



# NFIB SMALL BUSINESS ECONOMIC TRENDS

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January 2017

Based on a Survey of Small and Independent Business Owners

## SMALL BUSINESS OPTIMISM INDEX COMPONENTS

Index Component	Seasonally Adjusted Level	Change from Last Month	Contribution to Index Change
Plans to Increase Employment	18%	2	*
Plans to Make Capital Outlays	27%	-2	*
Plans to Increase Inventories	2%	-2	*
Expect Economy to Improve	48%	-2	*
Expect Real Sales Higher	29%	-2	*
Current Inventory	-5%	-2	*
Current Job Openings	31%	2	*
Expected Credit Conditions	-3%	3	*
Now a Good Time to Expand	25%	2	*
Earnings Trends	-12%	2	*
Total Change		1	*

(Column 1 is the current reading; column 2 is the change from the prior month; column 3 the percent of the total change accounted for by each component; \* is under 1 percent and not a meaningful calculation)

# ECONOMIC TRENDS

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*NFIB Research Foundation 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 Foundation. 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 Foundation. © NFIB Research Foundation. 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

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## **OPTIMISM INDEX**

The Index of Small Business Optimism rose 0.1 points to 105.9, the highest reading since December 2004, sustaining the remarkable surge in optimism that started post-election. Five of the 10 Index components posted a gain and 5 declined, but all by just a few points. After the stunning increases seen after the election, all of the Index components held near their record high levels. Job openings and job creation plans both posted small gains, confirmed by a huge increase in the net number of jobs added by the average firm, a gain subsequently confirmed by the BLS in its February jobs report. As “good feelings” are translated into actual hiring and spending, GDP growth should see an uptick. The inflation outlook remained stable, there was no surge in reports of higher selling prices.

## **PRE AND POST-ELECTION RESULTS**

Whether or not due to Trump’s election, the positive prospects of a change in the management team in Washington D.C., or both, small-business owners continued to be very optimistic about the economy since the election. The stunning improvements in the Index components that occurred after post-election were improved in December and confirmed in January. As these very positive expectations transition into spending and hiring plans, and then into actual reports of more spending and hiring, economic growth will begin to outperform 2016. Although the post-election surge in optimism looks much like the surge in 1983 which was followed by seven years of GDP growth averaging 4.5 percent, a similar growth surge is not likely this time around because of major differences in excess capacity available to absorb growing demand. Eight years of sub-par growth did reduce the buildup of excess capacity compared to 1983 when the economy was just emerging from the last recession that produced 10 percent unemployment rates. Economic policies in 1983 were more attuned to capitalizing on the excess capacity than the policies in place in 2009.

## **LABOR MARKETS**

Post-election optimism appears to be translating into job creation with the seasonally adjusted average employment change per firm posting a gain of 0.15 workers per firm, the best reading since September 2015 and historically, a strong showing. Thirteen percent (unchanged) reported increasing employment an average of 2.8 workers per firm and 10 percent (up 1 point) reported reducing employment an average of 3.9 workers per firm (seasonally adjusted). Fifty-three percent reported hiring or trying to hire (up 2 points), but 47 percent reported few or no qualified applicants for the positions they were trying to fill. Fifteen percent of owners cited the difficulty of finding qualified workers as their Single Most Important Business Problem (up 3 points).

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This survey was conducted in January 2017. A sample of 10,000 small-business owners/members was drawn. One thousand eight hundred and seventy-four (1, 874) usable responses were received – a response rate of 19 percent.



# SUMMARY

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## LABOR MARKETS (CONT.)

Thirty-one percent of all owners reported job openings they could not fill in the current period, up 2 points, the highest reading in this recovery. This indicates rising demand for labor and a tightening labor market. Thirteen percent reported using temporary workers, up 2 points. A seasonally adjusted net 18 percent plan to create new jobs, up 2 points and the strongest reading since November 2006.

## CAPITAL SPENDING

Fifty-nine percent reported capital outlays, down 4 points from December. Reports of expenditures tend to rise late in the year reflecting tax driven outlays (expensing), but this is a solid number even if weak compared to other expansions. Of those making expenditures, 42 percent reported spending on new equipment (down 4 points after a 10 point increase in December), 28 percent acquired vehicles (up 5 points), and 16 percent improved or expanded facilities (down 1 point). Six percent acquired new buildings or land for expansion (unchanged) and 13 percent spent money for new fixtures and furniture (unchanged). Overall, a decent report on spending.

The percent of owners planning capital outlays in the next 3 to 6 months fell 2 points to 27 percent, just below the highest reading in the recovery. Seasonally adjusted, the net percent expecting better business conditions fell 2 percentage points to a net 48 percent, still exceptionally optimistic. The seasonally adjusted net percent expecting higher real sales lost 2 points to 29 percent of all owners, but also a very strong reading. This is a positive environment to support conversion of these capital spending plans into real outlays.

## SALES

The net percent of all owners (seasonally adjusted) reporting higher nominal sales in the past three months compared to the prior three months improved 5 percentage points to a net negative 2 percent. This is the best reading since September 2015, and the third best reading since December 2014, but historically still weak. Consumer optimism soared after the election but this has yet to be translated into the positive sales report trends that typify an expansion period. Seasonally adjusted, the net percent of owners expecting higher real sales volumes fell 2 points to a net 29 percent of owners, this after a 20 point rise in December. This leaves expectations at a very positive level but not yet confirmed by actual improvements in sales trends.

## INVENTORIES

The net percent of owners reporting inventory increases was unchanged at a net 3 percent (seasonally adjusted), a rather strong report, as long as those inventories are built to meet rising consumer demand and not a result of weakening sales.



# SUMMARY

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## **INVENTORIES (CONT.)**

The net percent of owners viewing current inventory stocks as “too low” deteriorated 2 points to a net negative 5 percent, still more owners are feeling stocks are too high than too low. The surge in expected sales gains should make some of these “excess stocks” look better. The net percent of owners planning to add to inventory fell 2 points to a net 2 percent, positive, but not historically strong. Consumer spending will have to match the increase in consumer optimism to trigger more inventory investment.

