



NFIB SMALL BUSINESS ECONOMIC TRENDS

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May 2016

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	12%	1	*
Plans to Make Capital Outlays	23%	-2	*
Plans to Increase Inventories	-1%	-1	*
Expect Economy to Improve	-13%	5	*
Expect Real Sales Higher	1%	0	*
Current Inventory	-4%	1	*
Current Job Openings	27%	-2	*
Expected Credit Conditions	-6%	0	*
Now a Good Time to Expand	9%	1	*
Earnings Trends	-20%	-1	*
Total Change		2	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 Director of Research and Policy Analysis Holly Wade are responsible for the report.

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SUMMARY

OPTIMISM INDEX

The Index of Small Business Optimism increased 0.2 points to 93.8, positive but don't start writing home about it. Four of the 10 Index components posted a gain, four declined and two were unchanged. The entire gain in the Index was accounted for by a 5 point gain in Expected Business Conditions which remains 9 percentage points below last year's reading. The political climate continued to be the second most frequently cited reason (after weak sales) for why the current period is a bad time to expand. Although early signs of economic activity for Q2 are looking better, growth for Q1 was revised up to only 0.8 percent which is a very weak start for the year. Consumer spending looks like it might add some more energy with consumer sentiment improving a bit in May.

LABOR MARKETS

Fifty-six percent reported hiring or trying to hire (up 3 points), but 48 percent reported few or no qualified applicants for the positions they were trying to fill. Hiring activity increased substantially, but apparently the "failure rate" also rose as more owners found it hard to identify qualified applicants. Thirteen percent of owners cited the difficulty of finding qualified workers as their Single Most Important Business Problem, #4 on the Most Important Problem list. Twenty-seven percent of all owners reported job openings they could not fill in the current period, down 2 points, but historically strong. Fifteen percent reported using temporary workers, up 2 points from April, 5 points from March. Overall, it appears that labor markets are tightening. A seasonally adjusted net 12 percent plan to create new jobs, up 1 point from March.

INVENTORIES AND SALES

The net percent of all owners (seasonally adjusted) reporting higher nominal sales in the past 3 months compared to the prior 3 months deteriorated 2 percentage points to a net negative 8 percent, a poor reading and reflective of weaker consumer spending in Q1. Fourteen percent cited weak sales as their top business problem, up 3 points from April. Overall, this is not a strong sales picture. Seasonally adjusted, the net percent of owners expecting higher real sales volumes was unchanged at a net 1 percent of owners, a weak showing. This is well below the average 14 point reading in the first three months of 2015.

The net percent of owners reporting inventory increases deteriorated 1 point to a net negative 6 percent (seasonally adjusted), a weak reading. The net percent of owners viewing current inventory stocks as "too low" improved a point to a net negative 4 percent. The net percent of owners planning to add to inventory decreased 1 point to a net negative 1 percent. These weak inventory investment readings are consistent with the rather poor performance of consumer spending in the first quarter, leaving owners with excessive stocks and no incentive to add to them.

This survey was conducted in May 2016. A sample of 5,000 small-business owners/members was drawn. Seven hundred (700) usable responses were received – a response rate of 14 percent.



CAPITAL SPENDING

Fifty-eight percent reported capital outlays, down 2 points. The percent of owners planning capital outlays in the next 3 to 6 months fell 2 points to 23 percent. Seasonally adjusted, the net percent expecting better business conditions increased 5 percentage points to a net negative 13 percent. The seasonally adjusted net percent expecting higher real sales was unchanged at 1 percent of all owners, not very strong. Clearly, expectations for the economy are not conducive to a meaningful improvement in business investment.

INFLATION

Gas prices are up 15 percent so far this year as oil prices rebound from very low levels. However, this will not be sufficient to get the Fed's preferred inflation measure over the 2 percent goal they have set. Inflationary pressures remain dormant on Main Street. Seasonally adjusted, the net percent of owners raising selling prices was up 2 points from April to 1 percent, after five months in negative territory, three of them at a negative 4 percent. More evidence that the Fed's policies aimed at producing inflation are not working. Seasonally adjusted, a net 16 percent plan price hikes (unchanged). Prospects for a resurgence of inflation are low, and that's a good thing (contrary to Fed efforts to create inflation).

EARNINGS AND WAGES

A seasonally adjusted net 26 percent of owners reported raising worker compensation, up 2 points. The net percent planning to increase compensation was unchanged at a net 15 percent. The survey does not distinguish between changes in wages and changes in benefits, including health insurance. Overall, the percent of owners reporting that they raised worker compensation remains high for this recovery while the net percent of owners raising prices remains near zero, indicating that these costs are not being passed on to customers. The percent of owners citing the difficulty of finding qualified workers as their Most Important Business Problem rose a point to 13 percent, number 4 on the list of problems behind taxes, and regulations and red tape and weak sales. Earnings trends deteriorated a point to a net negative 20 percent reporting quarter on quarter profit improvements.

CREDIT MARKETS

Four percent of owners reported that all their borrowing needs were not satisfied, 2 points above the record low reached in September 2015. Thirty-one percent reported all credit needs met (unchanged), and 52 percent explicitly said they did not want a loan. Only 1 percent reported that financing was their top business problem compared to 23 percent citing taxes. Twenty-nine percent of all owners reported borrowing on a regular basis (unchanged). The average rate paid on short maturity loans fell 40 basis points to 5.3 percent. The net percent of owners expecting credit conditions to ease in the coming months was a negative 6 percent, unchanged from April.



