



NFIB SMALL BUSINESS ECONOMIC TRENDS

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March 2013

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	4%	1	5%
Plans to Make Capital Outlays	25%	4	20%
Plans to Increase Inventories	-1%	6	30%
Expect Economy to Improve	-28%	2	10%
Expect Real Sales Higher	1%	2	10%
Current Inventory	-1%	2	10%
Current Job Openings	21%	3	15%
Expected Credit Conditions	-8%	1	5%
Now a Good Time to Expand	5%	-1	-5%
Earnings Trends	-26%	0	0%
Total Change		-20	100%

(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

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 Senior Policy Analyst Holly Wade are responsible for the report.

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SUMMARY

OPTIMISM INDEX

The NFIB Index of Small Business Optimism increased 1.9 points in February, to 90.8. While a nice improvement over the last several reports, the Index remains on par with the 2008 average and below the trough of the 1991-92 and 2001-02 recessions. The direction of February's change is positive, but not indicative of a surge in confidence among small-business owners. Of the ten Index components, one fell, one remained unchanged and eight improved. Most notably, the gains in capital spending and inventory investment plans were large, but by historical standards the levels remain very low.

LABOR MARKETS

Forty-four percent of the owners hired or tried to hire in the last three months and 34 percent reported few or no qualified applicants for open positions. Twenty-one (21) percent of all owners reported job openings they could not fill in the current period, up 3 points from January and 5 points from December. Job creation plans rose 1 point to a net 4 percent planning to increase total employment, historically weak but 3 points better than December, so a small positive trend.. Not dramatic improvements but solid and headed in a positive direction. Overall, labor market indicators improved, extending December's gains, suggesting that there will be modestly better job creation and unemployment numbers. However, employment is still below its level in 2008 so there is a long way to go to restore employment to its pre-recession level. A continued rebound in the labor intensive housing industry will help a lot.

INVENTORIES AND SALES

Weak sales is still the top business problem for 18 percent of owners. The net percent of all owners (seasonally adjusted) reporting higher nominal sales over the past three months was unchanged in February, at a negative 9 percent. There are still far more owners reporting declining sales than reporting positive sales trends. Consumer spending remains weak, especially on services although durable goods sales have recently shown some strength. The net percent of owners expecting higher real sales volumes rose 2 points to 1 percent of all owners (seasonally adjusted), 11 points below the 2012 cycle high of a net 12 percent reached in February, 2012. While sales trends improved, they are still weak when viewed through historical context.

The pace of inventory reduction continued, with a net negative 9 percent of all owners reporting growth in inventories (seasonally adjusted), 2 points worse than January. For all firms, a net 1 percent (up 2 points) reported stocks too low, historically a good level of satisfaction with inventory stocks. But, with rather dismal sales expectations, plans to add to inventories remained weak at a net negative 1 percent of all firms (seasonally adjusted), an improvement of 6 points from January.

This survey was conducted in February 2013. A sample of 3,938 small-business owners/members was drawn. Eight hundred seventy (870) usable responses were received – a response rate of 22 percent.



CAPITAL SPENDING

The frequency of reported capital outlays over the past six months rose 1 point to 56 percent on top of a 3 point gain in January, still in “maintenance mode” but gaining. Overall, the frequency of expenditures improved, but not to levels typical of normal growth. The percent of owners planning capital outlays in the next 3 to 6 months rose 4 points to 25 percent. Five percent characterized the current period as a good time to expand facilities (down 1 point), historically a very weak number. The net percent of owners expecting better business conditions in six months was a net negative 28 percent, 7 points better than December and 2 points better than January but still disastrous, among the lowest reading in nearly 40 years.

INFLATION

Sixteen (16) percent of the NFIB owners reported reducing their average selling prices in the past 3 months (up 1 point), and 21 percent reported price increases (up 2 points). Seasonally adjusted, the net percent of owners raising selling prices was 2 percent, unchanged. With spending growth weak and excess capacity still widespread, there are few opportunities to raise prices. Seasonally adjusted, a net 23 percent plan price hikes, up 2 points. The recession and the weak recovery have made sure that the lid stays on inflation, a source of comfort for the Fed.

EARNINGS AND WAGES

Earnings trends were unchanged from January’s reading of a net negative 26 percent. In comparison, the Fortune 500 are posting record high profits, revealing a bifurcated economy. Three percent of small employers reported reduced worker compensation and 19 percent reported raising compensation, yielding a seasonally adjusted net 14 percent of businesses reporting higher worker compensation (up 1 point). Seasonally adjusted, a net 8 percent plan to raise compensation in the coming months, up 1 point.

CREDIT MARKETS

Small business demand for credit remained weak in February, given the weak economy. Only 7 percent of owners surveyed reported that all their credit needs were not met, up 1 point but only 3 points above the record low. Twenty-nine percent reported all credit needs met, and 51 percent explicitly said they did not want a loan. Only two percent of owners reported that financing was their top business problem. Twenty-nine (29) percent of all owners reported borrowing on a regular basis, down 2 points and 1 point shy of the record low of 28 points set in November 2010. A net 7 percent of owners reported that loans are “harder to get” compared to their last attempt (asked of regular borrowers only), unchanged from January, though it is now one in four of those in the market. The net percent of owners expecting credit conditions to ease in the coming months was a seasonally adjusted negative 8 percent (more owners expect that it will be “harder” to arrange financing than easier), 1 point better than in January.