## **INFLATION**

The net percent of owners raising average selling prices was a net 5 percent (down 1 point). Eleven percent of owners reported reducing their average selling prices in the past three months (unchanged), and 15 percent reported price increases (up 2 points). The frequency of reported price hikes has ticked up since November, but not enough to produce a lot of inflation. Seasonally adjusted, a net 21 percent plan price hikes (down 3 points). National price indices are creeping up but show no tendency to surge ahead. Some markets in which demand is pressing against supply are experiencing more rapid price increases including home prices and rents in many areas.

## **CREDIT MARKETS**

Four percent of owners reported that all their borrowing needs were not satisfied, unchanged over the past few months. Thirty-one percent reported all credit needs met (up 2 points), and 52 percent explicitly said they did not want a loan. However, including those who did not answer the question, uninterested in borrowing, 65 percent of owners have no interest in borrowing. Record numbers of firms remain on the “credit sidelines”, seeing no good reason to borrow yet, in spite of the surge in optimism. As optimism is translated into spending plans, borrowing activity should pick up. Only 2 percent reported that financing was their top business problem compared to 21 percent citing taxes, 19 percent citing regulations and red tape, and 15 percent the availability of qualified labor. Weak sales garnered 10 percent of the vote.

Thirty percent of all owners reported borrowing on a regular basis (unchanged). The average rate paid on short maturity loans rose 20 basis points to 5.7 percent. Overall, loan demand remains historically weak, even with cheap money. If the positive expectations for real sales and business conditions are translated into actual spending on capital equipment, expansion and inventory investment, borrowing activity should pick up. The net percent of owners expecting credit conditions to ease in the coming months improved 3 points to a negative 3 percent. The Federal Reserve is expected to raise their rates several times this year, but that will still leave money costs historically low. As owners’ confidence in the economy and economic policies rises, they will be increasingly likely to convert their optimism into actual borrowing to support spending.



# COMMENTARY

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Although many economists claim that President Trump is inheriting a “strong economy”, government statistics beg to differ. GDP grew only 1.9 percent in the fourth quarter of 2016 and an average of 1.6 percent for the entire year. This is the result of eight years of poor economic policies and gridlock in Congress. Congress now has the opportunity to undo harmful, anti-growth policies. For small-business owners, the success or failure to produce positive results will be reflected in future reports measuring small business optimism and their hiring and spending activity.

The January jobs report surprised pundits (and disappointed critics), coming in strong and well ahead of “consensus”. NFIB survey results anticipated the strong showing as their optimism gets translated into hiring action. Gains in expected sales require more workers to produce output and handle sales. The increase in labor force participation was a welcome sign, suggesting that labor markets are not as tight as the unemployment rate indicates (which went up) and that, as opportunities materialize and compensation rises, more workers will re-enter the labor force.

The Federal Reserve left interest rates unchanged in February’s meeting but sketched a more positive view of future economic developments. Most observers expect three rate hikes this year, which would still leave interest rates historically low. The percent of owners reporting paying higher interest rates on their last loan jumped 7 points to 11 percent, well above most readings since 2009 which were historically very flat. The interest rate is one of the most important prices in the economy, allocating capital to its highest valued uses. Since 2009, there has been very little movement as Federal Reserve policy has paralyzed the functioning of interest rates. The sooner the Federal Reserve restores the role of interest rates, the healthier the economy will become.



# OVERVIEW - SMALL BUSINESS OPTIMISM

## OPTIMISM INDEX

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



## OPTIMISM INDEX

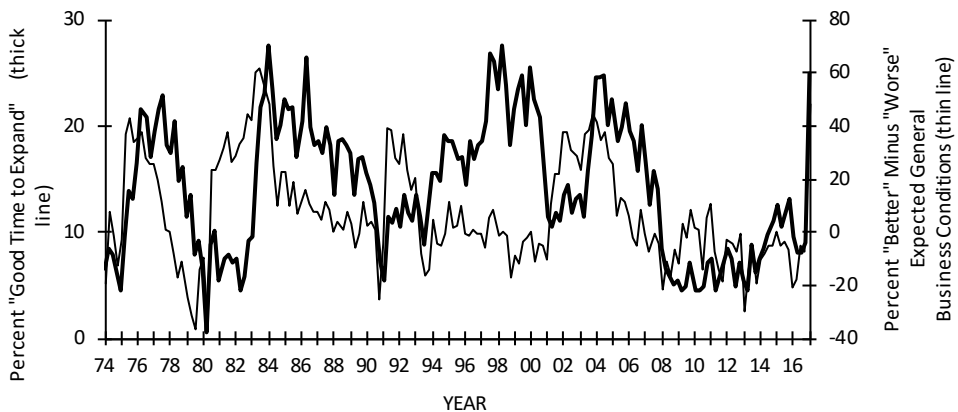
Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2012</b>	93.7	94.5	93.1	94.2	94.0	91.9	91.5	92.7	92.7	93.0	87.2	88.0
<b>2013</b>	88.8	90.9	90.0	91.7	94.0	94.0	94.4	94.0	93.8	91.5	92.2	93.8
<b>2014</b>	94.0	91.6	94.0	94.8	96.2	95.4	96.0	95.9	95.3	96.0	97.8	100.3
<b>2015</b>	97.7	98.1	95.7	96.5	97.9	94.6	95.7	95.7	96.0	96.0	94.5	95.2
<b>2016</b>	93.9	93.0	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											

## SMALL BUSINESS OUTLOOK

### OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January Quarter 1974 to January Quarter 2017  
(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
<b>2012</b>	9	8	8	8	7	6	5	5	6	7	6	7
<b>2013</b>	6	5	5	5	8	8	9	7	7	6	9	9
<b>2014</b>	8	6	9	9	10	8	10	10	12	11	11	15
<b>2015</b>	13	13	11	11	14	10	12	11	11	13	12	8
<b>2016</b>	10	8	6	8	9	8	8	9	7	9	11	23
<b>2017</b>	25											

### MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
January 2017

Reason	Good Time	Not Good Time	Uncertain
<b>Economic Conditions</b>	6	13	16
<b>Sales Prospects</b>	3	4	5
<b>Fin. &amp; Interest Rates</b>	1	1	1
<b>Cost of Expansion</b>	0	4	5
<b>Political Climate</b>	13	4	14
<b>Other/Not Available</b>	1	2	5