COMMENTARY

Federal Reserve Chair Yellen and her minions are now talking the financial markets into believing that a rate hike is in the offing. According to market indicators, there is a 40 percent probability for a June hike and a 60 percent probability for July, up from 4 percent before the campaign began.

However, these estimates have likely changed in light of the most recent BLS numbers. But the message is the same, rates will go up a whole 25 basis points IF the economic data support it. Well, what does that tell us? Nothing. It's obviously true, a tautology. What we never know is which data and how good, quantitatively, must it look? What exactly is "maximum employment", what measures tell us we have arrived? Maybe the leading indicator is how many Fed officials are making speeches with the line "rates will go up soon IF the data support it". Fed equivocating has been a major source of the growth-suppressing uncertainty that clouds private decision-making for the REAL economy, not financial markets. When it happens, don't expect the "needle" to move much.

Second quarter GDP growth is looking better, then again, 0.8 percent is not much of a hurdle to get over. Preliminary forecasts from the NY and Atlanta Federal Reserve banks range from 2.9 to 2.2 percent growth from a weak Q1 base (Q4 was weak as well). That would be a return to the "normal" sluggish growth for this expansion. If this is the new "full employment", it is easier to explain our weak real investment numbers, we still have excess capacity to deliver the goods and services consumers want (or can afford with slow pay growth), so a lot of potential new investment is not "profitable" to undertake. Capital spending on Main Street has been subpar throughout the entire expansion and remains so. There has been restrained borrowing and restrained capital spending. The big firms are just repurchasing shares (at record high prices!).

A year ago, only 16 percent of consumers thought the government was doing a good job with economic policy (University of Michigan). Now, 23 percent think so, an improvement of sorts, but nearly 40 percent characterize policy as poor, basically unchanged. Optimism improved, reaching its highest level since January of 2015, reversing an 11 month 9 point slide in Optimism through April. The percentage expecting their finances to improve reached its highest point in 10 years. Improved credit was supporting spending. Perhaps this will translate into improved consumer spending, but it has yet to show up on Main Street.

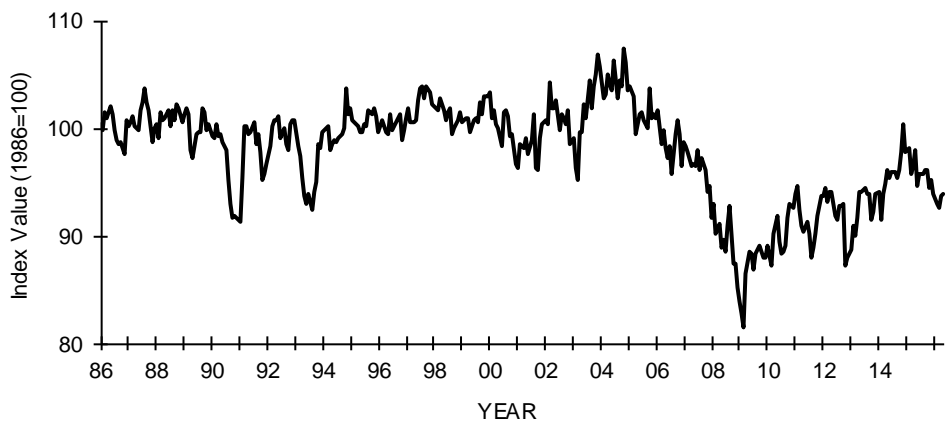
Bottom line, we can't get "3%" growth without an empowered small business sector and right now we don't have one. Obamacare, the avalanche of regulations (federal, state and local), taxes, and a management team in Washington that can't get anything done insure mediocre growth which to a significant degree depends on population growth, not under the control of our politicians.



OVERVIEW - SMALL BUSINESS OPTIMISM

OPTIMISM INDEX

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



OPTIMISM INDEX

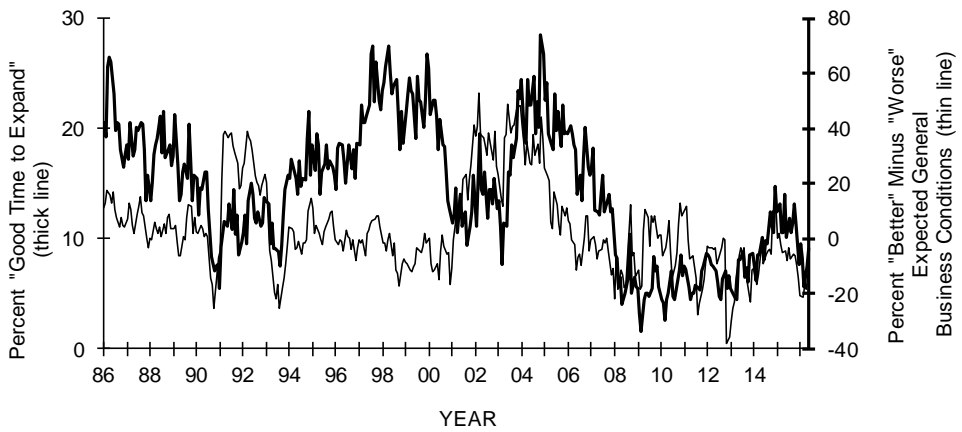
Based on Ten Survey Indicators
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	93.9	94.7	92.4	90.9	90.5	91.2	90.2	87.9	88.9	90.2	91.8	93.7
2012	93.7	94.5	93.1	94.2	94.0	91.9	91.5	92.7	92.7	93.0	87.2	88.0
2013	88.8	90.9	90.0	91.7	94.0	94.0	94.4	94.0	93.8	91.5	92.2	93.8
2014	94.0	91.6	94.0	94.8	96.2	95.4	96.0	95.9	95.3	96.0	97.8	100.3
2015	97.7	98.1	95.7	96.5	97.9	94.6	95.7	95.7	96.0	96.0	94.5	95.2
2016	93.9	92.9	92.6	93.6	93.8							

SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January 1986 to May 2016
(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
2011	8	7	6	5	5	5	6	6	5	7	8	9
2012	9	8	8	8	7	6	5	5	6	7	6	7
2013	6	5	5	5	8	8	9	7	7	6	9	9
2014	8	6	9	9	10	8	10	10	12	11	11	15
2015	13	13	11	11	14	10	12	11	11	13	12	8
2016	10	8	6	8	9							

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
May 2016

Reason	Good Time	Not Good Time	Uncertain
Economic Conditions	4	25	14
Sales Prospects	4	3	2
Fin. & Interest Rates	0	0	0
Cost of Expansion	1	5	4
Political Climate	1	15	12
Other/Not Available	1	4	4



OUTLOOK FOR GENERAL BUSINESS CONDITIONS

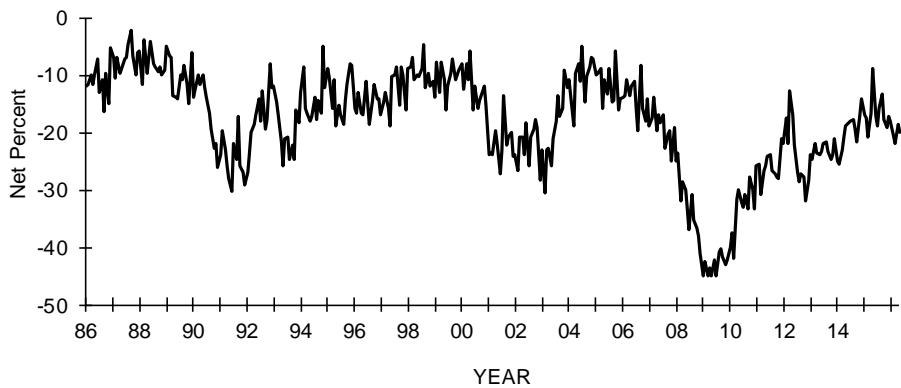
Net Percent (“Better” Minus “Worse”) Six Months From Now
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	10	12	0	-7	-6	-10	-14	-28	-24	-18	-15	-9
2012	-3	-3	-3	-4	-3	-9	-7	-4	0	0	-38	-36
2013	-30	-25	-23	-14	-6	-3	-5	-4	-12	-19	-23	-12
2014	-11	-16	-13	-8	-1	-9	-5	-5	-4	-5	10	12
2015	0	2	-2	-5	-4	-8	-3	-8	-6	-6	-10	-15
2016	-21	-21	-17	-18	-13							

SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to May 2016
(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
2011	-26	-26	-31	-27	-26	-24	-24	-27	-27	-28	-28	-21
2012	-22	-18	-22	-13	-17	-22	-27	-29	-27	-28	-32	-28
2013	-24	-25	-22	-24	-24	-23	-22	-22	-23	-25	-24	-21
2014	-25	-26	-23	-21	-19	-18	-18	-18	-19	-22	-17	-14
2015	-17	-18	-21	-17	-9	-17	-19	-16	-13	-18	-19	-17
2016	-18	-21	-22	-19	-20							

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
May 2016

	Current Month	One Year Ago	Two Years Ago
Sales Volume	15	11	15
Increased Costs*	9	8	11
Cut Selling Prices	4	4	2
Usual Seasonal Change	6	5	7
Other	3	3	4

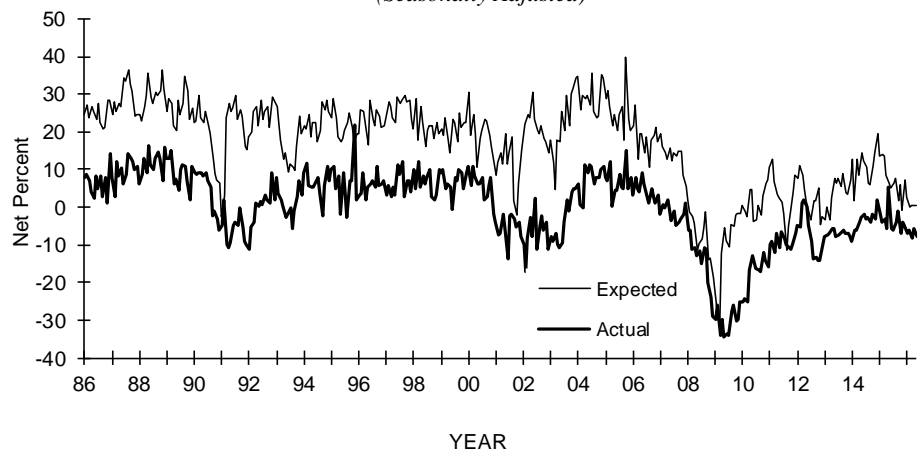
* Increased costs include labor, materials, finance, taxes, and regulatory costs.



