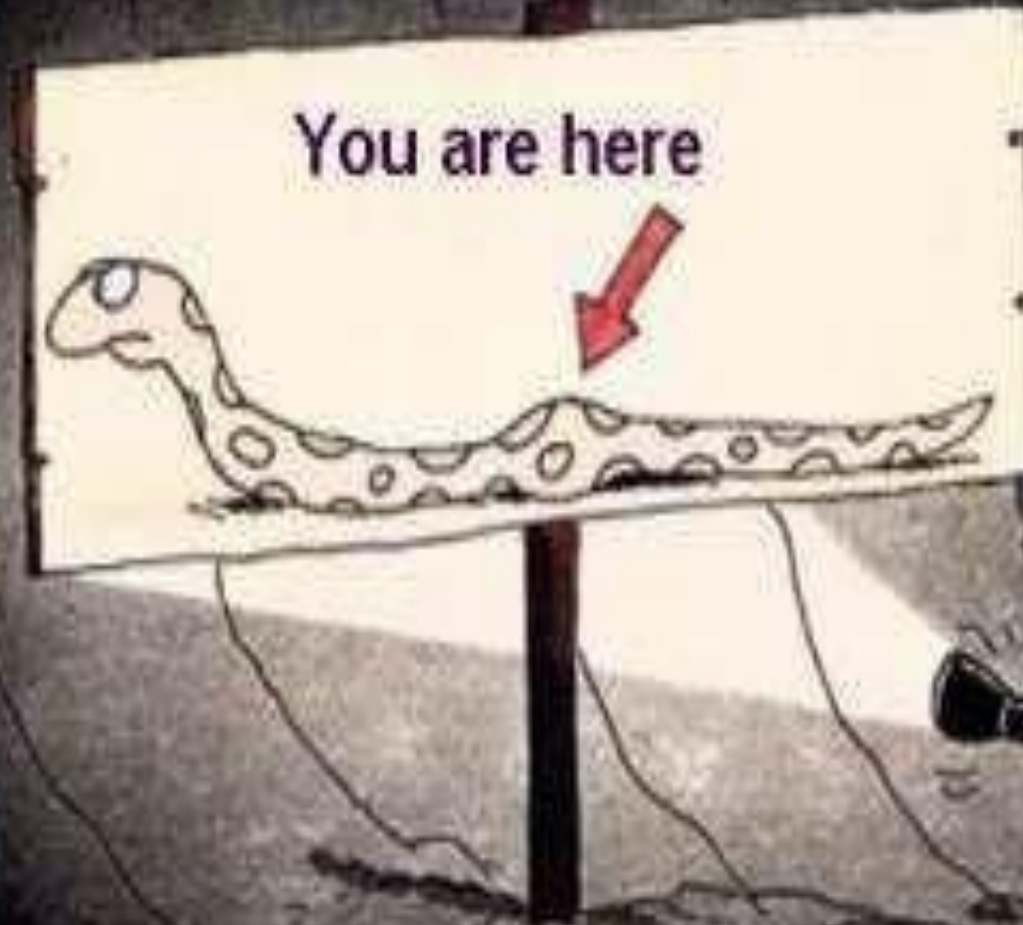


**ONE COUNTRY
TWO ECONOMIES**
(BOOM + BUST) / 2 = 2% GROWTH

WILLIAM DUNKELBERG
CHIEF ECONOMIST, NFIB
CHAIRMAN, LIBERTY BELL BANK
PROFESSOR, TEMPLE UNIVERSITY



TWO WAYS OUT, NEITHER DESIRABLE

NOW THAT'S
WHAT I CALL
A GRAPHIC
INDICATOR!

THE ECONOMY

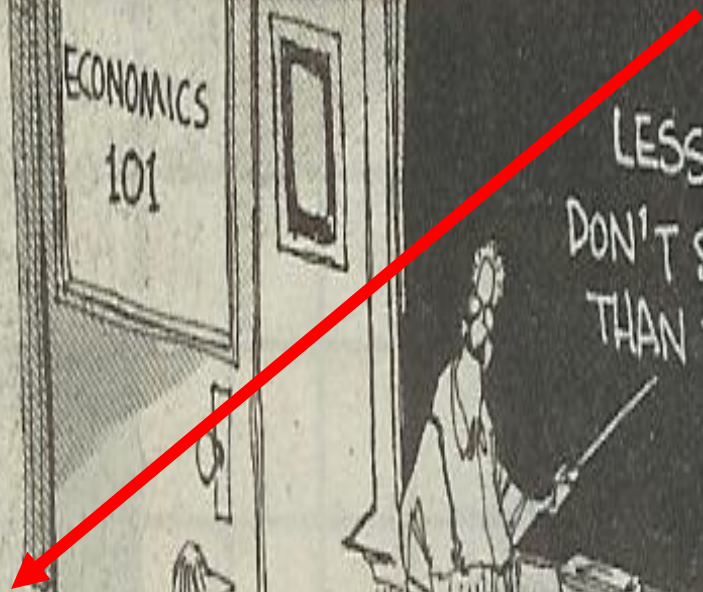


FIND YOUR NEXT CONGRESSMAN

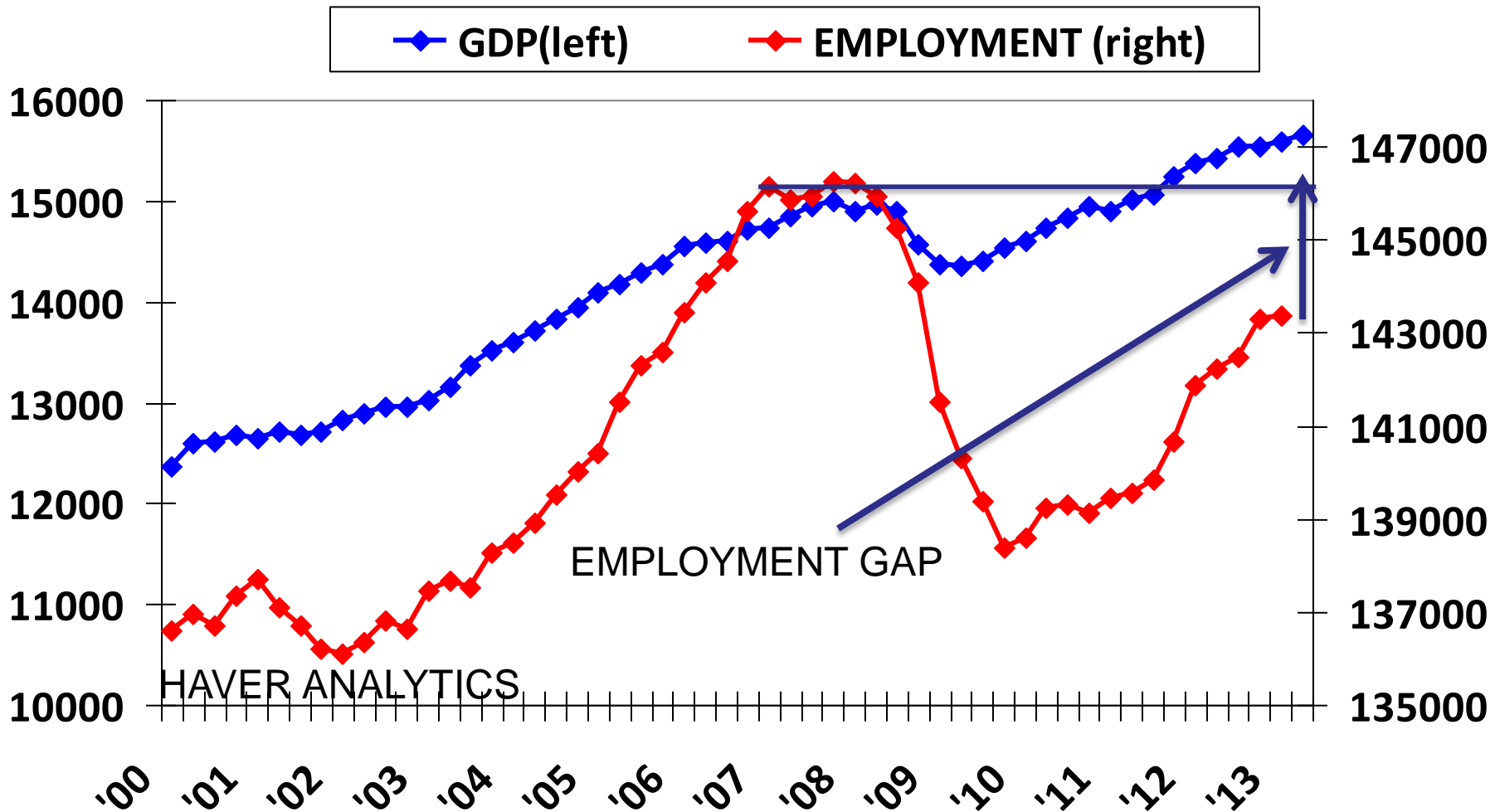
I DON'T GET IT...

ECONOMICS 101

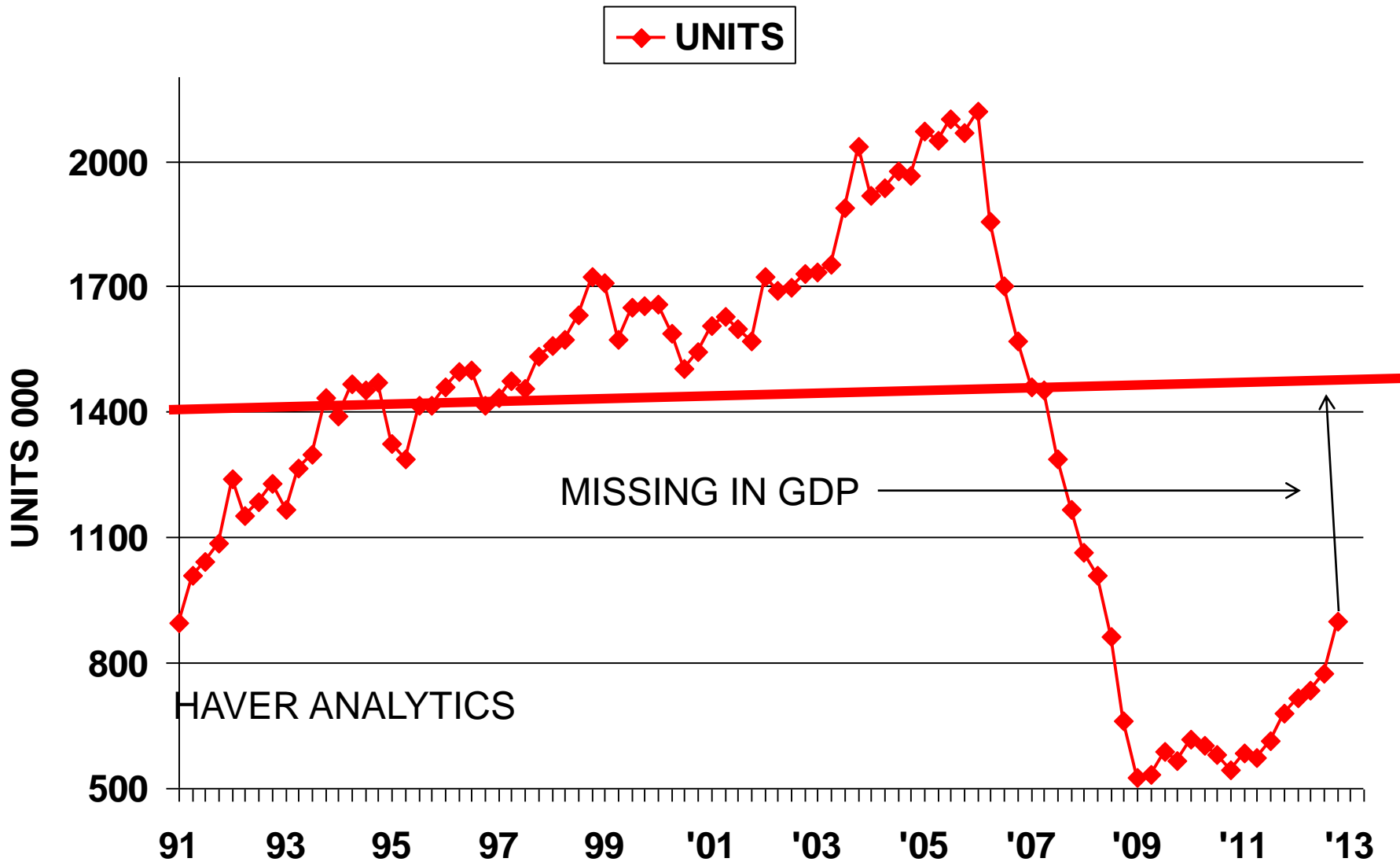
LESSON 1:
DON'T SPEND MORE
THAN YOU MAKE



