



# NFIB SMALL BUSINESS ECONOMIC TRENDS

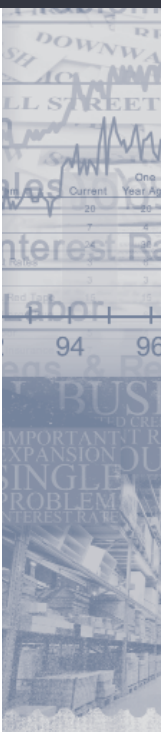
William C. Dunkelberg  
Holly Wade

A Um2018

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	6%
Plans to Make Capital Outlays	30%	1	3%
Plans to Increase Inventories	4%	3	9%
Expect Economy to Improve	37%	7	21%
Expect Real Sales Higher	31%	10	30%
Current Inventory	-4%	0	0%
Current Job Openings	33%	-2	-6%
Expected Credit Conditions	-5%	1	3%
Now a Good Time to Expand	34%	7	21%
Earnings Trends	3%	4	12%
<b>Total Change</b>		<b>33</b>	<b>100%</b>



# 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

The Index of Small Business Optimism increased significantly in May to 107.8, a large gain of 3.0 points. This is the second highest Index reading in its 45 year history.

- Reports of compensation increases hit a 45 year record high.
- Views about expansion are the most optimistic in survey history.
- Reports of positive earnings trends at a survey record high.
- Reports of positive sales trends are the highest since 1995.
- Concerns about labor quality second highest in survey history.
- Reports of price hikes the highest since 2008 (Oil \$140/bbl.).
- Plans to raise prices are the highest since 2008.

## LABOR MARKETS

Reports of employment gains remain strong among small businesses. Owners reported adding a net 0.20 workers per firm on average, slower than earlier in the year but strong. Sixteen percent (unchanged) reported increasing employment an average of 3.4 workers per firm and 8 percent (down 1 point) reported reducing employment an average of 3.2 workers per firm (seasonally adjusted). Fifty-eight percent reported hiring or trying to hire (up 1 point), but 48 percent (83 percent of those hiring or trying to hire) reported few or no qualified applicants for the positions they were trying to fill. Twenty-three percent of owners cited the difficulty of finding qualified workers as their Single Most Important Business Problem (up 1 point), 1 point below the survey record high. Thirty-three percent of all owners reported job openings they could not fill in the current period, down 2 points but historically very high. Twenty-nine percent have openings for skilled workers, the third highest reading since 2000, with the two higher readings occurring in the last 12 months. Twelve percent have openings for unskilled workers, 4 points below the record high of 16 percent reached in March this year. Twelve percent reported using temporary workers, unchanged. A seasonally-adjusted net 18 percent plan to create new jobs, up 2 points from April and very strong.

## CREDIT MARKETS

Four percent of owners reported that all their borrowing needs were not satisfied, unchanged and historically low. Thirty-seven percent reported all credit needs met (up 5 points) and 43 percent said they were not interested in a loan, down 7 points and the lowest reading since April 2007. If sustained, this will mark a shift from the borrowing sidelines that has plagued lending markets since the recession. Only 1 percent reported that financing was their top business problem compared to 17 percent citing taxes and 23 percent the availability of qualified labor. A net 5 percent reported loans “harder to get,” historically low. Thirty-four percent of all owners reported borrowing on a regular basis (up 3 points). The average rate paid on short maturity loans was unchanged at 6.4 percent.

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This survey was conducted in May 2018. A sample of 5,000 small-business owners/members was drawn. Five hundred and sixty-two (562) usable responses were received – a response rate of 11 percent.



## **SALES AND INVENTORIES**

A net 15 percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months compared to the prior three months, up a humongous 7 points and the sixth consecutive strong month. Reports of sales gains were most frequent in manufacturing, transportation, and professional services. The net percent of owners expecting higher real sales volumes rose 10 points to a net 31 percent of owners. Owners will have to hire more employees and build inventory or miss out on potential sales.

The net percent of owners reporting inventory increases was unchanged net 4 percent (seasonally adjusted), extending a five month run of substantial inventory building (a boost to GDP growth) in anticipation of stronger real sales. The net percent of owners viewing current inventory stocks as “too low” was unchanged at a negative 4 percent (a negative number means more think stocks are too high than too low). The net percent of owners planning to build inventories rose 3 points to a net 4 percent, the nineteenth positive reading in the past 20 months.