COMMENTARY

The President has crisscrossed the country telling us how many people will be hurt if he has to deprive them of his largess if spending is cut. And he has chosen cuts that will maximize the pain felt by the citizens, refusing the opportunity to actually lead and manage the cuts more sensibly. But he has nothing to say about the pain he inflicts on the producers of jobs that could help those who are unemployed and want to work. That pain is obvious on Main Street, most recently in the reports of the Regional Federal Reserve Banks. His programs are damaging the economy and creating more dependents on his largess while financed by those who make the economy run. He is clearly not in the mood to compromise much even though consumers are not happy with policy. It is not likely that higher taxes and higher energy costs will make them happy. Only 15 percent of consumers in the University of Michigan/Reuters February poll thought government is doing a “good” job, 43 percent a “poor” job. Seventy-six percent of NFIB owners think that business conditions will be the same (ugh!) or worse in six months - not a pretty picture.

The economy is clearly bifurcated, with S&P profits at record levels while GDP posts a growth rate of 0.1 percent (excluding government, growth would have been over 1 percent, still a lousy reading). The small business half of the economy is clearly languishing based on NFIB surveys of its 350,000 member firms. So, the average growth of these two sectors is the growth of the private economy (government excluded) and that’s not good. With some evidence that the large firms will not perform as well this year as last, prospects for strong growth this year are not good. Housing and energy will be bright spots for job creation, but can’t carry the whole burden of restoring employment to its 2007 level.

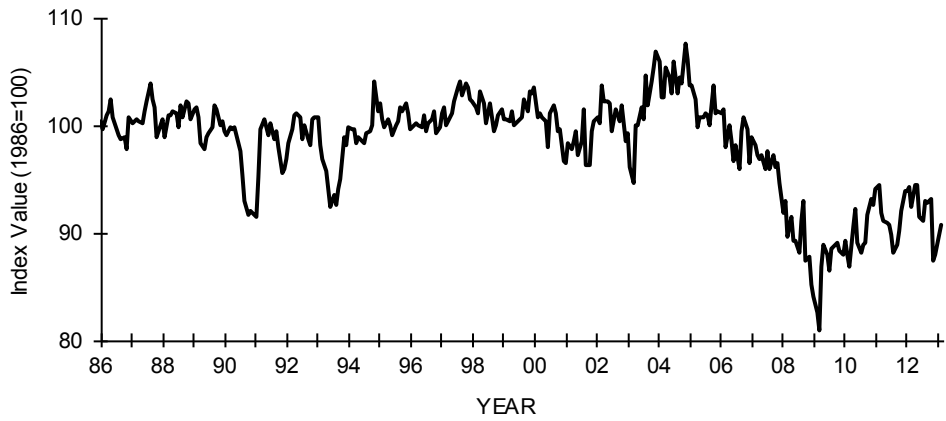
The labor market does seem to be finding better footing, although the indicators are not strong enough to produce the kind of job growth needed to expeditiously speed the unemployment rate to the Federal Reserve’s 6.5 percent target. February was a decent month for a change, especially for private sector jobs (the ones we want!), let’s hope for a repeat performance. But until owners’ forecast for the economy improves substantially, there will not be much of a boost to hiring and spending from the small business half of the economy.



OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

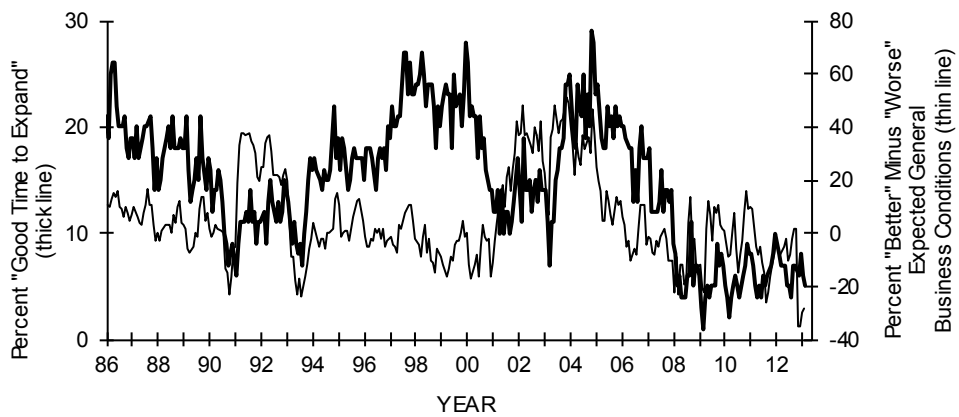
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	91.8	92.9	89.6	91.5	89.3	89.2	88.2	91.1	92.9	87.5	87.8	85.2
2009	84.1	82.6	81.0	86.8	88.9	87.9	86.5	88.6	88.8	89.1	88.3	88.0
2010	89.3	88.0	86.8	90.6	92.2	89.0	88.1	88.8	89.0	91.7	93.2	92.6
2011	94.1	94.5	91.9	91.2	90.9	90.8	89.9	88.1	88.9	90.2	92.0	93.8
2012	93.9	94.3	92.5	94.5	94.4	91.4	91.2	92.9	92.8	93.1	87.5	88.0
2013	88.9	90.8										

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January 1986 to February 2013
(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
2008	9	8	5	6	4	4	6	6	11	5	7	7
2009	6	3	1	4	5	4	5	5	9	7	8	7
2010	5	4	2	4	5	6	5	4	6	7	9	8
2011	8	7	5	4	5	4	6	5	6	7	8	10
2012	9	8	7	7	7	5	5	4	7	7	6	8
2013	6	5										