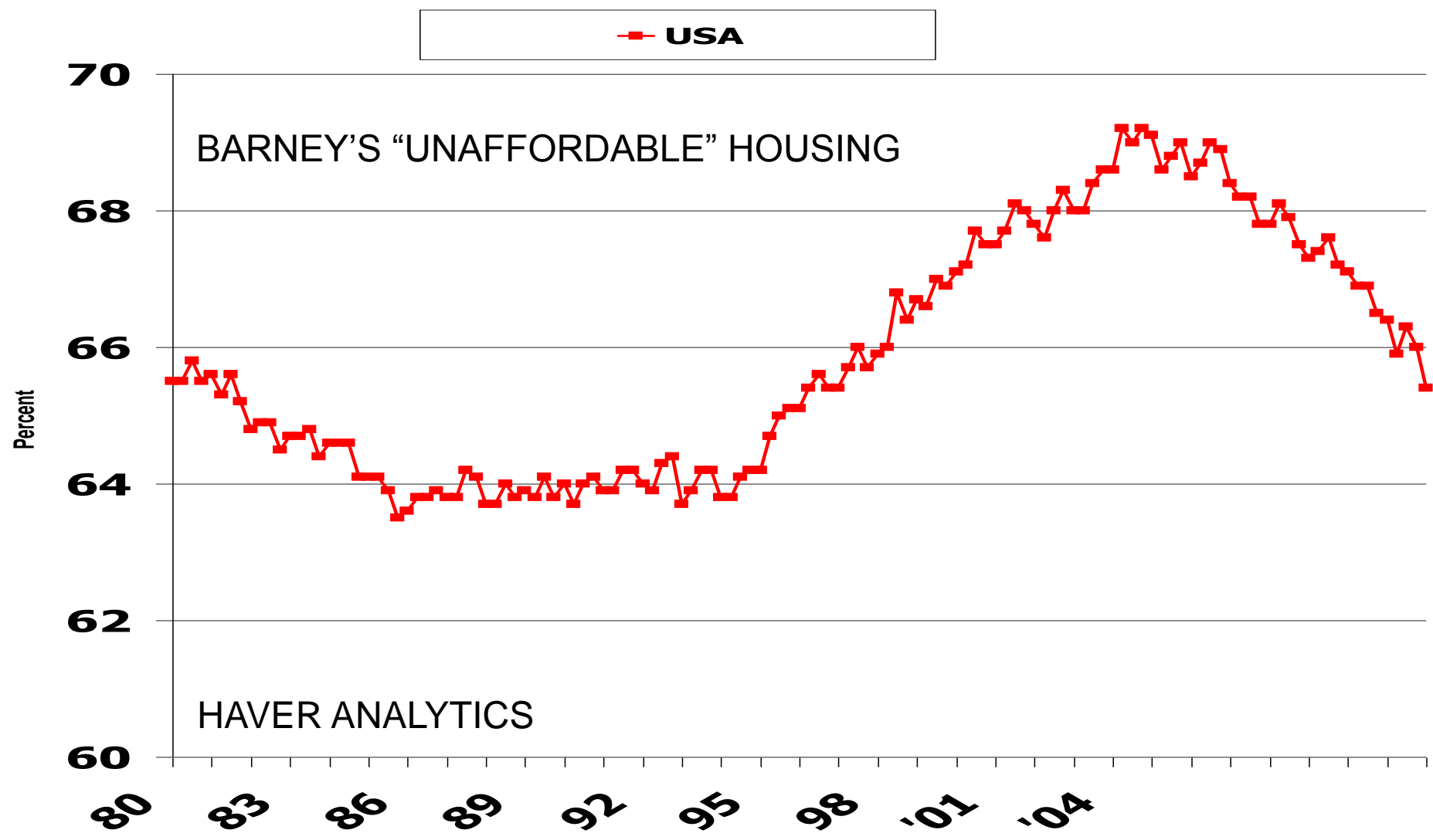
GDP AND EMPLOYMENT



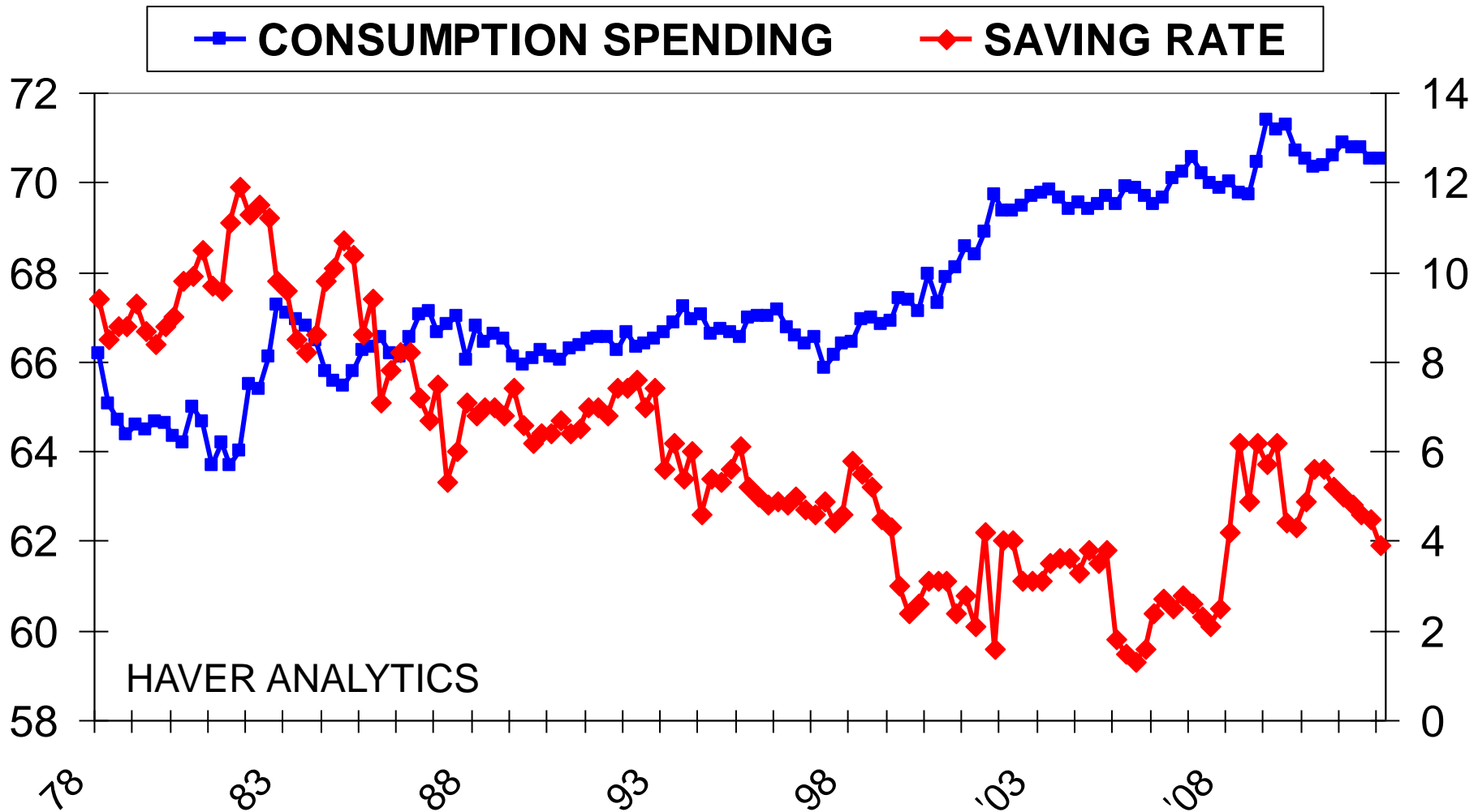
HOUSING STARTS



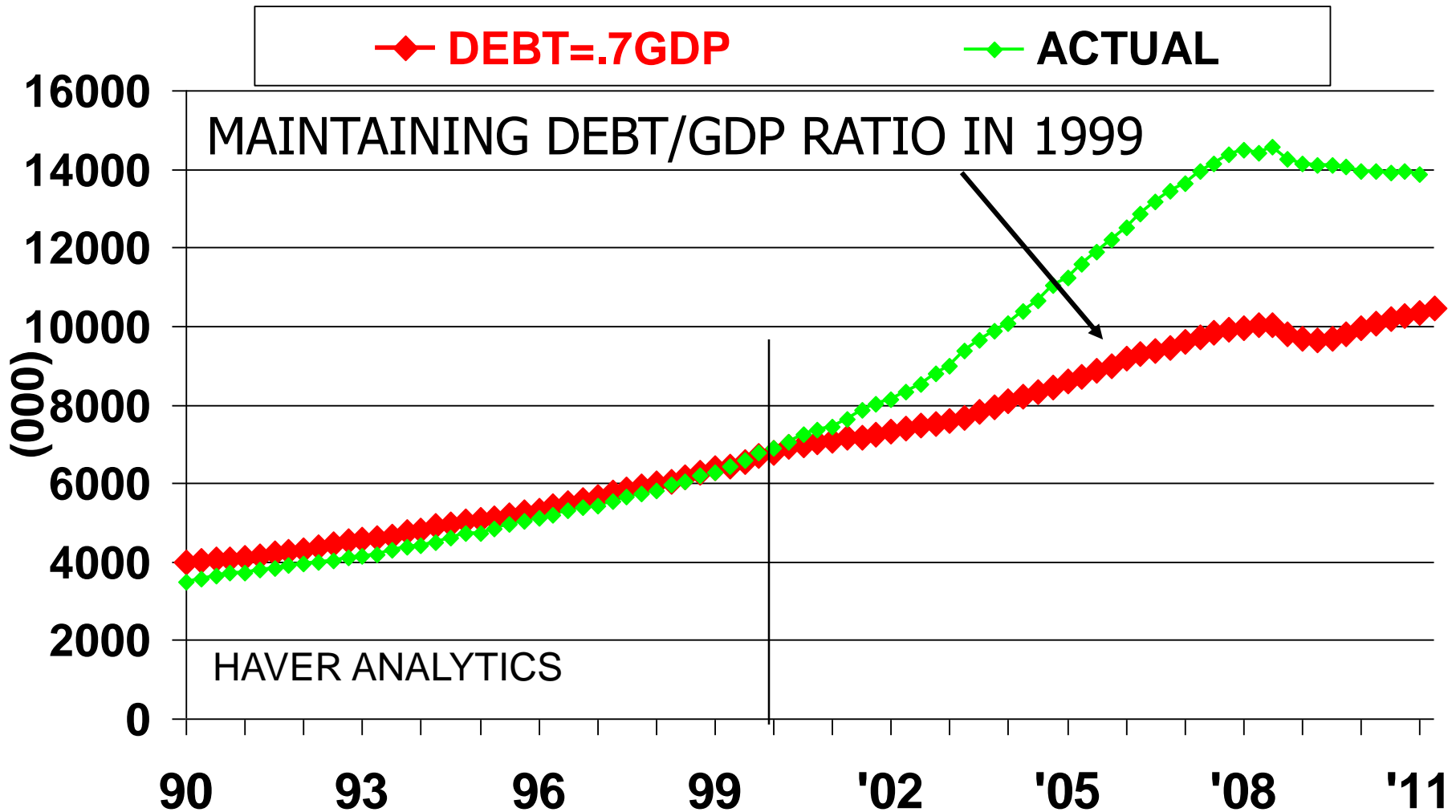
HOME OWNERSHIP RATES



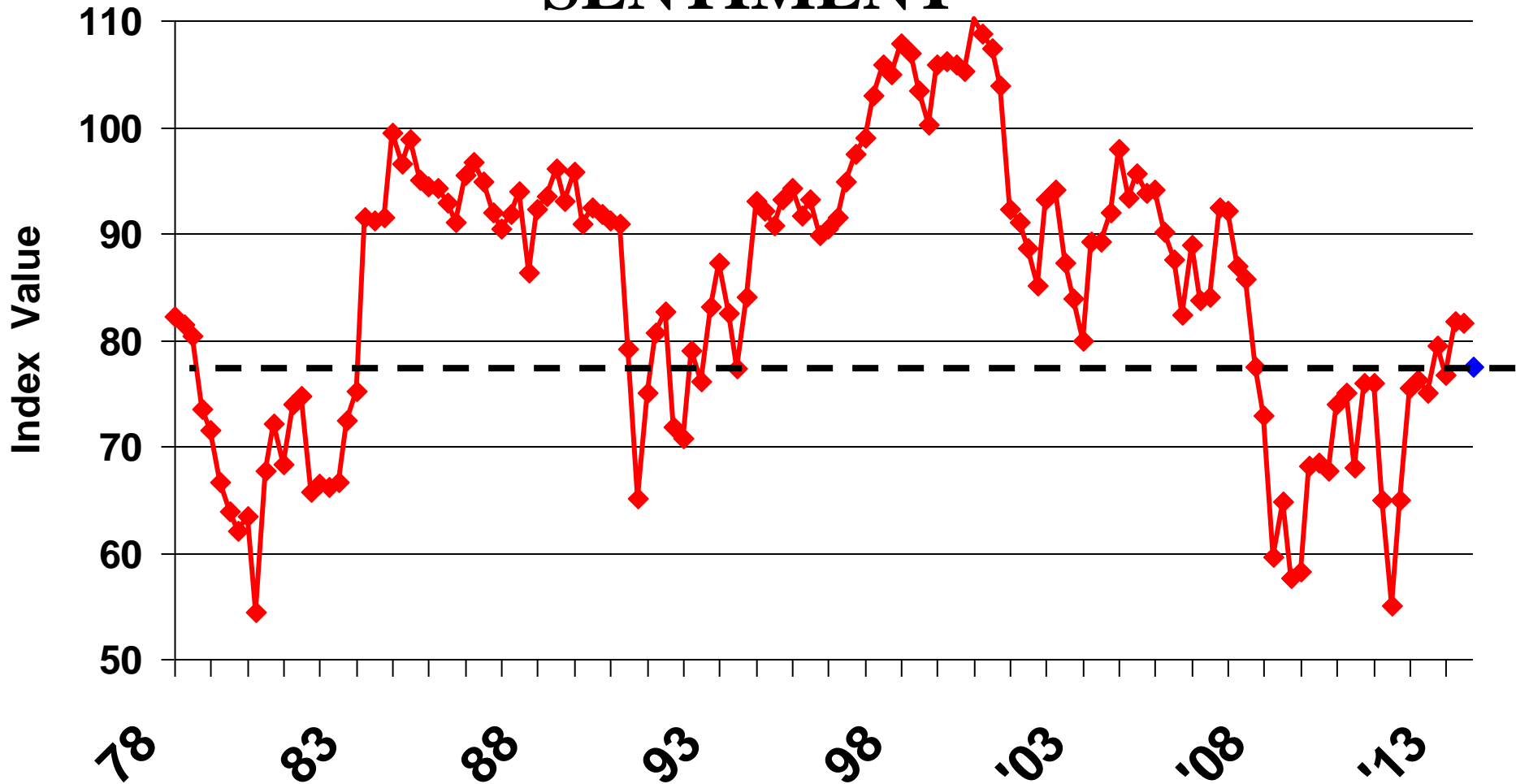
CONSUMPTION SHARE OF GDP & CONSUMER SAVING



“EXCESS” DEBT: PAYING FOR THE “PARTY”