SMALL BUSINESS SALES

SALES

Actual (Prior Three Months) and Expected (Next Three Months)
January 1986 to May 2016
(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
2011	-10	-9	-12	-7	-11	-7	-8	-10	-10	-11	-10	-7
2012	-5	-5	1	2	0	-5	-9	-14	-13	-14	-14	-10
2013	-8	-7	-7	-6	-6	-8	-7	-7	-6	-7	-7	-8
2014	-9	-6	-6	-4	-3	-2	-3	-3	-4	-2	-3	2
2015	-2	-4	-3	-6	5	-6	-6	-4	-1	-7	-4	-5
2016	-7	-6	-8	-6	-8							



SALES EXPECTATIONS

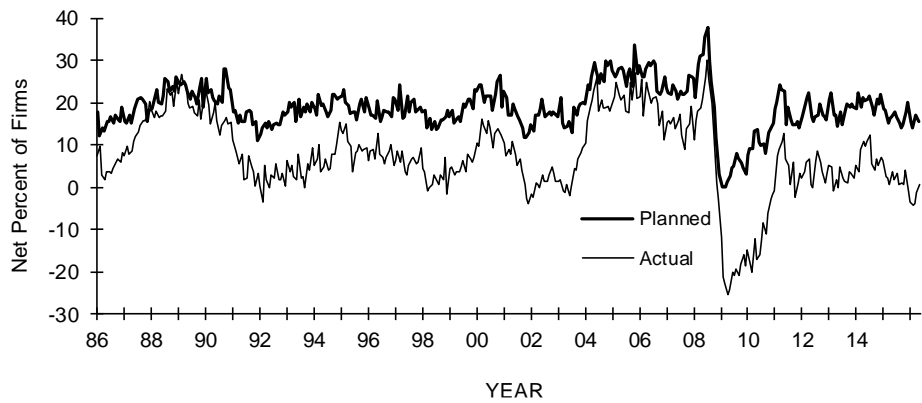
Net Percent (“Higher” Minus “Lower”) During Next Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	11	13	7	4	3	1	-2	-12	-5	-2	4	8
2012	8	11	9	5	2	-2	-4	2	2	5	-5	-3
2013	-3	0	-3	3	8	6	8	6	9	4	3	7
2014	13	2	13	9	15	12	11	7	6	11	14	19
2015	14	14	14	9	7	5	7	8	2	6	-1	7
2016	3	0	1	1	1							

SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
January 1986 to May 2016
(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
2011	-1	8	9	11	13	7	5	1	6	-2	1	3
2012	2	4	6	7	1	0	6	9	6	4	1	3
2013	5	5	-1	2	0	5	2	2	1	4	3	2
2014	5	4	9	11	10	11	12	6	4	7	5	7
2015	6	3	2	1	4	2	3	1	1	1	4	-1
2016	-4	-4	-4	-1	1							

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
2011	19	20	24	23	23	15	19	16	15	15	16	14
2012	17	18	21	22	17	16	17	17	20	17	17	16
2013	21	22	17	17	15	18	15	18	20	19	20	19
2014	19	22	19	21	21	21	22	19	17	21	20	22
2015	19	18	15	16	17	18	17	15	14	15	18	20
2016	16	14	17	16	16							



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
2011	-4	-3	-1	-2	-1	-5	-4	-6	-5	-2	1	-1
2012	0	-3	0	0	-3	-1	-1	-2	-3	-1	-2	-4
2013	2	-3	1	2	-1	1	-3	0	0	1	1	2
2014	2	2	2	2	1	1	1	0	3	1	1	7
2015	5	4	2	2	4	0	0	6	5	0	0	-1
2016	1	-3	0	-1	-1							

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
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	36	38	38	41	40	42	41	40	44	38
2014	38	40	41	41	46	43	42	46	42	45	45	43
2015	42	47	42	44	47	44	48	48	45	48	47	48
2016	45	42	41	46	48							



EMPLOYMENT

Planned Next Three Months and Current Job Openings
January 1986 to May 2016
(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
2011	13	15	15	14	12	15	12	14	14	14	17	15
2012	18	17	15	17	20	15	15	17	17	16	18	16
2013	18	21	18	18	19	19	20	18	20	21	24	23
2014	22	22	22	24	24	26	24	25	21	24	25	25
2015	26	29	24	27	29	24	25	28	27	27	28	28
2016	29	28	25	29	27							

