

Small Business Trends

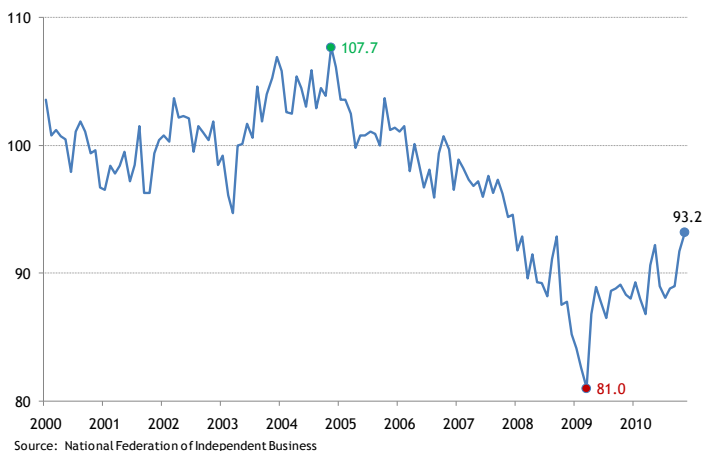
Policy & Supervisory Studies

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Small Business Optimism

- The Small Business Optimism Index gained 1.5 points in November, rising to 93.2. Though the Index continues to demonstrate positive momentum, it remains in recession rather than recovery territory.
- November not only experienced the tenth consecutive month of gains in employment growth, but also recorded the largest increase in three years. While not sufficient enough to lower the unemployment rate, this acceleration has contributed to a brighter outlook. The service-producing sector continued to post gains across all firm sizes, and the goods-producing sector experienced the first monthly increase since March 2007.

Small Business Optimism Index (SA, 1986=100)

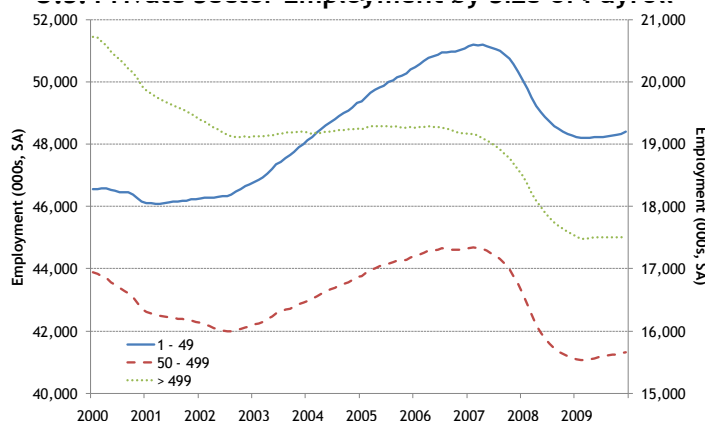


November 2010 Employment Trends

		Level	Share of	Growth	
		(000s, SA)	Sector	M-t-M	Y-o-Y
Goods Producing		17,464	100%	0.08%	-2.0%
	Firm Size				
	1-49	6,367	36%	0.08%	-3.3%
	50-499	7,668	44%	0.17%	-0.8%
> 499	3,429	20%	-0.12%	-2.2%	
Service Producing		89,755	100%	0.09%	0.7%
	Firm Size				
	1-49	42,024	47%	0.12%	0.8%
	50-499	33,648	37%	0.07%	0.7%
> 499	14,083	16%	0.04%	0.3%	

