



Economics Group

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NFIB Small Business Optimism Rises in May

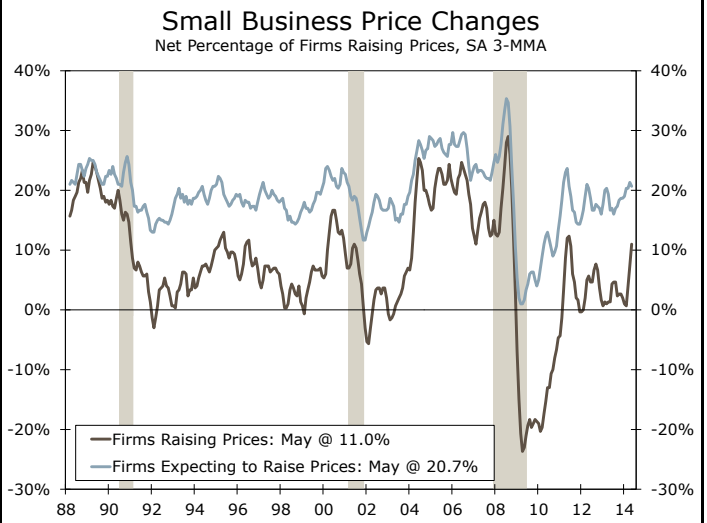
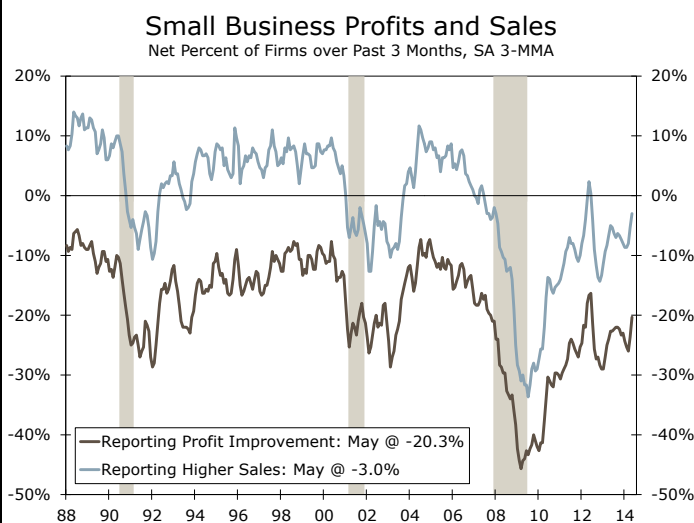
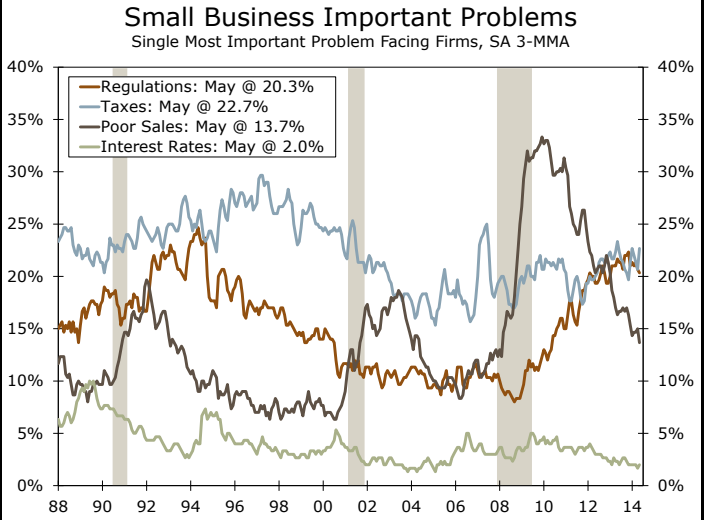
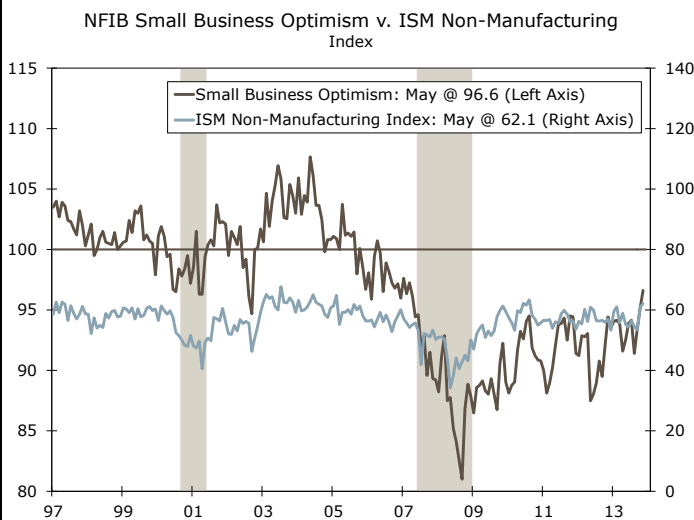
The NFIB's Small Business Optimism Index rose 1.4 points in May, with most of the gain coming from a rise in expectations for future economic conditions and sales. Most measures of current activity were little changed.

Confidence Rises to a New Cycle High

- May's 1.4-point rise in Small Business Optimism brought the index to a new high for this cycle. The small business confidence index remains well below previous cycles, however, and also trails confidence measures of larger businesses.
- The share of businesses reporting better sales during the past three months rose 1 point to -1, meaning that slightly more businesses report lower sales than higher sales.

Regulatory Burdens Remain Weighty

- Small businesses continue to be weighed down by taxes and regulatory burdens. The impact is much greater for small business because these costs are spread across a smaller base and are more directly borne by the business owners.
- Measures of labor force slack and inflation also appear to be more acute at the small business level, with more firms raising prices and many reporting difficulty finding skilled workers.



Source: NFIB, Institute for Supply Management and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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