HIRING PLANS

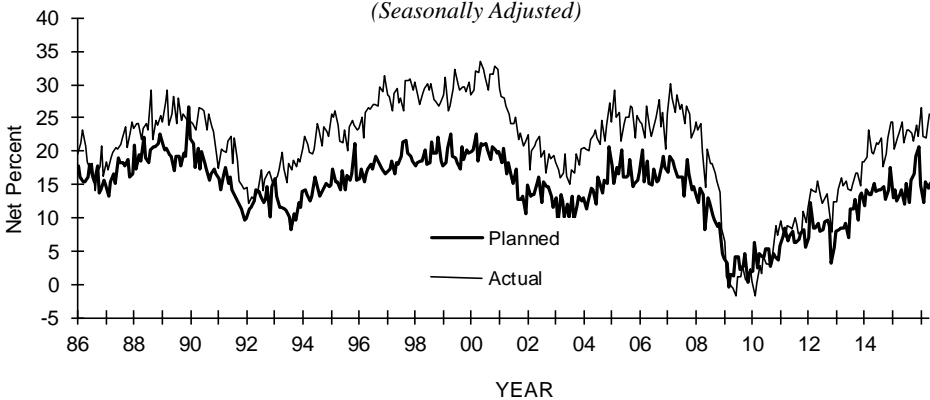
Net Percent (“Increase” Minus “Decrease”) in the Next Three Months
(Seasonally Adjusted)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	2	5	4	2	0	3	2	3	4	3	7	6
2012	4	4	2	5	7	3	5	8	4	4	5	1
2013	2	4	2	6	6	7	9	8	9	5	9	8
2014	11	7	7	8	11	12	13	8	9	10	11	15
2015	13	12	12	11	13	9	12	11	12	11	11	15
2016	11	10	9	11	12							

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to May 2016
(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
2011	10	8	7	9	9	8	10	9	8	8	11	9
2012	12	14	14	14	16	13	12	13	14	12	8	12
2013	13	14	16	15	16	14	14	15	17	17	15	18
2014	19	19	23	20	20	21	21	22	18	20	22	24
2015	25	20	22	23	25	21	23	23	23	22	24	22
2016	27	22	22	24	26							

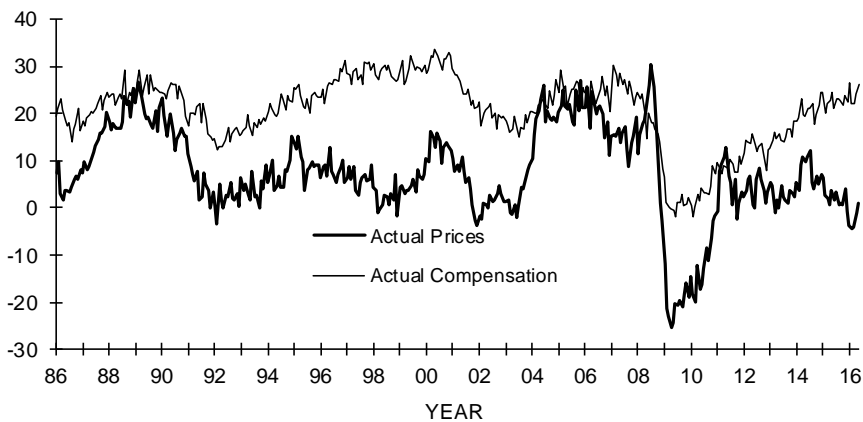
COMPENSATION PLANS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	6	7	9	7	7	8	6	6	7	8	8	6
2012	7	12	9	9	9	8	8	9	10	9	3	6
2013	8	8	9	9	9	7	11	11	13	10	13	14
2014	12	14	14	14	15	14	14	14	15	13	14	18
2015	13	14	13	14	14	12	15	12	16	17	19	21
2016	15	12	16	15	15							

PRICES AND LABOR COMPENSATION

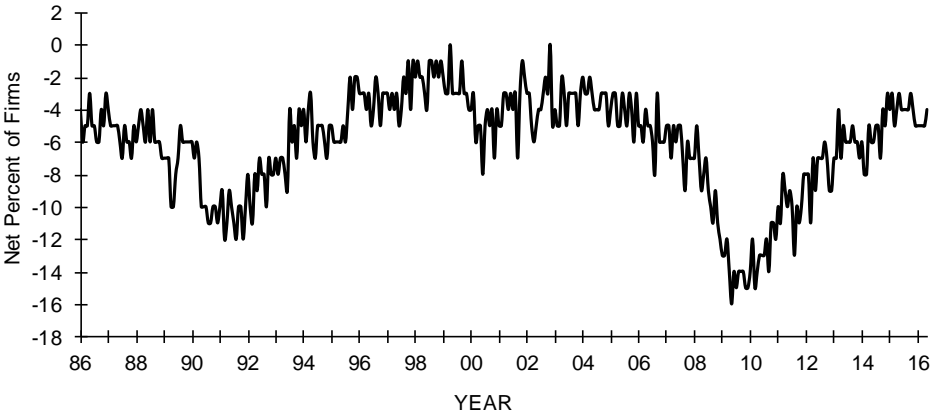
Net Percent Price Increase and Net Percent Compensation
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1986 to May 2016



* 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
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	30	31	29	29	31	28	30	28	29	30
2014	31	30	31	30	31	28	30	29	31	28	33	31
2015	33	30	32	30	29	31	30	33	29	28	27	31
2016	33	31	32	29	29							



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
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	-4	-7	-5	-6	-6	-6	-5	-6	-6	-7
2014	-6	-8	-8	-5	-6	-6	-5	-5	-7	-4	-5	-3
2015	-4	-3	-5	-4	-3	-4	-4	-4	-4	-3	-4	-5
2016	-5	-5	-5	-5	-4							

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
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	29/7	31/6	28/5	29/5	30/5	31/5	28/6	28/6	32/4	32/4
2014	31/5	29/5	30/5	30/5	30/5	27/6	30/6	28/4	28/6	29/4	29/4	32/4
2015	32/4	33/3	35/5	31/4	30/4	32/5	32/4	33/3	30/2	30/3	32/3	32/4
2016	35/3	31/4	31/5	31/4	31/4							

