



NFIB SMALL BUSINESS ECONOMIC TRENDS

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September 2015

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 | 25% | 1 | * |
| Plans to Increase Inventories | 3% | 2 | * |
| Expect Economy to Improve | -4% | 2 | * |
| Expect Real Sales Higher | 1% | -6 | * |
| Current Inventory | -5% | 1 | * |
| Current Job Openings | 27% | -2 | * |
| Expected Credit Conditions | -6% | 1 | * |
| Now a Good Time to Expand | 12% | 2 | * |
| Earnings Trends | -13% | 2 | * |
| Total Change | | 2 | * |

(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 was basically unchanged in September, rising only 0.2 points, this after an August gain of only 0.5 points. So the Index remains stuck at a below average reading of 96.1. Owners didn't seem to be overly concerned about the antics of the stock market, as optimism did not fall. However financial markets did not offer any encouragement to owners, instead providing volatility that only a trader could like. This produces uncertainty.

LABOR MARKETS

Overall, a solid improvement in hiring activity. There was no evidence in the NFIB data that job creation slacked off sharply from June and July, each with 245,000 jobs. Reported job creation returned to its best level of the year, with owners adding a net 0.18 workers per firm in recent months, up 0.05 from August. Fifty-three percent reported hiring or trying to hire (down 3 points), but 45 percent reported few or no qualified applicants for the positions they were trying to fill. Fourteen percent reported using temporary workers, down 1 point after a cumulative 3 percentage point decline over the past few months. Twenty-seven percent of all owners reported job openings they could not fill in the current period, down 2 points from the highest reading for this year. Highly correlated with the unemployment rate, little change is expected. A net 12 percent plan to create new jobs, down 1 point. Historically this is a solid number and supportive of positive job creation.

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 improved 2 percentage points to a net negative 1 percent. Expected real sales volumes posted a 6 point decline, falling to a seasonally adjusted net 1 percent of owners expecting gains, a long way down from the 20 percent reading in December 2014. Overall, not a very positive outlook, but at least positive.

The net percent of owners reporting inventory increases was a net 0 percent (seasonally adjusted), up 1 point. The net percent of owners viewing current inventory stocks as "too low" was unchanged a net negative 5 percent (a 1 point improvement), as weak sales made current stocks look excessive and future sales were not expect to grow much. The net percent of owners planning to add to inventory rose 2 points to a net 3 percent, a positive move but not strong. With weak expectations for sales and business conditions, prospects for strong inventory investment are poor.



CAPITAL SPENDING

Fifty-eight percent reported capital outlays, unchanged from August. Seven percent acquired new buildings or land for expansion (unchanged) and 14 percent spent money for new fixtures and furniture (up 1 point). Overall, capital spending was basically flat. The percent of owners planning capital outlays in the next 3 to 6 months gained 1 point to 25 percent, not a strong reading historically but among the better in this expansion. Of the 51 percent of owners who said it was not a good time to expand (up 1 point), 22 percent (up 2 points) blamed the political environment.

Seasonally adjusted, the net percent expecting better business conditions rose 2 points to a net negative 4 percent, a rather negative outlook for “expansion”. The seasonally adjusted net percent expecting higher real sales fell 6 points to a net 1 percent of all owners. Owner expectations for the economy overall appear to anticipate a continuation of “under-performance”. Investment plans remain historically sub-par, and owners have little interest in borrowing to support investment spending that promises little return.

INFLATION

Fifteen percent of the NFIB owners reported reducing their average selling prices in the past 3 months (up 1 point), and 15 percent reported price increases (up 1 point). Seasonally adjusted, the net percent of owners raising selling prices was 1 percent, unchanged. There are no signs of inflation bubbling up on Main Street, should be good news, but maybe not for the Fed which seems to want more inflation. Seasonally adjusted, a net 13 percent plan price hikes (down 2 points). Normally, low inflation is good news, but in our up-side-down world, the monetary authority wants more of it, not less.

EARNINGS AND WAGES

Earnings trends, posted a 2 point gain, improving to a negative 13 percent. Since July, reports of positive earnings trends have improved by 6 percentage points, possibly driven by lower fuel prices. A seasonally adjusted net 23 percent of owners reported raising worker compensation, unchanged and 2 points below the expansion high reading reached in January and May. The net percent planning to increase compensation rose 3 points to 16 percent, still historically strong for this recovery.

CREDIT MARKETS

Two percent of owners reported that all their borrowing needs were not satisfied, a record low. Thirty percent reported all credit needs met, and 57 percent, a record high, explicitly said they did not want a loan. Twenty-nine percent of all owners reported borrowing on a regular basis, down 4 points. The average rate paid on short maturity loans fell 60 basis points to 4.8 percent. The net percent of owners expecting credit conditions to ease in the coming months was a negative 6 percent, a 1 point improvement. Interest rates are low, but prospects for putting borrowed money profitably to work have not improved enough to induce owners to substantially step up their borrowing and spending.



COMMENTARY

The Federal Reserve decided that doing nothing was the best thing for jobs - or for “global concerns” or to make LeGarde and the World Bank happy along with all of the equity traders even though the evidence suggests that the Fed can’t impact employment significantly. None-the-less, Chairman Yellen put “jobs” at the top of her policy priority list. Meanwhile, banks can only lend to the best borrowers at the Fed’s low rate structure, believing that the cost of funds will rise and squeeze out profitability before rates can be reset. Savers aren’t interested in lending their money (depositing at banks, etc.) at these low rates. Trillions of dollars of low yield Treasury securities issued over the past 7 years guarantee sub-par returns to savers and investors for the next decade. Interest income is billions below what “normal” rates would deliver and the Fed continues to hoard trillions of dollars in riskless securities that the market would love to have. Cheap money induces investors to make investments that wouldn’t pass muster in a normal economy. Not a helpful set of outcomes.

Owners make it clear that credit availability and costs are not holding them back. Indeed, another NFIB survey shows that 41 percent are significantly distressed about Fed indecisiveness and another 34 percent are “somewhat” concerned.

Consumer sentiment (University of Michigan) fell in September. Nearly 60 percent reported hearing unfavorable news about the economy. Far more consumers think government policy is “poor” than think it is “good” (20 percent vs 44 percent). Over 20 percent of owners who think it is a bad time to expand blame “political uncertainty. Uncertainty is the enemy of economic growth.

