

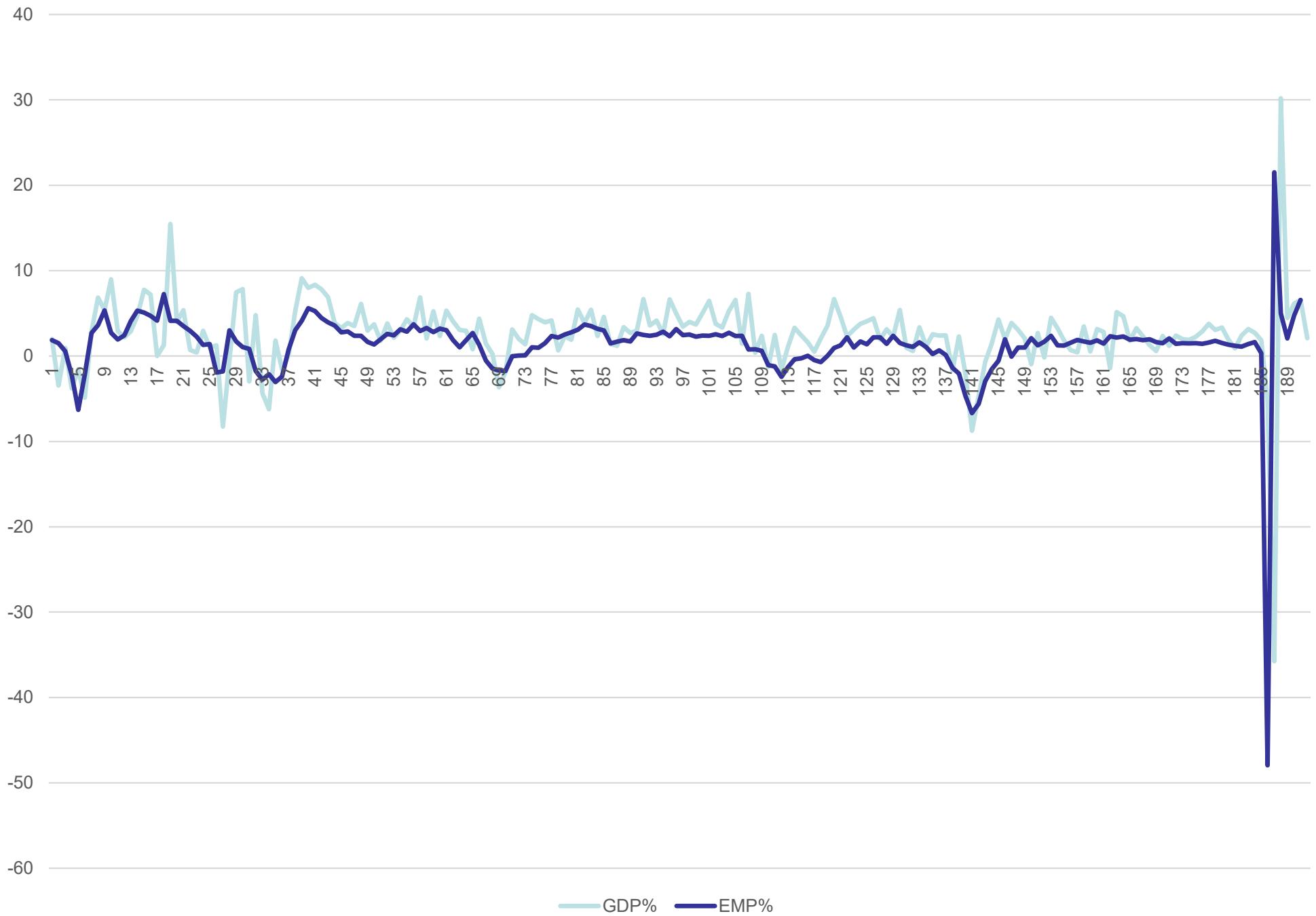
CURRENT STATE OF THE SMALL BUSINESS ECONOMY

Bill Dunkelberg, Chief Economist
NFIB Research Center

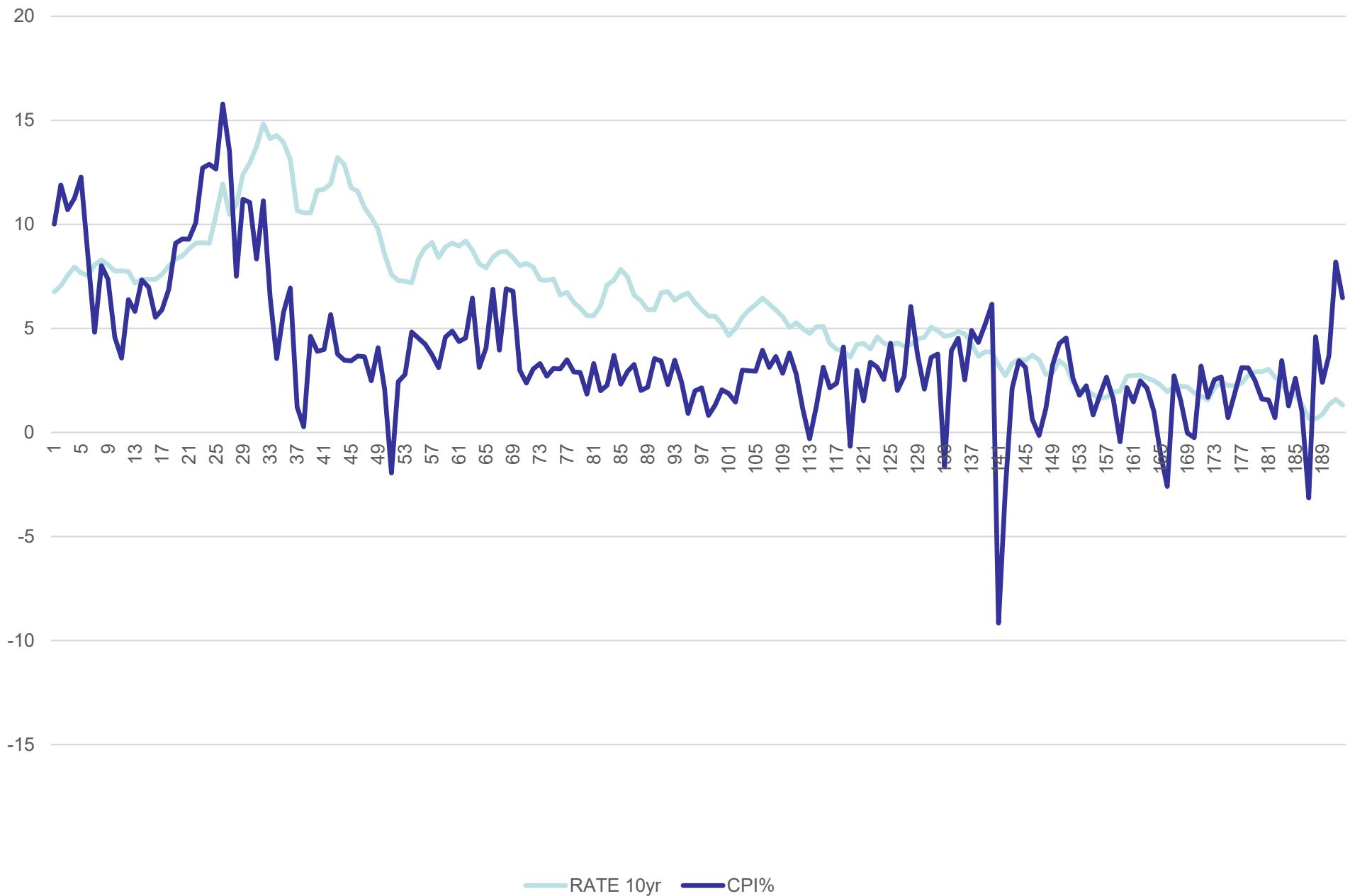
Washington, D.C.



GDP & EMPLOYMENT CHANGE

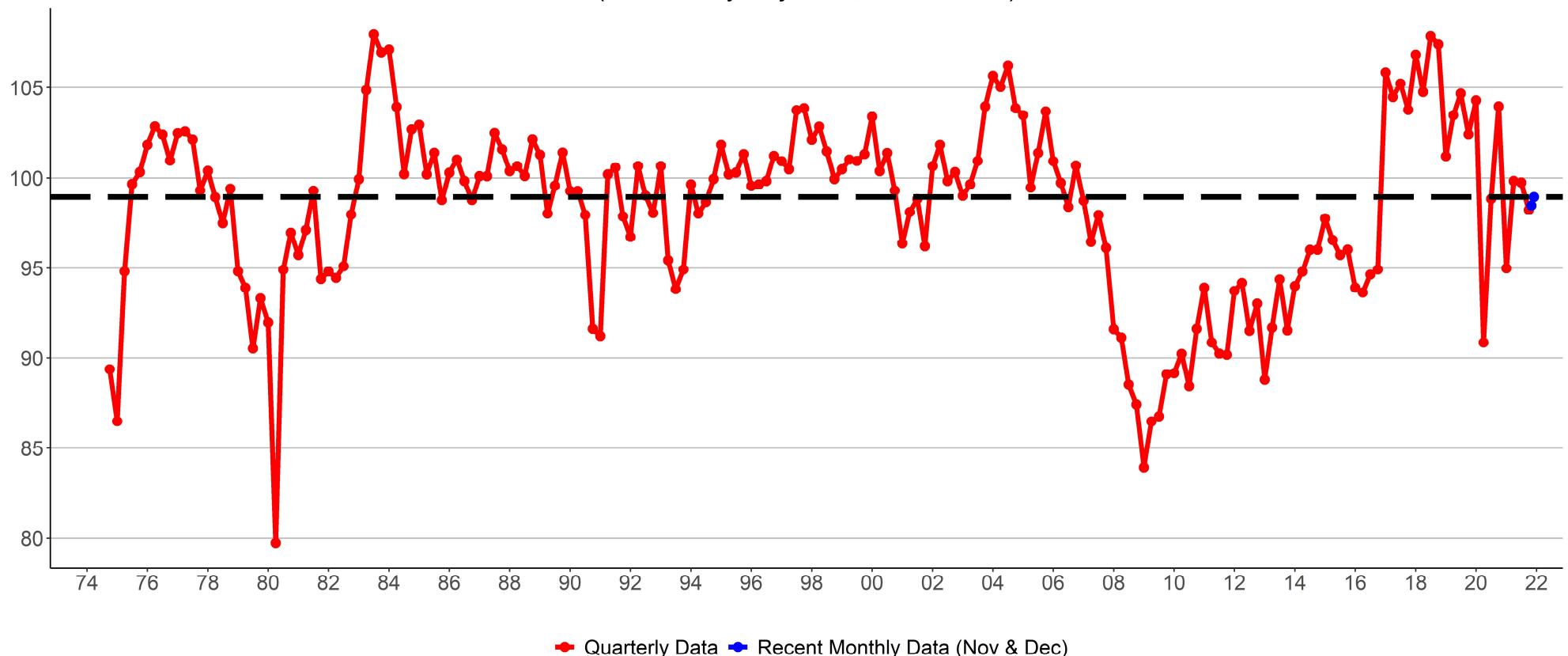


INTEREST RATES AND INFLATION



Small Business Optimism Index

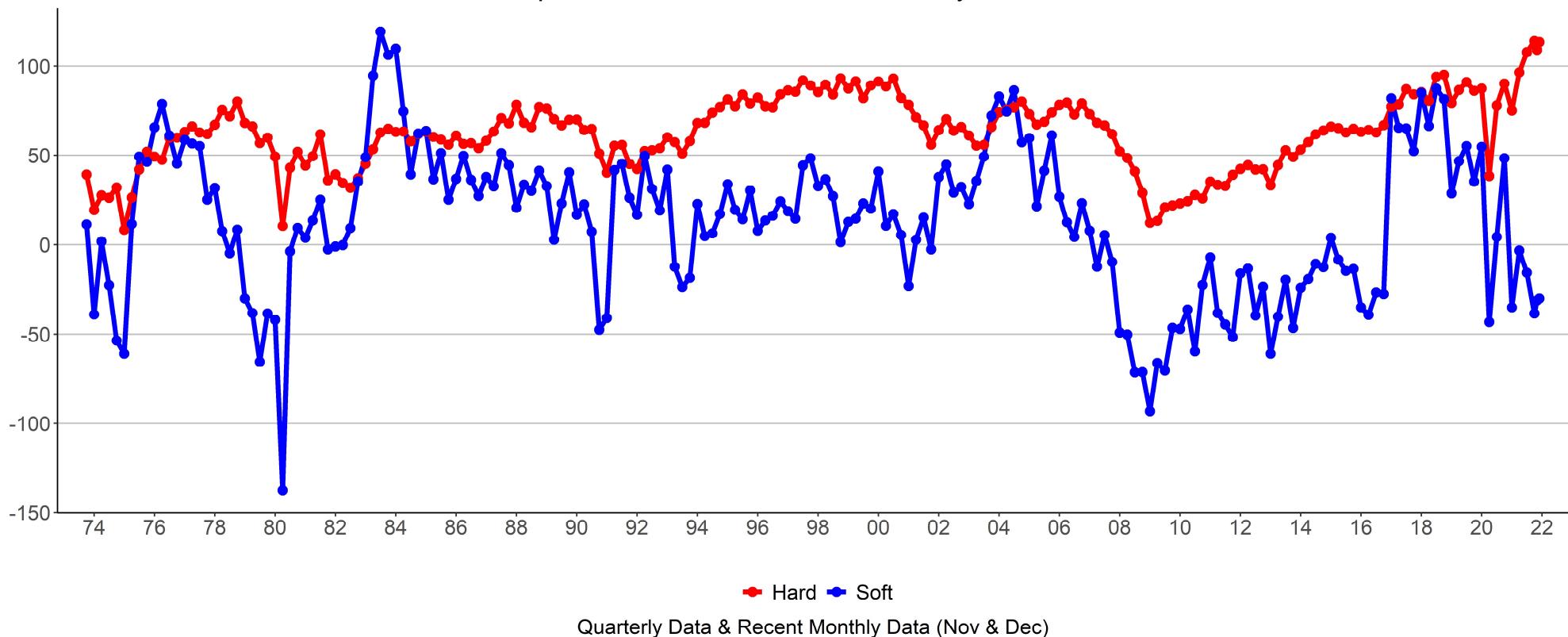
Based on Ten Survey Indicators
(Seasonally Adjusted, 1986 = 100)



