



NFIB SMALL BUSINESS ECONOMIC TRENDS

William C. Dunkelberg
Holly Wade

October 2018

SMALL BUSINESS OPTIMISM INDEX COMPONENTS

Index Component	Seasonally Adjusted Level	Change from Last Month	Contribution to Index Change
Plans to Increase Employment	22%	-1	*%
Plans to Make Capital Outlays	30%	0	*%
Plans to Increase Inventories	5%	2	*%
Expect Economy to Improve	33%	0	*%
Expect Real Sales Higher	28%	-1	*%
Current Inventory	-2%	-1	*%
Current Job Openings	38%	0	*%
Expected Credit Conditions	-5%	0	*%
Now a Good Time to Expand	30%	-3	*%
Earnings Trends	-3%	-2	*%
Total Change		-6	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.

IN THIS ISSUE

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

SUMMARY

OPTIMISM INDEX

Small business owners delivered another near record month of economic indicators and Optimism in October. The Optimism Index shed a modest 0.5 points, with slight declines in five components, no change in four of them, and one increase, landing at 107.4. The “hard” components collectively fell 1 point while the “soft” components fell 5 points. Overall, small businesses continue to support the 3 percent-plus growth of the economy and add significant numbers of new workers to the employment pool. The percent of owners with one or more unfilled openings is at a 45 year record high level. Employment is growing faster than the population (210,000 per month this year to date), so the gains in jobs are being “fueled” in part by increased labor force participation. Consumer optimism is also running at near-record levels, supported by rising wages and plentiful job openings.

LABOR MARKETS

Job creation was solid in October at a net addition of 0.15 workers per firm (including those making no change in employment), unchanged from September. Sixteen percent (up 3 points) reported increasing employment an average of 3.3 workers per firm and 11 percent (unchanged) reported reducing employment an average of 2.9 workers per firm (seasonally adjusted). Sixty percent reported hiring or trying to hire (down 1 point), but 53 percent (88 percent of those hiring or trying to hire) reported few or no qualified applicants for the positions they were trying to fill (unchanged). Twenty-three percent of owners cited the difficulty of finding qualified workers as their Single Most Important Business Problem (up 1 point), 2 points below the record high reached in August. Thirty-eight percent of all owners reported job openings they could not fill in the current period, equal to last month’s record high. Fourteen percent reported using temporary workers (unchanged). A seasonally adjusted net 22 percent plan to create new jobs, down 1 point from September. October’s reading is 4 points below August’s record high but exceptionally strong historically. However, with labor markets tight for both skilled and unskilled workers, it will be difficult to fulfill those plans. Thirty-four percent have openings for skilled workers and 16 percent have openings for unskilled labor.

CAPITAL SPENDING

Fifty-nine percent reported capital outlays, down 1 point from September. Of those making expenditures, 43 percent reported spending on new equipment (up 2 points), 26 percent acquired vehicles (unchanged), and 18 percent improved or expanded facilities (up 2 points). Six percent acquired new buildings or land for expansion (down 1 point) and 14 percent spent money for new fixtures and furniture (up 1 point). Thirty percent plan capital outlays in the next few months, unchanged, and among the few readings of 30 percent achieved since 2007, all in 2017 and 2018. Continued strong growth is using up capacity and owners need to replace and expand their capacity to meet the demand for their products and services.

This survey was conducted in October 2018. A sample of 10,000 small-business owners/members was drawn. One thousand seven hundred and forty-three (1,743) 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, unchanged from September. Over 30 percent of the owners in construction, manufacturing, retail, and the wholesale trades reported sales volumes gains. The net percent of owners expecting higher real sales volumes fell 1 point to a net 28 percent of owners, a very strong reading.

The net percent of owners reporting inventory increases fell 1 point to a net 4 percent (seasonally adjusted). Inventory investment has made a significant contribution to GDP growth in recent quarters, but customers continue to deplete stocks with strong spending. The net percent of owners viewing current inventory stocks as “too low” fell 1 point to a net negative 2 percent, historically a very “tight” condition. As a result, the net percent of owners planning to invest in more inventory rose 2 points to a net 5 percent, the 21st positive month since January 2017, a remarkable run.

INFLATION

The net percent of owners raising average selling prices rose 1 point to a net 16 percent seasonally adjusted. Twenty-nine percent of the construction firms reported raising prices (4 percent reduced) while 36 percent of the firms in agriculture report lower average prices (16 percent raised). Seasonally adjusted, a net 28 percent plan price hikes (a 4 point jump). With reports of increased compensation running at record levels, there is more pressure to pass these costs on in higher selling prices. If the pace of price hikes (inflation) picks up, the Federal Reserve will find even more reason to hike rates in December.

