

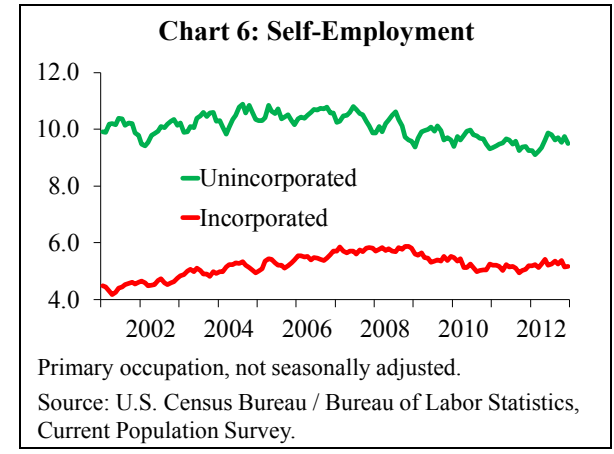
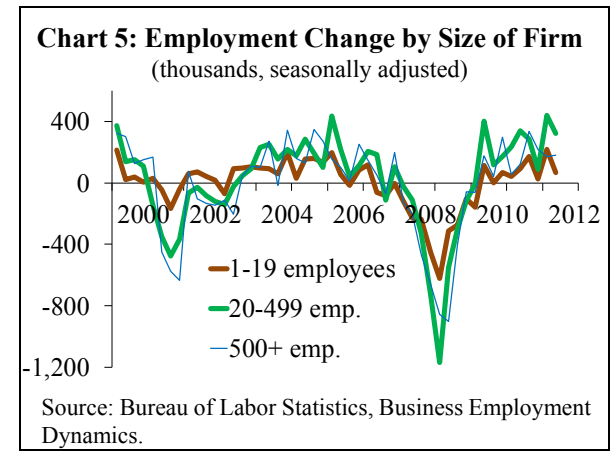
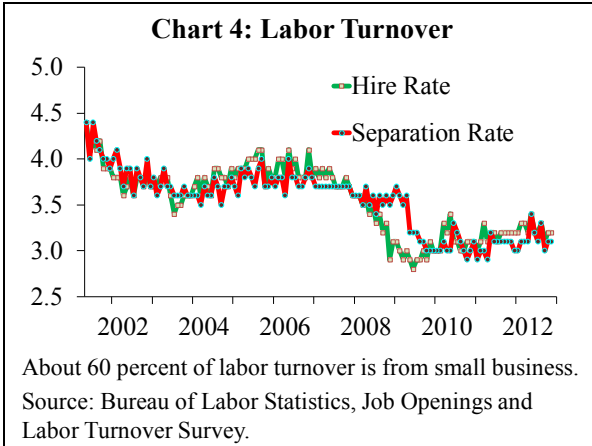
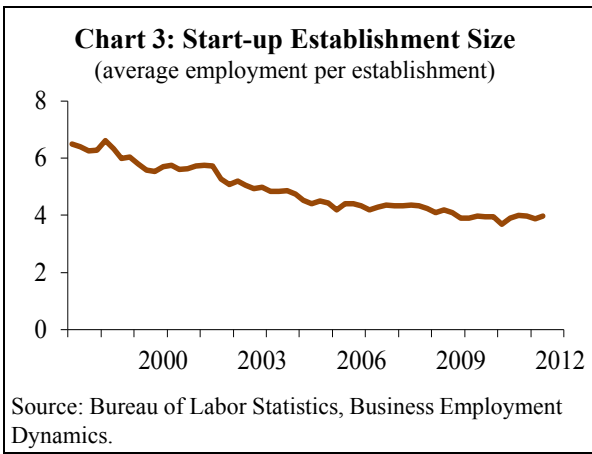
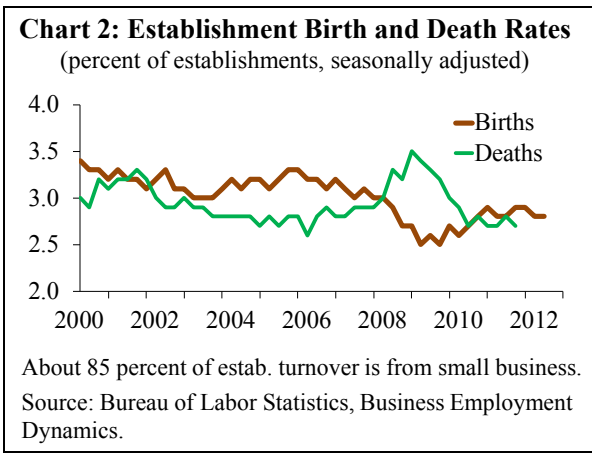
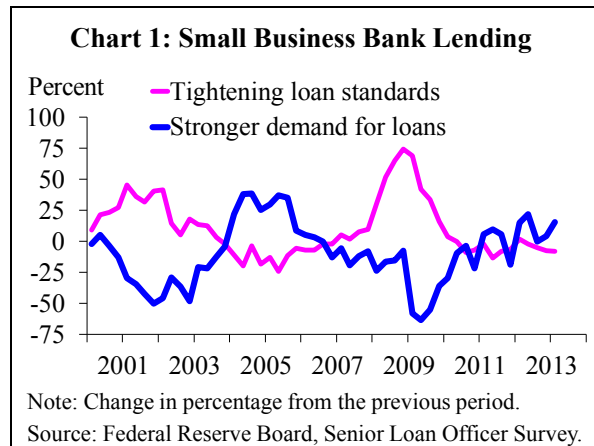
Declining Bankruptcies among Promising Indicators

