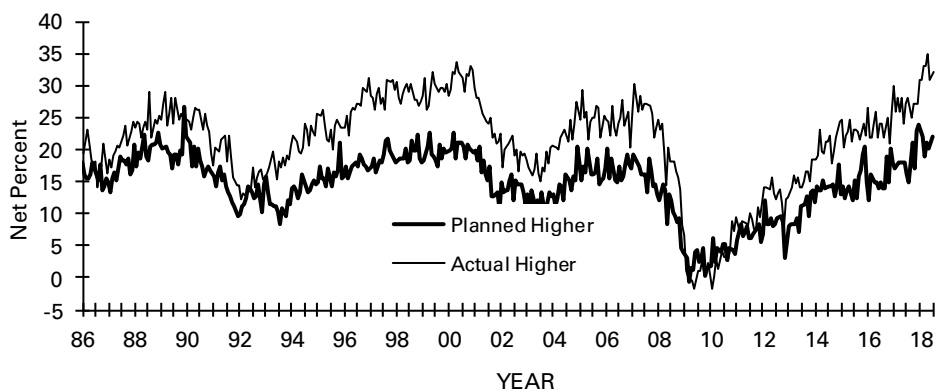
Net Percent ("Increase" Minus "Decrease") in the Next Three Months
(Seasonally Adjusted)

	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					

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to July 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					

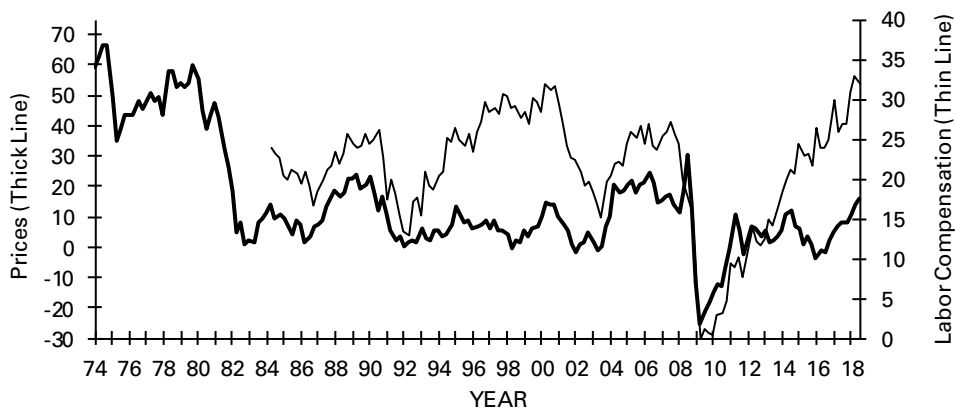
COMPENSATION PLANS

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					

PRICES AND LABOR COMPENSATION

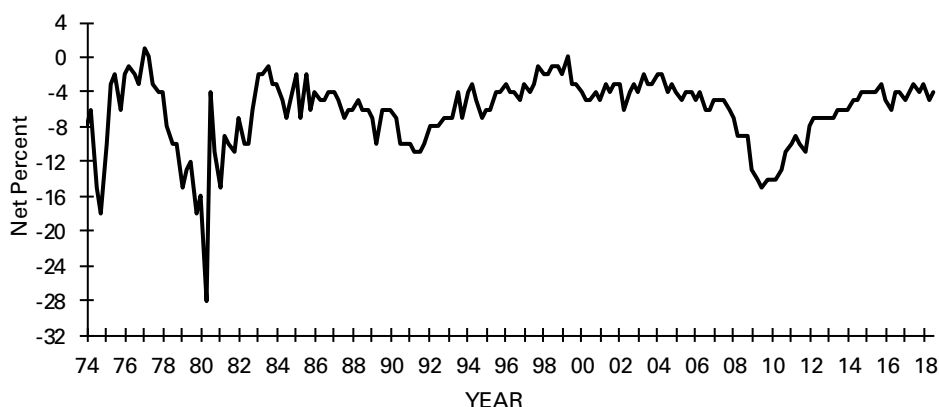
Net Percent Price Increase and Net Percent Compensation Increase
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

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

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					

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
2013	31/6	29/7	29/7	31/6	28/5	29/5	30/5	31/5	28/6	28/6	32/4	32/4
2014	31/5	29/5	30/5	30/5	30/5	27/6	30/6	28/4	28/6	29/4	29/4	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					