### 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
<b>2012</b>	-3	-3	-3	-4	-3	-9	-7	-4	0	0	-38	-36
<b>2013</b>	-30	-25	-23	-14	-6	-3	-5	-4	-12	-19	-23	-12
<b>2014</b>	-11	-16	-13	-8	-1	-9	-5	-5	-4	-5	10	12
<b>2015</b>	0	2	-2	-5	-4	-8	-3	-8	-6	-6	-10	-15
<b>2016</b>	-21	-21	-17	-18	-13	-9	-5	-12	0	-7	12	50
<b>2017</b>	48											

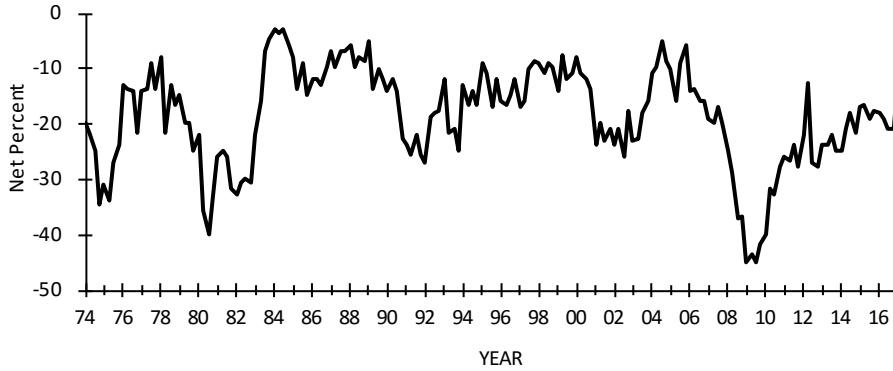




## SMALL BUSINESS EARNINGS

### EARNINGS

Actual Last Three Months  
January Quarter 1974 to January Quarter 2017  
(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
<b>2012</b>	-22	-18	-22	-13	-17	-22	-27	-29	-27	-28	-32	-28
<b>2013</b>	-24	-25	-22	-24	-24	-23	-22	-22	-23	-25	-24	-21
<b>2014</b>	-25	-26	-23	-21	-19	-18	-18	-18	-19	-22	-17	-14
<b>2015</b>	-17	-18	-21	-17	-9	-17	-19	-16	-13	-18	-19	-17
<b>2016</b>	-18	-21	-22	-19	-20	-20	-21	-23	-20	-21	-20	-14
<b>2017</b>	-12											



### MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
January 2017

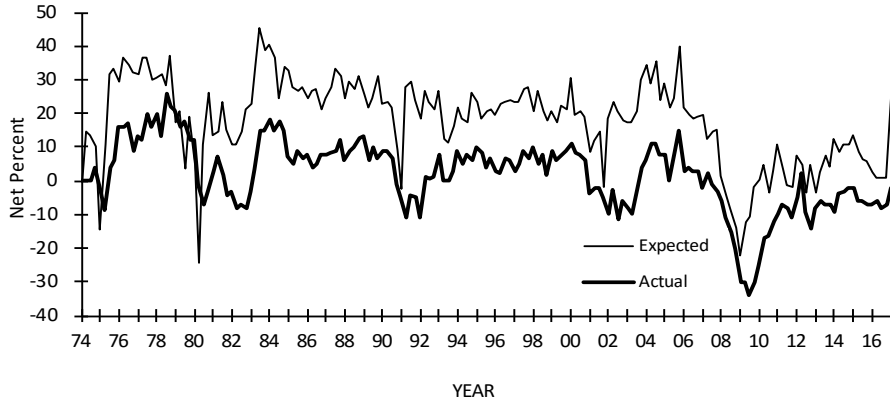
Reason	Current Month	One Year Ago	Two Years Ago
<b>Sales Volume</b>	12	13	14
<b>Increased Costs*</b>	8	9	12
<b>Cut Selling Prices</b>	2	4	3
<b>Usual Seasonal Change</b>	8	8	8
<b>Other</b>	4	4	4

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

## SMALL BUSINESS SALES

### SALES

Actual (Prior Three Months) and Expected (Subsequent Three Months)  
January 1974 to January 2017 (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
<b>2012</b>	-5	-5	1	2	0	-5	-9	-14	-13	-14	-14	-10
<b>2013</b>	-8	-7	-7	-6	-6	-8	-7	-7	-6	-7	-7	-8
<b>2014</b>	-9	-6	-6	-4	-3	-2	-3	-3	-4	-2	-3	2
<b>2015</b>	-2	-4	-3	-6	5	-6	-6	-4	-1	-7	-4	-5
<b>2016</b>	-7	-6	-8	-6	-8	-4	-8	-9	-6	-7	-8	-7
<b>2017</b>	-2											



### SALES EXPECTATIONS

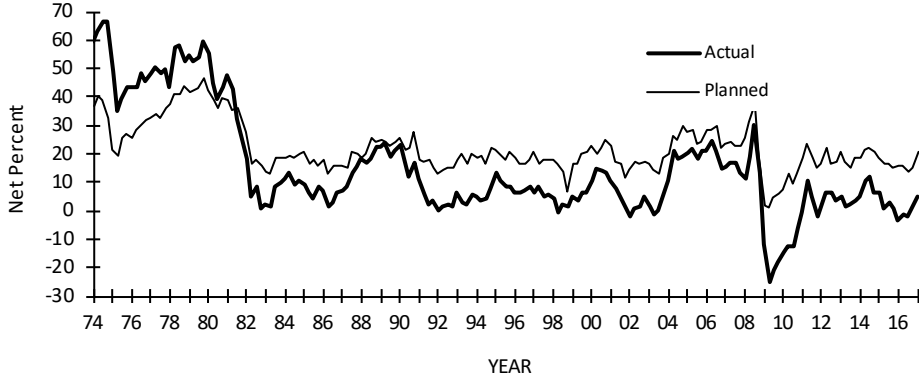
Net Percent (“Higher” Minus “Lower”) During Next Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2012</b>	8	11	9	5	2	-2	-4	2	2	5	-5	-3
<b>2013</b>	-3	0	-3	3	8	6	8	6	9	4	3	7
<b>2014</b>	13	2	13	9	15	12	11	7	6	11	14	19
<b>2015</b>	14	14	14	9	7	5	7	8	2	6	-1	7
<b>2016</b>	3	0	1	1	1	2	1	-1	4	1	11	31
<b>2017</b>	29											

