

MAY  
2023

NFIB

SMALL BUSINESS  
**ECONOMIC**  
**TRENDS**

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SMALL BUSINESS OPTIMISM INDEX COMPONENTS

Index Component	Seasonally Adjusted Level	Change from Last Month	Contribution to Index Change
Plans to Increase Employment	19%	2	*
Plans to Make Capital Outlays	25%	6	*
Plans to Increase Inventories	-2%	3	*
Expect Economy to Improve	-50%	-1	*
Expect Real Sales Higher	-21%	-2	*
Current Inventory (too low)	-3%	2	*
Current Job Openings	44%	-1	*
Expected Credit Conditions	-10%	-2	*
Now a Good Time to Expand	3%	0	*
Earnings Trends	-26%	-3	*
Total Change		4	

Based on a Survey of Small and Independent Business Owners

# **NFIB SMALL BUSINESS ECONOMIC TRENDS**

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

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# SUMMARY

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## OPTIMISM INDEX

The Optimism Index increased 0.4 points in May to 89.4. This is the 17th 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, 4 increased, 5 decreased, and 1 was unchanged. While the Index changed little, Index components moved quite a bit. Twenty-five percent of owners reported that inflation was their single most important problem in operating their business, up 2 points from last month and 12 points lower than last July's highest reading since 1979 Q4. Owners expecting better business conditions over the next six months declined 1 point from April to a net negative 50 percent, although 11 percentage points better than last June's reading of net negative 61 percent. Forty-four percent of owners reported job openings that were hard to fill, down 1 point from April, remaining historically very high. The net percent of owners raising average selling prices decreased 1 point to a net 32 percent seasonally adjusted, still a very inflationary level but trending down. The net percent of owners who expect real sales to be higher deteriorated 2 points from April to a net negative 21 percent.

## LABOR MARKETS

Forty-four percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, down 1 point from April. Thirty-eight percent have openings for skilled workers (up 1 point) and 20 percent have openings for unskilled labor (up 1 point). The difficulty in filling open positions is particularly acute in the construction, transportation, and manufacturing sectors where compensation gains are more frequently reported. Openings are lowest in the agriculture and finance sectors. Owners' plans to fill open positions remain elevated, with a seasonally adjusted net 19 percent planning to create new jobs in the next three months, up 2 points from April but 13 points below its record high reading of 32 reached in August 2021. Overall, 63 percent reported hiring or trying to hire in May, up 3 points from April. Fifty-five percent (89 percent of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (unchanged). Thirty-one percent of owners reported few qualified applicants for their open positions (up 2 points) and 24 percent reported none (down 2 points).

## CAPITAL SPENDING

Fifty-seven percent reported capital outlays in the last six months, up 1 point from April. Of those making expenditures, 38 percent reported spending on new equipment (down 2 points), 24 percent acquired vehicles (up 1 point), and 12 percent spent money on new fixtures and furniture (up 1 point). Fifteen percent improved or expanded facilities (unchanged) and 7 percent acquired new buildings or land for expansion (up 1 point). Twenty-five percent plan capital outlays in the next few months, up 6 points from April, a very positive move but historically low.

## **SALES AND INVENTORIES**

A net negative 8 percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months, up 1 point from April. The net percent of owners expecting higher real sales volumes deteriorated 3 points to a net negative 21 percent. The net percent of owners reporting inventory increases increased 5 points to a net negative 2 percent. Not seasonally adjusted, 15 percent reported increases in stocks (up 2 points) and 14 percent reported reductions (down 5 points). Twenty percent of owners recently reported that supply chain disruptions still have a significant impact on their business (up 2 points). Another 32 percent reported a moderate impact (up 1 point), and 31 percent reported a mild impact (down 6 points). A net negative 3 percent of owners viewed current inventory stocks as “too low” in May, up 2 points from April. By industry, shortages are reported most frequently in retail (17 percent), manufacturing (15 percent), finance (13 percent), and agriculture (8 percent). A net negative 2 percent of owners plan inventory investment in the coming months, up 3 points from April.

## **COMPENSATION AND EARNINGS**

Seasonally adjusted, a net 41 percent reported raising compensation, up 1 point from April. A net 22 percent plan to raise compensation in the next three months, up 1 point from April. Ten percent cited labor costs as their top business problem, up 1 point from April. Twenty-four percent said that labor quality was their top business problem (unchanged). Labor quality was in second place as the top business problem. The frequency of reports of positive profit trends was a net negative 26 percent, down 3 points from April. Among owners reporting lower profits, 29 percent blamed weaker sales, 26 percent blamed the rise in the cost of materials, 13 percent cited the usual seasonal change, 12 percent cited labor costs, 6 percent cited lower prices, and 3 percent cited higher taxes or regulatory costs.

## **CREDIT MARKETS**

One percent of owners reported that all their borrowing needs were not satisfied (down 1 point). Twenty-seven percent reported all credit needs met (down 3 points) and 63 percent said they were not interested in a loan (up 4 points). A net 6 percent reported their last loan was harder to get than in previous attempts (unchanged). Four percent reported that financing was their top business problem (unchanged). A net 24 percent of owners reported paying a higher rate on their most recent loan, down 2 points from April. The average rate paid on short maturity loans was 7.8 percent, 0.7 percentage points below April's reading. Twenty-nine percent of all owners reported borrowing on a regular basis (down 2 points).

## **INFLATION**

The net percent of owners raising average selling prices decreased 1 point from April to a net 32 percent seasonally adjusted, the lowest since March 2021. Unadjusted, 12 percent (unchanged) reported lower average selling prices and 47 percent (down 1 point) reported higher average prices. Price hikes were most frequent in retail (62 percent higher, 6 percent lower), wholesale (54 percent higher, 19 percent lower), construction (50 percent higher, 4 percent lower), and finance (49 percent higher, 3 percent lower). Seasonally adjusted, a net 29 percent plan price hikes (up 8 points). April's reading of 21 percent was a temporary pause in the inflation fight.