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
February 2013

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	3	40	15
Sales Prospects	2	4	1
Fin. & Interest Rates	1	1	0
Cost of Expansion	0	3	2
Political Climate	0	15	7
Other/Not Available	0	2	3

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

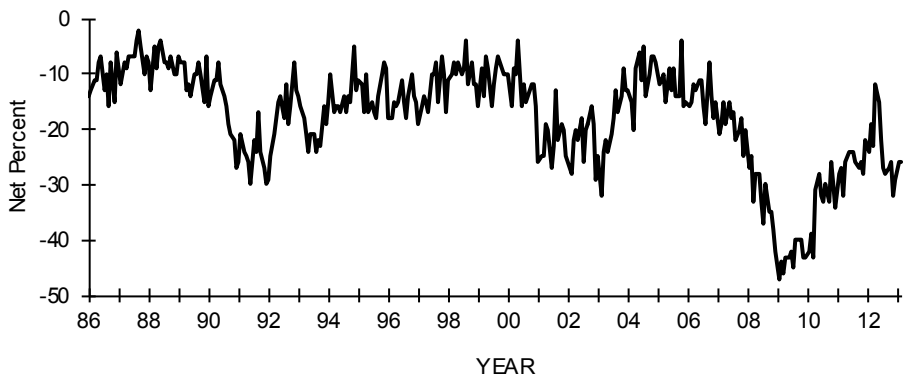
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	-22	-9	-23	-12	-12	-19	-17	4	14	-4	-2	-13
2009	-12	-21	-22	2	12	7	-3	10	8	11	3	2
2010	1	-9	-8	0	8	-6	-15	-8	-3	8	16	9
2011	10	9	-5	-8	-5	-11	-15	-26	-22	-16	-12	-8
2012	-3	-6	-8	-5	-2	-10	-8	-2	2	2	-35	-35
2013	-30	-28										



SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to February 2013
(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
2008	-27	-25	-33	-28	-28	-33	-37	-30	-35	-35	-38	-42
2009	-47	-44	-46	-43	-43	-42	-45	-40	-40	-40	-43	-43
2010	-42	-39	-43	-31	-28	-32	-33	-30	-33	-26	-30	-34
2011	-28	-27	-32	-26	-24	-24	-24	-26	-27	-26	-28	-22
2012	-24	-19	-23	-12	-15	-22	-27	-28	-27	-26	-32	-29
2013	-26	-26										

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
February 2013

	Current Month	One Year Ago	Two Years Ago
Sales Volume	19	15	18
Increased Costs*	13	12	9
Cut Selling Prices	2	2	3
Usual Seasonal Change	5	7	6
Other	3	3	3

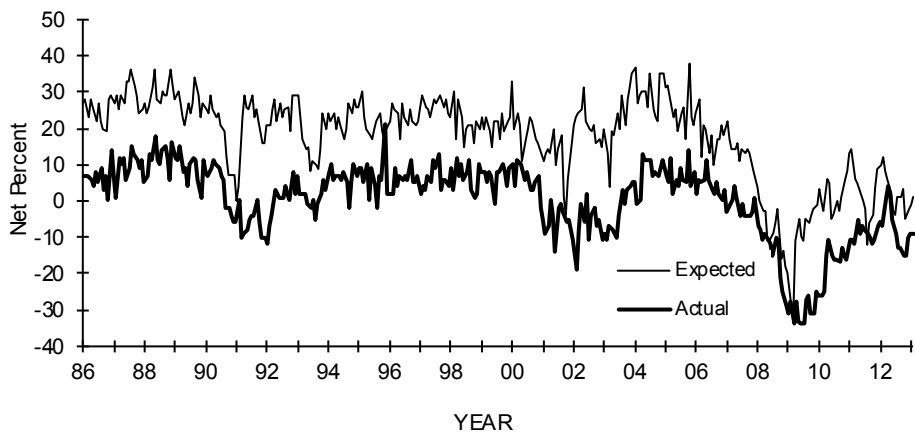
* Increased costs include labor, materials, finance, taxes, and regulatory costs.



SMALL BUSINESS SALES

SALES

Actual (Prior Three Months) and Expected (Next Three Months)
January 1986 to February 2013
(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
2008	-7	-8	-11	-9	-11	-12	-15	-10	-11	-21	-25	-29
2009	-31	-28	-34	-28	-33	-34	-34	-27	-26	-31	-31	-25
2010	-26	-26	-25	-15	-11	-15	-16	-16	-17	-13	-15	-16
2011	-11	-11	-12	-5	-9	-7	-8	-9	-10	-12	-11	-7
2012	-6	-7	1	4	2	-5	-9	-13	-13	-15	-15	-10
2013	-9	-9										