by Brian Headd, Economist
Small Business Quarterly Bulletin
 Fourth Quarter 2012

Small businesses across America continue to modestly improve as the nation pushes through its economic recovery. The most promising indicators of Advocacy's latest economic analysis are the declining number of bankruptcies and proprietors' growing income.

The larger small firms (20-499 employees) continue to drive employment gains (Chart 5), but the low average start-up size (Chart 3) and low rates of labor turnover (Chart 4) continue to show a sluggish labor market. However, business birth rates are outpacing death rates, which is a good sign for the health of the business market (Chart 2).

What remain uneven are the trends in the number of self-employed and the demand for loans, which has been the case for the last few years. More information from the most recent quarterly small business data is available in Table 1.



For additional information visit, www.sba.gov/advocacy or contact us at:

Office of Advocacy
 U.S. Small Business Administration
 409 Third Street, S.W., MC 3114
 Washington, DC 20416
 Phone (202) 205-6533
 Fax: (202) 205-6928
advocacy@sba.gov



Table 1. Small Business Quarterly Bulletin

Fourth Quarter 2012

													Annual Data (or Year End)							
	2010			2011				2012				1995	2000	2005	2008	2009	2010	2011	2012	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4									
Self-employed (000) * †																				
Unincorporated	9,977	9,680	9,309	9,476	9,627	9,249	9,252	9,232	9,875	9,702	9,502	10,482	10,214	10,464	10,080	9,831	9,681	9,449	9,529	
Incorporated	5,254	5,036	5,263	5,169	5,155	4,950	5,199	5,130	5,206	5,263	5,175	na	4,459	5,254	5,784	5,466	5,191	5,127	5,253	
Businesses, turnover																				
Establishments (000)																				
Births	179	188	200	189	192	198	202	193	191	-	-	751	826	867	786	701	742	781	-	
Deaths	185	189	186	184	190	187	-	-	-	-	-	651	759	737	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	9,231	51,959	35,472	39,201	43,533	60,837	56,282	47,806	40,075	
Employment																				
Nonfarm payroll (millions)	130.01	129.97	130.28	130.66	131.32	131.73	132.29	133.06	133.51	133.92	134.46	117.34	131.75	133.48	136.44	130.35	129.27	130.71	132.81	
Net private-sector job creation (000)																				
Total‡	722	187	609	292	603	794	389	814	582	-	-	2,405	1,905	2,148	-3,575	-5,473	1,264	2,078	-	
<20 employees	112	-1	66	41	91	174	26	218	66	-	-	487	275	479	-1,043	-1,312	23	332	-	
20-499 employees	401	117	171	235	339	285	90	438	324	-	-	1,088	772	756	-1,212	-2,134	693	949	-	
500+ employees	176	41	297	53	120	334	216	174	182	-	-	830	905	910	-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	-7.6	-1.8	27.3	-5.3	74.5	16.1	-7.1	-6.3	-7.6	
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	4.5	7.2	-12.8	8.9	-7.4	-35.7	-21.4	-18.8	4.5	
C&I loans outstanding §	1,214	1,205	1,203	1,219	1,248	1,285	1,320	1,369	1,416	1,460	1,488	691	1,056	988	1,521	1,427	1,216	1,268	1,433	
C&I loan average interest rate	4.0	4.1	4.1	4.0	3.9	3.9	3.8	3.8	3.8	3.7	3.7	-	9.7	7.0	4.5	4.0	4.1	3.8	3.7	
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	1,154	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	1,205	1,227	516	818	1,070	1,098	979	1,103	1,157	1,203	
Economy (percent)																				
Real GDP change†	2.2	2.6	2.4	0.1	2.5	1.3	4.1	2.0	1.3	3.1	-0.1	2.5	4.1	3.1	-0.3	-3.1	2.4	1.8	2.2	
Chained CPI*	0.0	0.3	0.3	1.7	1.0	0.6	-0.5	1.4	0.1	0.6	-0.6	2.8	2.6	2.9	0.2	2.5	1.3	2.7	1.6	
Unemployment rate †	9.5	9.6	9.4	8.9	9.1	9.0	8.5	8.2	8.2	7.8	7.8	5.6	4.0	5.1	5.8	9.3	9.6	8.9	8.1	

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