# COMMENTARY

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The rapid increase in the Federal Reserve's policy rate (the fastest since the 1980s) has adversely impacted asset values, most obvious in the stock market. Major real estate assets in metropolitan areas are being sold at huge discounts. A \$300 million dollar building in San Francisco sold for \$60 million. A building built for \$52 million in 2008 sold for \$15 million. In Santa Anna, a \$220 million dollar complex sold for \$82 million, just a few examples (WSJ, 5/17/23). In general, the value of an earning asset (business, building rent, etc.) varies inversely with the level of market interest rates, and that includes the value of small businesses, the primary asset owned by entrepreneurs for retirement.

Treasury Secretary Yellen recently said that more bank mergers "may be necessary." In comments addressing mounting pressure on U.S. regional banks at the G7 Summit on May 13, Secretary Yellen astonishingly said she anticipates that regulators would be "open to" additional mergers. The number of banks has declined from 8 thousand to under 5 thousand in a fairly short period of time (since 2000). A major driver of this consolidation is the cost of regulatory compliance. Small banks cannot afford to maintain the professionals needed to report and comply with the large number of complex regulations and reporting requirements imposed on banks. Mergers allow banks to spread these large fixed costs (like a lawyer or accountant) over a larger depositor base. But this reduces the number of community banks serving the population, especially in smaller and rural markets. These banks have been the primary source of financial services for small and growing businesses. Increasing concentration is rarely, if ever, conducive to the existence of effective competition, the only desirable disciplinarian of economic activities (and not regulators). For small businesses, it is the availability of credit, and not its cost, that is important to owners. Since April 2020, the average loan rate paid by owners has risen from 4% to over 8%, but reports of inability to get all the credit desired remain low, suggesting that higher rates aren't a major impediment at this point.

Indicators that have historically been very accurate predictors of major changes in economic activity (recessions) have been sending very clear recession signals (Leading Indicators, Yield Curve inversion, Univ. of Michigan, NFIB, etc.) all year, but the economy has to date refused to cooperate and corroborate. Labor markets keep coming up with unexpected gains that while not great for curbing inflation, are certainly inconsistent with a recession or a slowdown of any significance. Consumer spending has held up well even as the savings rate falls, estimated "excess" saving signal decline, credit card use soars, and delinquencies start to rise.

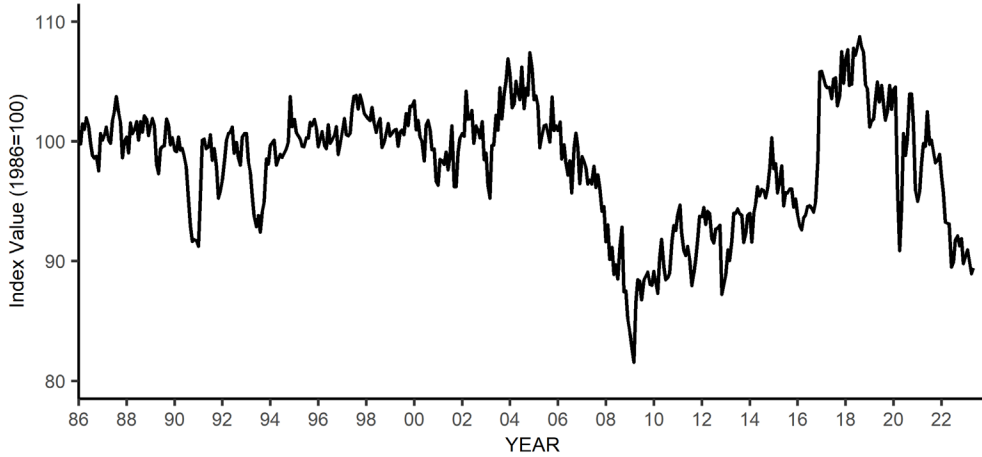
As noted in earlier reports, the "debt default crisis" was the usual political theater. There is plenty of tax revenue to make interest payments and roll over the debt. But interest on that growing debt will soon equal what we spend on defense. Interest is paid by taxpayers and the more that is used for interest payments, the less that is available for spending on domestic priorities. Total debt is larger than our total yearly income (GDP), and continued borrowing will only put more upward pressure on the interest rate we pay to borrow money and further stress our fiscal balance. Voters will have to decide just what path we will follow going forward.

Overall, small business owners are clearly in a recession mood, expressing great concern for future business conditions. But until customers stop coming in, owners (especially in services) will continue to try to hire workers, increasing compensation to attract applicants and retain their current workforce. If inflation shows signs of cooling and the Fed relents (pause, but no rate cuts until inflation really declines), that will increase real wages now being paid and improve optimism for the future.

# OVERVIEW - SMALL BUSINESS OPTIMISM

## OPTIMISM INDEX

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



## OPTIMISM INDEX

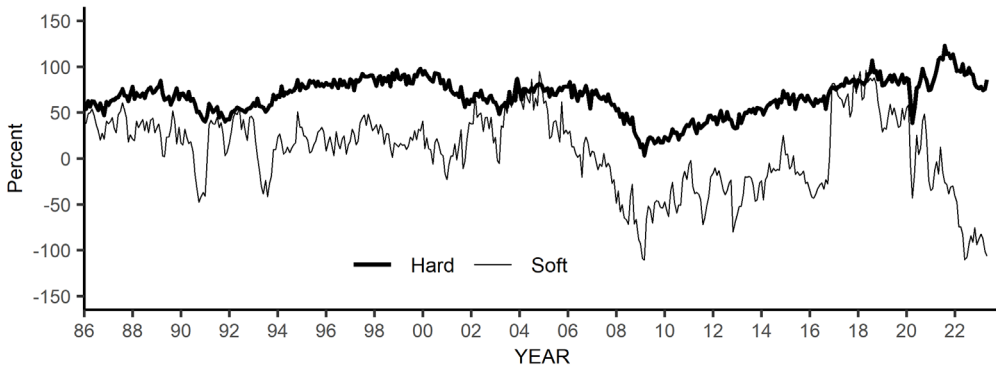
Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2018</b>	106.9	107.6	104.7	104.8	107.8	107.2	107.9	108.8	107.9	107.4	104.8	104.4
<b>2019</b>	101.2	101.7	101.8	103.5	105.0	103.3	104.7	103.1	101.8	102.4	104.7	102.7
<b>2020</b>	104.3	104.5	96.4	90.9	94.4	100.6	98.8	100.2	104.0	104.0	101.4	95.9
<b>2021</b>	95.0	95.8	98.2	99.8	99.6	102.5	99.7	100.1	99.1	98.2	98.4	98.9
<b>2022</b>	97.1	95.7	93.2	93.2	93.1	89.5	89.9	91.8	92.1	91.3	91.9	89.8
<b>2023</b>	90.3	90.9	90.1	89.0	89.4							