Optimism Index Components

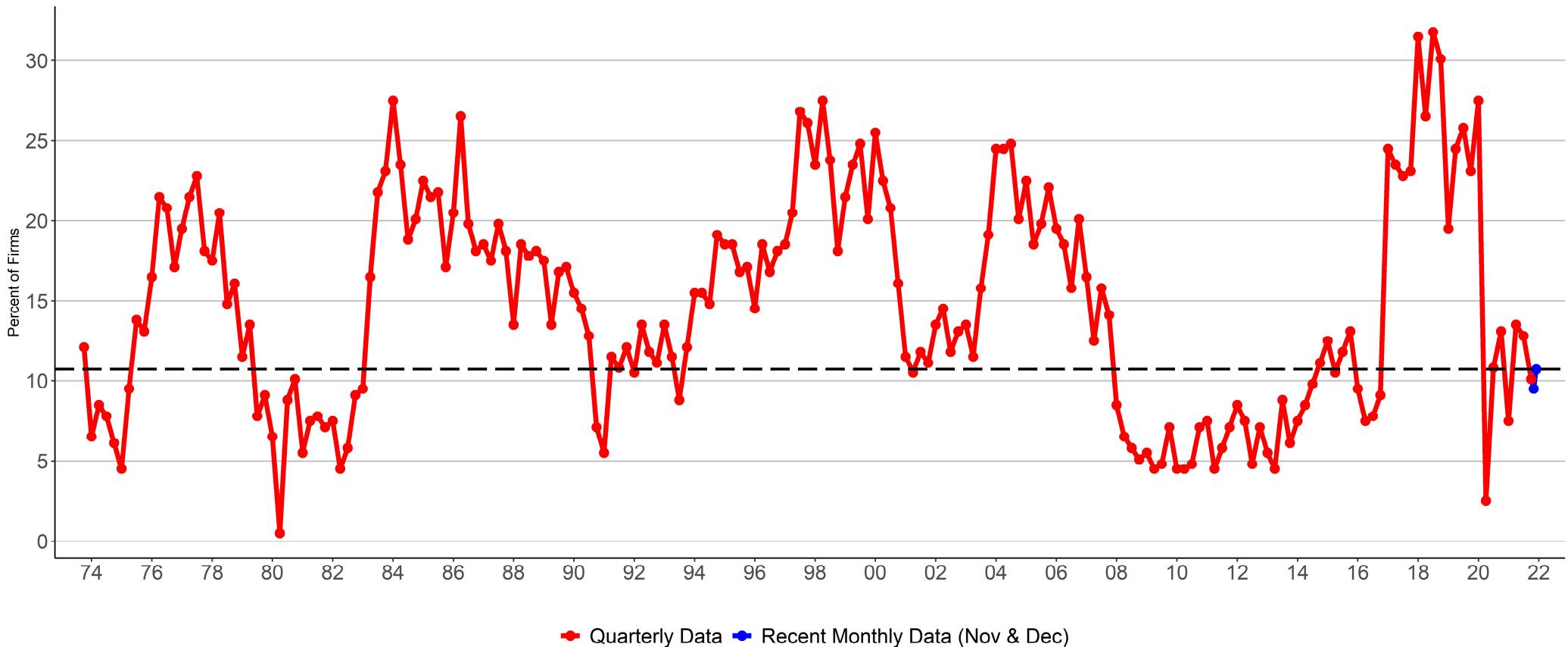
Hard: Job Creation Plans, Job Openings, Inventory Plans, Earnings, Capital Expenditure Plans

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



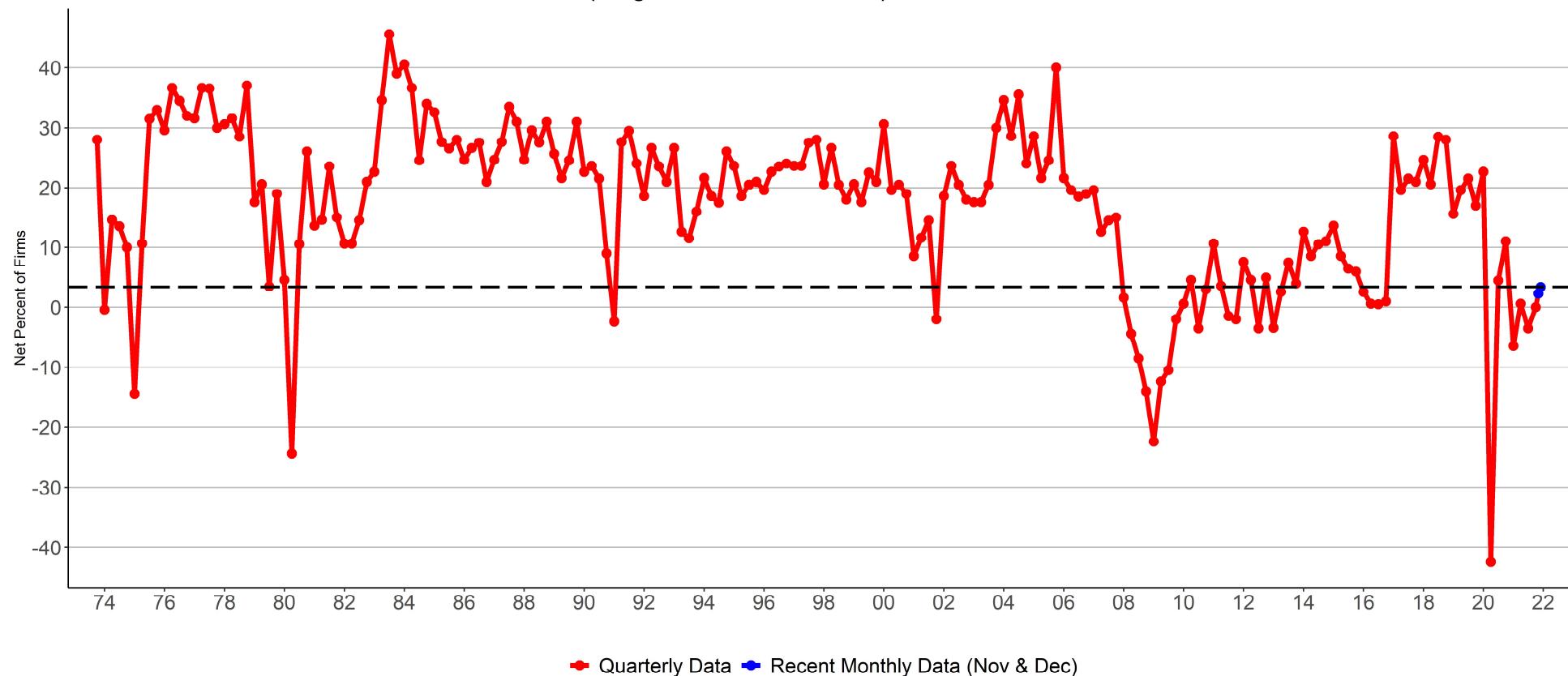
Good Time to Expand

Percent Next Three Months "Good Time to Expand"
(Seasonally Adjusted)



Real Sales Volume Expectations

Net Percent ("Higher" minus "Lower") in the Next Three Months



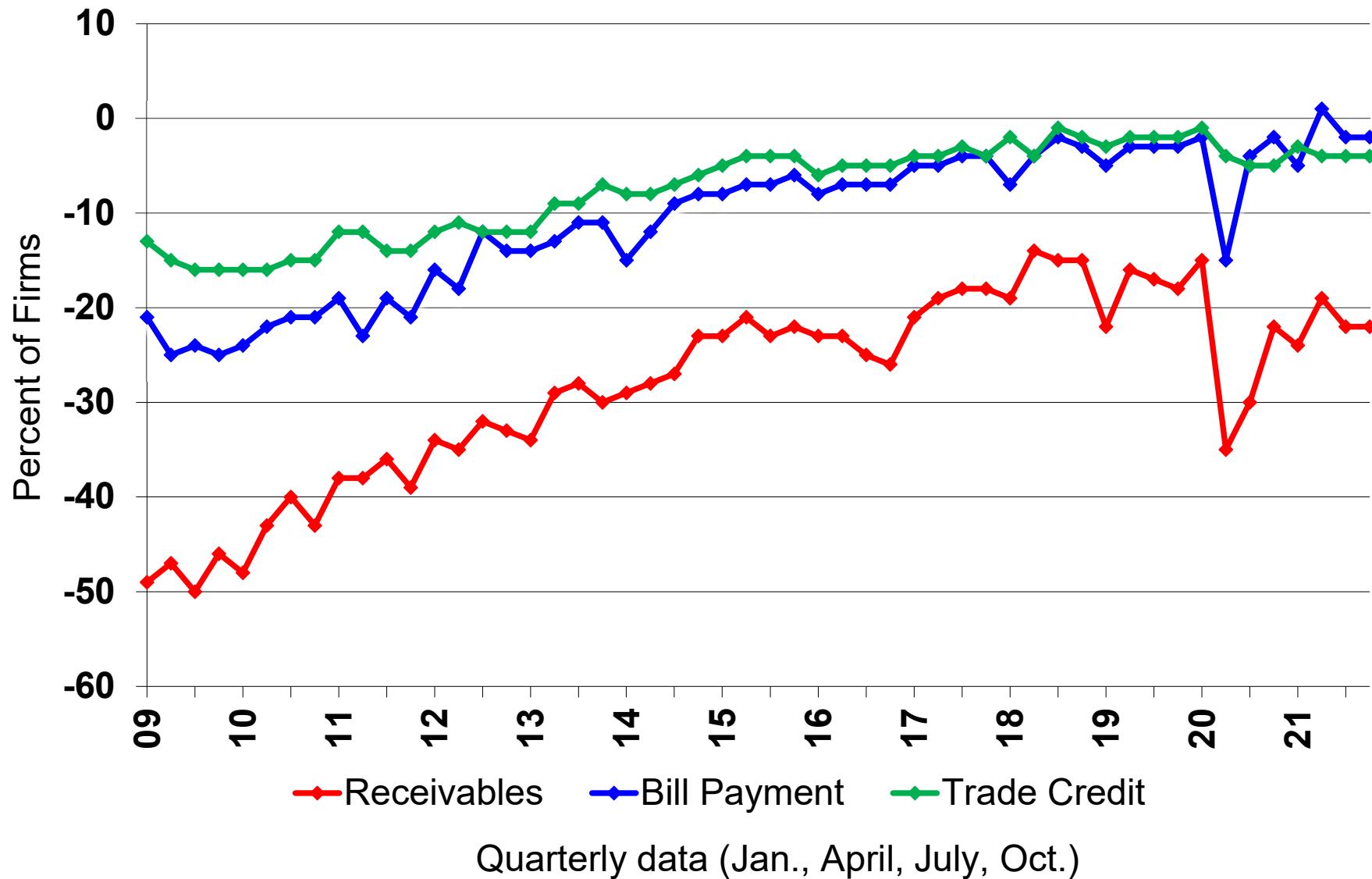
Small Business Economic Trends survey

Are supply chain disruptions impacting your business?

	Significant impact	Moderate impact	Mild impact	No impact	NA
Dec	36	30	21	11	2
Nov	35	31	22	9	3
Oct	39	29	21	10	1
Sept	35	32	21	10	2
Aug	37	29	21	13	0
July	32	28	24	14	2
June	31	29	24	15	1

Bill Payment, Receivables, Collection, and Trade Credit

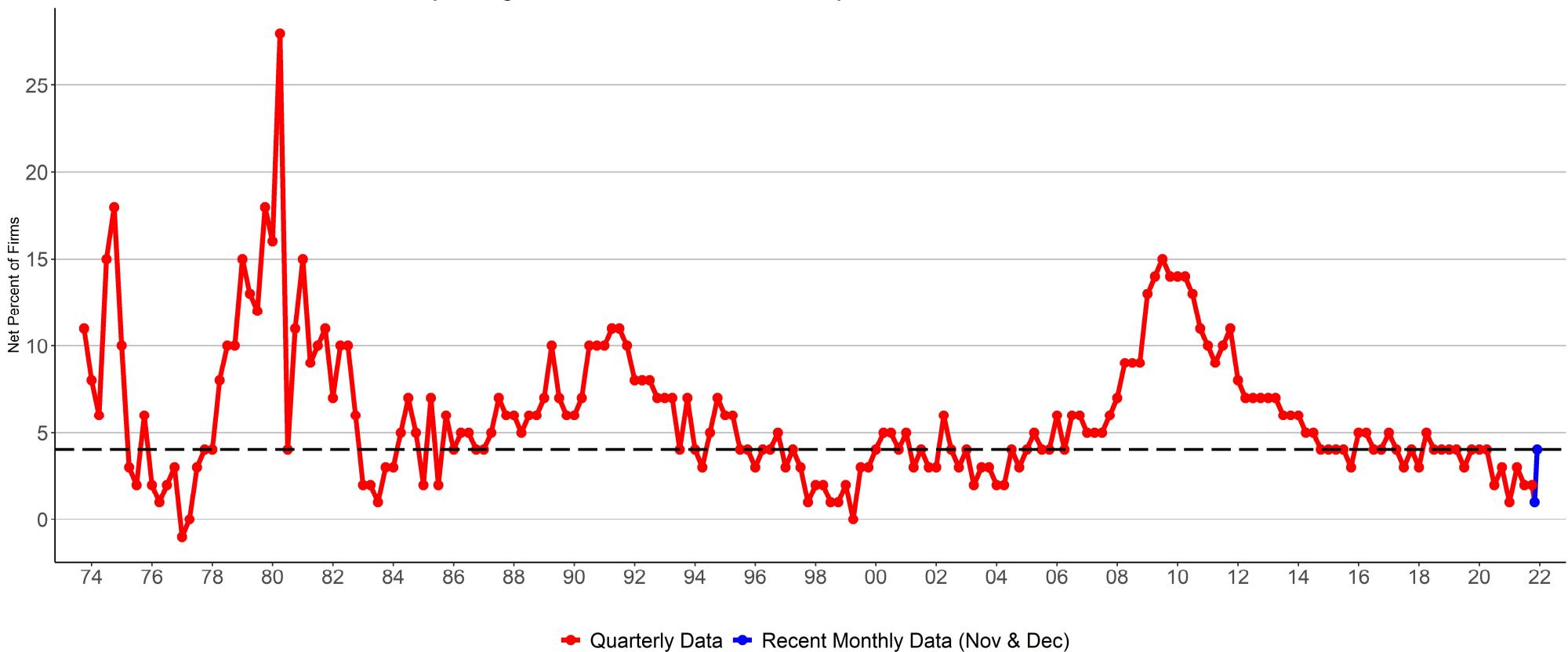
Net Percent (“Higher” minus “Lower”) the Last Three Months
Compared to the Prior Three Months



Loan Availability

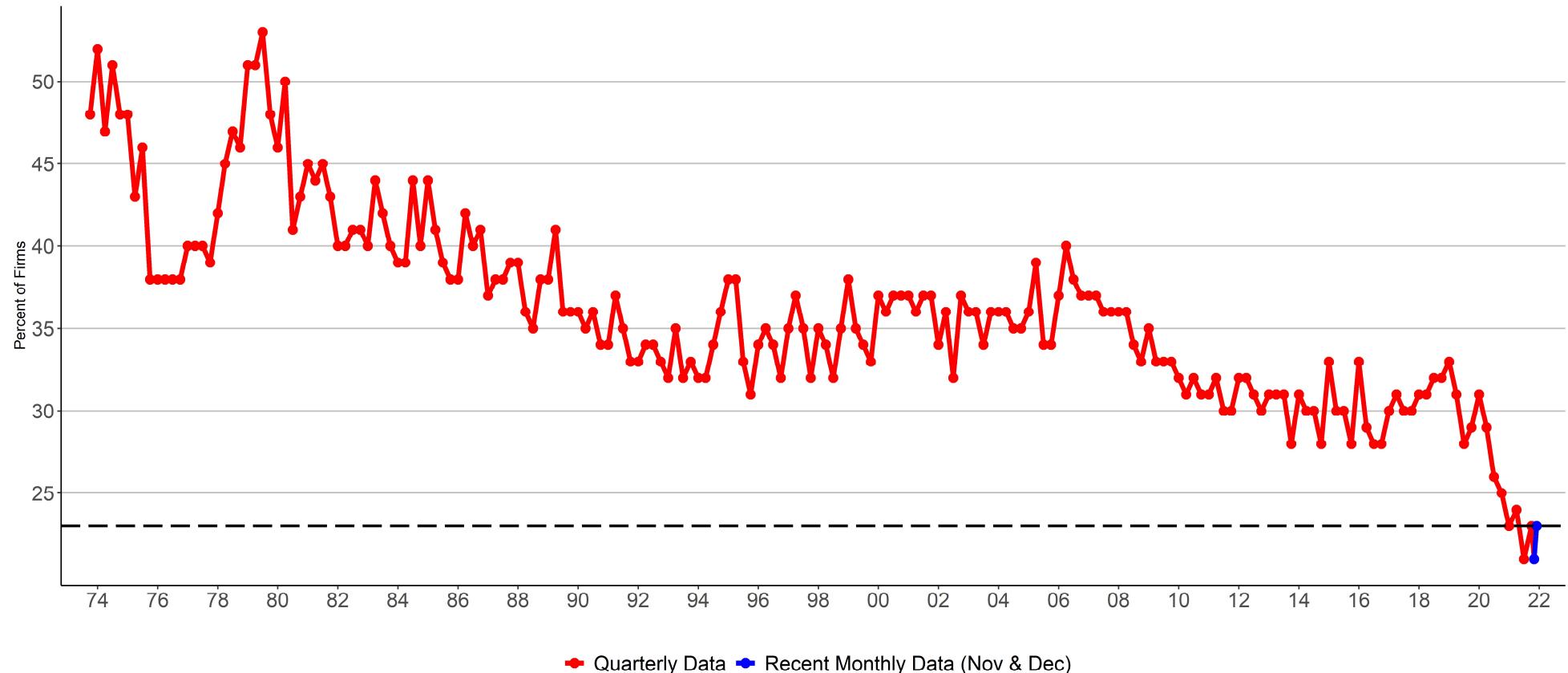
Net Percent ("Harder" minus "Easier")