## **COMPENSATION AND EARNINGS**

Reports of higher worker compensation pushed 2 points higher to a record net 35 percent of all firms. Plans to raise compensation fell 1 point to a net 20 percent, high but below its recent peak of 24 percent in January. Owners complain at record rates of labor quality issues, with 83 percent of those hiring or trying to hire reporting few or no qualified applicants for their open positions. Twenty-three percent (up 1 point) selected “finding qualified labor” as their top business problem, more than cited taxes, weak sales, or the cost of regulations as their top challenge. The frequency of reports of positive profit trends improved 4 percentage points to a net 3 percent reporting quarter on quarter profit improvements, the best reading in the survey’s 45 year history. Overall, the new tax law and the strong economy are very supportive of profit improvements.

## **CAPITAL SPENDING**

Sixty-two percent of owners reported capital outlays, up 1 point. Of those making expenditures, 47 percent reported spending on new equipment (up 4 points after 4 points in April), 24 percent acquired vehicles (down 3 points), and 16 percent improved or expanded facilities (unchanged). Six percent acquired new buildings or land for expansion (up 1 point) and 13 percent spent money for new fixtures and furniture (down 2 points). Thirty percent plan capital outlays in the next few months, up 1 point. A shortage of “qualified” workers will encourage such investments in the longer run.

## **INFLATION**

The net percent of owners raising average selling prices rose 5 points to a net 19 percent seasonally adjusted, resuming a march to higher average selling prices that started in the fourth quarter of 2016. The Federal Reserve’s target of 2 percent inflation (based on the headline PCE price deflator) has not been reached, but it is close. Seasonally adjusted, a net 26 percent plan price hikes (up 4 points). With reports of increased compensation running at record levels, there is more pressure to pass these costs on in higher selling prices.



# COMMENTARY

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A vibrant democracy depends on a strong, free, private sector. The Administration and Congress have implemented important policy changes that strengthen the private sector. The new tax code is returning money to the private sector where history makes clear it will be better invested than by a government bureaucracy. Regulatory costs, as significant as taxes, are being reduced.

The private sector must not be deprived of its right to manage its economic affairs. History has proven that governments cannot deliver the success that a free economy can. There is much more work to be done. Rising healthcare costs have not been addressed and tax code complexity continues to burden small business owners, but we are on the right path.

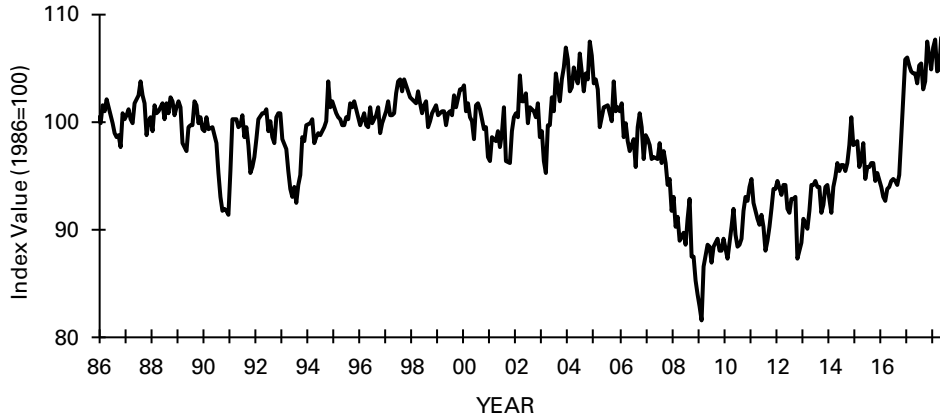
These “big picture” developments are supporting a Main Street economy that is on fire. Hiring is proceeding as fast as labor supply issues allow, compensation is at record high levels, and capital spending the strongest in decades as owners feel it is once again a good time to expand their firms. Sales are historically strong and positive profit trends at the best level in the survey’s history. Accounting for about half of the economy, Main Street is definitely driving economic growth and employment to higher levels.



# OVERVIEW - SMALL BUSINESS OPTIMISM

## OPTIMISM INDEX

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



## OPTIMISM INDEX

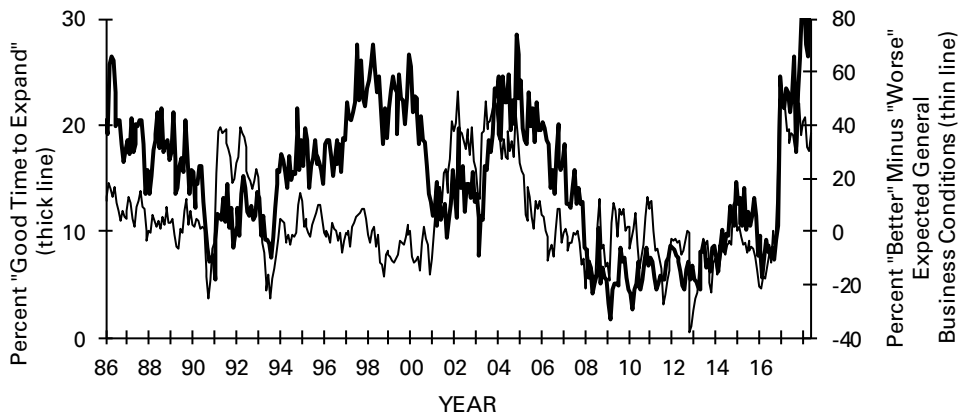
Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>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	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							