COMPENSATION AND EARNINGS

In a string of strong compensation reading, reports of higher worker compensation fell 3 points from its record high to a net 34 percent of all firms. Plans to raise compensation fell 1 point to a net 23 percent. Compensation gains posted by small business owners are showing up in the government statistics on wage and compensation gains, which posted solid improvements. The frequency of reports of positive profit trends fell 2 points to a net negative 3 percent reporting quarter on quarter profit improvements, historically very high and continuing a streak of historically very favorable profit reports. For those reporting higher profits, 58 percent credited sales volumes, compared to 32 percent blaming sales for their profit declines. Six percent credited higher selling prices for profit gains, 10 percent of those reporting lower profits blamed weaker pricing power.

CREDIT MARKETS

Three percent of owners reported that all their borrowing needs were not satisfied, unchanged. Thirty percent reported all credit needs met (up 3 points) and 52 percent said they were not interested in a loan, down 1 point. Two percent reported that financing was their top business problem (down 1 point) compared to 23 percent the availability of qualified labor. Four percent (up 1 point) reported loans “harder to get”, historically very low. Thirty-two percent of all owners reported borrowing on a regular basis (up 3 points). The average rate paid on short maturity loans fell 90 basis points to 6.4 percent. Overall, credit markets have been very supportive of growth and will not likely become an impediment for the next few quarters.

COMMENTARY

The U.S. regained the top spot in the World Economic Forum's ranking of the most competitive country (out of 140), after losing that position with the advent of the regulatory onslaught of the previous Administration. Government agencies undertook rulemaking to replace legislation that could not pass in Congress. The courts ultimately imposed the ACA on small business. All this has changed as the federal government's grip on the private sector has been, and continues to be, significantly reduced.

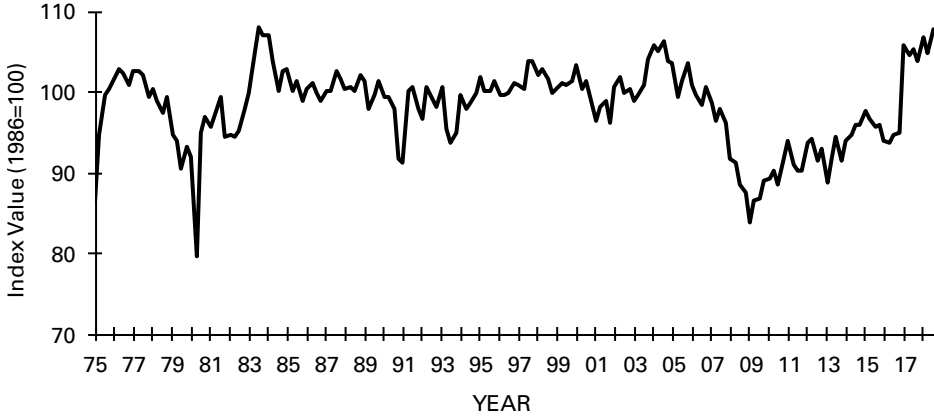
The employment picture is exceptionally good as small businesses hire or try to hire at record rates. Job gains have averaged 210,000 a month this year. Both hours worked and hourly wages rose in October, a good boost to incomes. The unemployment rate for individuals with less than a high school education is a shade over 5 percent, compared to a long term average of 9 percent. Earnings for this group are also growing faster than for those with higher educational attainment. Advanced degrees seeing the slowest growth. Owners report raising compensation at record rates, and this is apparently working, as the participation rate for prime working age individuals is rising in response to better pay and more widespread job availability. An unburdened small business sector is great for employment and the general economy.

Bottom line, the October report sets the stage for solid growth in the economy and in employment in the fourth quarter, while inflation and interest rates remain historically tame. Small businesses are moving the economy forward.

OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

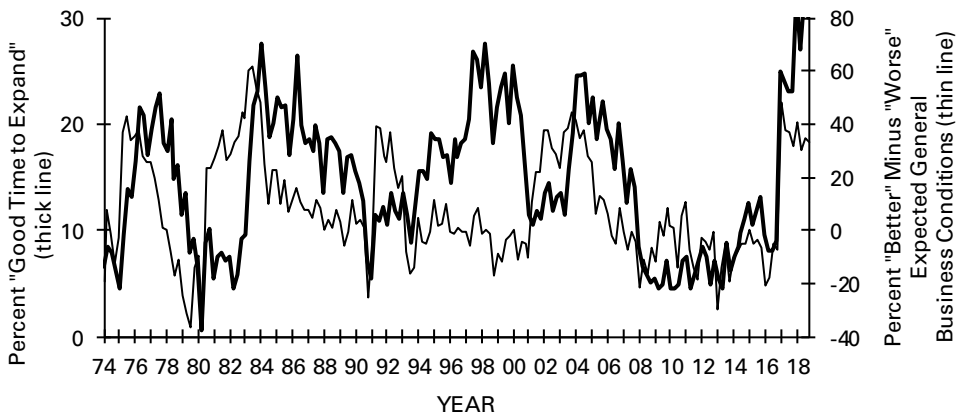
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

	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	108.8	107.9	107.4		

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January Quarter 1974 to October 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	34	33	30		

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
October 2018

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	20	7	7
Sales Prospects	4	5	5
Fin. & Interest Rates	0	1	2
Cost of Expansion	0	5	9
Political Climate	3	5	11
Other/Not Available	1	5	8

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

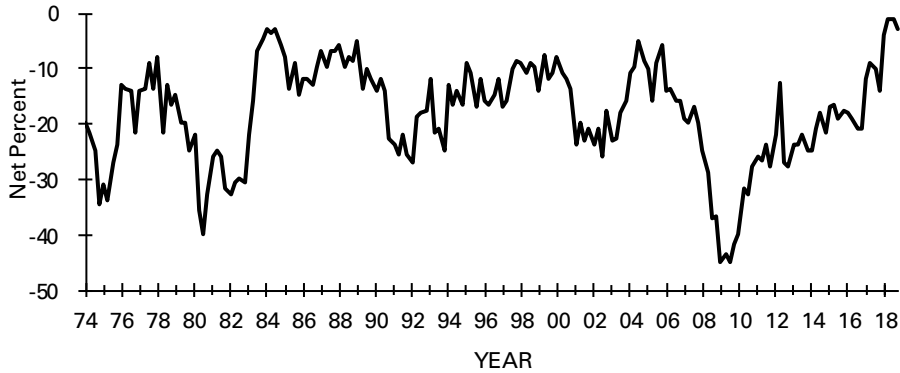
Net Percent ("Better" Minus "Worse") Six Months From Now
(Seasonally Adjusted)

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

SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January Quarter 1974 to October 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	1	-1	-3		

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
October 2018

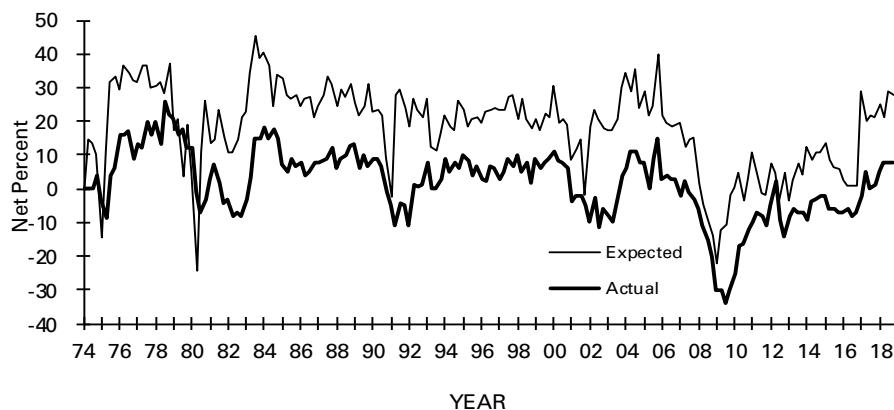
Reason	Current Month	One Year Ago	Two Years Ago
Sales Volume	7	10	14
Increased Costs*	6	9	10
Cut Selling Prices	2	3	3
Usual Seasonal Change	3	4	5
Other	5	3	1

* 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 October 2018 (Seasonally Adjusted)



ACTUAL SALES CHANGES

Net Percent ("Higher" Minus "Lower") Last Three Months
Compared to Prior Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-8	-7	-7	-6	-6	-8	-7	-7	-6	-7	-7	-8
2014	-9	-6	-6	-4	-3	-2	-3	-3	-4	-2	-3	2
2015	-2	-4	-3	-6	5	-6	-6	-4	-1	-7	-4	-5
2016	-7	-6	-8	-6	-8	-4	-8	-9	-6	-7	-8	-7
2017	-2	2	5	5	5	-4	0	3	1	1	-5	9
2018	5	8	8	8	15	10	8	10	8	8		

