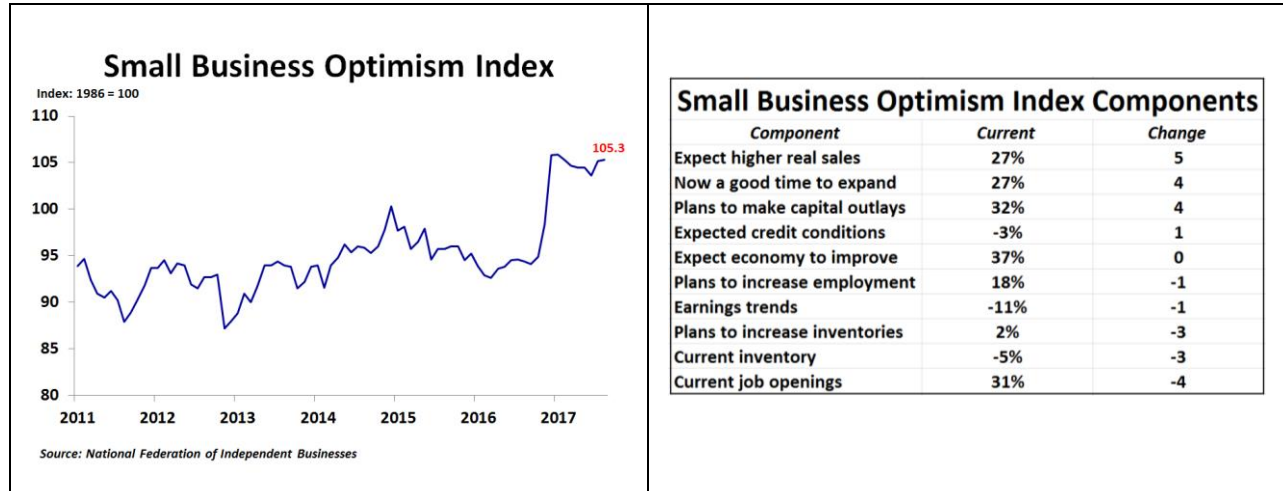




## August Small Business Optimism

Stronger sales expectations offset by a pullback in job openings



After a huge jump in December following the victory of Donald Trump, small business optimism faded a bit. It finally increased in July for the first time since January and inched up again in August.

In August, although respondents were the most optimistic about economic expectations, the biggest improvement from July came from sales expectations. Job openings saw the biggest drop.

### Single Most Important Problem

Problem	Current	Year Ago	Survey High	Survey Low
Taxes	20%	21%	32%	8%
Quality of labor	19%	8%	24%	3%
Regulations / red tape	16%	20%	27%	4%
Cost / availability of insurance	11%	5%	29%	4%
Poor sales	9%	11%	34%	2%
Large business competition	8%	15%	14%	4%
Cost of labor	7%	9%	9%	2%
Other	7%	5%	31%	1%
Financing / interest rates	2%	2%	37%	1%
Inflation	1%	2%	41%	0%

For many years the most important problems for small businesses have been high taxes and heavy regulations. Recently, regulations and quality of labor have been jockeying back and forth for the second biggest problem. Small businesses are grappling with the effects of a much tighter labor market. Labor quality generally becomes a more prominent problem near the end of business cycles. The percent of respondents saying labor quality is a problem is actually higher now than the peak reached before the previous recession and is getting very close to the levels seen right before the tech bust. Might we be getting close to a turning point? How much longer can this economic expansion last? It seems to be the Energizer Expansion...it takes a licking but keeps on ticking! Same with the stock market!