# SMALL BUSINESS PRICES

## PRICES

Actual Last Three Months and Planned Next Three Months  
 January Quarter 1974 to January Quarter 2017  
 (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
<b>2012</b>	2	4	6	7	1	0	6	9	6	4	1	3
<b>2013</b>	5	5	-1	2	0	5	2	2	1	4	3	2
<b>2014</b>	5	4	9	11	10	11	12	6	4	7	5	7
<b>2015</b>	6	3	2	1	4	2	3	1	1	1	4	-1
<b>2016</b>	-4	-4	-4	-1	1	2	-2	3	-1	2	5	6
<b>2017</b>	5											



## 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
<b>2012</b>	17	18	21	22	17	16	17	17	20	17	17	16
<b>2013</b>	21	22	17	17	15	18	15	18	20	19	20	19
<b>2014</b>	19	22	19	21	21	21	22	19	17	21	20	22
<b>2015</b>	19	18	15	16	17	18	17	15	14	15	18	20
<b>2016</b>	16	14	17	16	16	16	14	15	18	15	19	24
<b>2017</b>	21											

## 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
<b>2012</b>	0	-3	0	0	-3	-1	-1	2	-3	-1	-2	-4
<b>2013</b>	2	-3	1	2	-1	1	-3	0	0	1	1	2
<b>2014</b>	2	2	2	2	1	1	1	0	3	1	1	7
<b>2015</b>	5	4	2	2	4	0	0	6	5	0	0	-1
<b>2016</b>	1	-3	0	-1	-1	-2	-2	-3	3	0	-2	4
<b>2017</b>	3											

### QUALIFIED APPLICANTS FOR JOB OPENINGS

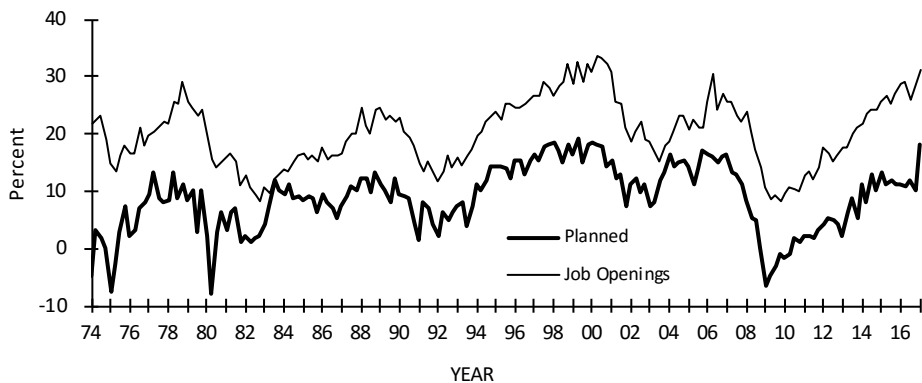
Percent Few or No Qualified Applicants  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2012</b>	31	31	32	34	37	33	38	37	41	38	36	33
<b>2013</b>	34	34	36	38	38	41	40	42	41	40	44	38
<b>2014</b>	38	40	41	41	46	43	42	46	42	45	45	43
<b>2015</b>	42	47	42	44	47	44	48	48	45	48	47	48
<b>2016</b>	45	42	41	46	48	48	46	48	48	48	51	44
<b>2017</b>	47											



### EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January Quarter 1974 to January Quarter 2017  
(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
<b>2012</b>	18	17	15	17	20	15	15	17	17	16	18	16
<b>2013</b>	18	21	18	18	19	19	20	18	20	21	24	23
<b>2014</b>	22	22	22	24	24	26	24	25	21	24	25	25
<b>2015</b>	26	29	24	27	29	24	25	28	27	27	28	28
<b>2016</b>	29	28	25	29	27	29	26	30	24	28	31	29
<b>2017</b>	31											

### HIRING PLANS

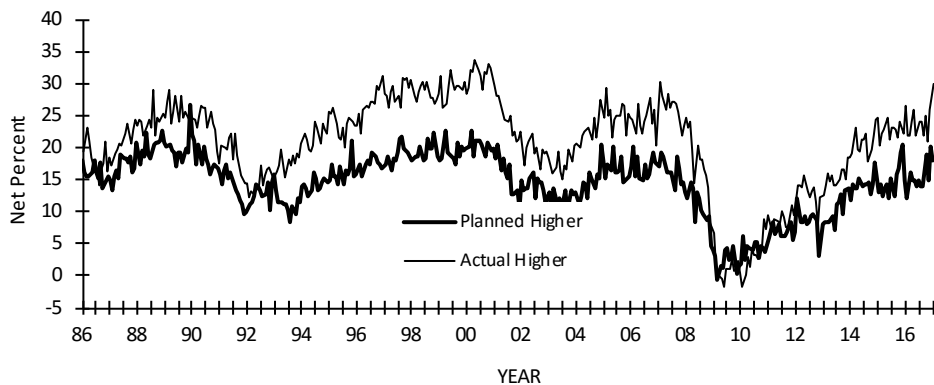
Net Percent ("Increase" Minus "Decrease") in the Next Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2012</b>	4	4	2	5	7	3	5	8	4	4	5	1
<b>2013</b>	2	4	2	6	6	7	9	8	9	5	9	8
<b>2014</b>	11	7	7	8	11	12	13	8	9	10	11	15
<b>2015</b>	13	12	12	11	13	9	12	11	12	11	11	15
<b>2016</b>	11	10	9	11	12	11	12	9	10	10	15	16
<b>2017</b>	18											

## SMALL BUSINESS COMPENSATION

### COMPENSATION

Actual Last Three Months and Planned Next Three Months  
January 1986 to January 2017 (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
<b>2012</b>	12	14	14	14	16	13	12	13	14	12	8	12
<b>2013</b>	13	14	16	15	16	14	14	15	17	17	15	18
<b>2014</b>	19	19	23	20	20	21	21	22	18	20	22	24
<b>2015</b>	25	20	22	23	25	21	23	23	23	22	24	22
<b>2016</b>	27	22	22	24	26	22	24	24	22	25	21	26
<b>2017</b>	30											

