



# NFIB SMALL BUSINESS ECONOMIC TRENDS

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June 2019

## SMALL BUSINESS OPTIMISM INDEX COMPONENTS

| Index Component               | Seasonally Adjusted Level | Change from Last Month | Contribution to Index Change |
|-------------------------------|---------------------------|------------------------|------------------------------|
| Plans to Increase Employment  | 18%                       | -3                     | 15%                          |
| Plans to Make Capital Outlays | 26%                       | -4                     | 20%                          |
| Plans to Increase Inventories | 3%                        | 1                      | -5%                          |
| Expect Economy to Improve     | 16%                       | 0                      | 0%                           |
| Expect Real Sales Higher      | 17%                       | -6                     | 30%                          |
| Current Inventory             | 0%                        | 4                      | -20%                         |
| Current Job Openings          | 6%                        | -2                     | 10%                          |
| Expected Credit Conditions    | 13%                       | 2                      | -10%                         |
| Now a Good Time to Expand     | 24%                       | -6                     | 30%                          |
| Earnings Trends               | 17%                       | -6                     | 30%                          |
| Total Change                  |                           | 20                     | 100%                         |

Based on a Survey of Small and Independent Business Owners

# **NFIB SMALL BUSINESS ECONOMIC TRENDS**

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*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.*

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# SUMMARY

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## OPTIMISM INDEX

Optimism faded modestly in June, with the Small Business Optimism Index slipping 1.7 points to 103.3, reversing the gain posted in May but still leaving optimism at historically high levels. The main driver came from the inventory sector, with owners marking existing stocks as very “lean” and planning to add to them. Sales and earnings trends softened, expected credit conditions remained favorable. Uncertainty levels increased, as expectations for sales gains and general business conditions faded.

Some “tariff” Inflation pressures may be surfacing as the percent of firms raising selling prices rose significantly with 30 percent of owners reporting recent changes in China trade policy negatively impacting their business. Job openings and plans to create jobs weakened a bit, but remain historically very strong. Reports of higher worker compensation also cooled. Credit conditions remained good. Twice as many owners expect tighter credit conditions as expect credit conditions to ease. Overall, Main Street is still running historically “hot,” just not as hot as a last month.

## LABOR MARKETS

Thirty-six percent of all owners reported job openings they could not fill in the current period, down 2 points from May but still high. A seasonally-adjusted net 19 percent plan to create new jobs, down 2 points. Fifty-eight percent reported hiring or trying to hire (down 4 points), but 50 percent reported few or no qualified applicants for the positions they were trying to fill. The demand for workers has not faded and remains at record levels.

Thirty-one percent have openings for skilled workers (down 1 point) and 14 percent have openings for unskilled labor (down 2 points). Thirty-one percent of owners reported few qualified applicants for their open positions (down 2 points) and 19 percent reported none (down 2 points).

## CAPITAL SPENDING

Fifty-four percent reported capital outlays, down 10 points, reversing May’s strong investment performance. This is the lowest level since at May 2015. Overall, there was a substantial reduction in investment spending in June that offset May’s surge, and that was consistent with the sharp drop in expected sales, a reversal in profit trends and a deterioration in views about the current period as a good time to expand.

Twenty-six percent plan capital outlays in the next few months, down 4 points. However, plans to invest did increase in construction (38 percent, up 7 points). Investment spending has been solid for the past two years, but the reversal in June is not good news. The Uncertainty Index rose substantially, rising 7 points to the highest level since March 2017. Owners are more reluctant to make major spending commitments when the future becomes less certain.

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This survey was conducted in May 2019. A sample of 5,000 small-business owners/members was drawn. Six hundred and fifty (606) usable responses were received—a response rate of 12 percent.

## **SALES AND INVENTORIES**

A net 7 percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months, down 2 percentage points but a very solid reading. The net percent of owners expecting higher real sales volumes fell 6 points to a net 17 percent of owners, the weakest reading since September 2017 (excluding the government shutdown months earlier this year).

The net percent of owners reporting inventory increases fell 2 points to a net 0 percent, indicating no further building in inventory stocks in June. The net percent of owners viewing current inventory stocks as “too low” rose 4 points to a net 0 percent, overall balance. The net percent of owners planning to expand inventory holdings did increase 1 point to a net 3 percent, a solid number. It appears that the excessive inventory build in the first quarter was substantially resolved in the second quarter.

## **COMPENSATION AND EARNINGS**

Reports of higher worker compensation fell 6 points to a net 28 percent of all firms. Plans to raise compensation fell 3 points to a net 21 percent. Owners are passing on higher compensation costs in higher prices, along with tariff associated costs, while planning to back off on increases in labor costs. Twenty-one percent (down 4 points) selected “finding qualified labor” as their top business problem, more than cited taxes or regulations. Firms are likely to continue to offer improved compensation to attract and retain qualified workers because the only solution in the short term to an employee shortage is to raise compensation to attract new workers. The frequency of reports of positive profit trends slipped 6 points to a net negative 7 percent reporting quarter on quarter profit improvements, a much steeper decline than reported for sales.