SALES EXPECTATIONS

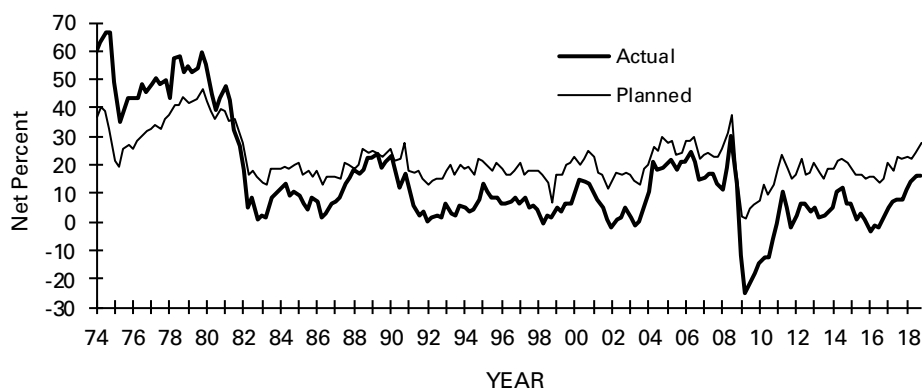
Net Percent ("Higher" Minus "Lower") During Next Three Months
(Seasonally Adjusted)

	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	26	29	28		

SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
January Quarter 1974 to October 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	17	15	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	24	24	28		

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	5	1	5		

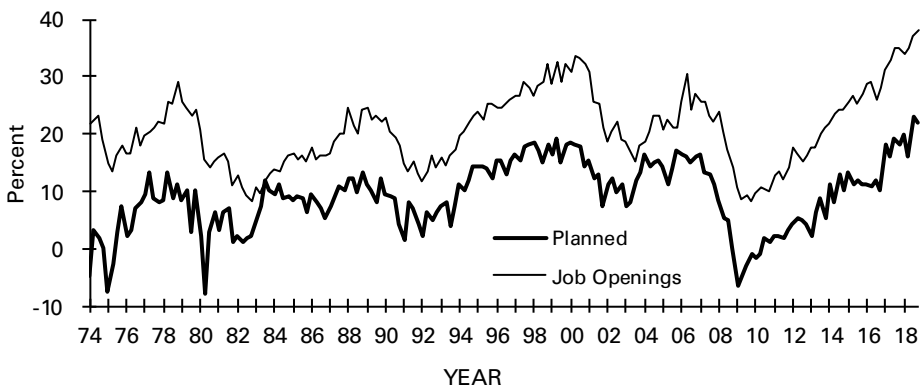
QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	34	34	36	38	38	41	40	42	41	40	44	38
2014	38	40	41	41	46	43	42	46	42	45	45	43
2015	42	47	42	44	47	44	48	48	45	48	47	48
2016	45	42	41	46	48	48	46	48	48	48	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		

EMPLOYMENT

Planned Next Three Months and Current Job Openings
January Quarter 1974 to October 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	38	38	38		

HIRING PLANS

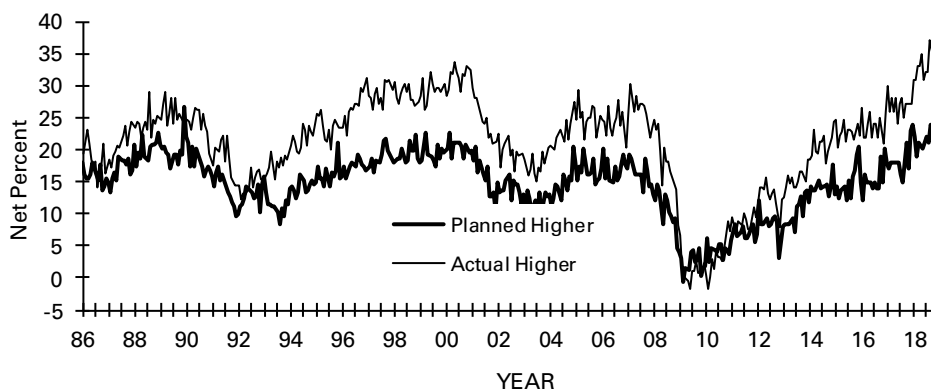
Net Percent ("Increase" Minus "Decrease") in the Next Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	2	4	2	6	6	7	9	8	9	5	9	8
2014	11	7	7	8	11	12	13	8	9	10	11	15
2015	13	12	12	11	13	9	12	11	12	11	11	15
2016	11	10	9	11	12	11	12	9	10	10	15	16
2017	18	15	16	16	18	15	19	18	19	18	24	20
2018	20	18	20	16	18	20	23	26	23	22		