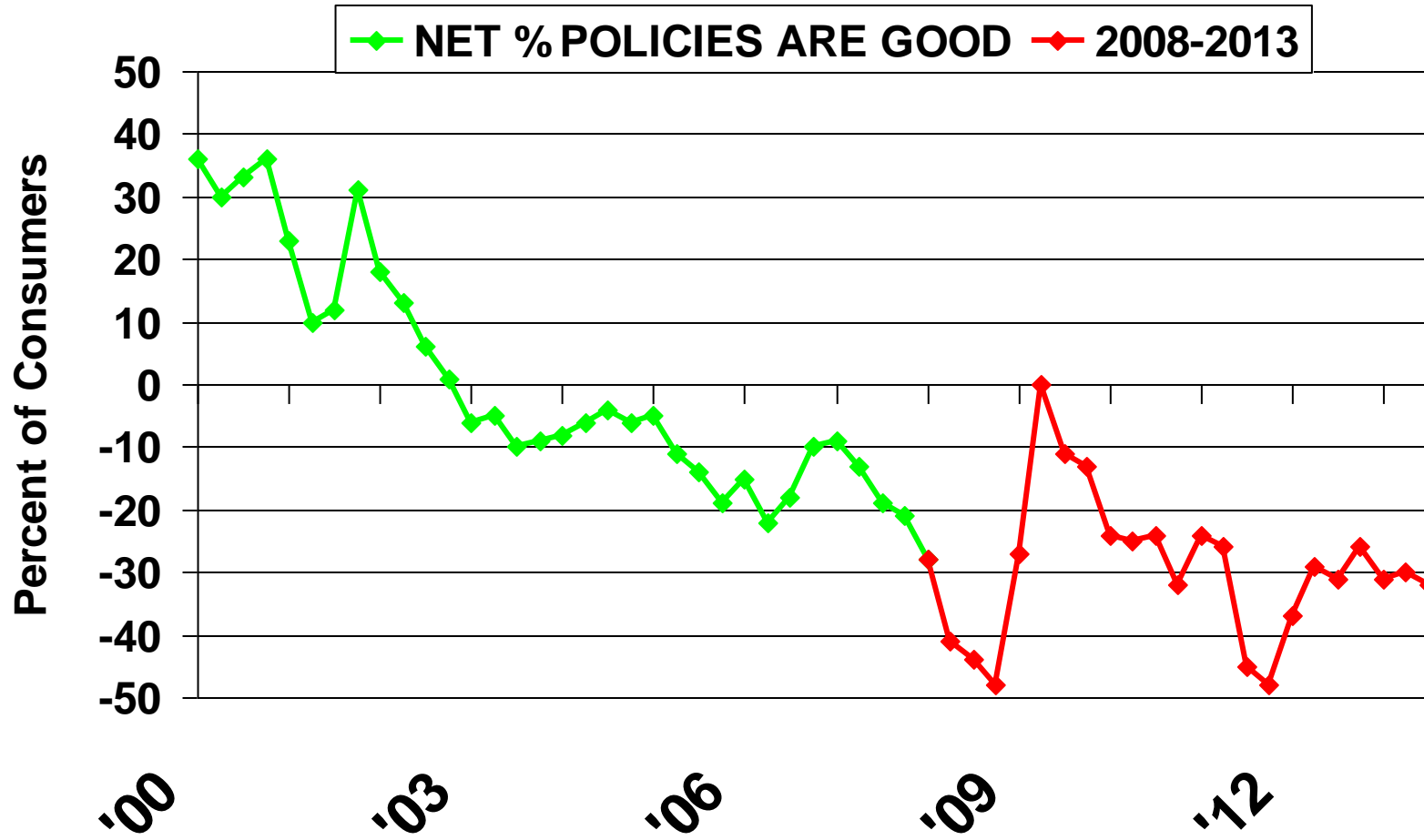


INDEX OF CONSUMER SENTIMENT



Source: University of Michigan

RATING OF GOVERNMENT POLICY



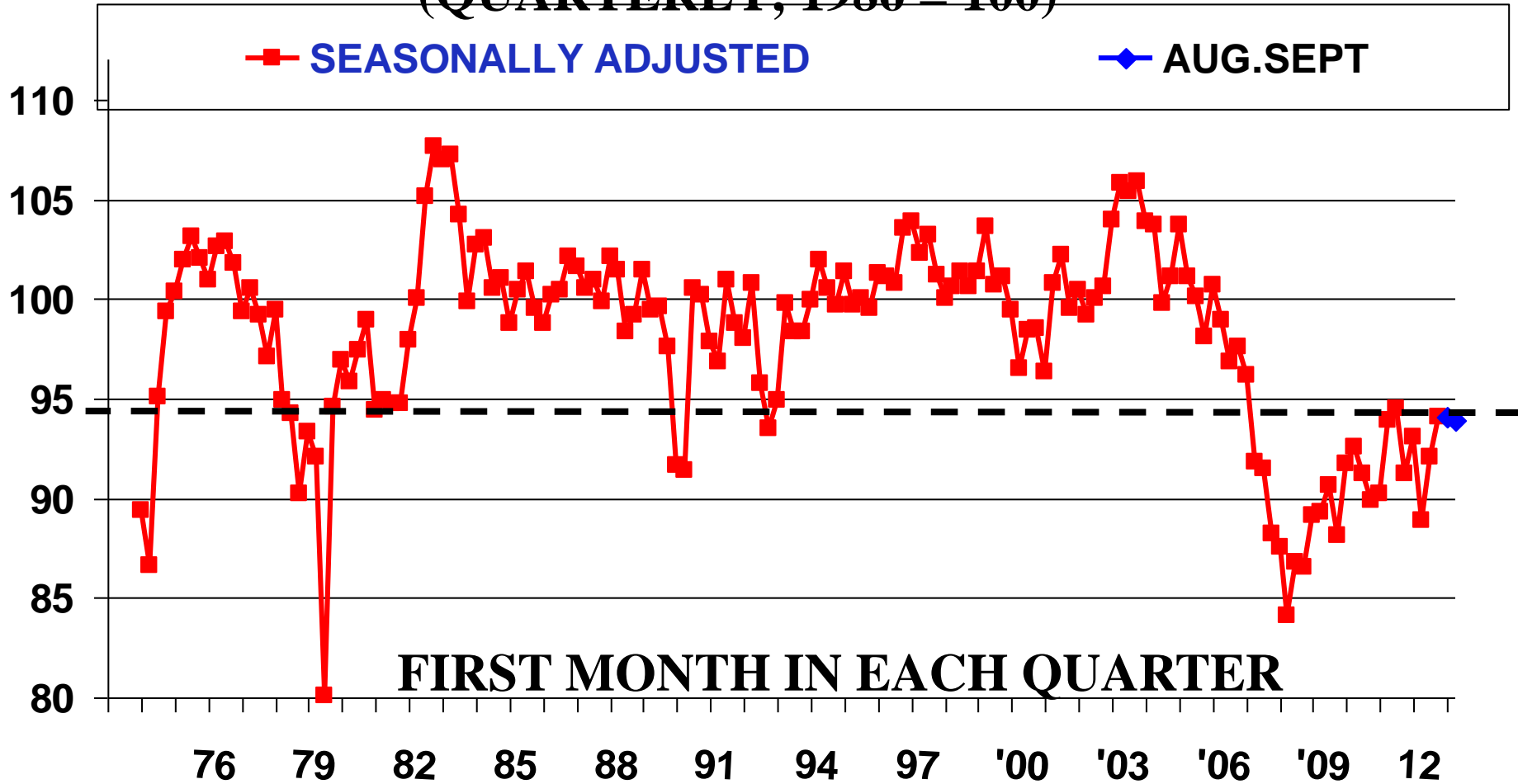
Source: University of Michigan

SMALL BUSINESS FACTS

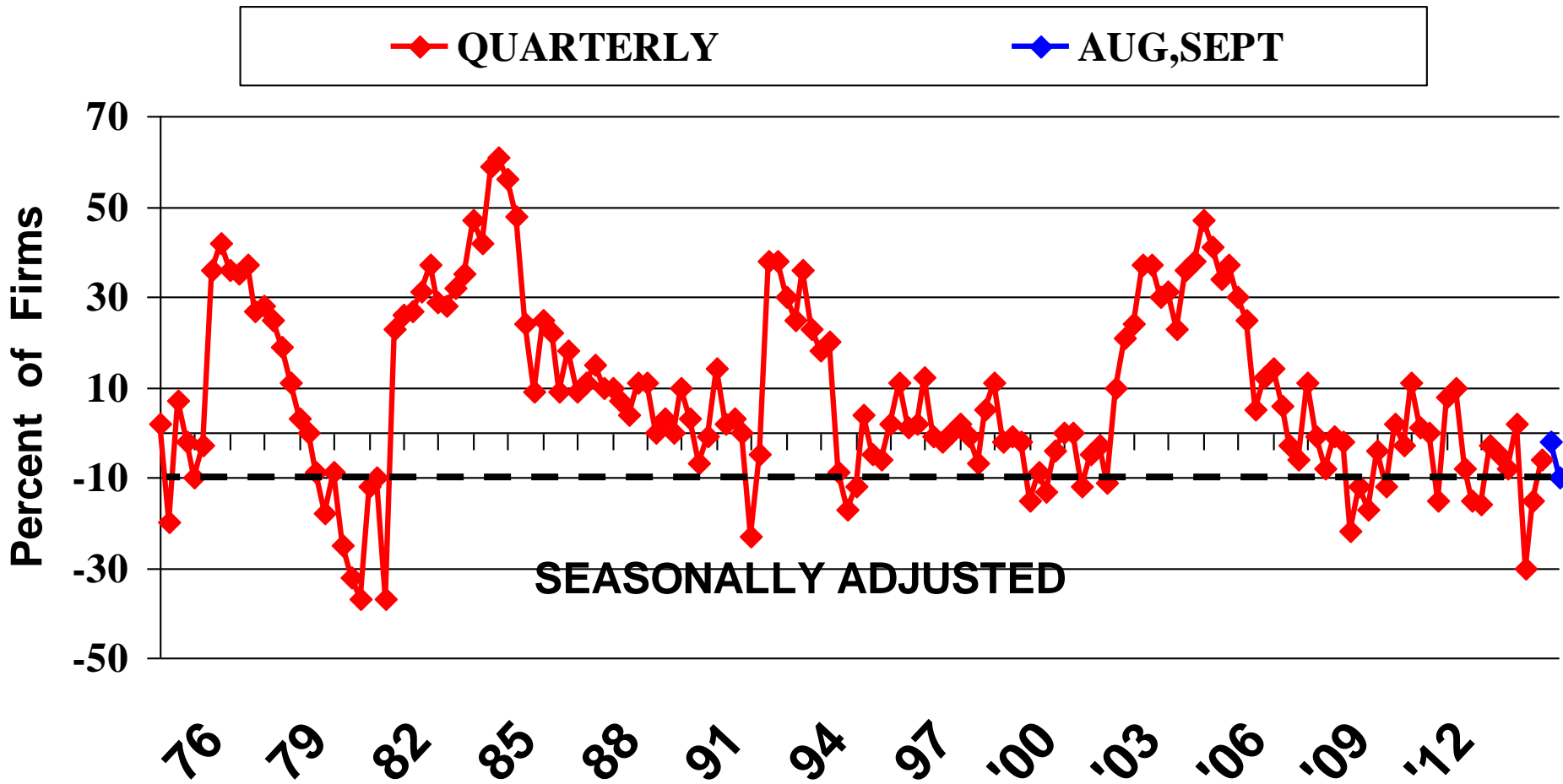
- 90% OF ALL EMPLOYERS HAVE FEWER THAN 20 EMPLOYEES
- 99% HAVE FEWER THAN 500
- PRODUCE HALF OF THE PRIVATE SECTOR GROSS DOMESTIC PRODUCT
- EMPLOY 50%+ OF PRIVATE SECTOR EMPLOYEES
- PRODUCE 2/3RDS OF THE NEW JOBS

SMALL BUSINESS OPTIMISM INDEX

(QUARTERLY, 1986 = 100)



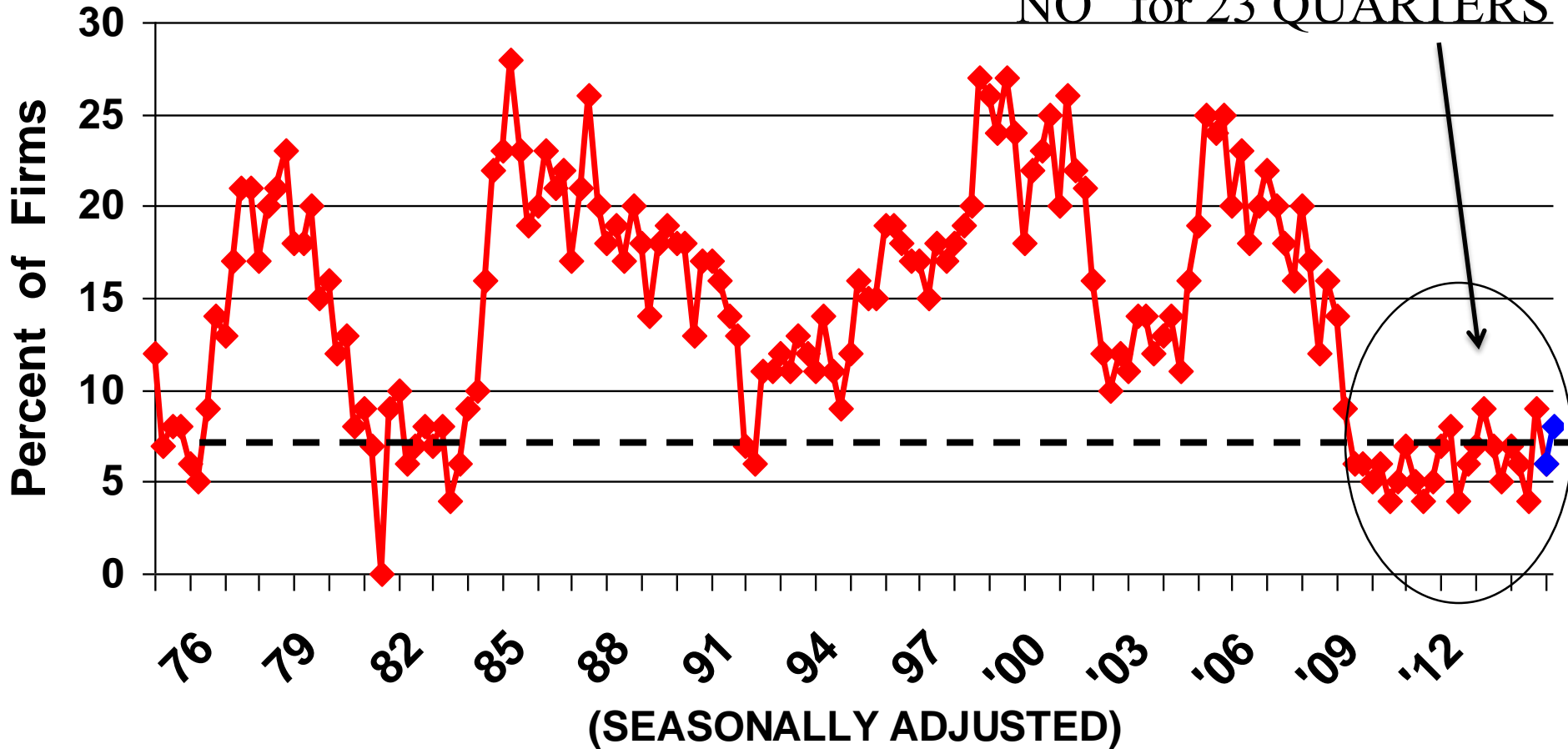
EXPECTATIONS FOR GENERAL BUSINESS CONDITIONS IN 6 MONTHS (PCT "BETTER" - PCT "WORSE")