## **CREDIT MARKETS**

Three percent of owners reported that all their borrowing needs were not satisfied, unchanged and historically very low. Twenty-nine percent reported all credit needs met (down 5 points) and 55 percent said they were not interested in a loan, up 1 point.

Credit conditions are about as favorable as they have ever been in the 46-year survey history. The percent of owners reporting paying a higher rate on their most recent loan was 10 percent, down 2 points. Twenty-eight percent of all owners reported borrowing on a regular basis (down 3 points). The average rate paid on short maturity loans fell 100 basis points to 6.8 percent. Overall, credit markets have been very supportive of growth and will not likely become an impediment this year, even if lending rates do rise.

## **INFLATION**

The net percent of owners raising average selling prices rose 7 points to a net 17 percent, seasonally adjusted. Seasonally adjusted, a net 23 percent plan price hikes (up 3 points). While 8 percent reported cutting selling prices, only 1 percent plan to do so, suggesting that most price cutting is an unanticipated, unplanned response to market conditions, a healthy process. The Federal Reserve will like the June actual and planned price changes, indicating a pick-up in inflation. The rest of us, not so much.

# COMMENTARY

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The Federal Reserve Bank of the United States has now taken center stage in the financial news. We are told that the market wants an interest rate cut and that we need one to inoculate the economy against a recession. We “know” this because the market has now bet zillions of dollars on lower rates which puts downward pressure on actual rates. Confirming the “who” that wants lower rates, when Fed Chairman Powell hinted at entertaining lower rates at his Chicago Listening Tour event, the S&P500 rose 500 points. Wall Street investors cheered!

But the stock market is not Main Street where roughly 30 million firms of various sizes drive the real economy. About six million of those firms are employer firms, and all but about 20,000 of them have fewer than 500 employees and most are not publicly traded business entities. Main Street is strong. While the Index faded a bit in June, it is still one of the strongest readings in the survey’s history. There was some deterioration in areas, but not with interest rates or credit conditions. June brought back a high level of uncertainty, a decline in capital spending, higher prices due to compensation pressures and tariffs, and softening of sales expectations.

Interest rates paid by Main Street firms for loans remain historically low, a record low percent of owners report that their credit needs weren’t met (3 percent, see preceding section) and just as few (4 percent) reported that the loans were harder to get. This is not a credit environment that needs a rate cut.

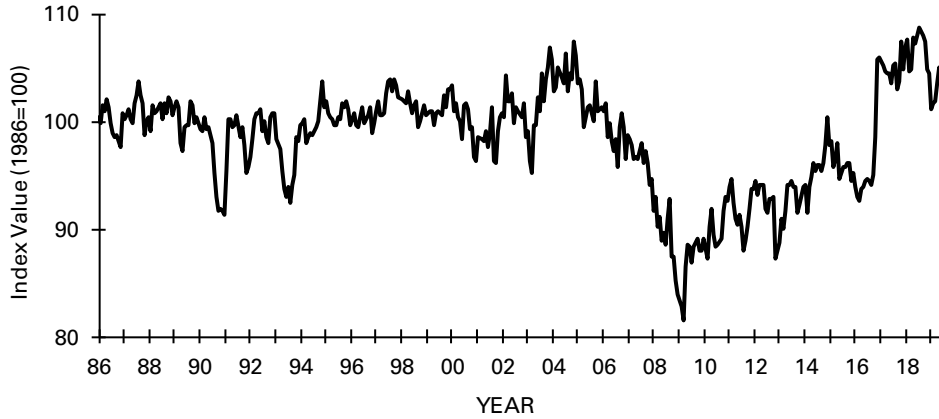
An additional concern is that many supporters of a rate cut (including at the Fed) argue that the cut is needed in order to create more inflation to meet the Fed’s arbitrary 2 percent target. Their argument is that lower rates will stimulate more spending and create the inflation they need to meet their target. This is a disconcerting argument because low rates did not stimulate significant spending up through 2016, but they did deprive savers of trillions of dollars in interest income. Meantime, firms of all sizes report that they cannot find employees needed to produce more stuff and the unemployment rates is near record low levels, a condition of “full employment.” It is strange to see the central bank that is committed to “stable prices” in its charter working so hard to create inflation.

If growth slows, that is not bad in a fully employed economy that can’t find enough workers to fill open job positions. The labor supply has become a constraint on growth, especially in industries like construction and transportation. The economy is at “full employment” and that can be sustained with growth rates under 3 percent.

