

Small Business Sector Continues To Improve

By Brian Headd, Economist

Overall small business indicators are improving. Promising signs include rising proprietors' income (Figure 1), a low level of business bankruptcies (Figure 2), and establishment births consistently outnumbering establishment deaths (Figure 3).

Private-sector employment is also showing positive signs. The bulk of net new employment is taking place in relatively large gains of 20 or more employees (Figure 4). These net employment gains are coming from existing establishments (Figure 5).

While the number of establishment births has been rising in recent years, the average employment of these new establishments is in a long-term declining trend (Figure 6). However, the two most recent quarters show an uptick in size.

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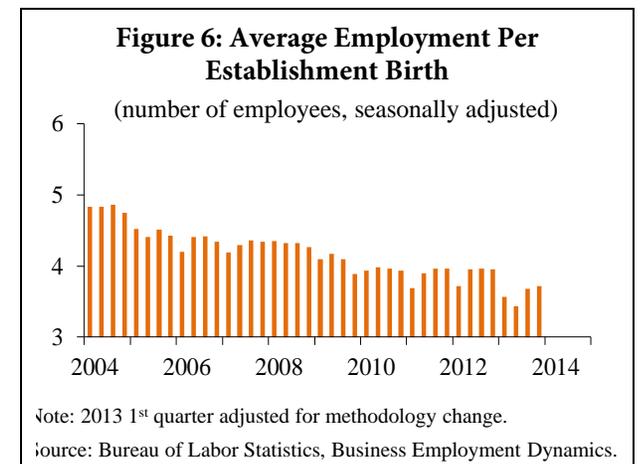
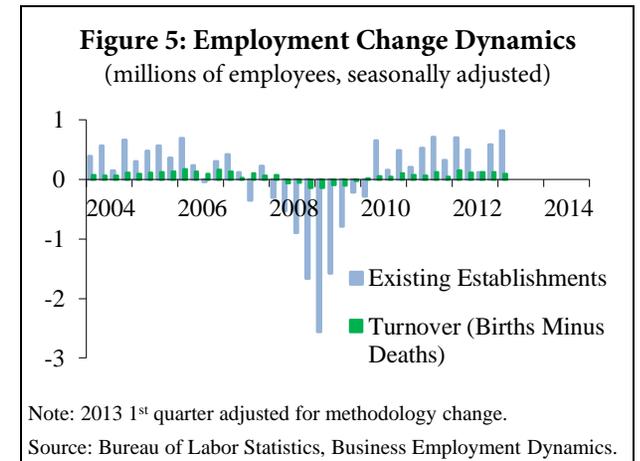
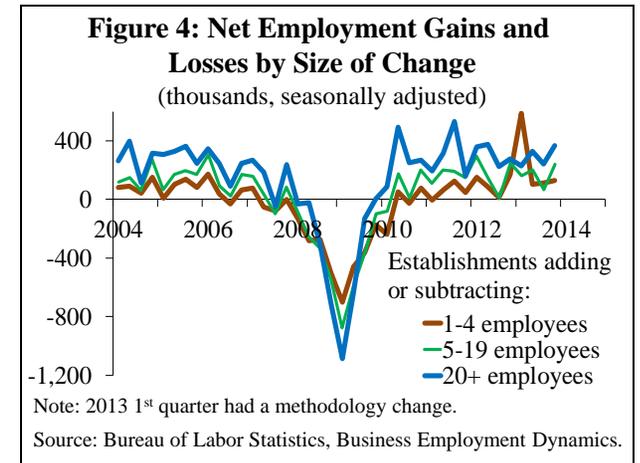
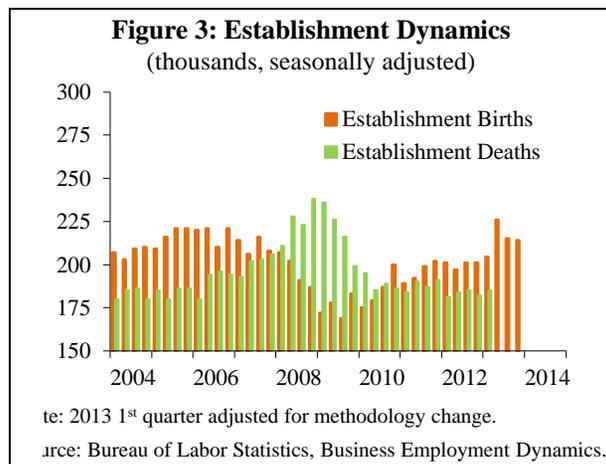
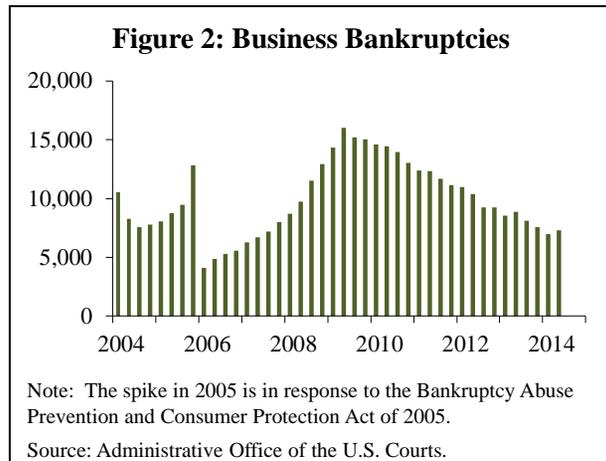
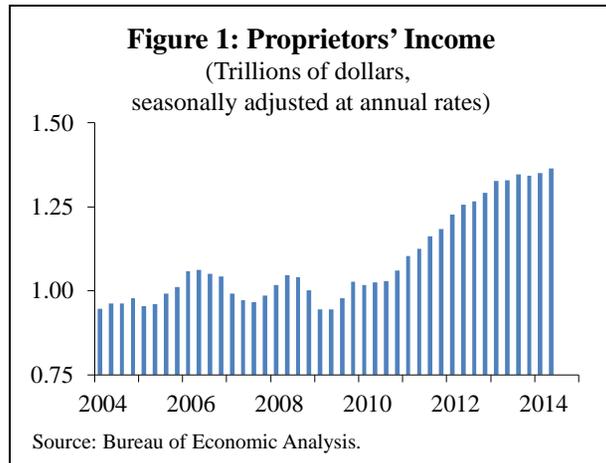