OUTLOOK FOR BUSINESS EXPANSION

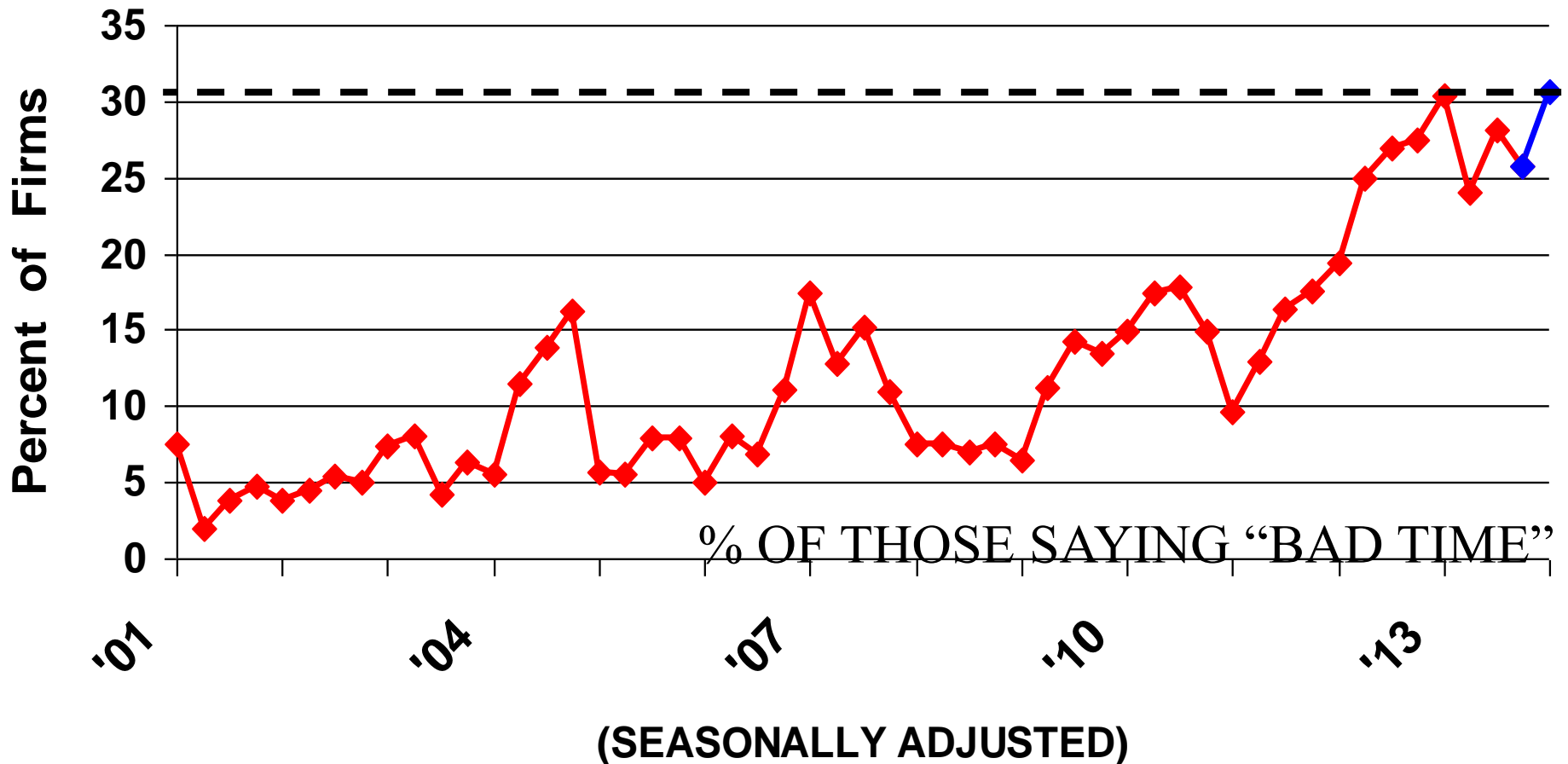
—◆— QUARTERLY —◆— AUG, SEPT

“NO” for 23 QUARTERS

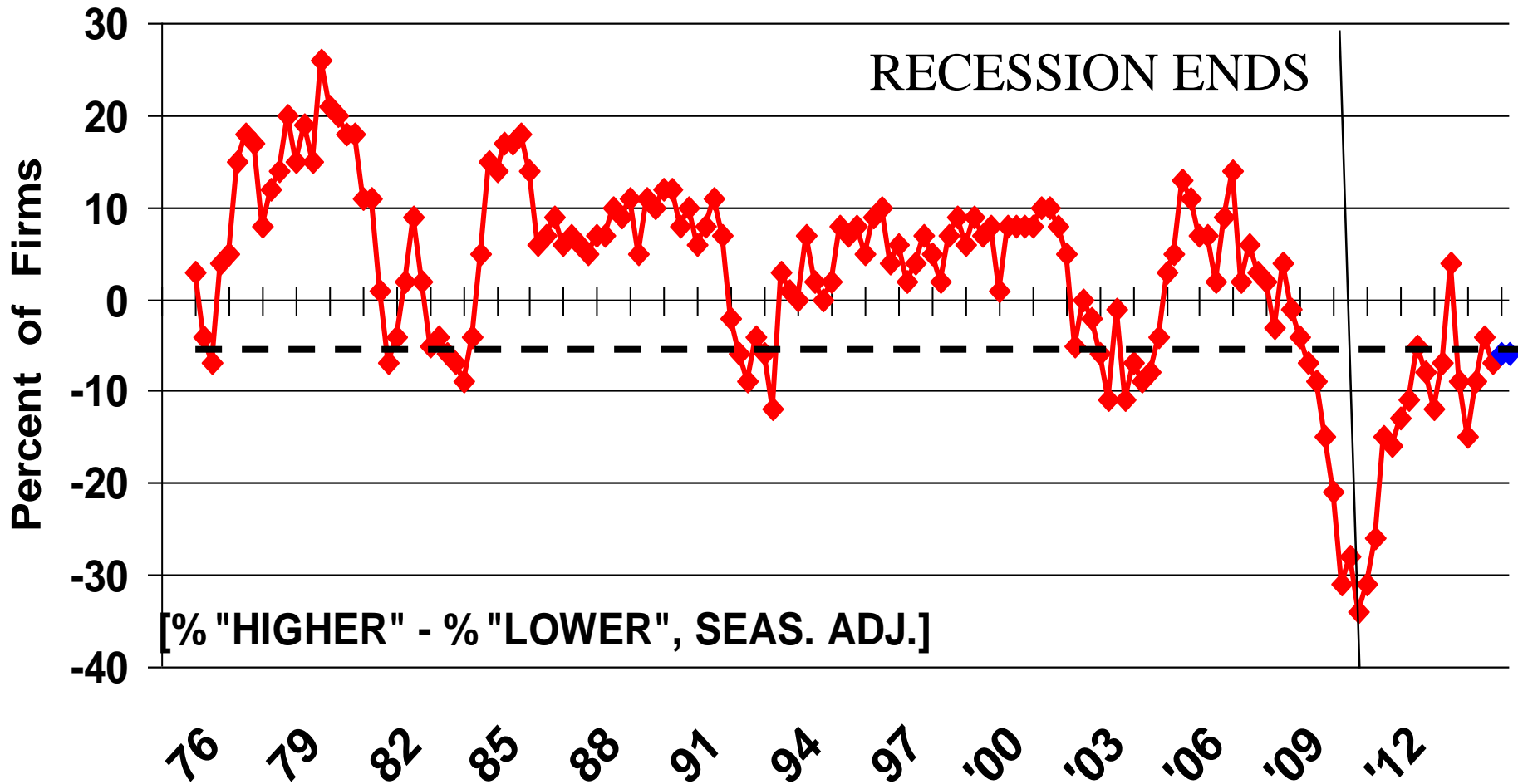


BAD TIME TO EXPAND DUE TO THE POLITICAL CLIMATE

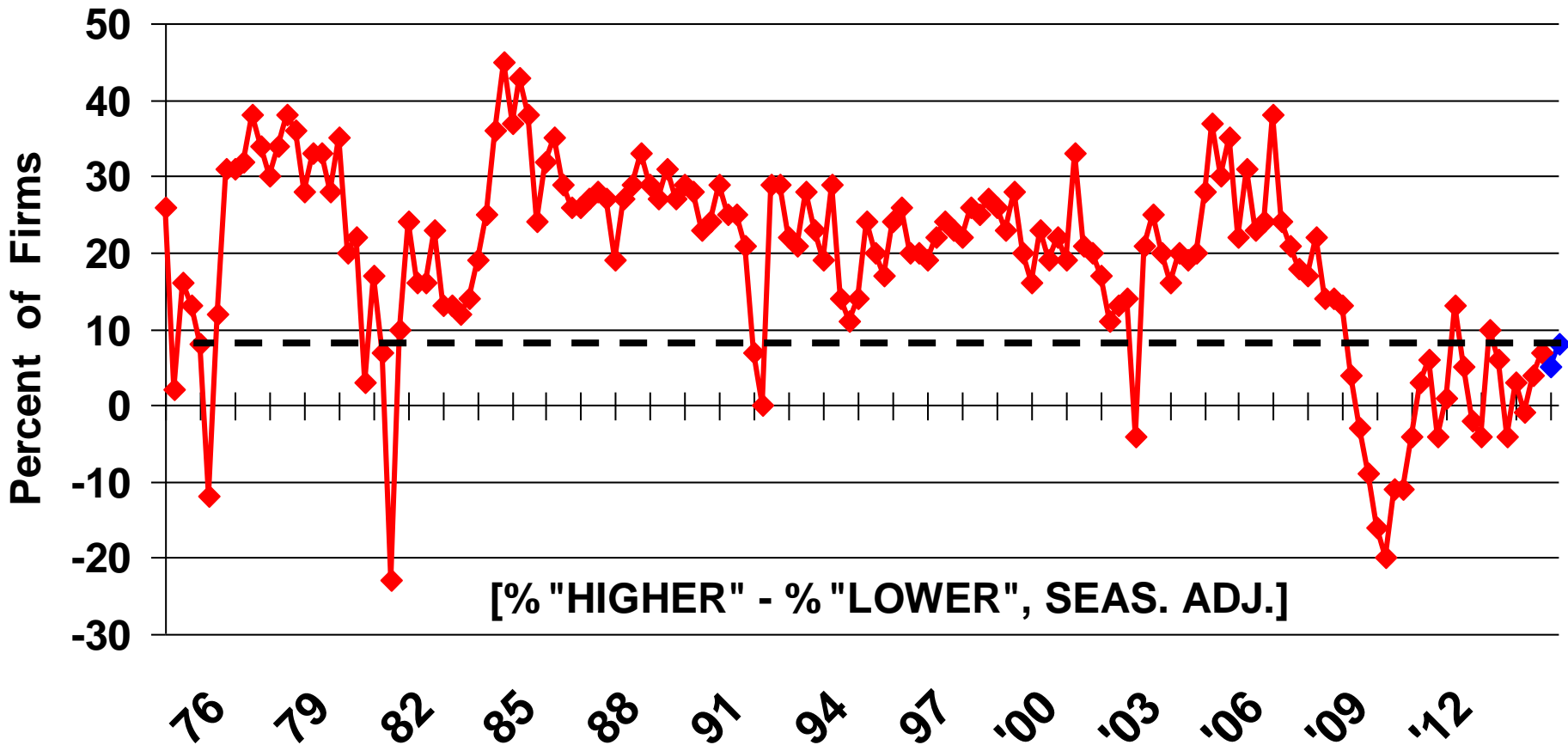
—◆— QUARTERLY —◆— AUG, SEPT



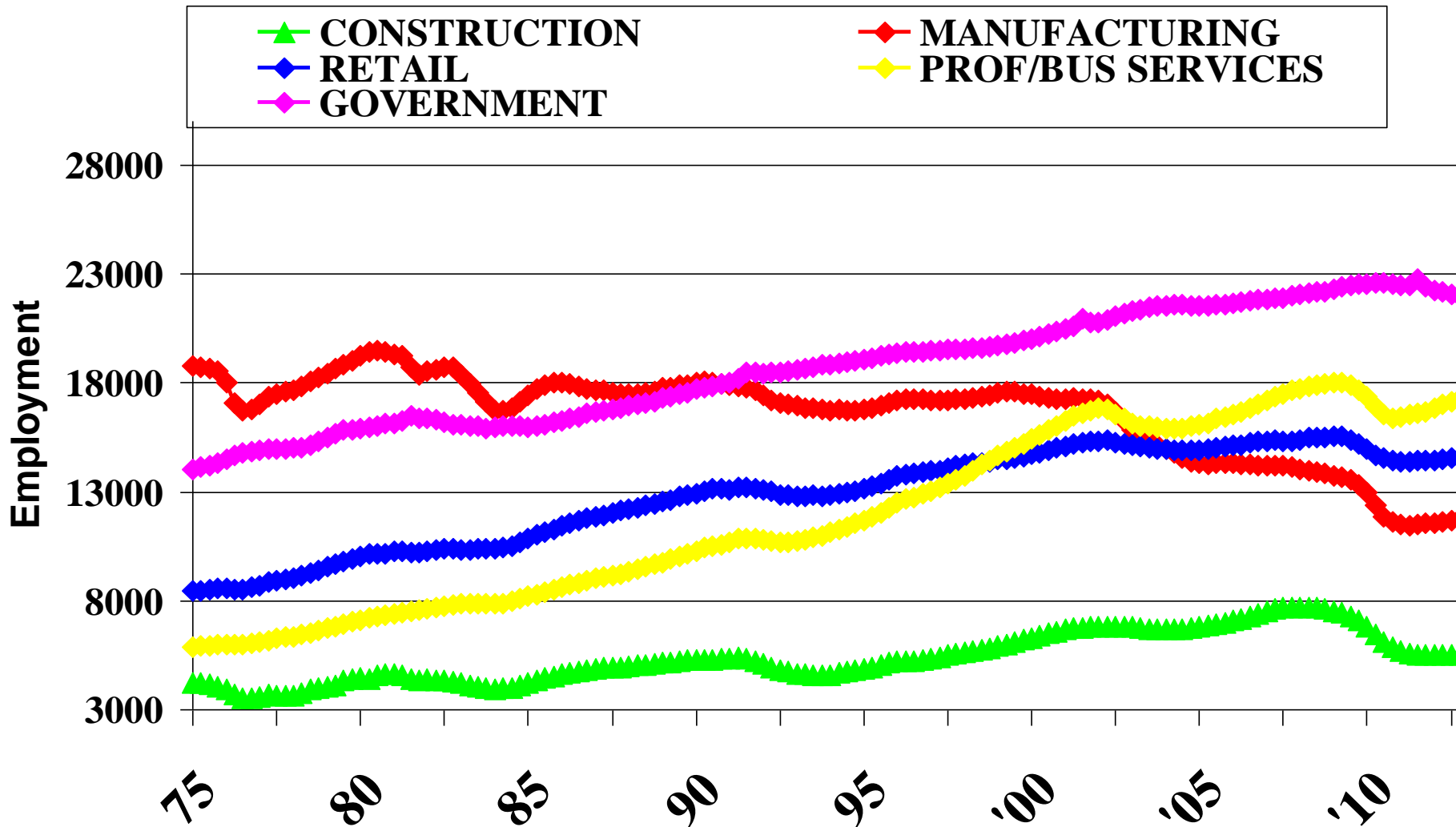
REPORTED CHANGE IN PAST SALES (last 3 months vs prior 3)



EXPECTED REAL SALES

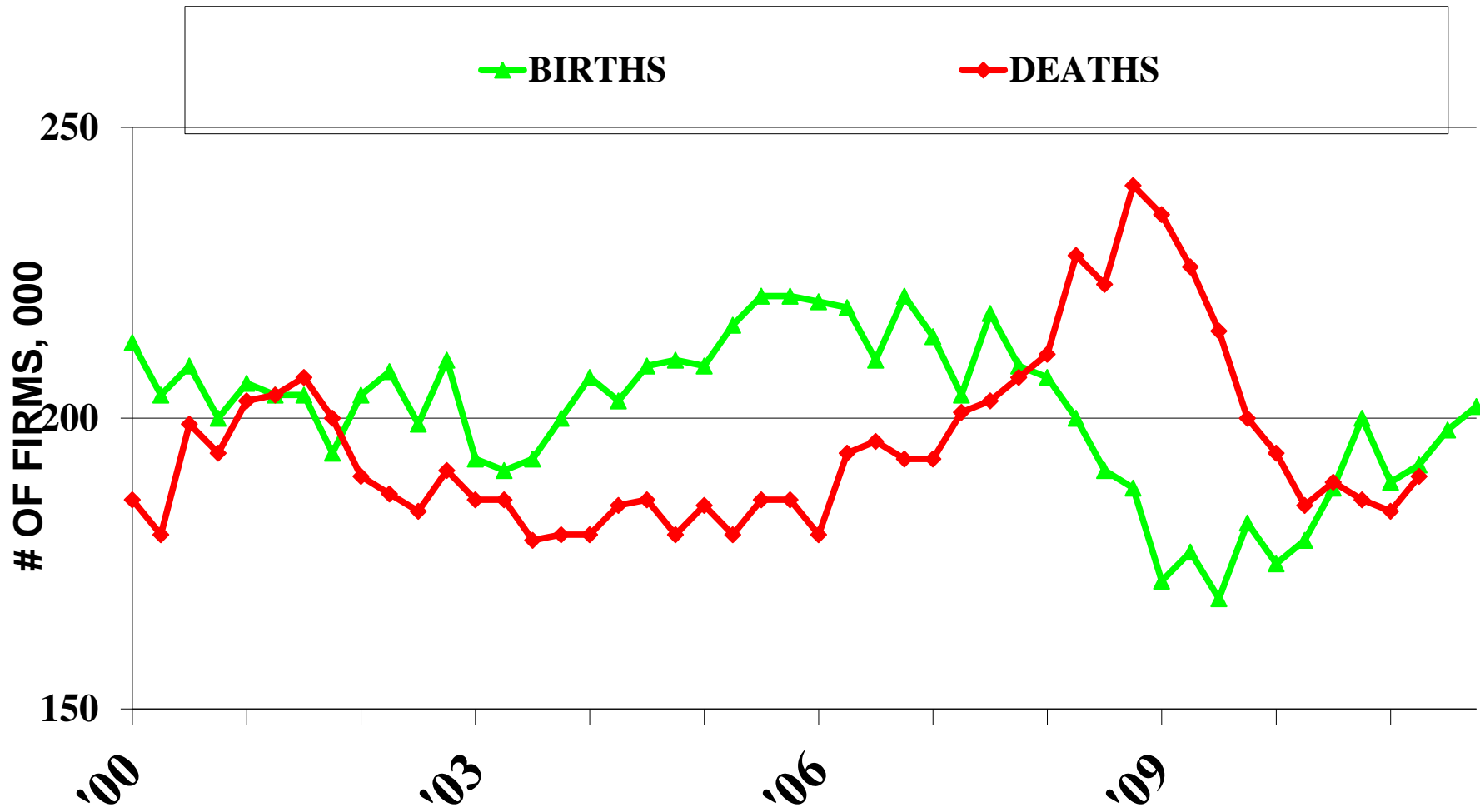


EMPLOYMENT



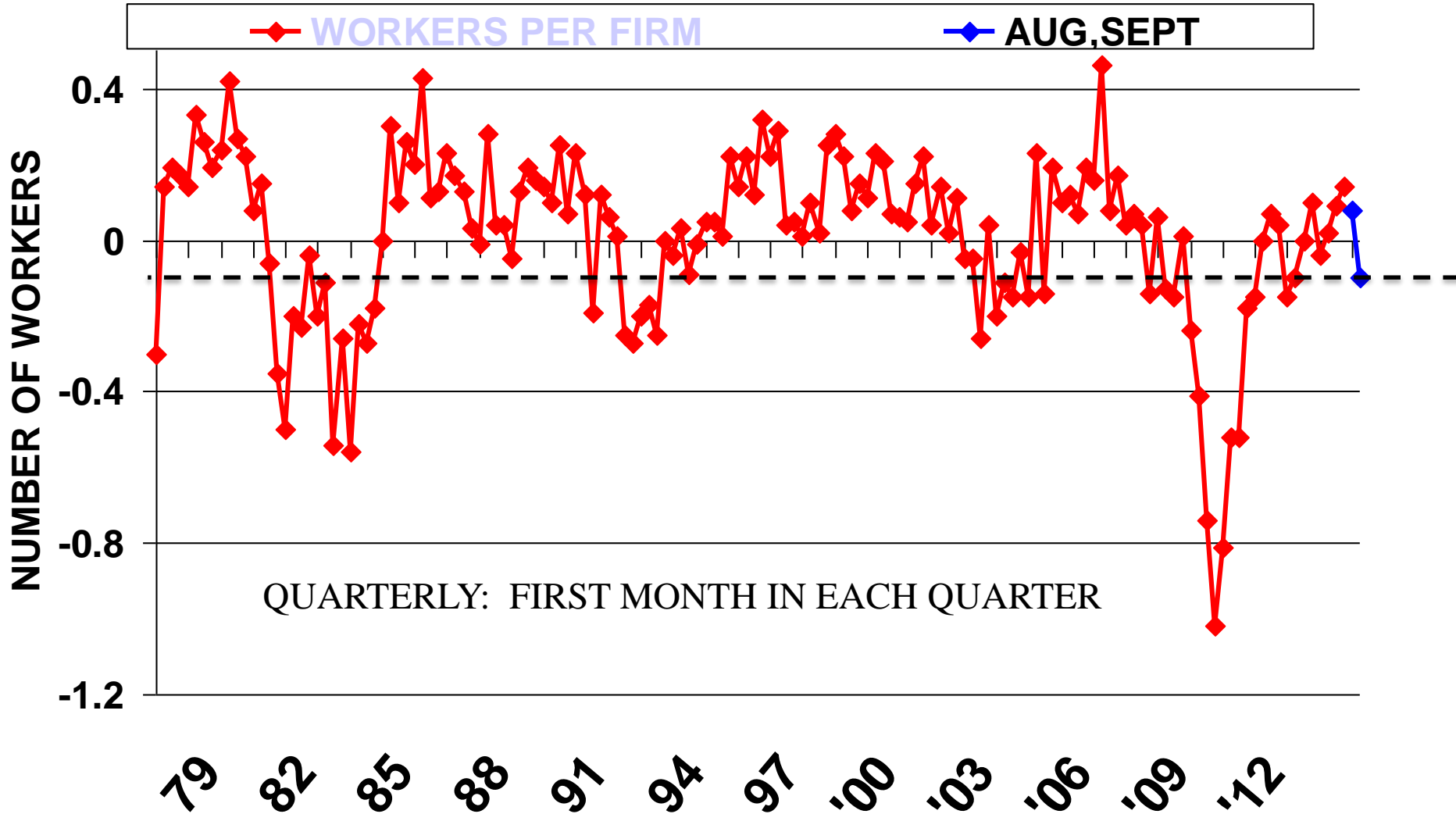
BIRTHS AND DEATHS

(QUARTERLY)