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to October 2018 (Seasonally Adjusted)



SMALL BUSINESS COMPENSATION (CONTINUED)

ACTUAL COMPENSATION CHANGES

Net Percent ("Increase" Minus "Decrease") During Last Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	13	14	16	15	16	14	14	15	17	17	15	18
2014	19	19	23	20	20	21	21	22	18	20	22	24
2015	25	20	22	23	25	21	23	23	23	22	24	22
2016	27	22	22	24	26	22	24	24	22	25	21	26
2017	30	26	28	26	28	24	27	28	25	27	27	27
2018	31	31	33	33	35	31	32	32	37	34		

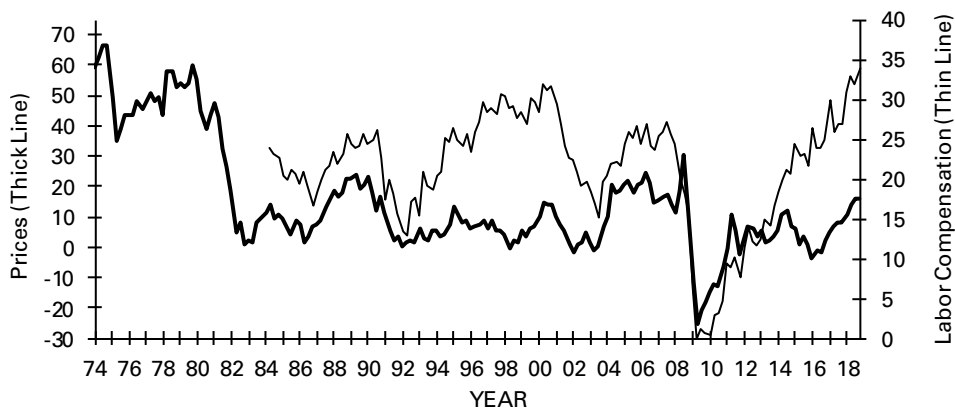
COMPENSATION PLANS

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

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

PRICES AND LABOR COMPENSATION

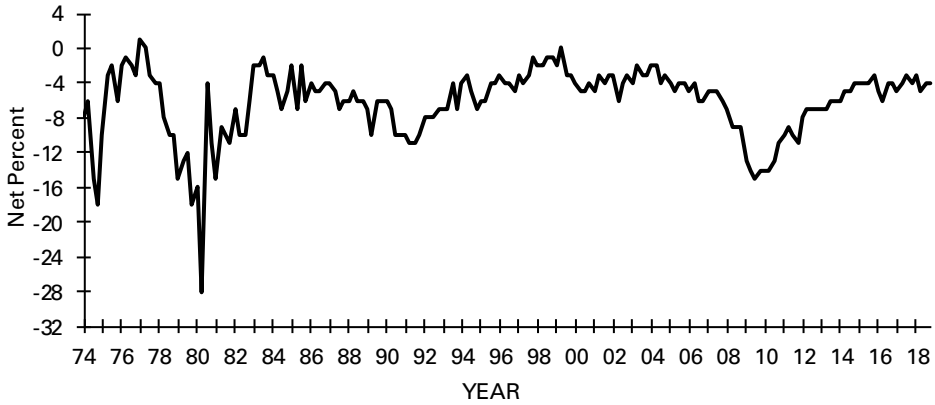
Net Percent Price Increase and Net Percent Compensation Increase
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January Quarter 1974 to October 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	32	29	32		

AVAILABILITY OF LOANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	-7	-7	-4	-7	-5	-6	-6	-6	-5	-6	-6	-7
2014	-6	-8	-8	-5	-6	-6	-5	-5	-7	-4	-5	-3
2015	-4	-3	-5	-4	-3	-4	-4	-4	-4	-3	-4	-5
2016	-5	-5	-5	-5	-4	-5	-4	-4	-5	-4	-4	-6
2017	-5	-4	-3	-4	-3	-3	-3	-3	-6	-4	-4	-3
2018	-3	-3	-4	-5	-5	-2	-4	-5	-3	-4		

SMALL BUSINESS CREDIT CONDITIONS (CONTINUED)