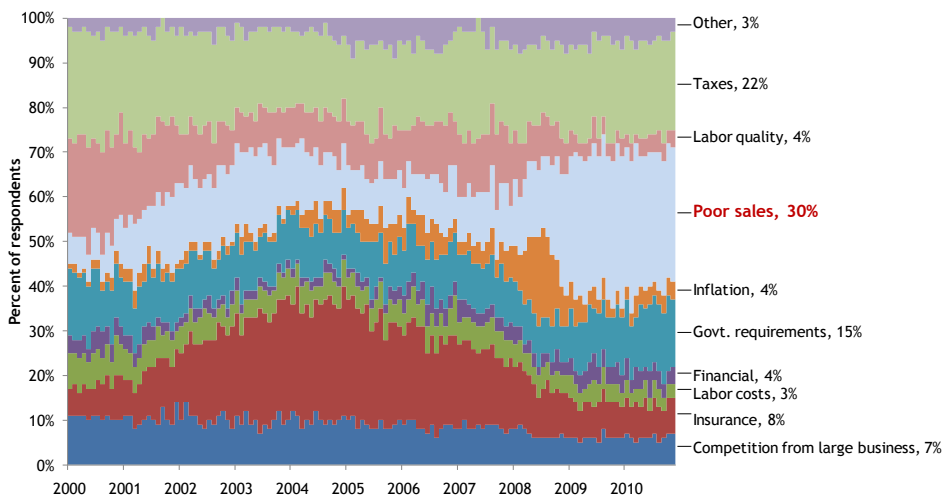
Source: ADP National Employment Report

U.S. Private Sector Employment by Size of Payroll



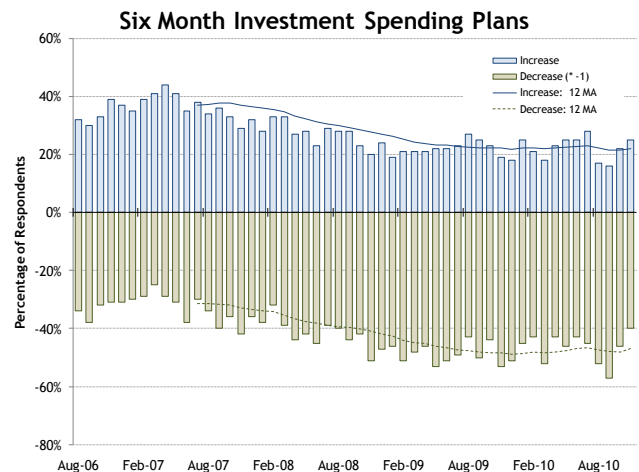
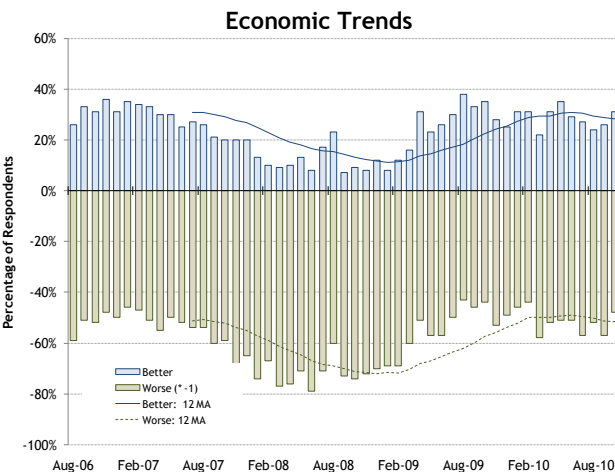
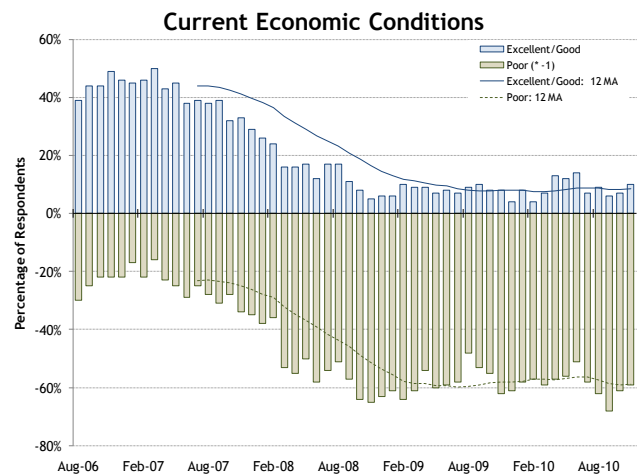
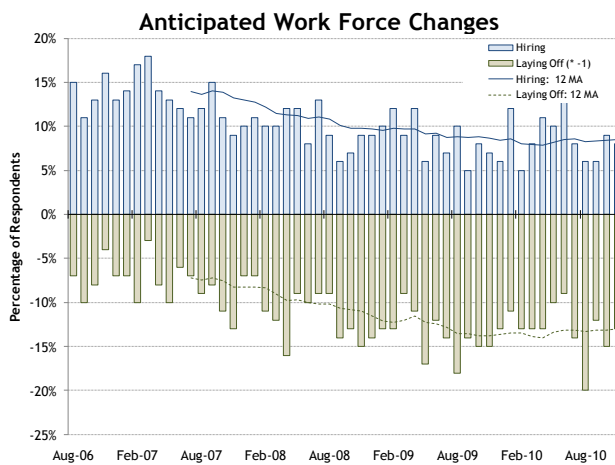
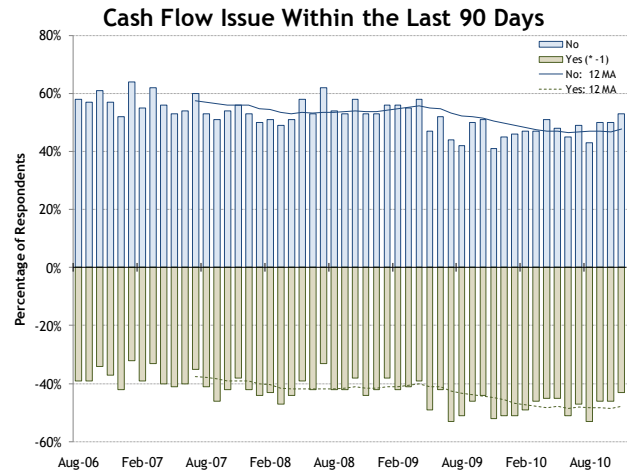
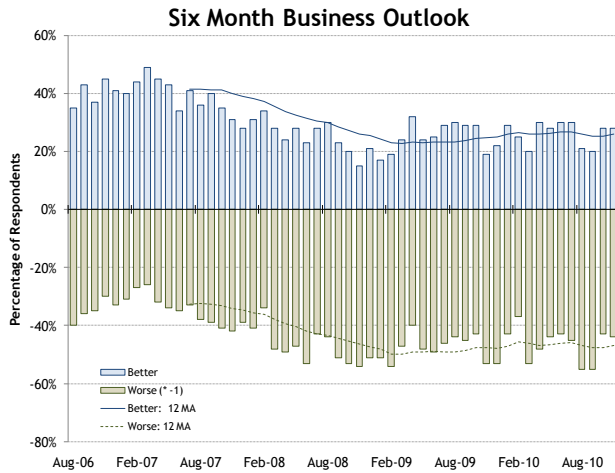
As in October, poor sales remained the most frequently cited problem for small businesses in November. Taxes and government requirements were heavily weighted concerns once again.