## SMALL BUSINESS OUTLOOK

### OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January 1986 to May 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
<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	22	22	24	23	21	23	27	17	23	27	27
<b>2018</b>	32	32	28	27	34							

### MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
May 2018

Reason	Good Time	Not Good Time	Uncertain
<b>Economic Conditions</b>	25	7	10
<b>Sales Prospects</b>	5	4	3
<b>Fin. &amp; Interest Rates</b>	0	1	2
<b>Cost of Expansion</b>	0	5	9
<b>Political Climate</b>	4	2	7
<b>Other/Not Available</b>	2	3	10

### OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

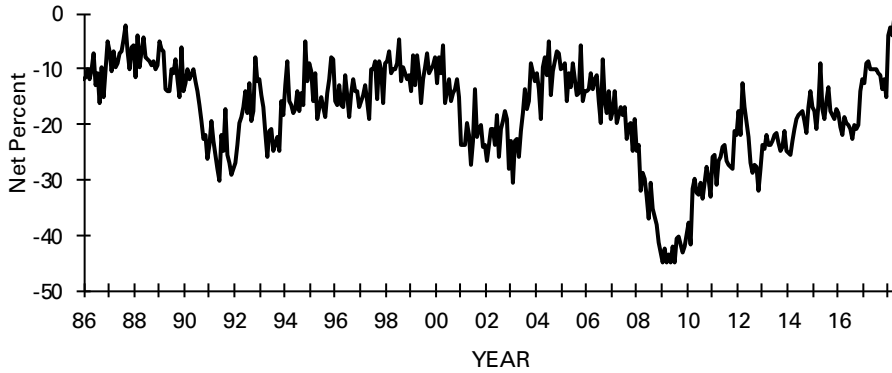
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2013</b>	-30	-25	-23	-14	-6	-3	-5	-4	-12	-19	-23	-12
<b>2014</b>	-11	-16	-13	-8	-1	-9	-5	-5	-4	-5	10	12
<b>2015</b>	0	2	-2	-5	-4	-8	-3	-8	-6	-6	-10	-15
<b>2016</b>	-21	-21	-17	-18	-13	-9	-5	-12	0	-7	12	50
<b>2017</b>	48	47	46	38	39	33	37	37	31	32	48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



# SMALL BUSINESS EARNINGS

## EARNINGS

Actual Last Three Months  
January 1986 to May 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
<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	-13	-9	-9	-10	-10	-10	-11	-11	-14	-12	-15
<b>2018</b>	-4	-3	-4	-1	3							

## MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
May 2018

	Current Month	One Year Ago	Two Years Ago
<b>Sales Volume</b>	8	11	15
<b>Increased Costs*</b>	6	8	9
<b>Cut Selling Prices</b>	2	3	4
<b>Usual Seasonal Change</b>	4	7	6
<b>Other</b>	4	2	3

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

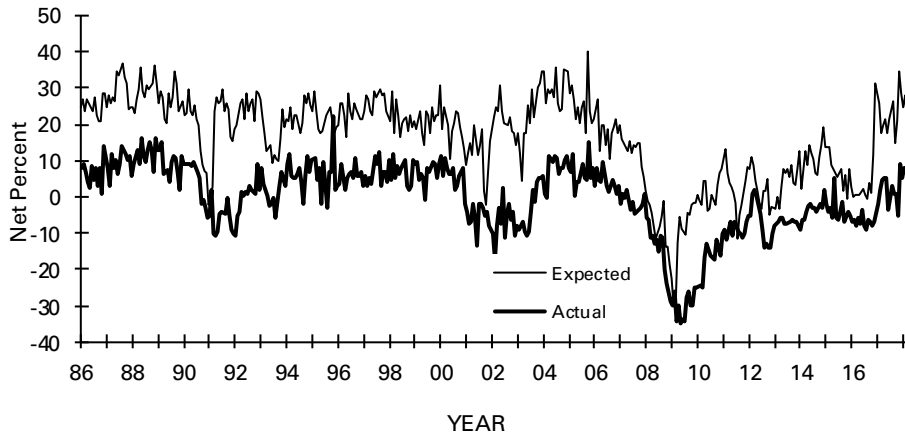




# SMALL BUSINESS SALES

## SALES

Actual (Prior Three Months) and Expected (Next Three Months)  
 January 1986 to May 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
<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	2	5	5	5	-4	0	3	1	1	-5	9
<b>2018</b>	5	8	8	8	15							