BORROWING NEEDS SATISFIED

Percent of All Businesses Last Three Months Satisfied/
Percent of All Businesses Last Three Months Not Satisfied
(All Borrowers)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	33/3	27/3	30/3		

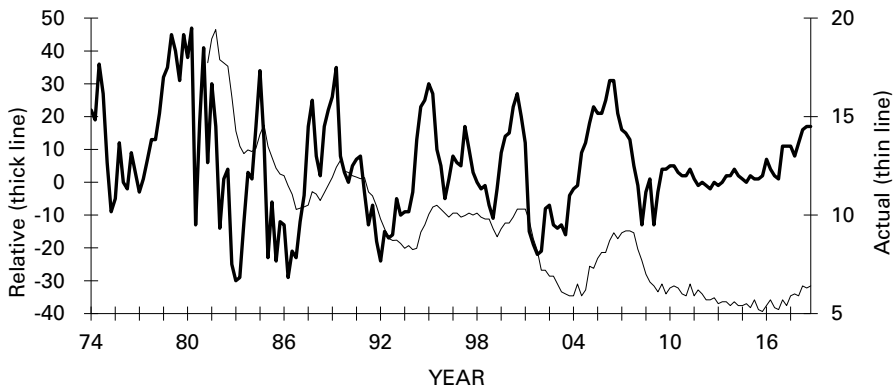
EXPECTED CREDIT CONDITIONS

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	-6	-5	-5		

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January Quarter 1974 to October 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	17	16	17		

*Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

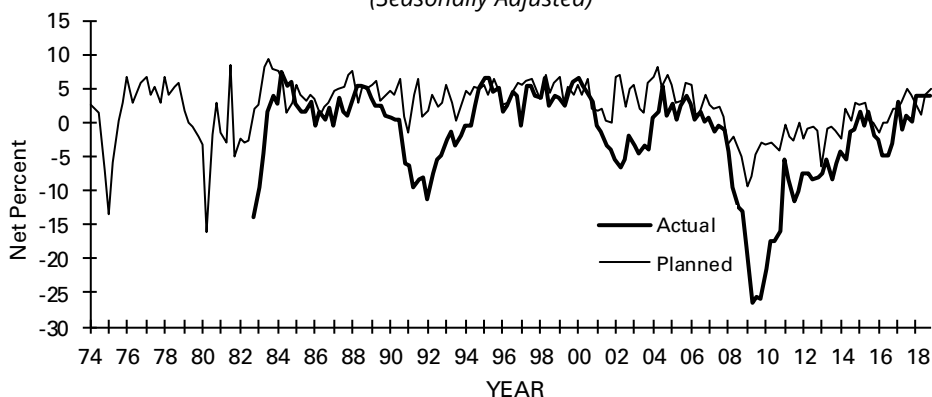
Average Interest Rate Paid

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	5.5	5.3	5.4	5.6	5.7	5.2	5.6	5.4	5.8	5.4	5.4	5.6
2014	5.6	5.4	5.3	5.4	5.7	5.7	5.4	5.3	5.4	5.5	5.6	5.1
2015	5.3	5.1	5.7	5.0	4.8	5.0	5.2	5.4	4.8	5.1	4.7	5.0
2016	5.4	5.3	5.2	5.7	5.3	5.7	5.3	5.2	6.2	5.2	5.6	5.5
2017	5.7	5.4	5.4	5.4	5.9	5.6	5.9	5.5	5.6	6.0	5.7	6.1
2018	5.9	5.7	6.1	6.4	6.4	6.1	6.3	6.1	7.3	6.4		

SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January Quarter 1974 to October 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	4	5	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	-3	-1	-2		

INVENTORY PLANS

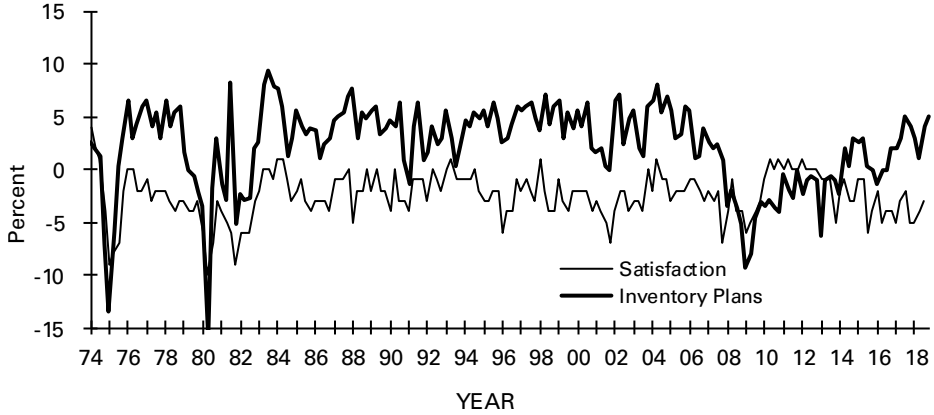
Net Percent ("Increase" Minus "Decrease") in the Next Three to Six Months
(Seasonally Adjusted)