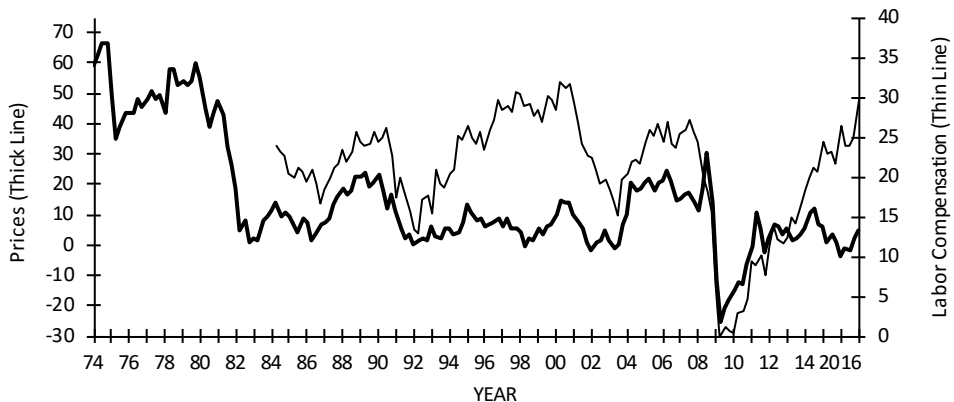
### COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2012</b>	7	12	9	9	9	8	8	9	10	9	3	6
<b>2013</b>	8	8	9	9	9	7	11	11	13	10	13	14
<b>2014</b>	12	14	14	14	15	14	14	14	15	13	14	18
<b>2015</b>	13	14	13	14	14	12	15	12	16	17	19	21
<b>2016</b>	15	12	16	15	15	14	15	14	14	19	15	20
<b>2017</b>	18											

### PRICES AND LABOR COMPENSATION

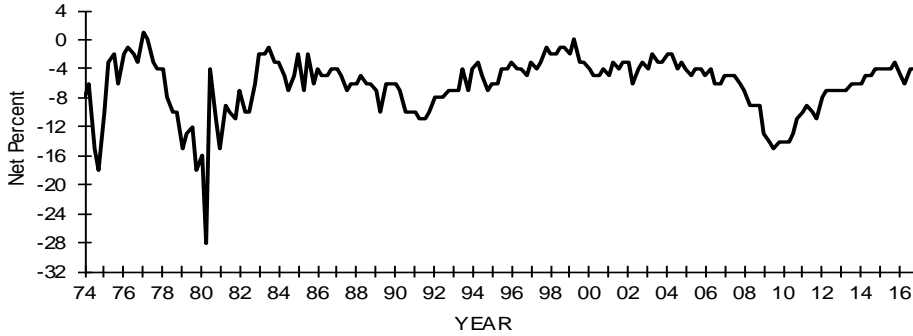
Net Percent Price Increase and Net Percent Compensation Increase  
(Seasonally Adjusted)



## SMALL BUSINESS CREDIT CONDITIONS

### CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
January Quarter 1974 to January Quarter 2017



\* 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
<b>2012</b>	32	32	31	32	32	29	31	30	31	30	30	29
<b>2013</b>	31	29	30	31	29	29	31	28	30	28	29	30
<b>2014</b>	31	30	31	30	31	28	30	29	31	28	33	31
<b>2015</b>	33	30	32	30	29	31	30	33	29	28	27	31
<b>2016</b>	33	31	32	29	29	29	28	29	32	28	31	30
<b>2017</b>	30											



### 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
<b>2012</b>	-8	-8	-11	-7	-9	-7	-7	-7	-6	-7	-9	-9
<b>2013</b>	-7	-7	-4	-7	-5	-6	-6	-6	-5	-6	-6	-7
<b>2014</b>	-6	-8	-8	-5	-6	-6	-5	-5	-7	-4	-5	-3
<b>2015</b>	-4	-3	-5	-4	-3	-4	-4	-4	-4	-3	-4	-5
<b>2016</b>	-5	-5	-5	-5	-4	-5	-4	-4	-5	-4	-4	-6
<b>2017</b>	-5											

## SMALL BUSINESS CREDIT CONDITIONS (CONTINUED)

### BORROWING NEEDS SATISFIED

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2012</b>	30/7	31/7	27/8	31/8	29/9	29/7	30/7	31/7	32/8	28/8	28/6	29/6
<b>2013</b>	31/6	29/7	29/7	31/6	28/5	29/5	30/5	31/5	28/6	28/6	32/4	32/4
<b>2014</b>	31/5	29/5	30/5	30/5	30/5	27/6	30/6	28/4	28/6	29/4	29/4	32/4
<b>2015</b>	32/4	33/3	35/5	31/4	30/4	32/5	32/4	33/3	30/2	30/3	32/3	32/4
<b>2016</b>	35/3	31/4	31/5	31/4	31/4	32/5	30/3	29/4	32/6	29/4	30/4	29/4
<b>2017</b>	31/4											

### EXPECTED CREDIT CONDITIONS

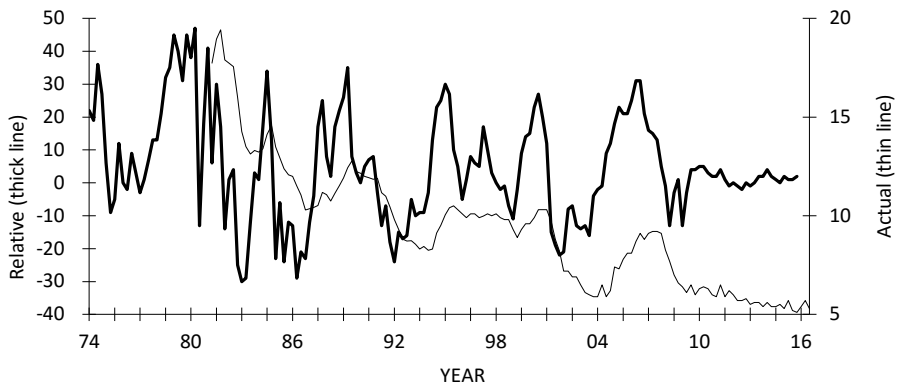
Net Percent (“Easier” Minus “Harder”) During Next Three Months  
(Regular Borrowers)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2012</b>	-9	-10	-11	-8	-10	-8	-7	-9	-7	-8	-10	-11
<b>2013</b>	-9	-8	-6	-8	-6	-7	-8	-8	-7	-8	-7	-7
<b>2014</b>	-7	-7	-7	-6	-7	-7	-5	-5	-7	-5	-6	-5
<b>2015</b>	-5	-4	-6	-4	-4	-4	-5	-7	-6	-5	-4	-6
<b>2016</b>	-7	-7	-6	-6	-6	-6	-5	-5	-7	-6	-5	-6
<b>2017</b>	-3											



