

NFIB

SMALL BUSINESS

ECONOMIC

TRENDS

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Holly Wade

SMALL BUSINESS OPTIMISM INDEX COMPONENTS

| Index Component | Seasonally Adjusted Level | Change from Last Month | Contribution to Index Change |
|-------------------------------|---------------------------|------------------------|------------------------------|
| Plans to Increase Employment | 17% | -2 | * |
| Plans to Make Capital Outlays | 21% | 0 | * |
| Plans to Increase Inventories | -7% | 1 | * |
| Expect Economy to Improve | -47% | -2 | * |
| Expect Real Sales Higher | -9% | 5 | * |
| Current Inventory (too low) | -4% | -3 | * |
| Current Job Openings | 47% | 2 | * |
| Expected Credit Conditions | -6% | 2 | * |
| Now a Good Time to Expand | 6% | -1 | * |
| Earnings Trends | -23% | 3 | * |
| Total Change | | 5 | |

Based on a Survey of Small and Independent Business Owners

NFIB
SMALL BUSINESS
ECONOMIC TRENDS

NFIB Research Center has collected Small Business Economic Trends Data with Quarterly surveys since 1973 and monthly surveys since 1986. The sample is drawn from the membership files of the National Federation of Independent Business (NFIB). Each was mailed a questionnaire and one reminder. Subscriptions for twelve monthly SBET issues are \$250. Historical and unadjusted data are available, along with a copy of the questionnaire, from the NFIB Research Center. You may reproduce Small Business Economic Trends items if you cite the publication name and date and note it is a copyright of the NFIB Research Center. © NFIB Research Center. ISBS #0940791-24-2. Chief Economist William C. Dunkelberg and Executive Director of the NFIB Research Center Holly Wade are responsible for the report.

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SUMMARY

OPTIMISM INDEX

The Optimism Index increased 0.6 points in February to 90.9. This is the fourteenth consecutive month below the 49-year average of 98. The last time the Index was at or above the average was December 2021. Of the 10 index components, 5 increased, 4 decreased, and 1 was unchanged. Twenty-eight percent of owners reported that inflation was their single most important problem in operating their business, up 2 points from last month but 9 points lower than July's highest reading since 1979 Q4. Evidence of some easing in inflation pressure. Owners expecting better business conditions over the next six months deteriorated 2 points from January to a net negative 47 percent, although 14 percentage points better than last June's reading of net negative 61 percent. The net percent of owners raising average selling prices decreased 4 points to a net 38 percent seasonally adjusted. The net percent of owners who expect real sales to be higher improved 5 points from January to a net negative 9 percent.

LABOR MARKETS

Forty-seven percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, up 2 points from January. Thirty-eight percent have openings for skilled workers (up 2 points) and 19 percent have openings for unskilled labor (up 2 points). The difficulty in filling open positions is particularly acute in the transportation, services, and construction sectors. Openings are lowest in the finance sector. Owners' plans to fill open positions remain elevated, with a seasonally adjusted net 17 percent planning to create new jobs in the next three months, down 2 points from January and 15 points below its record high reading of 32 reached in August 2021. For the past three months, the net percent of firms reporting higher employment has been positive. Before that, the survey reported 9 months of negatives, with more firms reporting reductions than gains. With larger firms laying off workers, small firms may be now finding more success in hiring. Overall, 60 percent reported hiring or trying to hire in February, up 3 points from January. Fifty-four percent (90 percent of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (up 2 points). Thirty percent of owners reported few qualified applicants for their open positions (up 3 points) and 24 percent reported none (down 1 point).

CAPITAL SPENDING

Sixty percent reported capital outlays in the last six months, up 1 point from January. Of those making expenditures, 40 percent reported spending on new equipment (down 2 points), 26 percent acquired vehicles (up 2 points), and 12 percent spent money for new fixtures and furniture (up 1 point). Eighteen percent improved or expanded facilities (up 4 points) and 6 percent acquired new buildings or land for expansion (down 2 points). Twenty-one percent plan capital outlays in the next few months, unchanged from January and historically very weak.

SALES AND INVENTORIES

A net negative 6 percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months, down 2 points from January. The net percent of owners expecting higher real sales volumes improved 5 points to a net negative 9 percent. The net percent of owners reporting inventory increases declined 7 points to a net negative 1 percent. Not seasonally adjusted, 13 percent reported increases in stocks (down 4 points) and 19 percent reported reductions (up 2 points). Twenty percent of owners recently reported that supply chain disruptions still have a significant impact on their business (down 5 points). Another 33 percent reported a moderate impact (up 1 point) and 34 percent reported a mild impact (up 5 points). A net negative 4 percent of owners viewed current inventory stocks as “too low” in February, down 3 points from January. A net negative 7 percent of owners plan inventory investment in the coming months, up 1 point from January.

COMPENSATION AND EARNINGS

Seasonally adjusted, a net 46 percent reported raising compensation, unchanged from January. A net 23 percent plan to raise compensation in the next three months, up 1 point from January. Twelve percent cited labor costs as their top business problem, up 2 points from January. Twenty-one percent said that labor quality was their top business problem (down 3 points). Labor quality remains in second place behind “inflation” by 7 points as the top business problem. The frequency of reports of positive profit trends was a net negative 23 percent, 3 points better than January. Among owners reporting lower profits, 23 percent blamed weaker sales, 23 percent blamed the rise in the cost of materials, 17 percent cited the usual seasonal change, 13 percent cited labor costs, 10 percent cited lower prices, and 3 percent cited higher taxes or regulatory costs.

CREDIT MARKETS

Three percent of owners reported that all their borrowing needs were not satisfied (up 1 point). Twenty-five percent reported all credit needs met (down 1 point) and 62 percent said they were not interested in a loan (up 2 points). A net 5 percent reported their last loan was harder to get than in previous attempts (down 1 point). Two percent reported that financing was their top business problem (down 1 point). A net 24 percent of owners reported paying a higher rate on their most recent loan, down 1 point from January. The average rate paid on short maturity loans was 7.9 percent, 0.3 percentage points above January and the highest level (also in November) since March 2008. Thirty percent of all owners reported borrowing on a regular basis (up 1 point).

INFLATION

The net percent of owners raising average selling prices decreased 4 points from January to a net 38 percent seasonally adjusted, the lowest since April 2021. Unadjusted, 12 percent (up 2 points) reported lower average selling prices and 50 percent (down 1 point) reported higher average prices. Price hikes were most frequent in retail (64 percent higher, 9 percent lower), finance (63 percent higher, 16 percent lower), manufacturing (59 percent higher, 10 percent lower), and wholesale (57 percent higher, 9 percent lower).

COMMENTARY

The much-anticipated recession has yet to make a meaningful appearance, if at all. None of the NFIB metrics are strong except job openings and hiring plans. However, firms have not been successfully filling open positions, with more firms reporting declines in total employment than gains in most of 2022. Very large firms are laying off thousands, yet the government is reporting large employment gains. Where? Maybe in small firms, as the net percent increasing employment has been positive for the past three months after 9 months of negative numbers.

Firms are aggressively raising prices, hard to do in a recession, suggesting that there is still a large pool of demand for goods and services. If a recession is coming (and small firms believe it is), it is rolling out at a very slow pace, perhaps because there is still a large pool of saved up stimulus money still swirling around in the economy supporting consumer spending. Or job security remains strong for most and therefore continued spending is low risk, probably a combination of both.

