

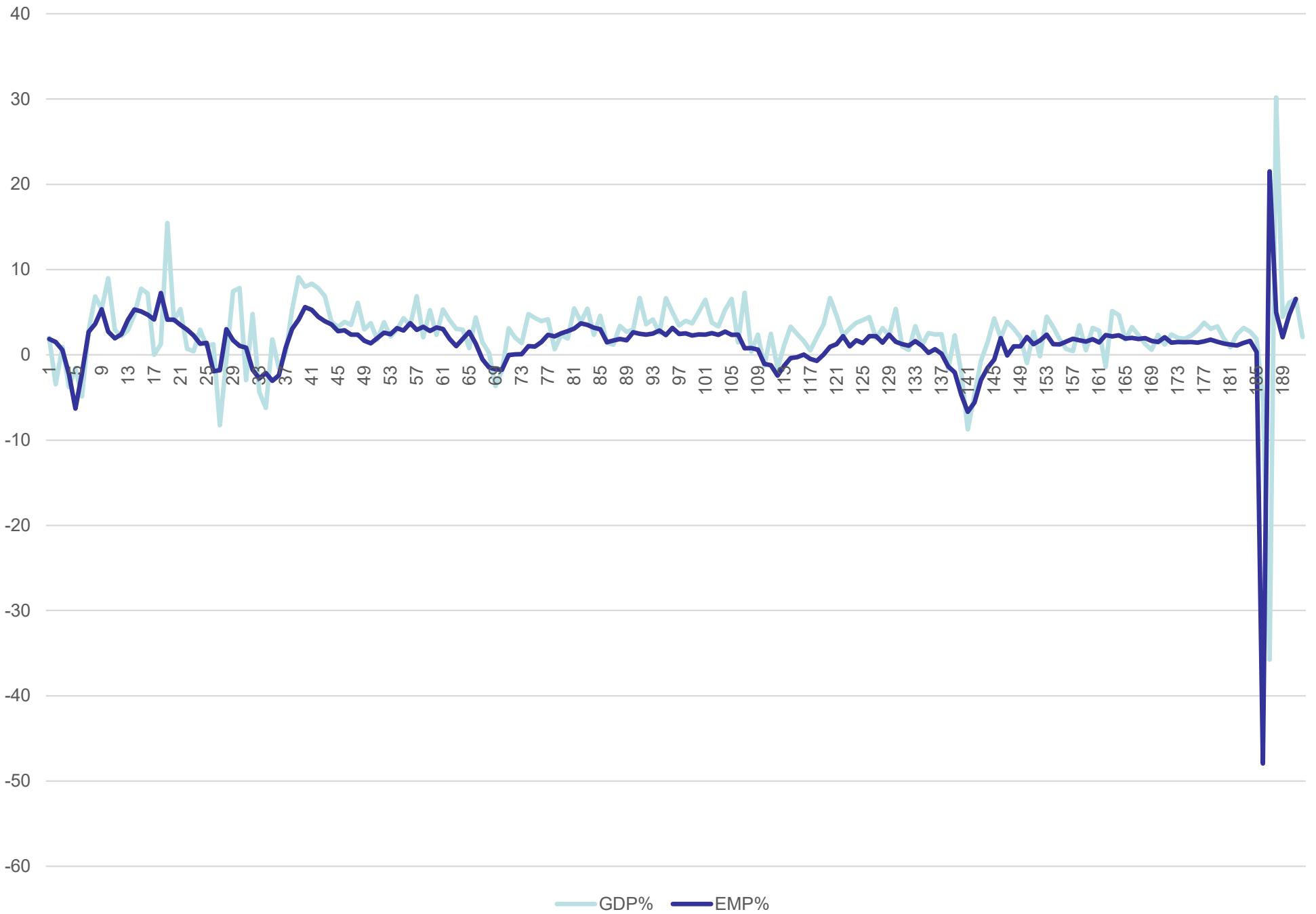
# CURRENT STATE OF THE SMALL BUSINESS ECONOMY

Bill Dunkelberg, Chief Economist  
NFIB Research Center

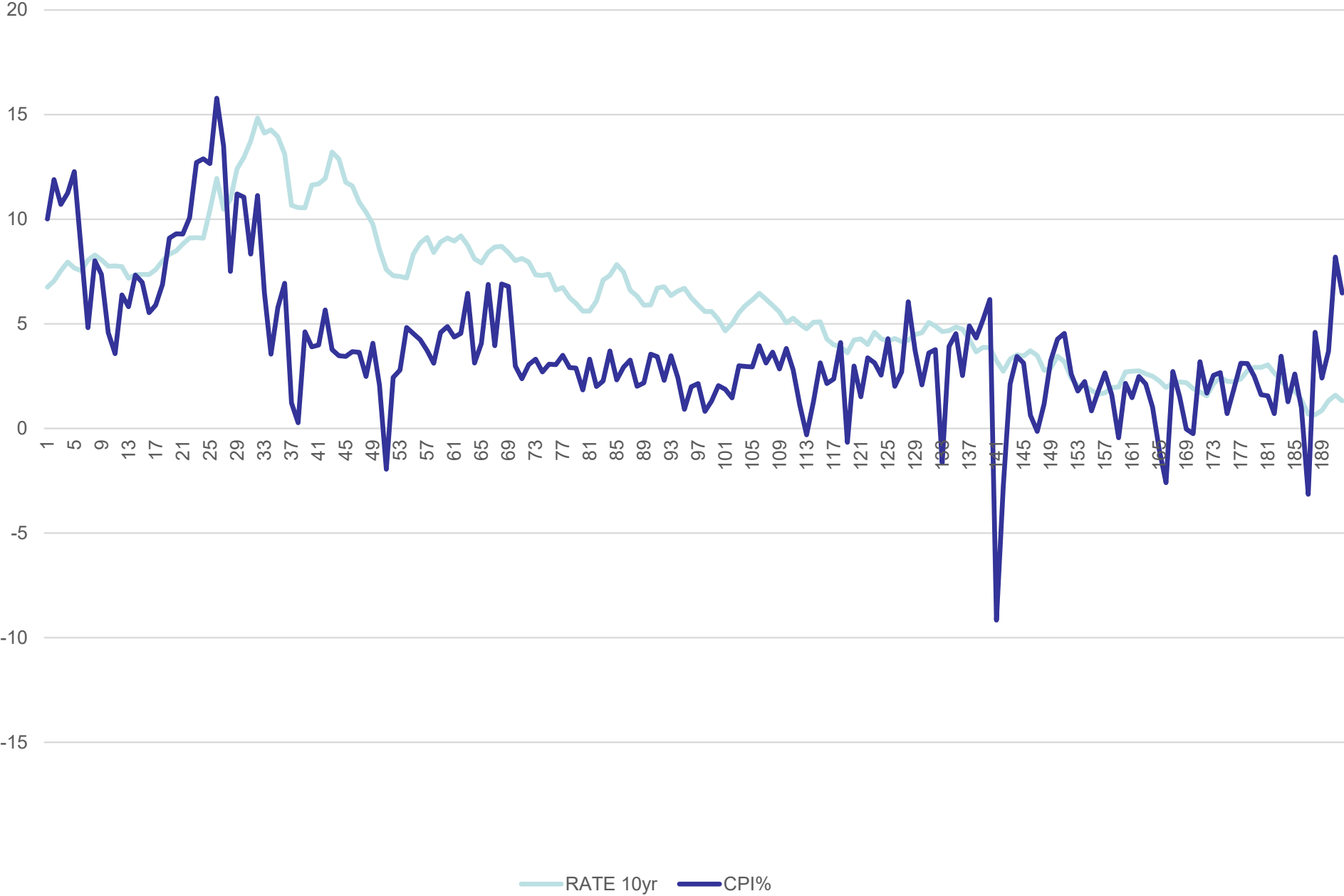
Washington, D.C.



# GDP & EMPLOYMENT CHANGE

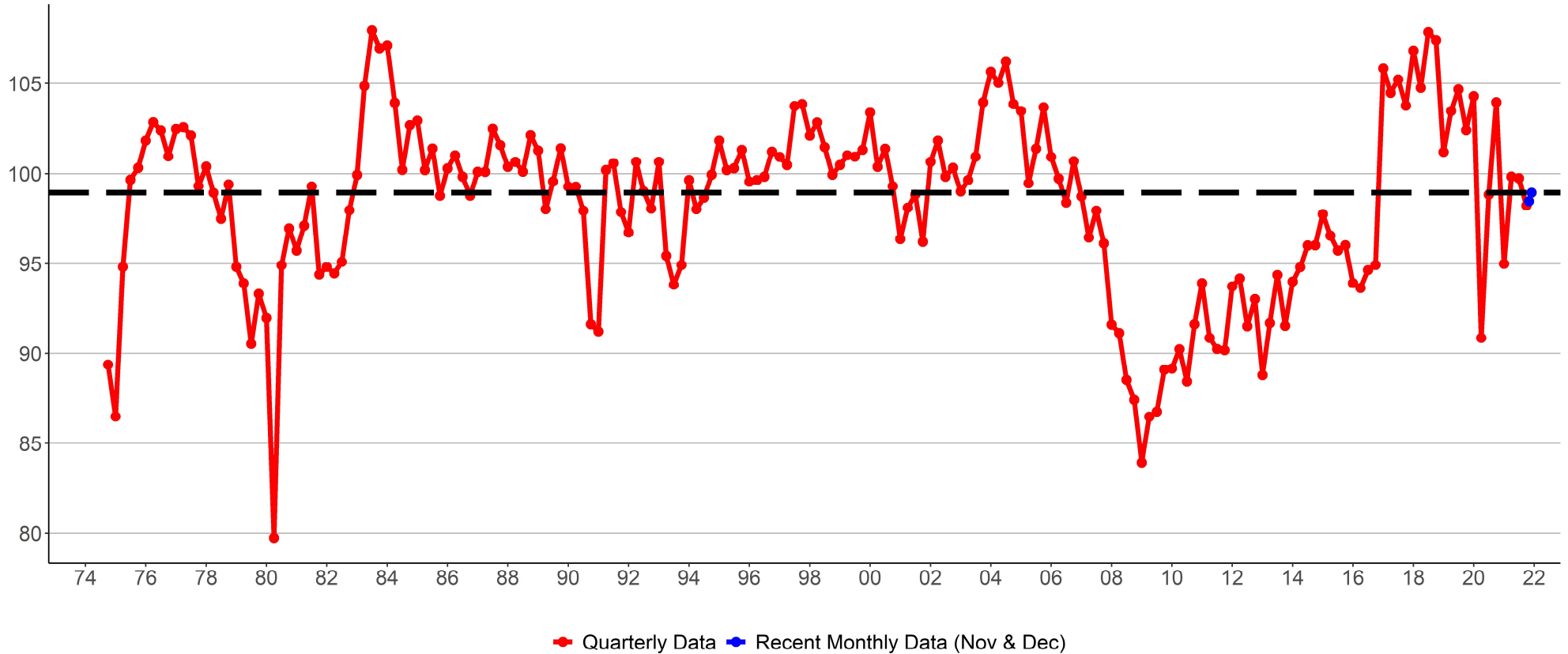


# INTEREST RATES AND INFLATION



# Small Business Optimism Index

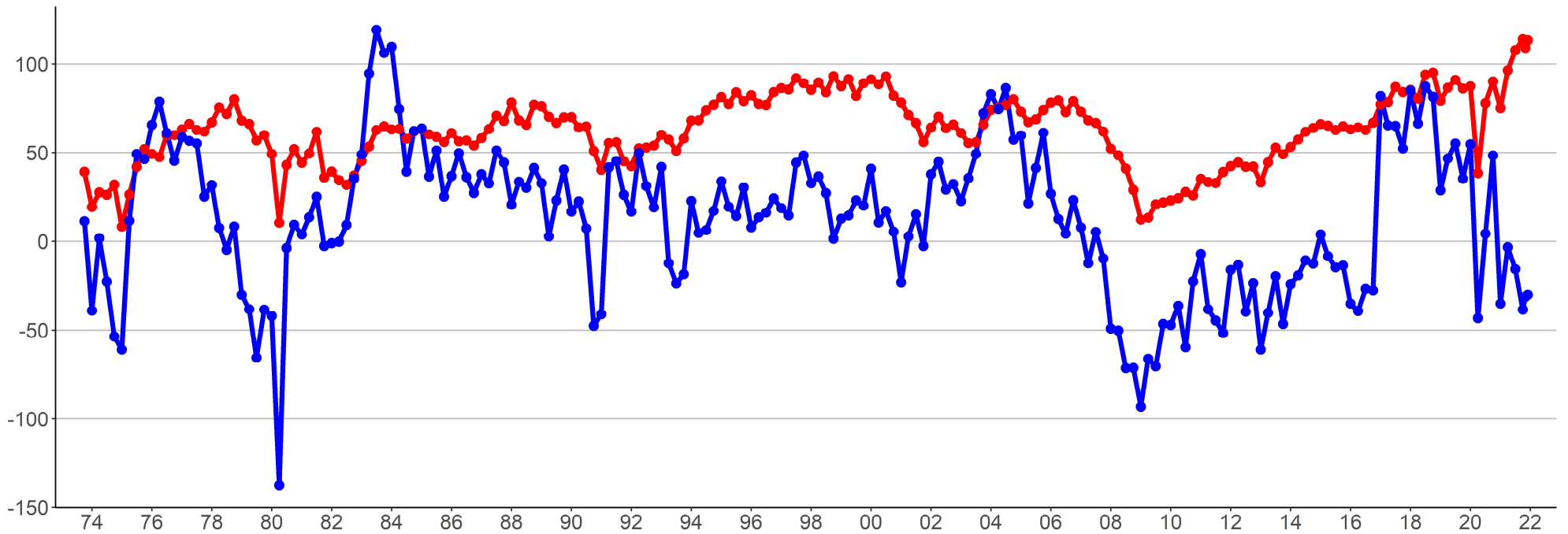
Based on Ten Survey Indicators  
(Seasonally Adjusted, 1986 = 100)