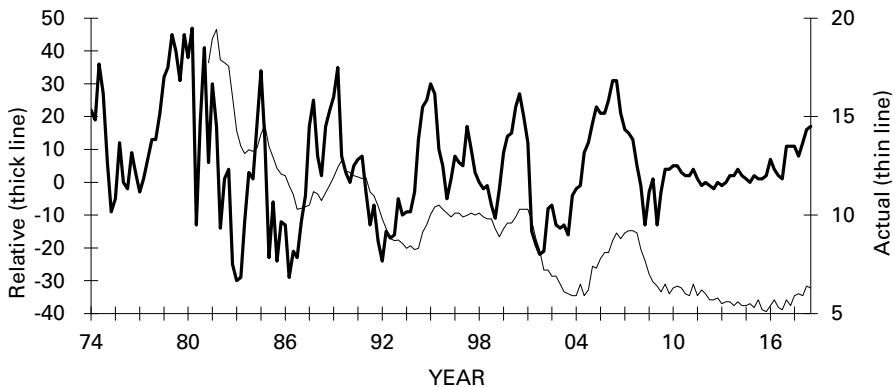
EXPECTED CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-9	-8	-6	-8	-6	-7	-8	-8	-7	-8	-7	-7
2014	-7	-7	-7	-6	-7	-7	-5	-5	-7	-5	-6	-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					

INTEREST RATES

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

*Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

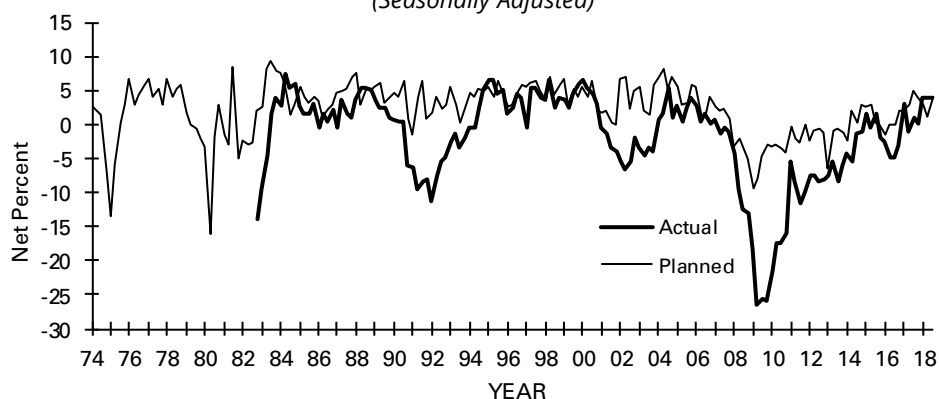
Average Interest Rate Paid

	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					

SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January Quarter 1974 to July Quarter 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					

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	-2	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					

INVENTORY PLANS

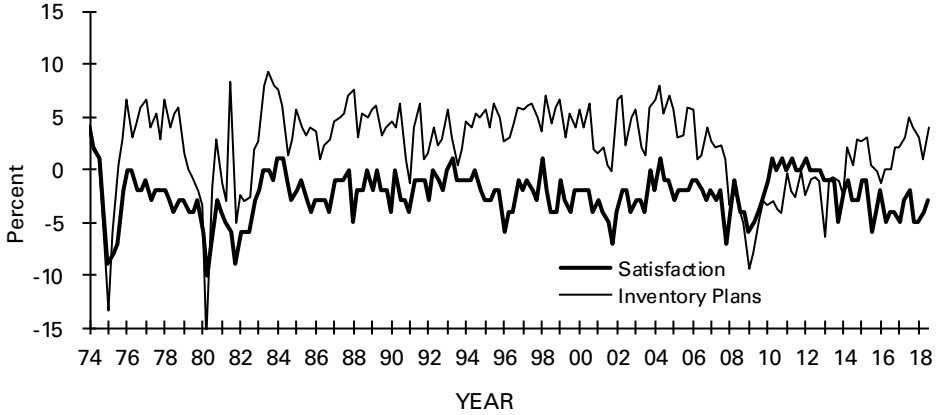
Net Percent ("Increase" Minus "Decrease") in the Next Three to Six Months
(Seasonally Adjusted)