## SALES EXPECTATIONS

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

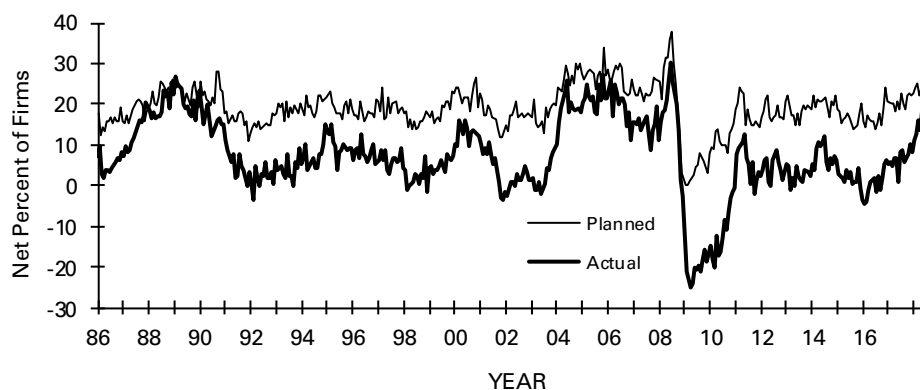
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2013</b>	-3	0	-3	3	8	6	8	6	9	4	3	7
<b>2014</b>	13	2	13	9	15	12	11	7	6	11	14	19
<b>2015</b>	14	14	14	9	7	5	7	8	2	6	-1	7
<b>2016</b>	3	0	1	1	1	2	1	-1	4	1	11	31
<b>2017</b>	29	26	18	20	22	17	22	27	15	21	34	28
<b>2018</b>	25	28	20	21	31							



# SMALL BUSINESS PRICES

## PRICES

Actual Last Three Months and Planned Next Three Months  
 January 1986 to May 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
<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	6	5	7	7	1	8	9	6	8	10	8
<b>2018</b>	11	13	16	14	19							

## 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>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	20	20	18	21	19	23	20	19	22	23	22
<b>2018</b>	23	24	25	22	26							



# 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>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	4	2	4	5	-1	2	2	-1	3	2	3
<b>2018</b>	4	4	4	7	7							

## QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<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	52	44
<b>2017</b>	47	44	45	48	51	46	52	52	49	52	44	54
<b>2018</b>	49	47	47	50	48							

## EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January 1986 to May 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
<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	32	30	33	34	30	35	31	30	35	30	31
<b>2018</b>	34	34	35	35	33							

## HIRING PLANS

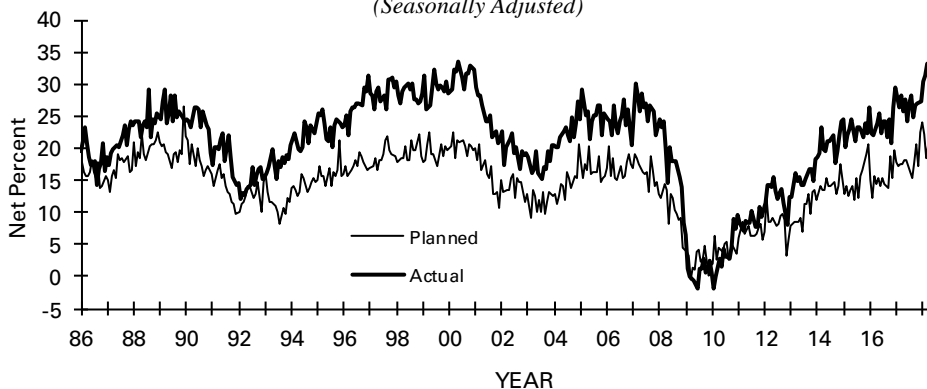
Net Percent (“Increase” Minus “Decrease”) in the Next Three Months  
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>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	15	16	16	18	15	19	18	19	18	24	20
<b>2018</b>	20	18	20	16	18							

## SMALL BUSINESS COMPENSATION

### COMPENSATION

Actual Last Three Months and Planned Next Three Months  
January 1986 to May 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
<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	26	28	26	28	24	27	28	25	27	27	27
<b>2018</b>	31	31	33	33	35							