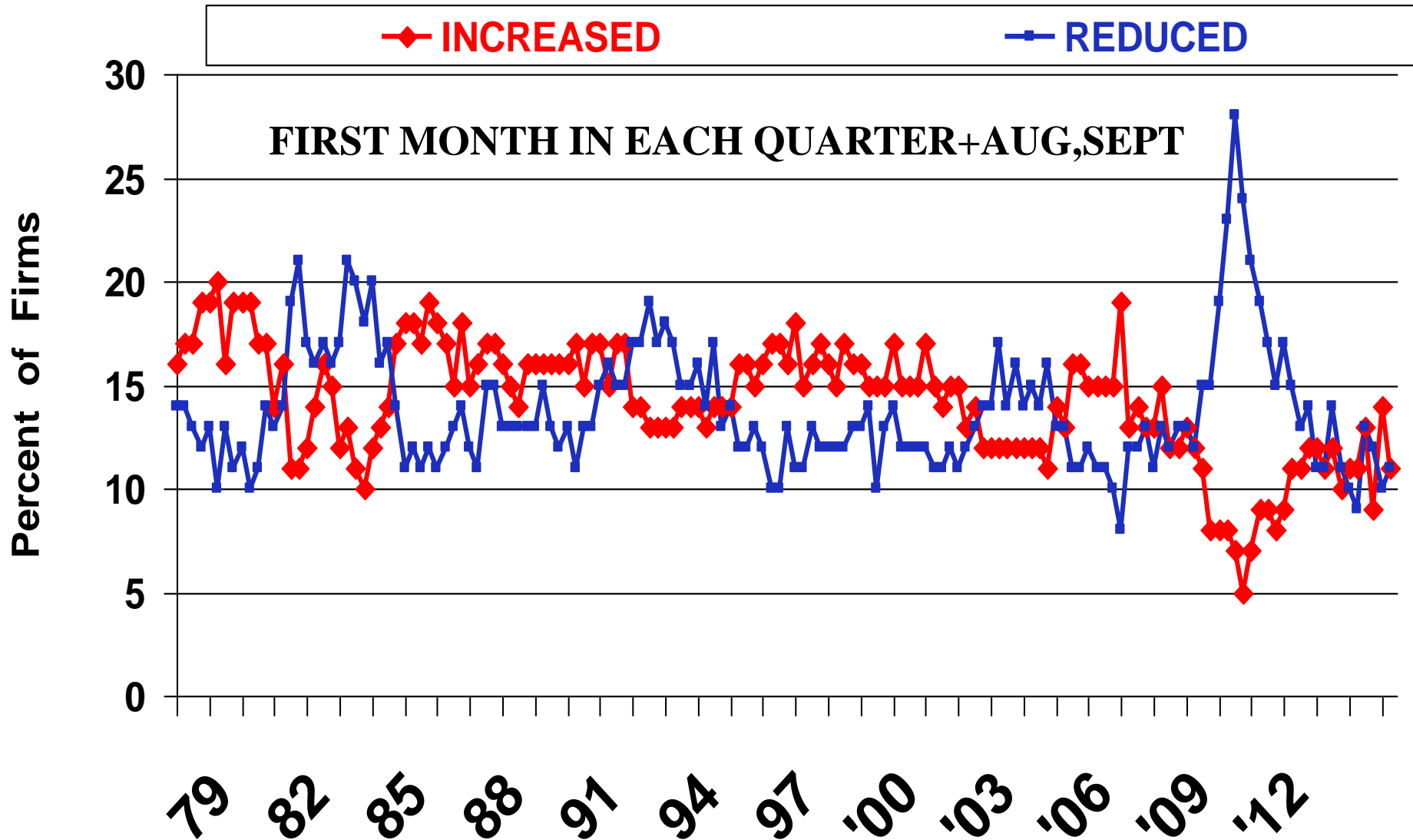


BLS TABLE 8

AVERAGE CHANGE IN EMPLOYMENT PER FIRM

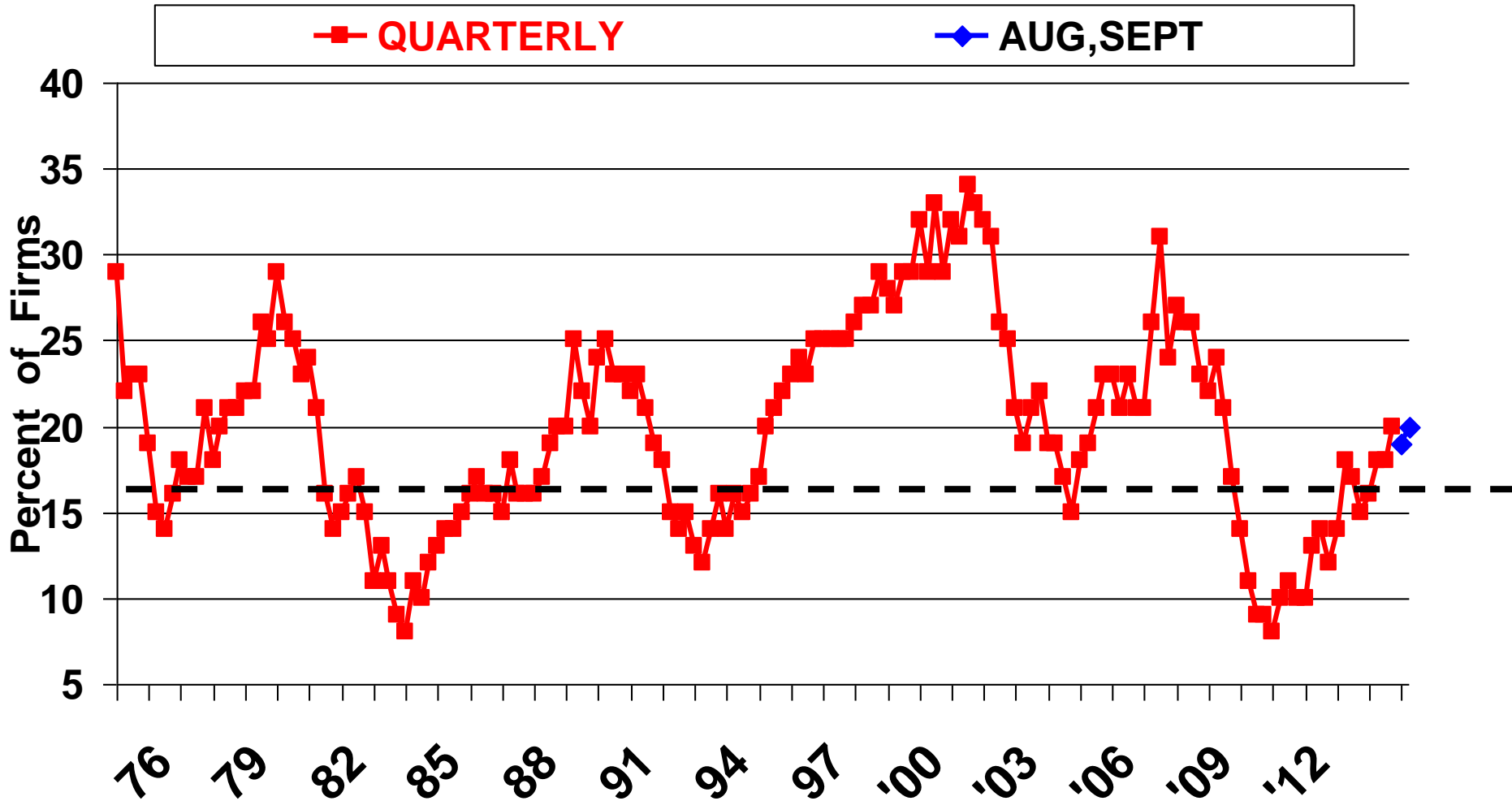


PERCENT OF OWNERS INCREASING OR REDUCING EMPLOYMENT



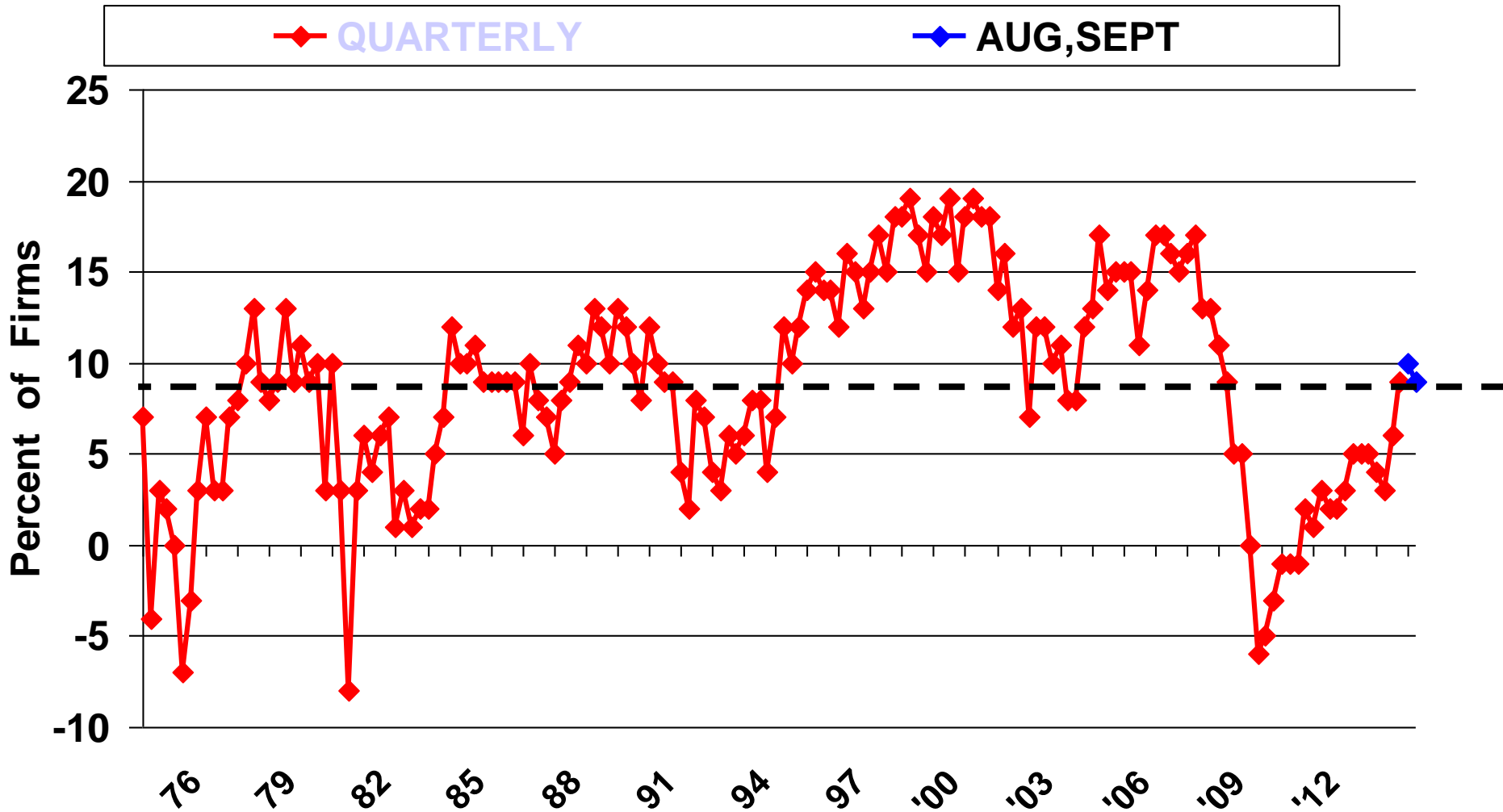
UNFILLED JOB OPENINGS

% WITH AT LEAST ONE UNFILLED OPENING

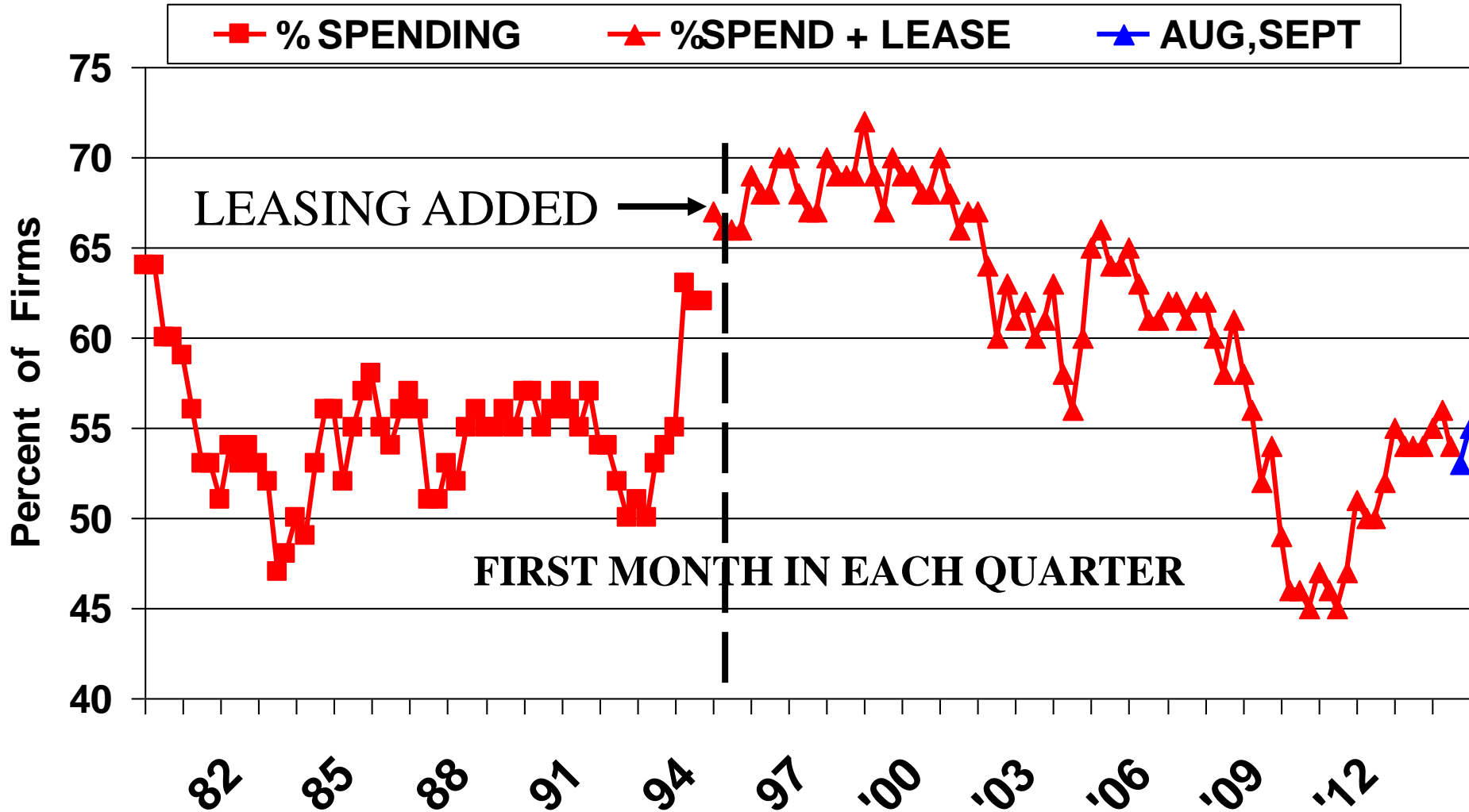


JOB CREATION PLANS

% PLAN INCREASE - % PLAN DECREASE

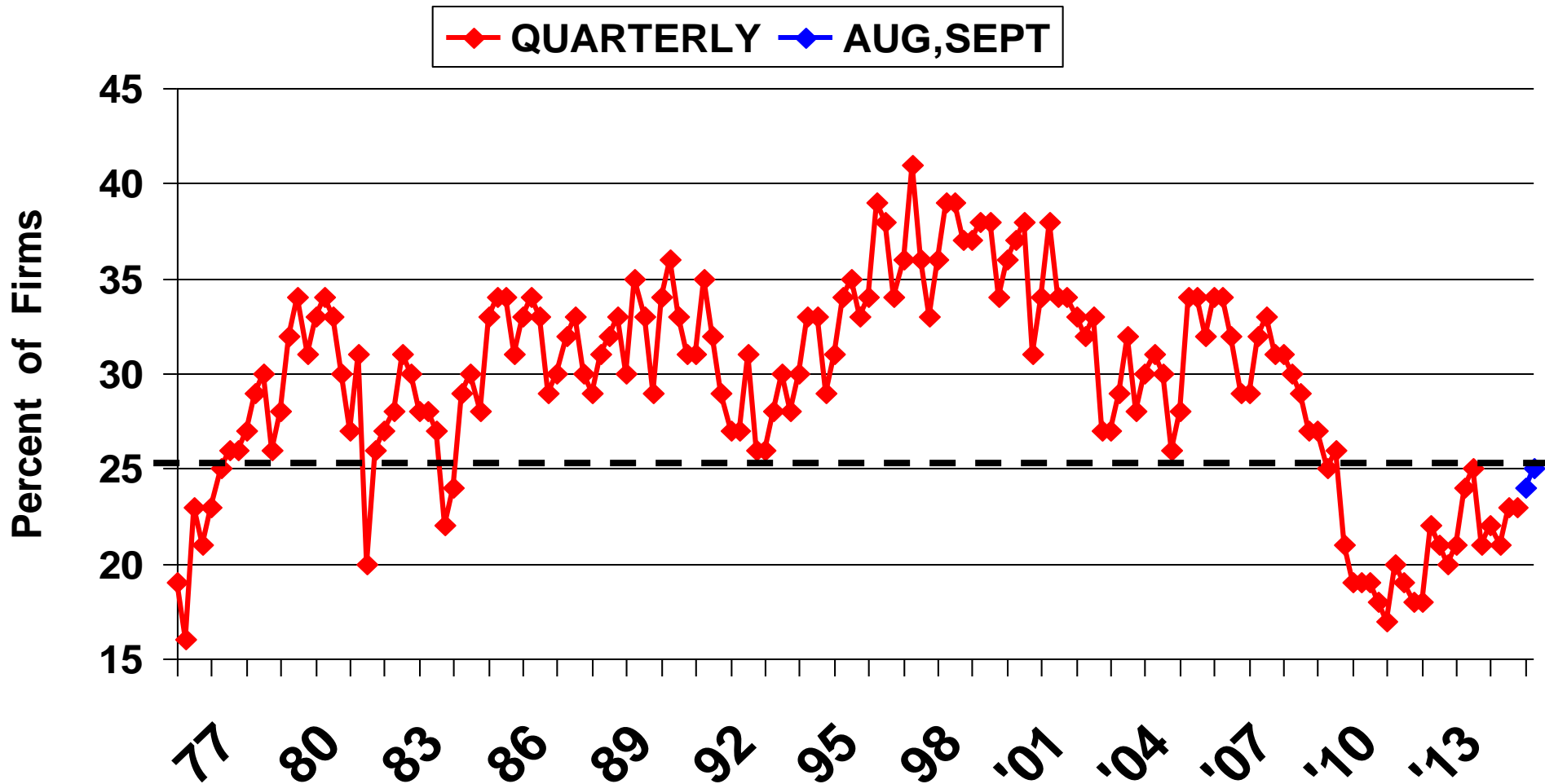


ACTUAL CAPITAL OUTLAYS



PLANNED CAPITAL OUTLAYS

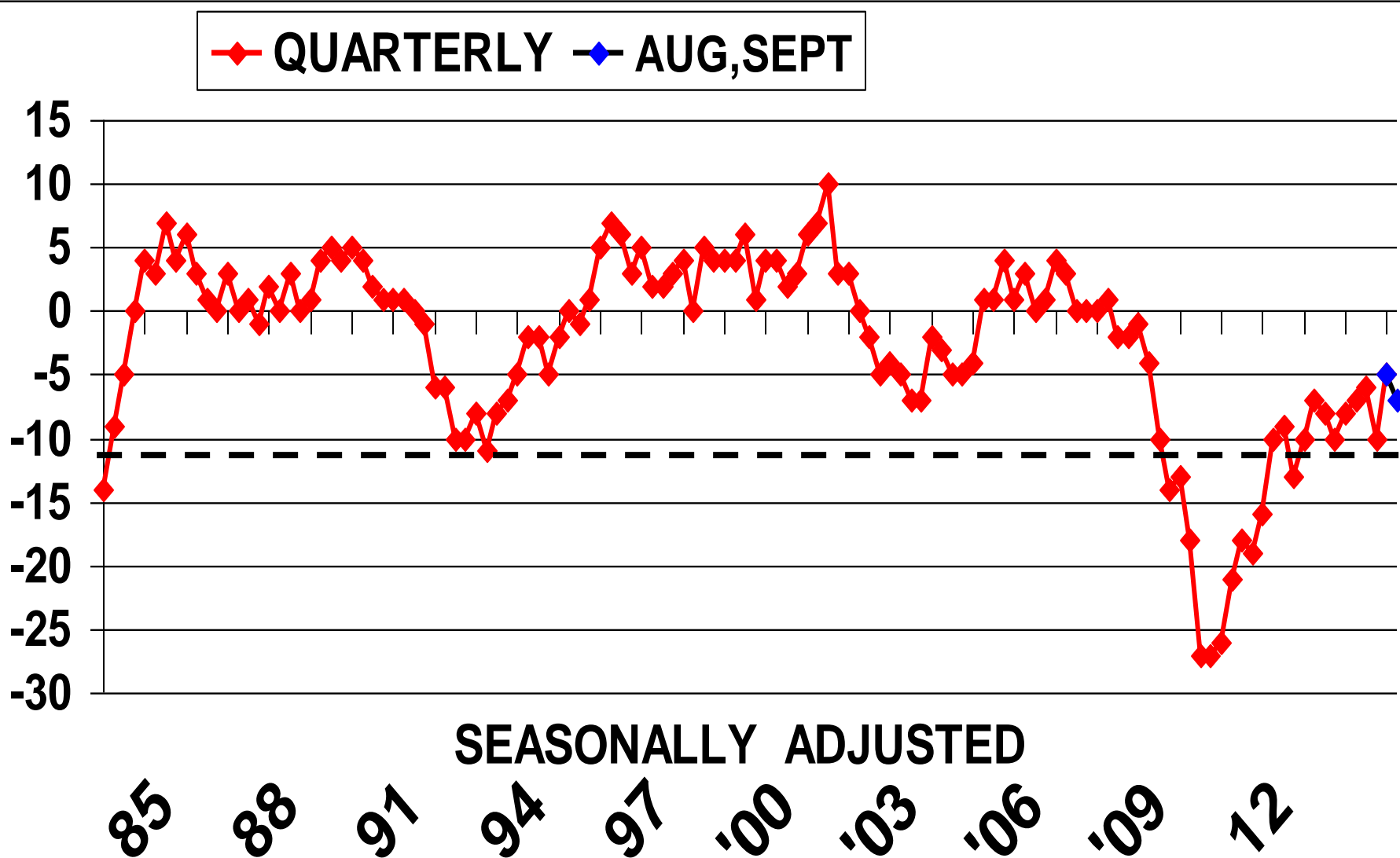
(NEXT SIX MONTHS)





