



Economics Group

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Small Business Optimism Continues Momentum

Small Business Optimism rose 0.7 points to 107.6 in February, the second-highest reading in series history. Capital spending and rising compensation were bright spots in the report and indicate growth.

Small Businesses Ready to Grow

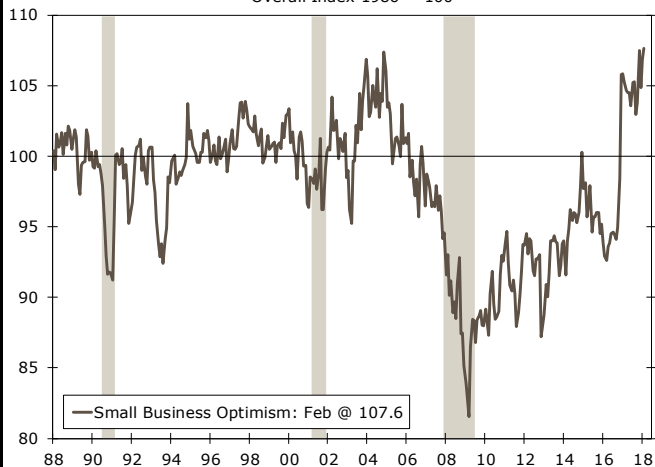
- The National Federation of Independent Business (NFIB) Small Business Optimism Index rose 0.7 points to 107.6 in February. Strength was seen broadly across components of the index.
- Capital spending outlays were reported by 66 percent of owners, the highest reading since 2004. Reports of increased compensation remained near a series high of 31 percent. These categories suggest owners are investing in their own growth.

Taxes vs. Quality of Labor

- The newly-enacted tax policy has eased the burden of taxes on small business owners. The percent of owners reporting taxes as the most important problem plummeted 4 points to 15, the lowest level since 2006, and is no longer the most pressing issue.
- Labor quality is now the largest issue for small business owners. The tight labor market has held back hiring. Difficulty finding and retaining quality workers has led to rising compensation.

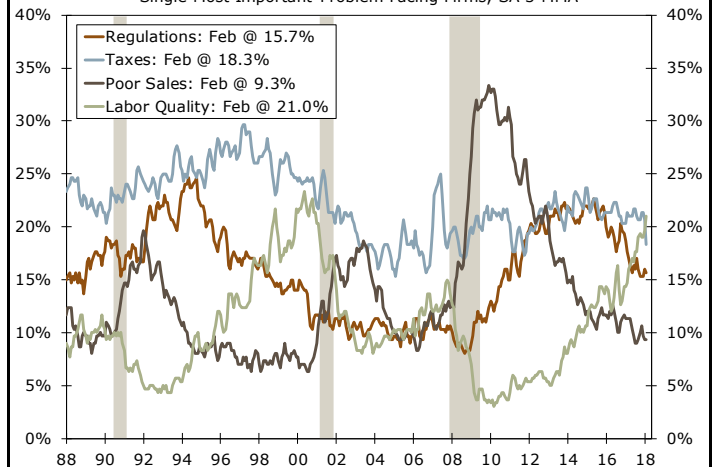
NFIB Small Business Optimism

Overall Index 1986 = 100



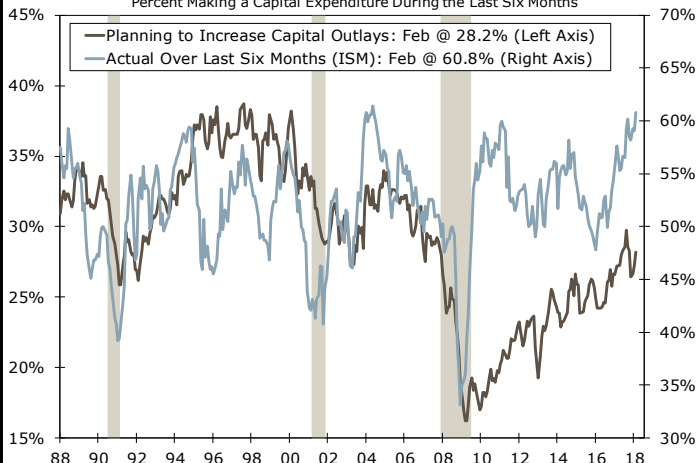
Small Business Important Problems

Single Most Important Problem Facing Firms, SA 3-MMA



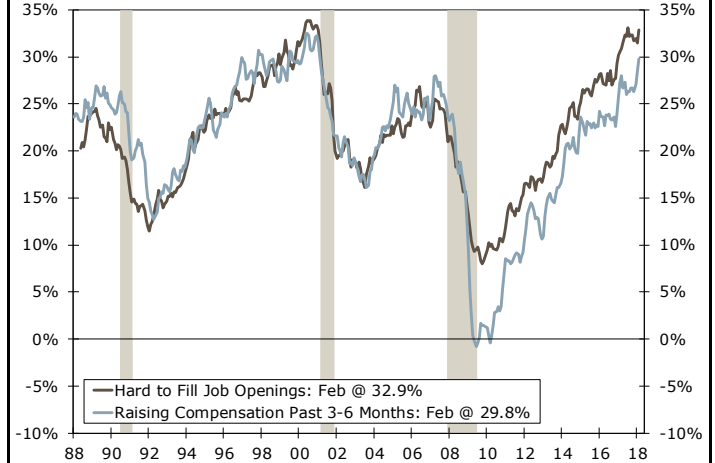
Small Business Capital Spending Outlook

Net Percent of Firms Planning to Increase Capital Spending, SA 3-MMA & Percent Making a Capital Expenditure During the Last Six Months



Small Business Hiring & Wages

Net Percent of Firms, SA 3-MMA



Source: National Federation of Independent Business, Institute for Supply Management and Wells Fargo Securities

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