Reporting Loans Harder to Get Compared to the Prior Three Months

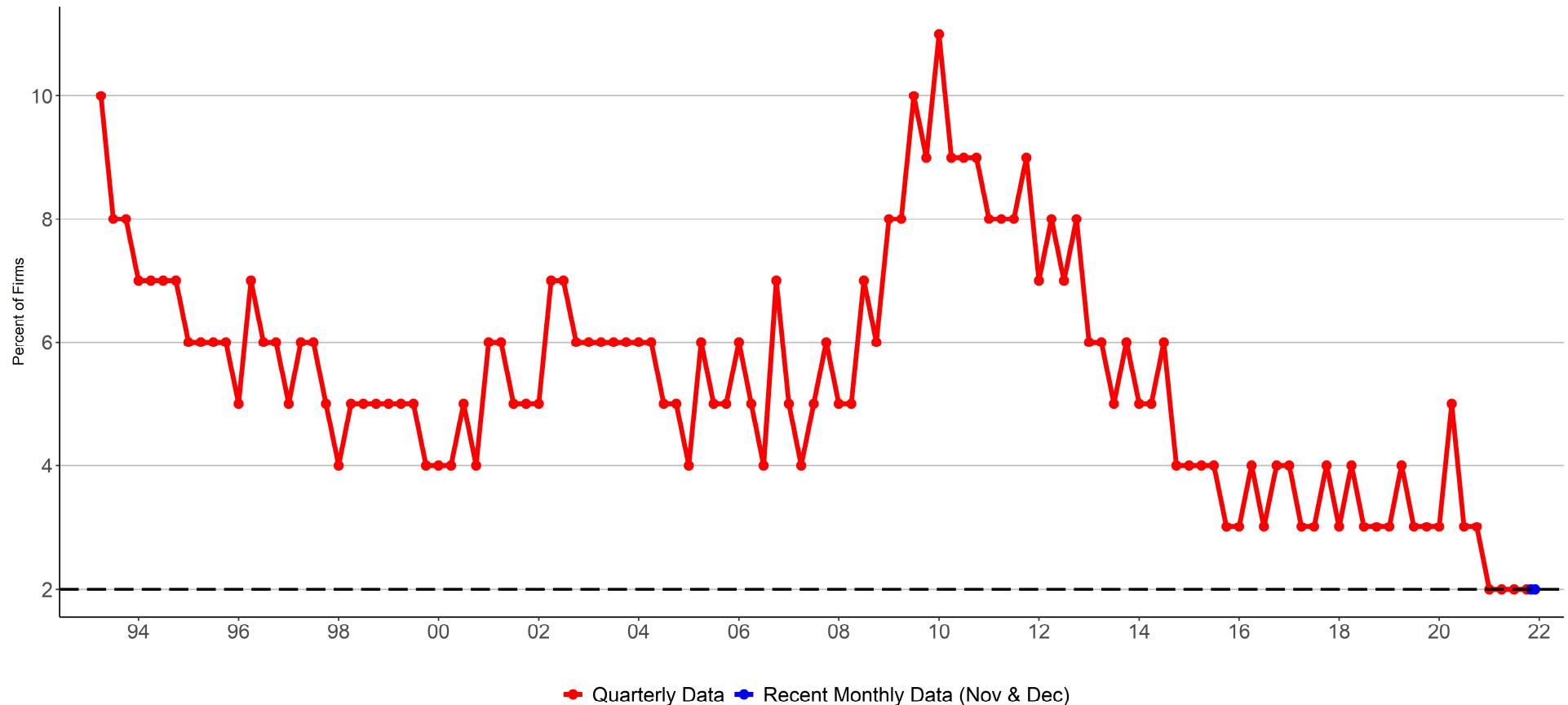


Regular Borrowers

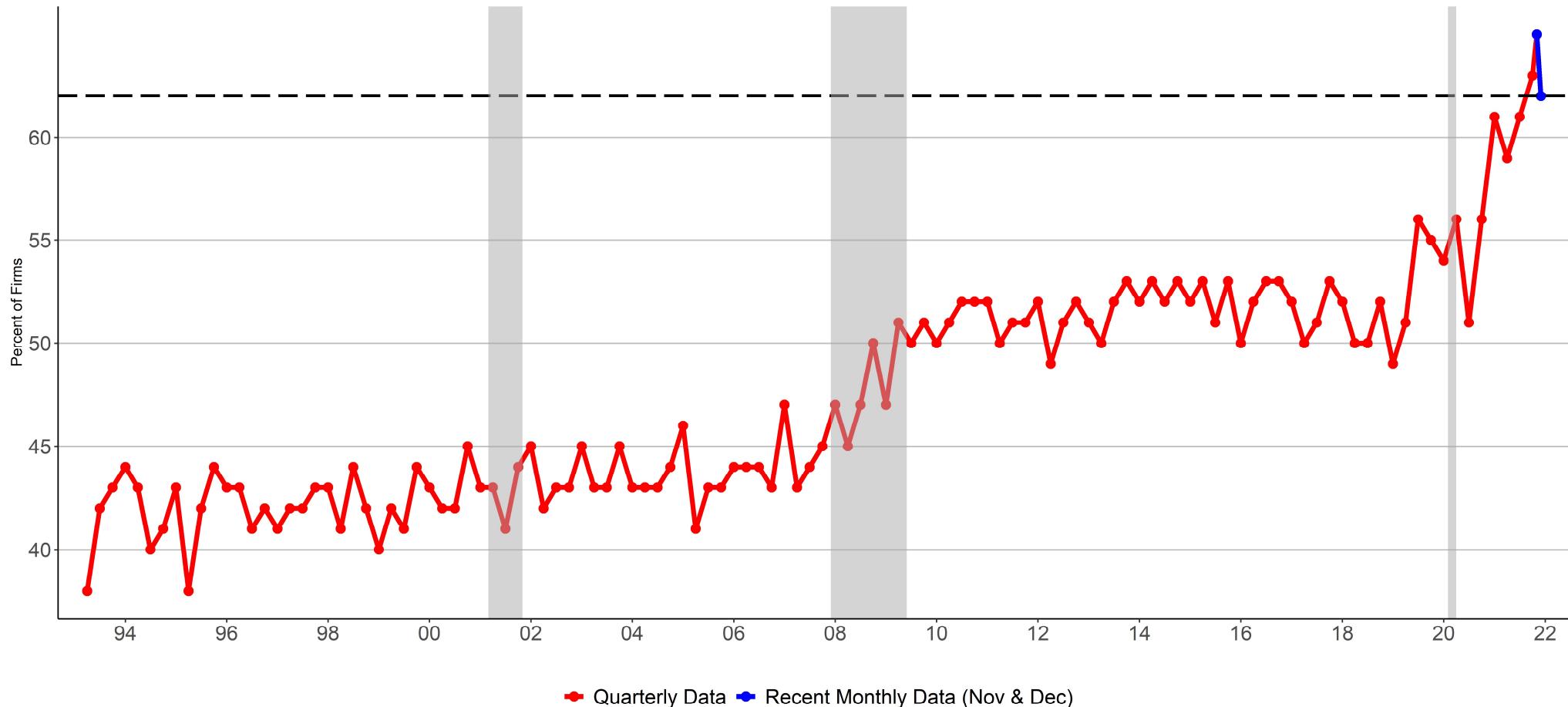
Percent Borrowing at Least Once Every Three Months