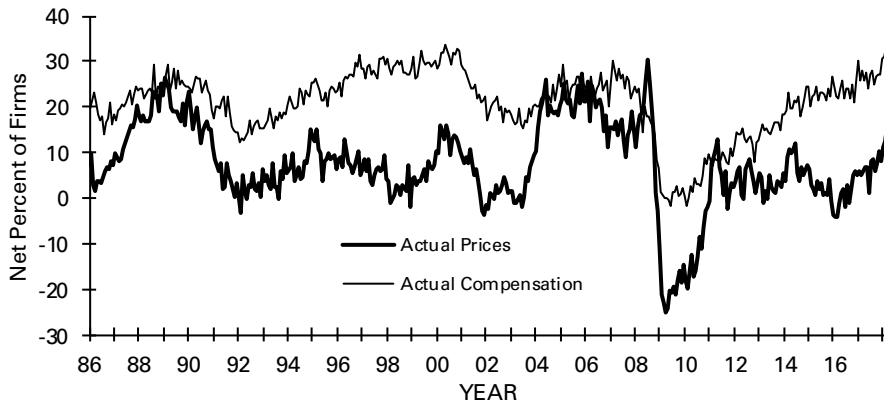
### COMPENSATION PLANS

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>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	17	18	18	18	18	16	15	18	21	17	23
<b>2018</b>	24	22	19	21	20							

### PRICES AND LABOR COMPENSATION

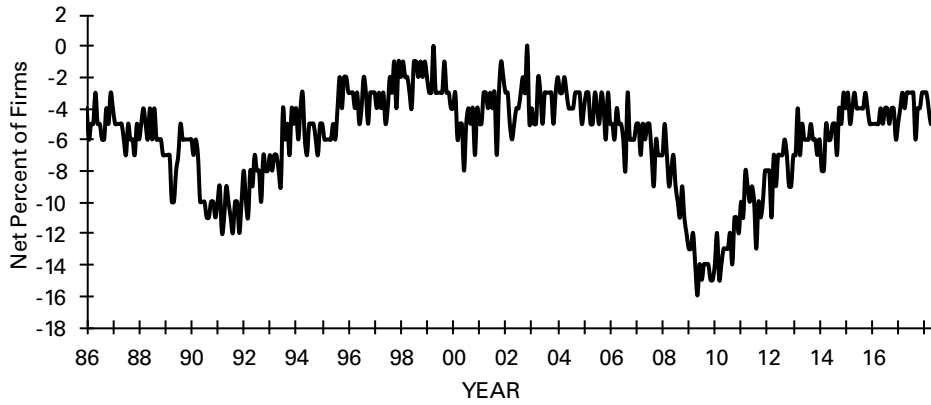
Net Percent Price Increase and Net Percent Compensation  
(Seasonally Adjusted)



# SMALL BUSINESS CREDIT CONDITIONS

## CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
January 1986 to May 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
<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	31	30	31	28	27	30	31	29	30	30	34
<b>2018</b>	31	31	32	31	34							

## 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>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	-4	-3	-4	-3	-3	-3	-3	-6	-4	-4	-3
<b>2018</b>	-3	-3	-4	-5	-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  
(All Borrowers)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<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	30/3	32/4	32/3	31/3	27/4	31/3	34/3	33/2	29/4	32/4	32/3
<b>2018</b>	31/3	32/2	31/4	32/4	37/4							

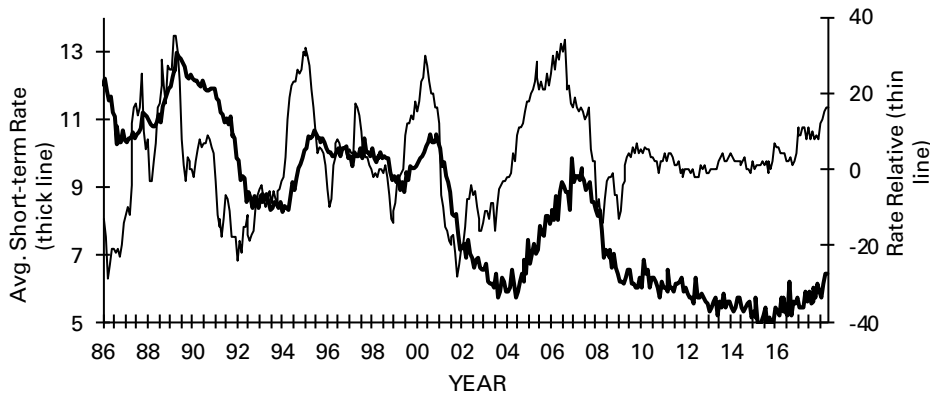
## EXPECTED CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>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	-3	-3	-4	-4	-3	-4	-3	-4	-5	-4	-4
<b>2018</b>	-4	-3	-6	-6	-5							