SALES EXPECTATIONS

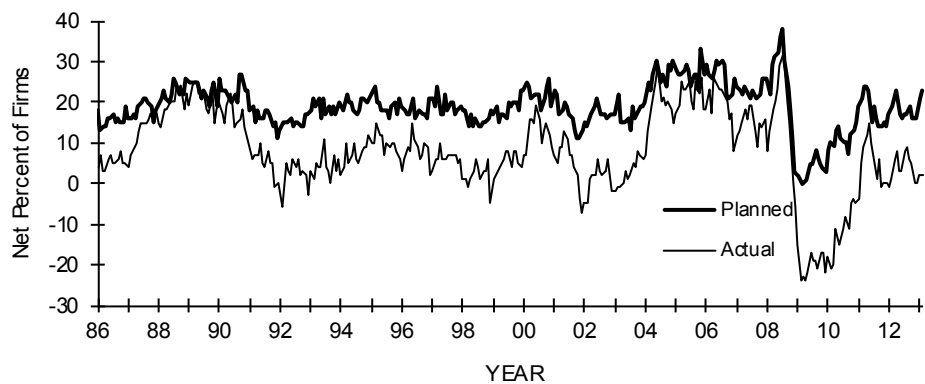
Net Percent (“Higher” Minus “Lower”) During Next Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	4	0	-3	-3	-11	-11	-9	-6	-2	-16	-14	-18
2009	-20	-29	-31	-11	-5	-10	-11	-5	-6	-4	-2	-1
2010	3	0	-3	6	5	-5	-4	0	-3	1	6	8
2011	13	14	6	5	3	0	-2	-12	-6	-4	4	9
2012	10	12	8	6	2	-3	-4	1	1	3	-5	-2
2013	-1	1										

SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
January 1986 to February 2013
(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
2008	8	13	18	20	23	29	32	26	20	15	0	-6
2009	-15	-24	-23	-24	-22	-17	-19	-19	-21	-17	-17	-22
2010	-18	-21	-20	-11	-15	-13	-11	-8	-11	-5	-4	-5
2011	-4	5	9	12	15	10	7	1	6	-1	0	0
2012	-1	1	6	8	3	3	8	9	6	5	0	0
2013	2	2										

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
2008	26	22	29	31	32	36	38	30	24	18	11	3
2009	2	1	0	1	3	5	5	8	6	5	4	3
2010	8	10	9	13	14	11	10	10	7	12	13	15
2011	19	21	24	24	23	15	19	16	14	14	15	14
2012	17	19	21	23	17	16	17	17	19	16	16	16
2013	21	23										



SMALL BUSINESS EMPLOYMENT

ACTUAL EMPLOYMENT CHANGES

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	0	-3	-7	-9	-10	-12	-5	-4	-10	-9	-10	-18
2009	-15	-15	-22	-25	-24	-23	-17	-16	-16	-12	-12	-12
2010	-10	-9	-11	-12	-12	-10	-5	-2	-3	-6	-2	-1
2011	-4	-2	-4	-6	-3	-7	-2	-2	-5	0	2	1
2012	0	-2	-3	-4	-5	-3	1	2	-3	1	-1	-2
2013	2	-2										

QUALIFIED APPLICANTS FOR JOB OPENINGS

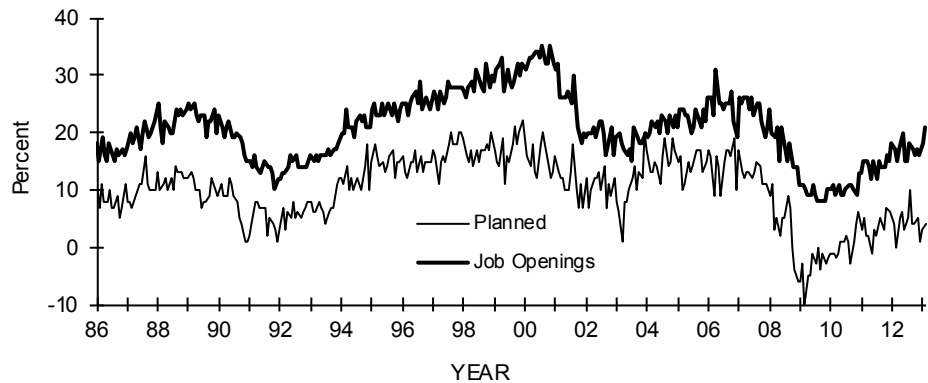
Percent Few or No Qualified Applicants
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	37	36	36	37	33	39	36	35	38	35	31	30
2009	*	*	24	24	25	27	26	23	25	25	28	21
2010	24	26	23	26	26	25	28	32	30	28	27	28
2011	28	30	29	32	30	33	31	33	34	31	35	34
2012	31	31	32	34	37	33	38	37	41	38	36	33
2013	34	34										



EMPLOYMENT

Planned Next Three Months and Current Job Openings
January 1986 to February 2013
(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
2008	24	20	19	21	15	21	17	15	18	14	14	14
2009	11	11	10	9	9	11	9	8	8	8	8	10
2010	10	11	9	11	9	9	10	11	11	10	9	13
2011	13	15	15	14	12	15	12	15	14	14	16	15
2012	18	17	15	17	20	15	15	18	17	16	17	16
2013	18	21										

HIRING PLANS

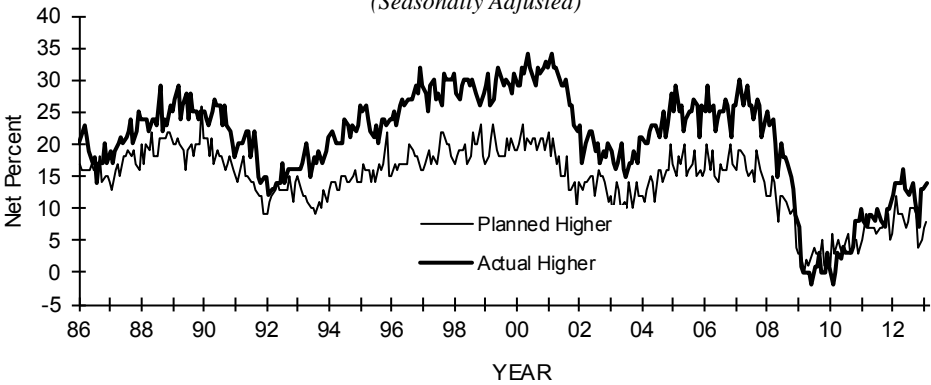
Net Percent (“Increase” Minus “Decrease”) in the Next Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	9	11	3	5	2	5	5	9	7	0	-4	-6
2009	-6	-3	-10	-5	-5	-1	-3	0	-4	-1	-3	-2
2010	-1	-1	-2	-1	1	1	2	1	-3	1	4	6
2011	3	5	2	2	-1	3	2	5	4	3	7	6
2012	5	4	0	5	6	3	5	10	4	4	5	1
2013	3	4										