## OPTIMISM INDEX COMPONENTS

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

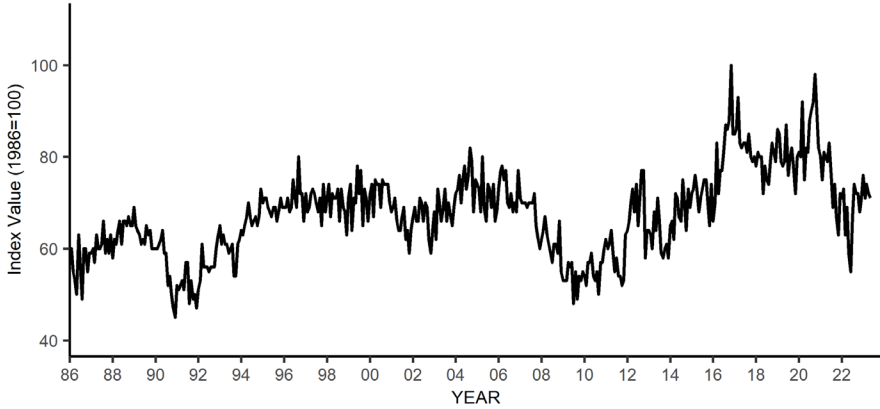
Soft: Expected Business Conditions, Outlook for Expansion, Expected Real Sales, Expected Credit Conditions, Inventory Satisfaction



# SMALL BUSINESS UNCERTAINTY

## UNCERTAINTY INDEX

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



## UNCERTAINTY INDEX

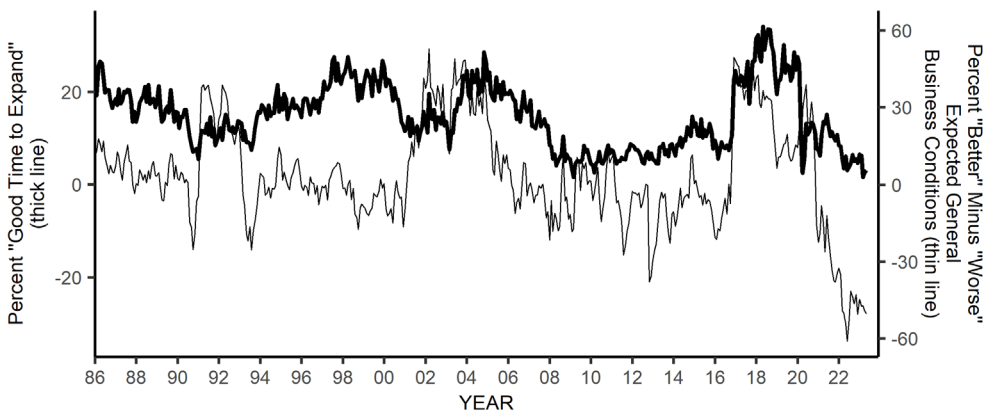
Based on Ten Survey Indicators  
(Seasonally Adjusted 1986=100)

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

# SMALL BUSINESS OUTLOOK

## OUTLOOK

Good Time to Expand and Expected General Business Conditions  
January 1986 to May 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
<b>2018</b>	32	32	28	27	34	29	32	34	33	30	29	24
<b>2019</b>	20	22	23	25	30	24	26	26	22	23	29	25
<b>2020</b>	28	26	13	3	5	13	11	12	13	13	12	8
<b>2021</b>	8	6	11	14	13	15	13	11	11	10	10	11
<b>2022</b>	9	8	6	4	6	3	4	5	6	5	6	5
<b>2023</b>	7	6	2	3	3							

### MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook  
May 2023

Reason	Good Time	Not Good Time	Uncertain
<b>Economic Conditions</b>	2	34	18
<b>Sales Prospects</b>	1	3	0
<b>Fin. &amp; Interest Rates</b>	0	7	2
<b>Cost of Expansion</b>	0	5	2
<b>Political Climate</b>	0	11	7
<b>Other / Not Available</b>	0	2	1

### OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

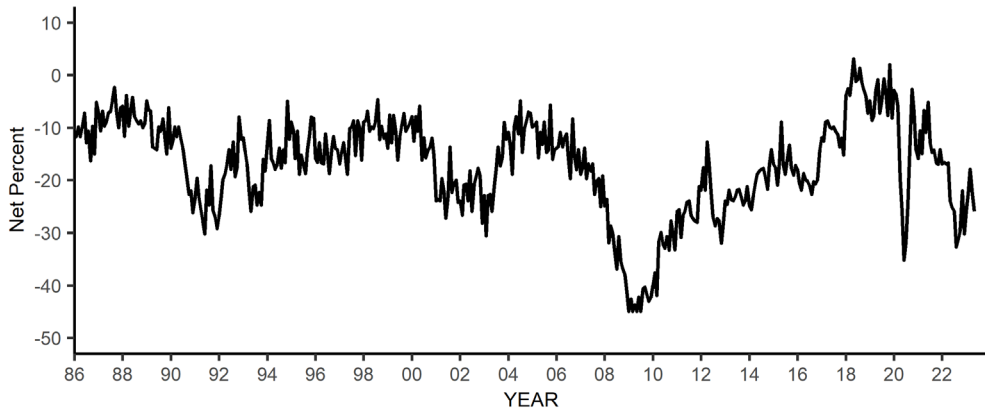
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2018</b>	41	43	32	30	37	33	35	34	33	33	22	16
<b>2019</b>	6	11	11	13	16	16	20	12	9	10	13	16
<b>2020</b>	14	22	5	29	34	39	25	24	32	27	8	-16
<b>2021</b>	-23	-19	-8	-15	-26	-12	-20	-28	-33	-37	-38	-35
<b>2022</b>	-33	-35	-49	-50	-54	-61	-52	-42	-44	-46	-43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