## INTEREST RATES

Relative Rates and Actual Rates Last Three Months  
January 1986 to May 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
<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	9	9	11	11	8	11	8	10	8	9	8
<b>2018</b>	12	13	15	16	16							

*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>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	5.4	5.4	5.4	5.9	5.6	5.9	5.5	5.6	6.0	5.7	6.1
<b>2018</b>	5.9	5.7	6.1	6.4	6.4							

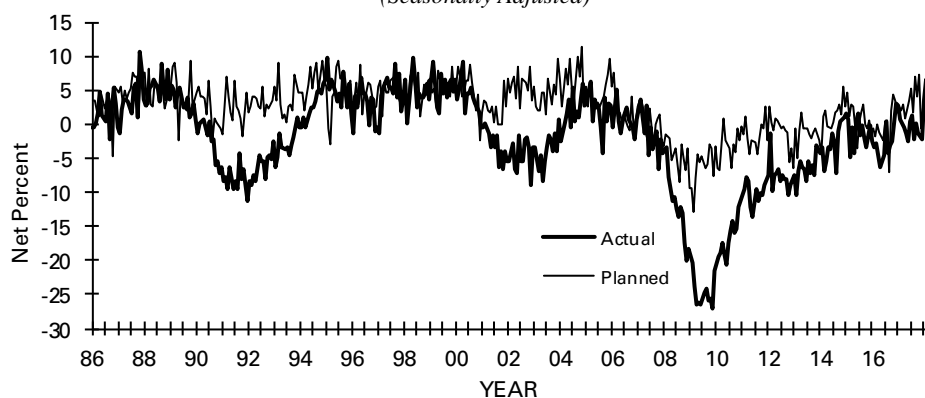
## SMALL BUSINESS INVENTORIES

### INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)

January 1986 to May 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
<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	1	0	-1	-1	-3	1	1	-2	0	-2	-2
<b>2018</b>	4	7	3	4	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
<b>2013</b>	-1	1	-3	-3	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	-2	-5	-3	-6	-3	-2	-5	-3	-5	-2	-2
<b>2018</b>	-5	-3	-6	-4	-4							

### INVENTORY PLANS

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

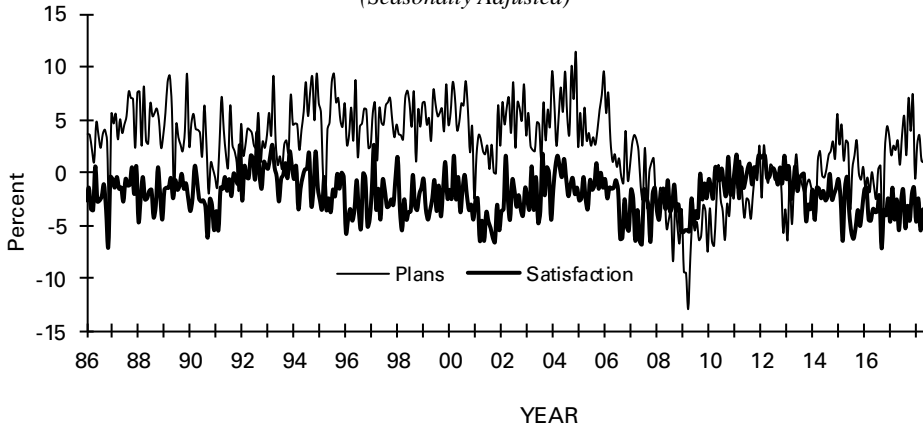
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2013</b>	-6	-1	-5	-1	2	-1	-1	-1	-2	-1	-1	-2
<b>2014</b>	-2	-5	1	2	0	-1	0	2	2	3	1	6
<b>2015</b>	3	5	1	3	3	-4	0	2	3	0	-1	1
<b>2016</b>	-1	-1	-2	0	-1	-3	0	1	-7	2	4	4
<b>2017</b>	2	3	2	3	1	4	5	2	7	4	7	-1
<b>2018</b>	3	4	1	1	4							