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to February 2013
(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
2008	25	23	24	20	15	20	18	18	17	15	13	9
2009	7	1	0	0	0	-2	1	1	3	0	0	3
2010	1	-2	0	3	2	4	3	3	3	4	8	8
2011	10	8	7	9	9	8	10	9	8	7	10	10
2012	12	14	14	14	16	13	12	13	14	11	7	13
2013	13	14										

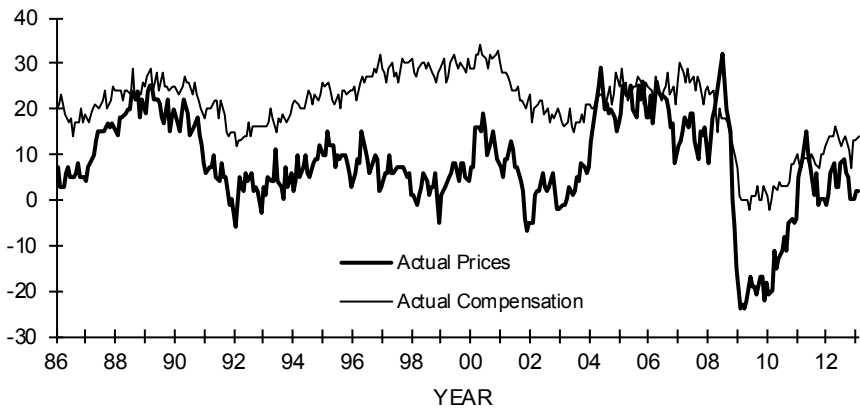
COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	12	12	15	14	8	12	12	11	10	9	10	4
2009	3	3	0	2	1	3	4	3	3	5	1	1
2010	1	6	3	5	4	3	5	6	3	5	5	3
2011	5	7	9	7	7	7	6	7	7	8	9	5
2012	6	12	9	9	9	7	8	10	10	9	4	5
2013	7	8										

PRICES AND LABOR COMPENSATION

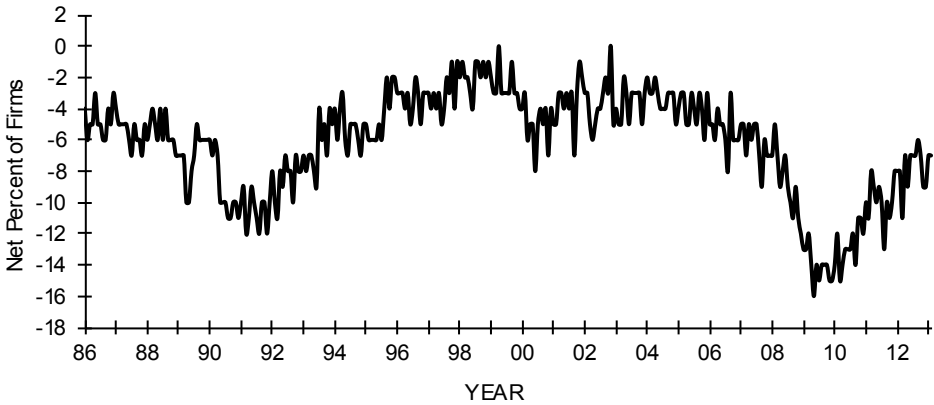
Net Percent Price Increase and Net Percent Compensation
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1986 to February 2013



* For the population borrowing at least once every three months.

REGULAR BORROWERS

Percent Borrowing at Least Once Every Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	36	34	33	36	35	35	34	34	32	33	31	33
2009	35	36	33	33	34	30	33	32	33	33	33	33
2010	32	34	35	31	32	29	32	31	33	31	28	30
2011	31	31	29	32	29	29	30	32	31	30	34	31
2012	32	32	31	32	32	29	31	30	31	30	30	29
2013	31	29										



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
2008	-7	-5	-7	-9	-8	-7	-9	-10	-11	-9	-11	-12
2009	-13	-13	-12	-14	-16	-14	-15	-14	-14	-14	-15	-15
2010	-14	-12	-15	-14	-13	-13	-13	-12	-14	-11	-11	-12
2011	-10	-11	-8	-9	-10	-9	-10	-13	-10	-11	-10	-8
2012	-8	-8	-11	-7	-9	-7	-7	-7	-6	-7	-9	-9
2013	-7	-7										

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
2008	34/5	35/4	32/6	34/5	34/7	35/5	32/7	35/6	33/6	31/6	31/7	32/6
2009	33/8	32/8	29/10	30/8	28/9	30/10	28/10	30/7	30/10	29/9	29/10	28/8
2010	27/11	29/9	29/11	28/9	28/8	25/10	27/9	27/9	27/9	26/9	25/9	28/9
2011	28/8	29/8	28/7	28/8	28/8	25/9	28/8	28/7	29/8	28/9	30/7	29/7
2012	30/7	31/7	27/8	31/8	29/9	29/7	30/7	31/7	32/8	28/8	28/6	29/6
2013	31/6	29/7										