# OVERVIEW - SMALL BUSINESS OPTIMISM

## OPTIMISM INDEX

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



## OPTIMISM INDEX

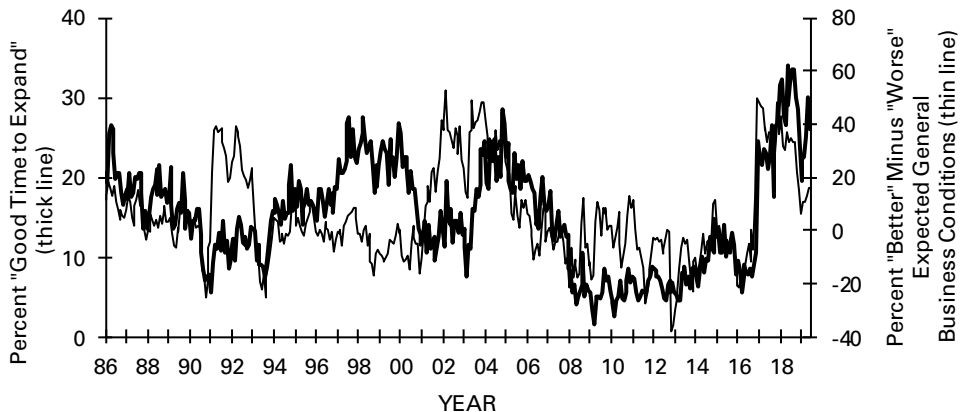
Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)

|             | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>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 | 107.9 | 107.4 | 104.8 | 104.4 |
| <b>2019</b> | 101.2 | 101.7 | 101.8 | 103.5 | 105.0 | 103.3 |       |       |       |       |       |       |

## SMALL BUSINESS OUTLOOK

### OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January 1986 to June 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  | 22  | 23  | 25  | 30  | 24  |     |     |     |     |     |     |

### MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
June 2019

| Reason                | Good Time | Not Good Time | Uncertain |
|-----------------------|-----------|---------------|-----------|
| Economic Conditions   | 18        | 8             | 8         |
| Sales Prospects       | 2         | 4             | 4         |
| Fin. & Interest Rates | 1         | 1             | 2         |
| Cost of Expansion     | 0         | 5             | 8         |
| Political Climate     | 2         | 7             | 15        |
| Other/Not Available   | 2         | 4             | 7         |

### OUTLOOK FOR GENERAL BUSINESS CONDITIONS

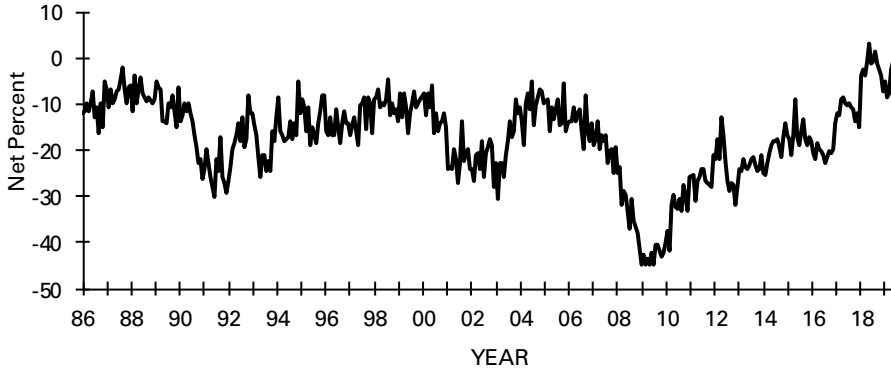
Net Percent ("Better" Minus "Worse") Six Months From Now  
(Seasonally Adjusted)

|      | 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   | 11  | 11  | 13  | 16  | 16  |     |     |     |     |     |     |

# SMALL BUSINESS EARNINGS

## EARNINGS

Actual Last Three Months  
January 1986 to June 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  | -9  | -8  | -3  | -1  | -7  |     |     |     |     |     |     |

## MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
June 2019

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

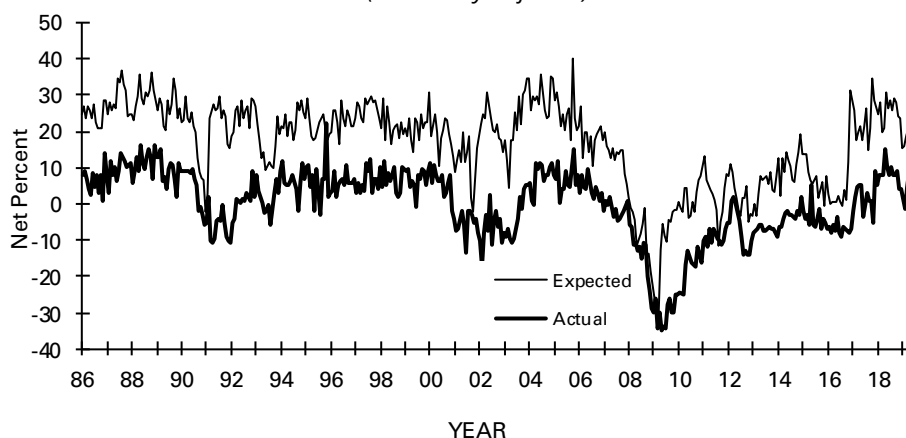
\* Increased costs include labor, materials, finance, taxes, and regulatory costs.



# SMALL BUSINESS SALES

## SALES

Actual (Prior Three Months) and Expected (Next Three Months)  
 January 1986 to June 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   | -1  | 5   | 9   | 9   | 7   |     |     |     |     |     |     |

## SALES EXPECTATIONS

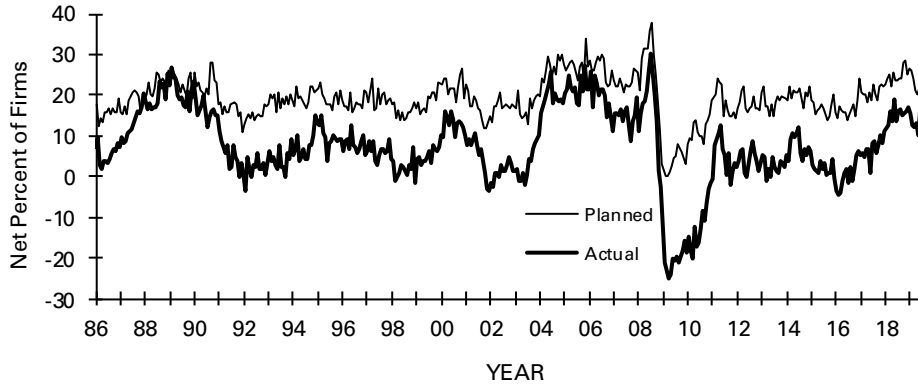
Net Percent ("Higher" Minus "Lower") During Next Three Months  
 (Seasonally Adjusted)

|      | 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  | 16  | 19  | 21  | 23  | 17  |     |     |     |     |     |     |

# SMALL BUSINESS PRICES

## PRICES

Actual Last Three Months and Planned Next Three Months  
 January 1986 to June 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  | 13  | 12  | 13  | 10  | 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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 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  | 26  | 24  | 21  | 20  | 23  |     |     |     |     |     |     |

# 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   | 2   | 4   | 5   | -1  | 2   | 2   | -1  | 3   | 2   | 3   |
| 2018 | 4   | 4   | 4   | 7   | 7   | 3   | 6   | 5   | 1   | 5   | 5   | 5   |
| 2019 | 7   | 9   | 12  | 7   | 9   | 5   |     |     |     |     |     |     |

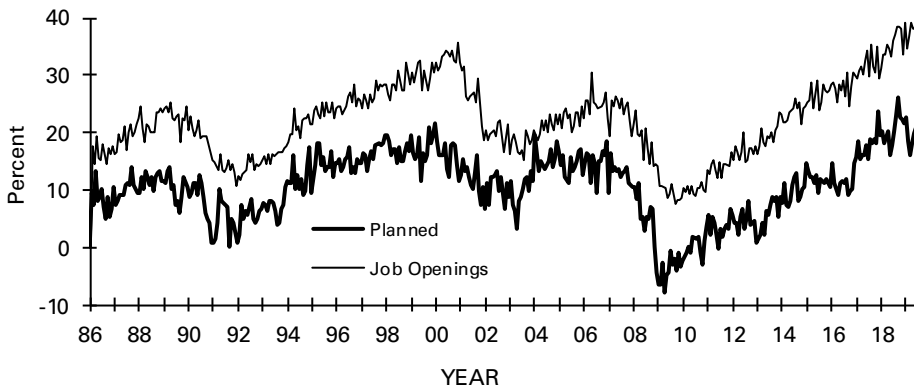
## QUALIFIED APPLICANTS FOR JOB OPENINGS

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  | 52  | 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  | 49  | 54  | 49  | 54  | 50  |     |     |     |     |     |     |

## EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January 1986 to June 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  | 37  | 39  | 38  | 38  | 36  |     |     |     |     |     |     |