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

SMALL BUSINESS CAPITAL OUTLAYS

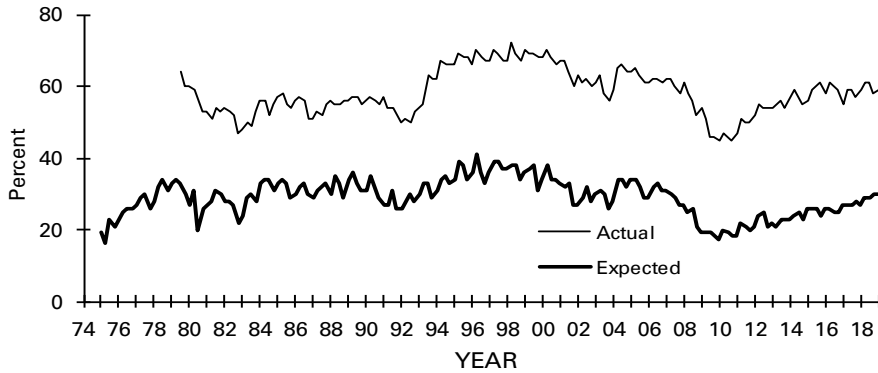
INVENTORY SATISFACTION AND INVENTORY PLANS

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 October 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	56	60	59		

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	24	22
Equipment	43	41	39
Furniture or Fixtures	14	12	13
Add. Bldgs. or Land	6	7	7
Improved Bldgs. or La	18	16	16

AMOUNT OF CAPITAL EXPENDITURES MADE

Percent Distribution of Per Firm Expenditures During the Last Six Months

Amount	Current	One Year Ago	Two Years Ago
\$1 to \$999	3	4	2
\$1,000 to \$4,999	8	8	8
\$5,000 to \$9,999	6	7	6
\$10,000 to \$49,999	18	19	19
\$50,000 to \$99,999	11	9	10
\$100,000 +	13	12	11
No Answer	0	0	1



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	33	30	30		

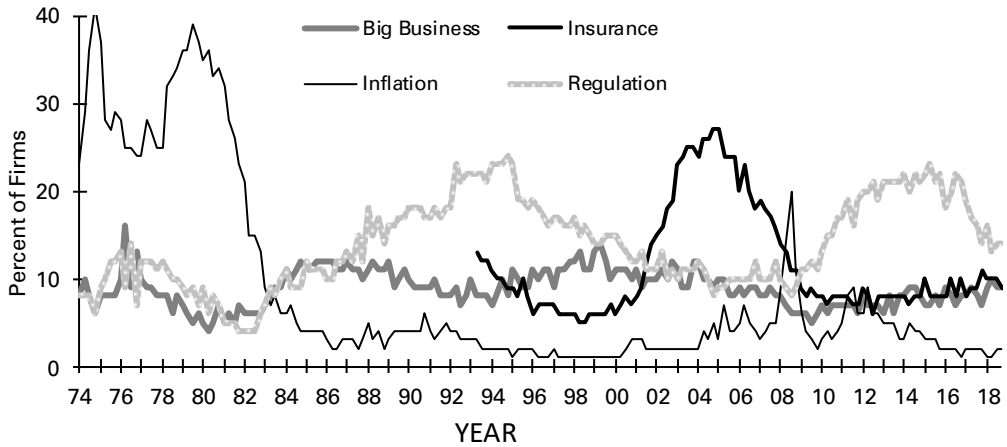
SINGLE MOST IMPORTANT PROBLEM

SINGLE MOST IMPORTANT PROBLEM
October 2018

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	16	21	32	8
Inflation	2	2	41	0
Poor Sales	7	10	33	2
Fin. & Interest Rates	2	2	37	2
Cost of Labor	9	6	9	2
Govt. Reqs. & Red Tape	14	14	27	4
Comp. From Large Bus.	9	7	14	4
Quality of Labor	23	20	23	3
Cost/Avail. of Insurance	9	11	29	4
Other	9	7	31	2

