

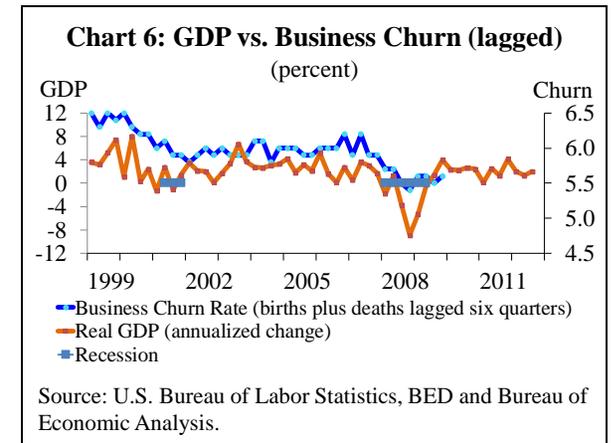
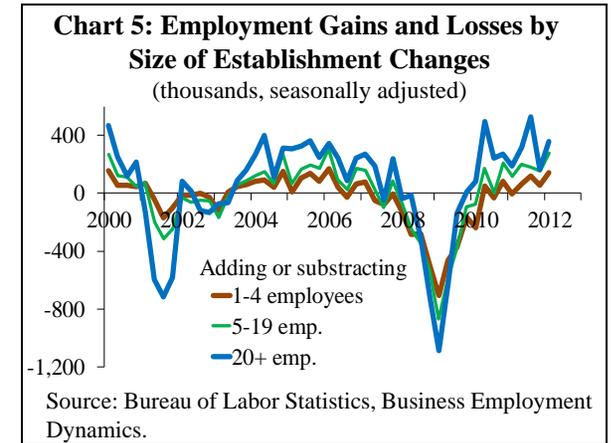
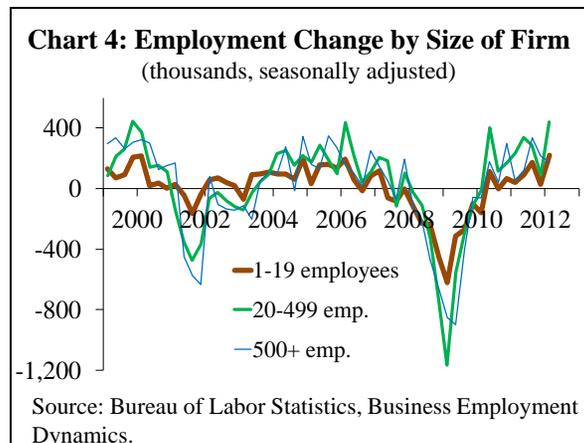
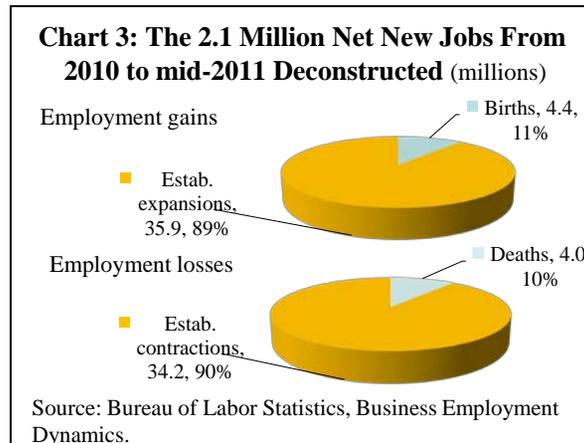
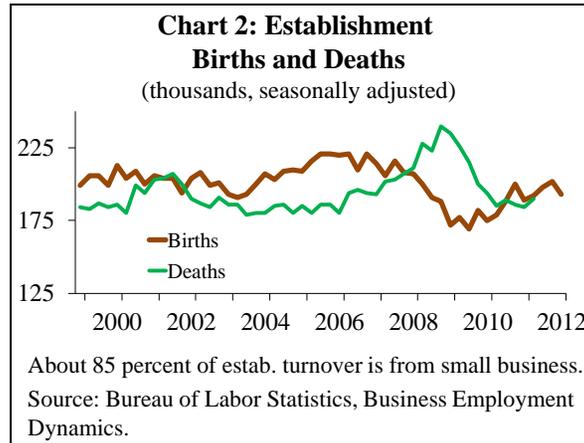
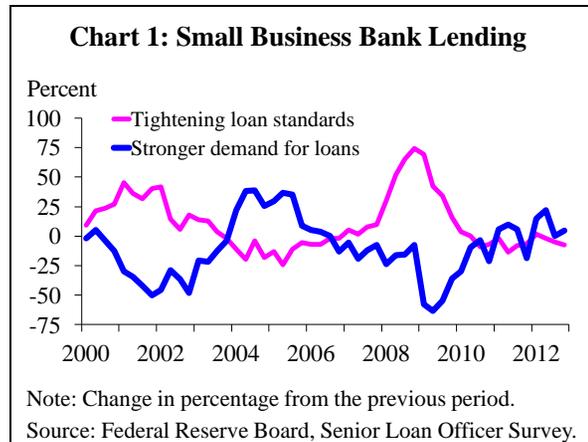
Small Business Quarterly Bulletin

Third Quarter 2012
by Brian Headd, Economist

The latest small business data showed positive movement, with business bankruptcies on the decline and an increase in income for business owners. This is in line with the continuing gains over the past few years. Two metrics that showed mixed results were the growth of self-employed individuals and tightening loan demand.