# 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

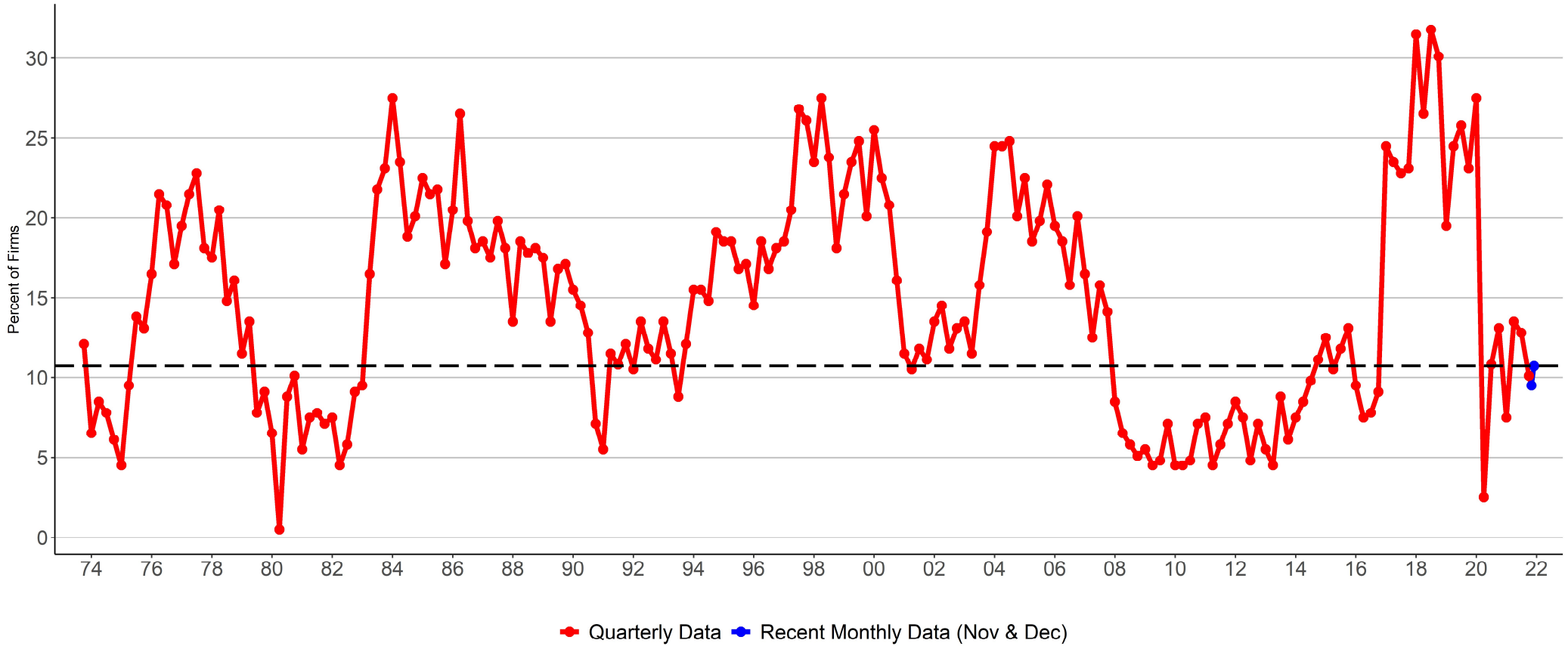


Hard Soft

Quarterly Data & Recent Monthly Data (Nov & Dec)

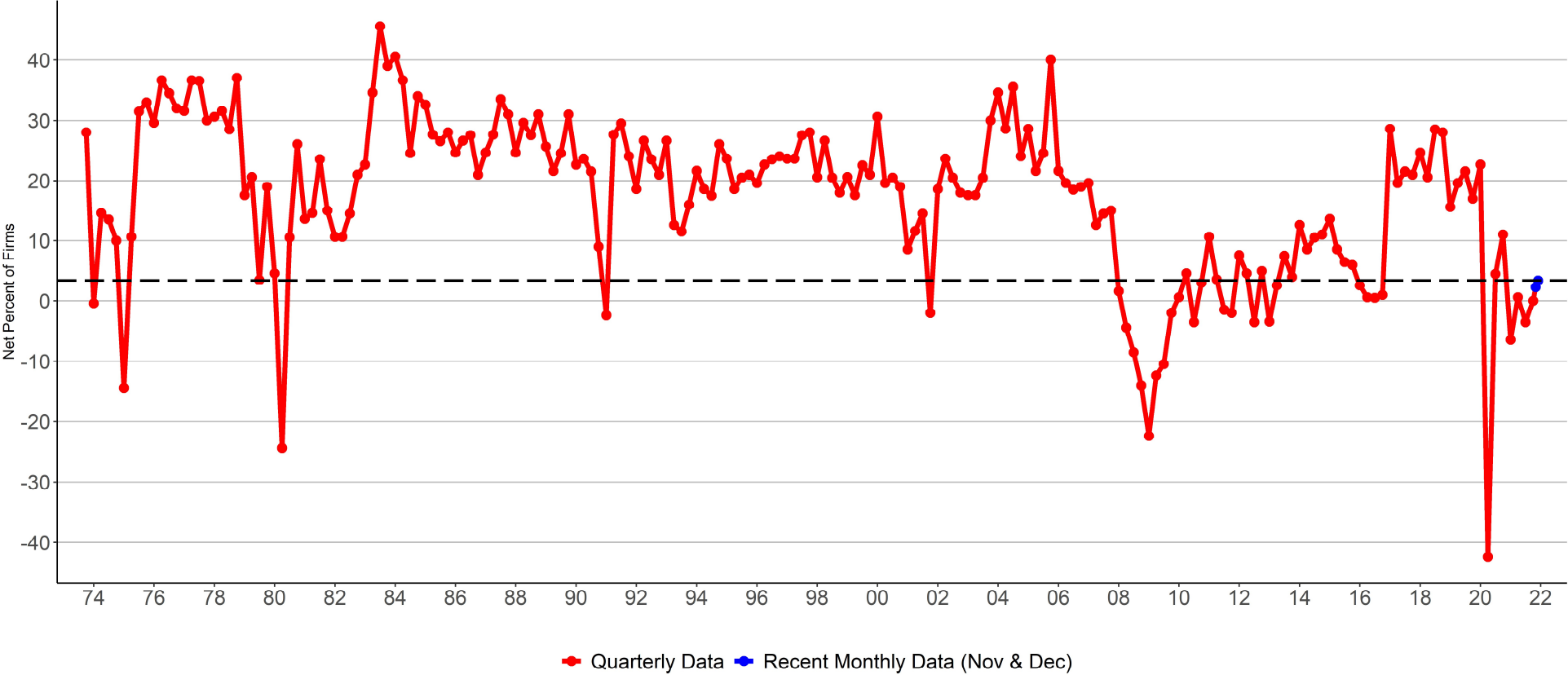
# Good Time to Expand

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

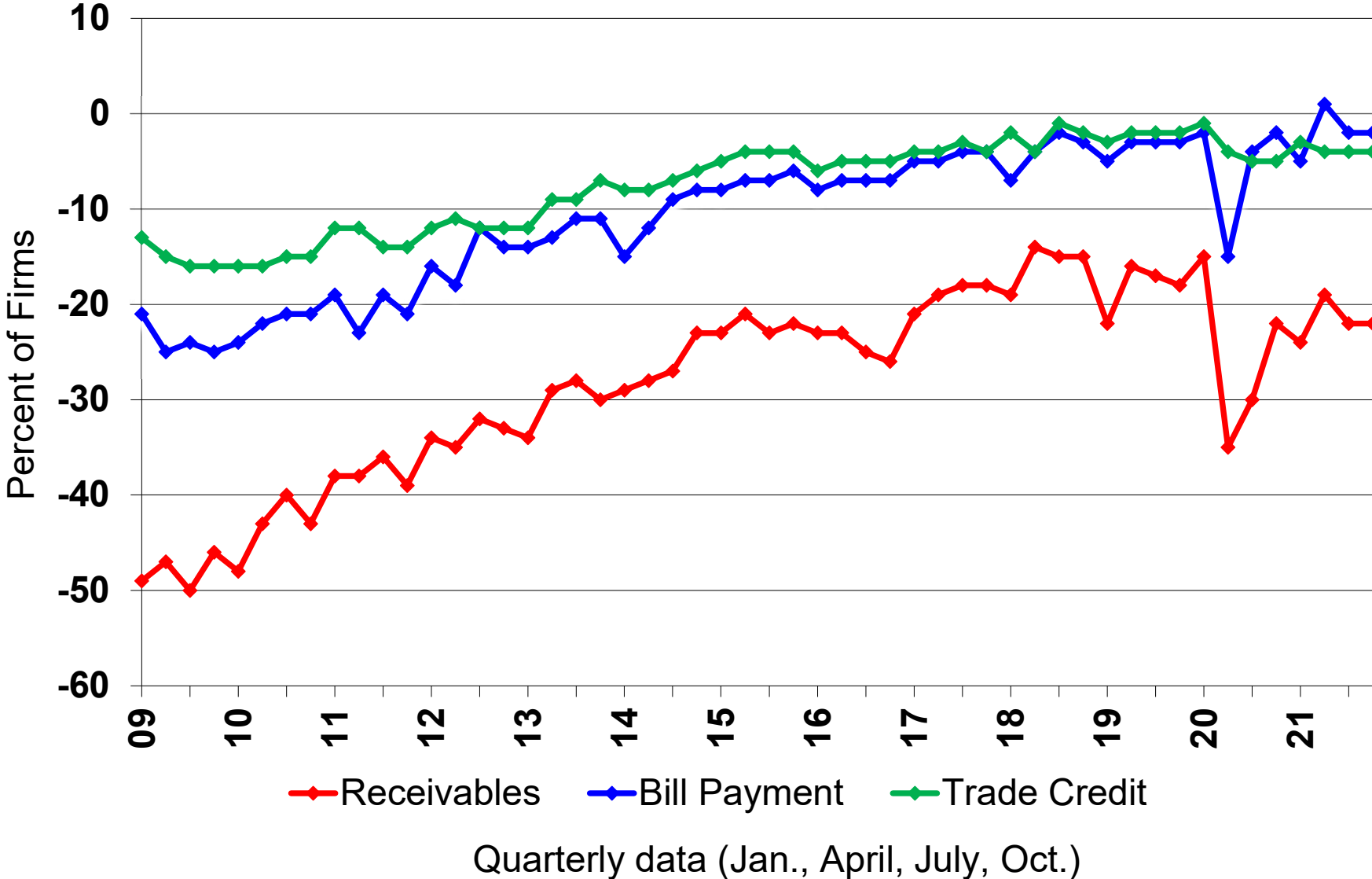
## Are supply chain disruptions impacting your business?

	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



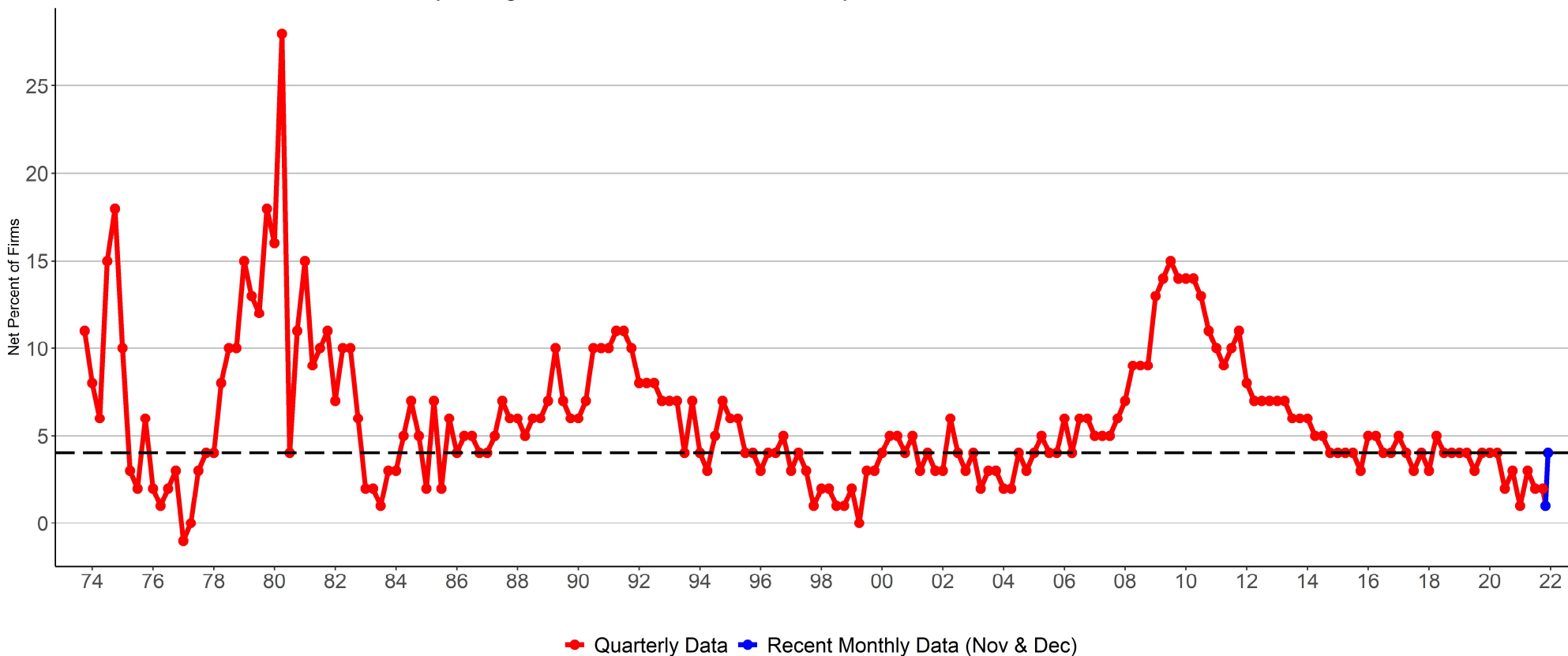
# Bill Payment, Receivables, Collection, and Trade Credit

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



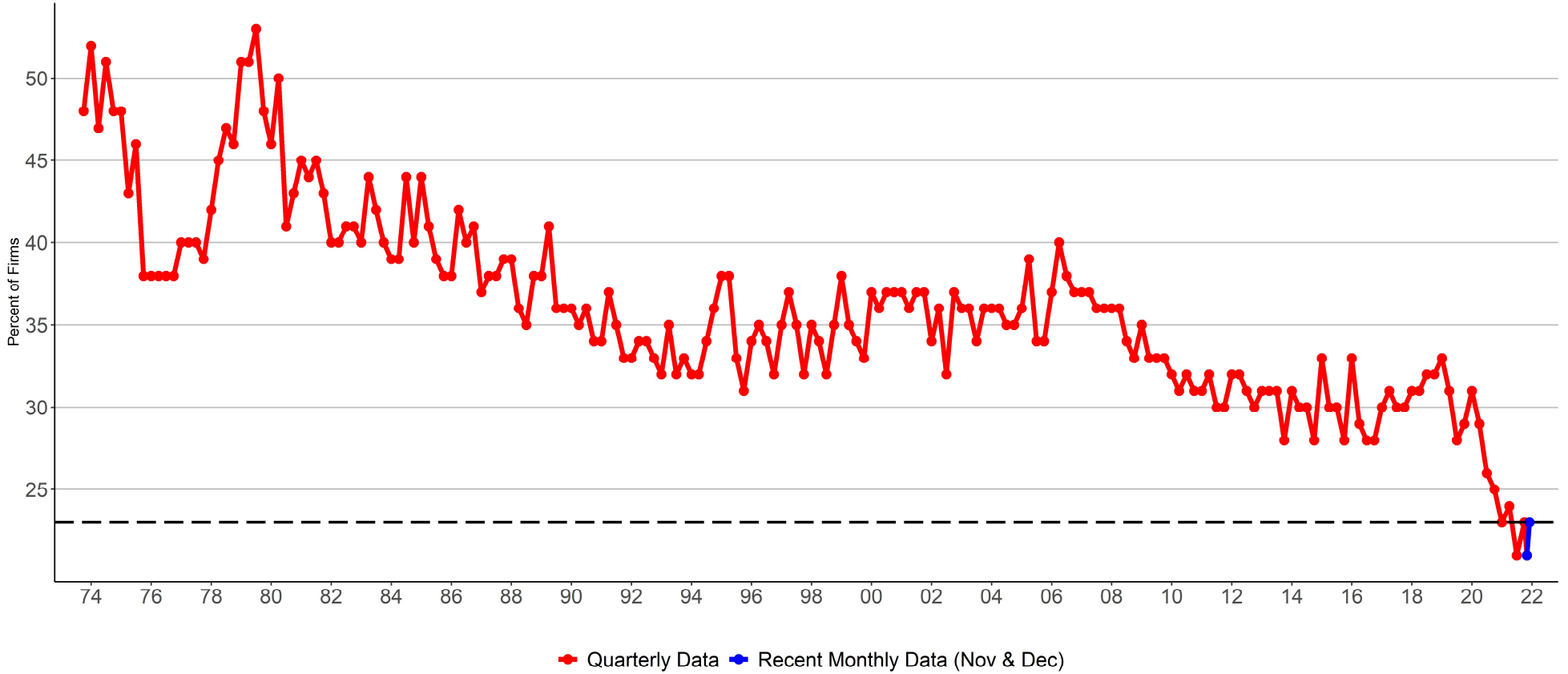
# Loan Availability

Net Percent ("Harder" minus "Easier")  
Reporting Loans Harder to Get Compared to the Prior Three Months