	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					

SMALL BUSINESS CAPITAL OUTLAYS

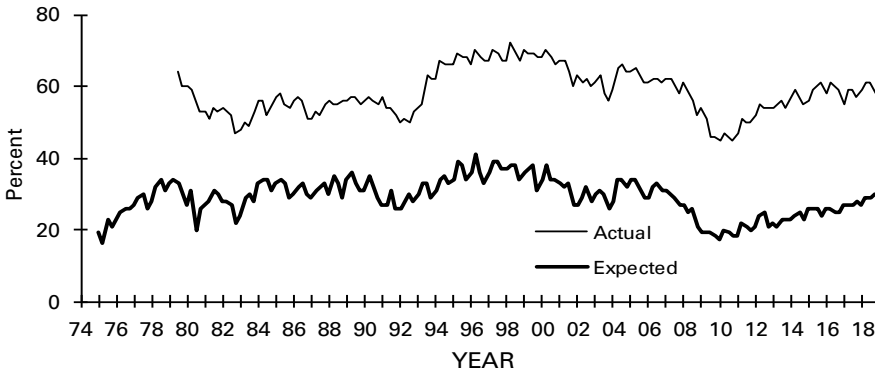
INVENTORY SATISFACTION AND INVENTORY PLANS

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 July Quarter 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					

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	25	24	22
Equipment	42	38	37
Furniture or Fixtures	13	13	11
Add. Bldgs. or Land	6	5	5
Improved Bldgs. or Land	16	17	13

AMOUNT OF CAPITAL EXPENDITURES MADE

Percent Distribution of Per Firm Expenditures During the Last Six Months

Amount	Current	One Year Ago	Two Years Ago
\$1 to \$999	2	2	2
\$1,000 to \$4,999	8	7	8
\$5,000 to \$9,999	5	6	5
\$10,000 to \$49,999	18	20	16
\$50,000 to \$99,999	11	9	8
\$100,000 +	13	12	10
No Answer	1	1	10



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
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					

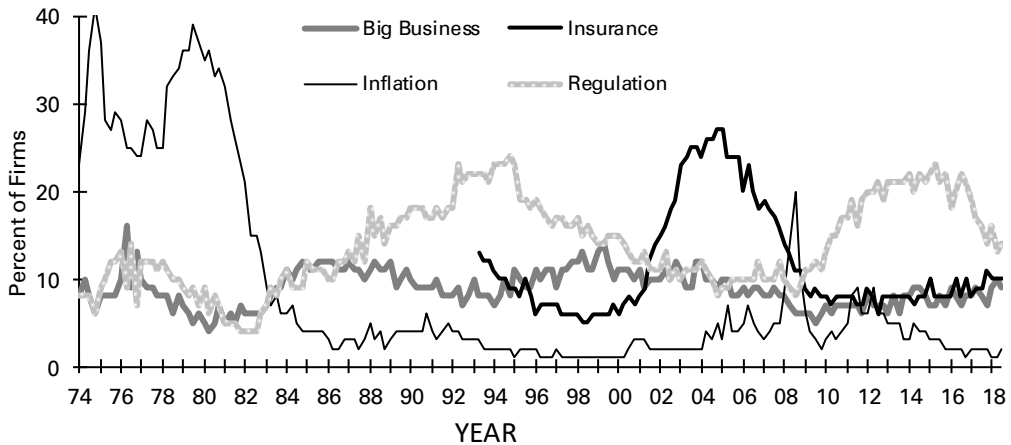
SINGLE MOST IMPORTANT PROBLEM

SINGLE MOST IMPORTANT PROBLEM
July 2018

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	17	21	32	8
Inflation	2	2	41	0
Poor Sales	7	8	33	2
Fin. & Interest Rates	2	2	37	2
Cost of Labor	7	8	9	2
Govt. Reqs. & Red Tape	14	16	27	4
Comp. From Large Bus.	9	8	14	4
Quality of Labor	23	19	23	3
Cost/Avail. of Insurance	10	9	29	4
Other	9	7	31	2