EXPECTED CREDIT CONDITIONS

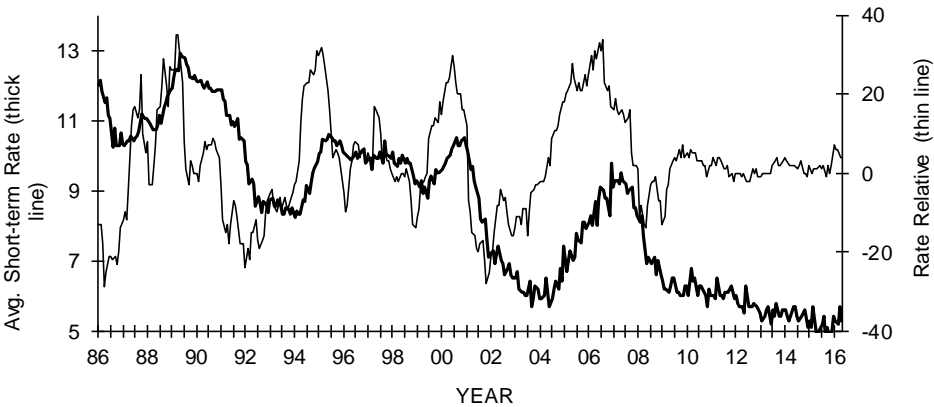
Net Percent (“Easier” Minus “Harder”) During Next Three Months
(Regular Borrowers)

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



INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January 1986 to May 2016



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
2011	2	4	2	4	4	3	1	1	2	-1	0	-2
2012	0	0	0	-1	0	-2	-2	-2	1	0	1	-1
2013	-1	0	0	0	0	0	2	3	4	2	2	3
2014	4	3	2	2	2	2	1	2	3	0	0	-1
2015	2	0	1	1	1	2	1	2	-1	2	0	2
2016	7	6	6	4	4							

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

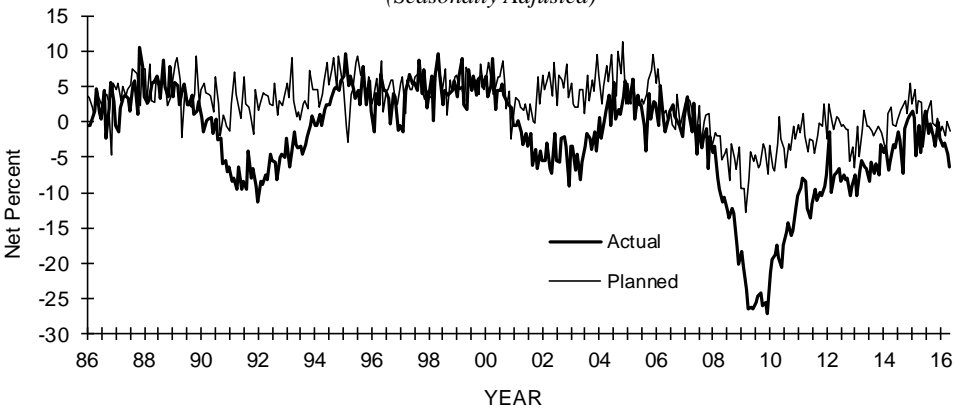
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	6.0	6.0	5.9	6.5	6.0	6.0	5.9	6.1	6.1	6.2	6.3	5.9
2012	6.0	5.8	5.7	5.7	5.5	6.3	5.7	5.7	5.7	5.8	5.7	5.6
2013	5.5	5.3	5.4	5.6	5.7	5.2	5.6	5.4	5.8	5.4	5.4	5.6
2014	5.6	5.4	5.3	5.4	5.7	5.7	5.4	5.3	5.4	5.5	5.6	5.1
2015	5.3	5.1	5.7	5.0	4.8	5.0	5.2	5.4	4.8	5.1	4.7	5.0
2016	5.4	5.3	5.2	5.7	5.3							



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January 1986 to March 2016
(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
2011	-10	-9	-8	-9	-12	-14	-12	-10	-11	-10	-11	-9
2012	-7	-1	-10	-8	-7	-7	-9	-8	-8	-8	-11	-9
2013	-7	-10	-7	-6	-6	-7	-9	-6	-7	-6	-8	-3
2014	-4	-3	-7	-6	-3	-4	-2	-3	-7	-1	1	1
2015	2	1	-5	-1	-4	0	2	-2	0	-2	-4	0
2016	-2	-3	-3	-5	-6							

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
2011	0	2	-3	0	-2	-1	0	1	-1	0	0	2
2012	1	2	2	-1	-1	0	0	0	-1	0	-1	2
2013	-1	1	-3	-3	1	-2	-1	0	0	-5	-3	-4
2014	-2	-5	-2	-2	-3	-2	-3	-2	0	-3	-2	-2
2015	-1	-3	-7	-2	-1	-4	-6	-6	-5	-4	-5	-4
2016	-2	-2	-5	-5	-4							