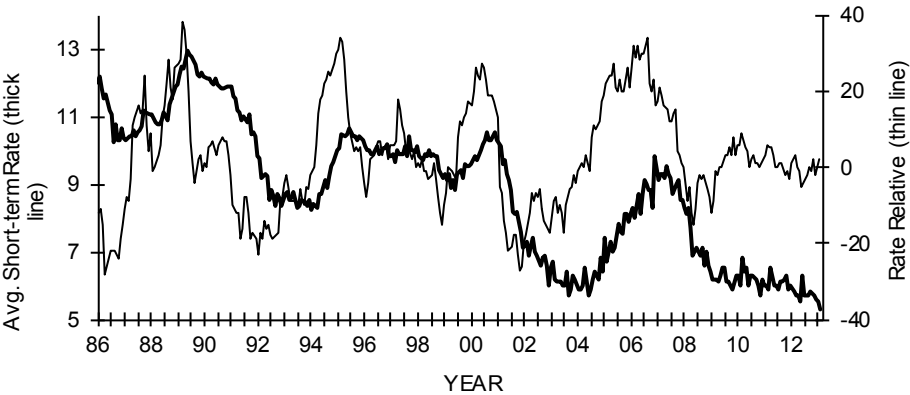
EXPECTED CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	-9	-8	-9	-11	-10	-10	-12	-11	-13	-16	-13	-15
2009	-14	-16	-14	-12	-15	-13	-14	-13	-15	-16	-15	-15
2010	-13	-14	-16	-15	-12	-13	-14	-14	-14	-12	-10	-11
2011	-10	-10	-9	-13	-11	-10	-11	-13	-12	-11	-10	-9
2012	-9	-10	-11	-8	-10	-8	-7	-9	-7	-8	-10	-11
2013	-9	-8										

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January 1986 to February 2013



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
2008	0	-9	-5	-12	-15	-11	-4	-2	-3	-2	-6	-8
2009	-12	-9	-1	-2	0	0	3	3	5	3	8	3
2010	6	6	9	5	4	0	2	3	1	1	0	1
2011	3	6	5	5	3	0	0	1	1	-2	-1	-3
2012	1	2	3	0	-1	-5	-3	-2	0	-1	2	-2
2013	0	2										

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

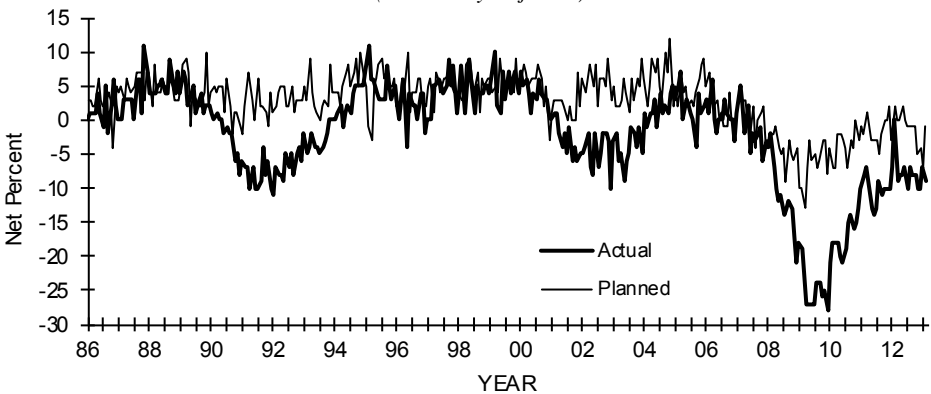
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	8.3	8.1	8.3	7.7	6.9	7.1	7.0	6.9	7.1	6.6	7.0	6.6
2009	6.4	6.2	6.2	6.1	6.3	6.5	6.5	6.1	6.1	6.0	5.9	6.3
2010	6.3	6.0	6.8	6.4	6.5	6.0	6.3	6.3	6.2	6.0	5.7	6.2
2011	6.0	6.0	5.9	6.5	6.0	6.0	5.9	6.1	6.1	6.2	6.3	5.9
2012	6.0	5.8	5.7	5.7	5.5	6.3	5.7	5.7	5.7	5.8	5.7	5.6
2013	5.5	5.3										



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January 1986 to February 2013
(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
2008	-4	-2	-7	-10	-12	-11	-14	-13	-12	-13	-17	-21
2009	-18	-19	-23	-27	-27	-27	-27	-24	-24	-26	-25	-28
2010	-21	-18	-18	-18	-20	-21	-19	-15	-14	-16	-15	-13
2011	-10	-8	-7	-9	-13	-14	-13	-9	-11	-10	-10	-10
2012	-7	0	-9	-8	-8	-7	-10	-7	-8	-8	-10	-10
2013	-7	-9										

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
2008	-4	-4	-1	-1	-3	-1	-4	-3	-1	-4	-4	-7
2009	-6	-5	-4	-5	-2	-5	-4	-4	0	-3	-2	-4
2010	-1	-1	-1	1	0	-1	0	-1	-2	1	-3	-3
2011	0	2	-1	1	-1	-1	0	1	-1	0	-1	0
2012	1	2	3	0	0	0	0	0	-1	0	-2	0
2013	-1	1										