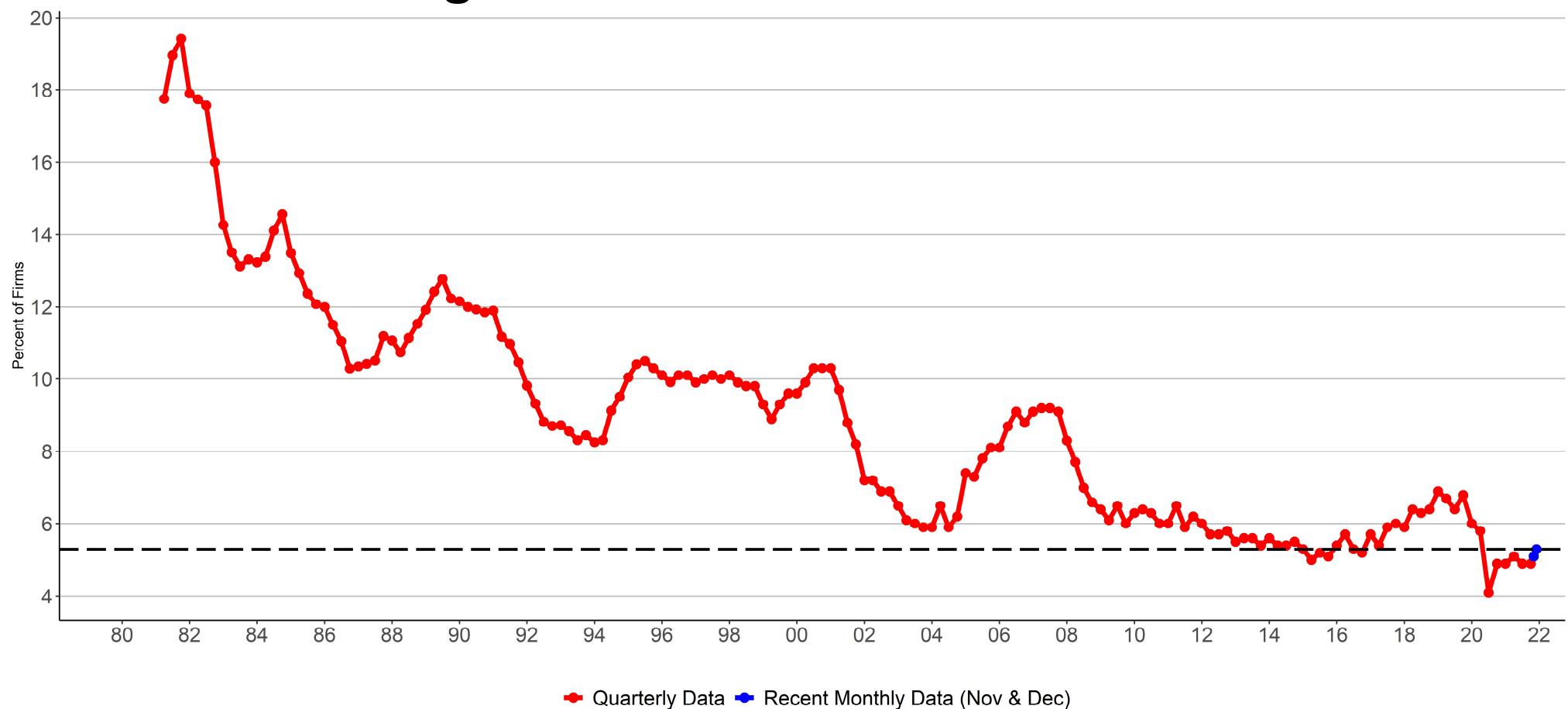
All Borrowing Needs Not Satisfied



Percent of All Firms Not Wanting a Loan

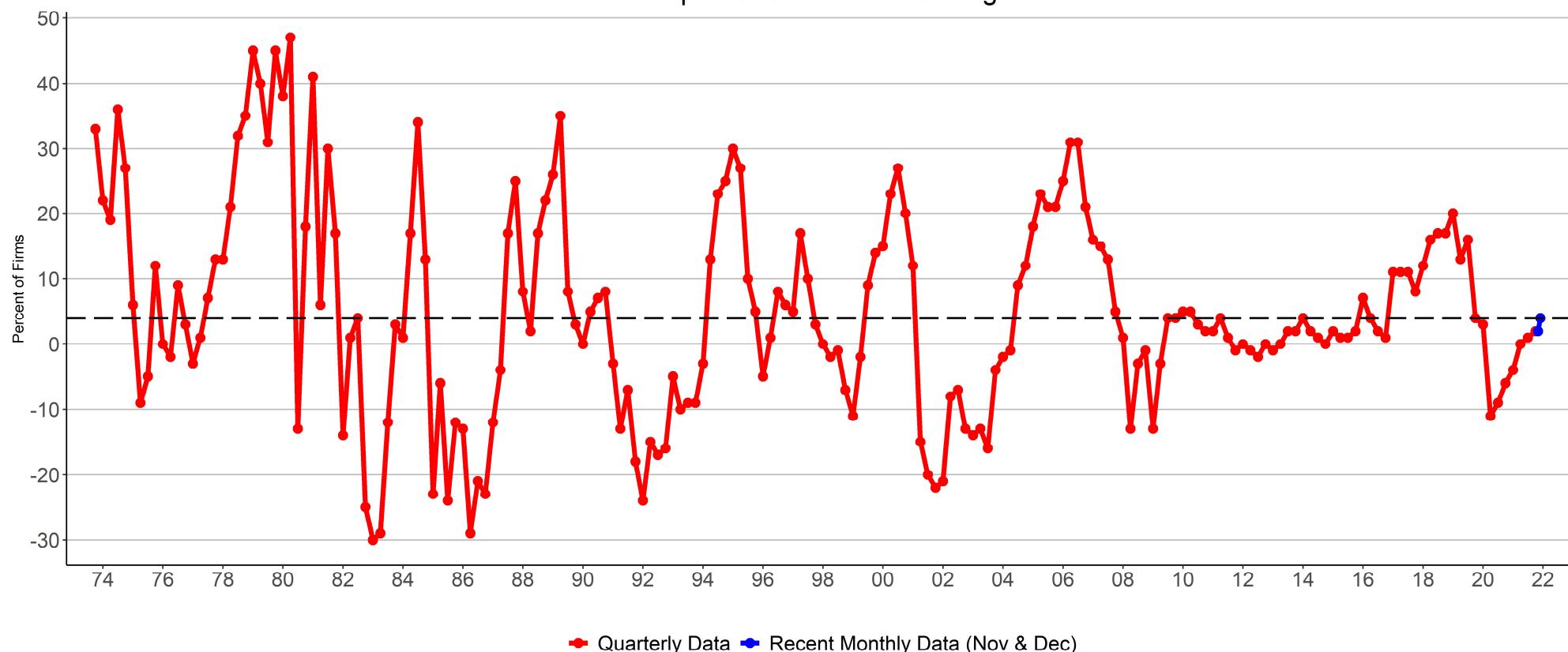


Average Rate Paid on Short-Term Loans

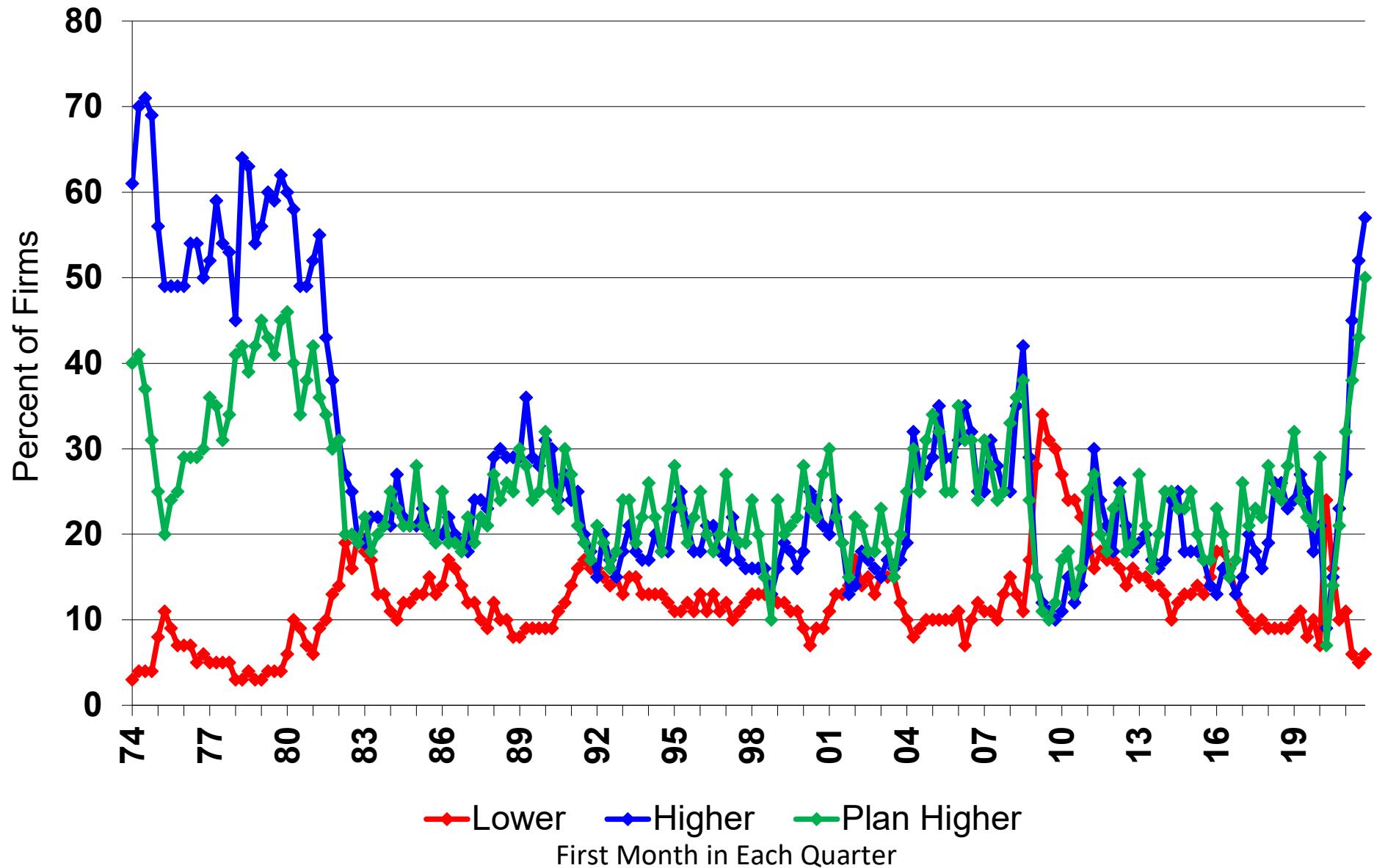


Relative Interest Rate Paid by Regular Borrowers

Net Percent ("Higher" minus "Lower")
Compared to Three Months Ago

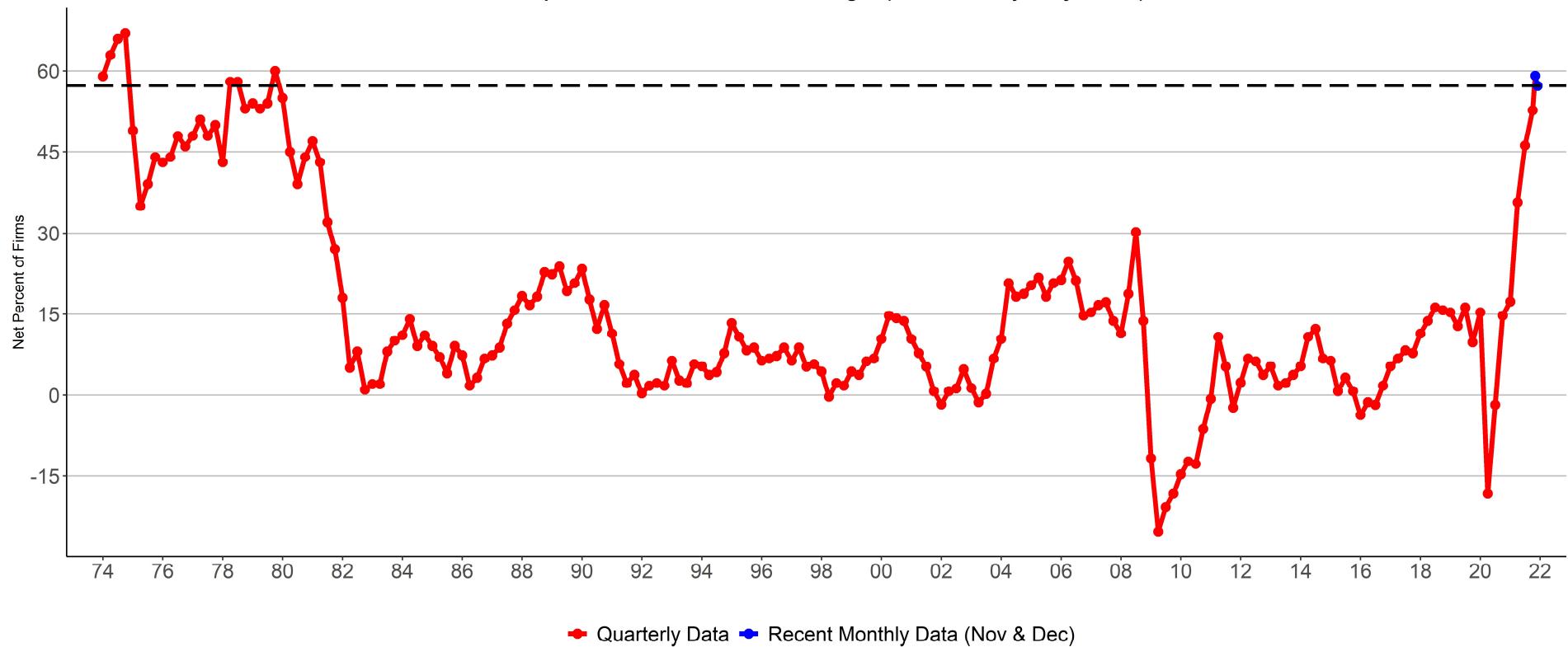


Past & Planned Price Changes



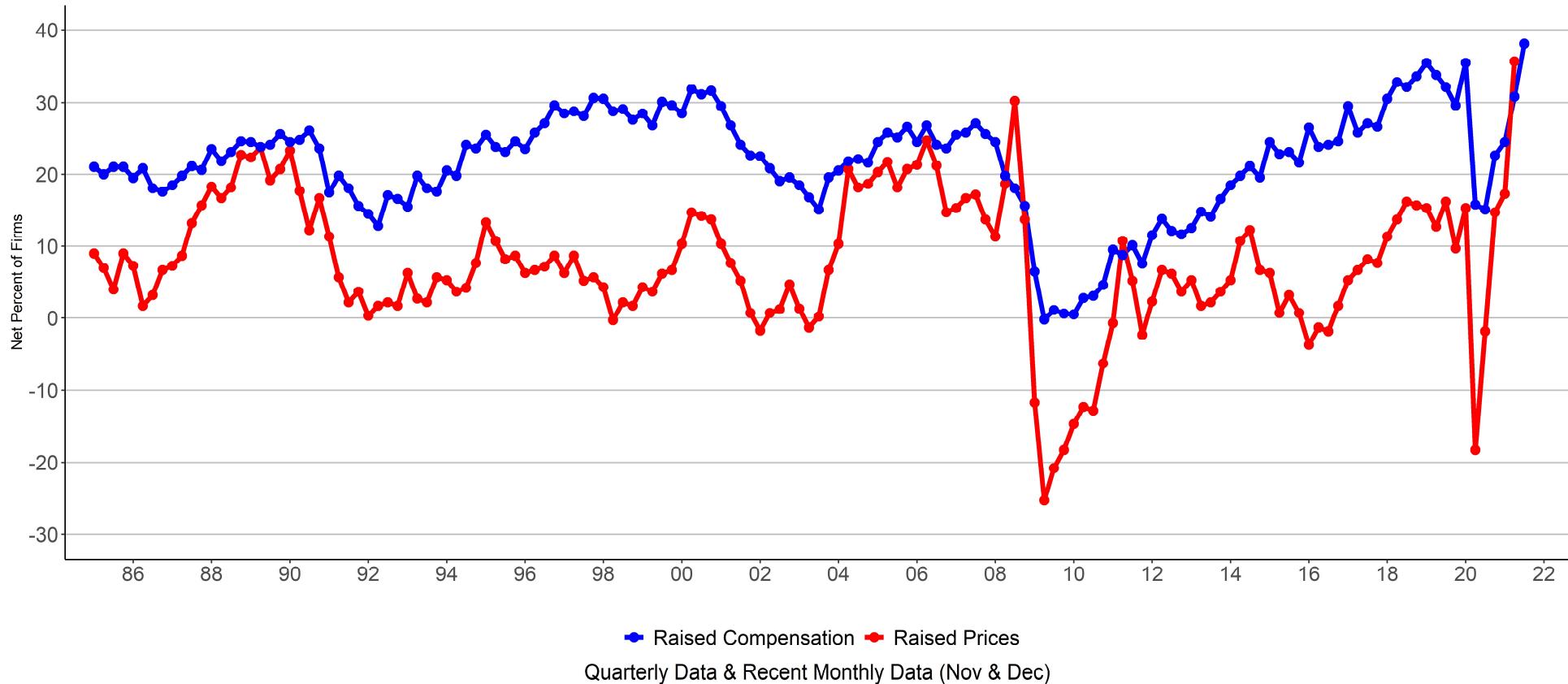
Actual Price Increases

Net Percent ("Higher" minus "Lower")
Compared to Three Months Ago (Seasonally Adjusted)