### INTEREST RATES

Relative Rates and Actual Rates Last Three Months  
January Quarter 1974 to January Quarter 2017





## 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
<b>2012</b>	0	0	0	-1	0	-2	-2	-2	1	0	1	-1
<b>2013</b>	-1	0	0	0	0	0	2	3	4	2	2	3
<b>2014</b>	4	3	2	2	2	2	1	2	3	0	0	-1
<b>2015</b>	2	0	1	1	1	2	1	2	-1	2	0	2
<b>2016</b>	7	6	6	4	4	4	2	2	3	1	2	4
<b>2017</b>	11											

\*Borrowing at Least Once Every Three Months.

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

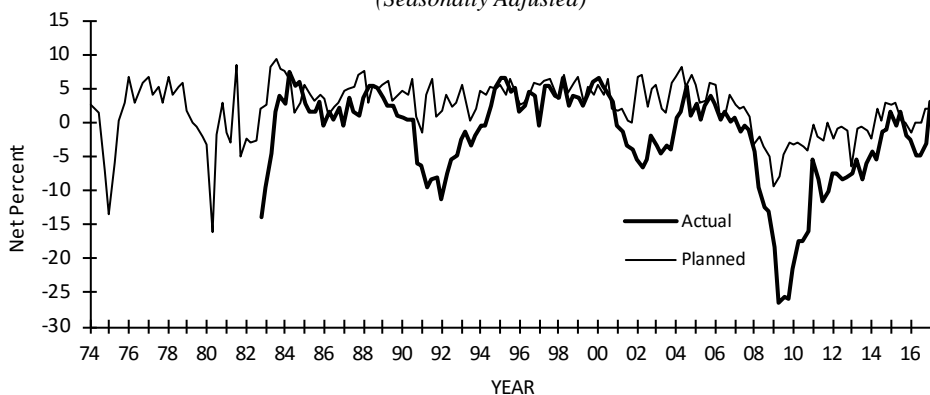
Average Interest Rate Paid

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2012</b>	6.0	5.8	5.7	5.7	5.5	6.3	5.7	5.7	5.7	5.8	5.7	5.6
<b>2013</b>	5.5	5.3	5.4	5.6	5.7	5.2	5.6	5.4	5.8	5.4	5.4	5.6
<b>2014</b>	5.6	5.4	5.3	5.4	5.7	5.7	5.4	5.3	5.4	5.5	5.6	5.1
<b>2015</b>	5.3	5.1	5.7	5.0	4.8	5.0	5.2	5.4	4.8	5.1	4.7	5.0
<b>2016</b>	5.4	5.3	5.2	5.7	5.3	5.7	5.3	5.2	6.2	5.2	5.6	5.5
<b>2017</b>	5.7											

## SMALL BUSINESS INVENTORIES

### INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)  
January Quarter 1974 to January Quarter 2017  
(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
<b>2012</b>	-7	-1	-10	-8	-7	-7	-9	-8	-8	-8	-11	-9
<b>2013</b>	-7	-10	-7	-6	-6	-7	-9	-6	-7	-6	-8	-3
<b>2014</b>	-4	-3	-7	-6	-3	-4	-2	-3	-7	-1	1	1
<b>2015</b>	2	1	-5	-1	-4	0	2	-2	0	-2	-4	0
<b>2016</b>	-2	-3	-3	-5	-6	-6	-5	0	-4	-3	-3	3
<b>2017</b>	3											

### 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
<b>2012</b>	1	2	2	-1	-1	0	0	0	-1	0	-1	2
<b>2013</b>	-1	1	-3	-2	1	-2	-1	0	0	-5	-3	-4
<b>2014</b>	-2	-5	-2	-2	-3	-2	-3	-2	0	-3	-2	-2
<b>2015</b>	-1	-3	-7	-2	-1	-4	-6	-6	-5	-4	-5	-4
<b>2016</b>	-2	-2	-5	-5	-4	-4	-4	-2	-7	-4	-4	-3
<b>2017</b>	-5											

### INVENTORY PLANS

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

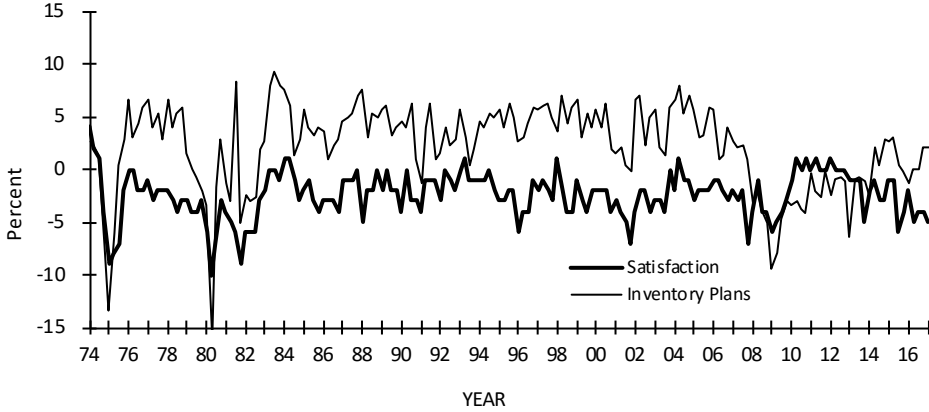
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2012</b>	-2	3	0	-1	1	1	-1	0	-1	-1	-6	-4
<b>2013</b>	-6	-1	-5	-1	2	-1	-1	-1	-2	-1	-1	-2
<b>2014</b>	-2	-5	1	2	0	-1	0	2	2	3	1	6
<b>2015</b>	3	5	1	3	3	-4	0	2	3	0	-1	1
<b>2016</b>	-1	-1	-2	0	-1	-3	0	1	-7	2	4	4
<b>2017</b>	2											