Single-most Important Problem for Small Business



Small Business Sentiment Strong in November

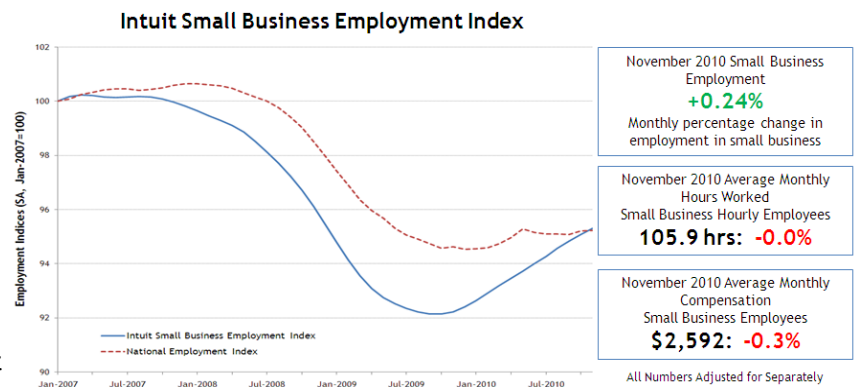
- The most recent Discover Small Business Watch survey showed that confidence continued to improve for the month of November. More and more small business owners are reporting that economic conditions for both their businesses and the entire country are getting better. However, 59 percent of respondents still rate the current economy as poor.
- The monthly index rose 3 points from October to November, the third consecutive monthly gain, up nearly 11 points over a year ago. Cash flow issues were at the lowest level reported in the past 17 months. Twenty-five percent of small business owners plan to increase business development spending in the next six months.