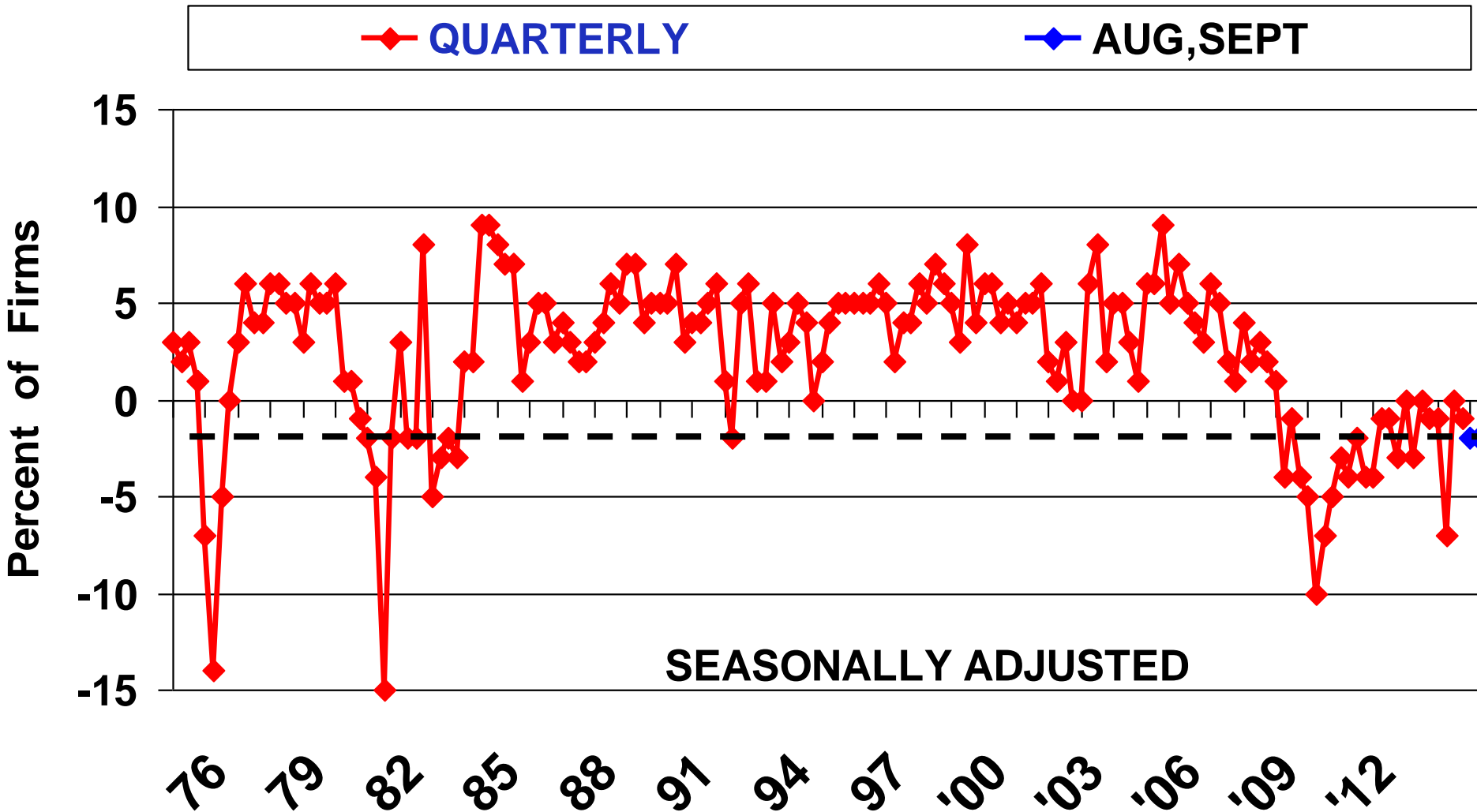
ACTUAL CHANGE IN INVENTORY

(% INCREASING - % REDUCING)



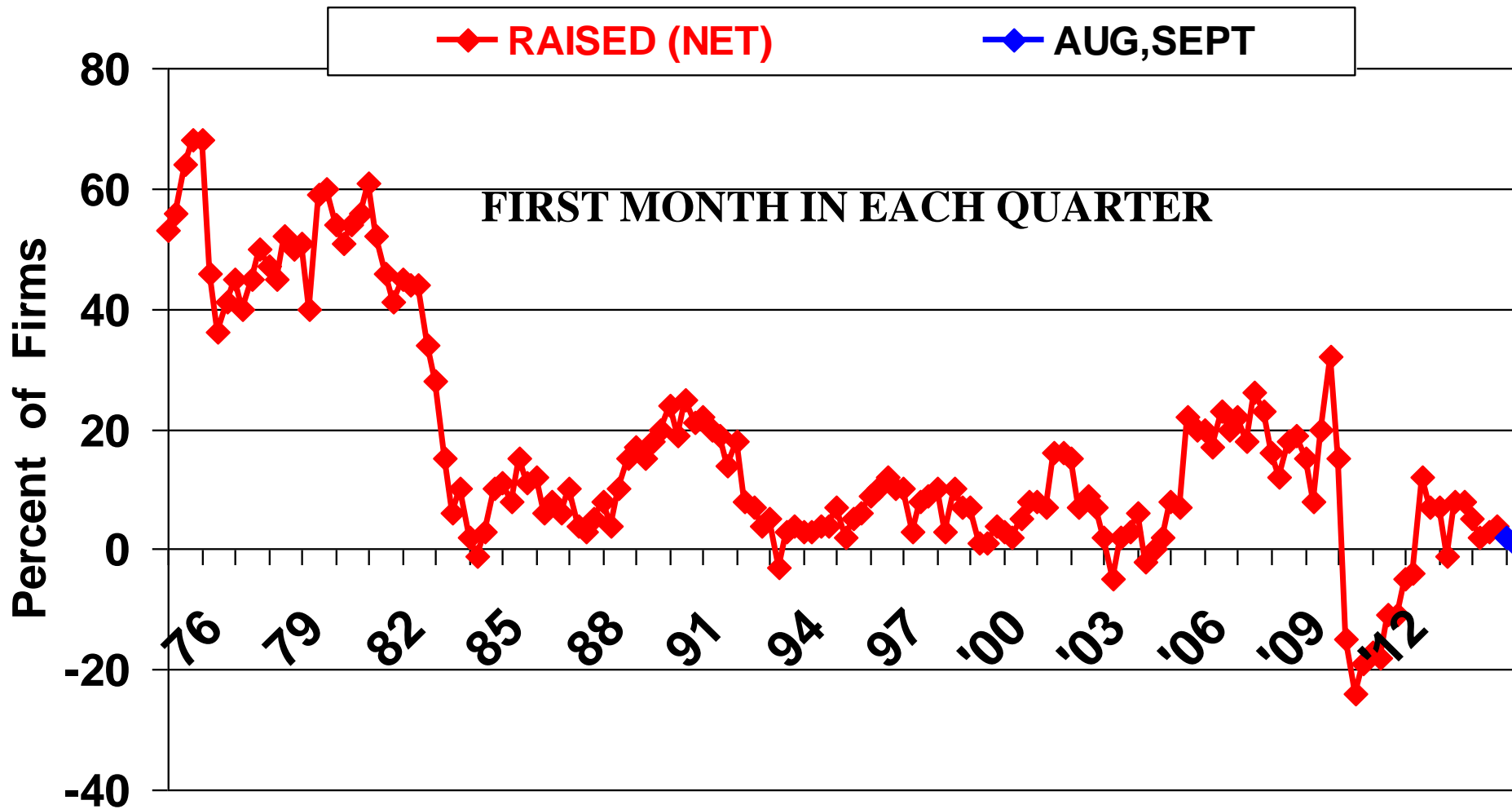
INVENTORY INVESTMENT PLANS

[% PLAN INCREASE – % PLAN DECREASE]



ACTUAL PRICE INCREASES

SEASONALLY ADJUSTED



GAS

UNLEADED

LOL

$\frac{9}{10}$

PLUS

OMG

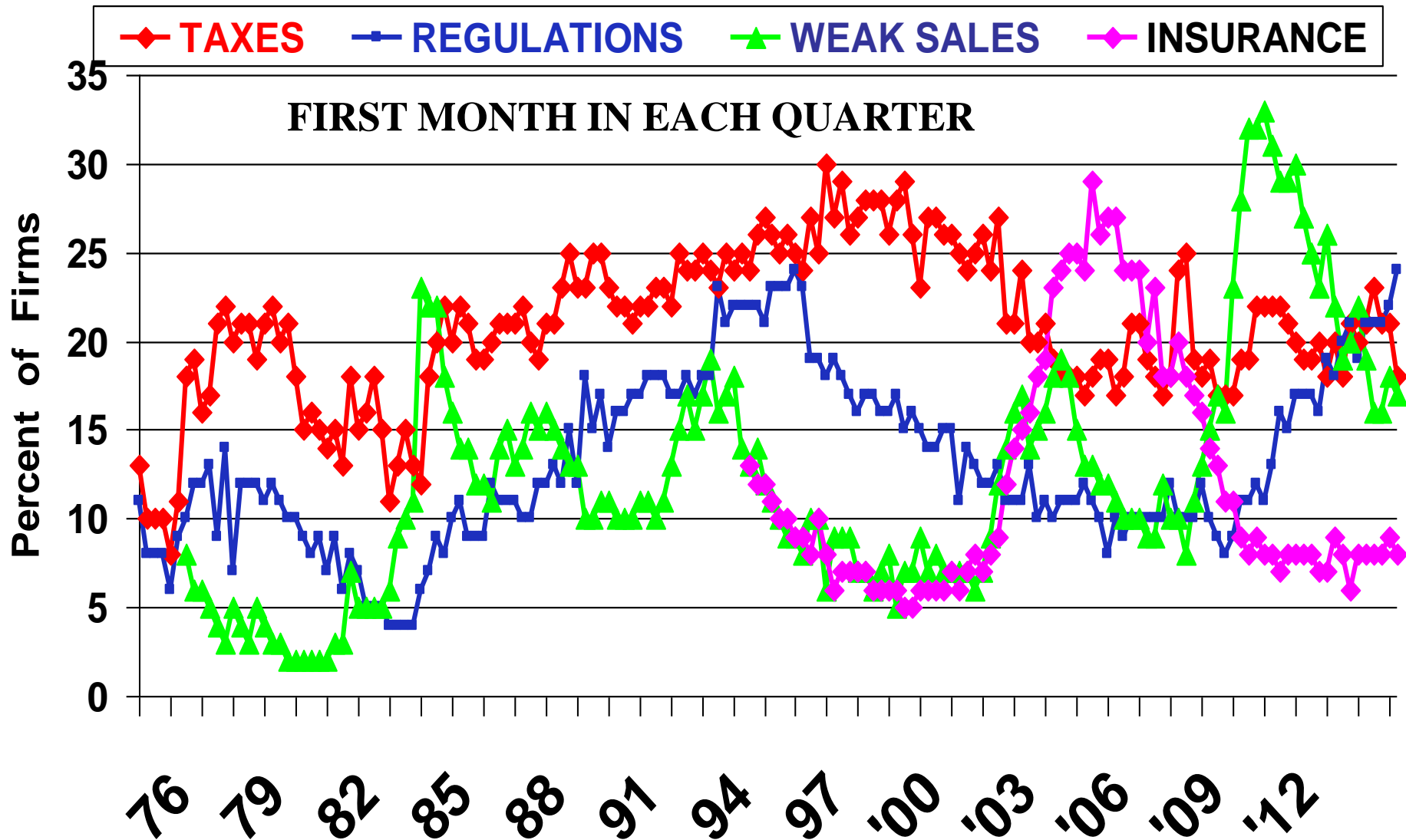
$\frac{9}{10}$

PREMIUM

WTF

$\frac{9}{10}$

MOST IMPORTANT PROBLEMS



MOST IMPORTANT PROBLEMS

1. **RISING HEALTH CARE COSTS-WHY YOUR PROB?**
2. **UNCERTAINTY ABOUT THE ECONOMY**
3. **ENERGY COSTS**
4. **UNCERTAINTY ABOUT ECONOMIC POLICY**
5. **COST OF REGULATIONS AND RED TAPE**
6. **TAXES ON BUSINESS INCOME**
7. **FREQUENT CHANGES IN THE TAX CODE**
8. **COMPLEXITY OF THE TAX CODE**
32. **FINDING QUALIFIED LABOR**
56. **SECURING LONG TERM FINANCING**

FEDERAL RESERVE NOTE

THE UNIT

AMERICA

THIS NOTE IS LEGAL TENDER
FOR ALL DEBTS, PUBLIC AND PRIVATE

K 72390245 A

WASHINGTON, D.C.



