



Economics Group

Mark Vitner, Senior Economist
mark.vitner@wellsfargo.com • (704) 410-3277
Michael T. Wolf, Economist
michael.t.wolf@wellsfargo.com • (704) 410-3286

The NFIB Rebounds Modestly in July

The NFIB Small Business Optimism Index increased to 95.7 in July after slipping to 95.0 in June. The gain was not enough to reach the level seen in May, and optimism remains well below prerecession levels.

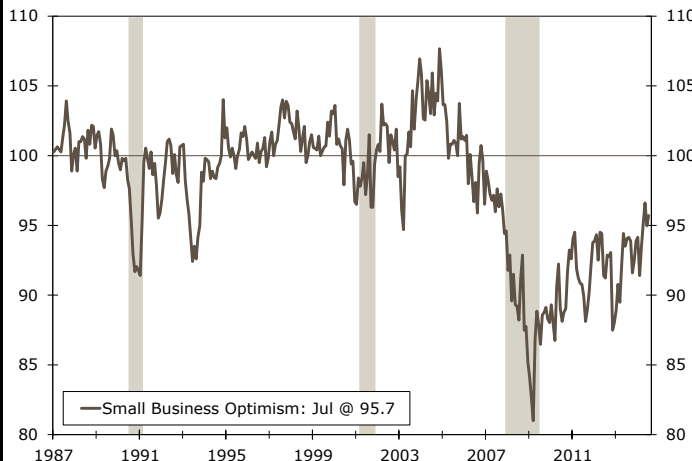
Right Direction, But Still Far to Go

- Only three of the subcomponents pulled back in July (current job openings, current inventory and real sales expectations), while the earnings trend stayed neutral and the remaining six components moved higher.
- Expectations for the economy gained the most, rising four points, although the net share of respondents expecting improvement was still -6 percent.

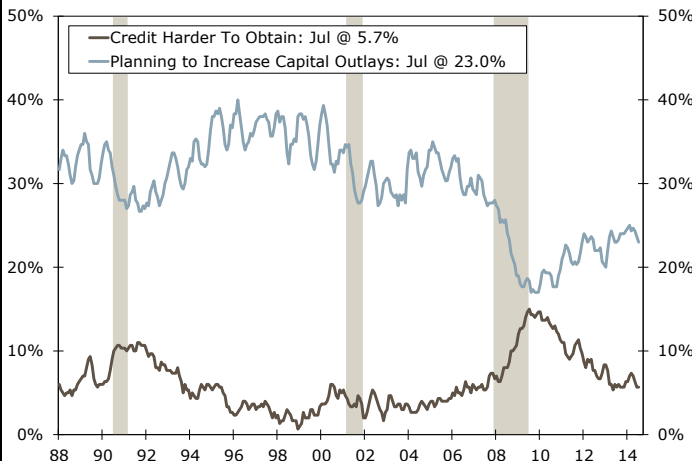
More Credit, More Inflation

- Credit conditions appear to be improving for small businesses, although planned capital outlays remain relatively sluggish. The share saying it is a good time to expand picked up 3 percentage points but remains at a relatively low 10 percent.
- The net percent reporting a compensation change in the past three months held steady in July but has seen a dramatic rise over the past year, which may signal inflationary pressures.

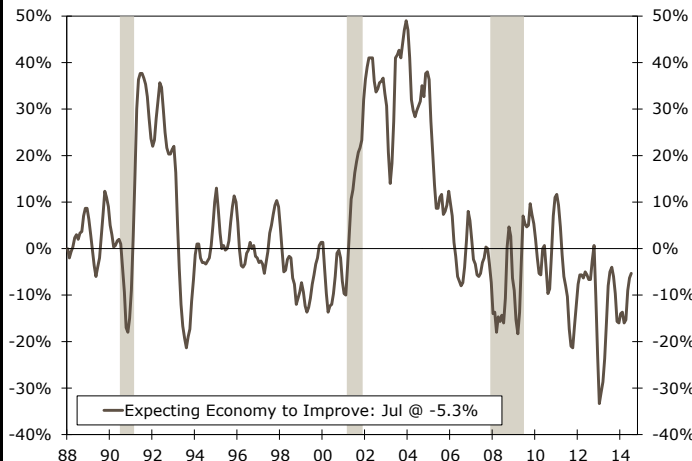
NFIB Small Business Optimism
Overall Index 1986 = 100



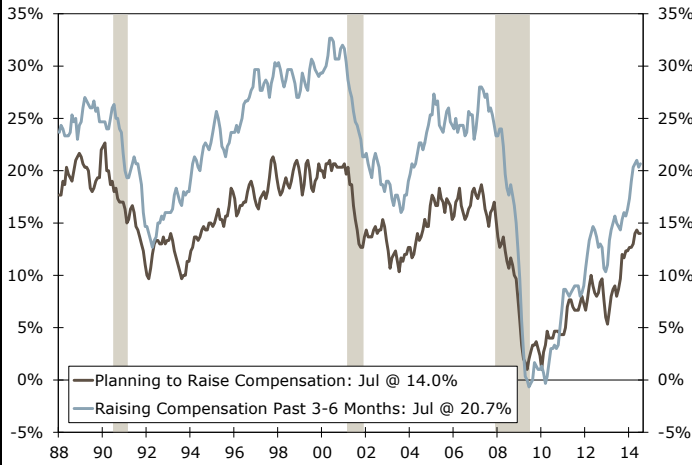
Small Bus. Credit & Capital Investment
Net Percent of Firms, SA 3-MMA



Small Business Economic Outlook
Net Percent of Firms Expecting Economy to Improve, SA 3-MMA



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



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

Wells Fargo Securities, LLC Economics Group

Diane Schumaker-Krieg	Global Head of Research, Economics & Strategy	(704) 410-1801 (212) 214-5070	diane.schumaker@wellsfargo.com
John E. Silvia, Ph.D.	Chief Economist	(704) 410-3275	john.silvia@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Jay H. Bryson, Ph.D.	Global Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Currency Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Eugenio J. Alemán, Ph.D.	Senior Economist	(704) 410-3273	eugenio.j.aleman@wellsfargo.com
Anika R. Khan	Senior Economist	(704) 410-3271	anika.khan@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 410-3270	azhar.iqbal@wellsfargo.com
Tim Quinlan	Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Eric Viloría, CFA	Currency Strategist	(212) 214-5637	eric.viloria@wellsfargo.com
Sarah Watt House	Economist	(704) 410-3282	sarah.house@wellsfargo.com
Michael A. Brown	Economist	(704) 410-3278	michael.a.brown@wellsfargo.com
Michael T. Wolf	Economist	(704) 410-3286	michael.t.wolf@wellsfargo.com
Zachary Griffiths	Economic Analyst	(704) 410-3284	zachary.griffiths@wellsfargo.com
Mackenzie Miller	Economic Analyst	(704) 410-3358	mackenzie.miller@wellsfargo.com
Donna LaFleur	Executive Assistant	(704) 410-3279	donna.lafleur@wellsfargo.com
Cyndi Burris	Senior Admin. Assistant	(704) 410-3272	cyndi.burris@wellsfargo.com

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