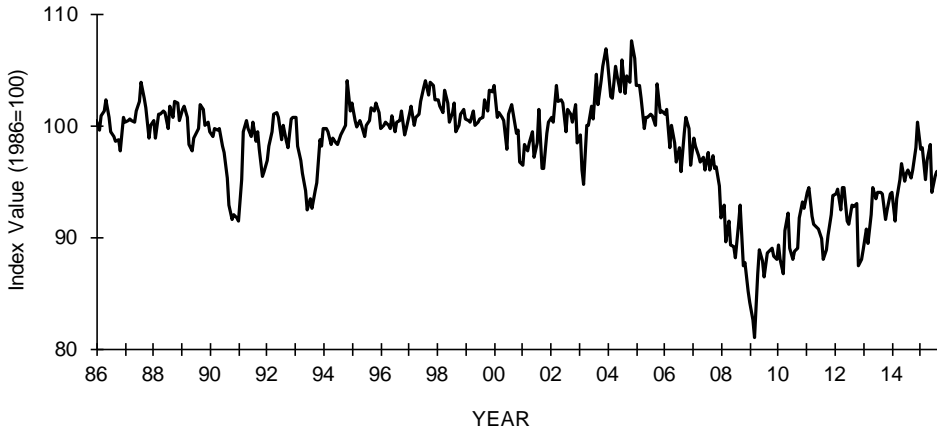
Growth has displayed a “herky jerky” pattern, GDP from 0.6 to 3.9 percent, jobs from 245,000 down to 143,000, stocks gyrating as gamblers adjust their bets. In the meantime, economic policy is in disarray, including the Fed’s. What a mess. Only the strongest private sector can continue to produce growth in this environment. If we are growing at a 4 percent rate (second quarter), the strength isn’t coming from the small business sector.



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)

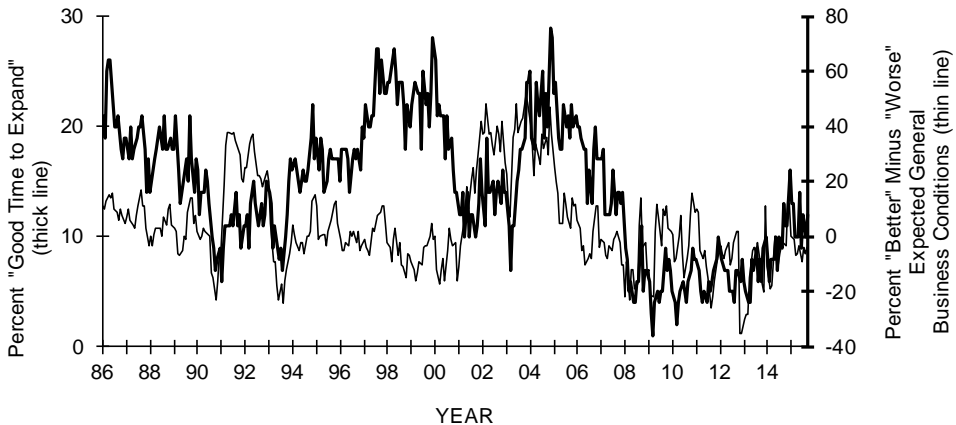
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|------|------|------|------|------|------|------|------|------|------|------|-------|
| 2010 | 89.3 | 88.0 | 86.8 | 90.6 | 92.2 | 89.0 | 88.1 | 88.8 | 89.0 | 91.7 | 93.2 | 92.6 |
| 2011 | 94.1 | 94.5 | 91.9 | 91.2 | 90.9 | 90.8 | 89.9 | 88.1 | 88.9 | 90.2 | 92.0 | 93.8 |
| 2012 | 93.9 | 94.3 | 92.5 | 94.5 | 94.4 | 91.4 | 91.2 | 92.9 | 92.8 | 93.1 | 87.5 | 88.0 |
| 2013 | 88.9 | 90.8 | 89.5 | 92.1 | 94.4 | 93.5 | 94.1 | 94.1 | 93.9 | 91.6 | 92.5 | 93.9 |
| 2014 | 94.1 | 91.4 | 93.4 | 95.2 | 96.6 | 95.0 | 95.7 | 96.1 | 95.3 | 96.1 | 98.1 | 100.4 |
| 2015 | 97.9 | 98.0 | 95.2 | 96.9 | 98.3 | 94.1 | 95.4 | 95.9 | 96.1 | | | |



SMALL BUSINESS OUTLOOK

OUTLOOK

Good Time to Expand and Expected General Business Conditions
January 1986 to September 2015
(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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 5 | 4 | 2 | 4 | 5 | 6 | 5 | 4 | 6 | 7 | 9 | 8 |
| 2011 | 8 | 7 | 5 | 4 | 5 | 4 | 6 | 5 | 6 | 7 | 8 | 10 |
| 2012 | 9 | 8 | 7 | 7 | 7 | 5 | 5 | 4 | 7 | 7 | 6 | 8 |
| 2013 | 6 | 5 | 4 | 4 | 8 | 7 | 9 | 6 | 8 | 6 | 9 | 10 |
| 2014 | 8 | 6 | 8 | 8 | 10 | 7 | 10 | 9 | 13 | 11 | 11 | 16 |
| 2015 | 13 | 13 | 10 | 10 | 14 | 9 | 12 | 10 | 12 | | | |

MOST IMPORTANT REASON FOR EXPANSION OUTLOOK

Reason Percent by Expansion Outlook
September 2015

| Reason | Good Time | Not Good Time | Uncertain |
|----------------------------------|-----------|---------------|-----------|
| Economic Conditions | 5 | 25 | 15 |
| Sales Prospects | 2 | 6 | 2 |
| Fin. & Interest Rates | 2 | 1 | 1 |
| Cost of Expansion | 0 | 5 | 4 |
| Political Climate | 0 | 11 | 12 |
| Other/Not Available | 0 | 1 | 0 |