# SMALL BUSINESS EARNINGS

## EARNINGS

Actual Last Three Months  
January 1986 to May 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
<b>2018</b>	-4	-3	-4	-1	3	-1	-1	1	-1	-3	-4	-7
<b>2019</b>	-5	-9	-8	-3	-1	-7	-5	-1	-3	-8	2	-8
<b>2020</b>	-3	-4	-6	-20	-26	-35	-32	-25	-12	-3	-7	-14
<b>2021</b>	-16	-11	-15	-7	-11	-5	-13	-15	-14	-17	-17	-14
<b>2022</b>	-17	-17	-17	-17	-24	-25	-26	-33	-31	-30	-22	-30
<b>2023</b>	-26	-23	-18	-23	-26							

## MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason  
May 2023

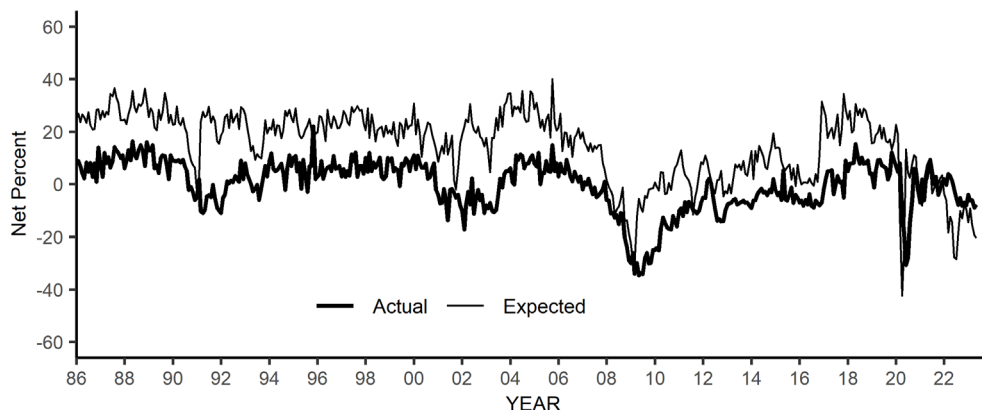
Reason	Current Month	One Year Ago	Two Years Ago
<b>Sales Volume</b>	12	11	13
<b>Increased Costs*</b>	19	20	12
<b>Cut Selling Prices</b>	3	3	2
<b>Usual Seasonal Change</b>	5	4	4
<b>Other</b>	1	2	1

\* 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 May 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
<b>2018</b>	5	8	8	8	15	10	8	10	8	8	9	4
<b>2019</b>	4	-1	5	9	9	7	7	6	2	4	12	9
<b>2020</b>	7	5	8	-11	-19	-31	-28	-15	-6	6	5	-2
<b>2021</b>	-7	2	-6	3	7	9	5	0	3	-4	-2	1
<b>2022</b>	2	0	4	3	1	-2	-5	-8	-5	-8	-7	-8
<b>2023</b>	-4	-6	-6	-9	-8							

## SALES EXPECTATIONS

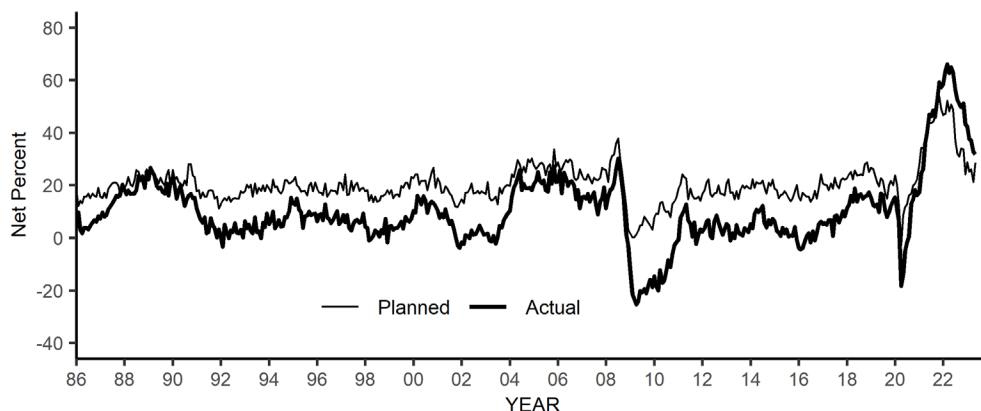
Net Percent ("Higher" Minus "Lower") During Next Three Months  
(Seasonally Adjusted)

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

# SMALL BUSINESS PRICES

## PRICES

Actual Last Three Months and Planned Next Three Months  
*January 1986 to May 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
<b>2018</b>	11	13	16	14	19	14	16	17	15	16	16	17
<b>2019</b>	15	13	12	13	10	17	16	11	8	10	12	14
<b>2020</b>	15	11	6	-18	-14	-5	-2	1	13	15	18	16
<b>2021</b>	17	25	26	36	40	47	46	49	46	53	59	57
<b>2022</b>	58	64	66	63	65	63	56	53	51	50	51	43
<b>2023</b>	42	38	37	33	32							

## PRICE PLANS

Net Percent ("Higher" Minus "Lower") in the Next Three Months  
*(Seasonally Adjusted)*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2018</b>	23	24	25	22	26	24	24	24	24	28	29	25
<b>2019</b>	27	26	24	21	20	23	22	17	15	20	22	20
<b>2020</b>	24	20	12	-3	9	12	13	16	17	20	21	22
<b>2021</b>	28	34	34	36	43	44	44	44	46	51	54	49
<b>2022</b>	47	47	52	48	51	49	37	32	31	34	34	24
<b>2023</b>	29	25	26	21	29							