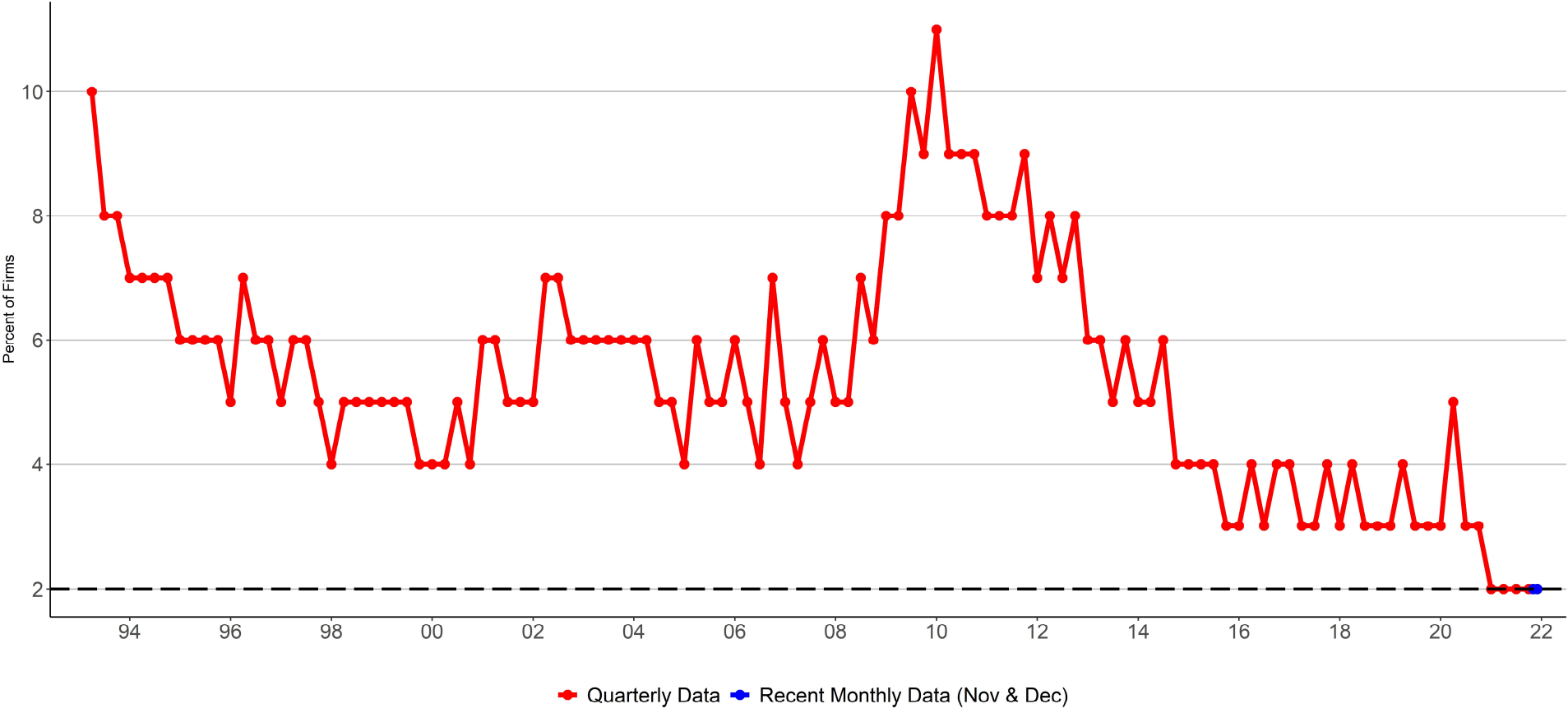


# Regular Borrowers

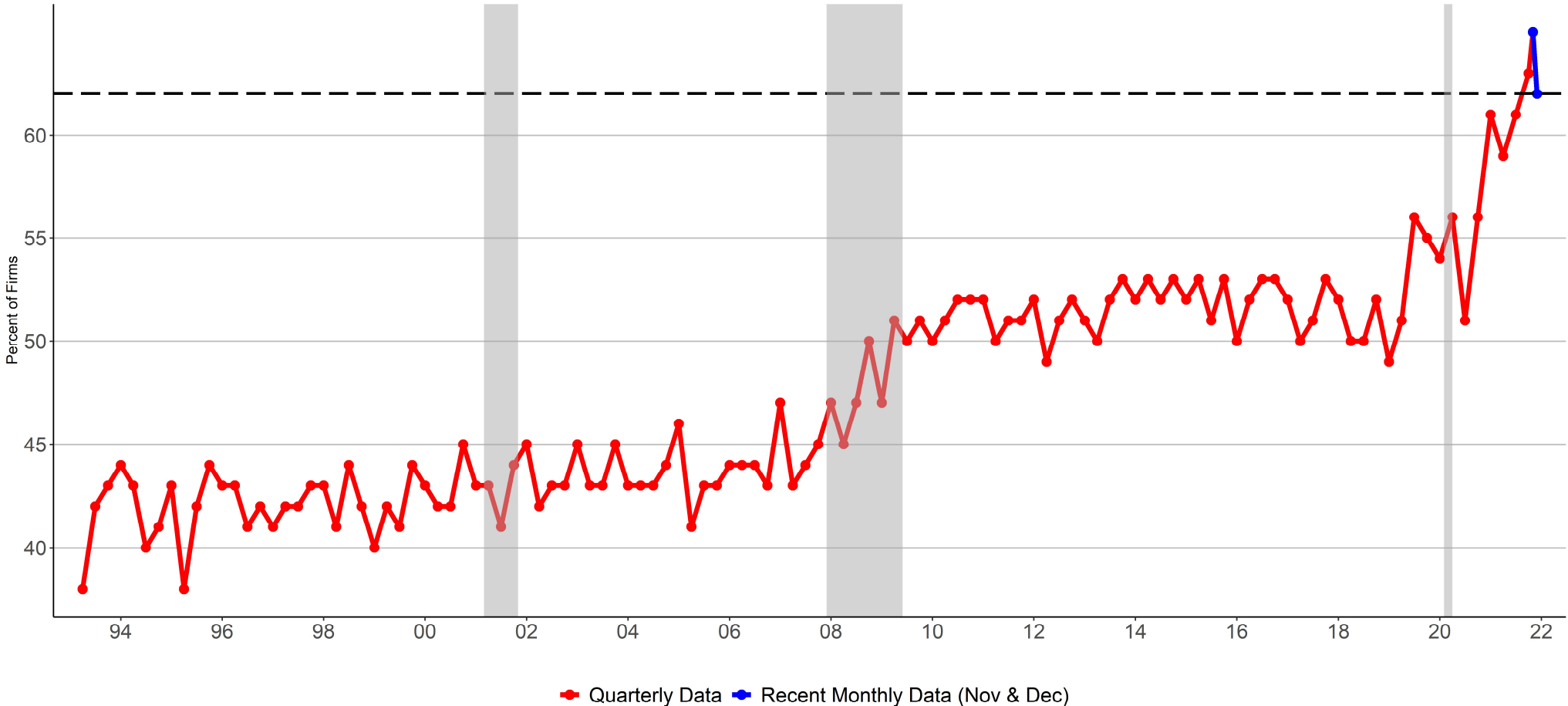
Percent Borrowing at Least Once Every Three Months