OUTLOOK FOR GENERAL BUSINESS CONDITIONS

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

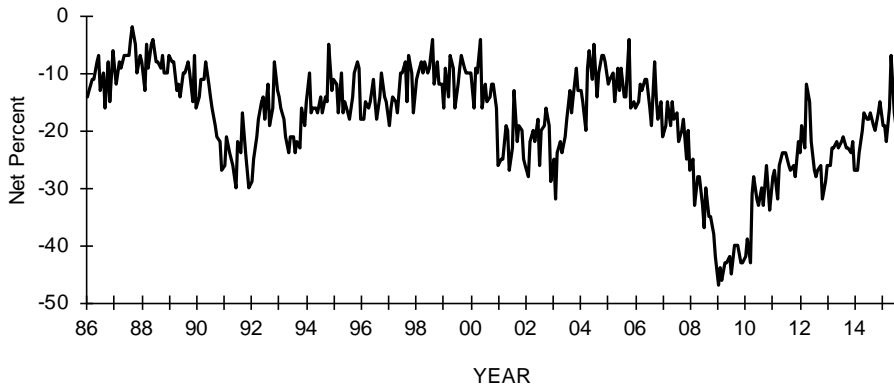
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 1 | -9 | -8 | 0 | 8 | -6 | -15 | -8 | -3 | 8 | 16 | 9 |
| 2011 | 10 | 9 | -5 | -8 | -5 | -11 | -15 | -26 | -22 | -16 | -12 | -8 |
| 2012 | -3 | -6 | -8 | -5 | -2 | -10 | -8 | -2 | 2 | 2 | -35 | -35 |
| 2013 | -30 | -28 | -28 | -15 | -5 | -4 | -6 | -2 | -10 | -17 | -20 | -11 |
| 2014 | -11 | -19 | -18 | -9 | 0 | -10 | -6 | -3 | -2 | -3 | 13 | 12 |
| 2015 | 0 | -1 | -7 | -6 | -3 | -9 | -4 | -6 | -4 | | | |



SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to September 2015
(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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | -42 | -39 | -43 | -31 | -28 | -32 | -33 | -30 | -33 | -26 | -30 | -34 |
| 2011 | -28 | -27 | -32 | -26 | -24 | -24 | -24 | -26 | -27 | -26 | -28 | -22 |
| 2012 | -24 | -19 | -23 | -12 | -15 | -22 | -27 | -28 | -27 | -26 | -32 | -29 |
| 2013 | -26 | -26 | -23 | -23 | -22 | -23 | -22 | -21 | -23 | -23 | -24 | -22 |
| 2014 | -27 | -27 | -24 | -20 | -17 | -18 | -18 | -17 | -19 | -20 | -17 | -15 |
| 2015 | -19 | -19 | -22 | -16 | -7 | -17 | -19 | -15 | -13 | | | |

MOST IMPORTANT REASON FOR LOWER EARNINGS

Percent Reason
September 2015

| | Current Month | One Year Ago | Two Years Ago |
|------------------------------|---------------|--------------|---------------|
| Sales Volume | 10 | 13 | 15 |
| Increased Costs* | 10 | 11 | 12 |
| Cut Selling Prices | 5 | 4 | 2 |
| Usual Seasonal Change | 3 | 4 | 3 |
| Other | 3 | 3 | 2 |

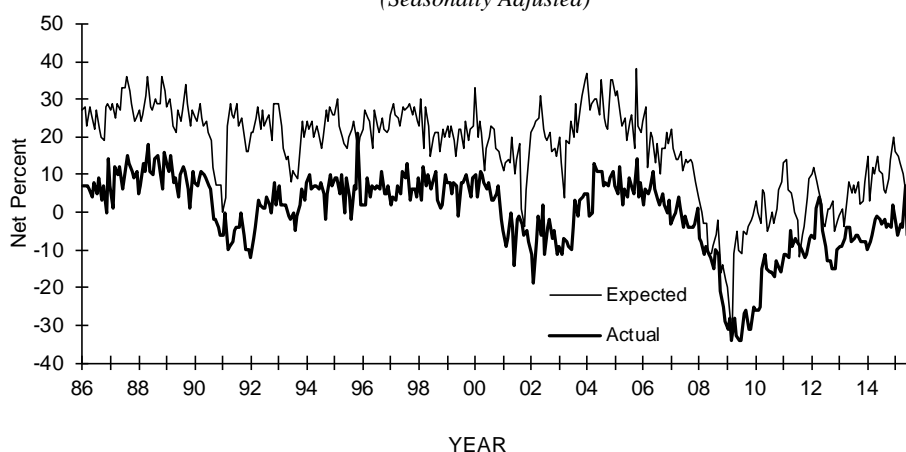
* Increased costs include labor, materials, finance, taxes, and regulatory costs.



SMALL BUSINESS SALES

SALES

Actual (Prior Three Months) and Expected (Next Three Months)
 January 1986 to September 2015
 (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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | -26 | -26 | -25 | -15 | -11 | -15 | -16 | -16 | -17 | -13 | -15 | -16 |
| 2011 | -11 | -11 | -12 | -5 | -9 | -7 | -8 | -9 | -10 | -12 | -11 | -7 |
| 2012 | -6 | -7 | 1 | 4 | 2 | -5 | -9 | -13 | -13 | -15 | -15 | -10 |
| 2013 | -9 | -9 | -7 | -4 | -4 | -8 | -7 | -6 | -6 | -8 | -8 | -8 |
| 2014 | -10 | -8 | -6 | -2 | -1 | -2 | -3 | -2 | -4 | -3 | -4 | 2 |
| 2015 | -3 | -6 | -3 | -4 | 7 | -6 | -6 | -3 | -1 | | | |



SALES EXPECTATIONS

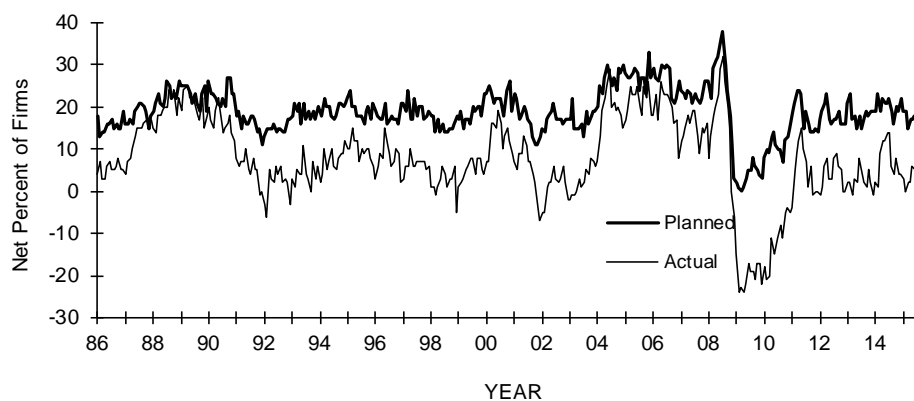
Net Percent (“Higher” Minus “Lower”) During Next Three Months
 (Seasonally Adjusted)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 3 | 0 | -3 | 6 | 5 | -5 | -4 | 0 | -3 | 1 | 6 | 8 |
| 2011 | 13 | 14 | 6 | 5 | 3 | 0 | -2 | -12 | -6 | -4 | 4 | 9 |
| 2012 | 10 | 12 | 8 | 6 | 2 | -3 | -4 | 1 | 1 | 3 | -5 | -2 |
| 2013 | -1 | 1 | -4 | 4 | 8 | 5 | 7 | 5 | 8 | 2 | 3 | 8 |
| 2014 | 15 | 3 | 12 | 10 | 15 | 11 | 10 | 6 | 5 | 9 | 14 | 20 |
| 2015 | 16 | 15 | 13 | 10 | 7 | 4 | 6 | 7 | 1 | | | |