# SMALL BUSINESS EMPLOYMENT

## ACTUAL EMPLOYMENT CHANGES

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2018</b>	4	4	4	7	7	3	6	5	1	5	5	5
<b>2019</b>	7	9	12	7	9	5	3	5	4	4	10	6
<b>2020</b>	9	13	8	-12	-16	-16	-11	-12	-6	-2	-2	-5
<b>2021</b>	0	-3	-2	1	-5	-2	-6	-8	-1	-2	-1	1
<b>2022</b>	-1	1	-2	-2	-4	-2	-4	-8	-4	-2	-3	1
<b>2023</b>	2	4	2	-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
<b>2018</b>	49	47	47	50	48	55	52	55	53	53	53	54
<b>2019</b>	49	49	54	49	54	50	56	57	50	53	53	50
<b>2020</b>	49	52	47	41	37	43	44	46	50	48	47	48
<b>2021</b>	46	51	51	54	57	56	57	60	62	58	56	57
<b>2022</b>	55	57	55	55	61	60	57	57	57	55	54	51
<b>2023</b>	52	54	53	55	55							

## EMPLOYMENT

Planned Next Three Months and Current Job Openings  
January 1986 to May 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	43	45	44							

### HIRING PLANS

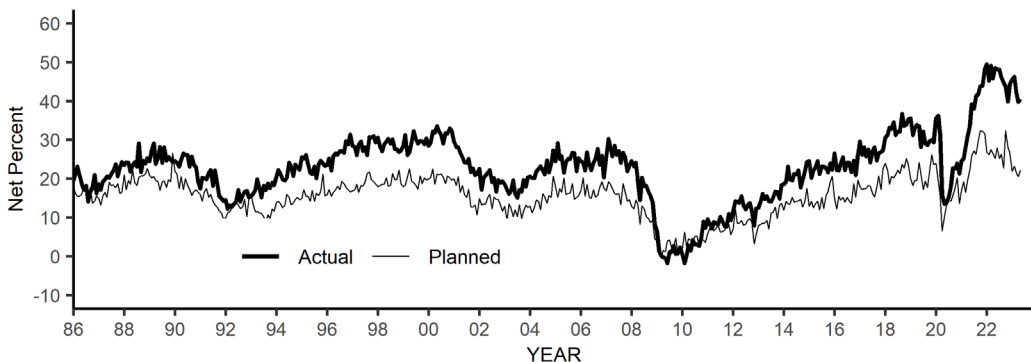
Net Percent ("Increase" Minus "Decrease") in the Next Three Months  
(Seasonally Adjusted)

	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	15	17	19							

## SMALL BUSINESS COMPENSATION

### COMPENSATION

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

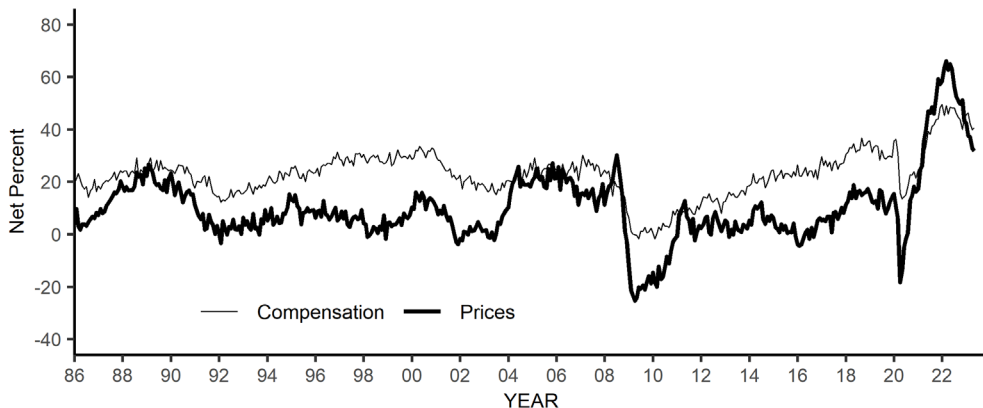
### COMPENSATION PLANS

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

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

### PRICES AND LABOR COMPENSATION

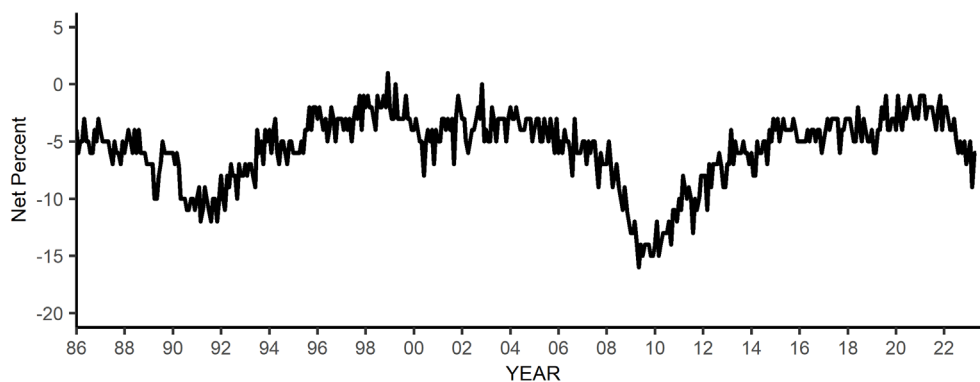
Net Percent Price Increase and Net Percent Compensation  
(Seasonally Adjusted)