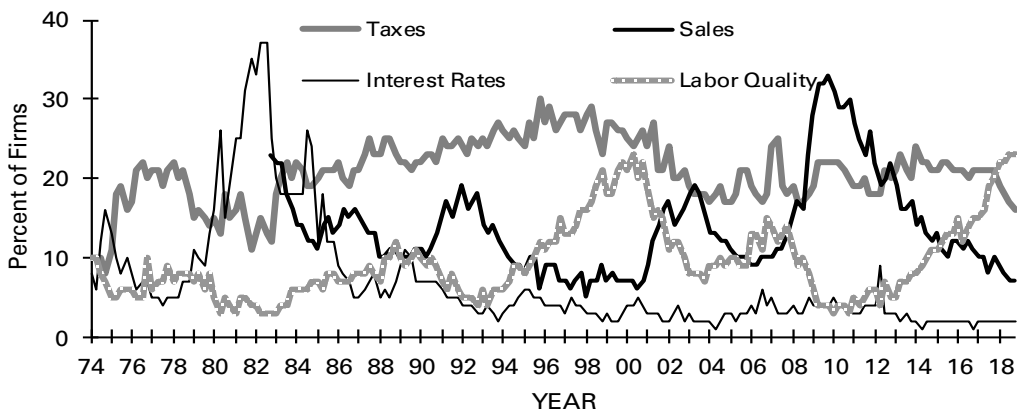
SELECTED SINGLE MOST IMPORTANT PROBLEM

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



SELECTED SINGLE MOST IMPORTANT PROBLEM

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



SURVEY PROFILE

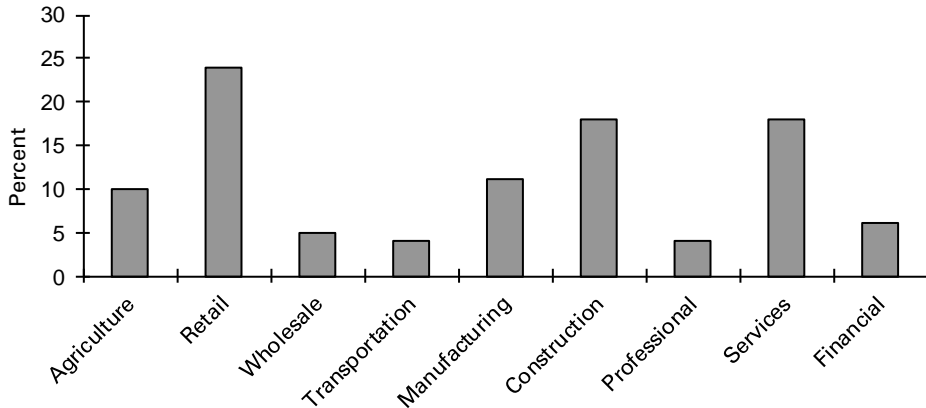
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

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	680	642	1743		

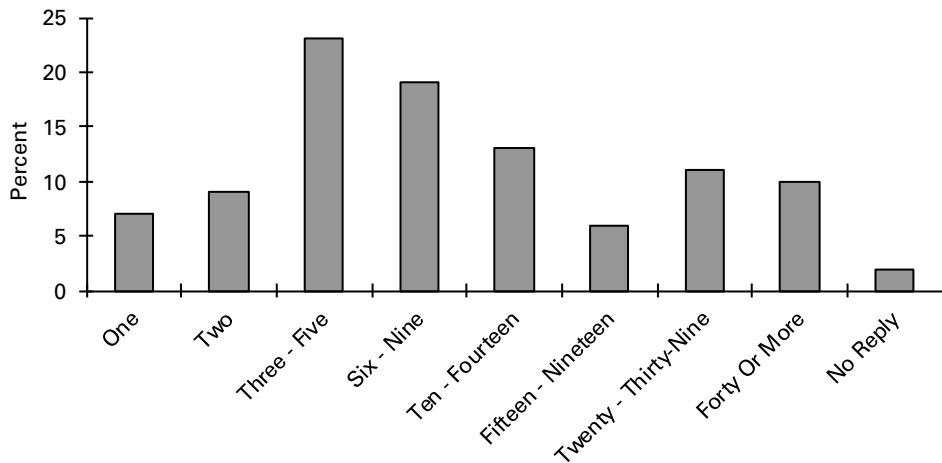
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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