SMALL BUSINESS PRICES

PRICES

Actual Last Three Months and Planned Next Three Months
 January 1986 to September 2015
 (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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | -18 | -21 | -20 | -11 | -15 | -13 | -11 | -8 | -11 | -5 | -4 | -5 |
| 2011 | -4 | 5 | 9 | 12 | 15 | 10 | 7 | 1 | 6 | -1 | 0 | 0 |
| 2012 | -1 | 1 | 6 | 8 | 3 | 3 | 8 | 9 | 6 | 5 | 0 | 0 |
| 2013 | 2 | 2 | -1 | 3 | 2 | 8 | 4 | 2 | 1 | 5 | 2 | -1 |
| 2014 | 2 | 1 | 9 | 12 | 12 | 14 | 14 | 6 | 4 | 8 | 4 | 4 |
| 2015 | 3 | 0 | 2 | 2 | 6 | 5 | 5 | 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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 8 | 10 | 9 | 13 | 14 | 11 | 10 | 10 | 7 | 12 | 13 | 15 |
| 2011 | 19 | 21 | 24 | 24 | 23 | 15 | 19 | 16 | 14 | 14 | 15 | 14 |
| 2012 | 17 | 19 | 21 | 23 | 17 | 16 | 17 | 17 | 19 | 16 | 16 | 16 |
| 2013 | 21 | 23 | 17 | 18 | 15 | 18 | 15 | 18 | 19 | 18 | 19 | 19 |
| 2014 | 19 | 23 | 19 | 22 | 21 | 21 | 22 | 19 | 16 | 20 | 19 | 22 |
| 2015 | 19 | 19 | 15 | 17 | 17 | 18 | 17 | 15 | 13 | | | |



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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | -10 | -9 | -11 | -12 | -12 | -10 | -5 | -2 | -3 | -6 | -2 | -1 |
| 2011 | -4 | -2 | -4 | -6 | -3 | -7 | -2 | -2 | -5 | 0 | 2 | 1 |
| 2012 | 0 | -2 | -3 | -4 | -5 | -3 | 1 | 2 | -3 | 1 | -1 | -2 |
| 2013 | 2 | -2 | -2 | -2 | -3 | -1 | -1 | 4 | 0 | 3 | 2 | 4 |
| 2014 | 2 | 2 | -1 | -2 | -1 | -1 | 3 | 4 | 3 | 3 | 2 | 9 |
| 2015 | 5 | 4 | -1 | -2 | 2 | -2 | 2 | 10 | 5 | | | |

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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 24 | 26 | 23 | 26 | 26 | 25 | 28 | 32 | 30 | 28 | 27 | 28 |
| 2011 | 28 | 30 | 29 | 32 | 30 | 33 | 31 | 33 | 34 | 31 | 35 | 34 |
| 2012 | 31 | 31 | 32 | 34 | 37 | 33 | 38 | 37 | 41 | 38 | 36 | 33 |
| 2013 | 34 | 34 | 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 | | | |

EMPLOYMENT

Planned Next Three Months and Current Job Openings
January 1986 to September 2015
(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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 10 | 11 | 9 | 11 | 9 | 9 | 10 | 11 | 11 | 10 | 9 | 13 |
| 2011 | 13 | 15 | 15 | 14 | 12 | 15 | 12 | 15 | 14 | 14 | 16 | 15 |
| 2012 | 18 | 17 | 15 | 17 | 20 | 15 | 15 | 18 | 17 | 16 | 17 | 16 |
| 2013 | 18 | 21 | 18 | 18 | 19 | 19 | 20 | 19 | 20 | 21 | 23 | 23 |
| 2014 | 22 | 22 | 22 | 24 | 24 | 26 | 24 | 26 | 21 | 24 | 24 | 25 |
| 2015 | 26 | 29 | 24 | 27 | 29 | 24 | 25 | 29 | 27 | | | |

HIRING PLANS

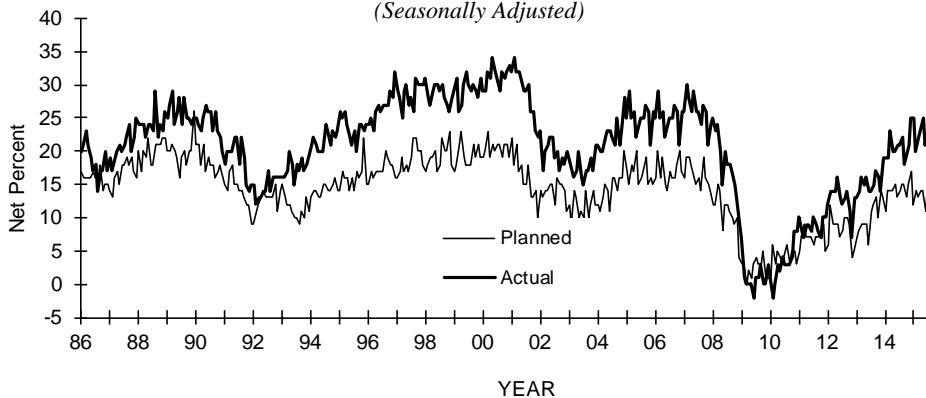
Net Percent ("Increase" Minus "Decrease") in the Next Three Months
(Seasonally Adjusted)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | -1 | -1 | -2 | -1 | 1 | 1 | 2 | 1 | -3 | 1 | 4 | 6 |
| 2011 | 3 | 5 | 2 | 2 | -1 | 3 | 2 | 5 | 4 | 3 | 7 | 6 |
| 2012 | 5 | 4 | 0 | 5 | 6 | 3 | 5 | 10 | 4 | 4 | 5 | 1 |
| 2013 | 3 | 4 | 0 | 6 | 5 | 7 | 9 | 10 | 9 | 5 | 9 | 8 |
| 2014 | 12 | 7 | 5 | 8 | 10 | 12 | 13 | 10 | 9 | 10 | 11 | 15 |
| 2015 | 14 | 12 | 10 | 11 | 12 | 9 | 12 | 13 | 12 | | | |