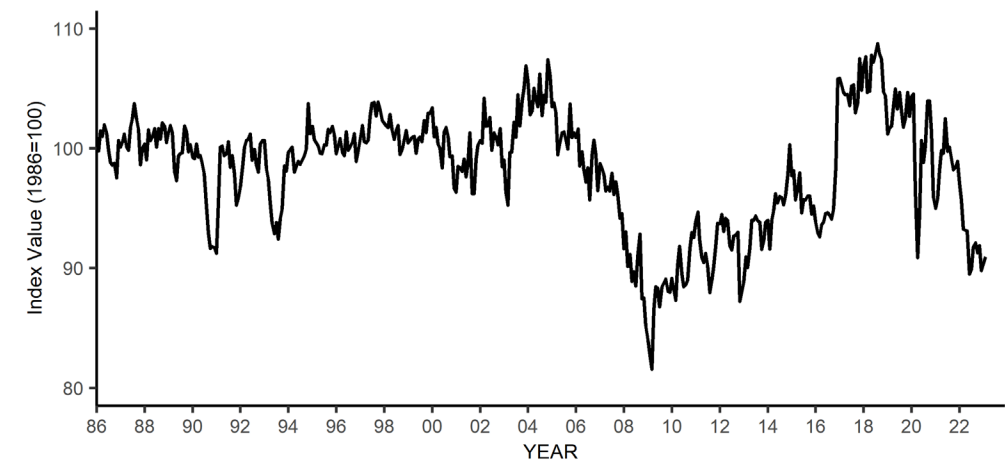
Inflation remains very persistent and three times the Fed's target level. The incidence of price hikes among Main Street firms has peaked but remains historically very high. But, the incidence of compensation increases has barely declined, making it harder for firms to justify reducing prices, even if other input costs are falling. If a slowing economy forces firms to cut prices, the bottom-line situation worsens, revenues fall but wage costs do not. Historically, this leads to a reduction in employment and rising unemployment.

The Fed will continue to raise its policy rate, inflation is much too high. In a recent survey, 21 percent of small firms reported higher interest rates on loan payments and 33 percent said higher rates were slowing consumer spending. Higher borrowing costs are starting to bite, especially in the housing industry. Housing starts and home purchases are down significantly. Since mid-2021, reported average loan rates have risen from 5% to 8% (low compared to the record 19% in 1980) and the Fed reports that banks are tightening up on their lending standards. However, absent a significant reduction in consumer spending, dragging inflation down with rate hikes will take a lot of time.

OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

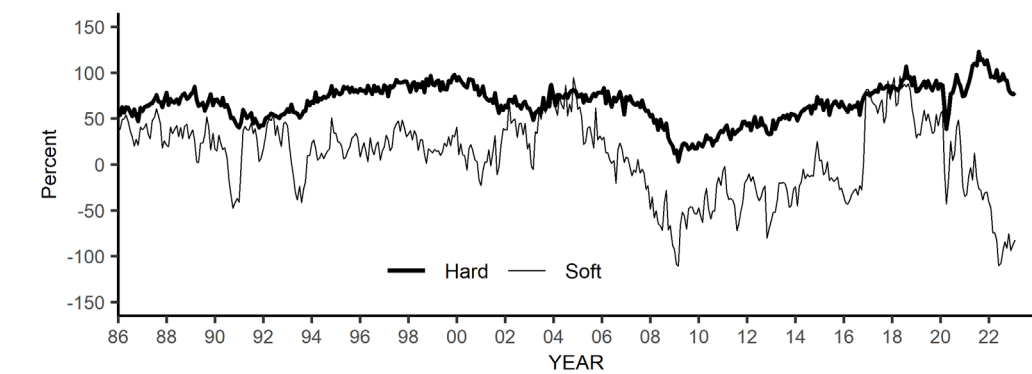
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2018 | 106.9 | 107.6 | 104.7 | 104.8 | 107.8 | 107.2 | 107.9 | 108.8 | 107.9 | 107.4 | 104.8 | 104.4 |
| 2019 | 101.2 | 101.7 | 101.8 | 103.5 | 105.0 | 103.3 | 104.7 | 103.1 | 101.8 | 102.4 | 104.7 | 102.7 |
| 2020 | 104.3 | 104.5 | 96.4 | 90.9 | 94.4 | 100.6 | 98.8 | 100.2 | 104.0 | 104.0 | 101.4 | 95.9 |
| 2021 | 95.0 | 95.8 | 98.2 | 99.8 | 99.6 | 102.5 | 99.7 | 100.1 | 99.1 | 98.2 | 98.4 | 98.9 |
| 2022 | 97.1 | 95.7 | 93.2 | 93.2 | 93.1 | 89.5 | 89.9 | 91.8 | 92.1 | 91.3 | 91.9 | 89.8 |
| 2023 | 90.3 | 90.9 | | | | | | | | | | |

OPTIMISM INDEX COMPONENTS

Hard: Job Creation Plans, Job Openings, Inventory Plans, Earnings, Capital Expenditure Plans

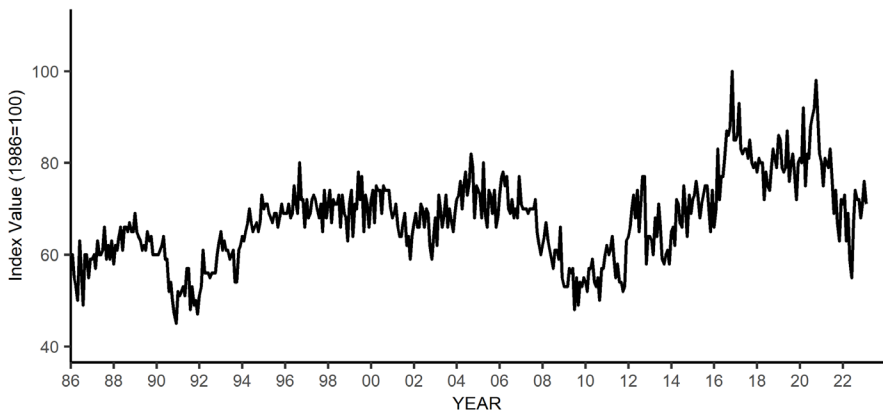
Soft: Expected Business Conditions, Outlook for Expansion, Expected Real Sales, Expected Credit Conditions, Inventory Satisfaction



SMALL BUSINESS UNCERTAINTY

UNCERTAINTY INDEX

Sum of "Don't Know" & "Uncertain" Answers on 6 Questions
(Seasonally Adjusted 1986=100)