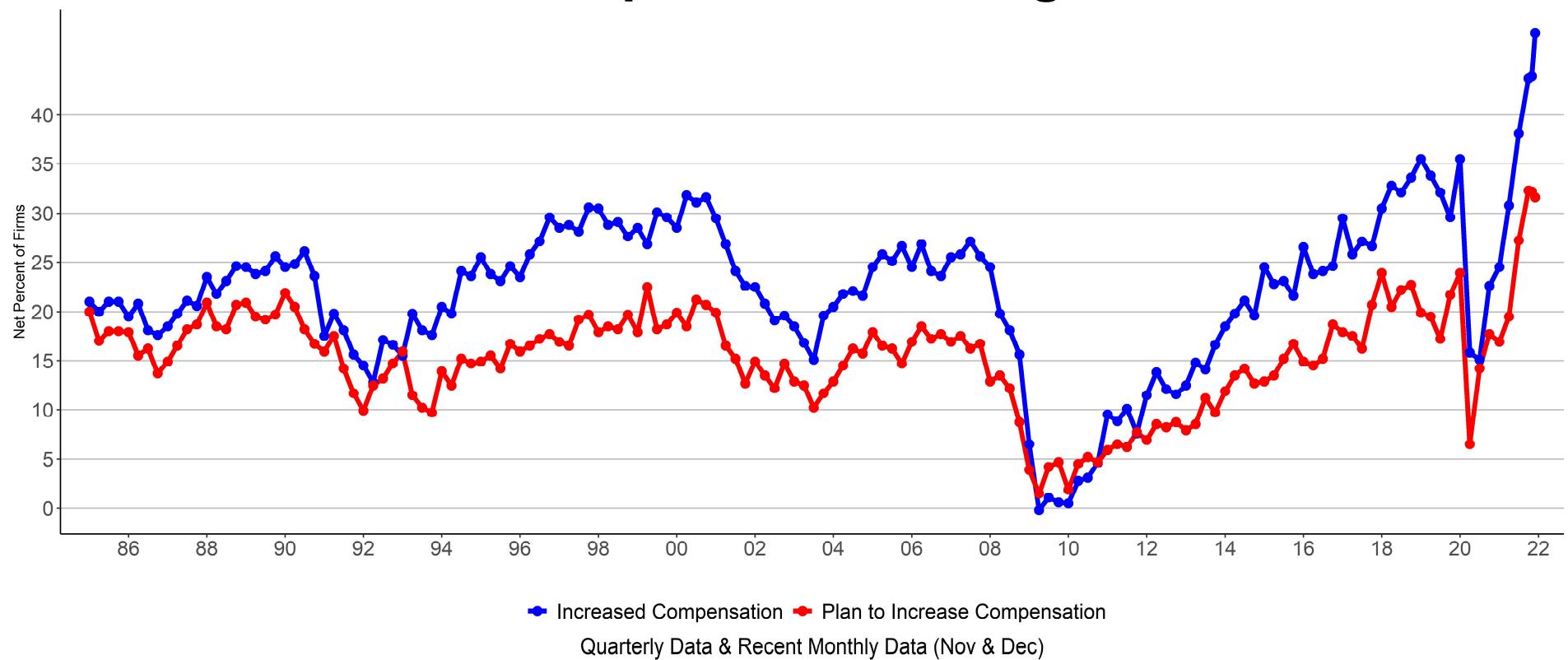


Changes in Prices and Labor Compensation

Net Percent ("Higher" minus "Lower") Compared to Three Months Ago

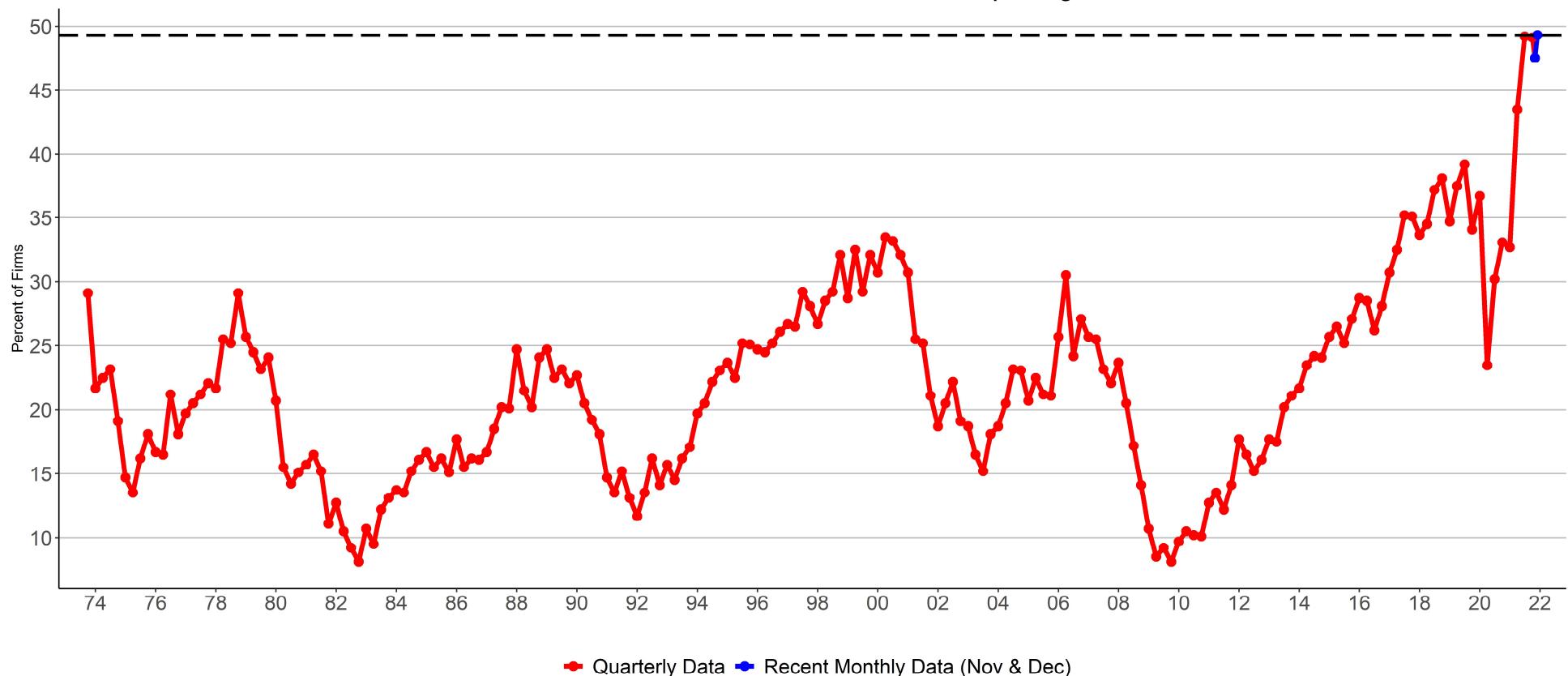


Planned and Actual Labor Compensation Changes



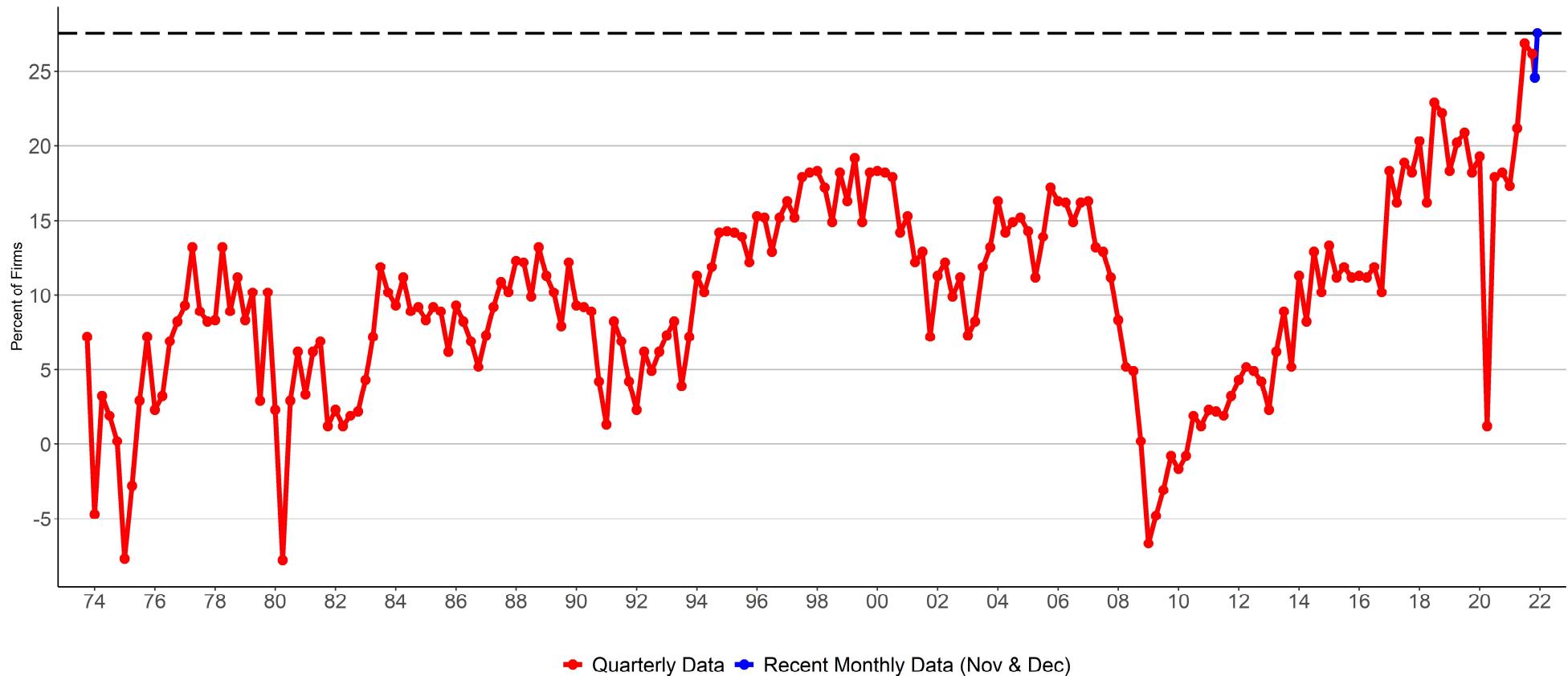
Unfilled Job Openings

Percent with at Least One Unfilled Opening

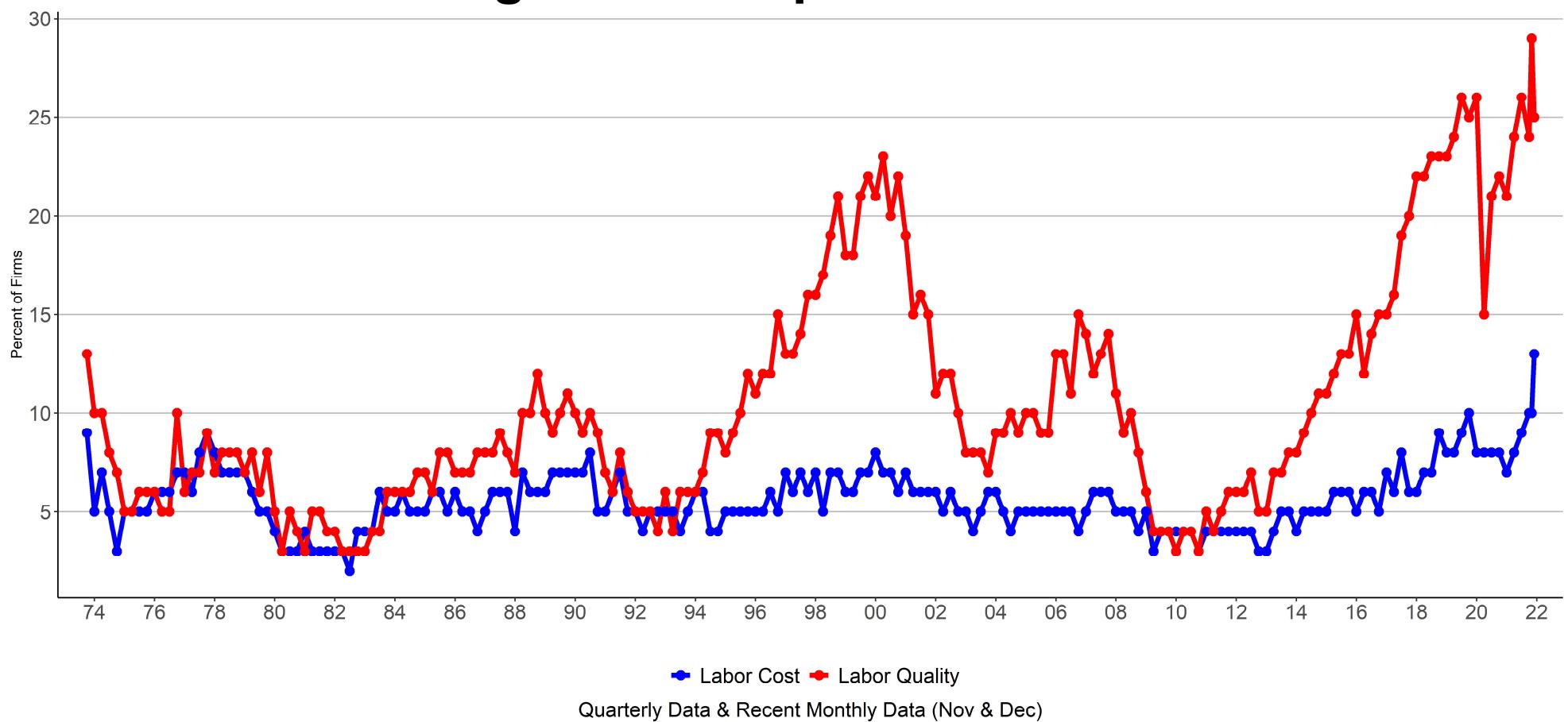


Job Creation Plans

Net Percent ("Increase" minus "Decrease") in Next Three Months

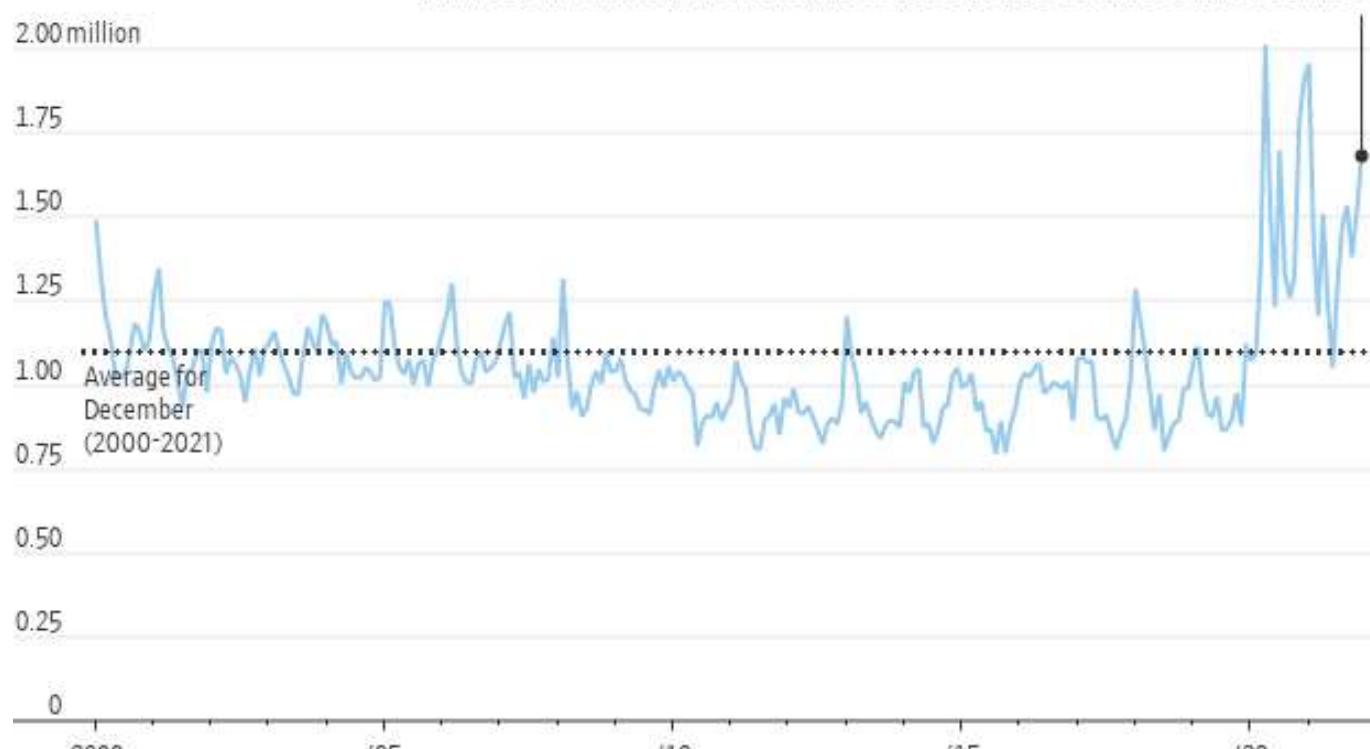


Single Most Important Problem



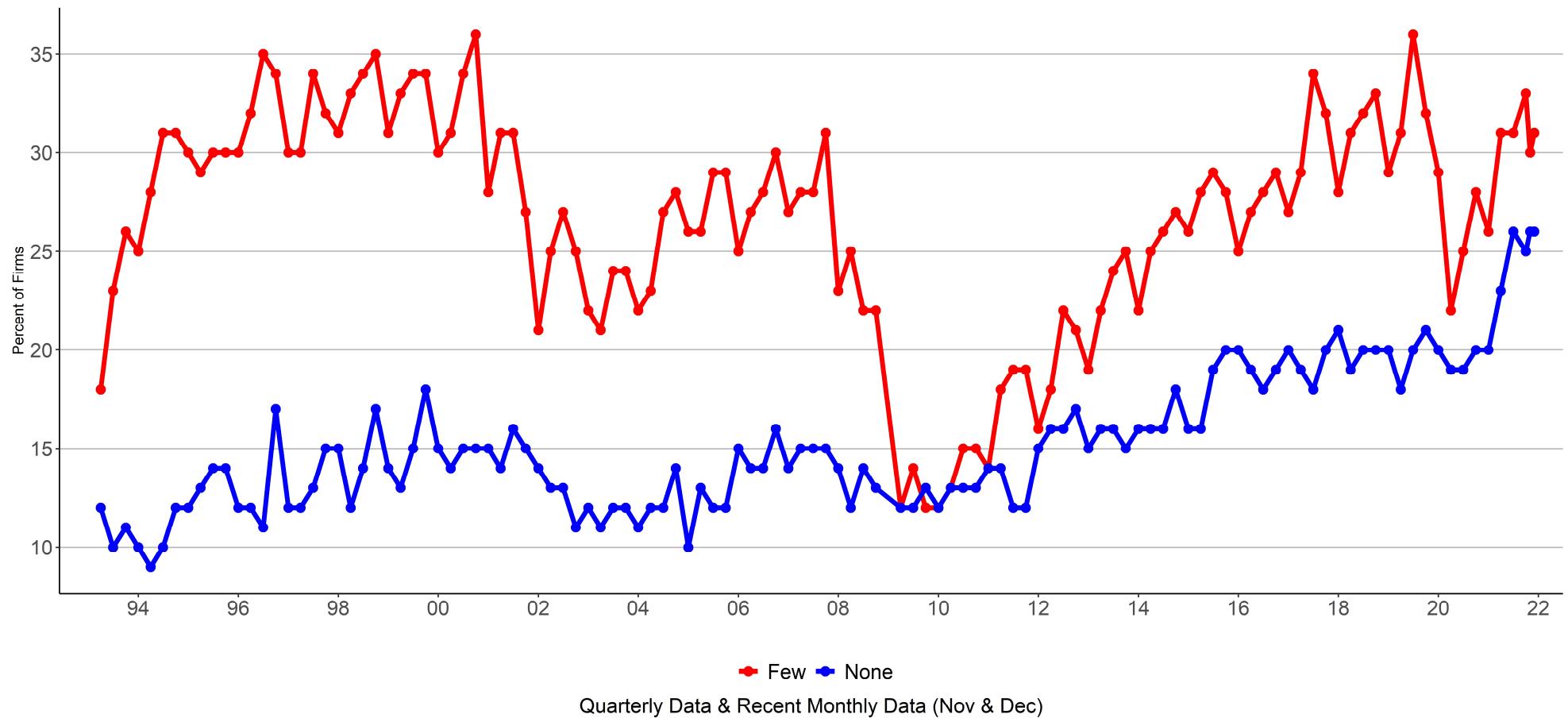
U.S. workers employed but not at work due to illness, injury or medical problems, monthly