## SMALL BUSINESS CAPITAL OUTLAYS

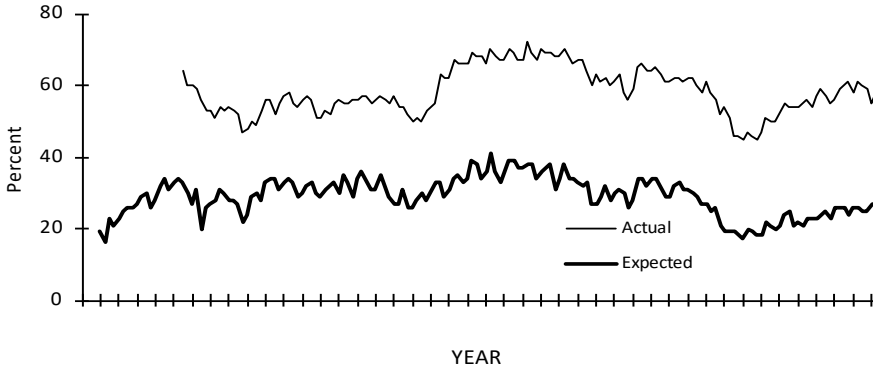
### INVENTORY SATISFACTION AND INVENTORY PLANS

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



### CAPITAL EXPENDITURES

Actual Last Six Months and Planned Next Three Months  
*January Quarter 1974 to January Quarter 2017*  
*(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
2012	55	57	52	54	55	52	54	55	51	54	53	52
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											



## 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	28	27	27
Equipment	42	43	41
Furniture or Fixtures	13	13	11
Add. Bldgs. or Land	6	5	5
Improved Bldgs. or Land	16	15	14

### AMOUNT OF CAPITAL EXPENDITURES MADE

Percent Distribution of Per Firm Expenditures  
During the Last Six Months

Amount	Current	One Year Ago	Two Years Ago
\$1 to \$999	3	3	3
\$1,000 to \$4,999	7	8	6
\$5,000 to \$9,999	6	6	5
\$10,000 to \$49,999	18	21	21
\$50,000 to \$99,999	11	9	11
\$100,000 +	14	14	12
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
2012	23	22	20	24	24	22	23	26	23	23	19	19
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											



## SINGLE MOST IMPORTANT PROBLEM

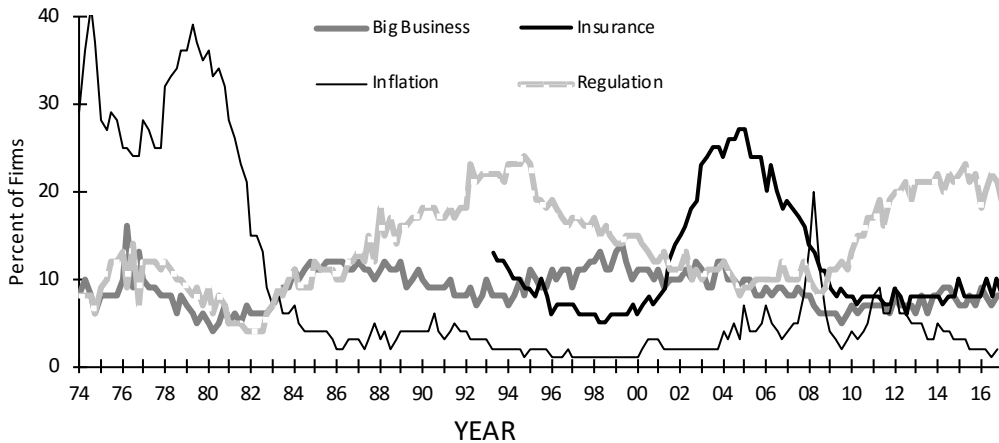
### SINGLE MOST IMPORTANT PROBLEM

January 2017

Problem	Current	One Year Ago	Survey High	Survey Low
<b>Taxes</b>	21	21	32	8
<b>Inflation</b>	2	2	41	0
<b>Poor Sales</b>	10	12	33	2
<b>Fin. &amp; Interest Rates</b>	2	2	37	2
<b>Cost of Labor</b>	7	5	9	2
<b>Govt. Reqs. &amp; Red Tape</b>	19	18	27	4
<b>Comp. From Large Bus.</b>	8	9	14	4
<b>Quality of Labor</b>	15	15	23	3
<b>Cost/Avail. of Insurance</b>	8	8	29	4
<b>Other</b>	8	8	31	2

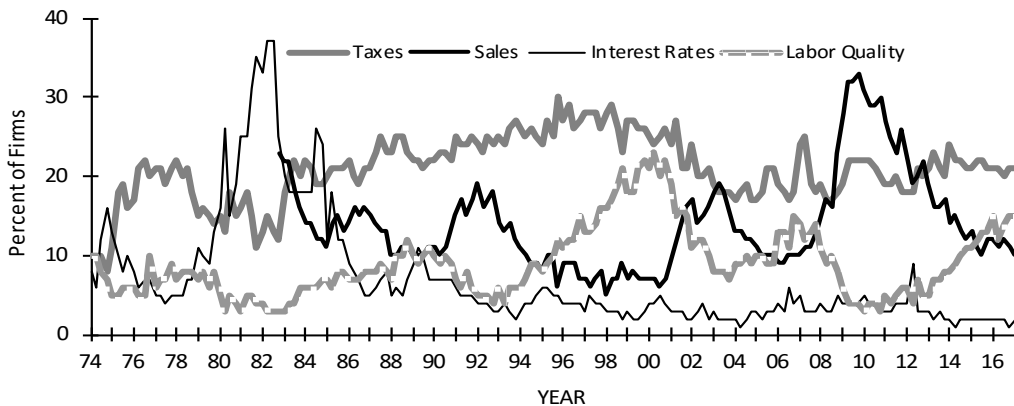
### SELECTED SINGLE MOST IMPORTANT PROBLEM