UNCERTAINTY INDEX

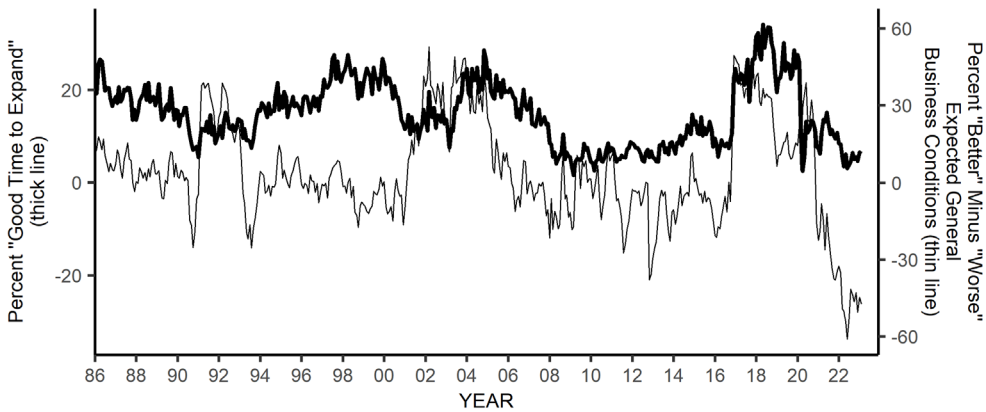
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 78 | 81 | 80 | 80 | 72 | 78 | 75 | 74 | 79 | 83 | 81 | 79 |
| 2019 | 86 | 85 | 79 | 78 | 79 | 87 | 76 | 80 | 82 | 78 | 72 | 80 |
| 2020 | 81 | 80 | 92 | 75 | 82 | 81 | 88 | 90 | 92 | 98 | 90 | 82 |
| 2021 | 80 | 75 | 81 | 80 | 79 | 83 | 76 | 69 | 74 | 67 | 63 | 72 |
| 2022 | 71 | 73 | 63 | 69 | 59 | 55 | 67 | 74 | 72 | 72 | 68 | 71 |
| 2023 | 76 | 71 | | | | | | | | | | |

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January 1986 to February 2023
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 32 | 32 | 28 | 27 | 34 | 29 | 32 | 34 | 33 | 30 | 29 | 24 |
| 2019 | 20 | 22 | 23 | 25 | 30 | 24 | 26 | 26 | 22 | 23 | 29 | 25 |
| 2020 | 28 | 26 | 13 | 3 | 5 | 13 | 11 | 12 | 13 | 13 | 12 | 8 |
| 2021 | 8 | 6 | 11 | 14 | 13 | 15 | 13 | 11 | 11 | 10 | 10 | 11 |
| 2022 | 9 | 8 | 6 | 4 | 6 | 3 | 4 | 5 | 6 | 5 | 6 | 5 |
| 2023 | 7 | 6 | | | | | | | | | | |

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
February 2023

| Reason | Good Time | Not Good Time | Uncertain |
|-----------------------|-----------|---------------|-----------|
| Economic Conditions | 3 | 36 | 17 |
| Sales Prospects | 3 | 2 | 1 |
| Fin. & Interest Rates | 0 | 7 | 3 |
| Cost of Expansion | 0 | 4 | 5 |
| Political Climate | 0 | 8 | 6 |
| Other / Not Available | 0 | 1 | 0 |

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

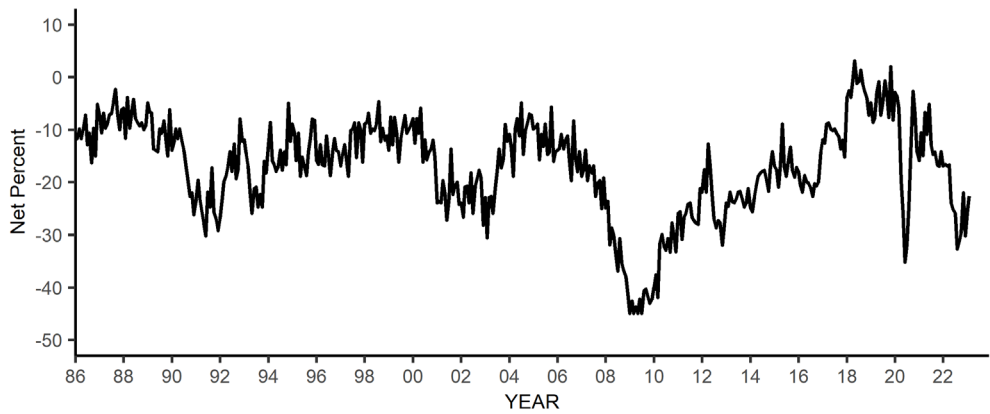
Net Percent (“Better” Minus “Worse”) Six Months From Now
(Seasonally Adjusted)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 41 | 43 | 32 | 30 | 37 | 33 | 35 | 34 | 33 | 33 | 22 | 16 |
| 2019 | 6 | 11 | 11 | 13 | 16 | 16 | 20 | 12 | 9 | 10 | 13 | 16 |
| 2020 | 14 | 22 | 5 | 29 | 34 | 39 | 25 | 24 | 32 | 27 | 8 | -16 |
| 2021 | -23 | -19 | -8 | -15 | -26 | -12 | -20 | -28 | -33 | -37 | -38 | -35 |
| 2022 | -33 | -35 | -49 | -50 | -54 | -61 | -52 | -42 | -44 | -46 | -43 | -51 |
| 2023 | -45 | -47 | | | | | | | | | | |

SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to February 2023
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | -4 | -3 | -4 | -1 | 3 | -1 | -1 | 1 | -1 | -3 | -4 | -7 |
| 2019 | -5 | -9 | -8 | -3 | -1 | -7 | -5 | -1 | -3 | -8 | 2 | -8 |
| 2020 | -3 | -4 | -6 | -20 | -26 | -35 | -32 | -25 | -12 | -3 | -7 | -14 |
| 2021 | -16 | -11 | -15 | -7 | -11 | -5 | -13 | -15 | -14 | -17 | -17 | -14 |
| 2022 | -17 | -17 | -17 | -17 | -24 | -25 | -26 | -33 | -31 | -30 | -22 | -30 |
| 2023 | -26 | -23 | | | | | | | | | | |

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
February 2023

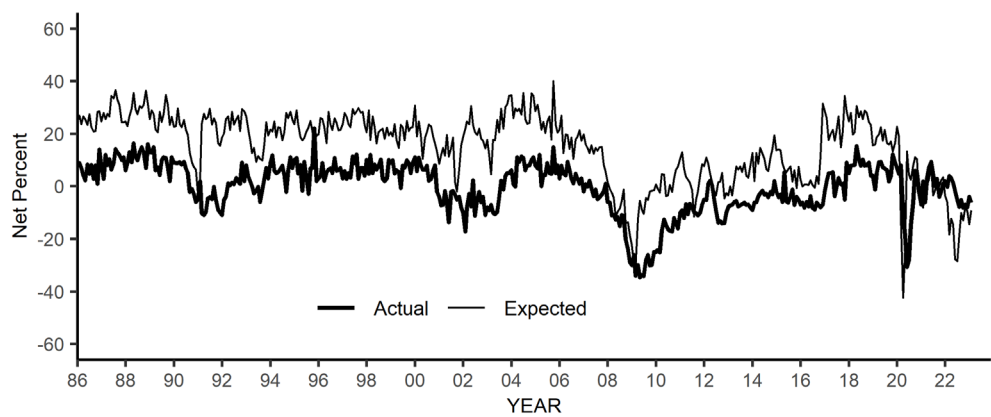
| Reason | Current Month | One Year Ago | Two Years Ago |
|-----------------------|---------------|--------------|---------------|
| Sales Volume | 9 | 11 | 17 |
| Increased Costs* | 15 | 14 | 6 |
| Cut Selling Prices | 4 | 3 | 1 |
| Usual Seasonal Change | 7 | 6 | 8 |
| Other | 0 | 2 | 1 |

