



Economics Group

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Small Business Optimism Rebounded in April

The National Federation of Independent Business Small Business Optimism index rebounded to 96.9, though it was not enough to make up for March's loss. Only one subcomponent, expected real sales, fell in the month.

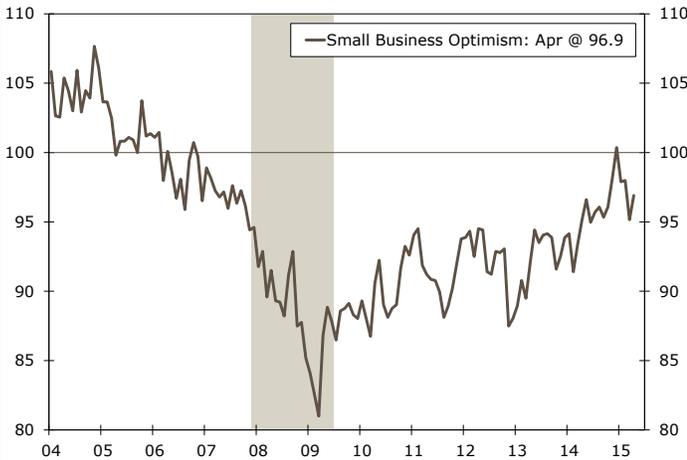
More Evidence of Transitory Effects in Q1

- The share of small business owners that expect to make capital outlays in the next 3 to 6 months increased 2 percentage points to 26 percent in April. This share is still below historical norms, but the improvement points to businesses' resilience in the face of a stronger dollar and ongoing weakness in the energy sector. Small businesses are likely feeling more optimistic thanks to the 6 point gain in the earnings trend component.

More Wage Growth on the Horizon

- Labor market growth should continue in Q2. We already know that hiring held up in April, but small business plans to hire in the next three months also ticked upward in April.
- The net percent of firms that reported plans to raise compensation grew 1 percentage point in April. More firms are having difficulty filling positions, which should apply more upward pressure on wages.

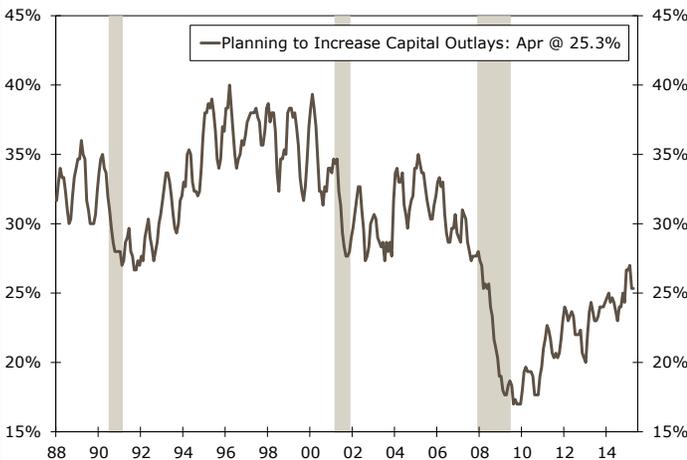
NFIB Small Business Optimism
 Overall Index 1986 = 100



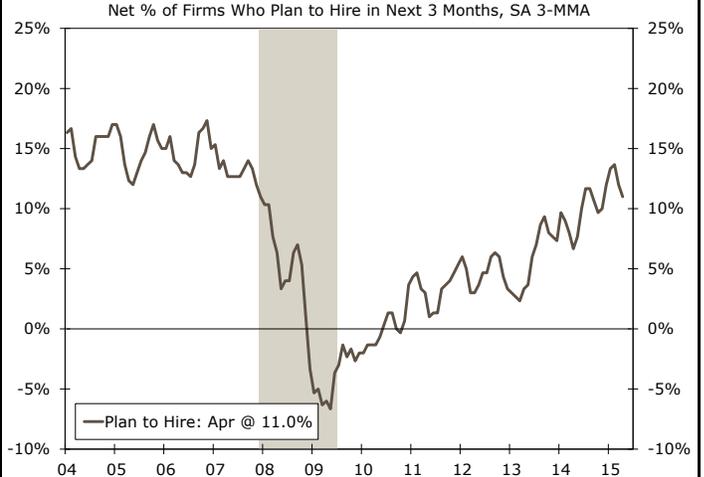
Small Business Wages
 Net Percent of Firms, SA 3-MMA



Small Business Capital Spending Outlook
 Net Percent of Firms Planning to Increase Capital Spending, SA 3-MMA



Small Business Hiring Plans



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

Wells Fargo Securities, LLC Economics Group

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