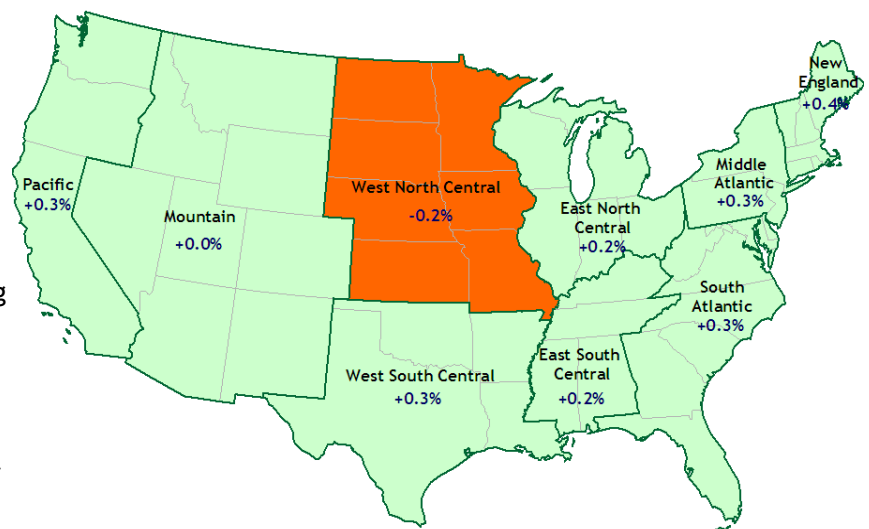
Source: Data from Rasmussen Reports LLC/Discover Small Business Watch mid-month surveys

Small Business Trends at Firms with Fewer Than 20 Employees

- According to Intuit, growth in small business employment continued for the month of November, with total compensation slightly down and hours worked remaining flat. Small business employment grew by 0.24 percent, which equates to a 3 percent annual growth rate and approximately 49,000 new jobs created nationwide. “Small businesses are hiring at a disproportionate rate right now... and are taking advantage of the soft labor market in a way that big businesses are not,” said Susan Woodward, an economist who helped create the Small Business Employment Index, as quoted in the press release.
- The West North Central Census Division was once again the only area to continue to experience employment declines in November. Most of the census divisions remained flat month-to-month. New England was actually the only region that grew. Though still demonstrating positive growth overall, the Mountain and East South Central regions experienced slight declines from October.
- Several states saw employment growth during the month of November: Massachusetts, 0.7 percent; Arizona, 0.5 percent; New Jersey, 0.5 percent; and Virginia, 0.5 percent. Both Massachusetts and Virginia were also among the states that observed the greatest increases in employment during the month of October.



Monthly Small Business Employment Growth (November 2010)