* 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 2023
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 5 | 8 | 8 | 8 | 15 | 10 | 8 | 10 | 8 | 8 | 9 | 4 |
| 2019 | 4 | -1 | 5 | 9 | 9 | 7 | 7 | 6 | 2 | 4 | 12 | 9 |
| 2020 | 7 | 5 | 8 | -11 | -19 | -31 | -28 | -15 | -6 | 6 | 5 | -2 |
| 2021 | -7 | 2 | -6 | 3 | 7 | 9 | 5 | 0 | 3 | -4 | -2 | 1 |
| 2022 | 2 | 0 | 4 | 3 | 1 | -2 | -5 | -8 | -5 | -8 | -7 | -8 |
| 2023 | -4 | -6 | | | | | | | | | | |

SALES EXPECTATIONS

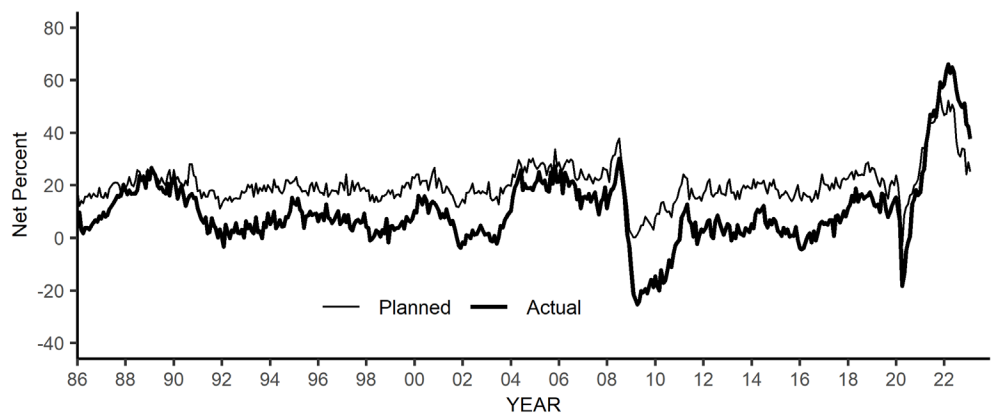
Net Percent ("Higher" Minus "Lower") During Next Three Months
(Seasonally Adjusted)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 25 | 28 | 20 | 21 | 31 | 26 | 29 | 26 | 29 | 28 | 24 | 23 |
| 2019 | 16 | 16 | 19 | 20 | 23 | 17 | 22 | 17 | 16 | 17 | 13 | 16 |
| 2020 | 23 | 19 | -12 | -42 | -24 | 13 | 5 | 3 | 8 | 11 | 10 | -4 |
| 2021 | -6 | -8 | 0 | 1 | 3 | 7 | -4 | -2 | 2 | 0 | 2 | 3 |
| 2022 | -3 | -6 | -18 | -12 | -15 | -28 | -29 | -19 | -10 | -13 | -8 | -10 |
| 2023 | -14 | -9 | | | | | | | | | | |

SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
January 1986 to February 2023
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 11 | 13 | 16 | 14 | 19 | 14 | 16 | 17 | 15 | 16 | 16 | 17 |
| 2019 | 15 | 13 | 12 | 13 | 10 | 17 | 16 | 11 | 8 | 10 | 12 | 14 |
| 2020 | 15 | 11 | 6 | -18 | -14 | -5 | -2 | 1 | 13 | 15 | 18 | 16 |
| 2021 | 17 | 25 | 26 | 36 | 40 | 47 | 46 | 49 | 46 | 53 | 59 | 57 |
| 2022 | 58 | 64 | 66 | 63 | 65 | 63 | 56 | 53 | 51 | 50 | 51 | 43 |
| 2023 | 42 | 38 | | | | | | | | | | |

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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 23 | 24 | 25 | 22 | 26 | 24 | 24 | 24 | 24 | 28 | 29 | 25 |
| 2019 | 27 | 26 | 24 | 21 | 20 | 23 | 22 | 17 | 15 | 20 | 22 | 20 |
| 2020 | 24 | 20 | 12 | -3 | 9 | 12 | 13 | 16 | 17 | 20 | 21 | 22 |
| 2021 | 28 | 34 | 34 | 36 | 43 | 44 | 44 | 44 | 46 | 51 | 54 | 49 |
| 2022 | 47 | 47 | 52 | 48 | 51 | 49 | 37 | 32 | 31 | 34 | 34 | 24 |
| 2023 | 29 | 25 | | | | | | | | | | |

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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 4 | 4 | 4 | 7 | 7 | 3 | 6 | 5 | 1 | 5 | 5 | 5 |
| 2019 | 7 | 9 | 12 | 7 | 9 | 5 | 3 | 5 | 4 | 4 | 10 | 6 |
| 2020 | 9 | 13 | 8 | -12 | -16 | -16 | -11 | -12 | -6 | -2 | -2 | -5 |
| 2021 | 0 | -3 | -2 | 1 | -5 | -2 | -6 | -8 | -1 | -2 | -1 | 1 |
| 2022 | -1 | 1 | -2 | -2 | -4 | -2 | -4 | -8 | -4 | -2 | -3 | 1 |
| 2023 | 2 | 4 | | | | | | | | | | |

QUALIFIED APPLICANTS FOR JOB OPENINGS

Percent Few or No Qualified Applicants

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 49 | 47 | 47 | 50 | 48 | 55 | 52 | 55 | 53 | 53 | 53 | 54 |
| 2019 | 49 | 49 | 54 | 49 | 54 | 50 | 56 | 57 | 50 | 53 | 53 | 50 |
| 2020 | 49 | 52 | 47 | 41 | 37 | 43 | 44 | 46 | 50 | 48 | 47 | 48 |
| 2021 | 46 | 51 | 51 | 54 | 57 | 56 | 57 | 60 | 62 | 58 | 56 | 57 |
| 2022 | 55 | 57 | 55 | 55 | 61 | 60 | 57 | 57 | 57 | 55 | 54 | 51 |
| 2023 | 52 | 54 | | | | | | | | | | |

EMPLOYMENT

Planned Next Three Months and Current Job Openings
January 1986 to February 2023
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 34 | 34 | 35 | 35 | 33 | 36 | 37 | 38 | 38 | 38 | 34 | 39 |
| 2019 | 35 | 37 | 39 | 38 | 38 | 36 | 39 | 35 | 35 | 34 | 38 | 33 |
| 2020 | 37 | 38 | 35 | 24 | 23 | 32 | 30 | 33 | 36 | 33 | 34 | 32 |
| 2021 | 33 | 40 | 42 | 44 | 48 | 46 | 49 | 50 | 51 | 49 | 48 | 49 |
| 2022 | 47 | 48 | 47 | 47 | 51 | 50 | 49 | 49 | 46 | 46 | 44 | 41 |
| 2023 | 45 | 47 | | | | | | | | | | |