Table 1. Small Business Quarterly Bulletin

Second Quarter 2014

	2012				2013				2014		2000	2005	2009	2010	2011	2012	2013
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2							
Self-employed (000) * †																	
Unincorporated	9,232	9,875	9,702	9,502	8,964	9,720	9,486	9,122	9,249	9,340	10,214	10,464	9,831	9,681	9,449	9,529	9,408
Incorporated	5,130	5,206	5,263	5,175	5,419	5,170	5,310	5,433	5,462	5,302	4,459	5,254	5,466	5,191	5,127	5,253	5,311
Businesses, turnover																	
Establishments (000)																	
Births	201	197	201	201	578	226	215	214	–	–	826	867	702	741	782	800	1,233
Deaths	181	184	185	182	185	–	–	–	–	–	759	737	877	755	752	732	–
Business bankruptcies*	10,998	10,374	9,248	9,231	8,512	8,874	8,119	7,556	6,992	7,283	35,472	39,201	60,837	56,282	47,806	40,075	33,212
Employment																	
Nonfarm payroll (millions) §	133.42	133.86	134.26	134.85	135.49	136.08	136.62	137.25	137.75	138.52	132.0	134.0	131.23	130.28	131.84	134.10	136.37
Net private-sector job creation (000)																	
Total‡	847	613	233	709	914	666	421	745	–	–	1,905	2,148	-5,514	1,254	2,085	2,402	2,746
<20 employees	247	84	40	122	186	116	121	59	–	–	275	479	-1,310	20	331	493	482
20-499 employees	432	333	77	187	305	293	105	197	–	–	772	756	-2,135	684	950	1,029	900
500+ employees	167	187	96	328	707	234	160	394	–	–	905	910	-2,212	451	713	778	1,495
Finance, sales & income (\$billion unless noted)																	
C&I loan average interest rate	3.78	3.77	3.72	3.64	3.59	3.59	3.53	3.42	3.44	3.39	9.65	7.01	3.97	4.05	3.83	3.64	3.42
Manufacturing & trade sales §	1,241	1,241	1,248	1,265	1,277	1,280	1,296	1,312	1,314	1,342	833	1,005	982	1,077	1,194	1,249	1,291
Proprietors' income †	1,226	1,256	1,266	1,292	1,328	1,330	1,346	1,343	1,351	1,364	758	979	973	1,033	1,144	1,260	1,337
Economy (percent)																	
Real GDP change †	2.3	1.6	2.5	0.1	2.7	1.8	4.5	3.5	-2.1	4.2	4.1	3.3	-2.8	2.5	1.6	2.3	2.2
Chained CPI †	2.6	1.6	1.8	1.5	1.3	1.5	1.0	1.3	1.4	1.9	2.6	2.9	2.5	1.3	2.9	1.5	1.3
Unemployment rate †	8.2	8.2	7.8	7.9	7.5	7.5	7.2	6.7	6.7	6.1	4.0	5.1	9.3	9.6	8.9	8.1	7.4

* Not seasonally adjusted.

† Annualized quarterly figures, from last month of quarter where applicable.

‡ Totals may not add because of indeterminate firm sizes.

§ Monthly averages.

|| Loans between \$100,000 and \$999,999.

Sources: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Bureau of Labor Statistics (Business Employment Dynamics), Administrative Office of the U.S. Courts, Federal Reserve Board of Governors (Survey of Terms of Business Lending), U.S. Census, Bureau and Bureau of Economic Analysis.