Insurance, Big Business Competition, Inflation, and Regulation  
*January Quarter 1974 to January Quarter 2017*



### SELECTED SINGLE MOST IMPORTANT PROBLEM

Sales, Fin. & Interest Rates, Labor Cost, Labor Quality, and Taxes  
*January Quarter 1974 to January Quarter 2017*



## SURVEY PROFILE

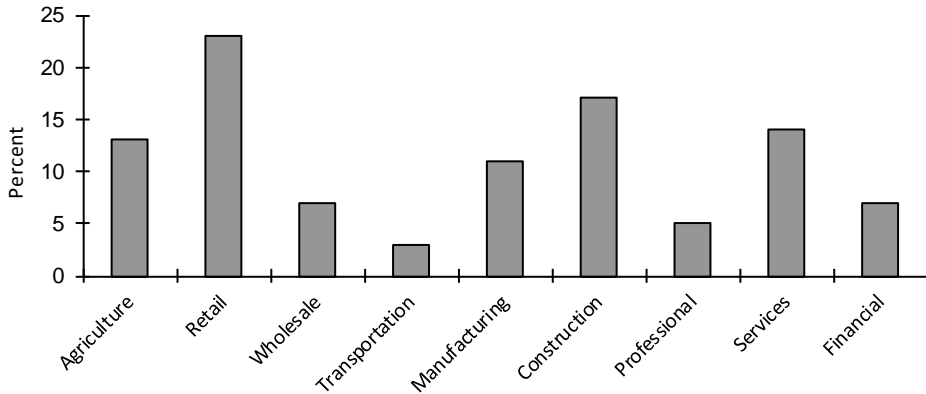
### OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2012</b>	2155	819	757	1817	681	740	1803	736	691	2029	733	648
<b>2013</b>	2033	870	759	1873	715	662	1615	782	773	1940	762	635
<b>2014</b>	1864	792	685	1699	678	672	1645	598	608	1502	615	568
<b>2015</b>	1663	716	575	1500	616	620	1495	656	556	1411	601	509
<b>2016</b>	1438	756	727	1644	700	735	1703	730	723	1702	724	619
<b>2017</b>	1873											

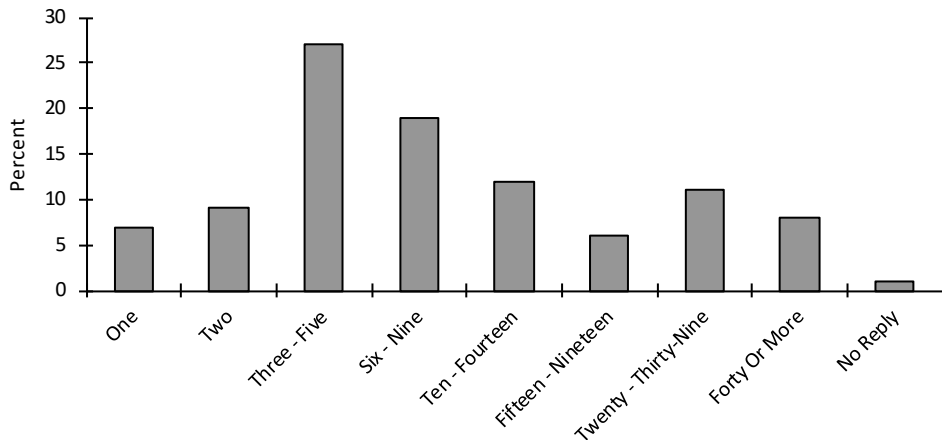
### NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

Industry of Small Business



### NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

Number of Full and Part-Time Employees



# NFIB RESEARCH FOUNDATION SMALL BUSINESS ECONOMIC SURVEY

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SMALL BUSINESS SURVEY QUESTIONS	PAGE IN REPORT
<b>Do you think the next three months will be a good time for small business to expand substantially? Why? . . . . .</b>	<b>5</b>
<b>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? . . . . .</b>	<b>6</b>
<b>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?. . . . .</b>	<b>7</b>
<b>If higher or lower, what is the most important reason?. . . . .</b>	<b>7</b>
<b>During the last calendar quarter, was your dollar sales volume higher, lower, or about the same as it was for the quarter before?. . . . .</b>	<b>8</b>
<b>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?. . . . .</b>	<b>8</b>
<b>How are your average selling prices compared to three months ago?. . . . .</b>	<b>9</b>
<b>In the next three months, do you plan to change the average selling prices of your goods and/or services? . . . . .</b>	<b>9</b>
<b>During the last three months, did the total number of employees in your firm increase, decrease, or stay about the same?. . . . .</b>	<b>10</b>
<b>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)?. . . . .</b>	<b>10</b>
<b>Do you have any job openings that you are not able to fill right now?. . . . .</b>	<b>11</b>
<b>In the next three months, do you expect to increase or decrease the total number of people working for you? . . . . .</b>	<b>11</b>
<b>Over the past three months, did you change the average employee compensation?. . . . .</b>	<b>12</b>
<b>Do you plan to change average employee compensation during the next three months?. . . . .</b>	<b>12</b>



SMALL BUSINESS SURVEY QUESTIONS

PAGE IN REPORT

**Are...loans easier or harder to get than they were three months ago? . . . . . 13**

**During the last three months, was your firm able to satisfy its borrowing needs? . . . . . 14**

**Do you expect to find it easier or harder to obtain your required financing during the next three months? . . . . . 14**

**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? . . . . . 15**

**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? . . . . . 15**

**During the last three months, did you increase or decrease your inventories? . . . . . 16**

**At the present time, do you feel your inventories are too large, about right, or inadequate? . . . . . 16**

**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? . . . . . 16**

**During the last six months, has your firm made any capital expenditures to improve or purchase equipment, buildings, or land? . . . . . 17**

**If [your firm made any capital expenditures], what was the total cost of all these projects? . . . . . 18**

**Looking ahead to the next three to six months, do you expect to make any capital expenditures for plant and/or physical equipment? . . . . . 18**

**What is the single most important problem facing your business today? . . . . . 19**

**Please classify your major business activity, using one of the categories of example below . . . . . 20**

**How many employees do you have full and part-time, including yourself? . . . . . 20**