HIRING PLANS

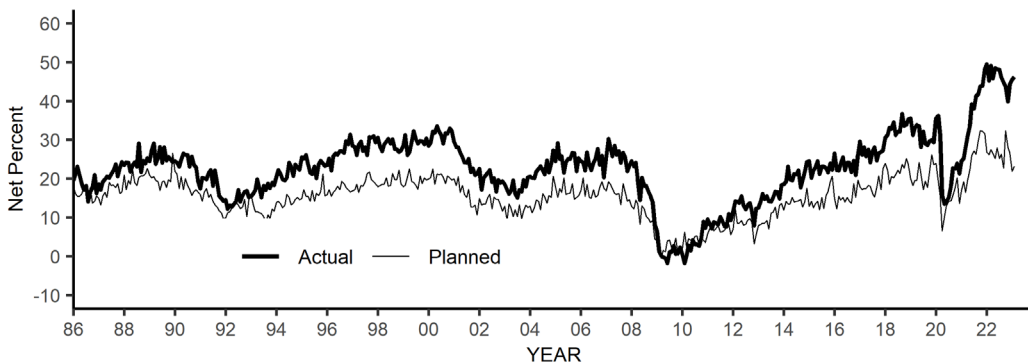
Net Percent ("Increase" Minus "Decrease") in the Next Three Months
(Seasonally Adjusted)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 20 | 18 | 20 | 16 | 18 | 20 | 23 | 26 | 23 | 22 | 22 | 23 |
| 2019 | 18 | 16 | 18 | 20 | 21 | 19 | 21 | 20 | 17 | 18 | 21 | 19 |
| 2020 | 19 | 21 | 9 | 1 | 8 | 16 | 18 | 21 | 23 | 18 | 21 | 17 |
| 2021 | 17 | 18 | 22 | 21 | 27 | 28 | 27 | 32 | 26 | 26 | 25 | 28 |
| 2022 | 26 | 19 | 20 | 20 | 26 | 19 | 20 | 21 | 23 | 20 | 18 | 17 |
| 2023 | 19 | 17 | | | | | | | | | | |

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to February 2023
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 31 | 31 | 33 | 33 | 35 | 31 | 32 | 32 | 37 | 34 | 34 | 35 |
| 2019 | 36 | 31 | 33 | 34 | 34 | 28 | 32 | 29 | 29 | 30 | 30 | 29 |
| 2020 | 36 | 36 | 31 | 16 | 14 | 14 | 15 | 18 | 23 | 23 | 24 | 21 |
| 2021 | 25 | 25 | 28 | 31 | 34 | 39 | 38 | 41 | 42 | 44 | 44 | 48 |
| 2022 | 50 | 45 | 49 | 46 | 49 | 48 | 48 | 46 | 45 | 44 | 40 | 44 |
| 2023 | 46 | 46 | | | | | | | | | | |

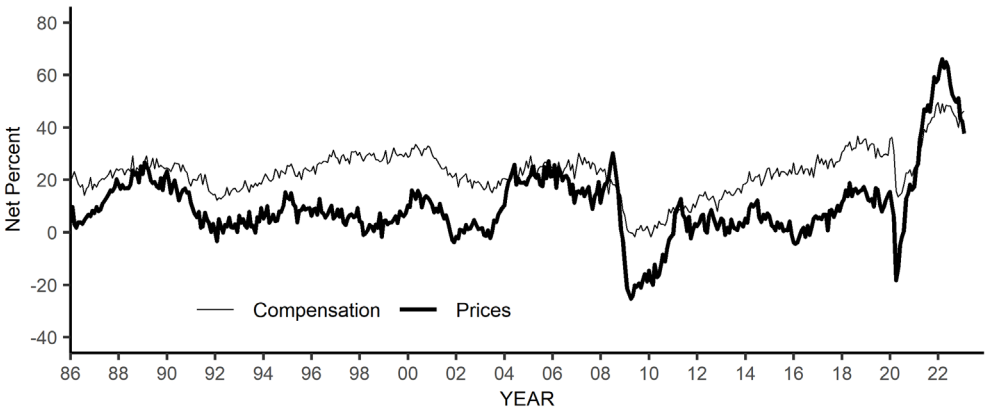
COMPENSATION PLANS

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

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 24 | 22 | 19 | 21 | 20 | 21 | 22 | 21 | 24 | 23 | 25 | 24 |
| 2019 | 20 | 18 | 20 | 20 | 24 | 21 | 17 | 19 | 18 | 22 | 26 | 24 |
| 2020 | 24 | 19 | 16 | 7 | 10 | 13 | 14 | 14 | 16 | 18 | 20 | 14 |
| 2021 | 17 | 19 | 17 | 20 | 22 | 26 | 27 | 26 | 30 | 32 | 32 | 32 |
| 2022 | 27 | 26 | 28 | 27 | 25 | 28 | 25 | 26 | 23 | 32 | 28 | 27 |
| 2023 | 22 | 23 | | | | | | | | | | |

PRICES AND LABOR COMPENSATION

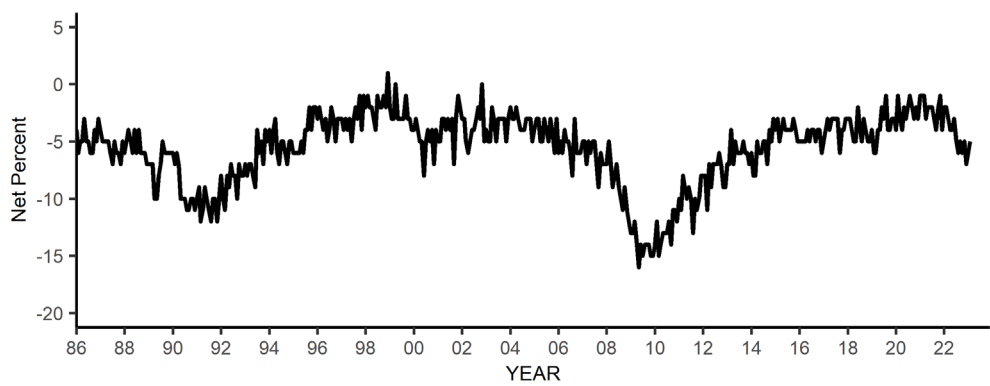
Net Percent Price Increase and Net Percent Compensation
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1986 to February 2023



* 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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 31 | 31 | 32 | 31 | 34 | 28 | 32 | 32 | 29 | 32 | 32 | 35 |
| 2019 | 33 | 33 | 34 | 31 | 31 | 28 | 28 | 33 | 30 | 29 | 28 | 29 |
| 2020 | 31 | 28 | 26 | 29 | 26 | 27 | 26 | 24 | 26 | 25 | 22 | 26 |
| 2021 | 23 | 26 | 23 | 24 | 23 | 21 | 21 | 20 | 20 | 23 | 21 | 23 |
| 2022 | 23 | 23 | 25 | 26 | 23 | 25 | 26 | 27 | 26 | 28 | 27 | 28 |
| 2023 | 29 | 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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | -3 | -3 | -4 | -5 | -5 | -2 | -4 | -5 | -3 | -4 | -5 | -5 |
| 2019 | -4 | -6 | -6 | -4 | -4 | -2 | -3 | -1 | -4 | -4 | -3 | -3 |
| 2020 | -4 | -1 | -3 | -4 | -2 | -3 | -2 | -1 | -2 | -3 | -2 | -3 |
| 2021 | -1 | -1 | -1 | -3 | -2 | -2 | -2 | -3 | -4 | -2 | -1 | -4 |
| 2022 | -2 | -2 | -3 | -4 | -4 | -3 | -5 | -6 | -5 | -6 | -5 | -7 |
| 2023 | -6 | -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 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2018 | 31/3 | 32/2 | 31/4 | 32/4 | 37/4 | 30/3 | 32/3 | 33/3 | 27/3 | 30/3 | 32/3 | 32/4 |
| 2019 | 33/3 | 34/3 | 33/3 | 32/4 | 34/3 | 29/3 | 28/3 | 31/4 | 30/2 | 29/3 | 28/3 | 29/3 |
| 2020 | 30/3 | 32/2 | 29/3 | 29/5 | 33/3 | 34/3 | 35/3 | 31/3 | 33/2 | 29/3 | 25/2 | 26/3 |
| 2021 | 24/2 | 28/2 | 27/2 | 26/2 | 23/3 | 25/3 | 23/2 | 22/2 | 20/2 | 23/2 | 23/2 | 26/2 |
| 2022 | 25/3 | 25/2 | 26/4 | 26/2 | 22/2 | 27/1 | 25/3 | 23/4 | 26/2 | 26/2 | 22/2 | 25/2 |
| 2023 | 26/2 | 25/3 | | | | | | | | | | |