SMALL BUSINESS COMPENSATION

COMPENSATION

Actual Last Three Months and Planned Next Three Months
January 1986 to September 2015
(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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 1 | -2 | 0 | 3 | 2 | 4 | 3 | 3 | 3 | 4 | 8 | 8 |
| 2011 | 10 | 8 | 7 | 9 | 9 | 8 | 10 | 9 | 8 | 7 | 10 | 10 |
| 2012 | 12 | 14 | 14 | 14 | 16 | 13 | 12 | 13 | 14 | 11 | 7 | 13 |
| 2013 | 13 | 14 | 16 | 15 | 16 | 14 | 14 | 15 | 17 | 16 | 14 | 19 |
| 2014 | 19 | 19 | 23 | 20 | 20 | 21 | 21 | 22 | 18 | 19 | 21 | 25 |
| 2015 | 25 | 20 | 22 | 23 | 25 | 21 | 23 | 23 | 23 | | | |

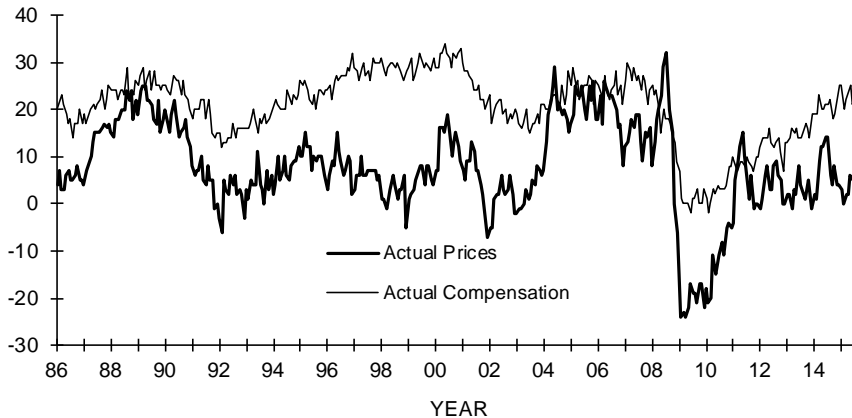
COMPENSATION PLANS

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

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 1 | 6 | 3 | 5 | 4 | 3 | 5 | 6 | 3 | 5 | 5 | 3 |
| 2011 | 5 | 7 | 9 | 7 | 7 | 7 | 6 | 7 | 7 | 8 | 9 | 5 |
| 2012 | 6 | 12 | 9 | 9 | 9 | 7 | 8 | 10 | 10 | 9 | 4 | 5 |
| 2013 | 7 | 8 | 9 | 9 | 9 | 6 | 11 | 12 | 13 | 10 | 14 | 13 |
| 2014 | 11 | 14 | 14 | 14 | 15 | 13 | 14 | 15 | 15 | 13 | 15 | 17 |
| 2015 | 12 | 14 | 13 | 14 | 14 | 11 | 15 | 13 | 16 | | | |

PRICES AND LABOR COMPENSATION

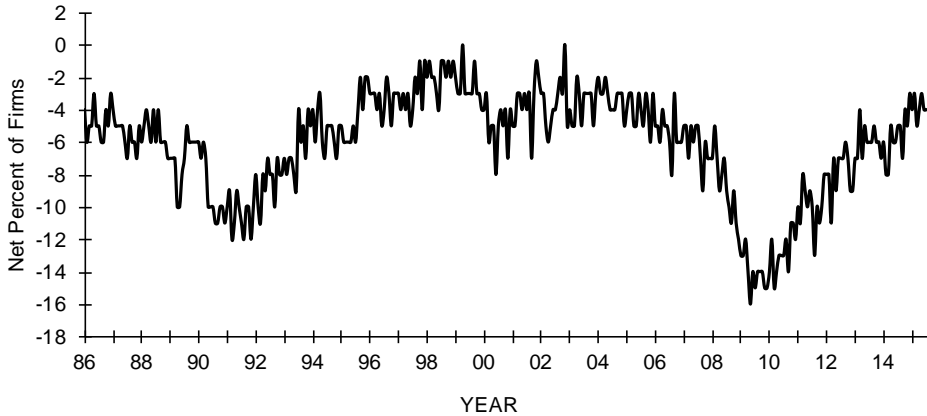
Net Percent Price Increase and Net Percent Compensation
(Seasonally Adjusted)



SMALL BUSINESS CREDIT CONDITIONS

CREDIT CONDITIONS

Loan Availability Compared to Three Months Ago*
January 1986 to September 2015



* 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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 32 | 34 | 35 | 31 | 32 | 29 | 32 | 31 | 33 | 31 | 28 | 30 |
| 2011 | 31 | 31 | 29 | 32 | 29 | 29 | 30 | 32 | 31 | 30 | 34 | 31 |
| 2012 | 32 | 32 | 31 | 32 | 32 | 29 | 31 | 30 | 31 | 30 | 30 | 29 |
| 2013 | 31 | 29 | 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 | | | |



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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | -14 | -12 | -15 | -14 | -13 | -13 | -13 | -12 | -14 | -11 | -11 | -12 |
| 2011 | -10 | -11 | -8 | -9 | -10 | -9 | -10 | -13 | -10 | -11 | -10 | -8 |
| 2012 | -8 | -8 | -11 | -7 | -9 | -7 | -7 | -7 | -6 | -7 | -9 | -9 |
| 2013 | -7 | -7 | -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 | | | |

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 |
|-------------|-------|------|-------|------|------|-------|------|------|------|------|------|------|
| 2010 | 27/11 | 29/9 | 29/11 | 28/9 | 28/8 | 25/10 | 27/9 | 27/9 | 27/9 | 26/9 | 25/9 | 28/9 |
| 2011 | 28/8 | 29/8 | 28/7 | 28/8 | 28/8 | 25/9 | 28/8 | 28/7 | 29/8 | 28/9 | 30/7 | 29/7 |
| 2012 | 30/7 | 31/7 | 27/8 | 31/8 | 29/9 | 29/7 | 30/7 | 31/7 | 32/8 | 28/8 | 28/6 | 29/6 |
| 2013 | 31/6 | 29/7 | 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 | | | |