# SMALL BUSINESS CAPITAL OUTLAYS

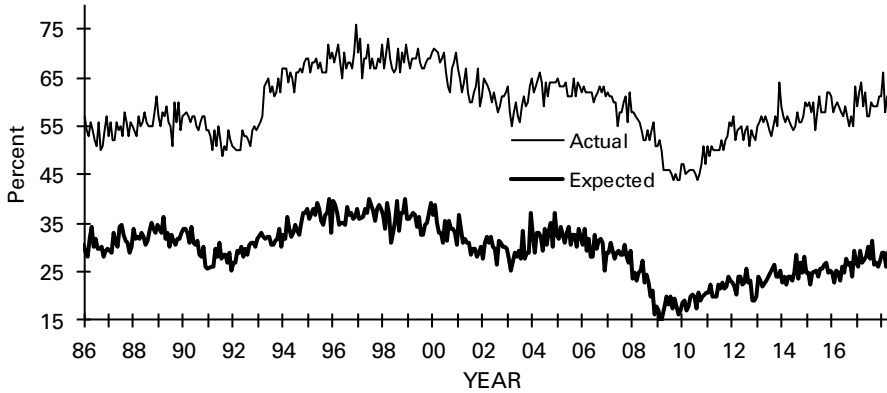
## INVENTORY SATISFACTION AND INVENTORY PLANS

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



## CAPITAL EXPENDITURES

Actual Last Six Months and Planned Next Three Months  
 January 1986 to May 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
<b>2013</b>	55	56	57	56	57	56	54	53	55	57	55	64
<b>2014</b>	59	57	56	57	55	54	55	58	56	56	57	60
<b>2015</b>	59	60	58	60	54	58	61	58	58	58	62	62
<b>2016</b>	61	58	59	60	58	57	59	57	55	57	55	63
<b>2017</b>	59	62	64	59	62	57	57	60	59	59	59	61
<b>2018</b>	61	66	58	61	62							



## 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	24	26	26
Equipment	47	46	39
Furniture or Fixtures	13	14	15
Add. Bldgs. or Land	6	6	5
Improved Bldgs. or La	16	15	15

### 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	1	4
\$1,000 to \$4,999	7	8	7
\$5,000 to \$9,999	5	7	5
\$10,000 to \$49,999	20	20	20
\$50,000 to \$99,999	12	11	8
\$100,000 +	14	14	12
No Answer	1	1	2

### 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
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							



# SINGLE MOST IMPORTANT PROBLEM

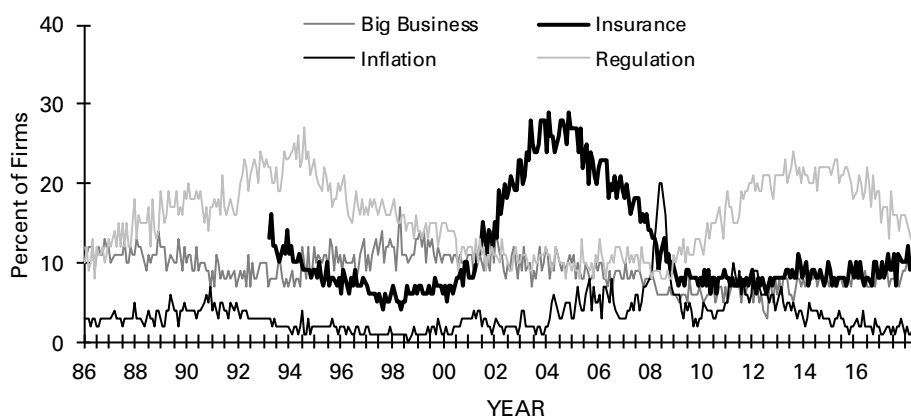
## SINGLE MOST IMPORTANT PROBLEM

May 2018

Problem	Current	One Year Ago	Survey High	Survey Low
<b>Taxes</b>	17	22	32	8
<b>Inflation</b>	3	2	41	0
<b>Poor Sales</b>	8	9	34	2
<b>Fin. &amp; Interest Rates</b>	1	1	37	1
<b>Cost of Labor</b>	6	8	9	2
<b>Govt. Regs. &amp; Red Tap</b>	13	13	27	4
<b>Comp. From Large Bus</b>	10	7	14	4
<b>Quality of Labor</b>	23	19	24	3
<b>Cost/Avail. of Insuran</b>	10	11	29	4
<b>Other</b>	9	8	31	1