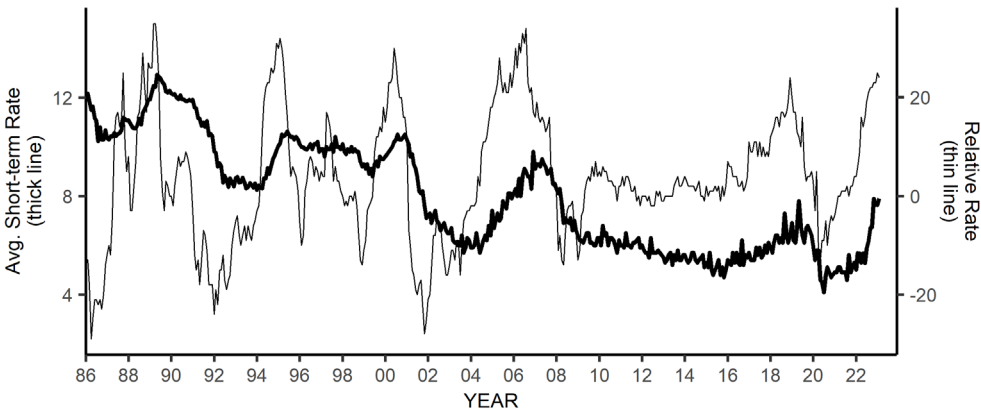
EXPECT EASIER CREDIT CONDITIONS

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

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | -4 | -3 | -6 | -6 | -5 | -4 | -4 | -6 | -5 | -5 | -5 | -6 |
| 2019 | -5 | -5 | -7 | -4 | -5 | -3 | -4 | -2 | -4 | -3 | -3 | -3 |
| 2020 | -4 | -1 | -4 | -6 | -4 | -6 | -5 | -4 | -5 | -4 | -3 | -5 |
| 2021 | -3 | -6 | -3 | -3 | -3 | -4 | -4 | -4 | -4 | -4 | -3 | -4 |
| 2022 | -4 | -4 | -4 | -5 | -4 | -5 | -7 | -8 | -6 | -8 | -6 | -9 |
| 2023 | -8 | -6 | | | | | | | | | | |

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January 1986 to February 2023



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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 12 | 13 | 14 | 16 | 16 | 14 | 17 | 17 | 16 | 17 | 19 | 24 |
| 2019 | 20 | 17 | 17 | 13 | 12 | 10 | 16 | 6 | 3 | 4 | 4 | 5 |
| 2020 | 3 | -3 | 5 | -11 | -13 | -9 | -9 | -5 | -10 | -6 | -4 | -5 |
| 2021 | -4 | -2 | 0 | 0 | 1 | 1 | 1 | 2 | 0 | 2 | 2 | 4 |
| 2022 | 4 | 6 | 9 | 16 | 14 | 16 | 19 | 21 | 22 | 22 | 23 | 23 |
| 2023 | 25 | 24 | | | | | | | | | | |

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON
SHORT-TERM LOANS BY BORROWERS

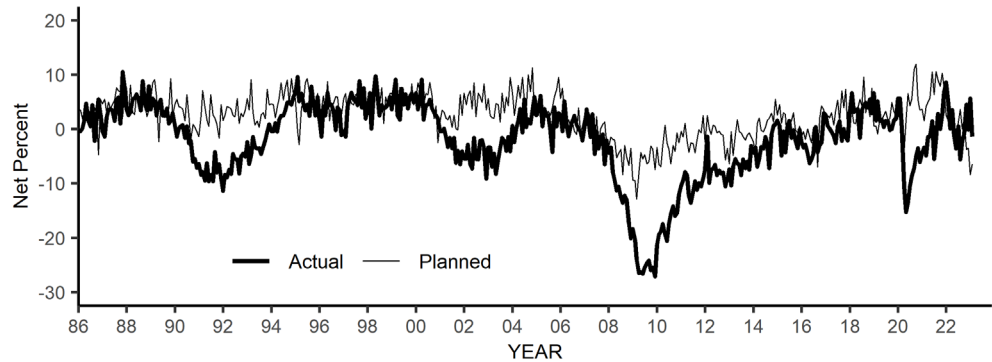
Average Interest Rate Paid

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 5.9 | 5.7 | 6.1 | 6.4 | 6.4 | 6.1 | 6.3 | 6.1 | 7.3 | 6.4 | 6.1 | 6.4 |
| 2019 | 6.9 | 6.2 | 6.1 | 6.7 | 7.8 | 6.8 | 6.4 | 6.1 | 6.7 | 6.8 | 6.6 | 6.4 |
| 2020 | 6.0 | 5.4 | 5.8 | 5.8 | 4.6 | 4.5 | 4.1 | 4.8 | 5.1 | 4.9 | 4.7 | 4.8 |
| 2021 | 4.9 | 4.9 | 5.1 | 5.1 | 4.9 | 4.9 | 4.9 | 4.6 | 5.6 | 4.9 | 5.1 | 5.3 |
| 2022 | 5.0 | 5.7 | 5.7 | 5.3 | 5.7 | 5.3 | 5.9 | 6.2 | 6.7 | 6.7 | 7.9 | 7.7 |
| 2023 | 7.6 | 7.9 | | | | | | | | | | |

SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January 1986 to February 2023
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 4 | 7 | 3 | 4 | 4 | -2 | 4 | 4 | 5 | 4 | 6 | 3 |
| 2019 | 7 | 2 | 5 | 2 | 2 | 0 | 2 | 1 | 0 | 0 | 2 | 2 |
| 2020 | 6 | 6 | 0 | -11 | -15 | -14 | -11 | -9 | -7 | -5 | -4 | -6 |
| 2021 | -4 | -3 | -5 | -2 | -1 | 1 | -6 | -2 | 3 | 0 | 3 | 7 |
| 2022 | 9 | 5 | 0 | 4 | -1 | -4 | 1 | -6 | -2 | -1 | 5 | 0 |
| 2023 | 6 | -1 | | | | | | | | | | |

CURRENT INVENTORY (TOO LOW)