INVENTORY PLANS

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

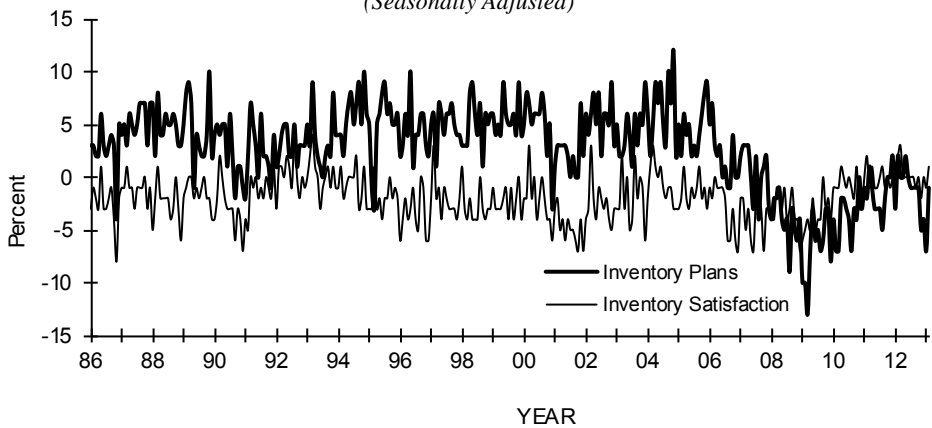
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	-4	-2	-2	-1	-4	-5	-4	-9	-3	-5	-6	-4
2009	-10	-10	-13	-7	-3	-6	-5	-7	-6	-3	-3	-8
2010	-4	-7	-7	-2	2	-3	-4	-7	-3	-4	0	-3
2011	-1	-2	1	-1	-3	-3	-3	-5	-2	0	0	2
2012	-3	2	0	0	2	0	-1	-1	-1	-1	-5	-4
2013	-7	-1										



SMALL BUSINESS CAPITAL OUTLAYS

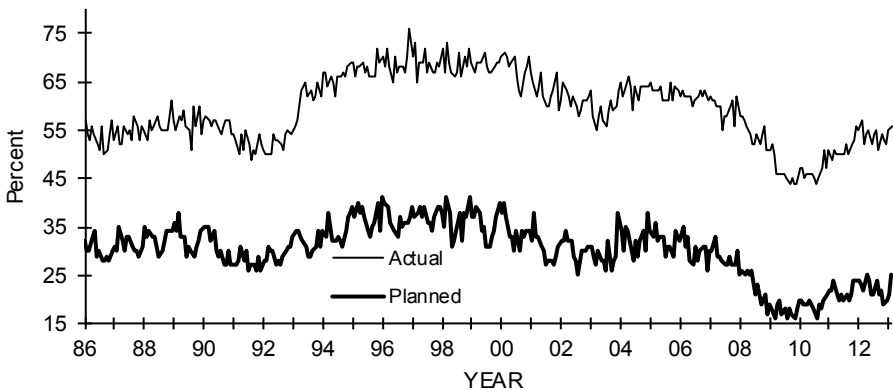
INVENTORY SATISFACTION AND INVENTORY PLANS

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 February 2013
(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
2008	58	58	57	56	54	52	52	54	52	54	56	51
2009	51	52	50	46	46	46	46	45	44	45	44	44
2010	47	47	45	46	46	46	45	44	45	47	51	47
2011	51	49	51	50	50	50	50	52	50	52	53	56
2012	55	57	52	54	55	52	54	55	51	54	53	52
2013	55	56										



SMALL BUSINESS CAPITAL OUTLAYS (CONTINUED)

TYPE OF CAPITAL EXPENDITURES MADE

Percent Purchasing or Leasing During Last Six Months

Type	Current	One Year Ago	Two Years Ago
Vehicles	22	23	19
Equipment	41	40	33
Furniture or Fixtures	10	12	10
Add. Bldgs. or Land	6	5	5
Improved Bldgs. or Land	14	13	12

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	8	9	7
\$5,000 to \$9,999	6	5	5
\$10,000 to \$49,999	19	19	17
\$50,000 to \$99,999	9	9	9
\$100,000 +	9	11	9
No Answer	2	1	0



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
2008	25	26	25	26	25	26	21	23	21	19	21	17
2009	19	18	16	19	20	17	18	16	18	17	16	18
2010	20	20	19	19	20	19	18	16	19	18	20	21
2011	22	22	24	21	20	21	20	21	20	21	24	24
2012	24	23	22	25	24	21	21	24	21	22	19	20
2013	21	25										