# SMALL BUSINESS CREDIT CONDITIONS

## CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago\*  
January 1986 to May 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
<b>2018</b>	31	31	32	31	34	28	32	32	29	32	32	35
<b>2019</b>	33	33	34	31	31	28	28	33	30	29	28	29
<b>2020</b>	31	28	26	29	26	27	26	24	26	25	22	26
<b>2021</b>	23	26	23	24	23	21	21	20	20	23	21	23
<b>2022</b>	23	23	25	26	23	25	26	27	26	28	27	28
<b>2023</b>	29	30	30	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
<b>2018</b>	-3	-3	-4	-5	-5	-2	-4	-5	-3	-4	-5	-5
<b>2019</b>	-4	-6	-6	-4	-4	-2	-3	-1	-4	-4	-3	-3
<b>2020</b>	-4	-1	-3	-4	-2	-3	-2	-1	-2	-3	-2	-3
<b>2021</b>	-1	-1	-1	-3	-2	-2	-2	-3	-4	-2	-1	-4
<b>2022</b>	-2	-2	-3	-4	-4	-3	-5	-6	-5	-6	-5	-7
<b>2023</b>	-6	-5	-9	-6	-6							

# SMALL BUSINESS CREDIT CONDITIONS (CONTINUED)

## BORROWING NEEDS SATISFIED

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2018</b>	31/3	32/2	31/4	32/4	37/4	30/3	32/3	33/3	27/3	30/3	32/3	32/4
<b>2019</b>	33/3	34/3	33/3	32/4	34/3	29/3	28/3	31/4	30/2	29/3	28/3	29/3
<b>2020</b>	30/3	32/2	29/3	29/5	33/3	34/3	35/3	31/3	33/2	29/3	25/2	26/3
<b>2021</b>	24/2	28/2	27/2	26/2	23/3	25/3	23/2	22/2	20/2	23/2	23/2	26/2
<b>2022</b>	25/3	25/2	26/4	26/2	22/2	27/1	25/3	23/4	26/2	26/2	22/2	25/2
<b>2023</b>	26/2	25/3	29/2	30/2	27/1							

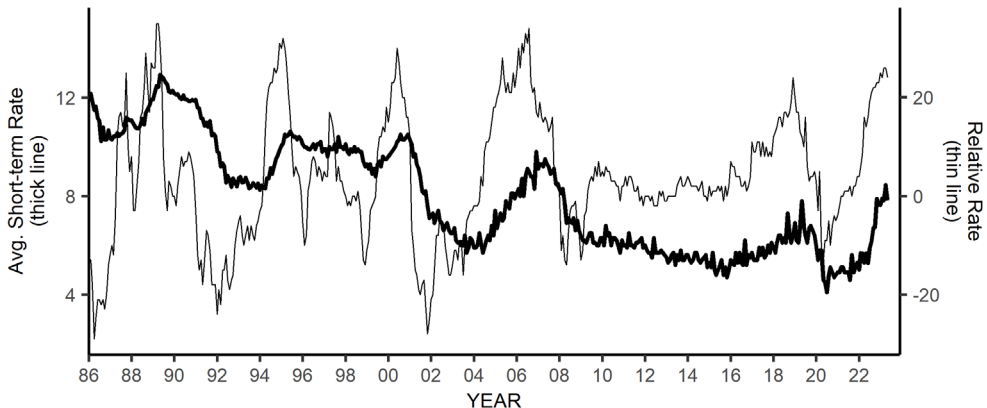
## EXPECT EASIER CREDIT CONDITIONS

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2018</b>	-4	-3	-6	-6	-5	-4	-4	-6	-5	-5	-5	-6
<b>2019</b>	-5	-5	-7	-4	-5	-3	-4	-2	-4	-3	-3	-3
<b>2020</b>	-4	-1	-4	-6	-4	-6	-5	-4	-5	-4	-3	-5
<b>2021</b>	-3	-6	-3	-3	-3	-4	-4	-4	-4	-4	-3	-4
<b>2022</b>	-4	-4	-4	-5	-4	-5	-7	-8	-6	-8	-6	-9
<b>2023</b>	-8	-6	-9	-8	-10							

## INTEREST RATES

Relative Rates and Actual Rates Last Three Months  
*January 1986 to May 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
<b>2018</b>	12	13	14	16	16	14	17	17	16	17	19	24
<b>2019</b>	20	17	17	13	12	10	16	6	3	4	4	5
<b>2020</b>	3	-3	5	-11	-13	-9	-9	-5	-10	-6	-4	-5
<b>2021</b>	-4	-2	0	0	1	1	1	2	0	2	2	4
<b>2022</b>	4	6	9	16	14	16	19	21	22	22	23	23
<b>2023</b>	25	24	26	26	24							

*Borrowing at Least Once Every Three Months.*

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

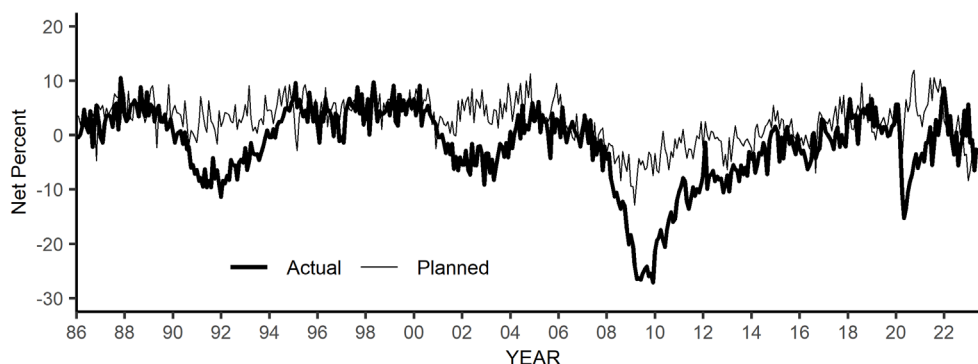
Average Interest Rate Paid

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2018</b>	5.9	5.7	6.1	6.4	6.4	6.1	6.3	6.1	7.3	6.4	6.1	6.4
<b>2019</b>	6.9	6.2	6.1	6.7	7.8	6.8	6.4	6.1	6.7	6.8	6.6	6.4
<b>2020</b>	6.0	5.4	5.8	5.8	4.6	4.5	4.1	4.8	5.1	4.9	4.7	4.8
<b>2021</b>	4.9	4.9	5.1	5.1	4.9	4.9	4.9	4.6	5.6	4.9	5.1	5.3
<b>2022</b>	5.0	5.7	5.7	5.3	5.7	5.3	5.9	6.2	6.7	6.7	7.9	7.7
<b>2023</b>	7.6	7.9	7.8	8.5	7.8							