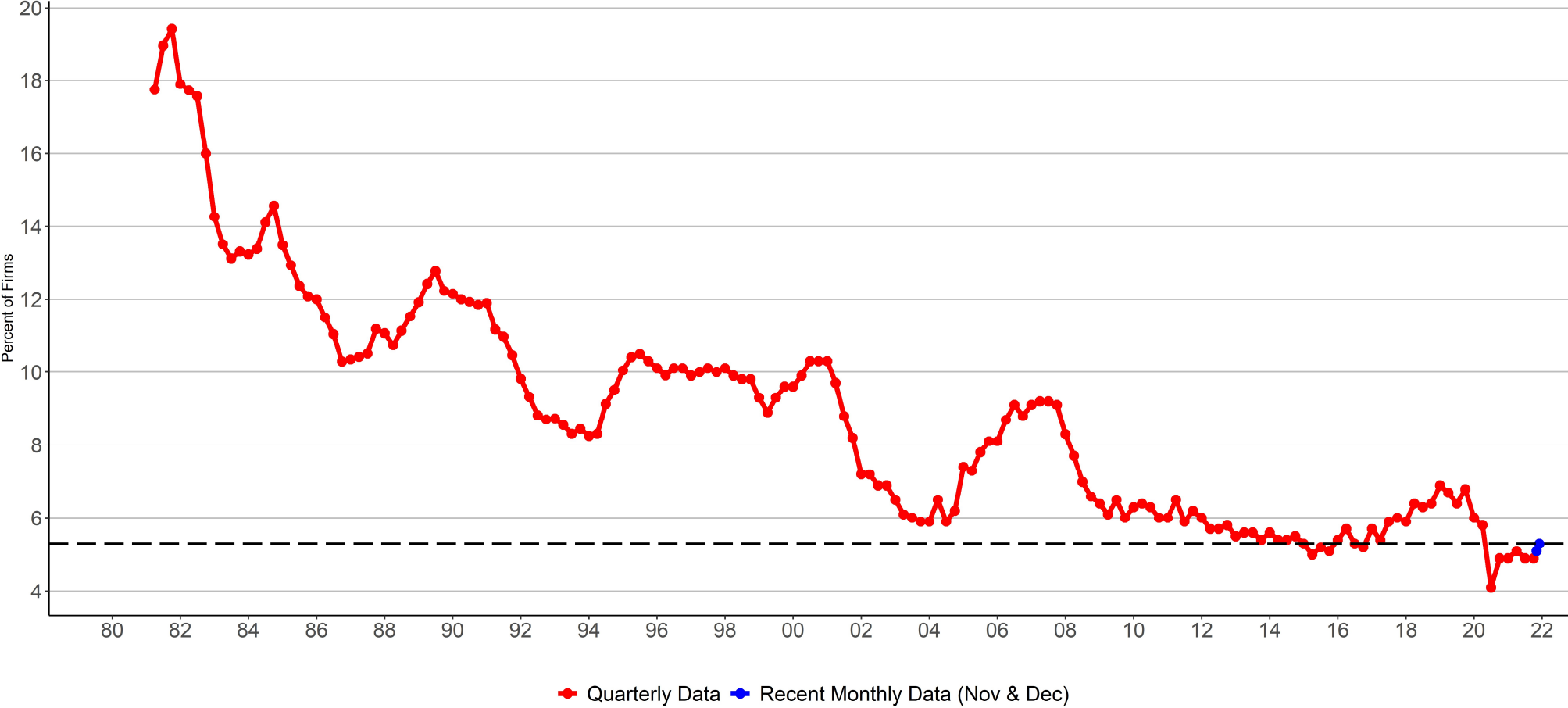
# All Borrowing Needs Not Satisfied



# Percent of All Firms Not Wanting a Loan

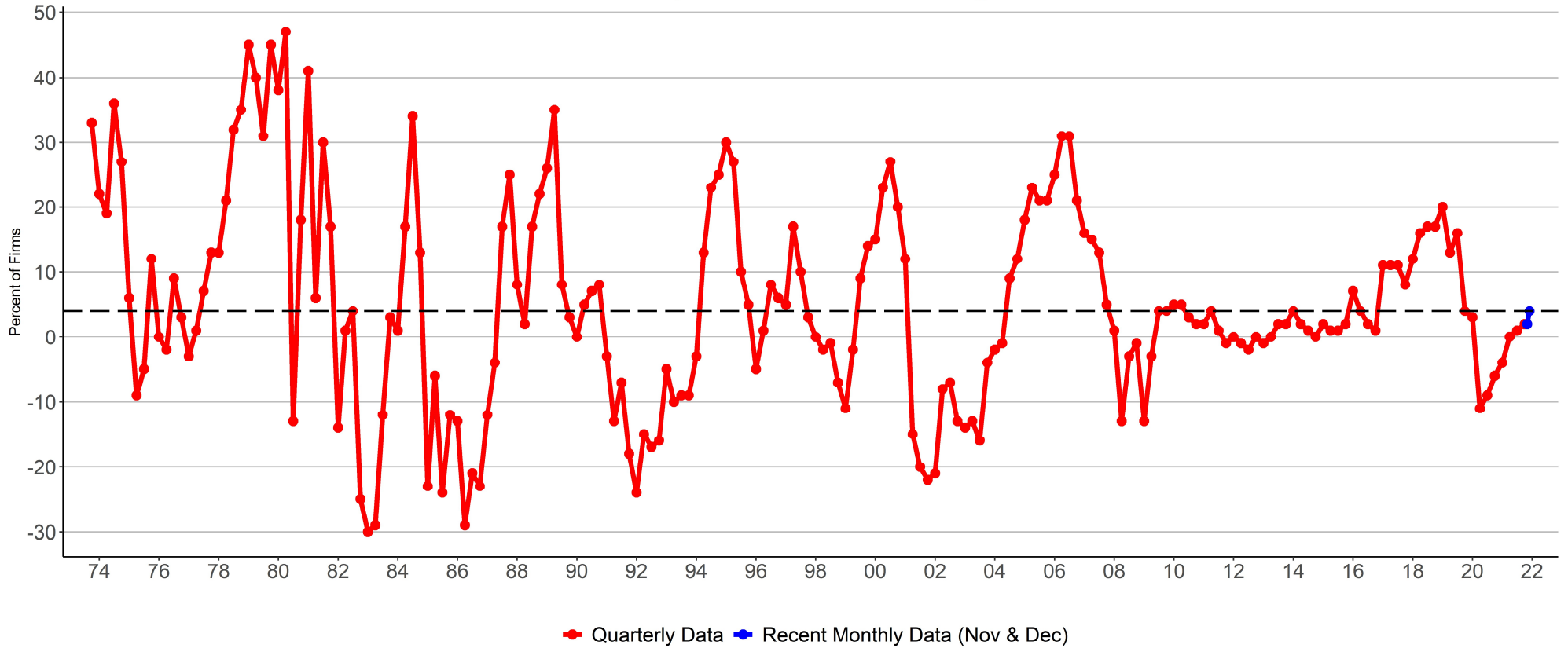


# Average Rate Paid on Short-Term Loans

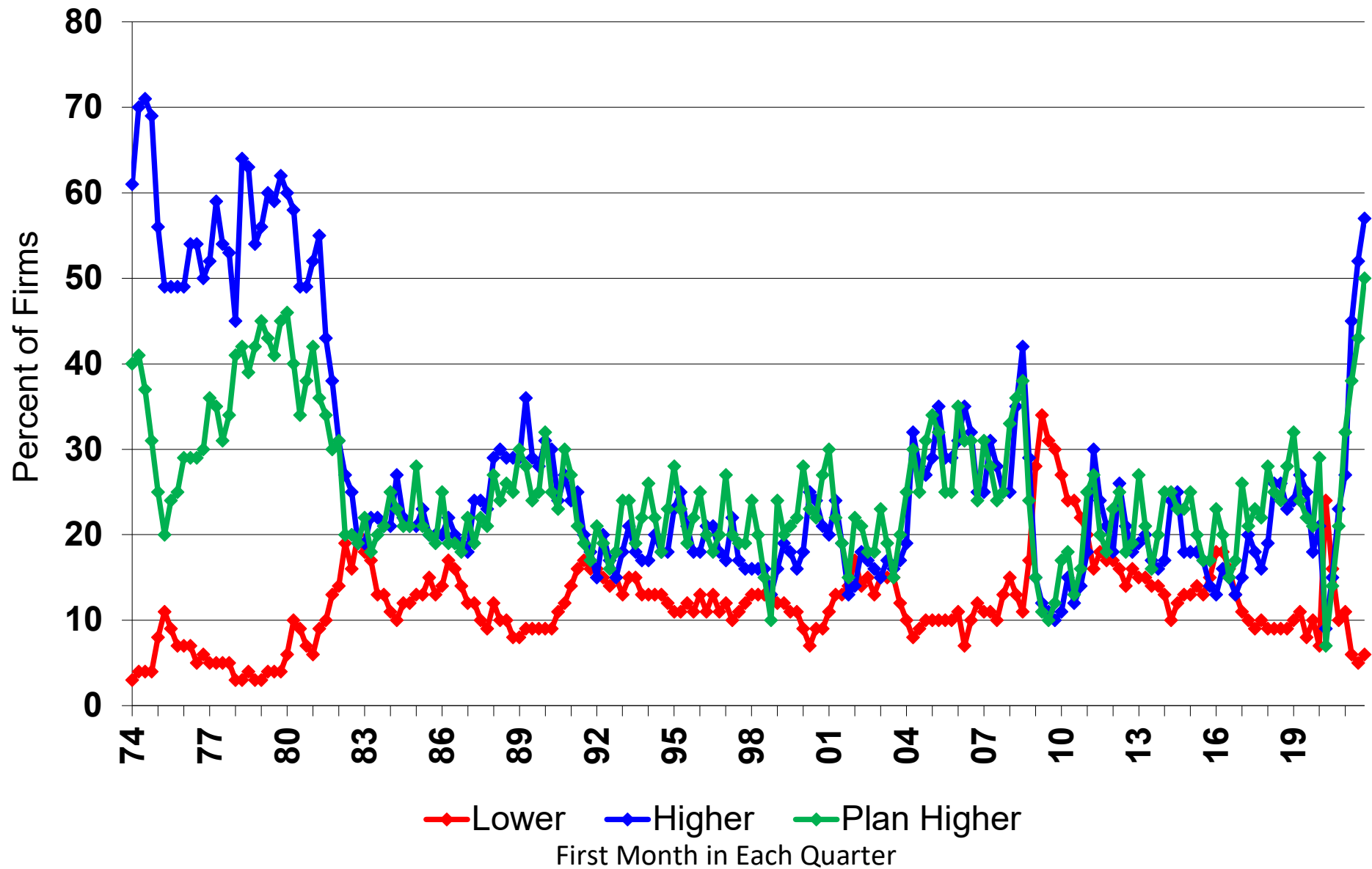


# Relative Interest Rate Paid by Regular Borrowers

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



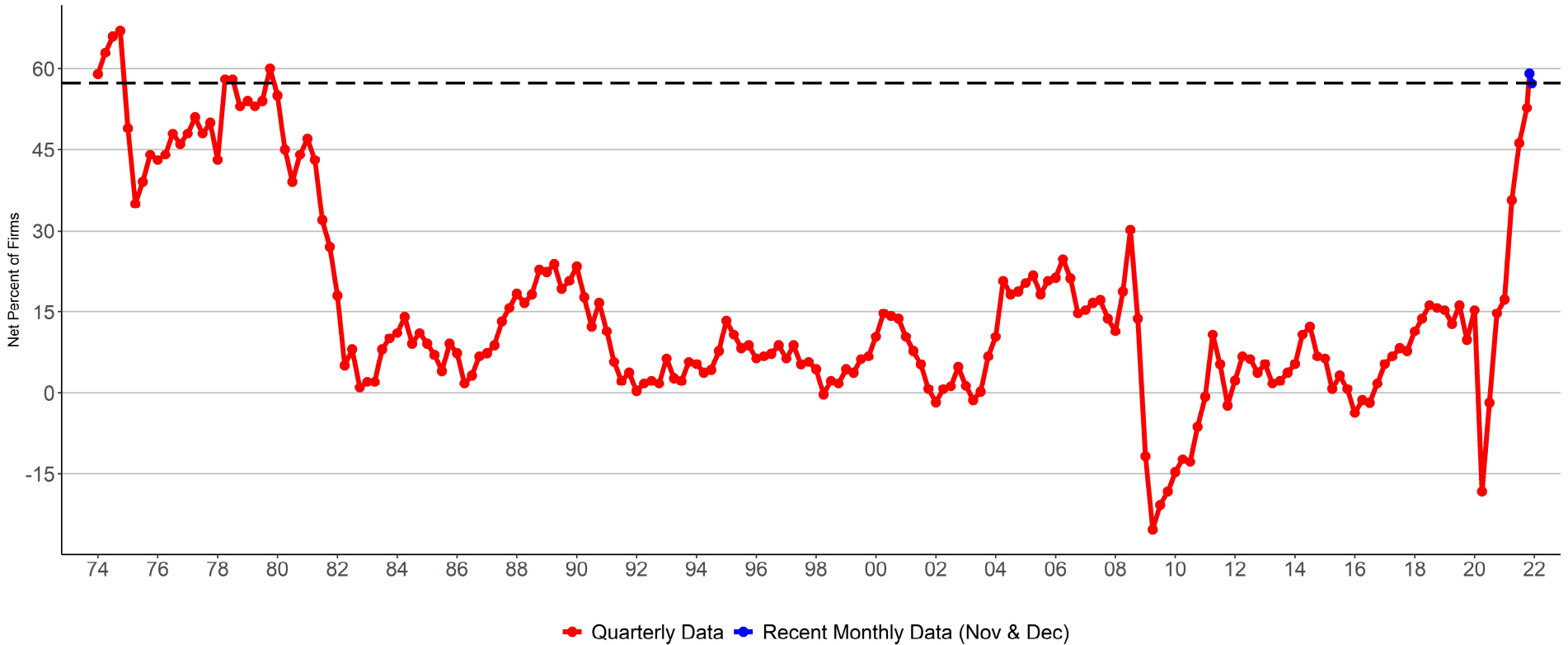
# Past & Planned Price Changes





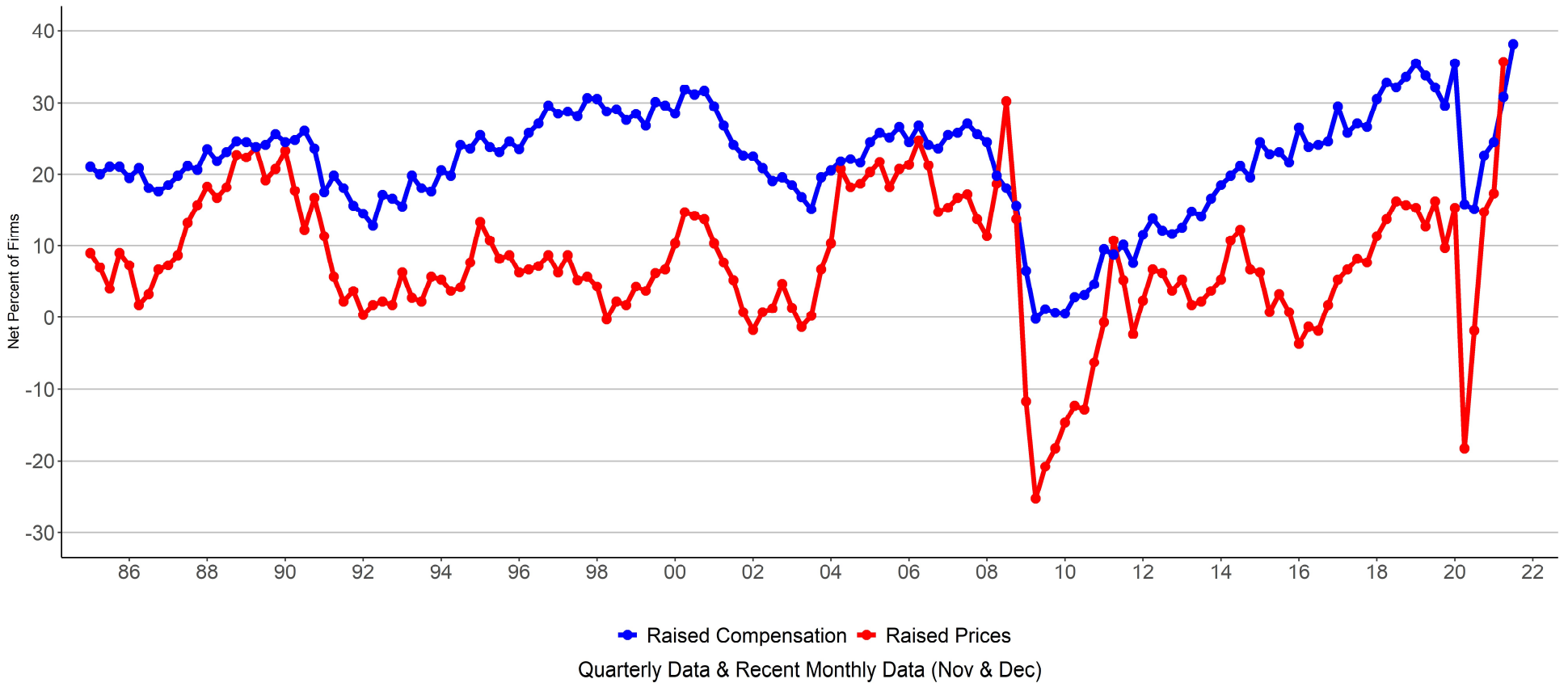
# Actual Price Increases

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

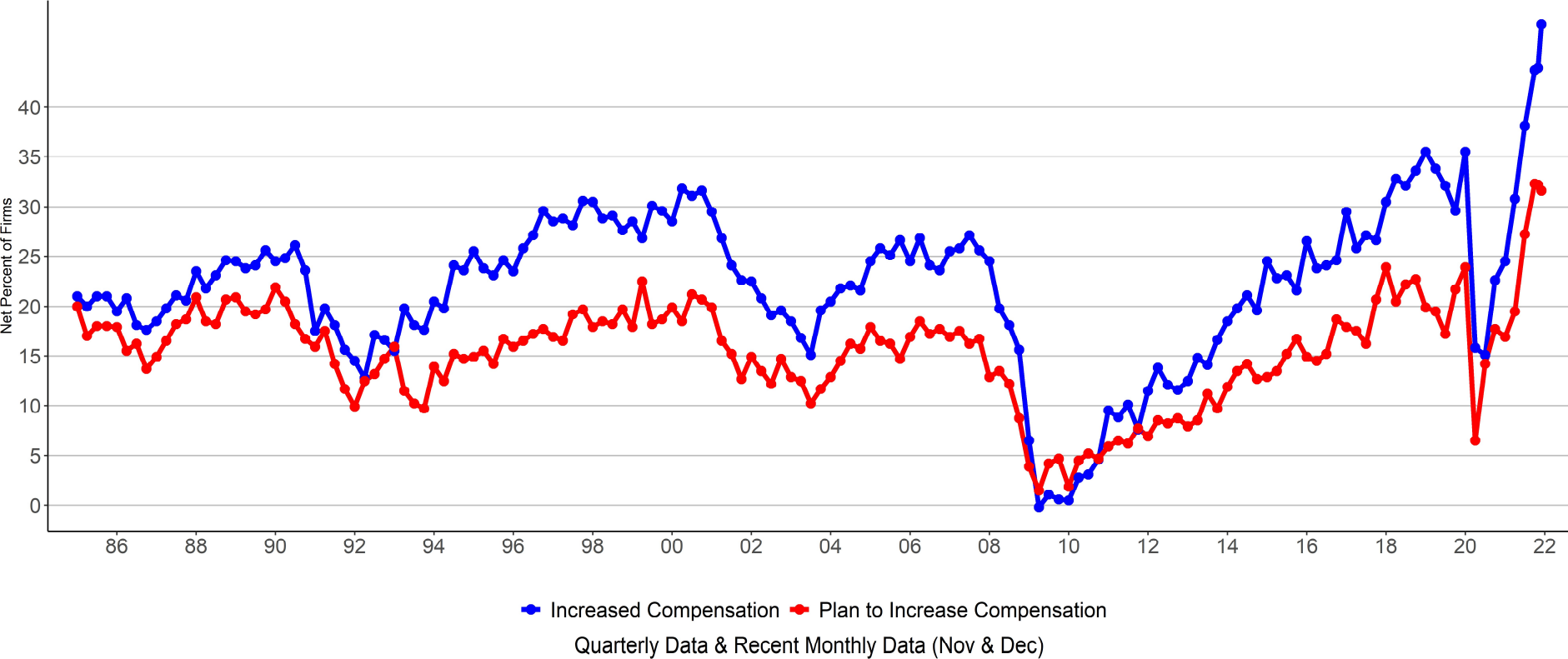