### HIRING PLANS

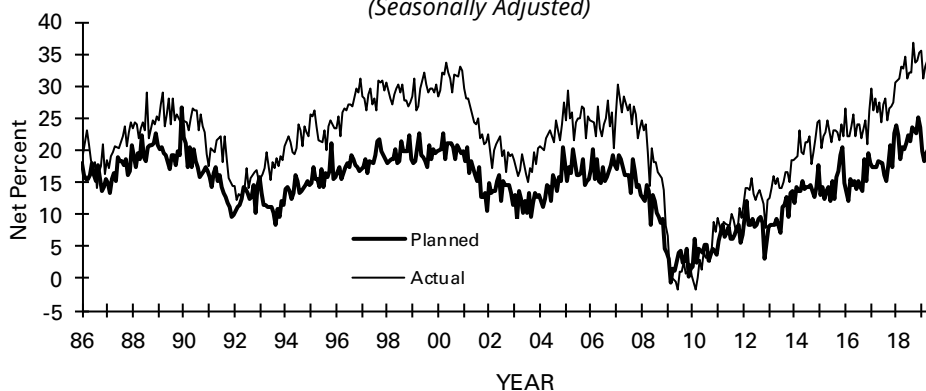
Net Percent ("Increase" Minus "Decrease") in the Next Three Months  
(Seasonally Adjusted)

|      | 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  | 16  | 18  | 20  | 21  | 20  |     |     |     |     |     |     |

## SMALL BUSINESS COMPENSATION

### COMPENSATION

Actual Last Three Months and Planned Next Three Months  
January 1986 to June 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  | 31  | 33  | 34  | 34  | 28  |     |     |     |     |     |     |

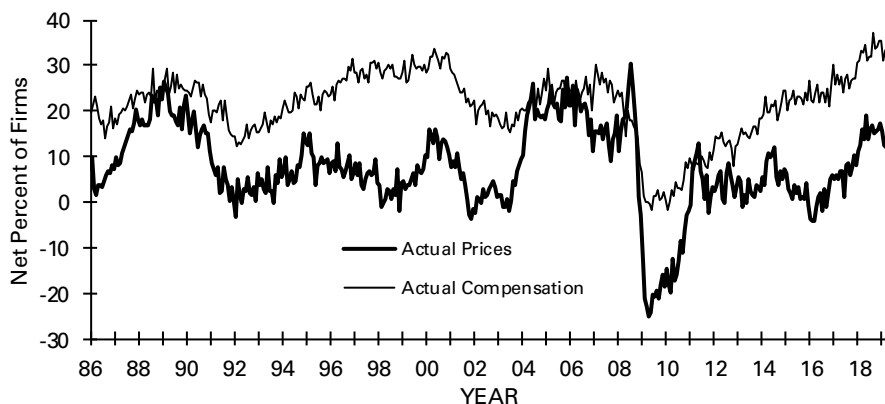
### COMPENSATION PLANS

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  | 18  | 20  | 20  | 24  | 21  |     |     |     |     |     |     |

### PRICES AND LABOR COMPENSATION

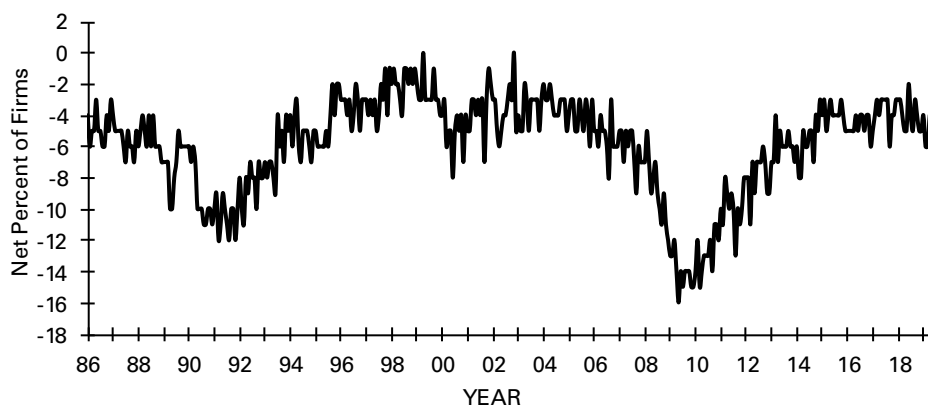
Net Percent Price Increase and Net Percent Compensation  
(Seasonally Adjusted)



# SMALL BUSINESS CREDIT CONDITIONS

## CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
January 1986 to June 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  | 33  | 34  | 31  | 31  | 26  |     |     |     |     |     |     |

## 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  | -6  | -6  | -4  | -4  | -2  |     |     |     |     |     |     |

# 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 | 34/3 | 33/3 | 32/4 | 34/3 | 29/3 |      |      |      |      |      |      |