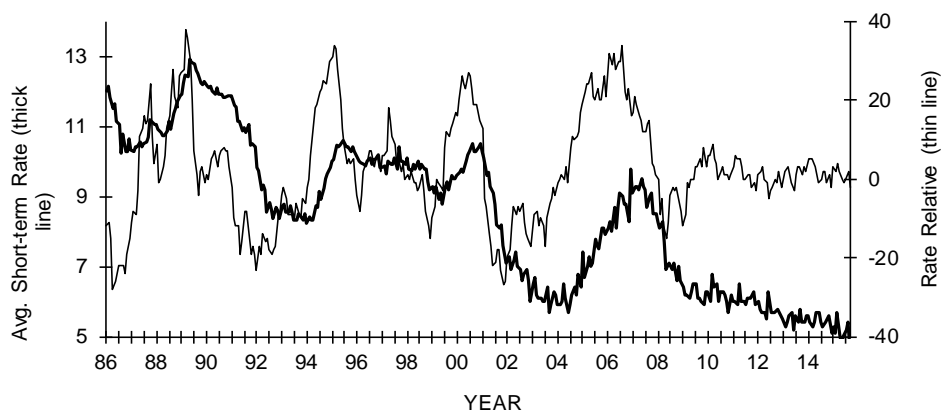
EXPECTED CREDIT CONDITIONS

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

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

INTEREST RATES

Relative Rates and Actual Rates Last Three Months
January 1986 to September 2015



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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 6 | 6 | 9 | 5 | 4 | 0 | 2 | 3 | 1 | 1 | 0 | 1 |
| 2011 | 3 | 6 | 5 | 5 | 3 | 0 | 0 | 1 | 1 | -2 | -1 | -3 |
| 2012 | 1 | 2 | 3 | 0 | -1 | -5 | -3 | -2 | 0 | -1 | 2 | -2 |
| 2013 | 0 | 2 | 3 | 1 | -1 | -3 | 1 | 3 | 3 | 1 | 3 | 2 |
| 2014 | 5 | 5 | 5 | 3 | 1 | -1 | 0 | 2 | 2 | -1 | 1 | -2 |
| 2015 | 3 | 2 | 4 | 2 | 0 | -1 | 0 | 2 | -2 | | | |

Borrowing at Least Once Every Three Months.

ACTUAL INTEREST RATE PAID ON SHORT-TERM LOANS BY BORROWERS

Average Interest Rate Paid

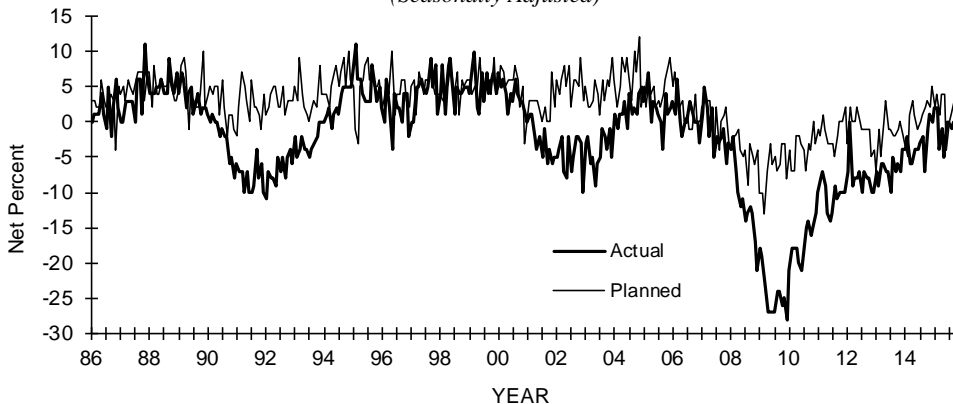
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 6.3 | 6.0 | 6.8 | 6.4 | 6.5 | 6.0 | 6.3 | 6.3 | 6.2 | 6.0 | 5.7 | 6.2 |
| 2011 | 6.0 | 6.0 | 5.9 | 6.5 | 6.0 | 6.0 | 5.9 | 6.1 | 6.1 | 6.2 | 6.3 | 5.9 |
| 2012 | 6.0 | 5.8 | 5.7 | 5.7 | 5.5 | 6.3 | 5.7 | 5.7 | 5.7 | 5.8 | 5.7 | 5.6 |
| 2013 | 5.5 | 5.3 | 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 | | | |



SMALL BUSINESS INVENTORIES

INVENTORIES

Actual (Last Three Months) and Planned (Next Three Months)
January 1986 to September 2015
(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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | -21 | -18 | -18 | -18 | -20 | -21 | -19 | -15 | -14 | -16 | -15 | -13 |
| 2011 | -10 | -8 | -7 | -9 | -13 | -14 | -13 | -9 | -11 | -10 | -10 | -10 |
| 2012 | -7 | 0 | -9 | -8 | -8 | -7 | -10 | -7 | -8 | -8 | -10 | -10 |
| 2013 | -7 | -9 | -6 | -6 | -7 | -7 | -10 | -5 | -7 | -6 | -7 | -4 |
| 2014 | -4 | -2 | -6 | -6 | -4 | -4 | -3 | -2 | -7 | -1 | 1 | 0 |
| 2015 | 2 | 2 | -4 | -1 | -5 | 0 | 0 | -1 | 0 | | | |

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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | -1 | -1 | -1 | 1 | 0 | -1 | 0 | -1 | -2 | 1 | -3 | -3 |
| 2011 | 0 | 2 | -1 | 1 | -1 | -1 | 0 | 1 | -1 | 0 | -1 | 0 |
| 2012 | 1 | 2 | 3 | 0 | 0 | 0 | 0 | 0 | -1 | 0 | -2 | 0 |
| 2013 | -1 | 1 | -1 | -1 | 1 | -2 | -1 | 0 | 0 | -5 | -4 | -5 |
| 2014 | -2 | -4 | 0 | -1 | -2 | -2 | -3 | -2 | 0 | -3 | -3 | -3 |
| 2015 | -1 | -2 | -5 | -1 | 0 | -4 | -6 | -6 | -5 | | | |