# Changes in Prices and Labor Compensation

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

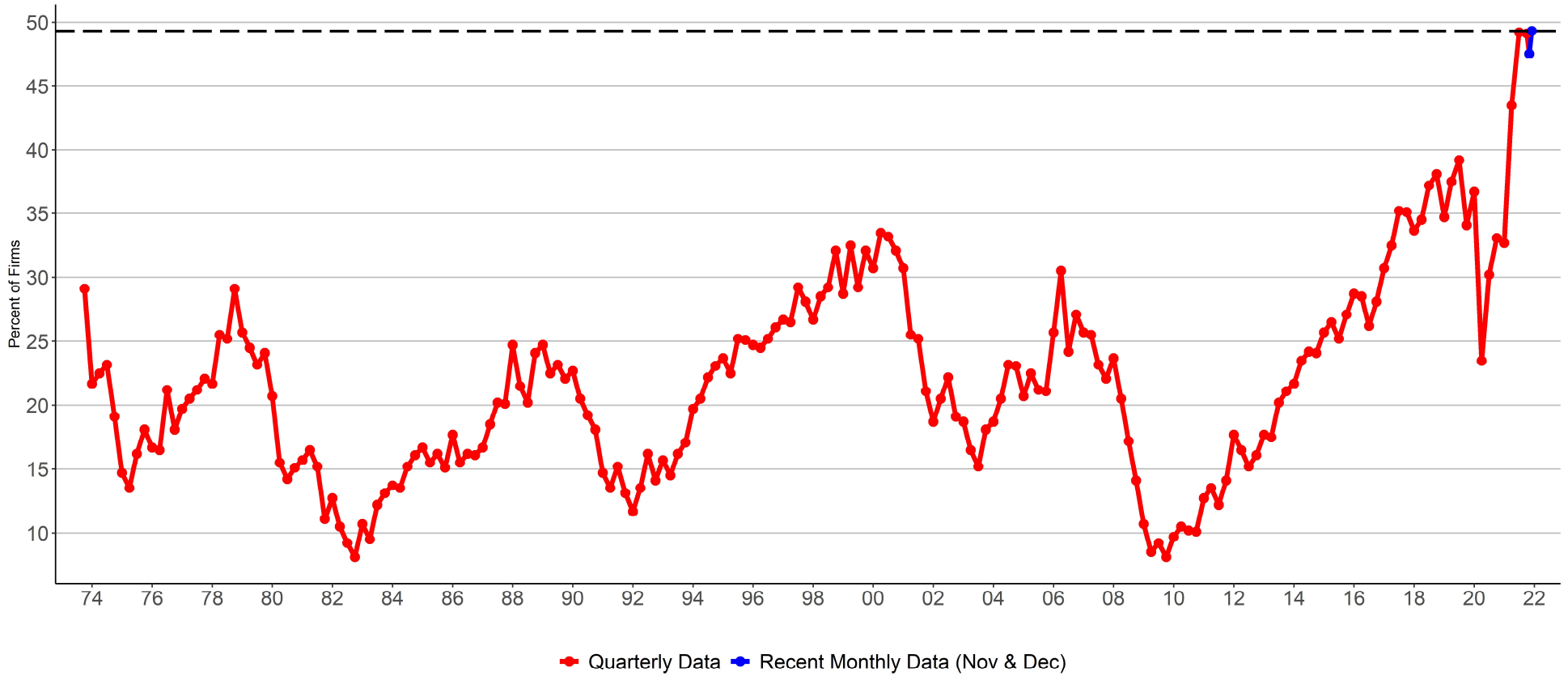


# Planned and Actual Labor Compensation Changes



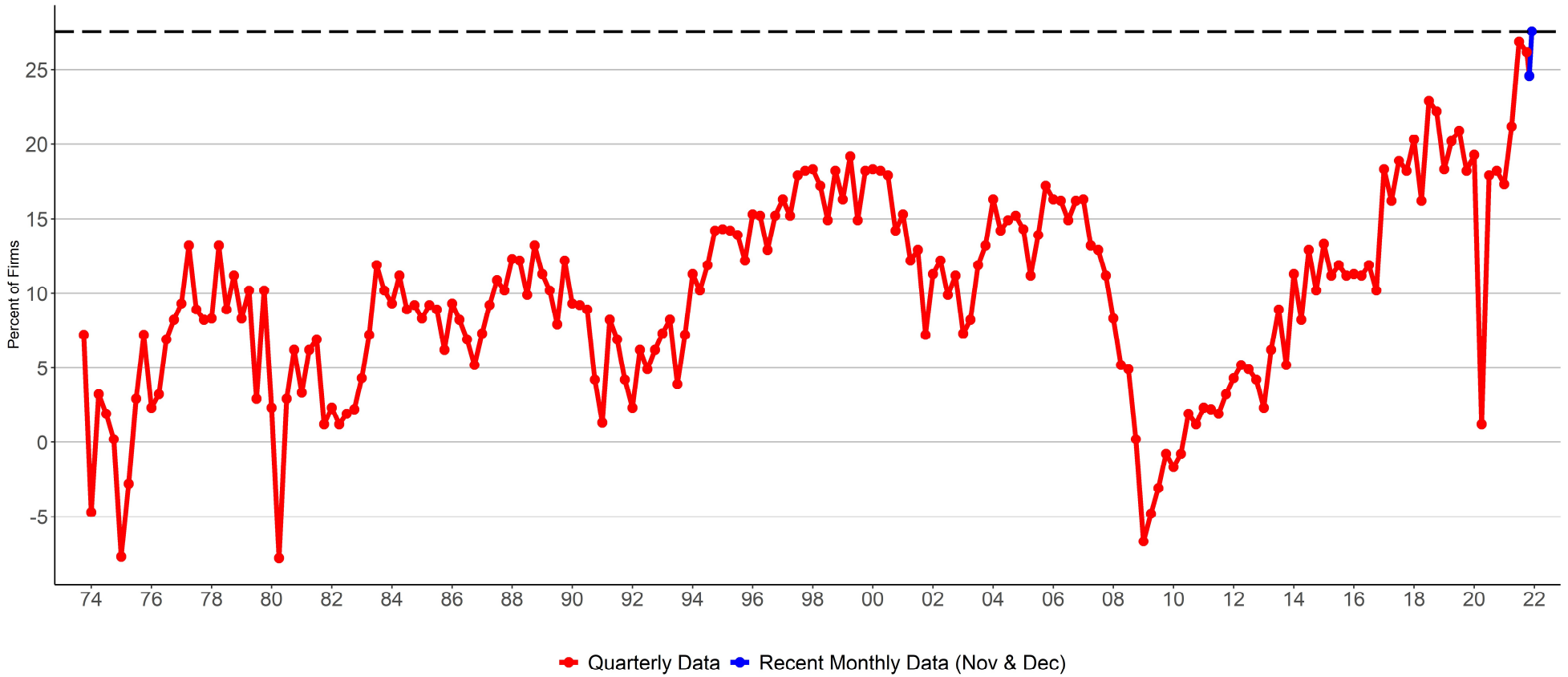
# Unfilled Job Openings

Percent with at Least One Unfilled Opening

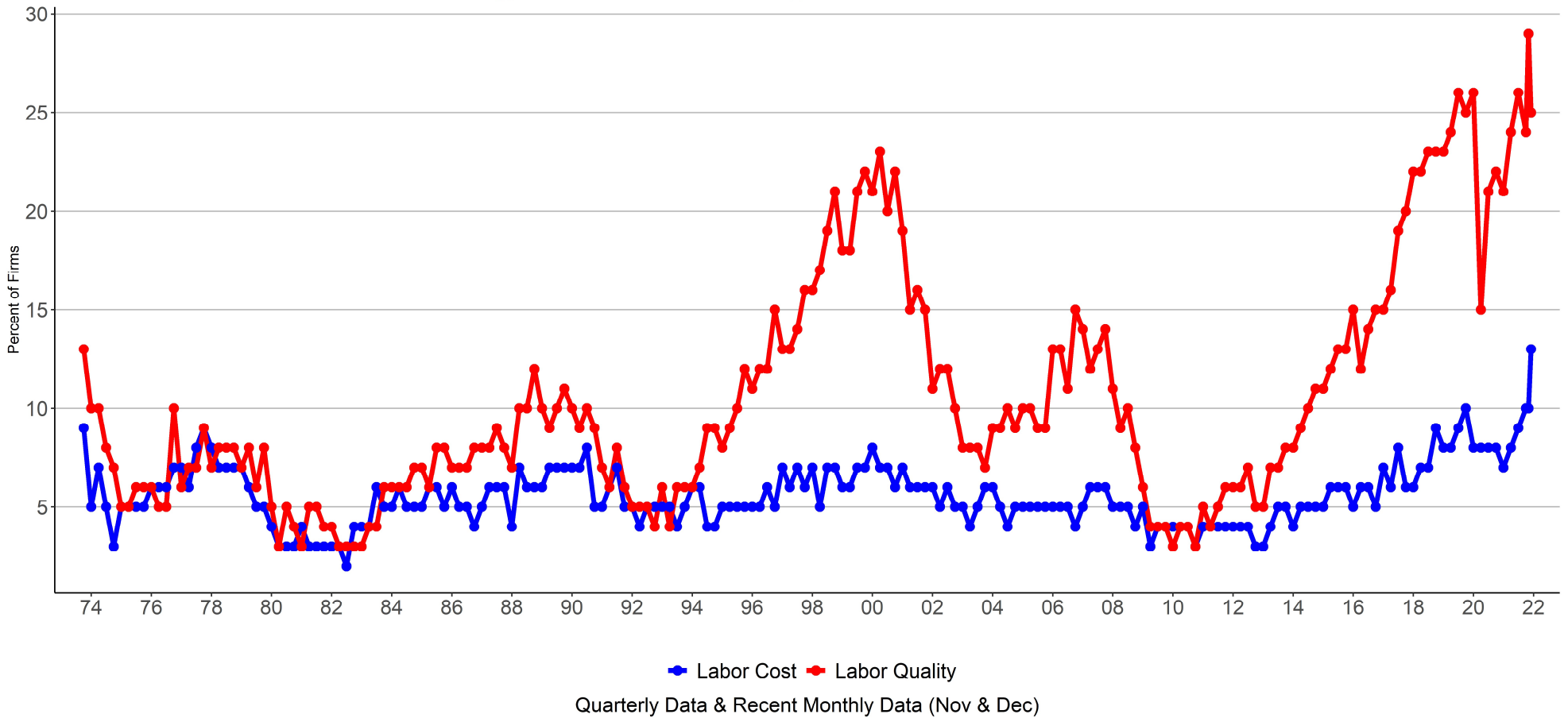


# Job Creation Plans

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

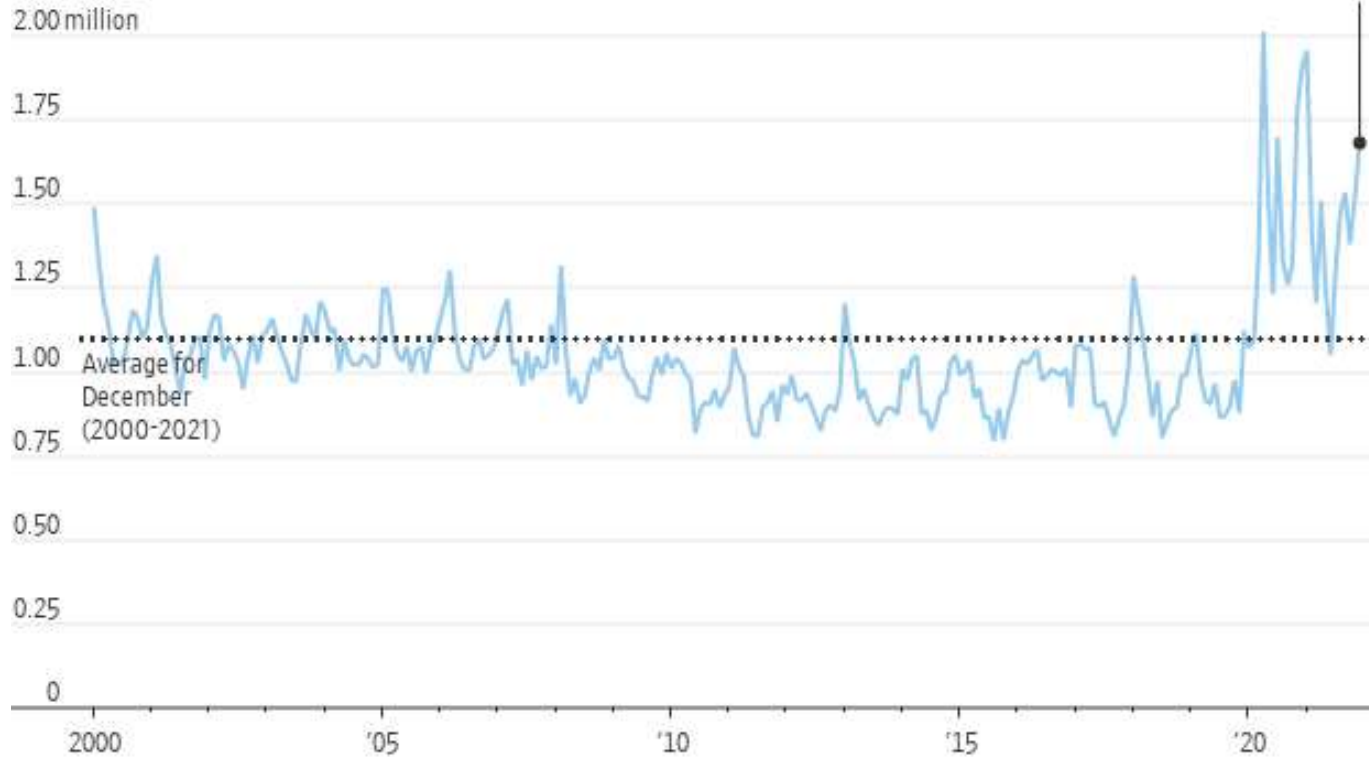


# Single Most Important Problem



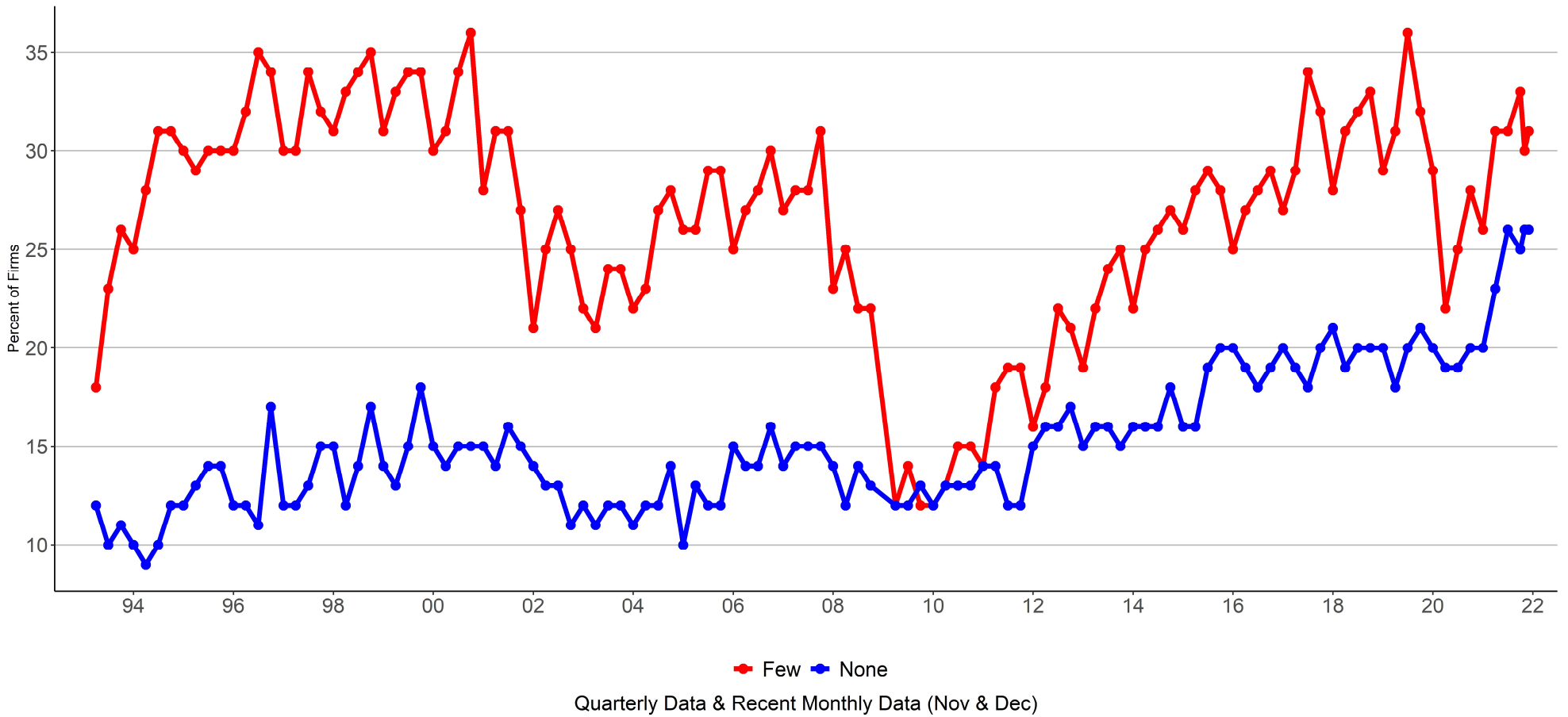
### U.S. workers employed but not at work due to illness, injury or medical problems, monthly