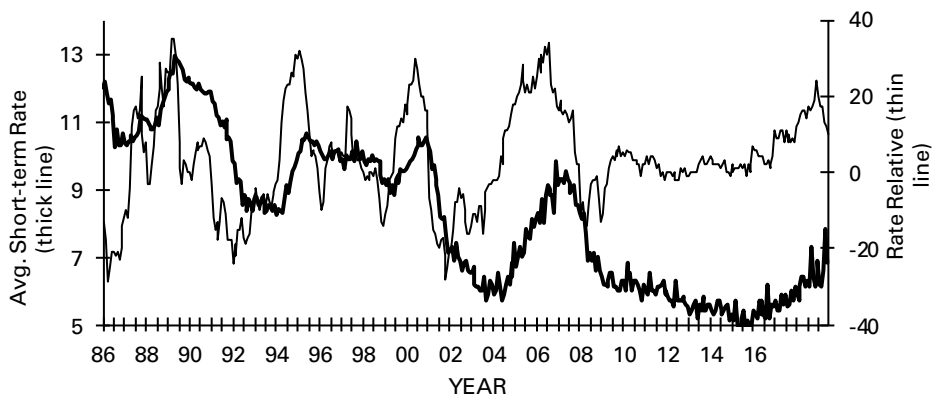
## EXPECTED CREDIT CONDITIONS

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  | -5  | -7  | -4  | -5  | -3  |     |     |     |     |     |     |

## INTEREST RATES

Relative Rates and Actual Rates Last Three Months  
January 1986 to June 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  | 17  | 17  | 13  | 12  | 10  |     |     |     |     |     |     |

*Borrowing at Least Once Every Three Months.*

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

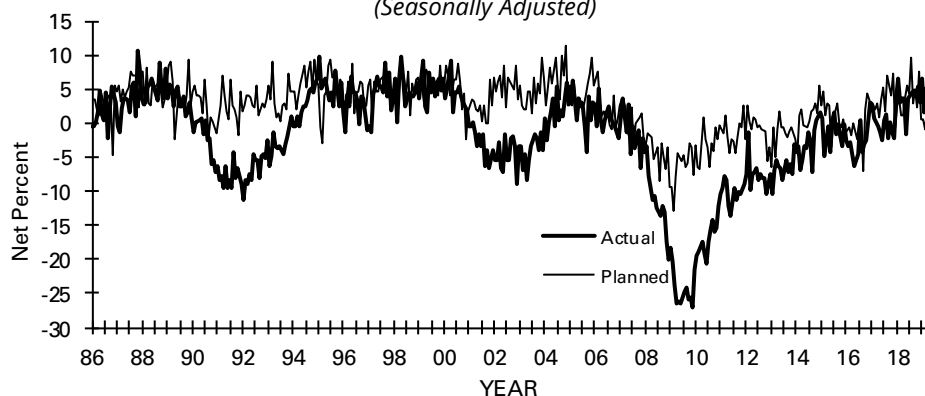
Average Interest Rate Paid

|      | 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 | 6.2 | 6.1 | 6.6 | 7.8 | 6.8 |     |     |     |     |     |     |

## SMALL BUSINESS INVENTORIES

### INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)  
January 1986 to June 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   | 2   | 5   | 2   | 2   | 0   |     |     |     |     |     |     |

### INVENTORY SATISFACTION

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

|      | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 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  | -2  | -6  | -4  | -4  | 0   |     |     |     |     |     |     |

### INVENTORY PLANS

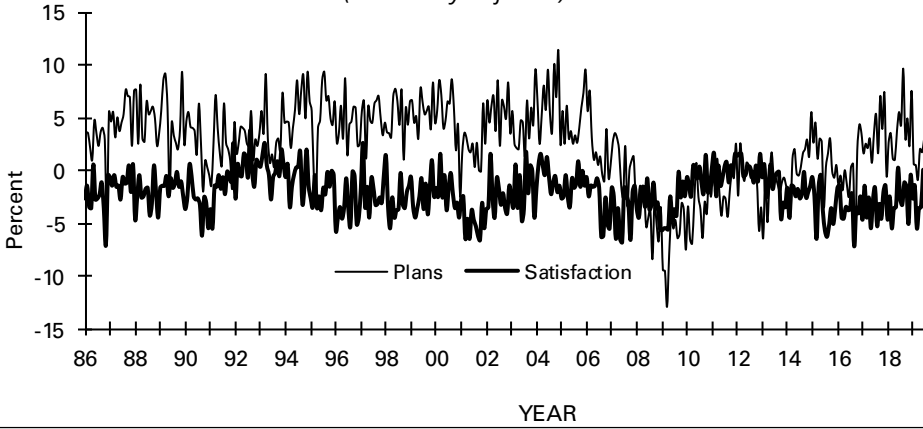
Net Percent ("Increase" Minus "Decrease") in the Next Three to Six Months  
(Seasonally Adjusted)

|      | 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   | 1   | -1  | 2   | 2   | 3   |     |     |     |     |     |     |

