

Small Business Optimism (March)

- The NFIB small business optimism index fell to 89.6 in March (the lowest since early 1980) from 92.9 in February. The net percentage of firms planning to expand declined to 5% from 8% in the prior month.
- The percentage of small firms planning to increase employment plunged to 3% in March from 11% in February, while 19% of firms reported jobs as being “hard to fill,” down from 20% in February. The net percentage of firms raising worker compensation rose to 24% from 23%.
- The net percentage of firms raising selling prices jumped to 18% in March from 13% in February, while the percentage of firms planning to raise prices increased to 29% from 22%.
- 7% of small firms reported that credit was harder to get, up from 5% in February.

	<u>Mar</u>	<u>Feb</u>	<u>Jan</u>	<u>08Q1</u> <u>avg</u>	<u>07Q4</u> <u>avg</u>	<u>3-mo</u> <u>ago</u>	<u>12-mo</u> <u>ago</u>
Overall Index	89.6	92.9	91.8	91.4	95.1	94.6	97.3
Firms planning to expand	5.0	8.0	9.0	7.3	13.7	14.0	12.0
Firms reporting higher sales	-11.0	-8.0	-7.0	-8.7	-2.0	1.0	0.0
Expecting economy to improve	-23.0	-9.0	-22.0	-18.0	-7.3	-10.0	-7.0
Firms planning to hire	3.0	11.0	9.0	7.7	11.0	11.0	12.0
Available job openings	19.0	20.0	24.0	21.0	20.7	21.0	26.0
Firms raising selling prices	18.0	13.0	8.0	13.0	15.0	16.0	15.0
Firms planning to raise prices	29.0	22.0	26.0	25.7	24.7	26.0	22.0
Firms raising worker compensation	24.0	23.0	25.0	24.0	23.3	24.0	28.0

BOTTOM LINE: This report has a strong stagflationary feel to it. Small business optimism has plunged to levels not seen since the recession in 1980, while the balance of firms both raising prices and planning to raise prices increased significantly at the end of the first quarter.

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