Almost 1.7 million workers were absent due to illness in December



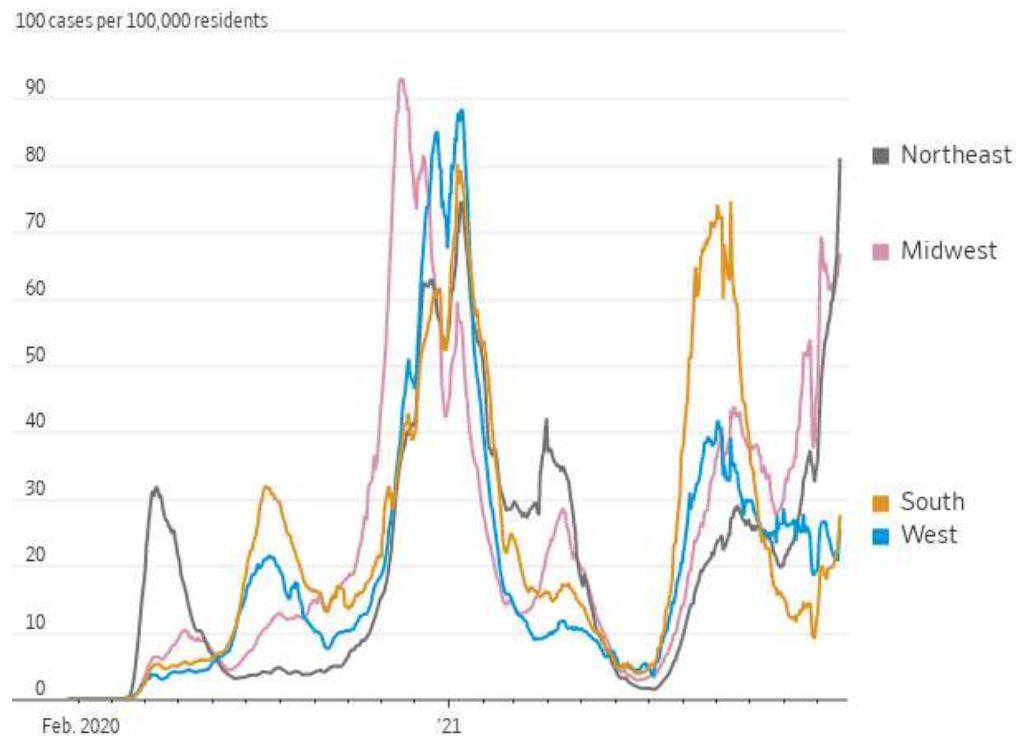
Source: Labor Department

# Qualified Job Applicants





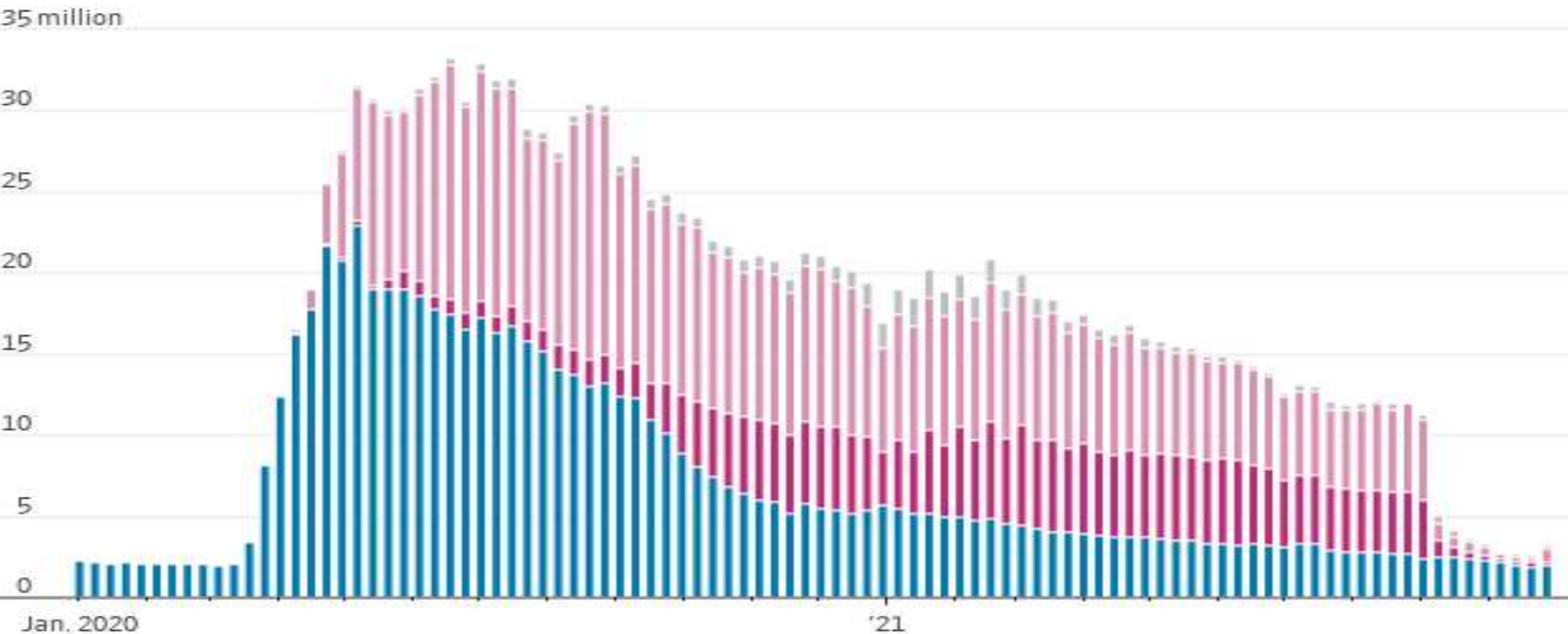
### Regional Covid-19 case rates, 7-day average



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

### Number of continuing unemployment benefit claims, by program

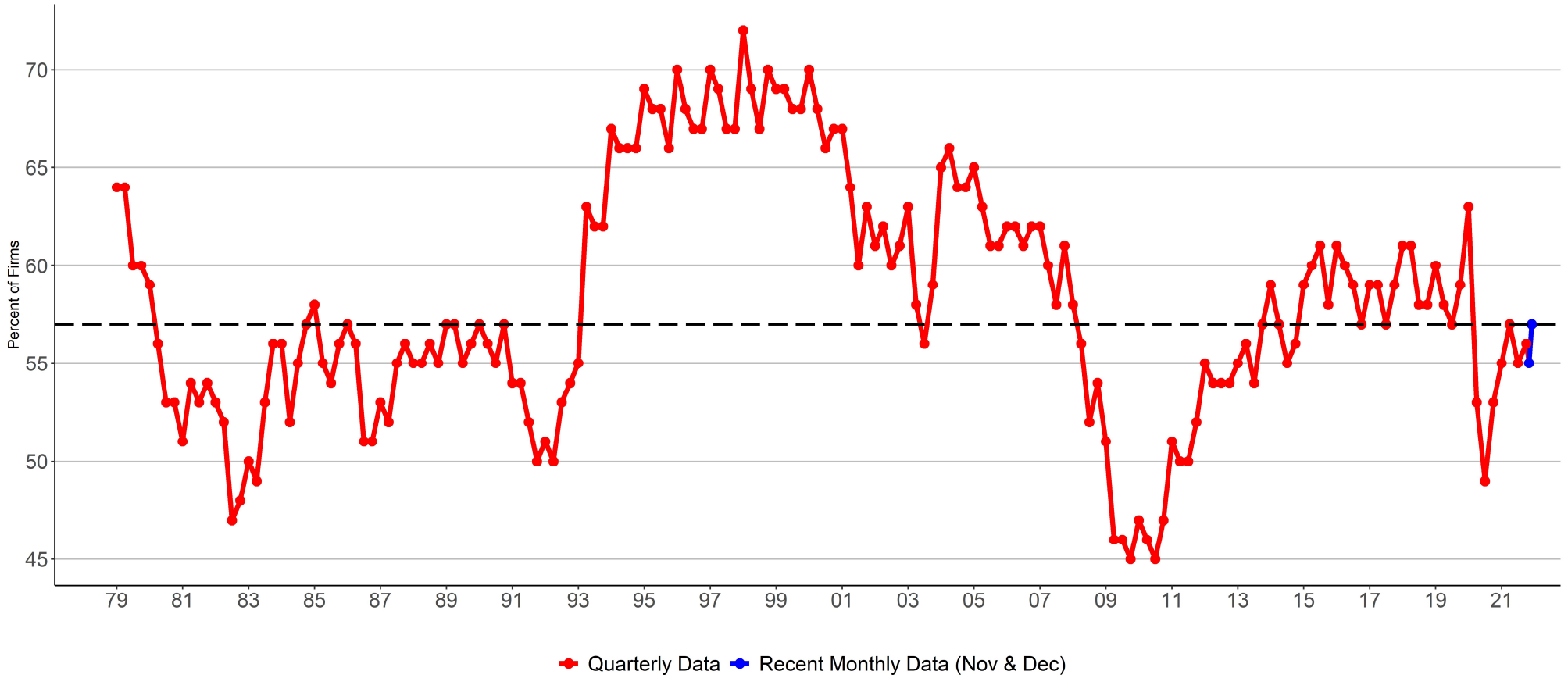
- Regular state programs
- Pandemic assistance\*
- Pandemic extended benefits\*\*
- Other