INVENTORY PLANS

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

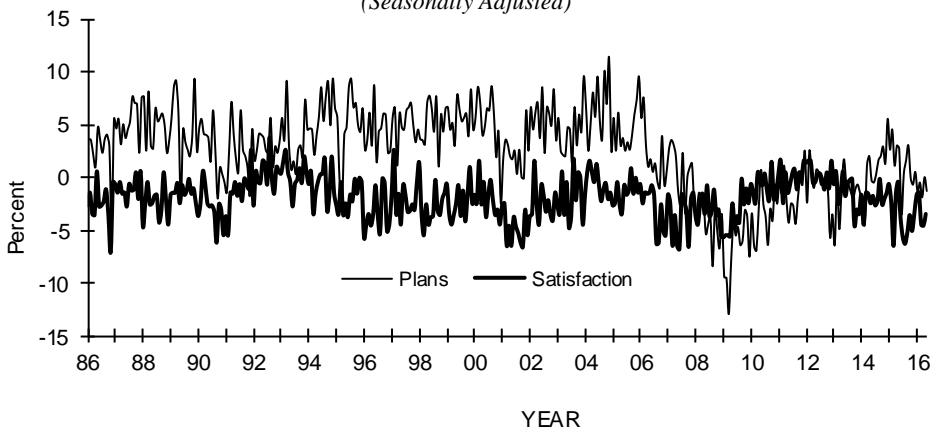
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	0	-2	1	-2	-4	-3	-3	-4	-2	0	-1	3
2012	-2	3	0	-1	1	1	-1	0	-1	-1	-6	-4
2013	-6	-1	-5	-1	2	-1	-1	-1	-2	-1	-1	-2
2014	-2	-5	1	2	0	-1	0	2	2	3	1	6
2015	3	5	1	3	3	-4	0	2	3	0	-1	1
2016	-1	-1	-2	0	-1							



SMALL BUSINESS CAPITAL OUTLAYS

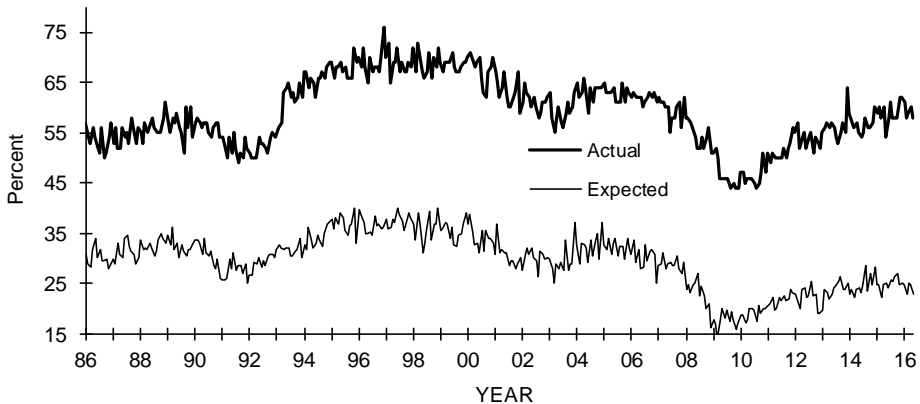
INVENTORY SATISFACTION AND INVENTORY PLANS

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 2016
(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
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	57	56	57	56	54	53	55	57	55	64
2014	59	57	56	57	55	54	55	58	56	56	57	60
2015	59	60	58	60	54	58	61	58	58	58	62	62
2016	61	58	59	60	58							



SMALL BUSINESS CAPITAL OUTLAYS (CONTINUED)

TYPE OF CAPITAL EXPENDITURES MADE
Percent Purchasing or Leasing During Last Six Months

Type	Current	One Year Ago	Two Years Ago
Vehicles	26	21	24
Equipment	39	39	34
Furniture or Fixtures	15	13	12
Add. Bldgs. or Land	5	6	4
Improved Bldgs. or Land	15	13	13

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	4	2	4
\$1,000 to \$4,999	7	7	9
\$5,000 to \$9,999	5	6	5
\$10,000 to \$49,999	20	20	18
\$50,000 to \$99,999	8	7	8
\$100,000 +	12	12	10
No Answer	2	0	1



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
2011	21	21	22	20	20	22	22	23	22	22	24	23
2012	23	22	20	24	24	22	23	26	23	23	19	19
2013	20	24	23	22	23	24	25	26	27	24	24	25
2014	23	24	22	24	24	23	25	29	24	27	25	28
2015	25	25	22	25	25	24	26	26	27	27	25	25
2016	25	23	25	25	23							