SINGLE MOST IMPORTANT PROBLEM

SINGLE MOST IMPORTANT PROBLEM

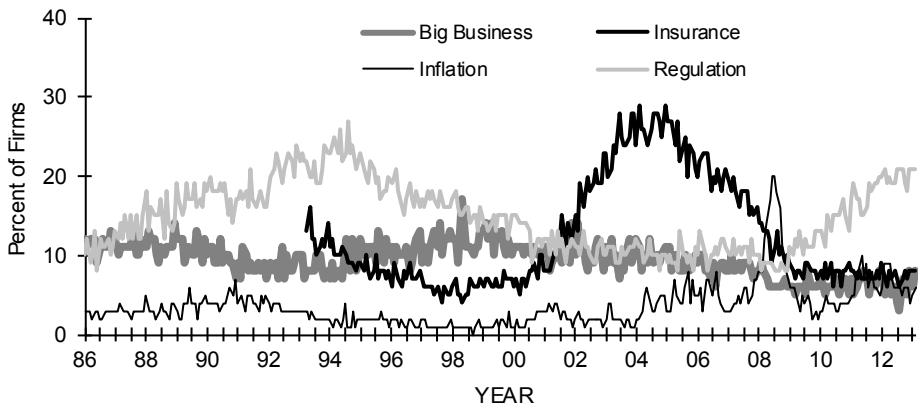
February 2013

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	21	21	32	8
Inflation	6	9	41	0
Poor Sales	18	22	34	2
Fin. & Interest Rates	2	4	37	1
Cost of Labor	4	3	9	2
Govt. Reqs. & Red Tape	21	21	27	4
Comp. From Large Bus.	8	5	14	4
Quality of Labor	5	5	24	3
Cost/Avail. of Insurance	8	7	29	4
Other	7	3	31	1

SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation

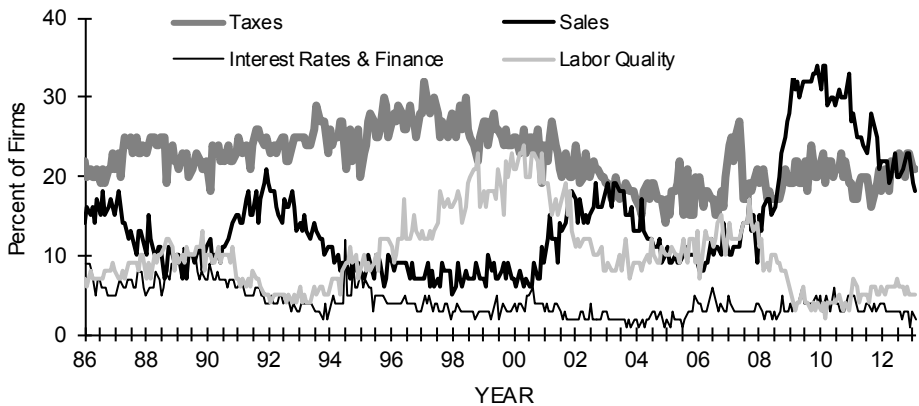
January 1986 to February 2013



SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality

January 1986 to February 2013



SURVEY PROFILE

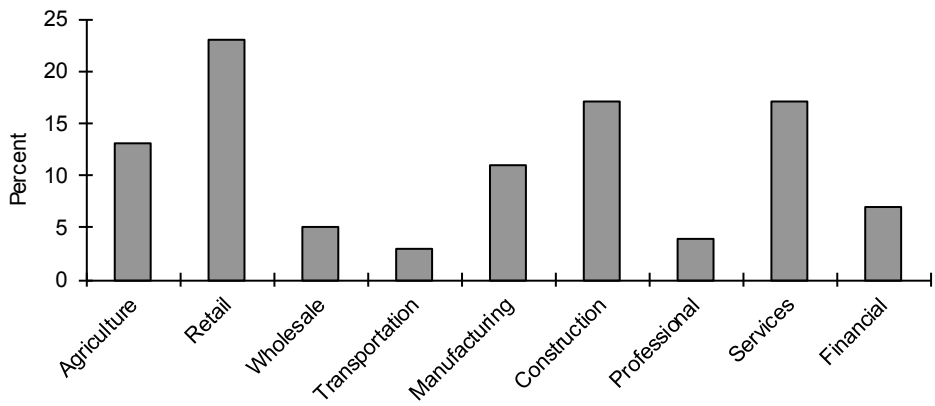
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	1845	700	735	1768	737	703	1827	812	743	1992	826	805
2009	2013	846	867	1794	814	758	1994	882	827	2059	825	830
2010	2114	799	948	2176	823	804	2029	874	849	1910	807	804
2011	2144	774	811	1985	733	766	1817	926	729	2077	781	735
2012	2155	819	757	1817	681	740	1803	736	691	2029	733	648
2013	2033	870										

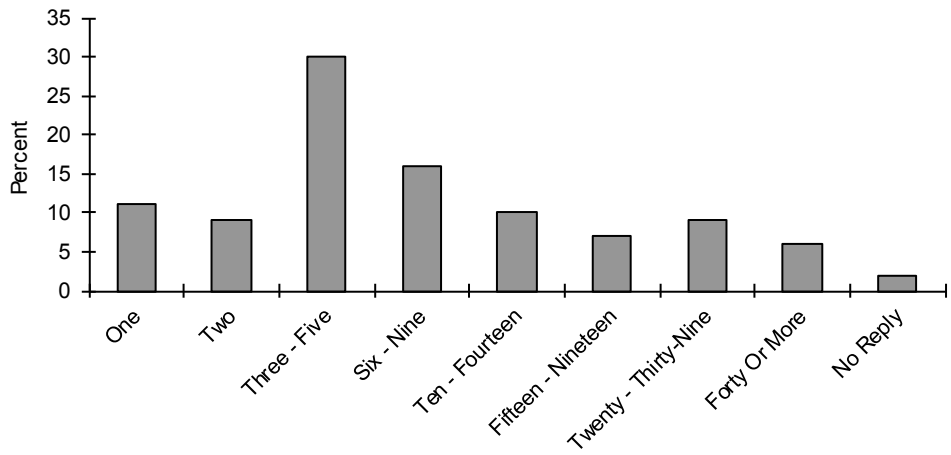
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

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