Almost 1.7 million workers were absent due to illness in December



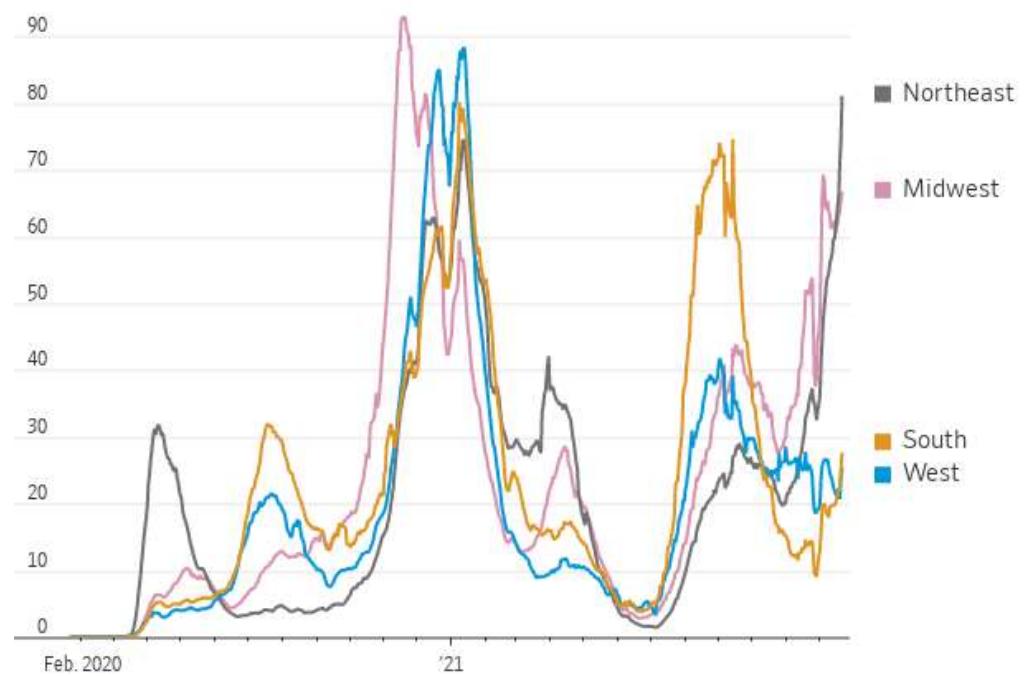
Source: Labor Department

Qualified Job Applicants



Regional Covid-19 case rates, 7-day average

100 cases per 100,000 residents



Source: WSJ analysis of Johns Hopkins University and Census Bureau data

Number of continuing unemployment benefit claims, by program

■ Regular state programs
■ Pandemic assistance[†]

■ Pandemic extended benefits[‡]
■ Other

35 million

30

25

20

15

10

5

0

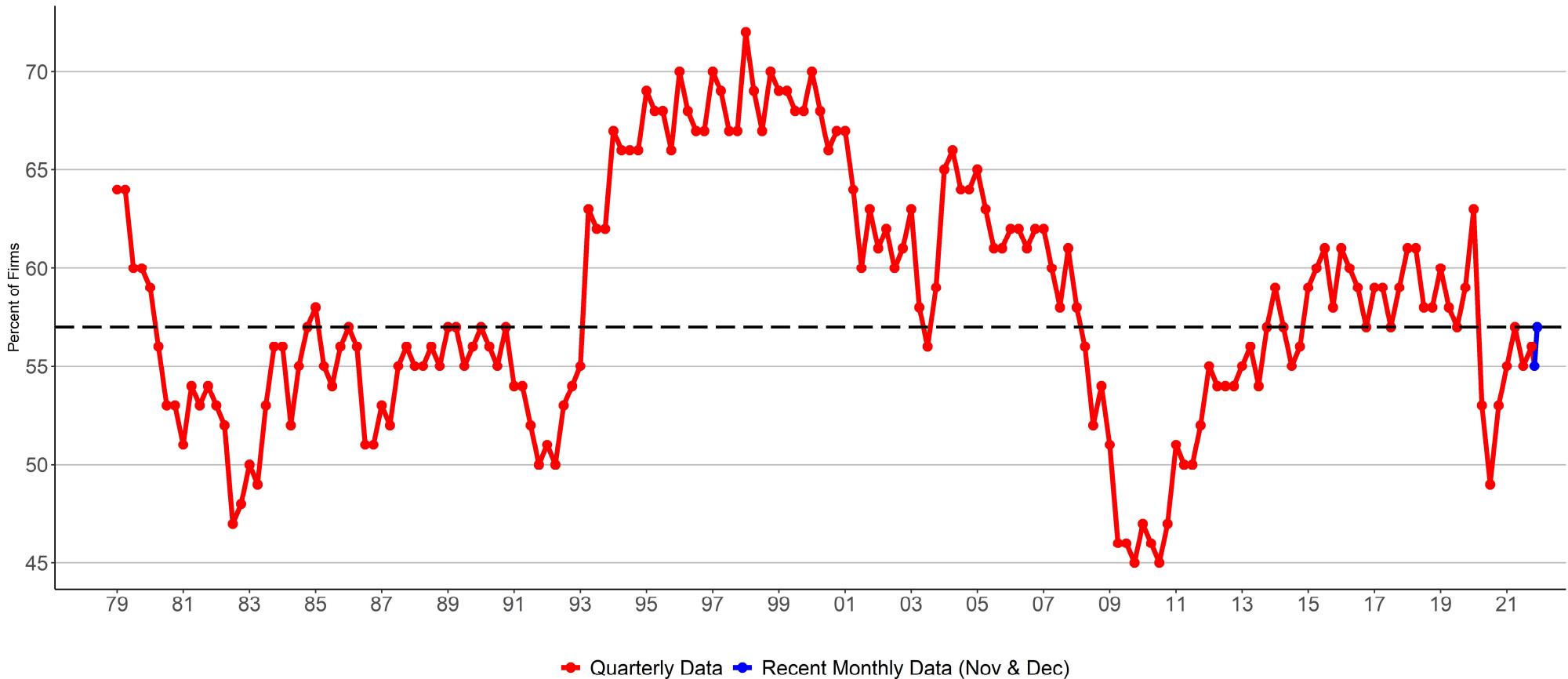
Jan. 2020

'21

Note: [‡] Reflects Pandemic Emergency Unemployment Compensation for those who exhausted other programs. [†] Reflects Pandemic Unemployment Assistance for self-employed and others not typically eligible. Source: Labor Department