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

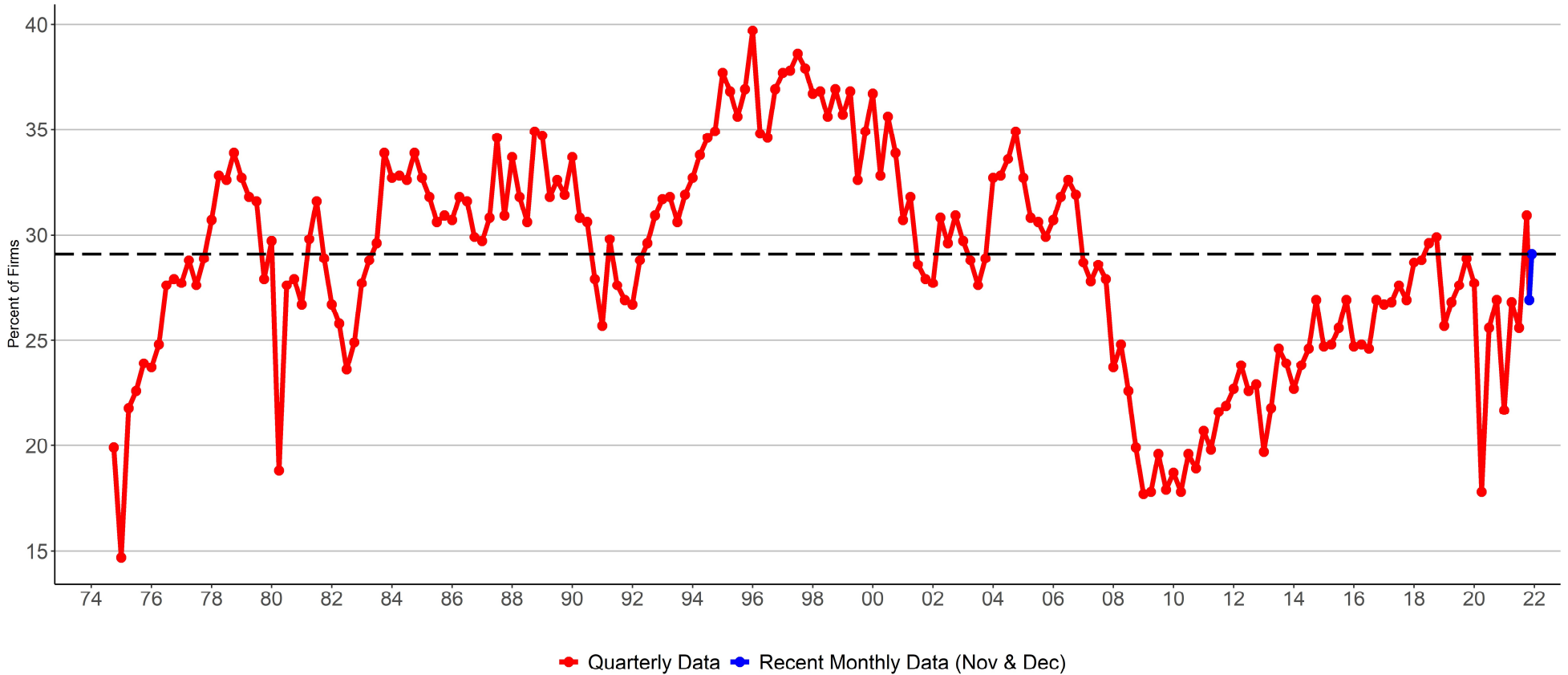
# Actual Capital Outlays

Percent Making a Capital Expenditure During the Last Six Months



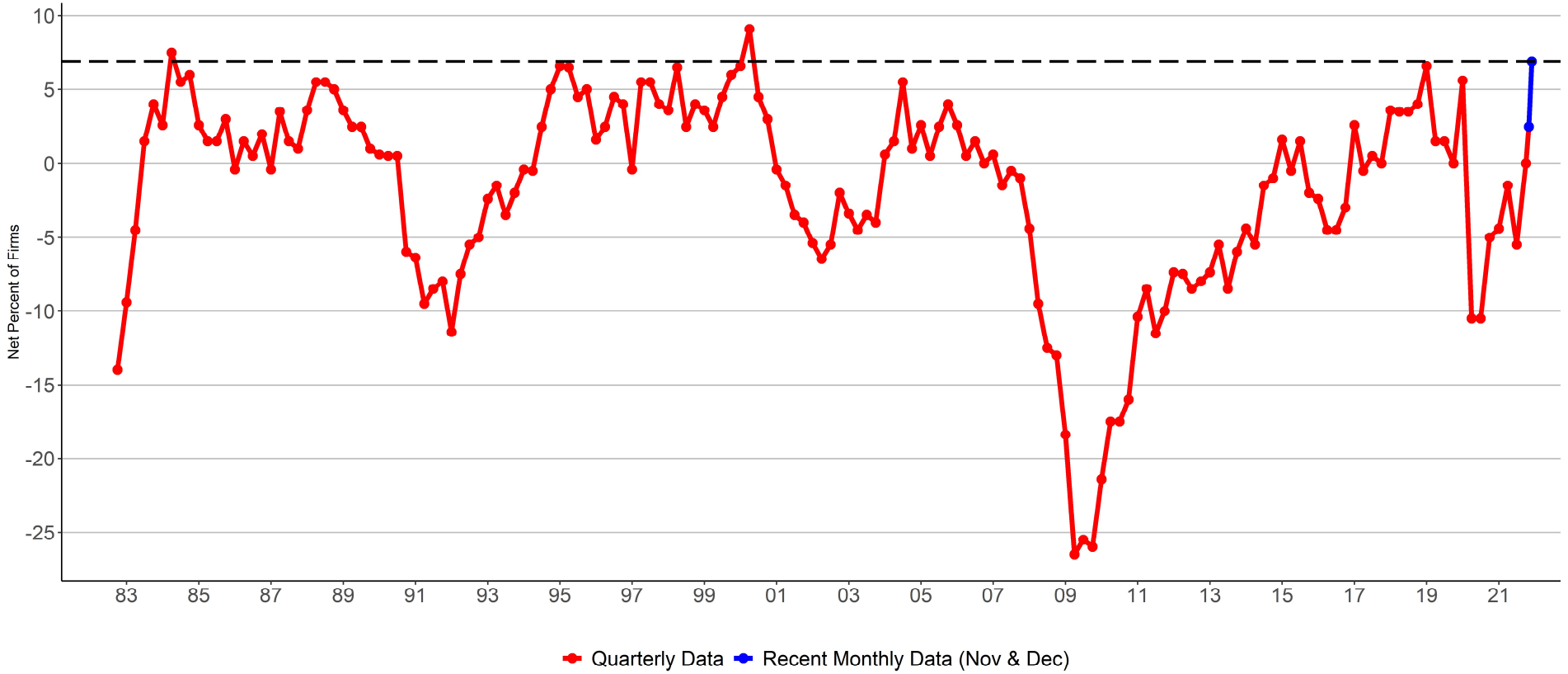
# Planned Capital Outlays

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



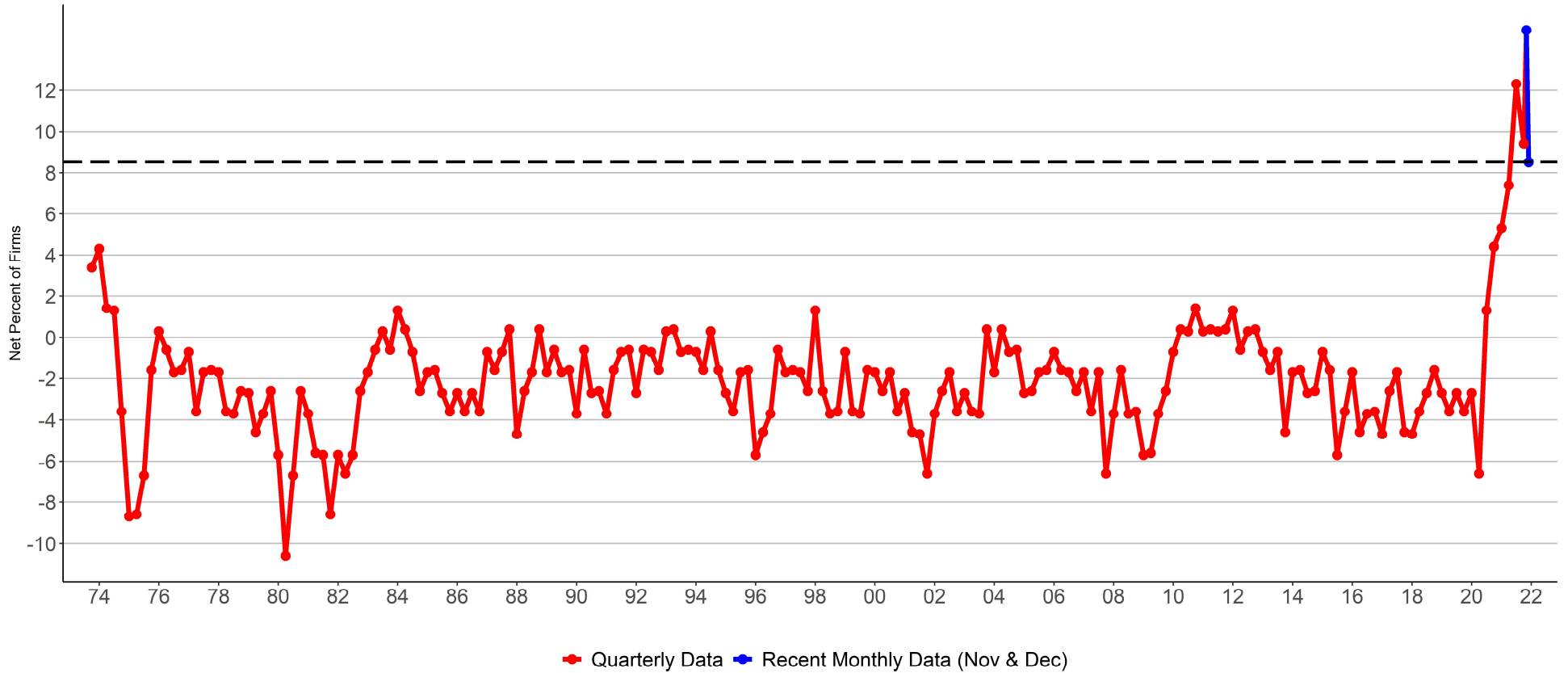
# Actual Change in Inventory

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



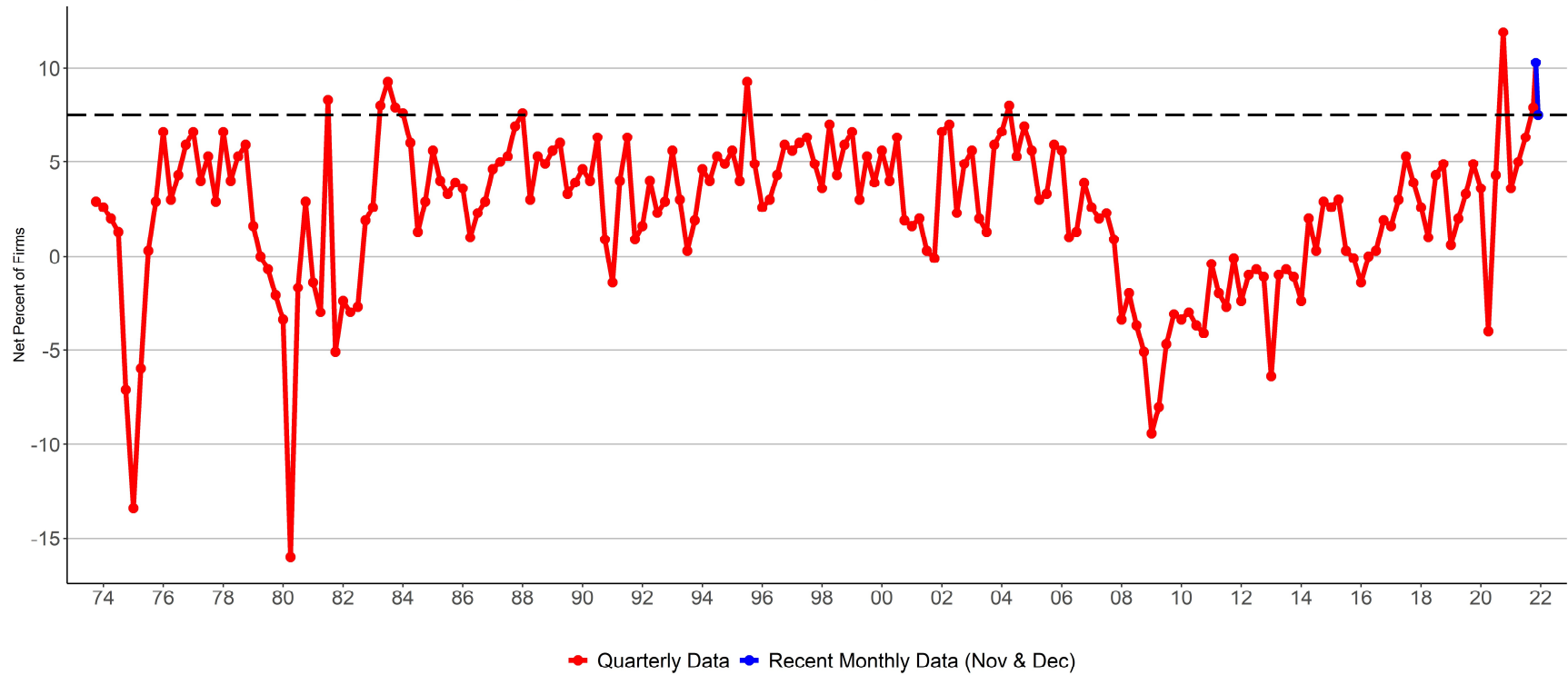
# Inventory Satisfaction

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

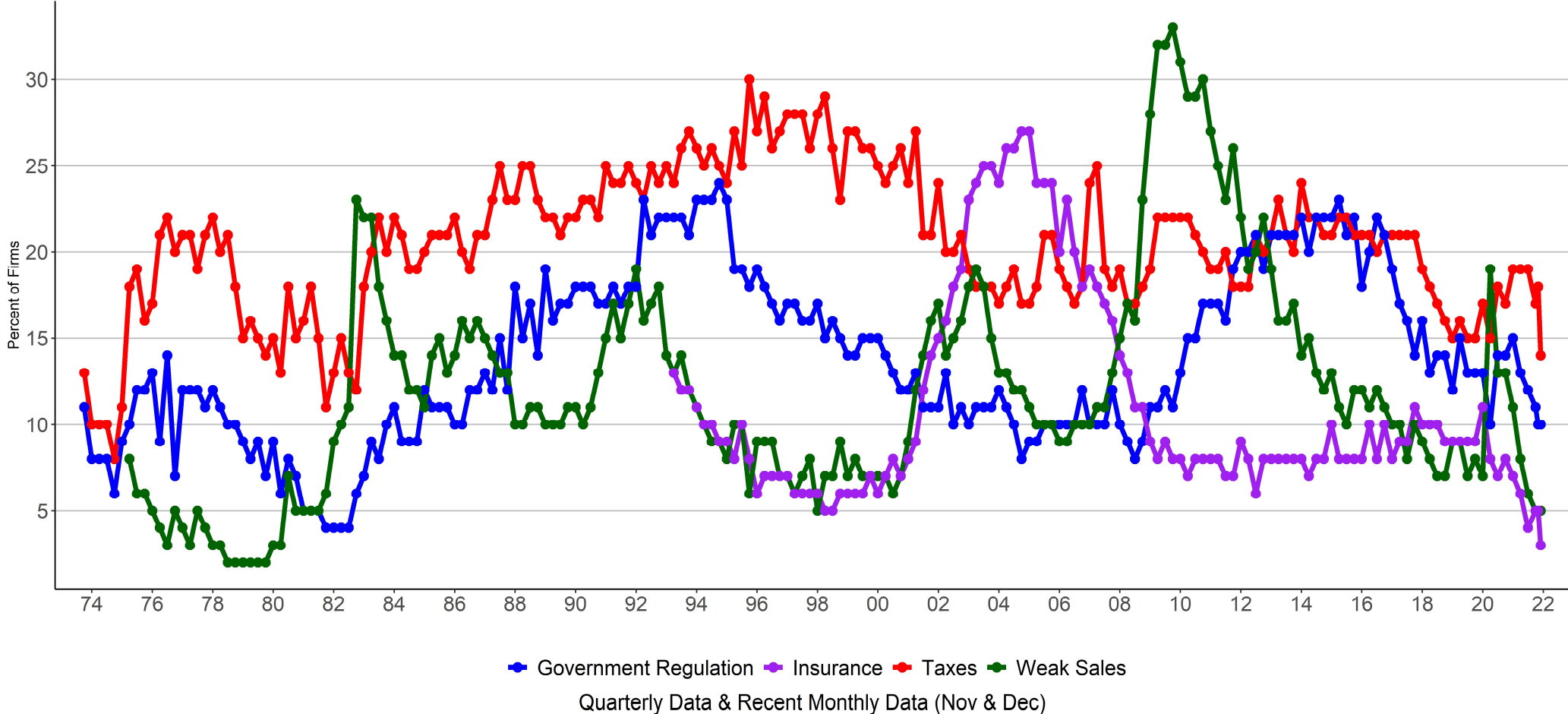


# Inventory Investment Plans

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

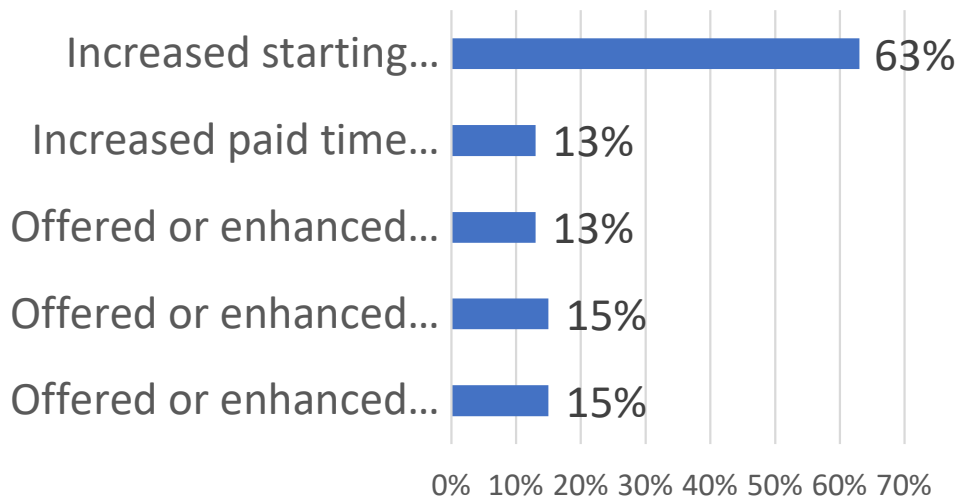


# Single Most Important Business Problem

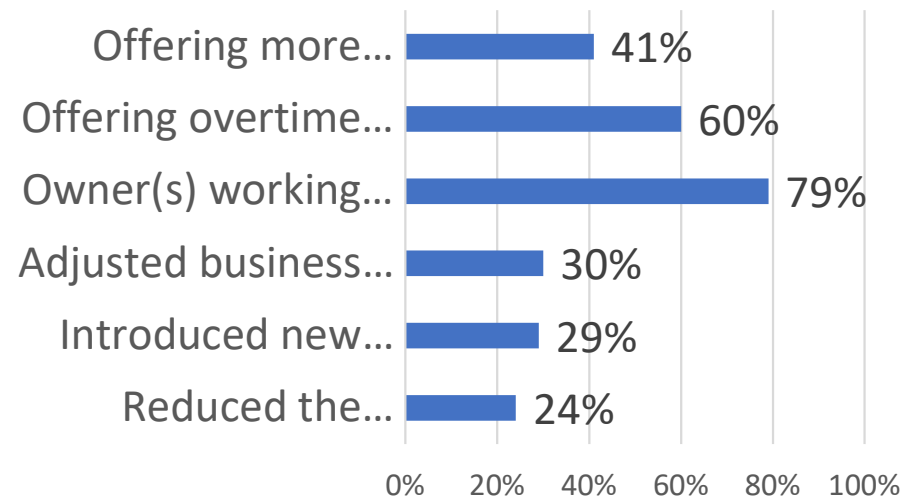




## What adjustments (beyond normal hiring practices) have you made to attract applicants for open positions?



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



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

## **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 month 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?**