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

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | -5 | -3 | -6 | -4 | -4 | 0 | -3 | -3 | -1 | -2 | -5 | -1 |
| 2019 | -3 | -2 | -6 | -4 | -4 | 0 | -3 | -6 | -6 | -4 | 1 | -4 |
| 2020 | -3 | -4 | -2 | -7 | -5 | 1 | 1 | 3 | 5 | 4 | 5 | 7 |
| 2021 | 5 | 5 | 3 | 7 | 8 | 11 | 12 | 11 | 10 | 9 | 15 | 9 |
| 2022 | 7 | 7 | 9 | 6 | 8 | 5 | 2 | 3 | 1 | 0 | -2 | 1 |
| 2023 | -1 | -4 | | | | | | | | | | |

INVENTORY PLANS

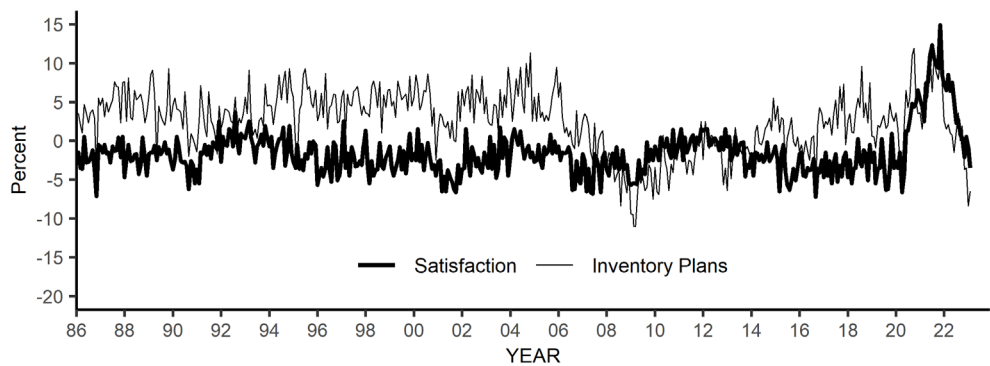
Net Percent ("Increase" Minus "Decrease") in the Next Three to Six Months
(Seasonally Adjusted)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 3 | 4 | 1 | 1 | 4 | 6 | 4 | 10 | 3 | 5 | 2 | 8 |
| 2019 | 1 | 1 | -1 | 2 | 2 | 3 | 3 | 2 | 2 | 5 | 3 | 3 |
| 2020 | 4 | 2 | -3 | -4 | 2 | 7 | 4 | 6 | 11 | 12 | 5 | 4 |
| 2021 | 4 | 2 | 4 | 5 | 6 | 11 | 6 | 11 | 9 | 8 | 10 | 8 |
| 2022 | 3 | 2 | 2 | 1 | 1 | -2 | 1 | 4 | 0 | 2 | -4 | -4 |
| 2023 | -8 | -7 | | | | | | | | | | |

SMALL BUSINESS CAPITAL OUTLAYS

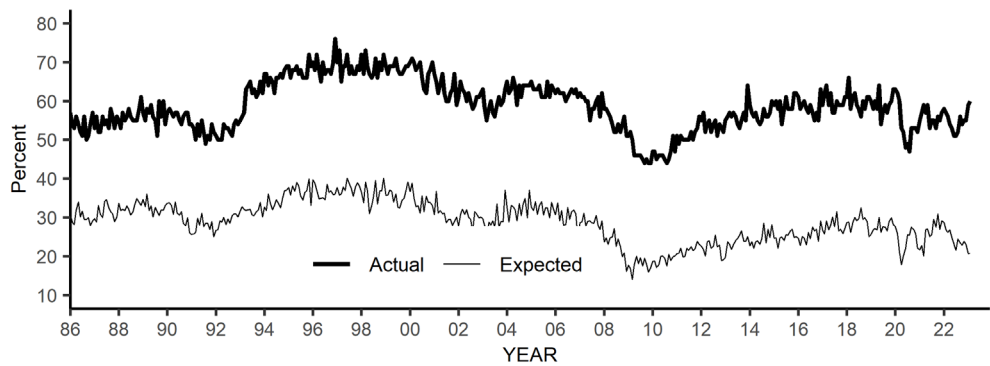
INVENTORY SATISFACTION AND INVENTORY PLANS

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 2023
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 61 | 66 | 58 | 61 | 62 | 59 | 58 | 56 | 60 | 58 | 61 | 61 |
| 2019 | 60 | 58 | 60 | 58 | 64 | 54 | 57 | 59 | 57 | 59 | 60 | 63 |
| 2020 | 63 | 62 | 60 | 53 | 52 | 48 | 49 | 47 | 53 | 53 | 53 | 52 |
| 2021 | 55 | 57 | 59 | 57 | 59 | 53 | 55 | 55 | 53 | 56 | 55 | 57 |
| 2022 | 58 | 57 | 56 | 54 | 53 | 51 | 51 | 52 | 56 | 54 | 55 | 55 |
| 2023 | 59 | 60 | | | | | | | | | | |

SMALL BUSINESS CAPITAL OUTLAYS (CONTINUED)

TYPE OF CAPITAL EXPENDITURES MADE

Percent Purchasing or Leasing During Last Six Months

| Type | Current Month | One Year Ago | Two Years Ago |
|--------------------------------|---------------|--------------|---------------|
| Vehicles | 26 | 21 | 28 |
| Equipment | 40 | 41 | 40 |
| Furniture or Fixtures | 12 | 11 | 10 |
| Add. Bldgs. or Land | 6 | 7 | 4 |
| Improved Bldgs. or Land | 18 | 14 | 12 |

AMOUNT OF CAPITAL EXPENDITURES MADE

Percent Distribution of Per Firm Expenditures
During the Last Six Months

| Amount | Current Month | One Year Ago | Two Years Ago |
|-----------------------------|---------------|--------------|---------------|
| \$1 to \$999 | 1 | 1 | 2 |
| \$1,000 to \$4,999 | 4 | 7 | 7 |
| \$5,000 to \$9,999 | 4 | 5 | 5 |
| \$10,000 to \$49,999 | 18 | 15 | 16 |
| \$50,000 to \$99,999 | 13 | 11 | 13 |
| \$100,000 + | 17 | 16 | 14 |
| No Answer | 3 | 2 | 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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2018 | 29 | 29 | 26 | 29 | 30 | 29 | 30 | 33 | 30 | 30 | 29 | 25 |
| 2019 | 26 | 27 | 27 | 27 | 30 | 26 | 28 | 28 | 27 | 29 | 30 | 28 |
| 2020 | 28 | 26 | 21 | 18 | 20 | 22 | 26 | 26 | 28 | 27 | 26 | 22 |
| 2021 | 22 | 23 | 20 | 27 | 27 | 25 | 26 | 30 | 28 | 31 | 27 | 29 |
| 2022 | 29 | 27 | 26 | 27 | 25 | 23 | 22 | 25 | 24 | 23 | 24 | 23 |
| 2023 | 21 | 21 | | | | | | | | | | |

