



Economics Group

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Small Businesses Are Perking up...Slightly

The NFIB Small Business Optimism Index perked back up, rising 2.2 percent to 93.4 in March, although it is still below levels seen in December and January. Sales expectations saw a strong improvement.

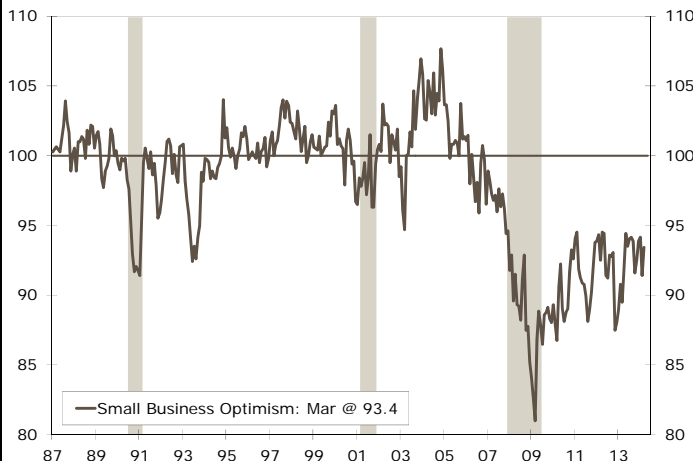
Labor Market Gains Firmly in Place

- “Plans to hire” declined, but remained in positive territory. For the third straight month, a net 22 percent of respondents reported that they had positions they were unable to fill, indicating that there is potential for more employment growth moving forward.
- In addition, wages appear to be improving, with a net 23 percent reporting higher worker compensation.

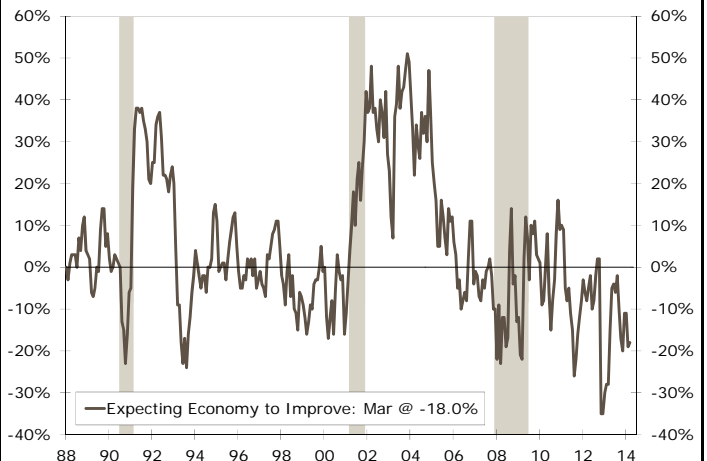
Optimism May Be Fleeting

- Although more respondents expect higher sales, fewer increased capital spending and a net negative share expect a better economy, which may indicate that small business owners see this gain as temporary.
- However, more respondents are planning to add to inventories and think that it is a good time to expand, which suggests that the drawdown of inventories may be a slow one.

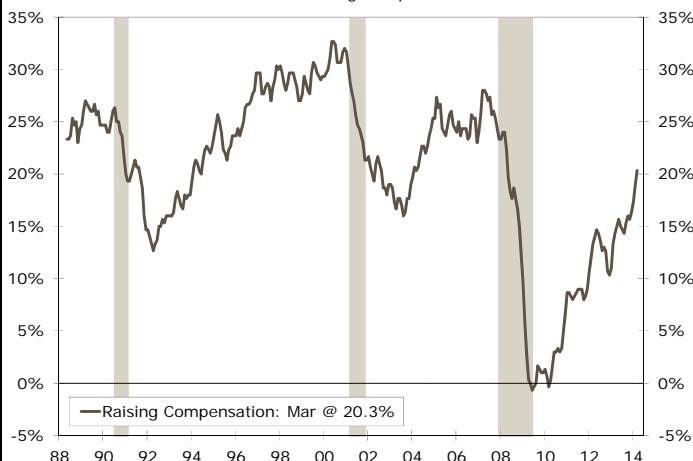
NFIB Small Business Optimism
Overall Index 1986 = 100



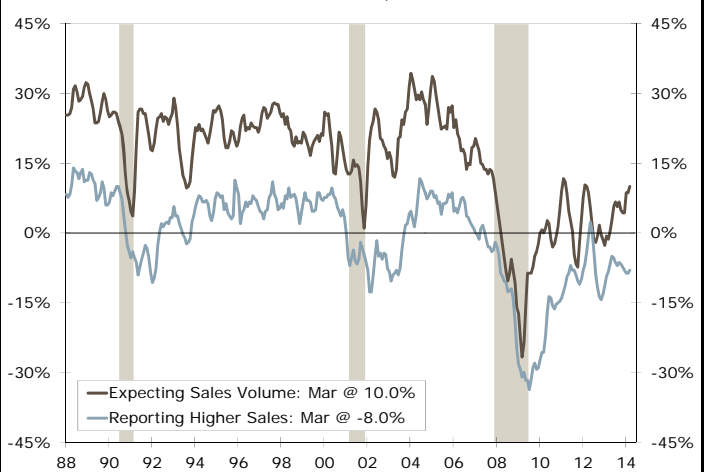
Firms Expecting Economy to Improve
Net % of Firms Expecting Economy to Improve Over the Next 6 Mo.



Small Business Wages
Net Percent of Firms Raising Compensation, SA 3-MMA



Small Business Actual Sales and Expected Sales
Net Percent of Firms, SA 3-MMA



Source: National Federation of Independent Business and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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