SINGLE MOST IMPORTANT PROBLEM

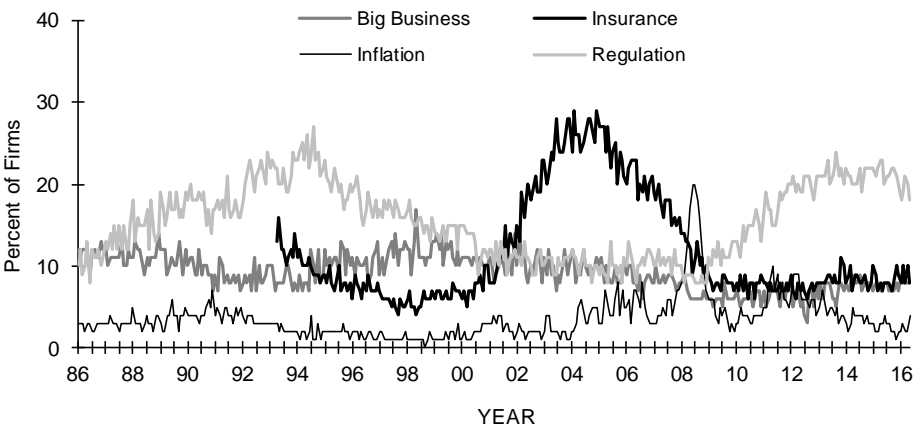
SINGLE MOST IMPORTANT PROBLEM

May 2016

Problem	Current	One Year Ago	Survey High	Survey Low
Taxes	23	23	32	8
Inflation	4	3	41	0
Poor Sales	14	11	34	2
Fin. & Interest Rates	1	2	37	1
Cost of Labor	5	6	9	2
Govt. Regs. & Red Tape	18	23	27	4
Comp. From Large Bus.	8	7	14	4
Quality of Labor	13	13	24	3
Cost/Avail. of Insurance	8	7	29	4
Other	6	5	31	1

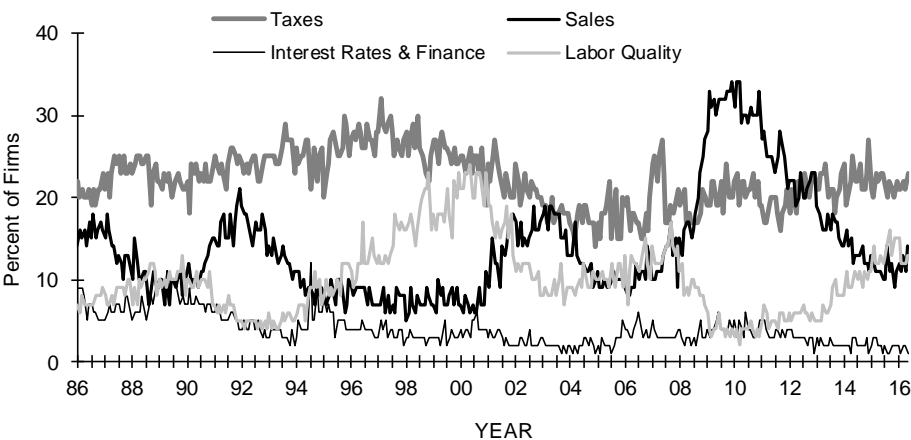
SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation
January 1986 to May 2016



SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality
January 1986 to May 2016



SURVEY PROFILE

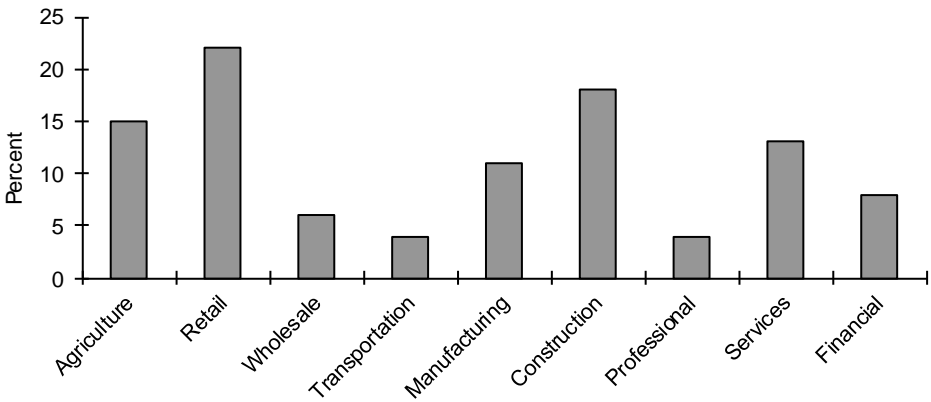
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	759	1873	715	662	1615	782	773	1940	762	635
2014	1864	792	685	1699	678	672	1645	598	608	1502	615	568
2015	1663	716	575	1500	616	620	1495	656	556	1411	601	509
2016	1438	756	727	1644	700							

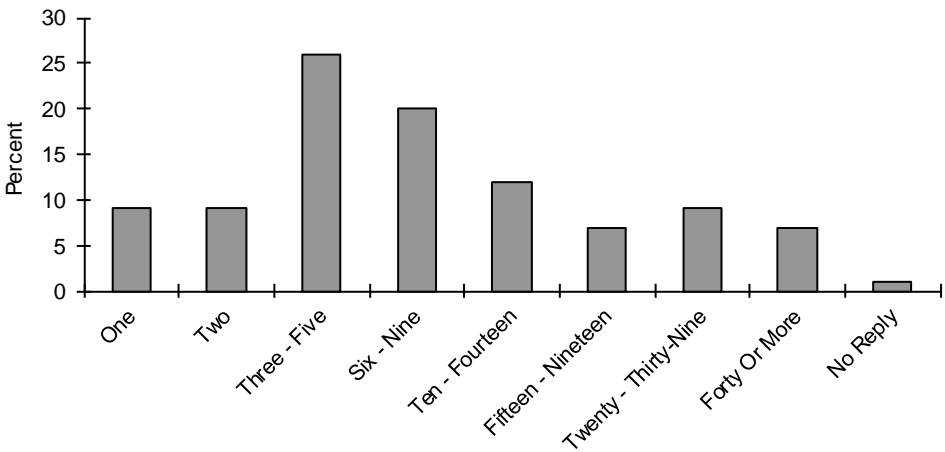
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