K 72390245 A

|| *Elizabeth C. Sherman* ||

|| *Raymond W. Claitor* ||

ONE DOLLAR



Now with Sugar Coated Derivatives

FORTIFIED WITH
HEDGE
FUNDS

CREDIT CRUNCH

FREE
HELICOPTER
INSIDE!*

LARGE
NET WEIGHT

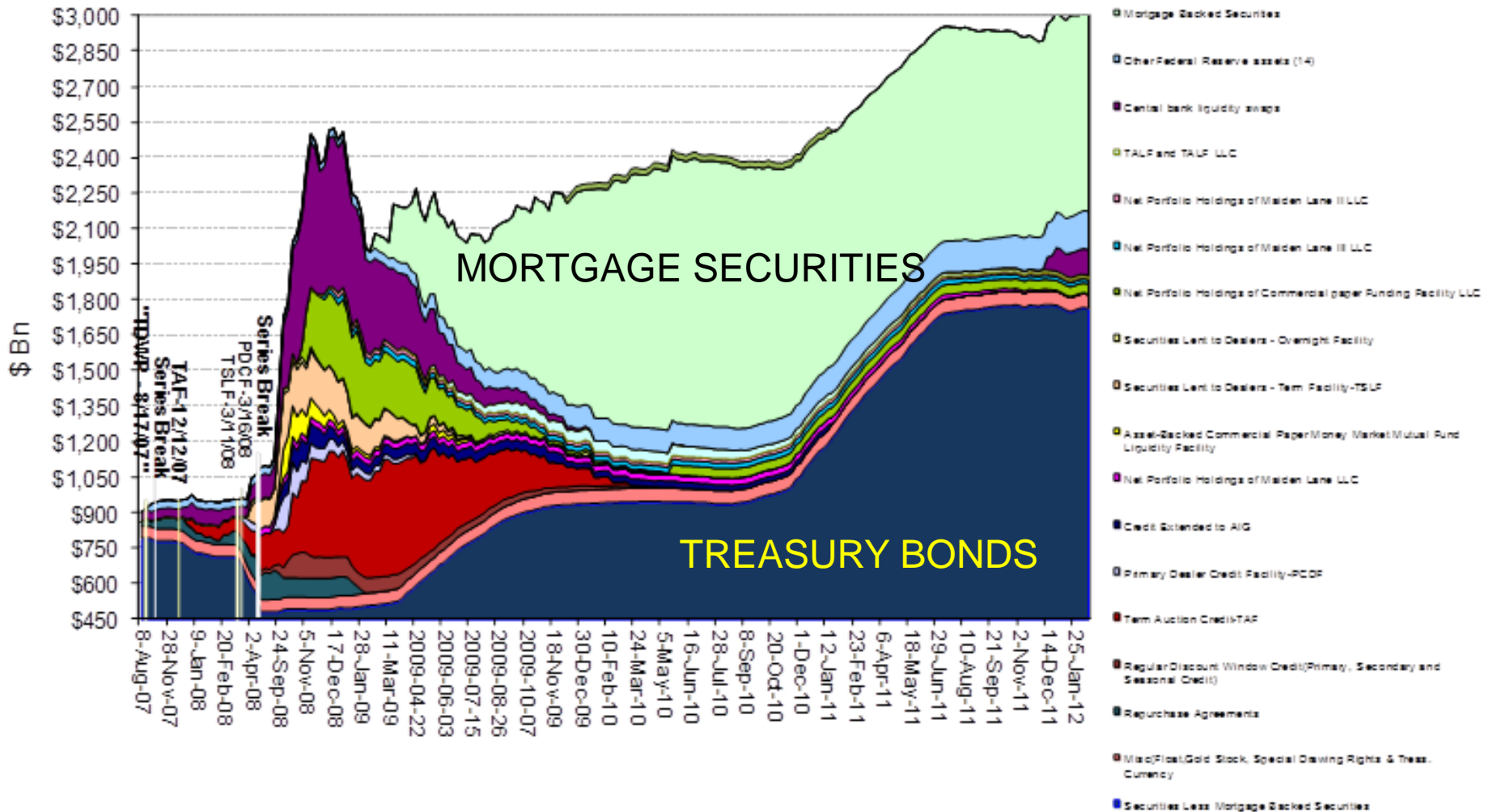


YOUNG BEN



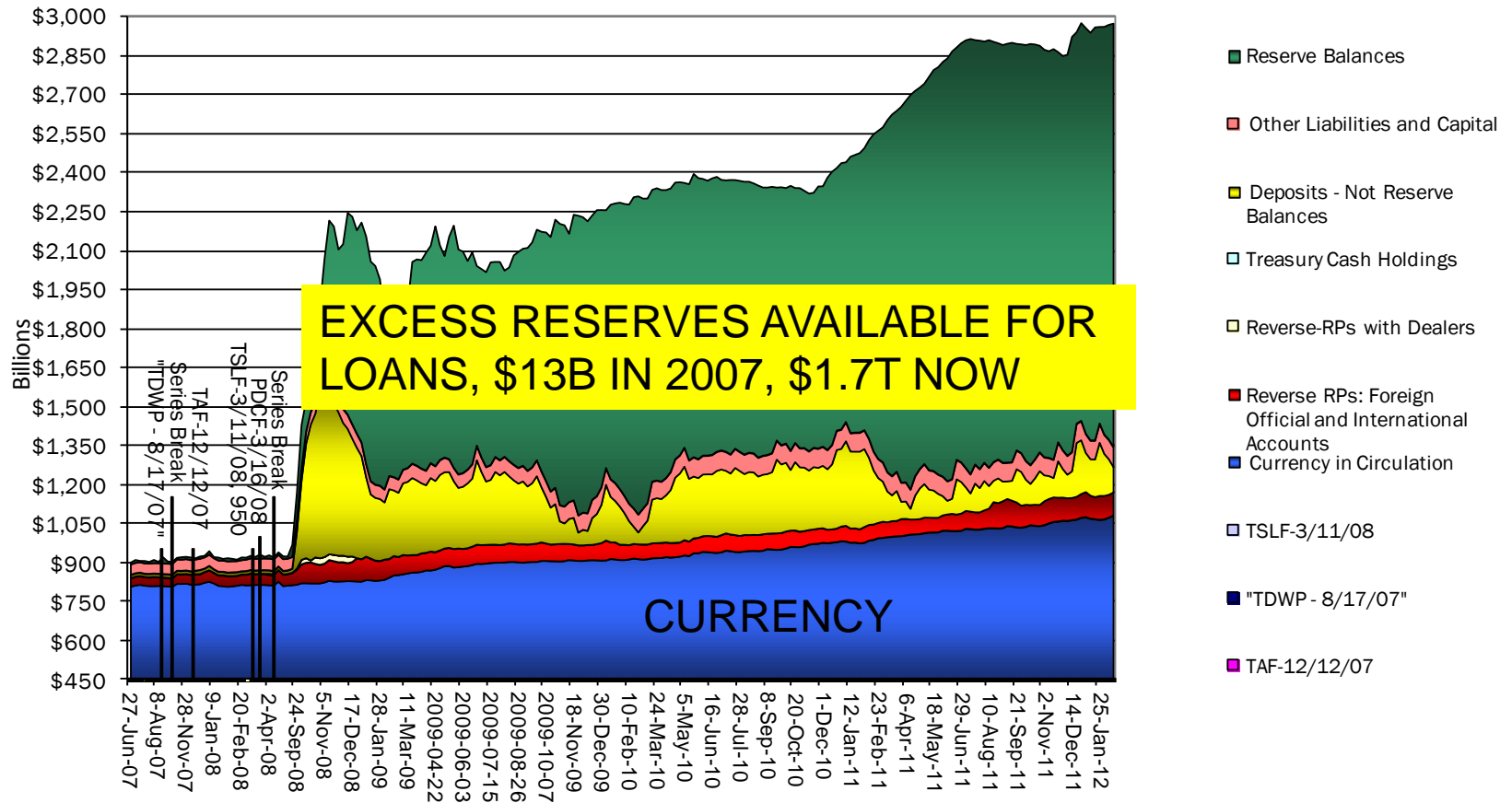
ASSETS OF THE FEDERAL RESERVE \$800B IN 2007, \$3 TRILLION NOW

Factors Adding to Reserves on Federal Reserve's Balance Sheet (Assets) Plus Off-Balance TSLF from 6/27/07 to 2/15/12



LIABILITIES OF THE FEDERAL RESERVE

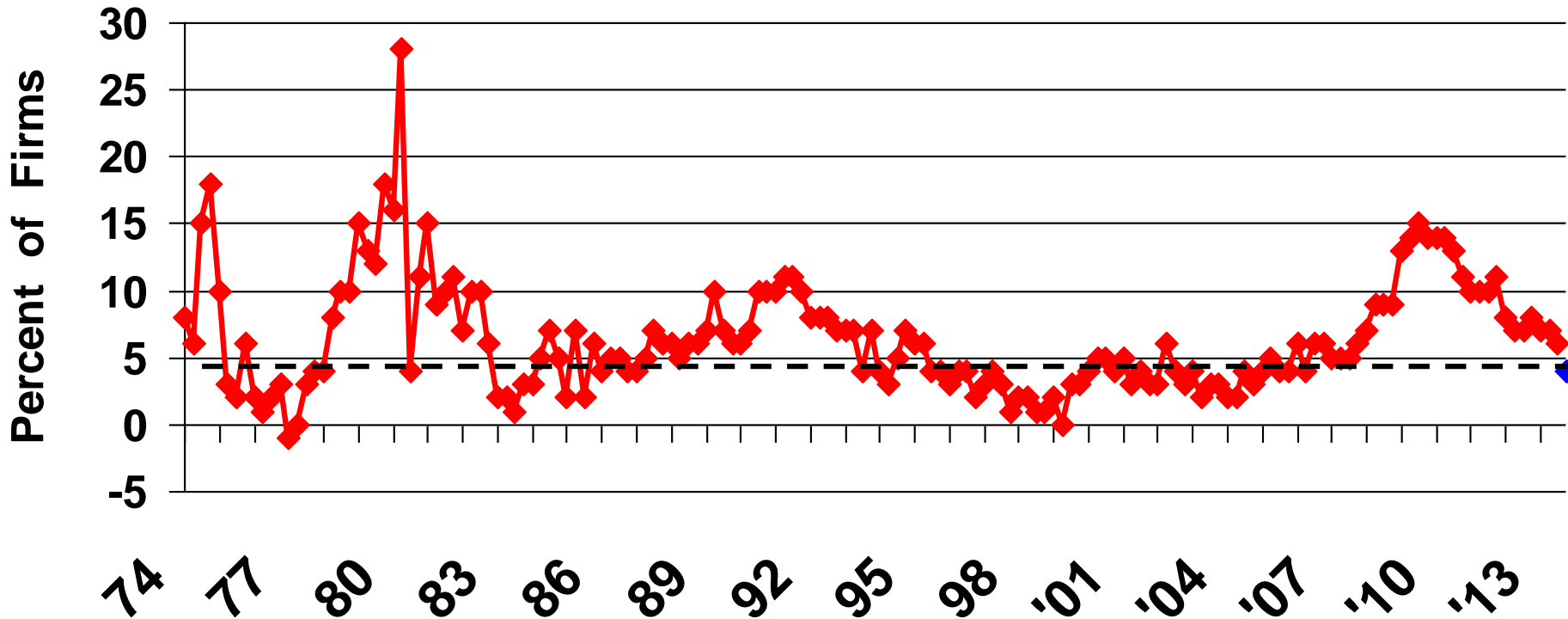
Factors Using Reserves on Federal Reserve's Balance Sheet (Liabilities)
from 6/27/2007 to 2/15/2012



SMALL BUSINESS CREDIT PROBLEMS

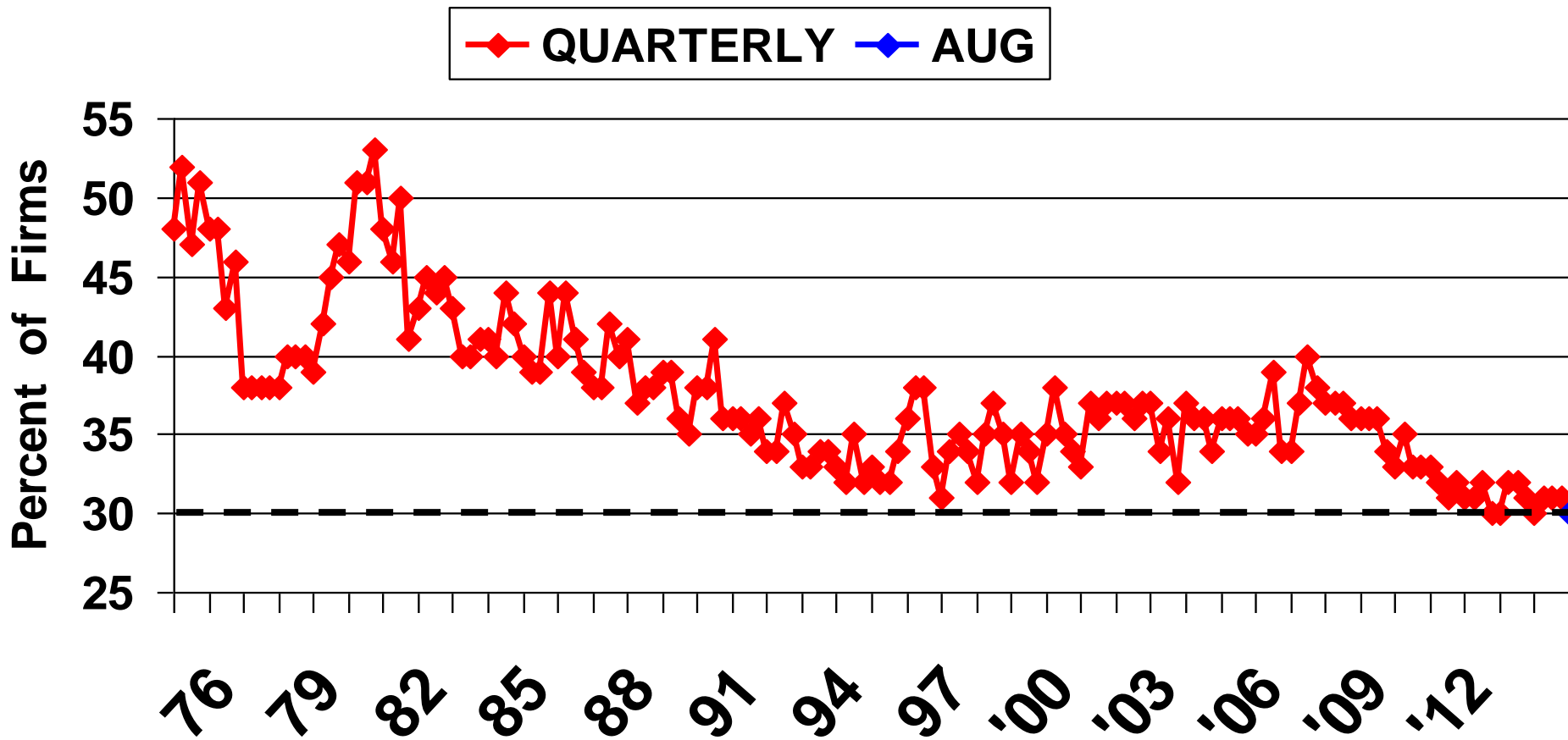
(% HARDER TO GET - % EASIER)

◆ QUARTERLY ◆ AUG

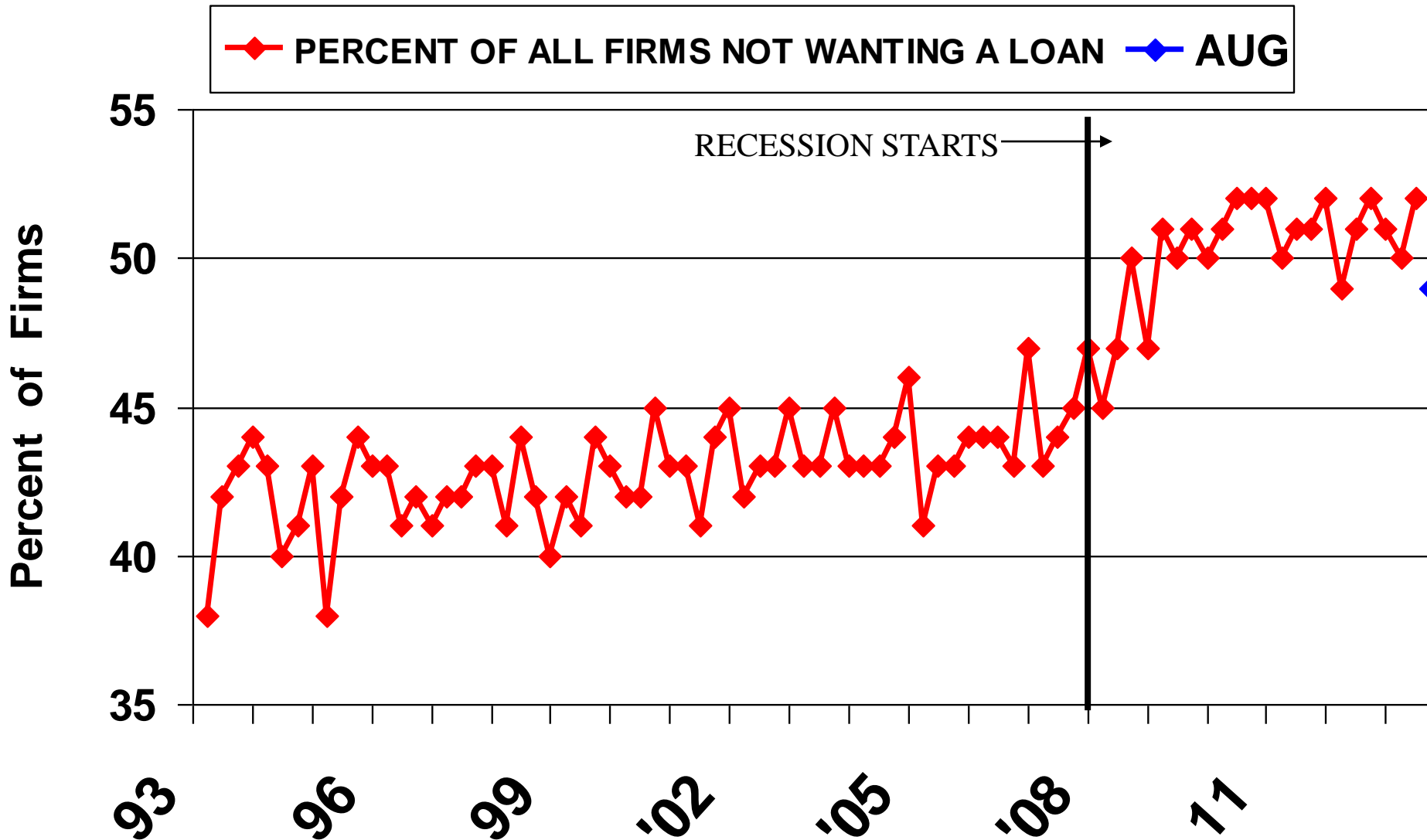


REGULAR BORROWING ACTIVITY

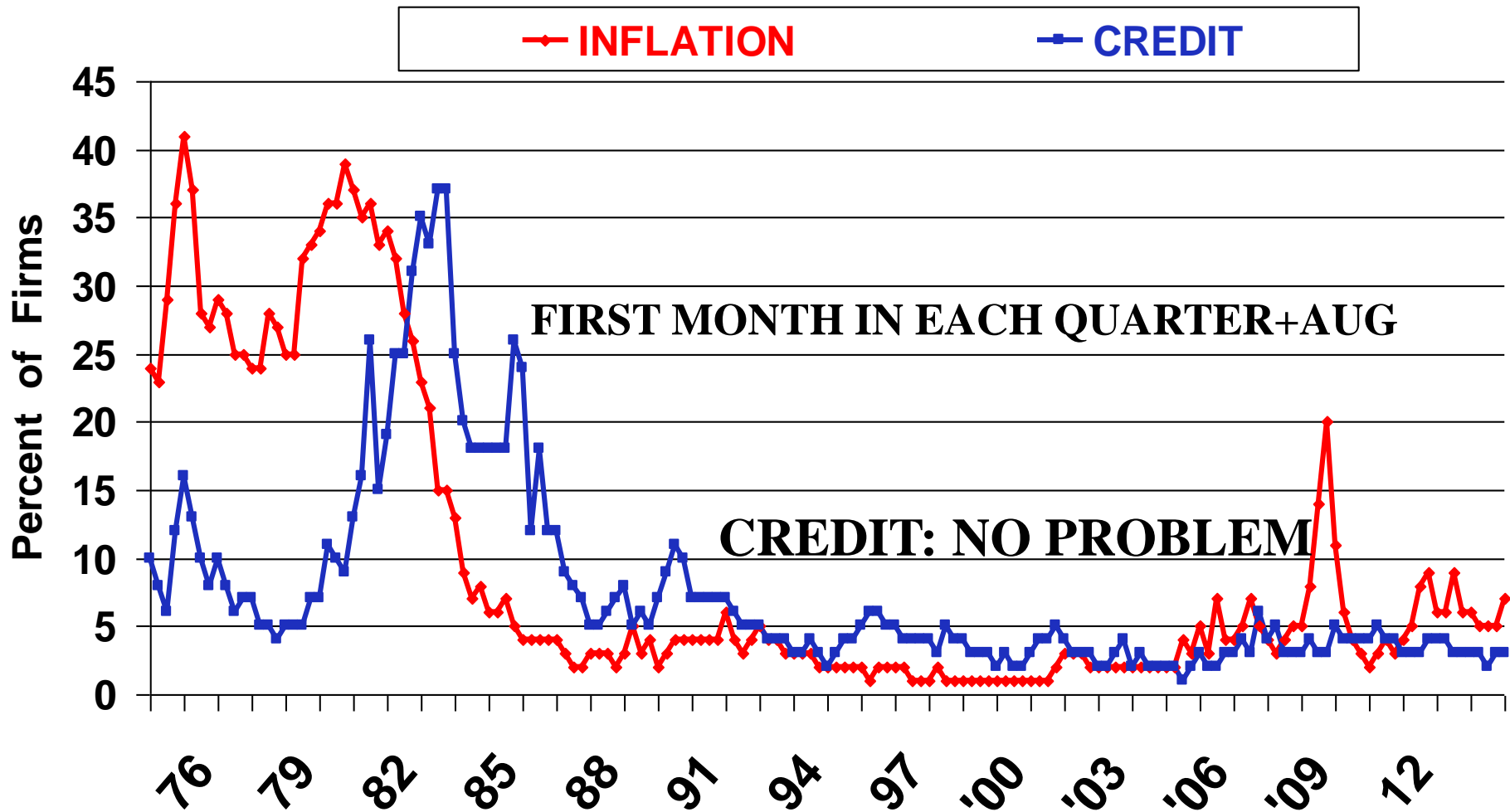
(AT LEAST ONCE A QUARTER)