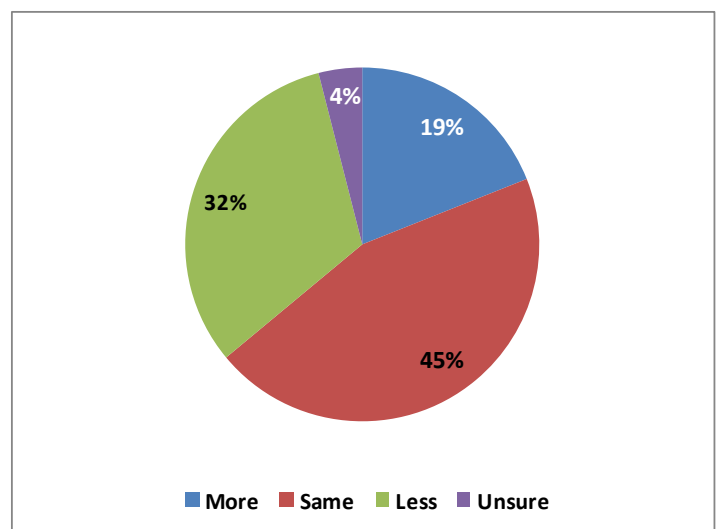


Source: Intuit press release, Nov. 30, 2010

Positive Holiday Season Expectations

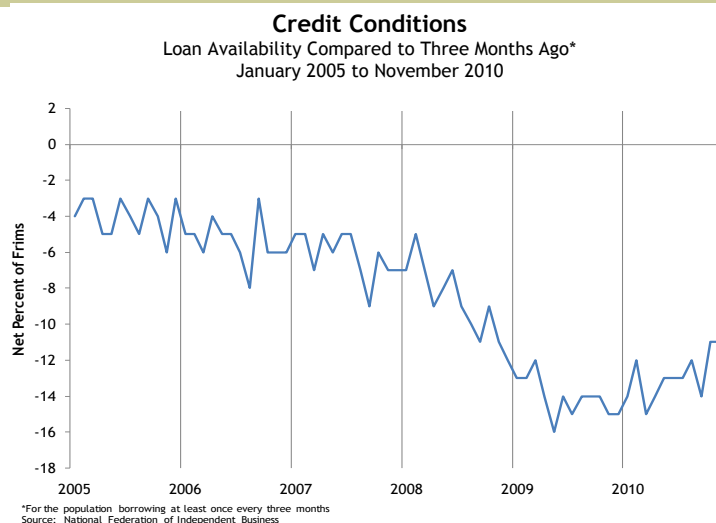
- Holiday season expectations for small business owners have continued to demonstrate a positive trend since 2008. Of those surveyed, 19 percent of respondents are expecting more business over last year. This number is up from 11 percent in 2009 and 9 percent in 2008. Of small business owners, 32 percent are expecting less business this year over last year—this figure is down from 46 percent in 2009—and 45 percent are figuring that business will be about the same.
- On a separate note, 24 percent of small business owners responded that they extend credit to their customers. When asked if, in the past three months, any of these customers have delayed a payment or have asked if they could delay a payment, 66 percent said yes, which is down 7 percent since 2009.

Holiday Season Business Expectations



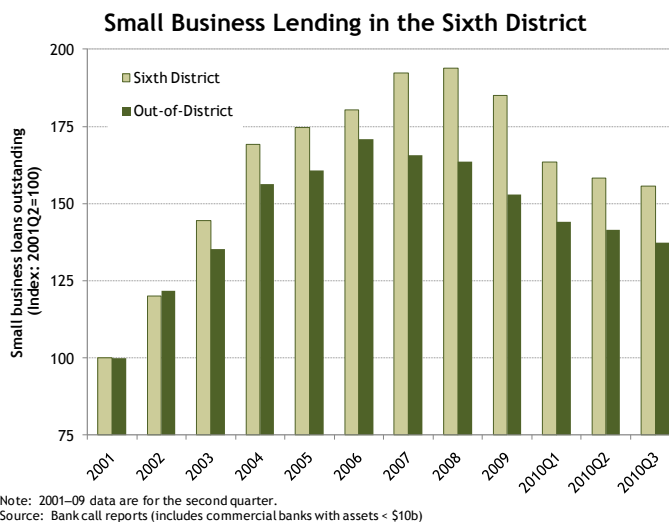
Small Business Credit Conditions

- For November, the National Federation of Independent Business (NFIB) reported that 91 percent of the small businesses surveyed felt that either their credit needs were met or they simply were not interested in borrowing. Only 9 percent thought that their credit needs were not satisfied. Furthermore, a record 53 percent stated that they did not even want a loan, and only 4 percent cited financing as their top business problem. Just 28 percent of all small business owners claimed that they borrowed on a regular basis.

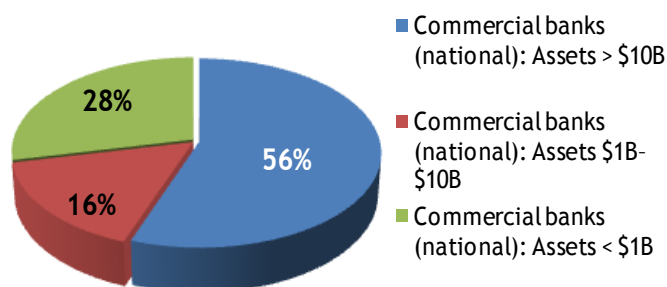


Sixth District Small Business Lending Continues Downward Trend

- Loans to small businesses continued to fall during the third quarter as the Southeast's business environment remained challenging.



Total Small Business Loans Extended by Asset Size



- The total number of small business loans that were extended declined approximately 6 percent over the quarter. Noting only marginal changes since the second quarter, commercial banks with assets greater than \$10B continued to extend over half of small business loans.

References

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