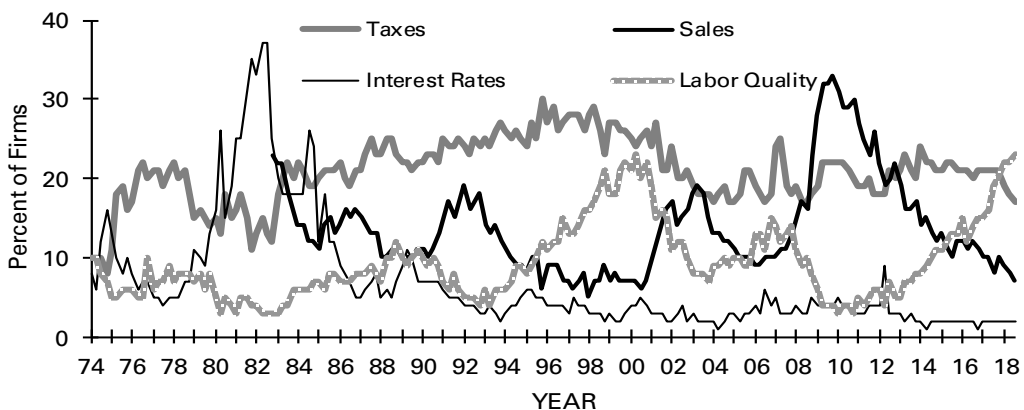
SELECTED SINGLE MOST IMPORTANT PROBLEM

Insurance, Big Business Competition, Inflation, and Regulation
January Quarter 1974 to July Quarter 2018



SELECTED SINGLE MOST IMPORTANT PROBLEM

Sales, Fin. & Interest Rates, Labor Cost, Labor Quality, and Taxes
January Quarter 1974 to July Quarter 2018



SURVEY PROFILE

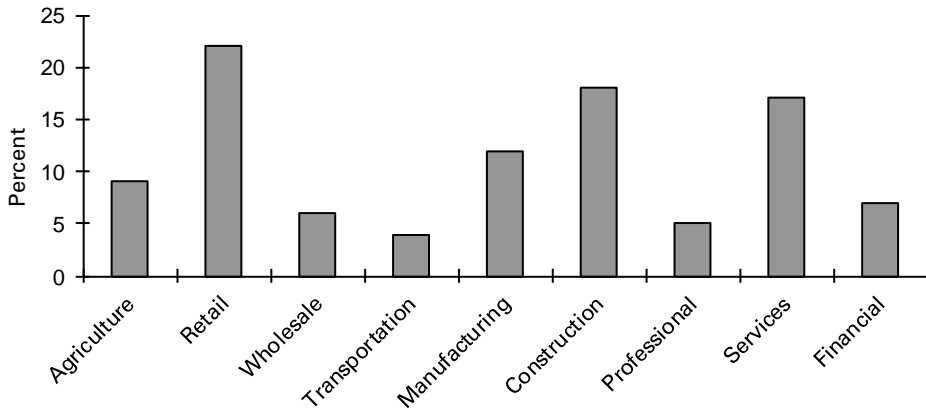
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	2033	870	759	1873	715	662	1615	782	773	1940	762	635
2014	1864	792	685	1699	678	672	1645	598	608	1502	615	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					

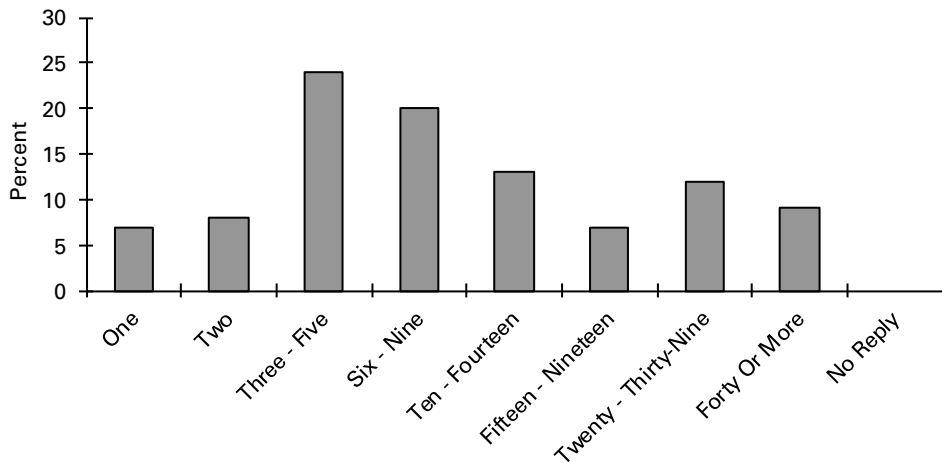
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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