INVENTORY PLANS

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

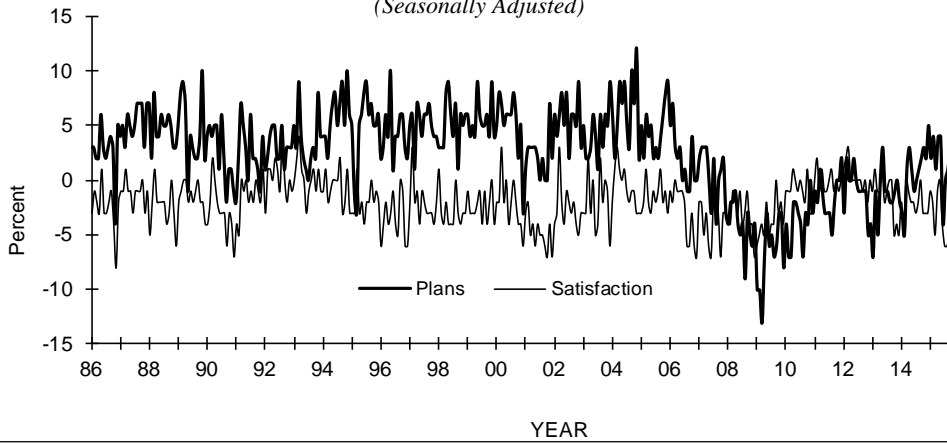
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | -4 | -7 | -7 | -2 | 2 | -3 | -4 | -7 | -3 | -4 | 0 | -3 |
| 2011 | -1 | -2 | 1 | -1 | -3 | -3 | -3 | -5 | -2 | 0 | 0 | 2 |
| 2012 | -3 | 2 | 0 | 0 | 2 | 0 | -1 | -1 | -1 | -1 | -5 | -4 |
| 2013 | -7 | -1 | -5 | 0 | 3 | -1 | -1 | -2 | -2 | -1 | 0 | -2 |
| 2014 | -3 | -5 | 1 | 3 | 1 | -1 | 0 | 1 | 2 | 3 | 2 | 5 |
| 2015 | 2 | 4 | 1 | 4 | 4 | -4 | 0 | 1 | 3 | | | |



SMALL BUSINESS CAPITAL OUTLAYS

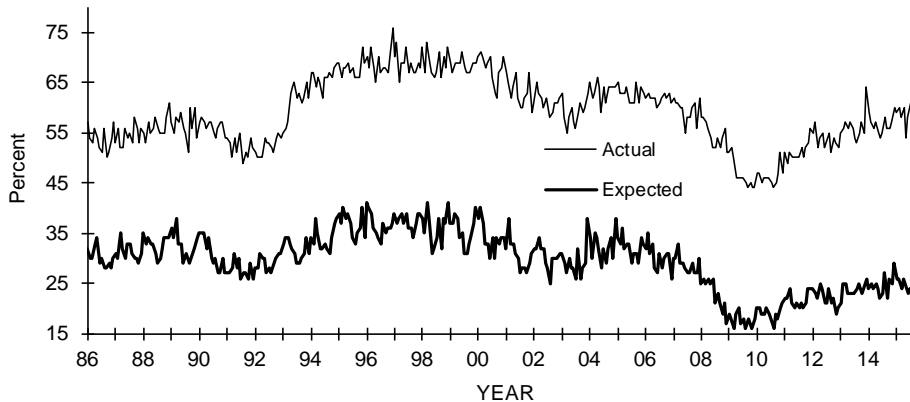
INVENTORY SATISFACTION AND INVENTORY PLANS

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 September 2015
(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 |
|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 47 | 47 | 45 | 46 | 46 | 46 | 45 | 44 | 45 | 47 | 51 | 47 |
| 2011 | 51 | 49 | 51 | 50 | 50 | 50 | 50 | 52 | 50 | 52 | 53 | 56 |
| 2012 | 55 | 57 | 52 | 54 | 55 | 52 | 54 | 55 | 51 | 54 | 53 | 52 |
| 2013 | 55 | 56 | 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 | | | |



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 | 23 | 23 | 20 |
| Equipment | 43 | 38 | 39 |
| Furniture or Fixtures | 12 | 9 | 12 |
| Add. Bldgs. or Land | 7 | 5 | 5 |
| Improved Bldgs. or Land | 14 | 12 | 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 | 3 | 3 | 4 |
| \$1,000 to \$4,999 | 8 | 8 | 8 |
| \$5,000 to \$9,999 | 5 | 5 | 8 |
| \$10,000 to \$49,999 | 16 | 21 | 19 |
| \$50,000 to \$99,999 | 10 | 8 | 8 |
| \$100,000 + | 16 | 11 | 10 |
| No Answer | 0 | 0 | 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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 2010 | 20 | 20 | 19 | 19 | 20 | 19 | 18 | 16 | 19 | 18 | 20 | 21 |
| 2011 | 22 | 22 | 24 | 21 | 20 | 21 | 20 | 21 | 20 | 21 | 24 | 24 |
| 2012 | 24 | 23 | 22 | 25 | 24 | 21 | 21 | 24 | 21 | 22 | 19 | 20 |
| 2013 | 21 | 25 | 25 | 23 | 23 | 23 | 23 | 24 | 25 | 23 | 24 | 26 |
| 2014 | 24 | 25 | 24 | 25 | 24 | 22 | 23 | 27 | 22 | 26 | 25 | 29 |
| 2015 | 26 | 26 | 24 | 26 | 25 | 23 | 24 | 24 | 25 | | | |