## SMALL BUSINESS INVENTORIES

### INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)  
January 1986 to May 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	-1	-7	-2							

### 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	1	-5	-3							

### INVENTORY PLANS

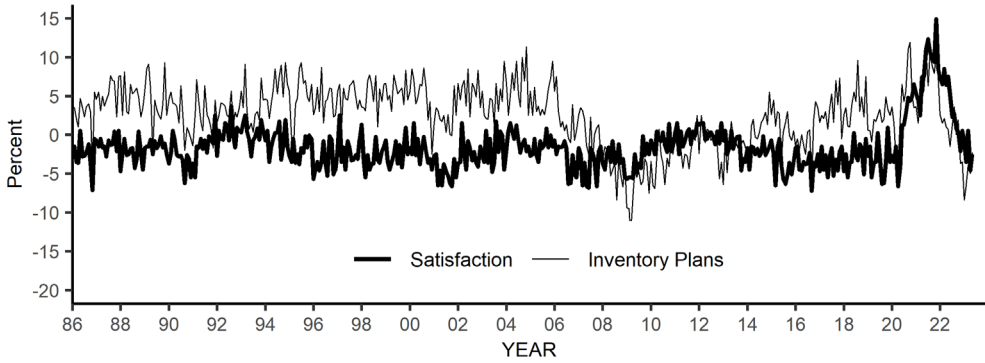
Net Percent ("Increase" Minus "Decrease") in the Next Three to Six Months  
(Seasonally Adjusted)

	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	-4	-5	-2							

# SMALL BUSINESS CAPITAL OUTLAYS

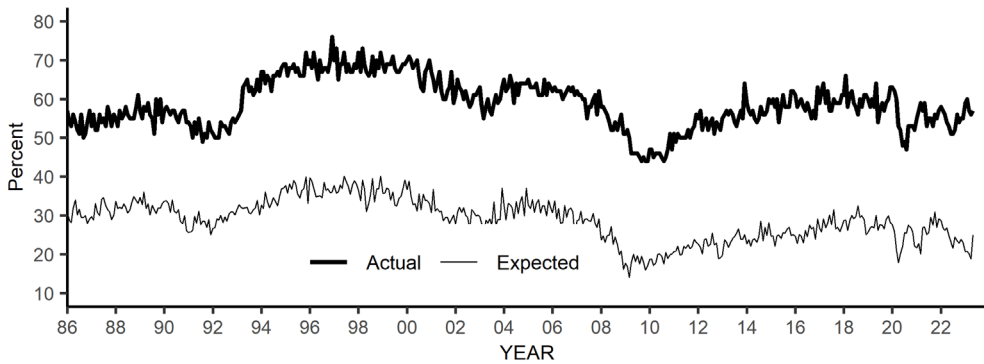
## INVENTORY SATISFACTION AND INVENTORY PLANS

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



## CAPITAL EXPENDITURES

Actual Last Six Months and Planned Next Three Months  
 January 1986 to May 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
<b>2018</b>	61	66	58	61	62	59	58	56	60	58	61	61
<b>2019</b>	60	58	60	58	64	54	57	59	57	59	60	63
<b>2020</b>	63	62	60	53	52	48	49	47	53	53	53	52
<b>2021</b>	55	57	59	57	59	53	55	55	53	56	55	57
<b>2022</b>	58	57	56	54	53	51	51	52	56	54	55	55
<b>2023</b>	59	60	57	56	57							

## 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
<b>Vehicles</b>	24	21	24
<b>Equipment</b>	38	36	44
<b>Furniture or Fixtures</b>	12	12	13
<b>Add. Bldgs. or Land</b>	7	6	6
<b>Improved Bldgs. or Land</b>	15	15	16

### 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
<b>\$1 to \$999</b>	1	2	2
<b>\$1,000 to \$4,999</b>	7	7	6
<b>\$5,000 to \$9,999</b>	5	5	7
<b>\$10,000 to \$49,999</b>	15	13	18
<b>\$50,000 to \$99,999</b>	11	9	12
<b>\$100,000 +</b>	17	15	14
<b>No Answer</b>	2	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
<b>2018</b>	29	29	26	29	30	29	30	33	30	30	29	25
<b>2019</b>	26	27	27	27	30	26	28	28	27	29	30	28
<b>2020</b>	28	26	21	18	20	22	26	26	28	27	26	22
<b>2021</b>	22	23	20	27	27	25	26	30	28	31	27	29
<b>2022</b>	29	27	26	27	25	23	22	25	24	23	24	23
<b>2023</b>	21	21	20	19	25							