# SMALL BUSINESS CAPITAL OUTLAYS

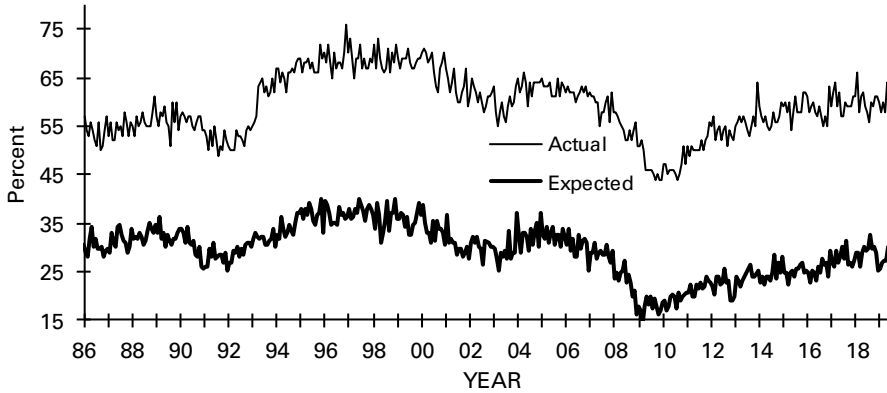
## INVENTORY SATISFACTION AND INVENTORY PLANS

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



## CAPITAL EXPENDITURES

Actual Last Six Months and Planned Next Three Months  
 January 1986 to June 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  | 58  | 60  | 58  | 64  | 54  |     |     |     |     |     |     |

## 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      | 26           | 21            |
| Equipment              | 40      | 44           | 40            |
| Furniture or Fixtures  | 12      | 12           | 11            |
| Add. Bldgs. or Land    | 5       | 5            | 4             |
| Improved Bldgs. or Lan | 12      | 14           | 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       | 3            | 2             |
| \$1,000 to \$4,999   | 7       | 8            | 9             |
| \$5,000 to \$9,999   | 6       | 5            | 6             |
| \$10,000 to \$49,999 | 18      | 17           | 21            |
| \$50,000 to \$99,999 | 10      | 13           | 8             |
| \$100,000 +          | 10      | 13           | 10            |
| No Answer            | 1       | 0            | 1             |

### CAPITAL EXPENDITURE PLANS

Percent Planning a Capital Expenditure During Next Three to Six Months  
(Seasonally Adjusted)

|      | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 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  | 27  | 27  | 27  | 30  | 26  |     |     |     |     |     |     |

# SINGLE MOST IMPORTANT PROBLEM

## SINGLE MOST IMPORTANT PROBLEM

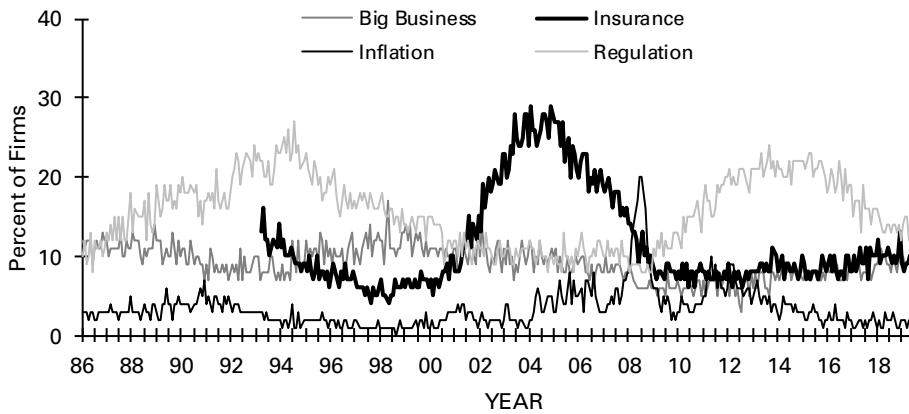
June 2019

| Problem                  | Current | One Year Ago | Survey High | Survey Low |
|--------------------------|---------|--------------|-------------|------------|
| Taxes                    | 18      | 16           | 32          | 8          |
| Inflation                | 2       | 28           | 41          | 0          |
| Poor Sales               | 7       | 2            | 34          | 2          |
| Fin. & Interest Rates    | 2       | 7            | 37          | 1          |
| Cost of Labor            | 10      | 7            | 10          | 2          |
| Govt. Regs. & Red Tape   | 13      | 14           | 27          | 4          |
| Comp. From Large Bus.    | 9       | 9            | 14          | 4          |
| Quality of Labor         | 21      | 21           | 25          | 3          |
| Cost/Avail. of Insurance | 10      | 11           | 29          | 4          |
| Other                    | 8       | 10           | 31          | 1          |

## SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation

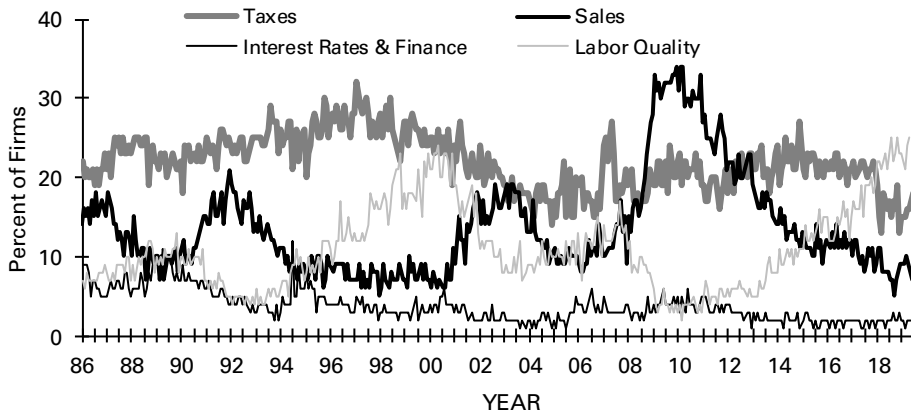
January 1986 to May 2019



## SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality

January 1986 to May 2019



## SURVEY PROFILE

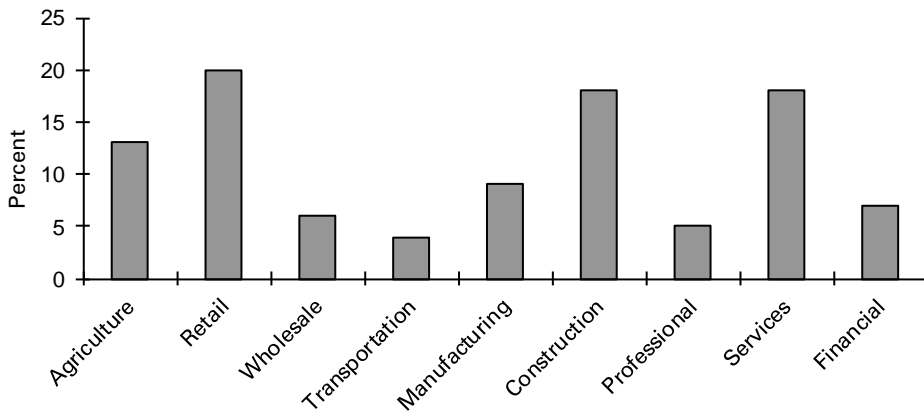
### OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

|             | Jan  | Feb | Mar | Apr  | May | Jun | Jul  | Aug | Sep | Oct  | Nov | Dec |
|-------------|------|-----|-----|------|-----|-----|------|-----|-----|------|-----|-----|
| <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 | 642 | 1743 | 700 | 621 |
| <b>2019</b> | 1740 | 526 | 643 | 1735 | 650 | 606 |      |     |     |      |     |     |

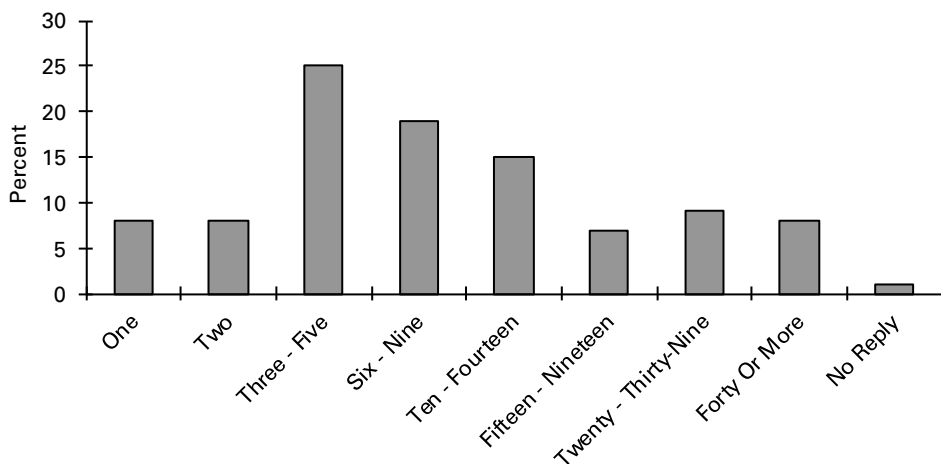
### NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

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| 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             |

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| 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             |