



Economics Group

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NFIB Small Business Optimism Falls in January

The Small Business Optimism Index fell unexpectedly to 97.9 in January, down 2.5 points. The underlying components, however, are pointing to continued improvement in the labor market.

Expectations Lead the Decline

- Although the decline in January gave back all of December's gains, the biggest decline was seen in expectations for a better economy, down 12 points to a net 0 percent. This is a volatile series and does not necessarily reflect current activity, but should be monitored to see if reduced optimism spills over into plans to expand. A net 13 percent of firms reported now is a good time to expand, down slightly from December's high.

Continued Improvement in Labor Market

- A net 14 percent of firms reported plans to hire in the next three months. Although this number is down slightly from December's post-recession high of 15 percent, it is still relatively strong and indicative of positive momentum in the labor market.
- A solid net 25 percent of firms reported higher compensation in January. Although the percent of firms planning to increase compensation softened, it is still fairly strong at a net 12 percent.

Firms Expecting Economy to Improve

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



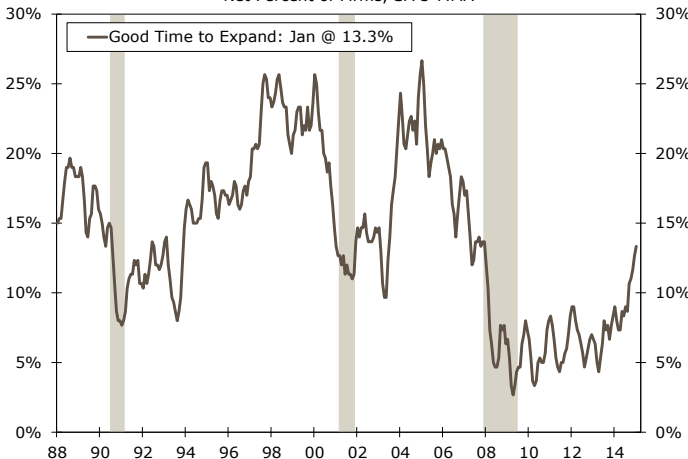
Small Business Hiring Plans

Net % of Firms Who Plan to Hire in Next 3 Months, SA 3-MMA



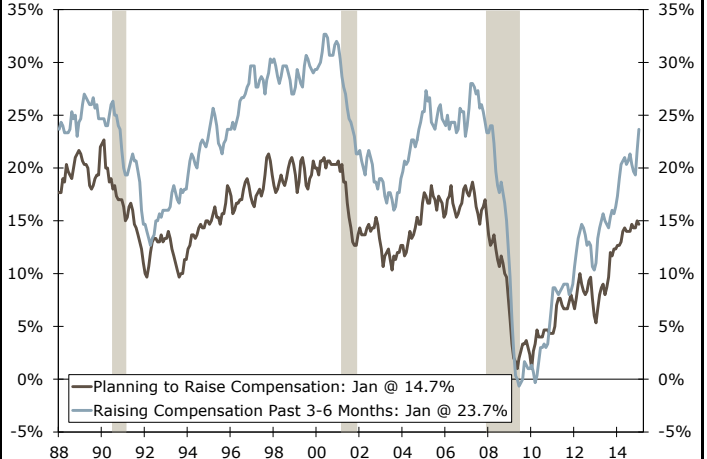
Small Business "Good Time to Expand"

Net Percent of Firms, SA 3-MMA



Small Business Wages

Net Percent of Firms, SA 3-MMA



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