# SINGLE MOST IMPORTANT PROBLEM

## SINGLE MOST IMPORTANT PROBLEM

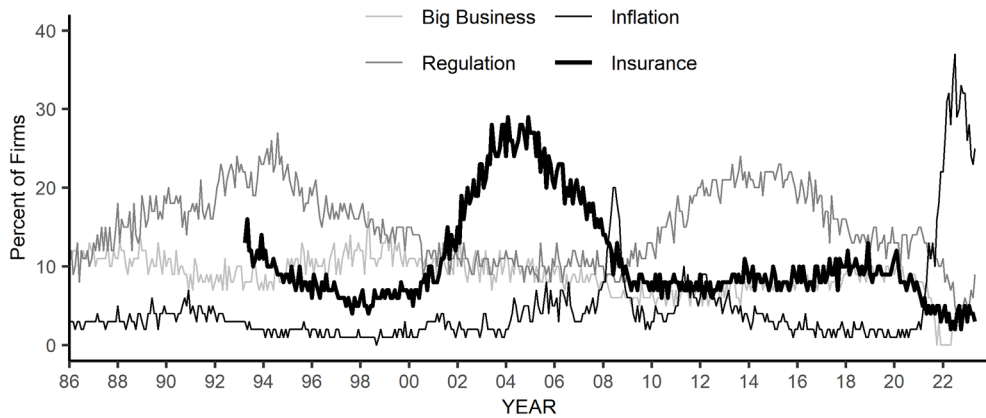
May 2023

Problem	Current	One Year Ago	Survey High	Survey Low
<b>Taxes</b>	14	12	32	8
<b>Inflation</b>	25	28	41	0
<b>Poor Sales</b>	3	4	34	2
<b>Fin. &amp; Interest Rates</b>	4	1	37	0
<b>Cost of Labor</b>	10	12	13	2
<b>Government Regulation</b>	9	7	27	4
<b>Comp. from Large Bus.</b>	3	0	14	0
<b>Quality of Labor</b>	24	23	29	3
<b>Cost/Avail. of Insurance</b>	3	2	29	0
<b>Other</b>	3	11	31	1

## SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation

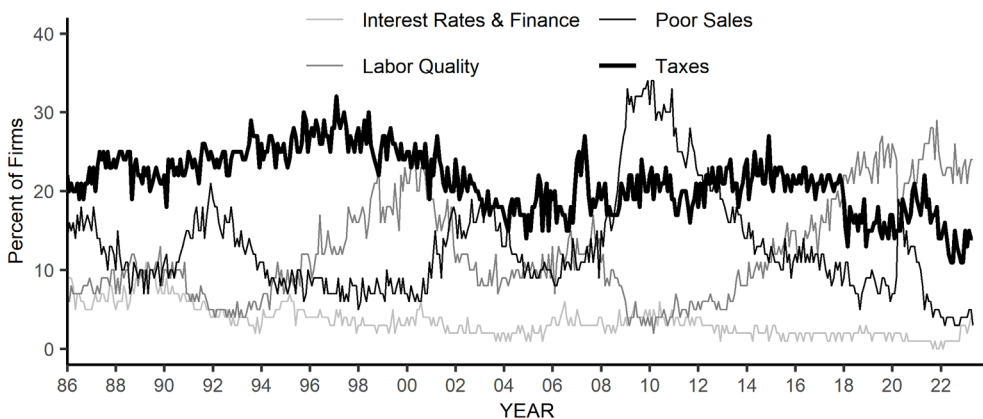
January 1986 to May 2023



## SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality

January 1986 to May 2023



## SURVEY PROFILE

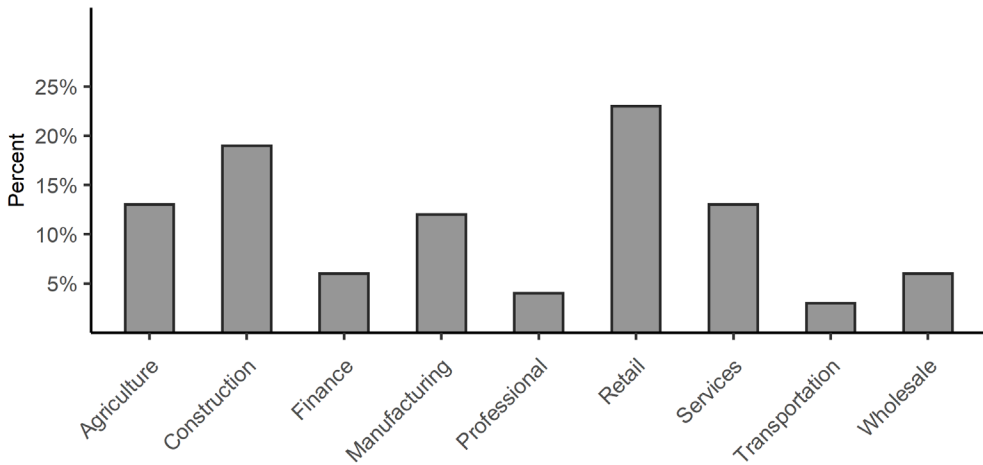
### OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2018</b>	1658	642	570	1554	562	665	1718	680	642	1743	700	621
<b>2019</b>	1740	526	643	1735	650	606	1502	680	603	1618	500	488
<b>2020</b>	1692	641	627	1832	814	670	1652	751	604	1719	561	542
<b>2021</b>	1109	678	514	1516	659	592	1440	595	537	1431	613	639
<b>2022</b>	1504	665	560	1457	581	505	1351	622	557	1342	572	514
<b>2023</b>	1466	626	573	1365	632							

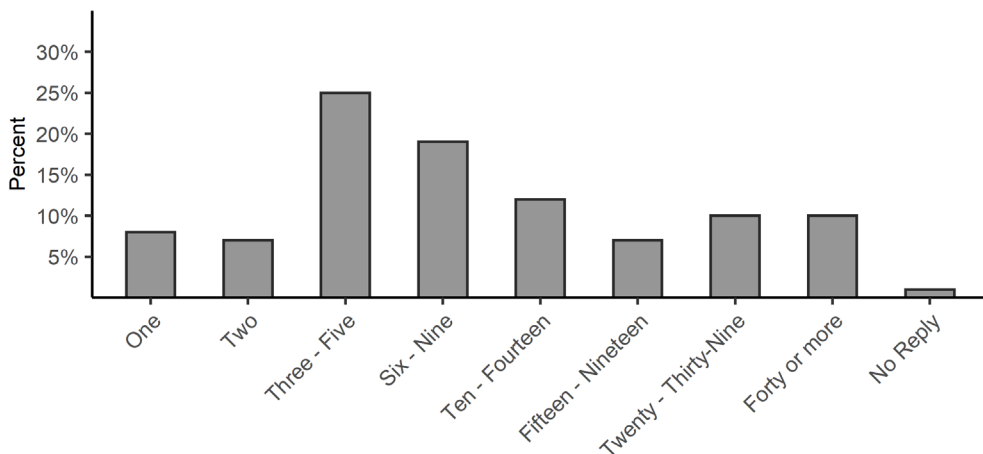
### NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

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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