As shown in Chart 3, existing businesses continue to lead in hiring. The relative contribution to employment change by the different sizes of small firms is shown in Chart 4. The net change in employment (gains and losses) by establishments is presented in Chart 5. Employment gains due to the birth of new firms continue to show signs of improvement, however, these gains barely outpace employment losses from firm deaths (Chart 2).

Table 1 presents more information on this most recent quarter.



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										Annual Data (or Year End)										
	2010			2011				2012			1995	2000	2005	2006	2007	2008	2009	2010	2011	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3										
Self-employed (000) * †																				
Unincorporated	9,977	9,680	9,309	9,476	9,627	9,249	9,252	9,232	9,875	9,702	10,482	10,214	10,464	10,586	10,413	10,080	9,831	9,681	9,449	
Incorporated	5,254	5,036	5,263	5,169	5,155	4,950	5,199	5,130	5,206	5,263	na	4,459	5,254	5,499	5,735	5,784	5,466	5,191	5,127	
Businesses, turnover																				
Establishments (000)																				
Births	179	188	200	189	192	198	202	193	-	-	751	826	867	870	845	786	701	742	781	
Deaths	185	189	186	184	190	-	-	-	-	-	651	759	737	763	804	901	877	754	-	
Business bankruptcies*	14,452	13,957	13,030	12,376	12,304	11,705	11,149	10,998	10,374	9,248	51,959	35,472	39,201	19,695	28,322	43,533	60,837	56,282	47,806	
Employment																				
Nonfarm payroll (millions)	130.02	129.89	130.35	130.92	131.31	131.69	132.19	132.86	133.06	133.58	117.30	131.79	133.70	136.09	137.60	136.79	130.81	129.87	131.36	
Net private-sector job creation (000)																				
Total‡	722	187	609	292	603	794	389	814	-	-	2,405	1,905	2,148	1,737	735	-3,575	-5,473	1,264	2,078	
<20 employees	112	-1	66	41	91	174	26	218	-	-	487	275	479	321	-33	-1,043	-1,312	23	332	
20-499 employees	401	117	171	235	339	285	90	438	-	-	1,088	772	756	801	370	-1,212	-2,134	693	949	
500+ employees	176	41	297	53	120	334	216	174	-	-	830	905	910	508	304	-1,475	-2,224	451	723	
Finance, sales & income (\$billion unless noted)																				
Tightening lending standards (percent of responses)	0.0	-9.1	-7.1	-1.9	-13.5	-7.8	-6.3	1.9	-1.8	-4.9	-1.8	27.3	-5.3	-1.8	9.6	74.5	16.1	-7.1	-6.3	
Loan demand (perct. of responses)	-9.3	-3.6	-21.4	5.6	9.6	5.8	-18.8	15.1	21.8	0.0	7.2	-12.8	8.9	-13.0	-7.7	-7.4	-35.7	-21.4	-18.1	
C&I loans outstanding §	1,214	1,204	1,204	1,220	1,248	1,285	1,323	1,372	1,417	1,459	691	1,056	988	1,128	1,301	1,526	1,433	1,220	1,276	
Manufacturing & trade sales §	1,061	1,079	1,116	1,163	1,188	1,207	1,223	1,242	1,240	1,250	655	834	1,004	1,066	1,124	1,154	980	1,066	1,182	
Proprietors' income	1,105	1,117	1,139	1,148	1,155	1,161	1,165	1,184	1,195	1,213	516	818	1,070	1,133	1,090	1,098	979	1,103	1,157	
Economy (percent)																				
Real GDP change†	2.2	2.6	2.4	0.1	2.5	1.3	4.1	2.0	1.3	2.0	2.5	4.1	3.1	2.7	1.9	-0.3	-3.1	2.4	1.8	
Chained CPI*	0.0	0.3	0.3	1.7	1.0	0.6	-0.5	1.4	0.1	0.6	2.8	3.4	2.9	2.9	2.5	3.7	-0.5	1.4	2.8	
Unemployment rate †	9.5	9.6	9.4	8.9	9.1	9.0	8.5	8.2	8.2	7.8	5.6	4.0	5.1	4.6	4.6	5.8	9.9	9.4	8.5	

* Not seasonally adjusted.

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

‡ Totals may not add because of indeterminate firm sizes.

§ Monthly averages.

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 (Senior Loan Officer Survey, Assets & Liabilities of Commercial Banks in the United States), U.S. Census Bureau and Bureau of Economic Analysis.