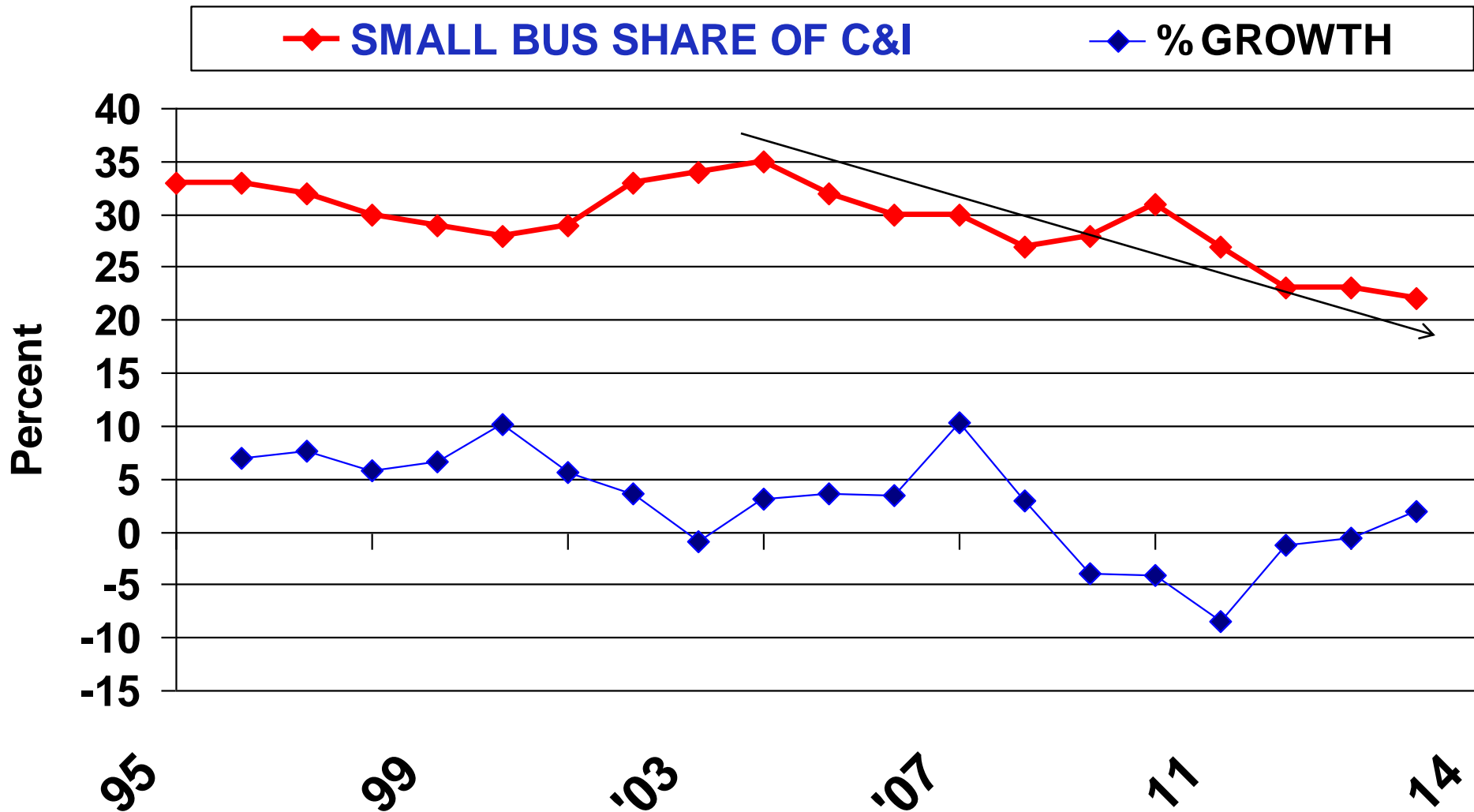
LOAN DEMANDS WEAKEN THROUGH THE RECESSION



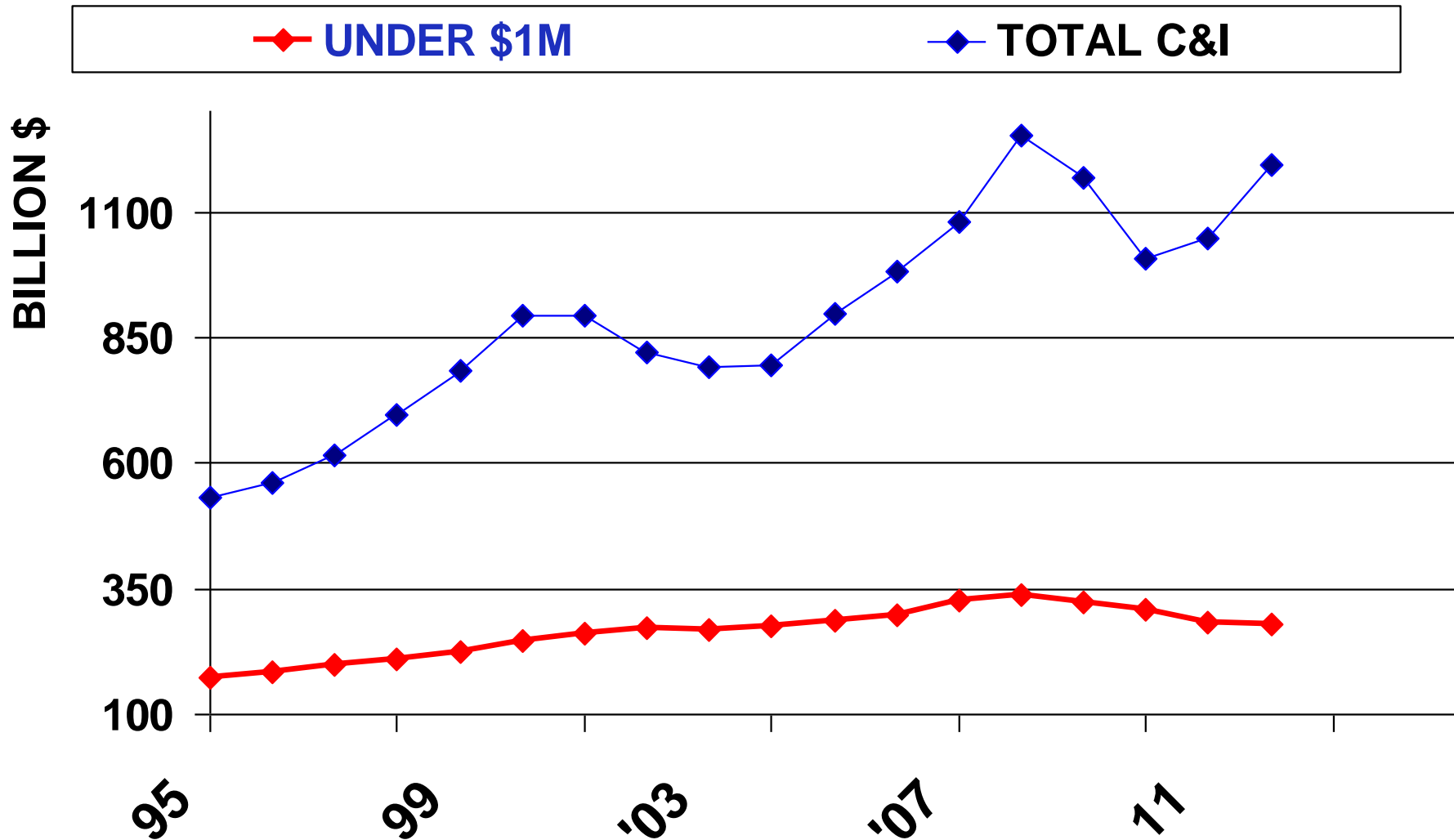
SINGLE MOST IMPORTANT PROBLEM FACING OWNERS



SMALL BUSINESS BORROWING



SMALL BUSINESS BORROWING



SO, WHERE ARE WE?

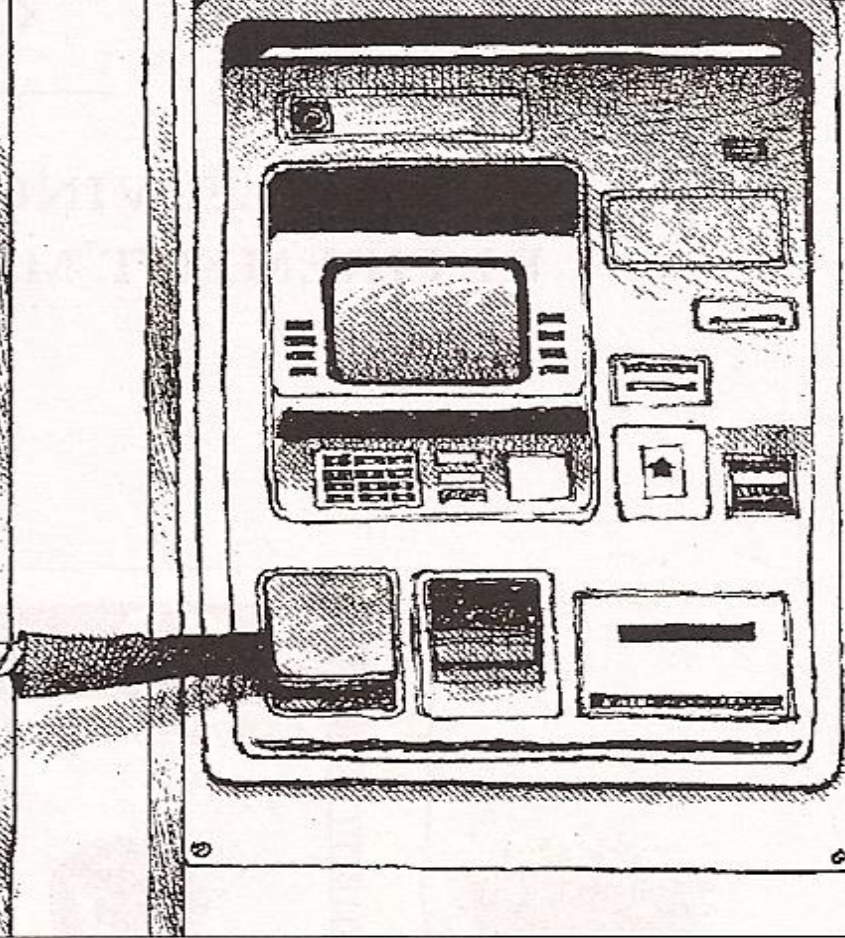
- ECONOMIC GROWTH SLOW
- UNEMPLOYMENT HIGH
- SMALL BUSINESS, HALF OF GDP, STALLED
- “FORECAST”
 - GDP GROWTH OF 2%
 - UNEMPLOYMENT RATE ABOVE 7% (FED TRIGGER?)
 - MODEST INFLATION, ENERGY WILDCARD
 - DEFICIT $\frac{3}{4}$ TRILLION DOLLARS
 - INTEREST RATES START TO RISE
- THE PRIVATE SECTOR, NOT GOVERNMENT, WILL SAVE US

ATM

AUTOMATED TELLER MACHINE

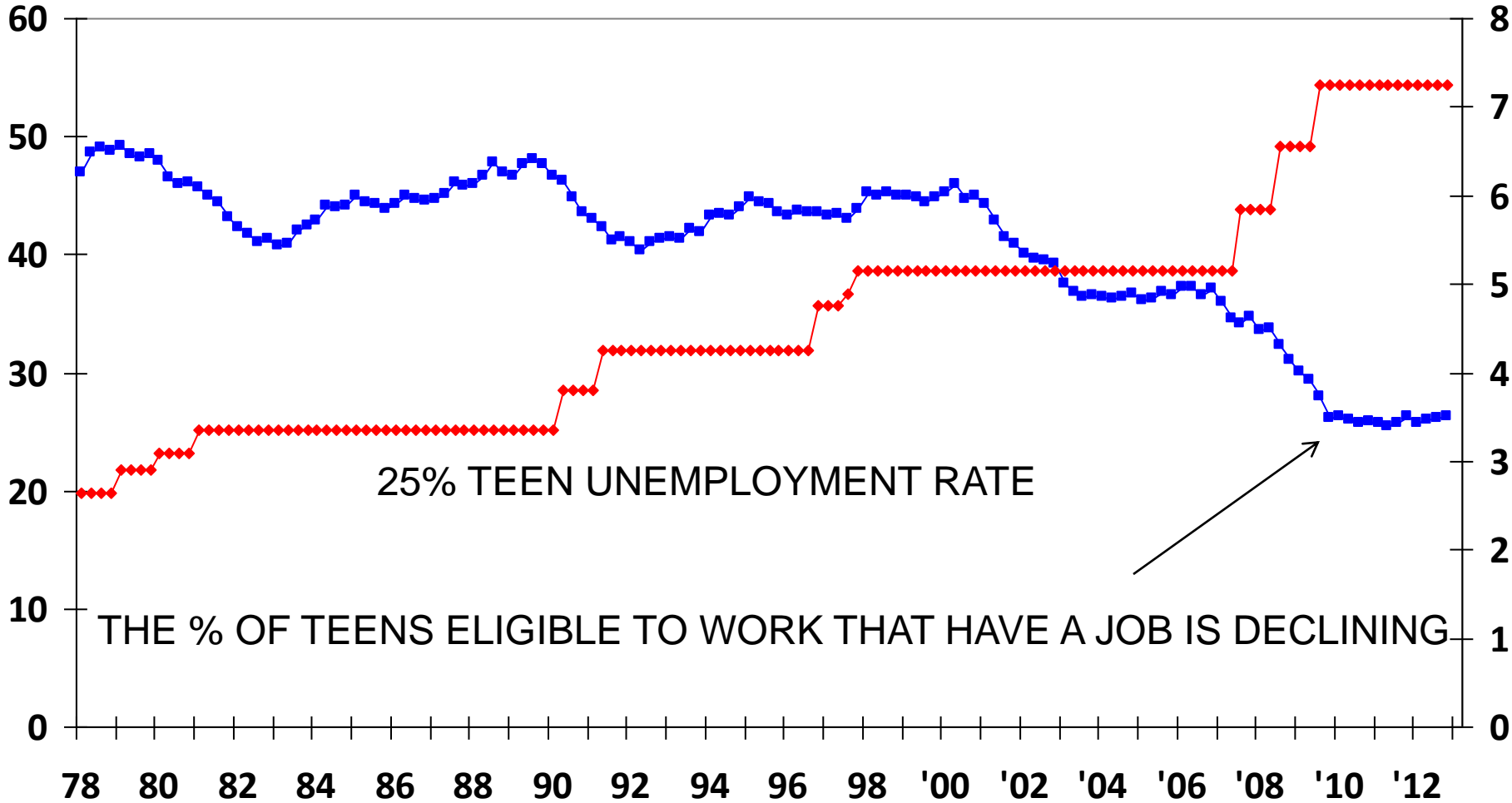
AMT

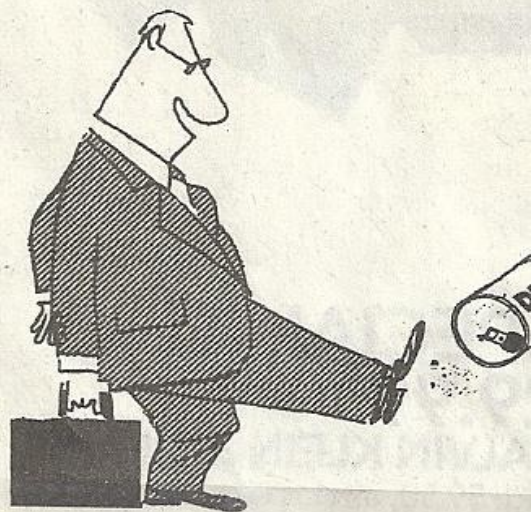
ALTERNATIVE MINIMUM TAX



TEEN EMPLOYMENT

EMP/POP MIN WAGE







Politicians

TRICKLE DOWN

Voters

IT'S ALL A MATTER OF PERSPECTIVE



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for charts and reports

NFIB.ORG/RESEARCH

for many other reports and the
monthly trends report