SINGLE MOST IMPORTANT PROBLEM

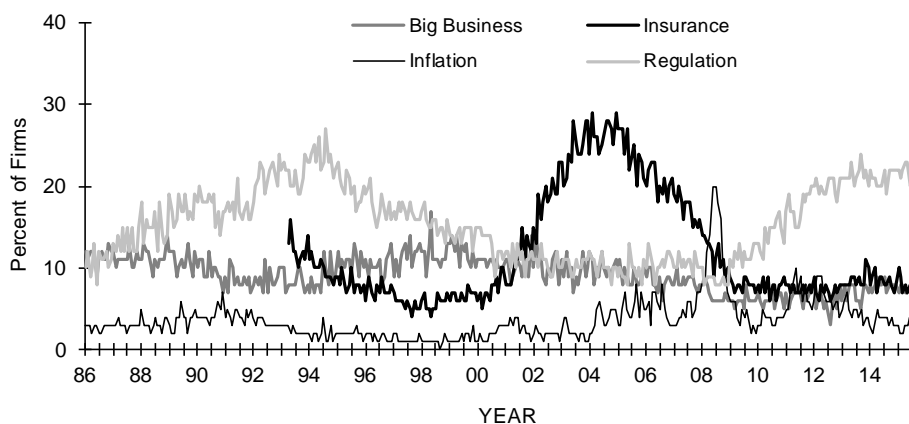
SINGLE MOST IMPORTANT PROBLEM

September 2015

| Problem | Current | One Year Ago | Survey High | Survey Low |
|-----------------------------------|---------|--------------|-------------|------------|
| Taxes | 22 | 21 | 32 | 8 |
| Inflation | 2 | 3 | 41 | 0 |
| Poor Sales | 11 | 14 | 34 | 2 |
| Fin. & Interest Rates | 1 | 2 | 37 | 1 |
| Cost of Labor | 5 | 4 | 9 | 2 |
| Govt. Reqs. & Red Tape | 22 | 22 | 27 | 4 |
| Comp. From Large Bus. | 7 | 8 | 14 | 4 |
| Quality of Labor | 16 | 9 | 24 | 3 |
| Cost/Avail. of Insurance | 7 | 9 | 29 | 4 |
| Other | 7 | 8 | 31 | 1 |

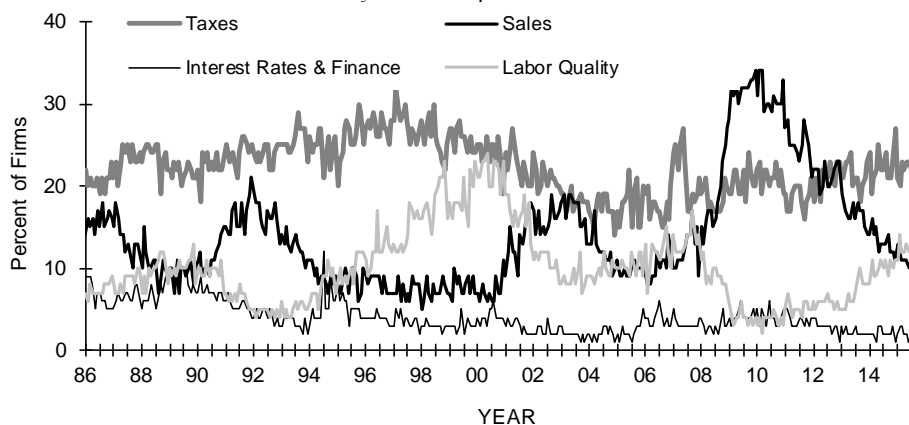
SELECTED SINGLE MOST IMPORTANT PROBLEM

Inflation, Big Business, Insurance and Regulation
January 1986 to September 2015



SELECTED SINGLE MOST IMPORTANT PROBLEM

Taxes, Interest Rates, Sales and Labor Quality
January 1986 to September 2015



SURVEY PROFILE

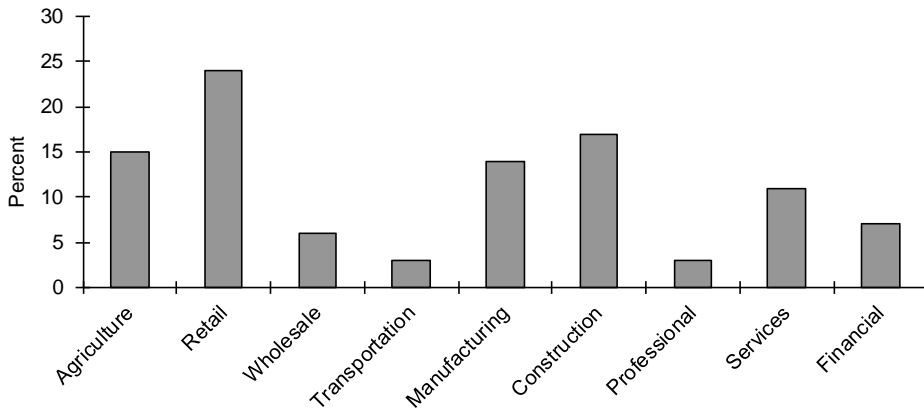
OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY NFIB

Actual Number of Firms

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|------|-----|-----|------|-----|-----|------|-----|-----|------|-----|-----|
| 2010 | 2114 | 799 | 948 | 2176 | 823 | 804 | 2029 | 874 | 849 | 1910 | 807 | 804 |
| 2011 | 2144 | 774 | 811 | 1985 | 733 | 766 | 1817 | 926 | 729 | 2077 | 781 | 735 |
| 2012 | 2155 | 819 | 757 | 1817 | 681 | 740 | 1803 | 736 | 691 | 2029 | 733 | 648 |
| 2013 | 2033 | 870 | 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 | | | |

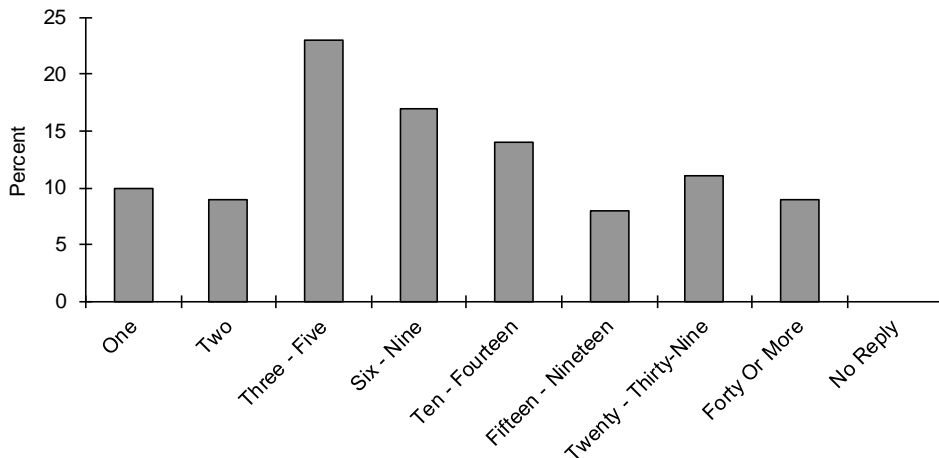
NFIB OWNER/MEMBERS PARTICIPATING IN ECONOMIC SURVEY

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

