

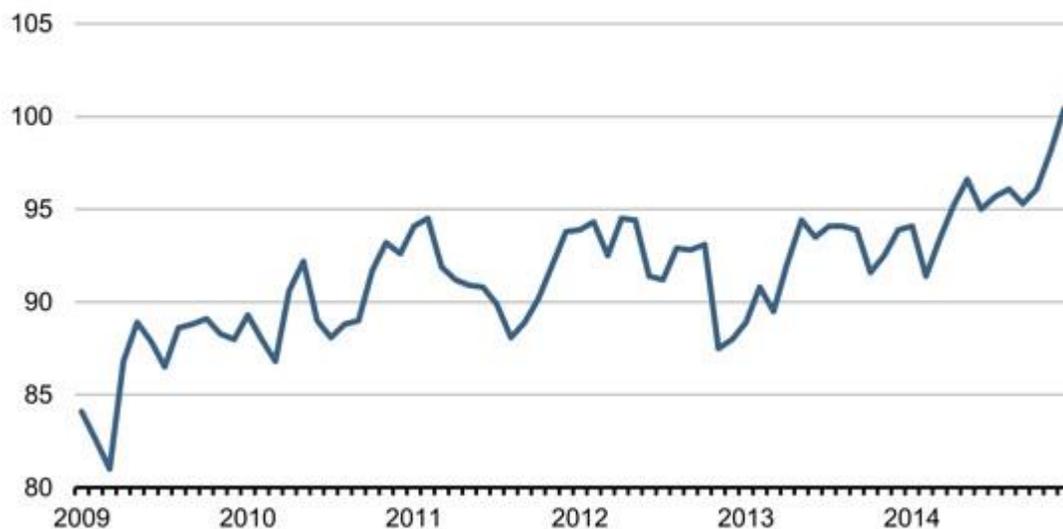
# THE WALL STREET JOURNAL.

## SMALL-BUSINESS OWNERS ARE THE MOST CONFIDENT SINCE 2006

By Kathleen Madigan  
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### Bluer Skies Over Small Companies

Small Business Optimism Index (1986=100)



Source: National Federation of Independent Business | WSJ.com

Small-business owners in December reported a big gain in confidence, according to a report released Tuesday. Many in the group expect to raise prices in the future.

The National Federation of Independent Business's small-business optimism index increased a large 2.3 points to 100.4 in December. The index is at its highest point since October 2006, before the last recession.

Economists surveyed by The Wall Street Journal expected the index to edge up to 98.5 in December from 98.1 in November.

"The gain in December was broad-based," the report said. The only subindex to decline was the subindex covering expected business conditions. It fell one percentage point to 12% but that followed a 16-point jump in November to 13%.

Other components in the top-line index strengthened. The subindex covering real sales expectations increased 6 points to 20% last month. The job creation plans subindex rose 4 points to 15% and the capital-spending plans subindex increased 4 points to 29%.

Small-business owners ended 2014 with little pricing power. The NFIB said seasonally adjusted, a net 4% of owners said they have raised selling prices recently, the same reading posted in November.

More owners, however, hope to lift prices in the future, "perhaps in anticipation of strong sales which will support price hikes," the NFIB said. Seasonally adjusted, a net 22% plan price increases, up from 19% saying that in November.

"Should these plans be realized, small businesses will become an engine of inflation," the report said.

Small-business owners are also hiring more workers. The seasonally adjusted average increase in workers per firm was 0.2 workers per firm in December, a "historically large" number, said the NFIB. The report said that seasonally adjusted, 18% of firms reported increasing employment an average of 2.9 workers while 9% reduced their workforce by an average of 3.0 workers.

Small-business owners still report difficulty finding qualified workers. The subindex covering jobs that are hard to fill edged up one point to 25%. Of those looking for workers, 80% said they were seeing few or no applicants who were qualified for the open positions.