

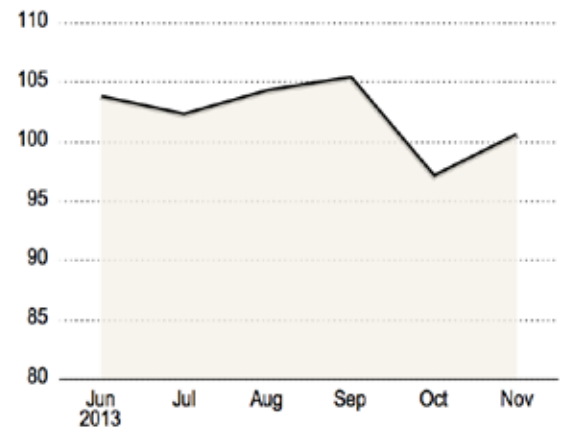
Small Business Sentiment Rebounds from Shutdown

The Congressional settlement that ended the government shutdown prompted a partial rebound in how small firms viewed year-ahead prospects for the economy but not in their negative judgments about the current state of the economy. The WSJ/Vistage Small Business CEO Confidence Index rose to 100.5 in the November 2013 survey, up from 97.0 in October, but remained below the September reading of 105.3. Presumably the rebound is still incomplete since the settlement only postponed a decision on spending and taxes for a few months. Nonetheless, firms have learned from past experiences. They did not react as strongly to the third self-inflicted Congressional crisis in as many years. The much more pessimistic views held last November were due to the largely unfounded fears about the outsized economic impact expected from the then looming fiscal cliff.

Indeed, falling off last year's fiscal cliff did not prove as damaging as its billings had indicated due to an underestimation of the growing strength in the overall economy as well as among small business firms. Importantly, the improved ability of small firms to resist an over-reaction to the recent government crisis is based in part on the quite favorable prospects firms now hold for their own businesses. Small firms anticipate favorable trends in revenues and profits and intend to expand their investments as well as their payrolls. Reaching a "grand bargain" on spending and taxes that extends for at least a few years could resolve the lingering uncertainty affecting their decisions. Another short term fix lasting until next year's Congressional elections will keep the government's fiscal policies as a central source of uncertainty. Moreover, this would needlessly add to concerns about the timing of potential changes in monetary policy.

Analysis provided by Dr. Richard Curtin, University of Michigan

WSJ/Vistage Small Business CEO Confidence Index



Visit vistageindex.com to see the interactive tool and view results from previous months.

WSJ/Vistage Small Business CEO Survey (820 Respondents)

Question	Answer	Respondents	
		#	%
1. Compared with a year ago, have overall economic conditions in the United States improved, remained the same, or worsened?	Improved	299	36%
	Remained about the same	388	47%
	Worsened	132	16%
	Don't know/No opinion	1	0%

Continued on reverse...

Question	Answer	Respondents	
		#	%
2. During the next 12 months, do you expect the overall economic conditions in the U.S. will be better, about the same, or worse than now?	Better	219	27%
	About the same	448	55%
	Worse	145	18%
	Don't know/No opinion	8	1%

3. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	361	44%
	Remain the same	343	42%
	Decrease	108	13%
	Don't know/No opinion	8	1%

4. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?	Increase	576	70%
	Remain the same	191	23%
	Decrease	45	5%
	Don't know/No opinion	8	1%

5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	444	54%
	Remain the same	273	33%
	Worsen	97	12%
	Don't know/No opinion	6	1%

6. Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?	Increase	435	53%
	Remain the same	317	39%
	Decrease	63	8%
	Don't know/No opinion	5	1%

Question	Answer	Respondents	
		#	%
7. Should ordinary investors be allowed to buy shares in private companies through online investment platforms known as crowdfunding sites?	No, only an accredited investor – someone with an individual or joint net worth with a spouse that exceeds \$1 million – should be allowed to invest this way.	54	7%
	No, nobody should be allowed to invest this way because it will encourage bad actors to seek funding for fraudulent businesses.	69	8%
	Yes, people regardless of their financial status should be able to invest in companies as they please.	269	33%
	Yes, but people with incomes of less than \$100,000 should be allowed to invest only up to \$2,000 or 5% of their annual income or net worth, whichever is greater.	87	11%
	Don't know/No opinion	328	40%
	Skipped	4	0%
	Other	9	1%

8. During your company's last fiscal year, what was its total employment?	1-9 employees	72	9%
	10-19 employees	154	19%
	20-49 employees	304	37%
	50-99 employees	178	22%
	100-499 employees	102	12%
	500-999 employees	6	1%
	10000+ employees	1	0%
	None	2	0%
	Skipped	1	0%

WSJ | VISTAGE

SMALL BUSINESS CEO SURVEY

A monthly survey measuring the sentiment of U.S. small business CEOs and owners about the economy.

Visit vistageindex.com to view an interactive tool with full results from previous months.