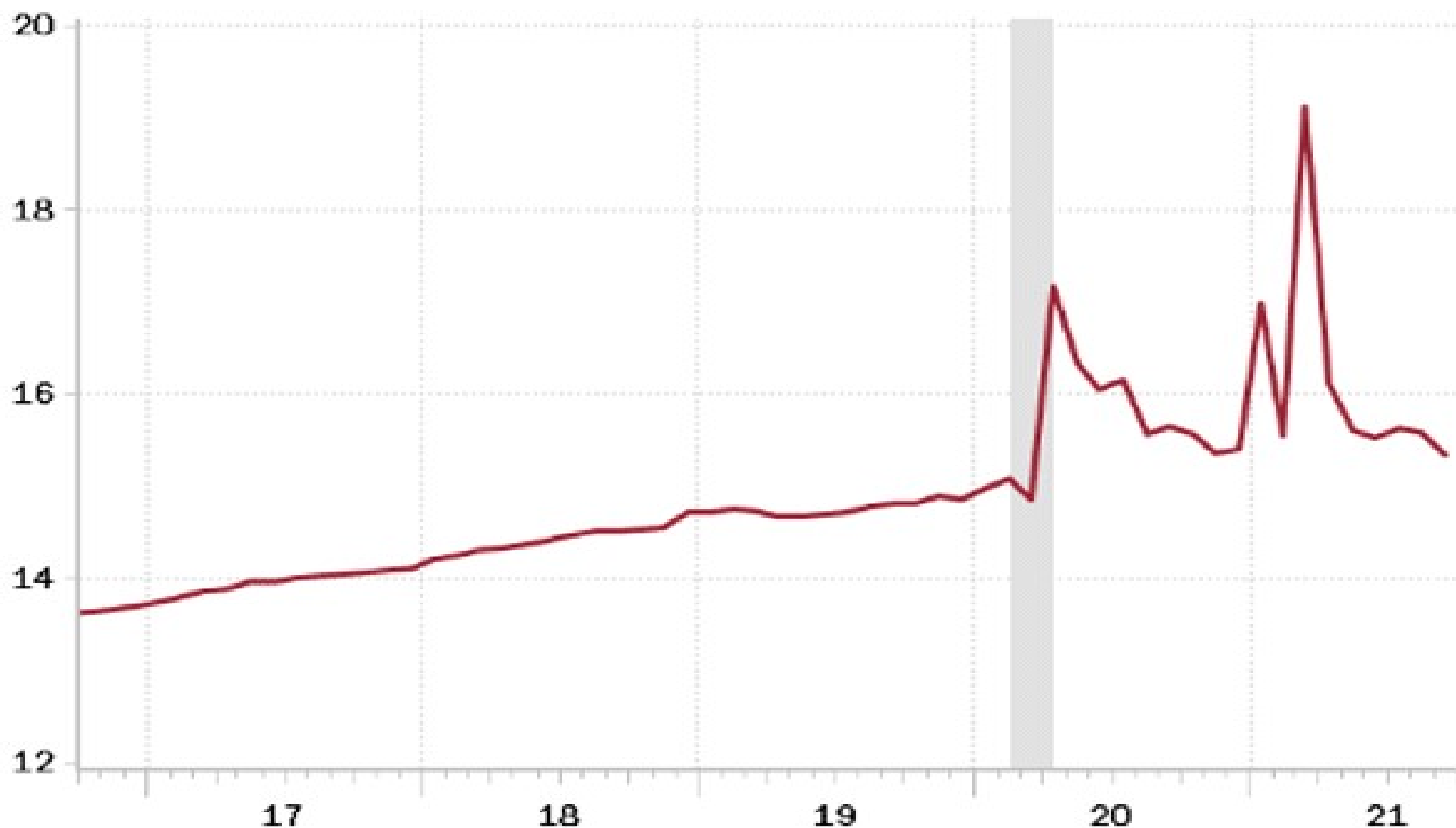
- 19% 1. Significant lost sales opportunities
- 30% 2. Moderate lost sales opportunities
- 30% 3. Mild sales lost sales opportunities
- 16% 4. No lost sales opportunities
- 4% 5. Does not apply

**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

# CHART 14: Real Disposable Personal Income

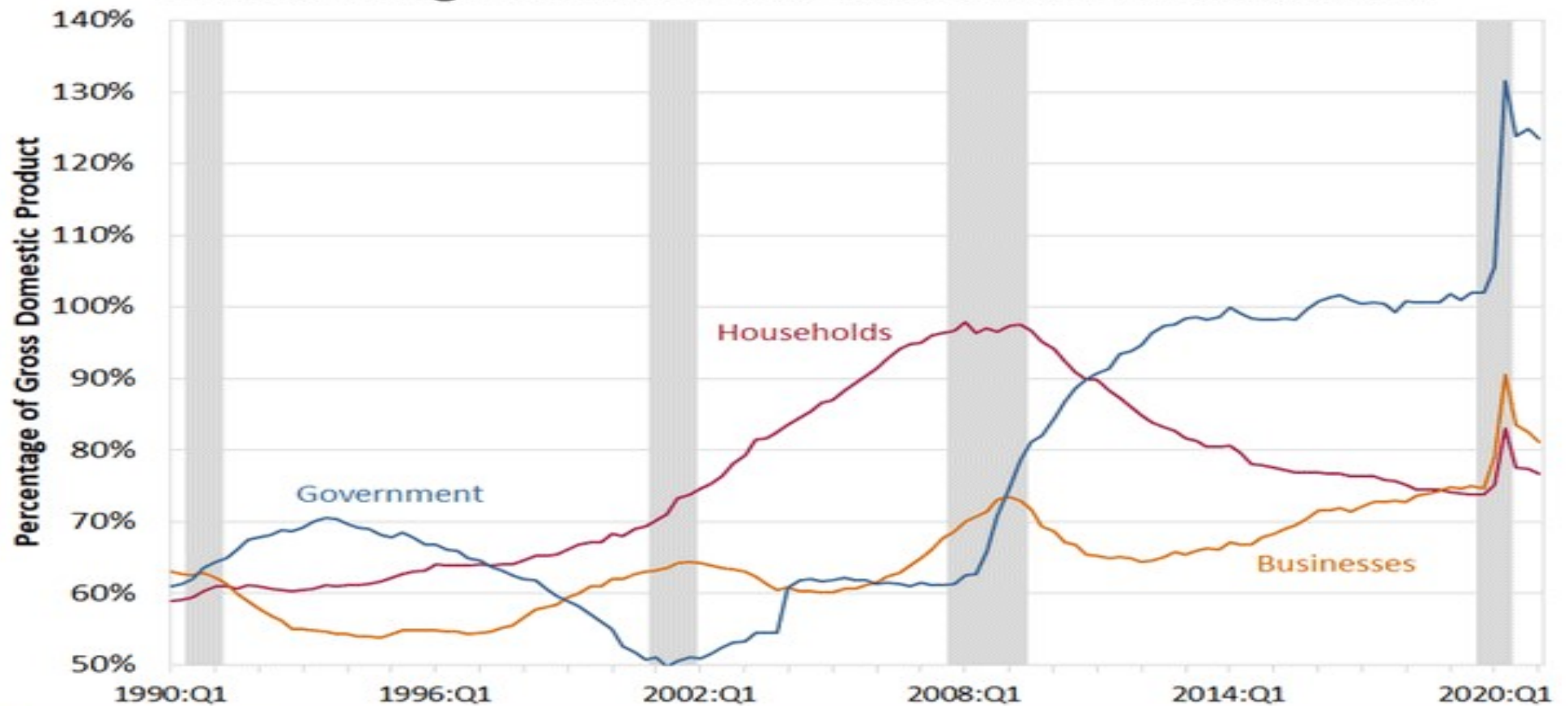
United States  
(\$ trillions; SAAR)



Shading indicates recession

Source: Haver Analytics, Rosenberg Research

## Outstanding Domestic Debt of the Nonfinancial Sector



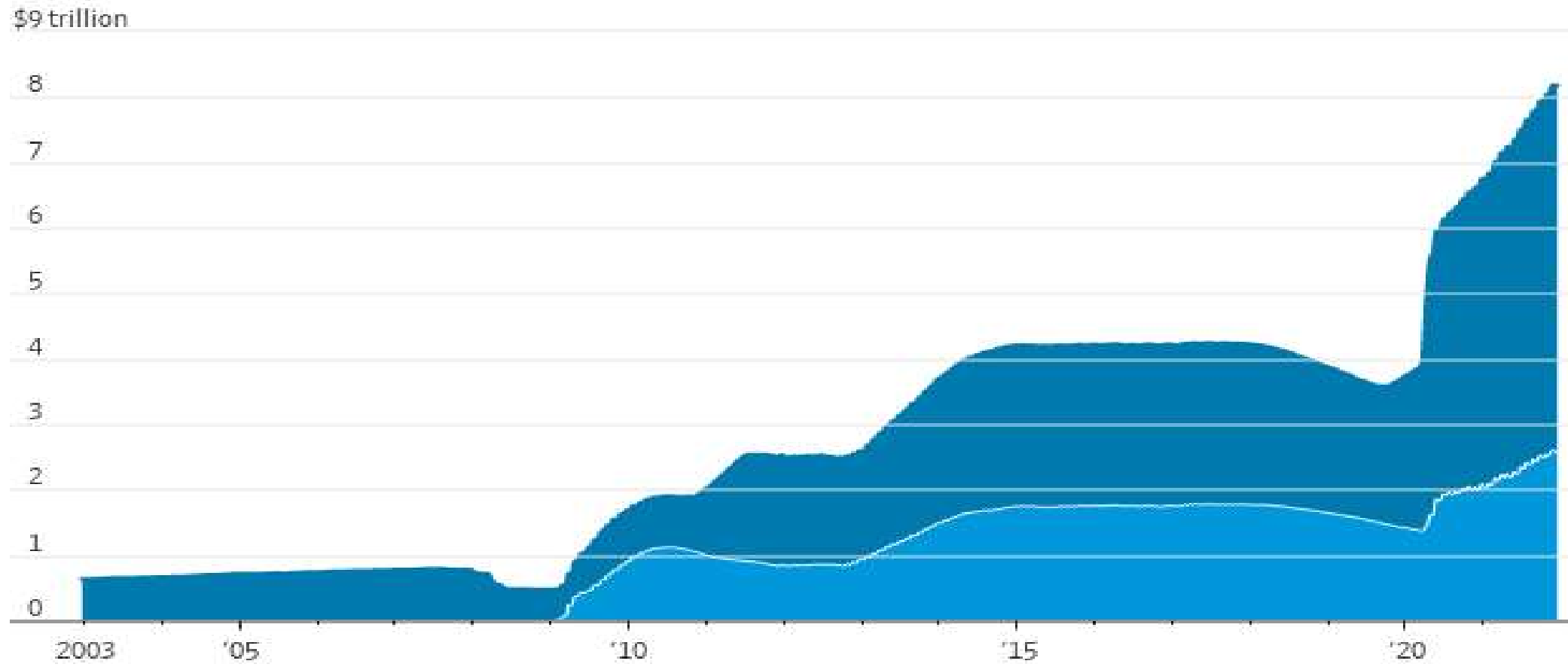
Federal Reserve Bank of St. Louis

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. Treasuries ■ Mortgage-backed securities



Source: Federal Reserve via the St. Louis Fed

## U.S. household savings

\$6 trillion

5

4

3

2

1

0

2000

'05

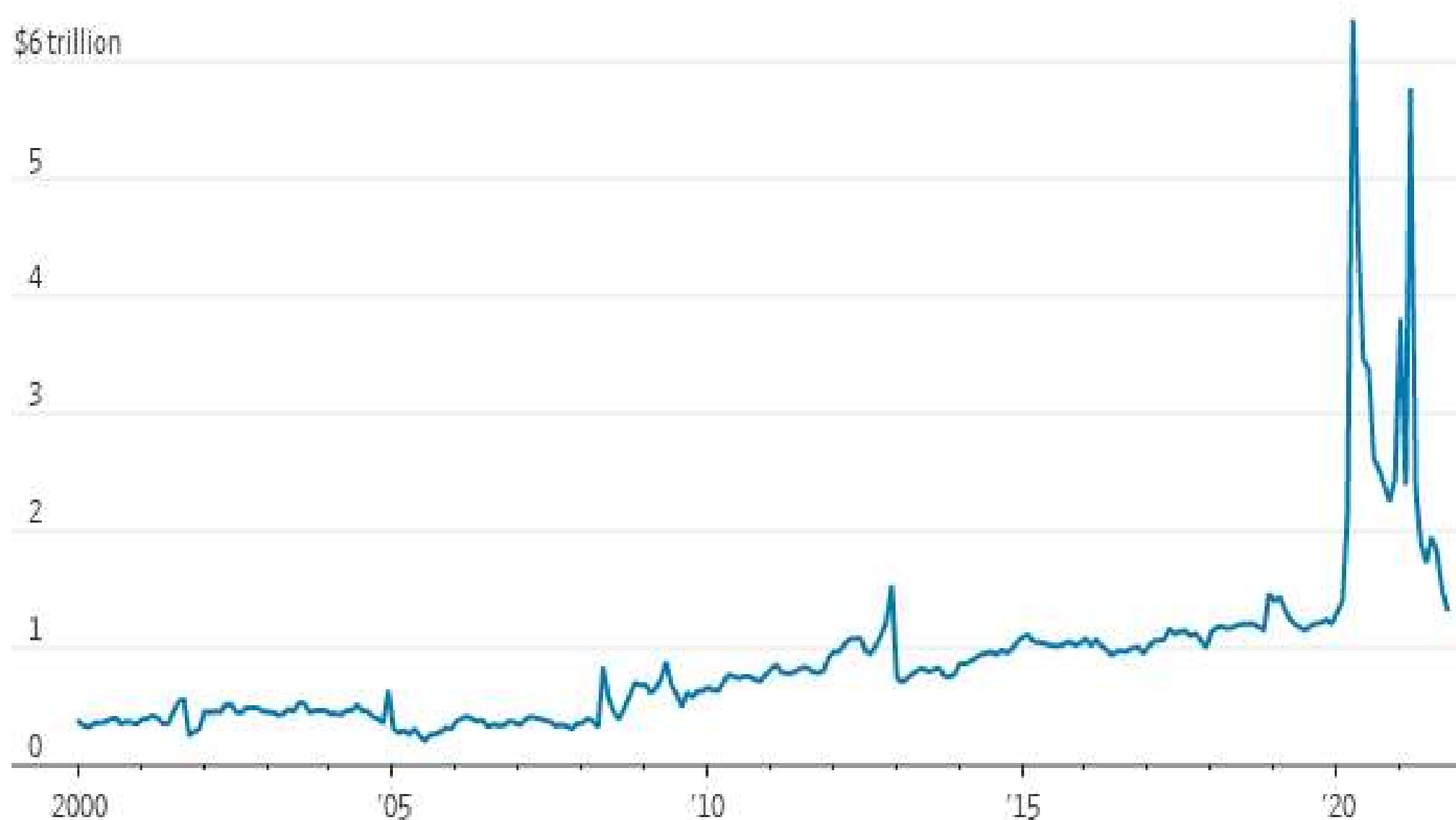
'10

'15

'20

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**