SINGLE MOST IMPORTANT PROBLEM

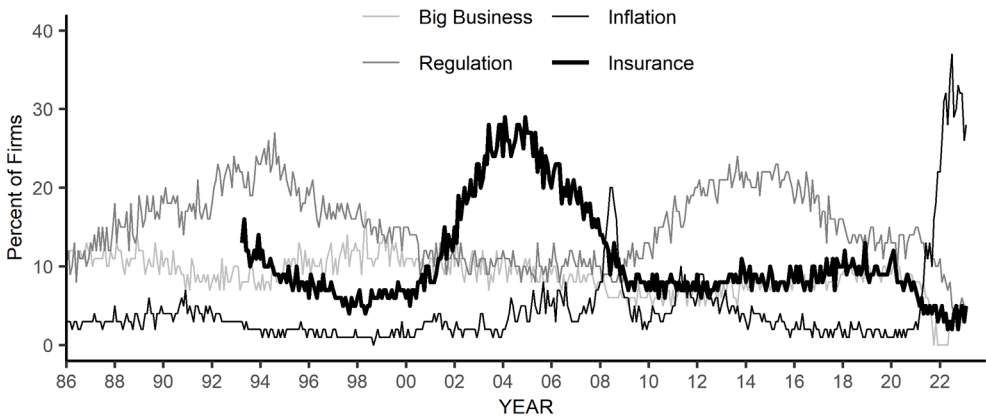
SINGLE MOST IMPORTANT PROBLEM

February 2023

| Problem | Current | One Year Ago | Survey High | Survey Low |
|--------------------------|---------|--------------|-------------|------------|
| Taxes | 13 | 15 | 32 | 8 |
| Inflation | 28 | 26 | 41 | 0 |
| Poor Sales | 4 | 4 | 34 | 2 |
| Fin. & Interest Rates | 2 | 0 | 37 | 0 |
| Cost of Labor | 12 | 11 | 13 | 2 |
| Government Regulation | 5 | 8 | 27 | 4 |
| Comp. from Large Bus. | 4 | 0 | 14 | 0 |
| Quality of Labor | 21 | 22 | 29 | 3 |
| Cost/Avail. of Insurance | 5 | 5 | 29 | 0 |
| Other | 6 | 9 | 31 | 1 |

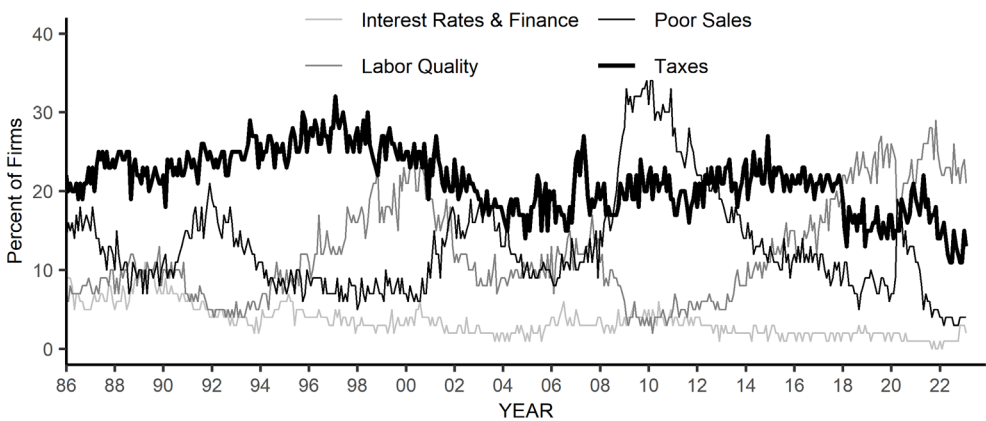
SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation
January 1986 to February 2023



SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality
January 1986 to February 2023



SURVEY PROFILE

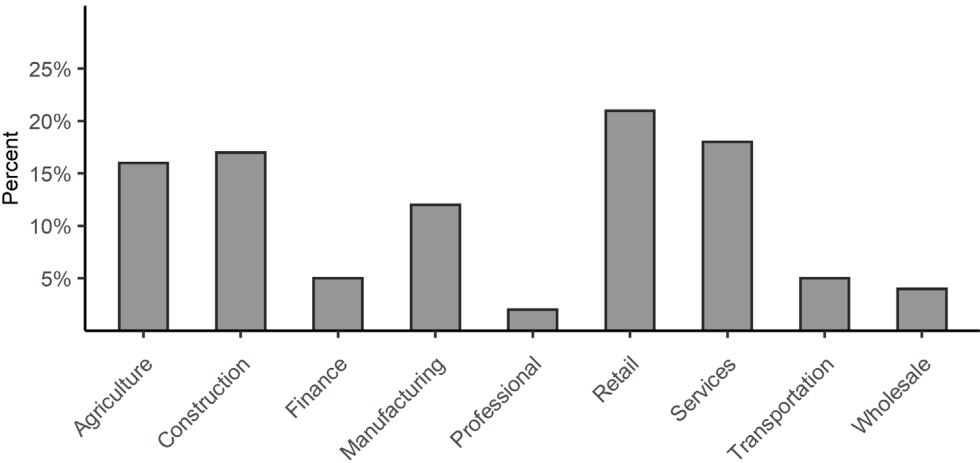
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|------|-----|-----|------|-----|-----|------|-----|-----|------|-----|-----|
| 2018 | 1658 | 642 | 570 | 1554 | 562 | 665 | 1718 | 680 | 642 | 1743 | 700 | 621 |
| 2019 | 1740 | 526 | 643 | 1735 | 650 | 606 | 1502 | 680 | 603 | 1618 | 500 | 488 |
| 2020 | 1692 | 641 | 627 | 1832 | 814 | 670 | 1652 | 751 | 604 | 1719 | 561 | 542 |
| 2021 | 1109 | 678 | 514 | 1516 | 659 | 592 | 1440 | 595 | 537 | 1431 | 613 | 639 |
| 2022 | 1504 | 665 | 560 | 1457 | 581 | 505 | 1351 | 622 | 557 | 1342 | 572 | 514 |
| 2023 | 1466 | 626 | | | | | | | | | | |

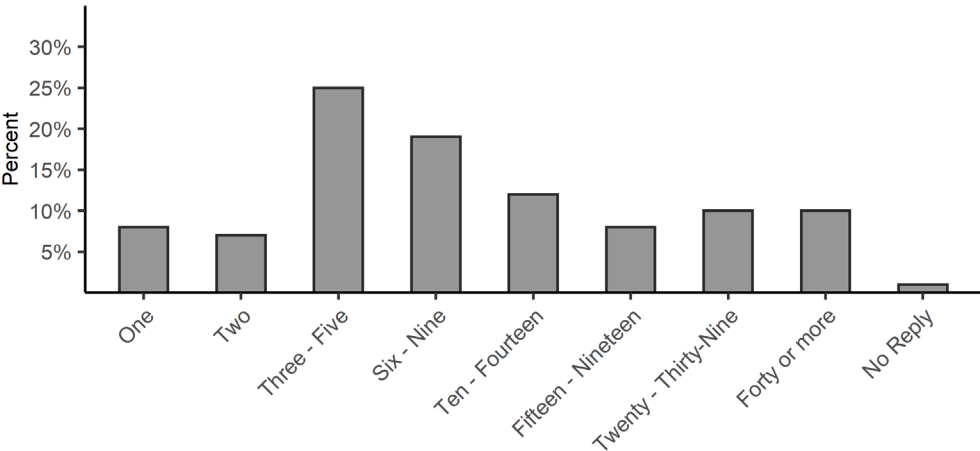
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

Industry of Small Business



NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

Number of Full and Part-Time Employees



NFIB RESEARCH CENTER SMALL BUSINESS ECONOMIC SURVEY

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

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 |