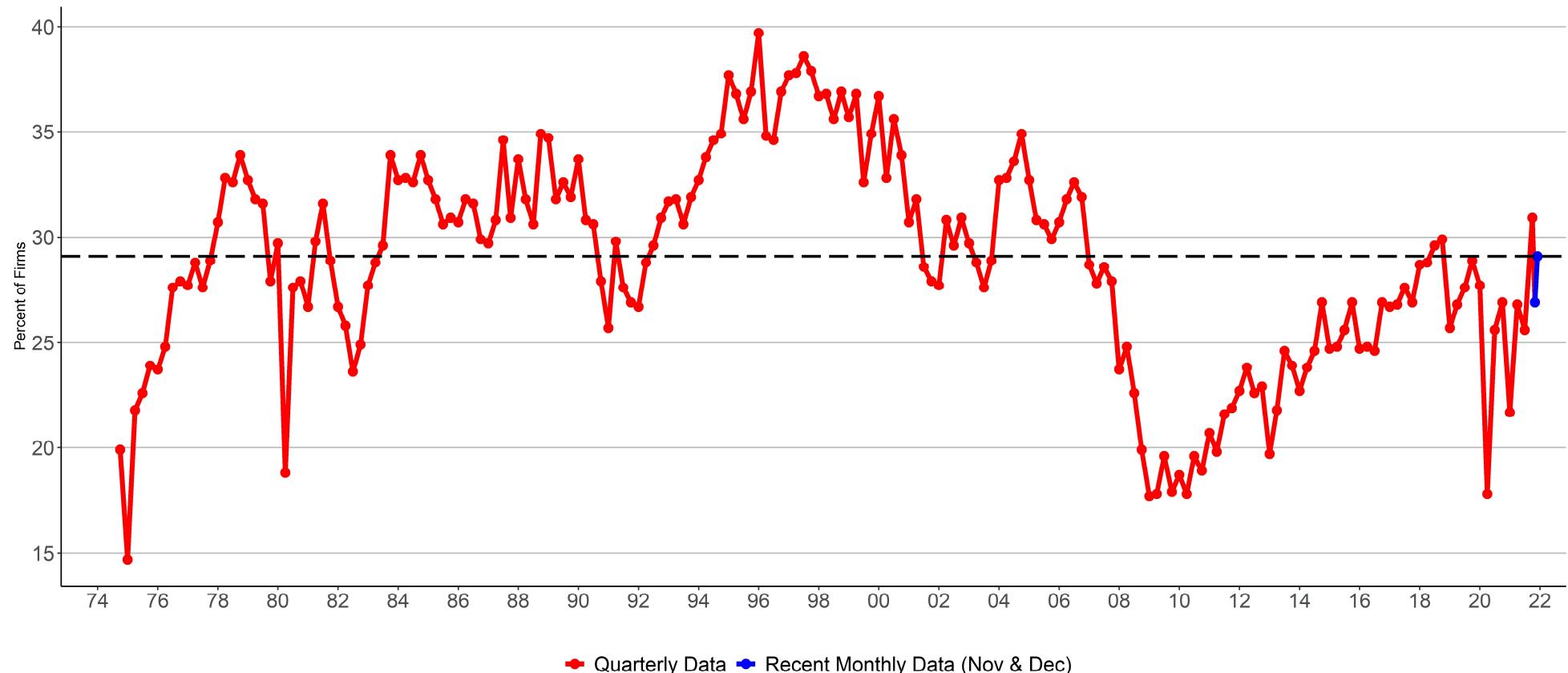
Actual Capital Outlays

Percent Making a Capital Expenditure During the Last Six Months



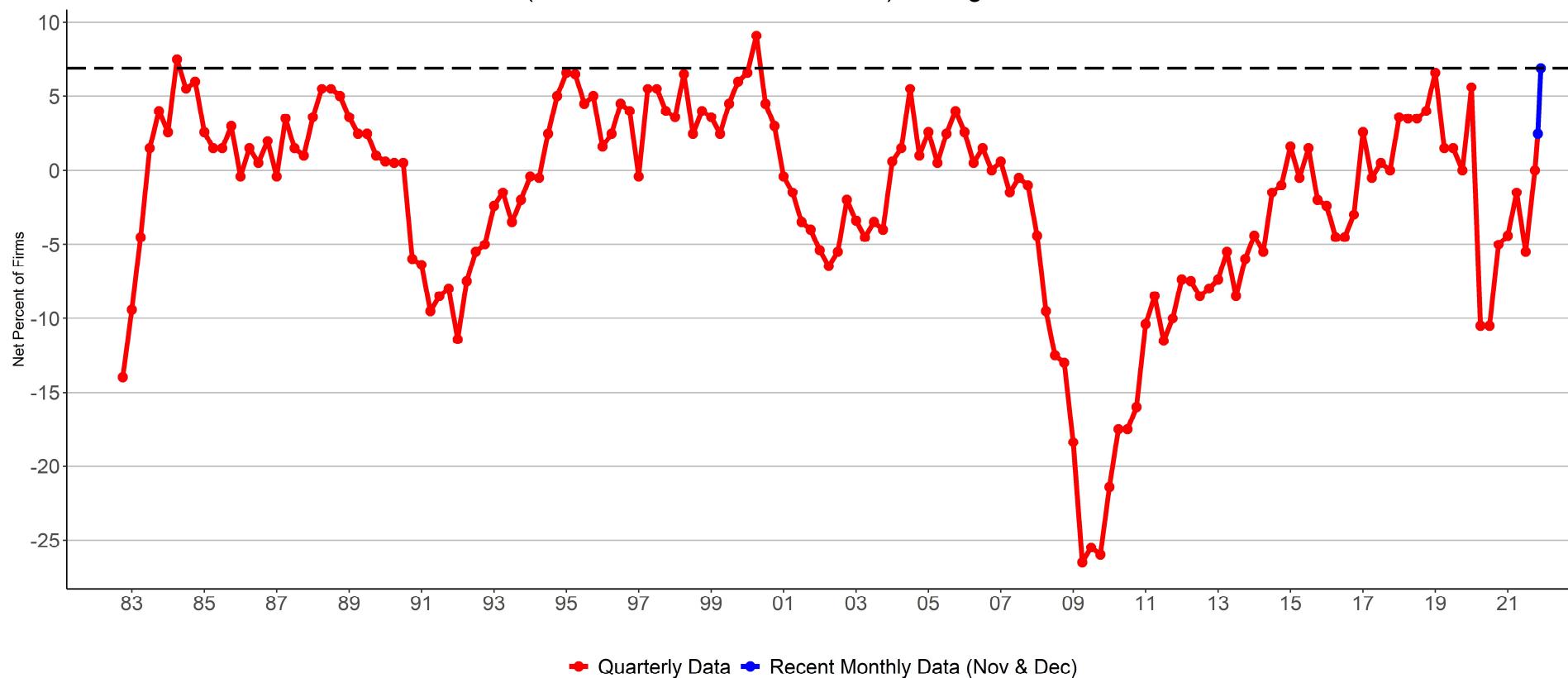
Planned Capital Outlays

Percent Planning to Make a Capital Expenditure in the Next Six Months



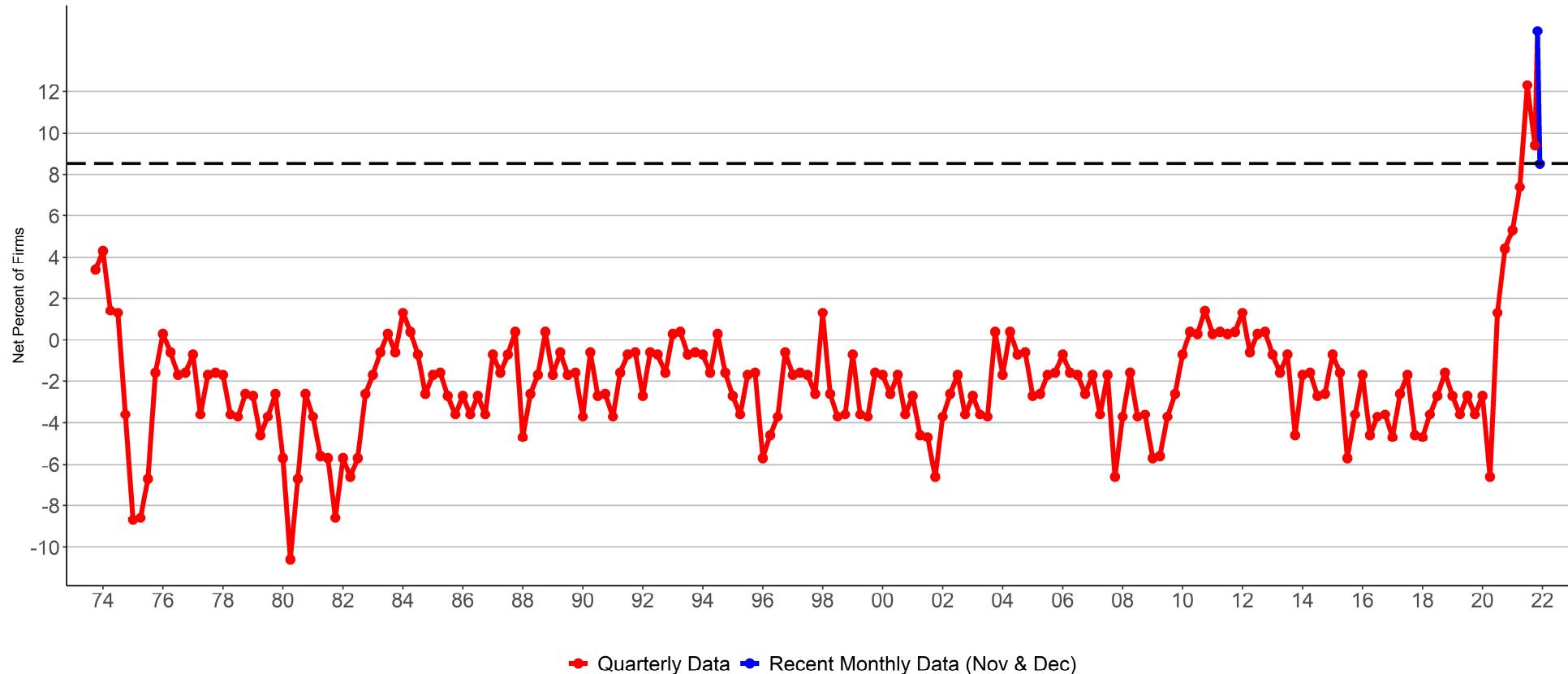
Actual Change in Inventory

Net Percent ("Increase" minus "Decrease") During the Last Three Months



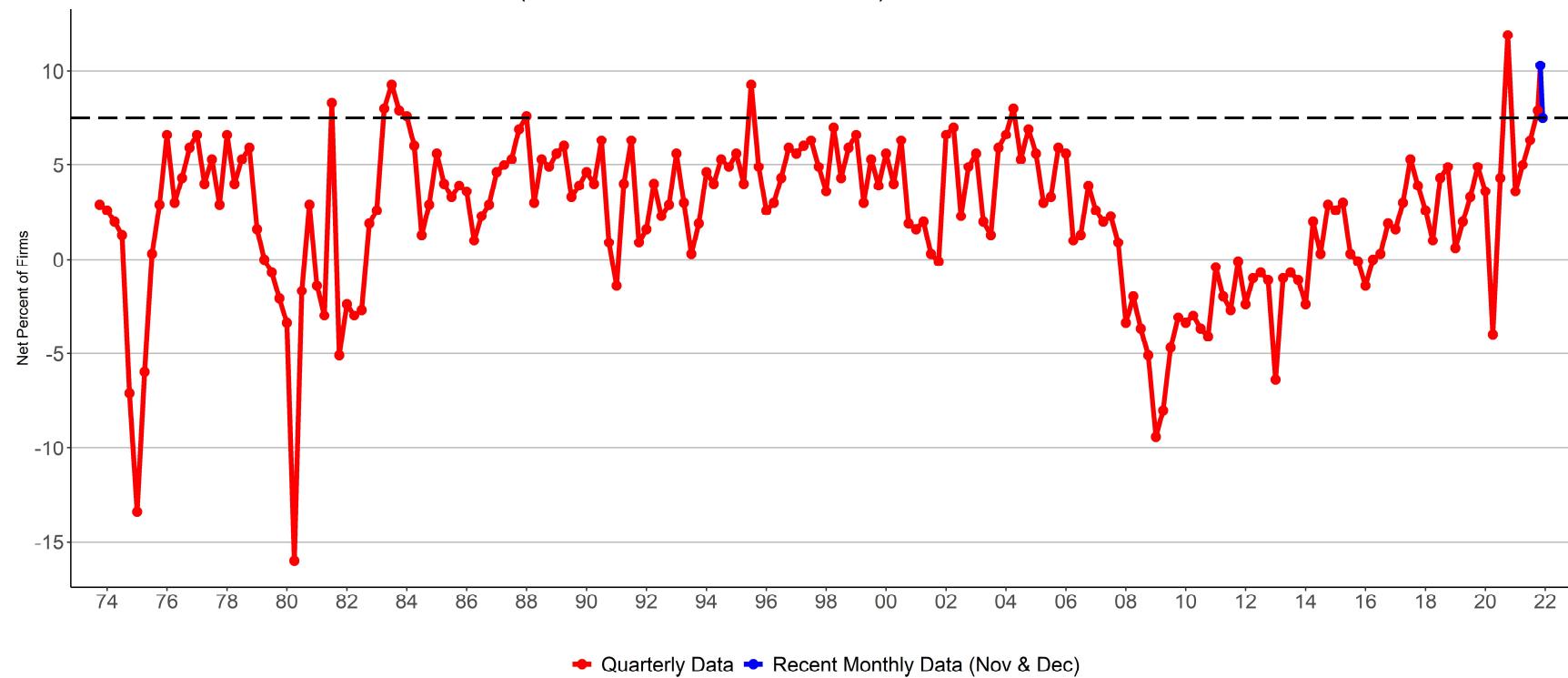
Inventory Satisfaction

Net Percent ("too low" minus "too large") During the Last Three Months

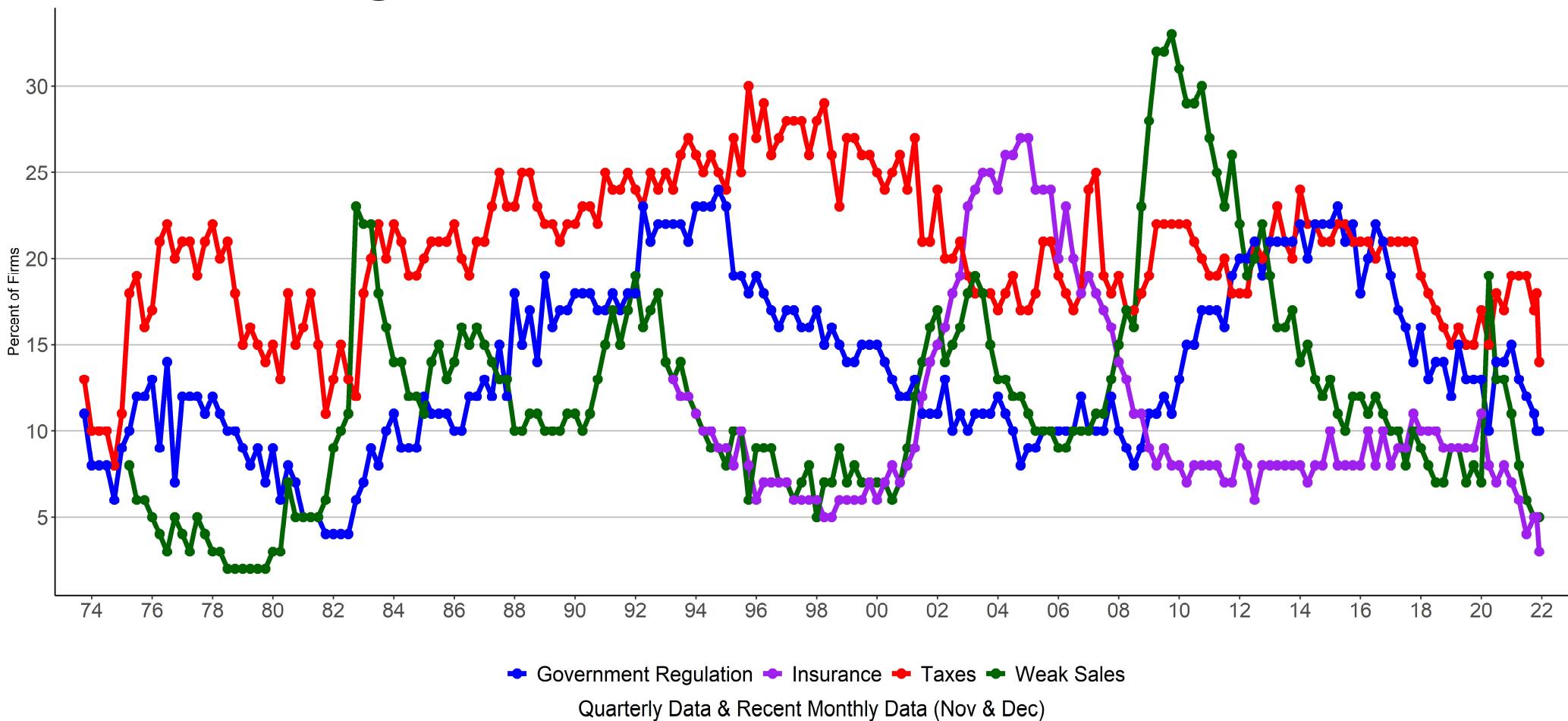


Inventory Investment Plans

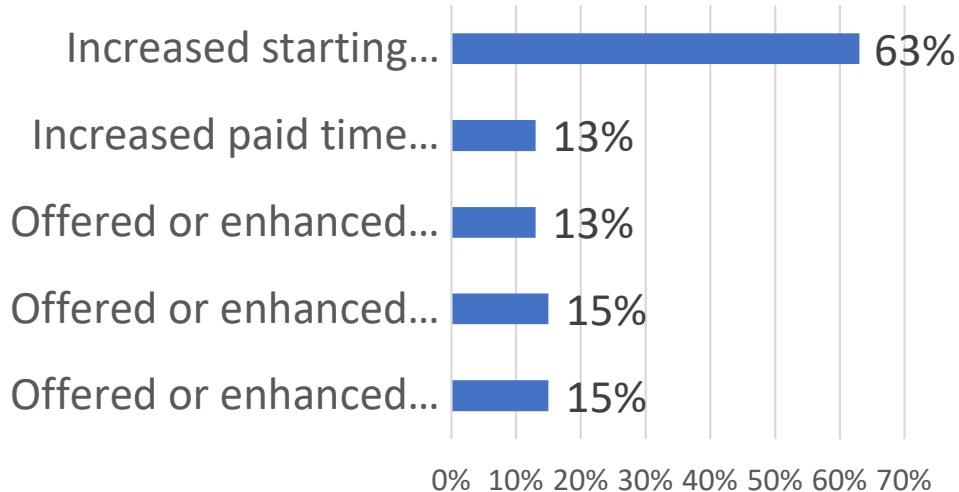
Net Percent ("Increase" minus "Decrease") in the Next Three to Six Months



Single Most Important Business Problem

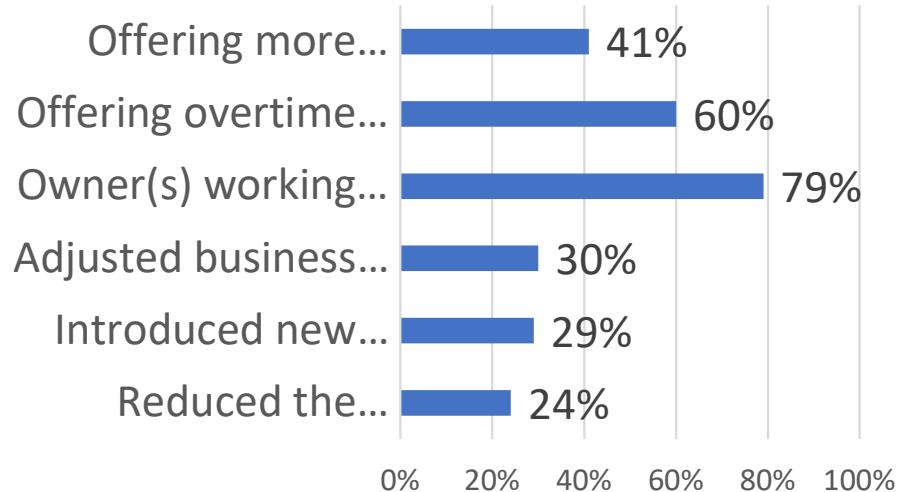


What adjustments (beyond normal hiring practices) have you made to attract applicants for open positions?



Source: NFIB Covid-19 Small Business Survey (20)

What adjustments have you made in business operations to compensate for the staffing shortage?



Is your staffing shortage causing lost sales opportunities?

- 23%** 1. Significant lost sales opportunities
- 28%** 2. Moderate lost sales opportunities
- 29%** 3. Mild sales lost sales opportunities
- 16%** 4. No lost sales opportunities
- 3%** 5. Does not apply

Is your current staffing shortage better, worse, or about the same as it was one months ago?

- 5%** 1. Better
- 32%** 2. Worse
- 61%** 3. About the same
- 1%** 4. I didn't have a staffing shortage one month ago.
- 1%** 5. Does not apply

Source: NFIB Covid-19 Small Business Survey (20)

INFLATION

Have you increased your average selling prices due to supply chain disruptions and/or having to increase compensation due to staffing shortages?

69% 1. Yes

32% 2. No

If yes, by how much have you raised prices?

1% 1. Less than 1%

8% 2. 1-1.9%

13% 3. 2-3.9%

11% 4. 4-4.9%

22% 5. 5-7.9%

8% 6. 8-9.9%

→ **36%** 7. 10% or more

1% 8. Does not apply

How do you anticipate adjusting prices when supply chain disruptions and/or staffing shortages normalize?

34% 1. Slow the pace of price increases (back to pre-crisis adjustment practices)

9% 2. Suspend price increases (longer than you would normally pre-crisis)

21% 3. Continue with accelerated price increases

5% 4. Lower prices

30% 5. I don't know

2% 6. Does not apply



Small Business Supply Chain Disruptions

Is the supply chain disruption impacting your business causing lost sales opportunities?

- 19% 1. Significant lost sales opportunities
- 30% 2. Moderate lost sales opportunities
- 30% 3. Mild sales lost sales opportunities
- 16% 4. No lost sales opportunities
- 4% 5. Does not apply

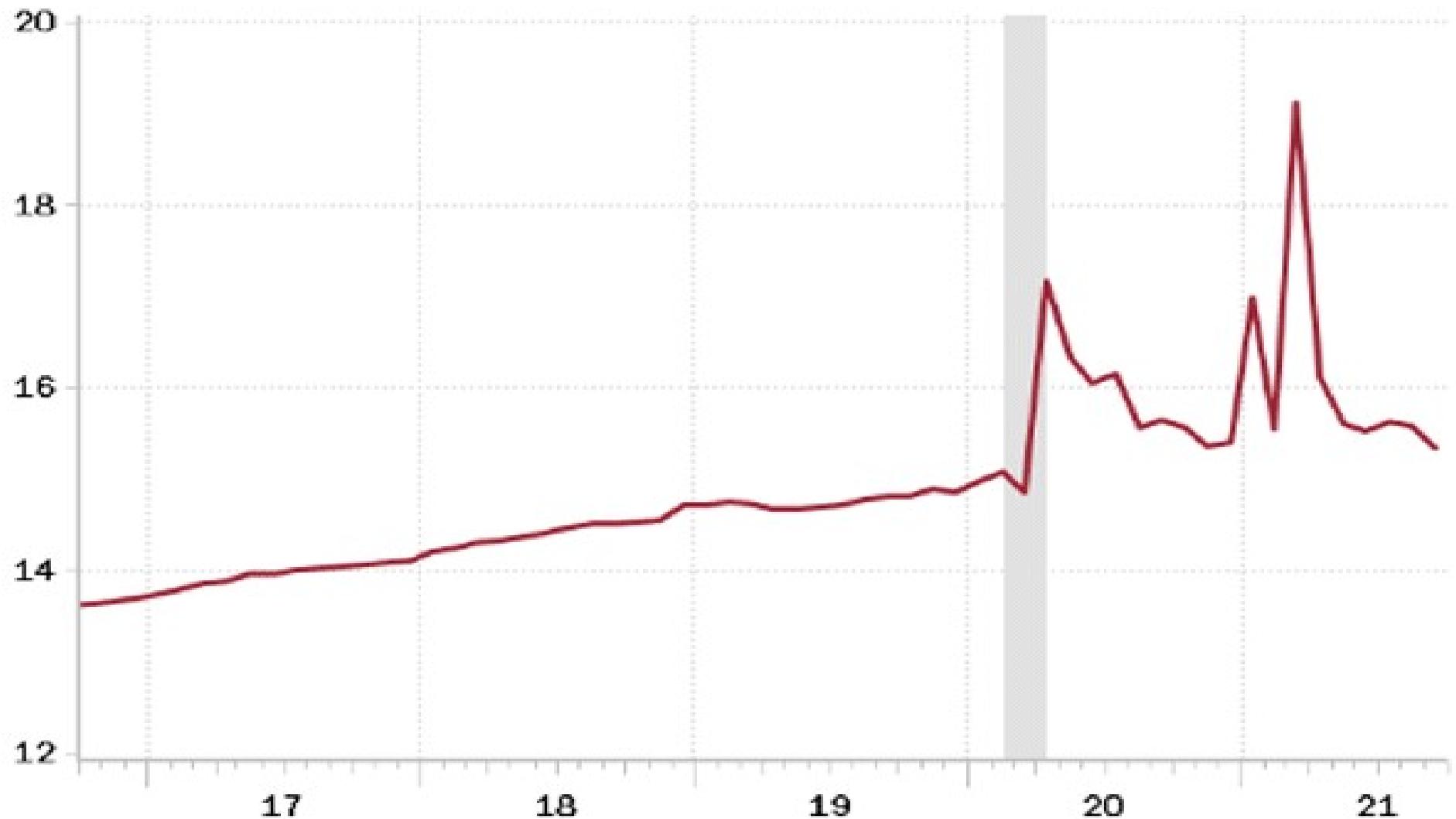
How long do you anticipate the supply chain disruption that is impacting your business to continue?