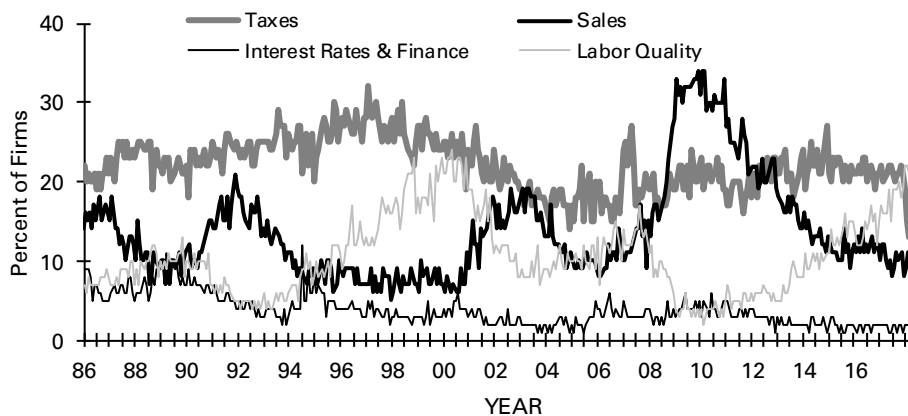
## SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation  
January 1986 to May 2018



## SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality  
January 1986 to May 2018



# SURVEY PROFILE

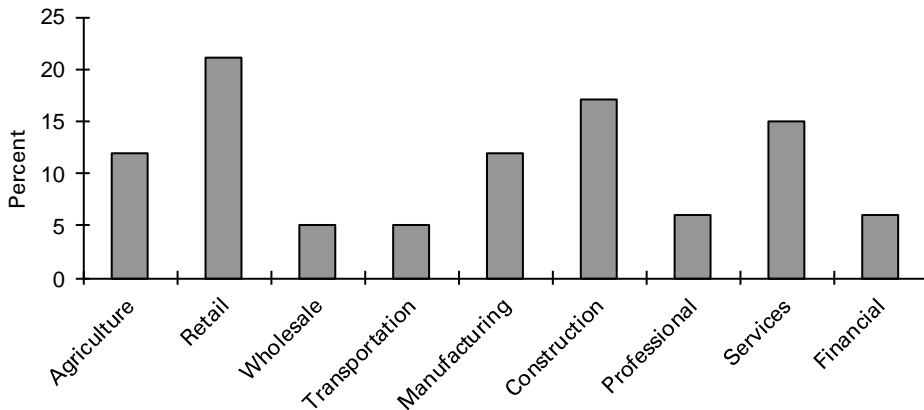
## OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<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	764	704	1618	699	624	1533	713	629	1513	544	495
<b>2018</b>	1658	642	570	1554	562							

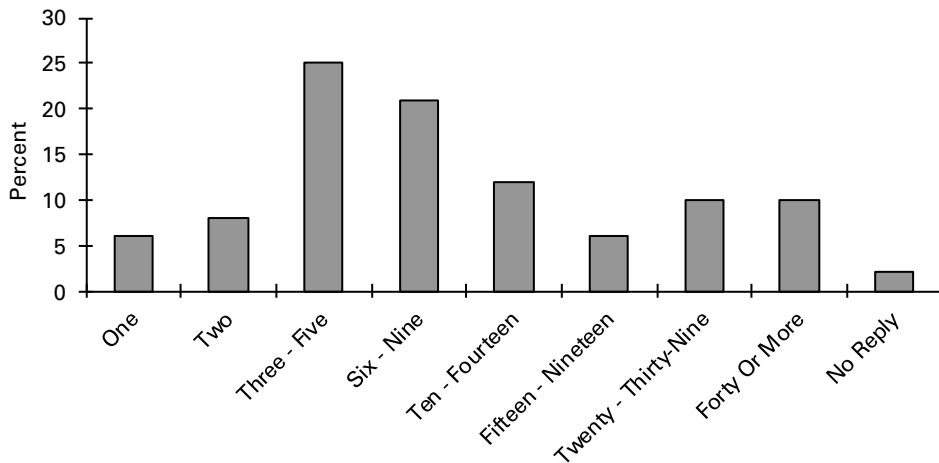
## NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

<b>Do you think the next three months will be a good time for small business to expand substantially? Why? . . . . .</b>	<b>4</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>5</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>6</b>
<b>If higher or lower, what is the most important reason? . . . . .</b>	<b>6</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>7</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>7</b>
<b>How are your average selling prices compared to three months ago? . . . . .</b>	<b>8</b>
<b>In the next three months, do you plan to change the average selling prices of your goods and/or services? . . . . .</b>	<b>8</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>9</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>9</b>
<b>Do you have any job openings that you are not able to fill right now? . . . . .</b>	<b>10</b>
<b>In the next three months, do you expect to increase or decrease the total number of people working for you? . . . . .</b>	<b>10</b>
<b>Over the past three months, did you change the average employee compensation? . . . . .</b>	<b>11</b>
<b>Do you plan to change average employee compensation during the next three months? . . . . .</b>	<b>11</b>



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**