- 1% 1. Less than 1 month
- 1% 2. 1-2 months
- 6% 3. 3-4 months
- 18% 4. 5-6 months
- 72% 5. More than 6 months
- 3% 6. Does not apply

Source: NFIB Covid-19 Small Business Survey (20)

CHART 14: Real Disposable Personal Income

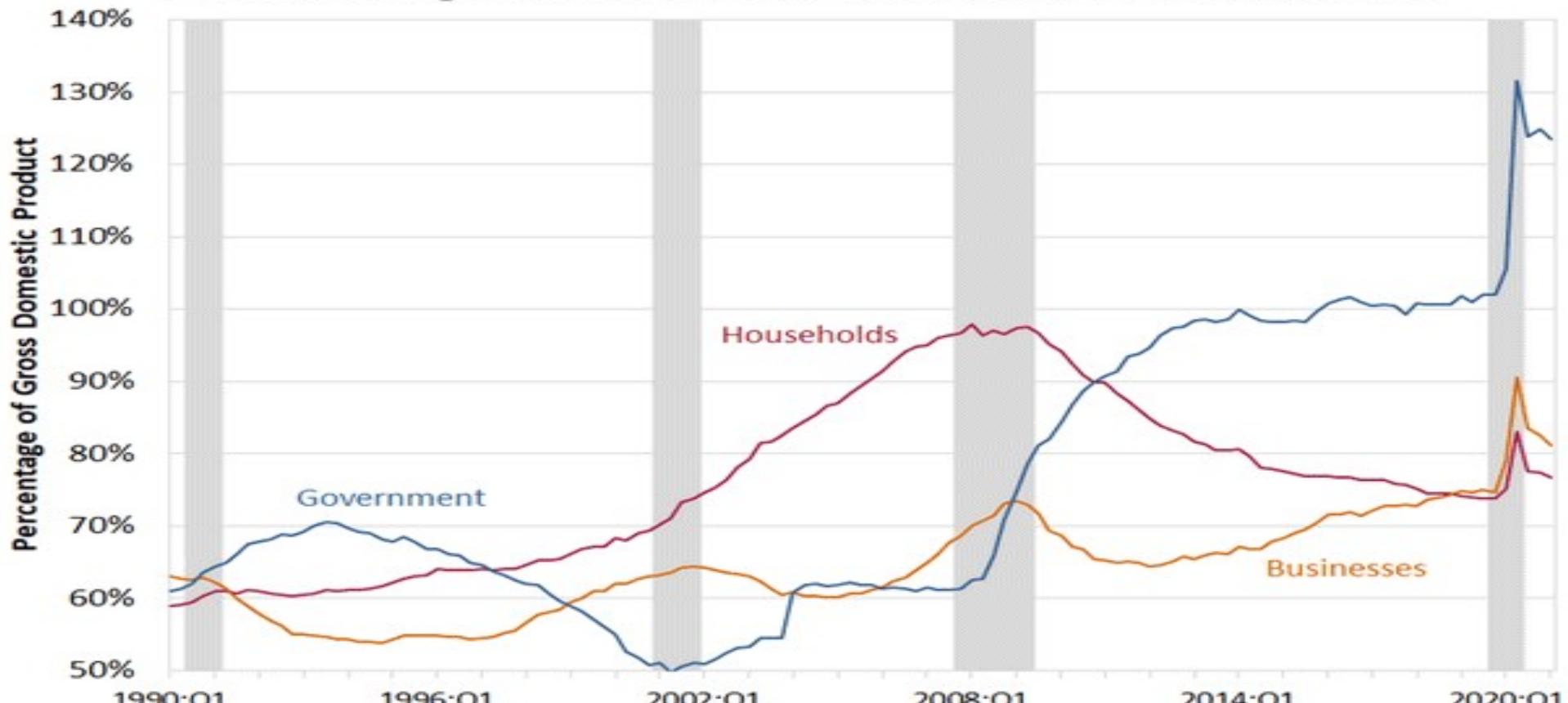
United States
(\$ trillions; SAAR)



Shading indicates recession

Source: Haver Analytics, Rosenberg Research

Outstanding Domestic Debt of the Nonfinancial Sector



Federal Reserve Bank of St. Louis

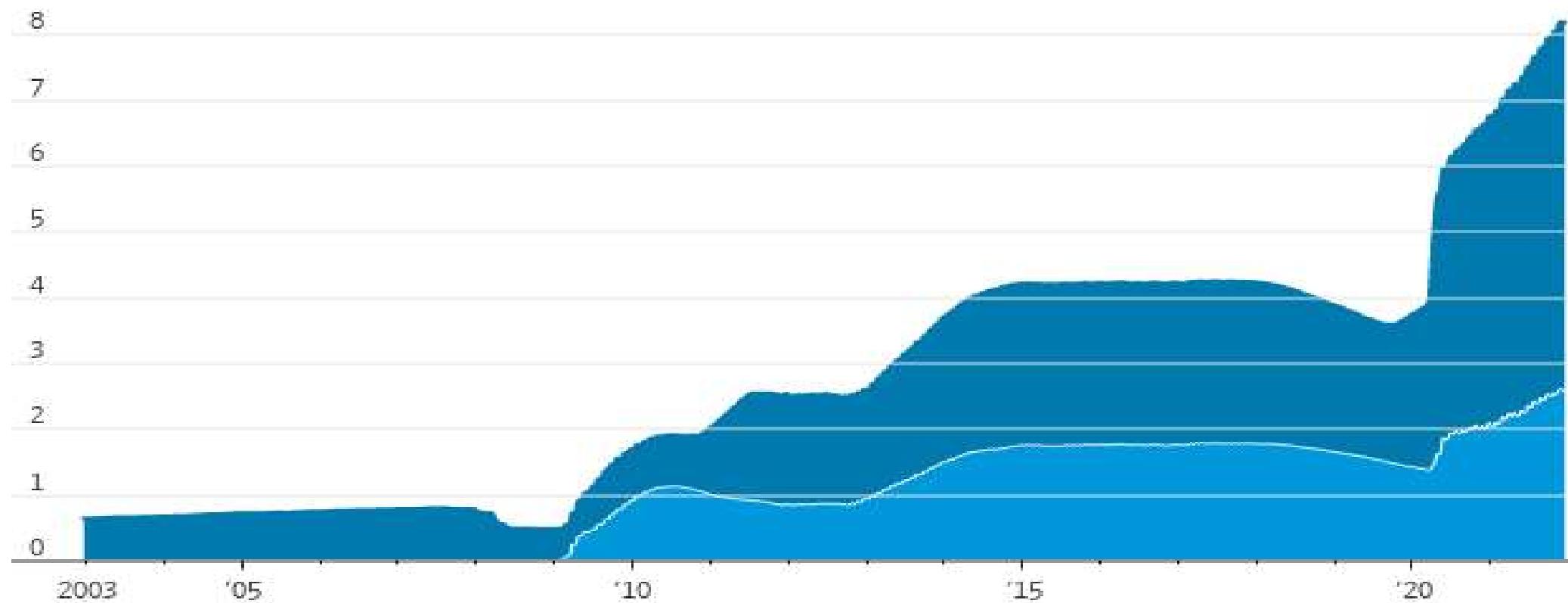
NOTE: Gray shading represents recessions.

SOURCES: Federal Reserve Board of Governors' Financial Accounts of the United States, FRED and author's calculations.

Federal Reserve asset holdings

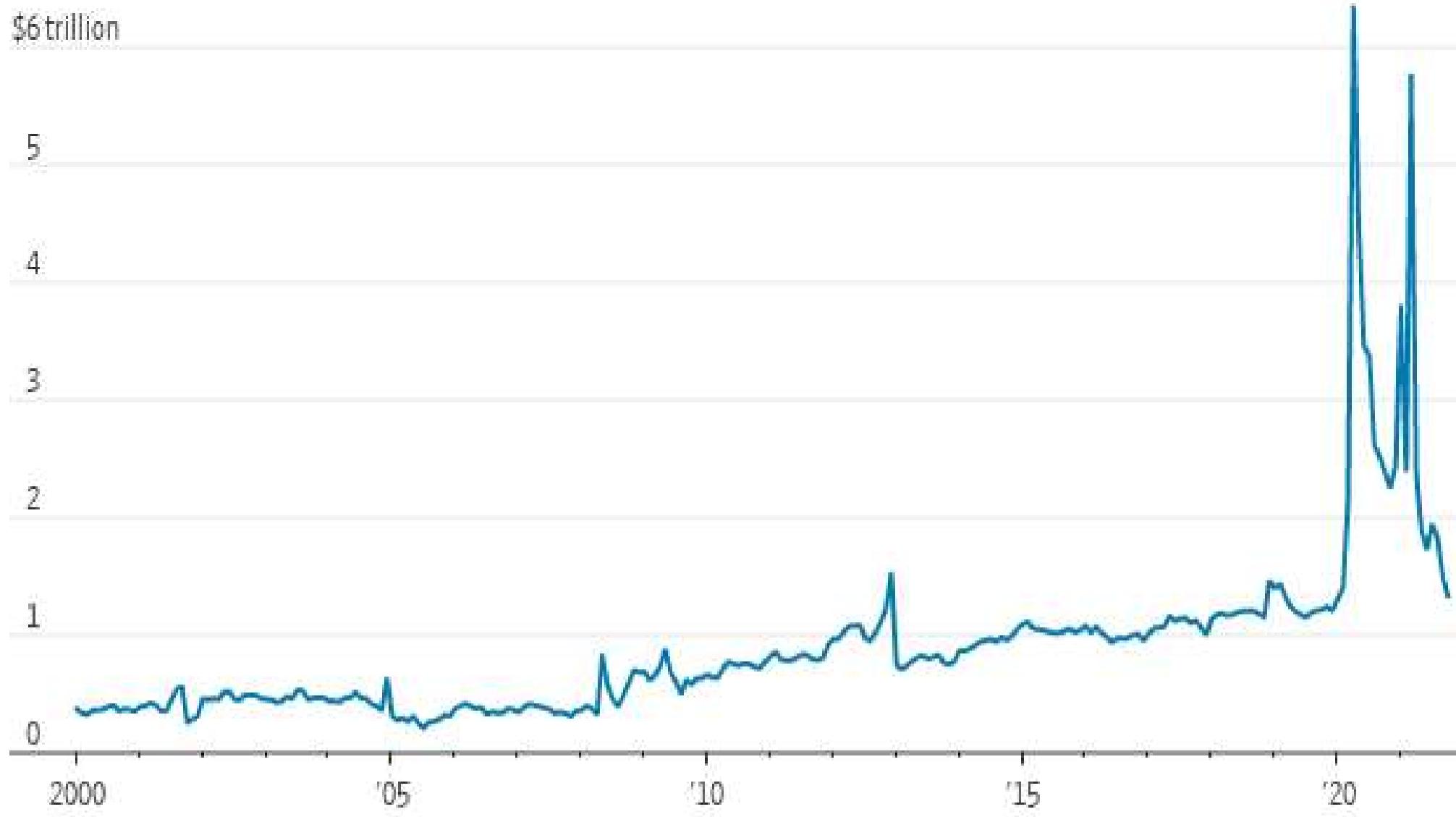
■ U.S. Treasurys ■ Mortgage-backed securities

\$9 trillion



Source: Federal Reserve via the St. Louis Fed

U.S. household savings



Note: Seasonally adjusted annual rate

Source: Commerce Department via St. Louis Fed



"COVID-19
COMPLIANCE
OFFICER"

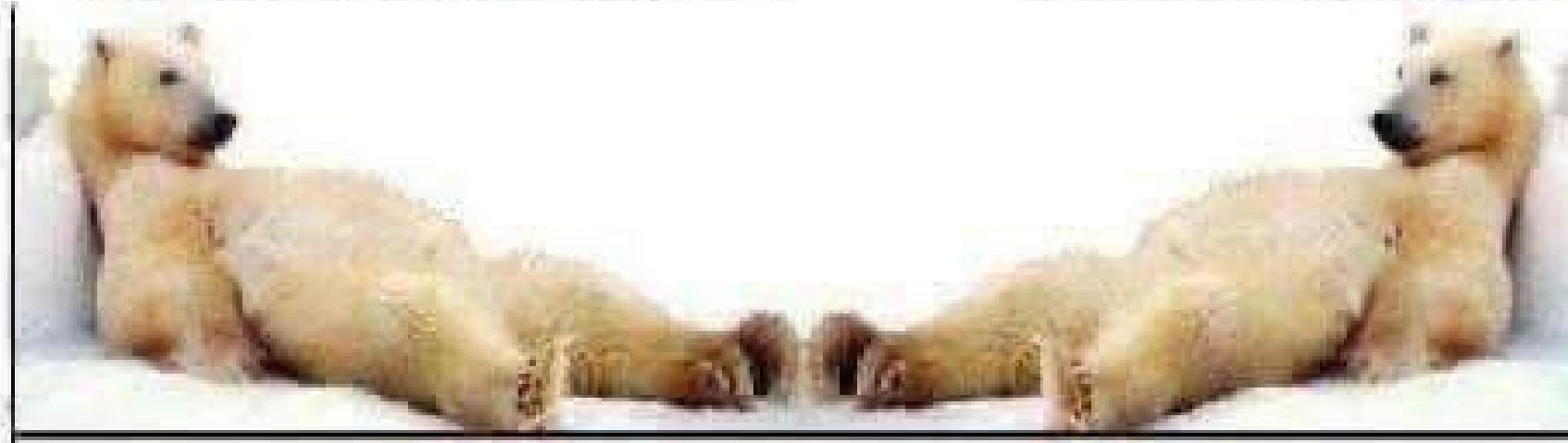
GOT ANY PLANS
FOR TODAY?

DO NOTHING



YOU DID THAT YESTERDAY!

DIDN'T FINISH





HOPEFULLY THEY DON'T GET TOGETHER