

Improving Small Business Outlook

Recent surveys show improvement in the small business outlook and some economists are reportedly saying US economic growth in the fourth quarter will be stronger than previously expected.

Data from Sageworks' financial statement analysis of privately held companies shows that small businesses are seeing stronger sales growth and higher profits than last year. Also, small business optimism rose for the third consecutive month according to the National Federation of Independent Business.

Manta, an online directory and network for small businesses, said new business activity in the third quarter was up 12 percent from a year earlier. Manta found that 70 percent of small business owners it surveyed recently expect the small business economy to improve in 2012, with 90 percent of respondents optimistic about their own company's growth next year. Manta's new business activity data is based on data compiled from new business licenses, corporate filings at local and state levels, and utility data.

Small businesses employ about half of all US workers, and accounted for 65 percent of net new jobs created between 1993 and 2009, according to the SBA. At the same time, the NFIB notes that the bulk of the unemployed in the US were created in the small business sector.

For many employers, uncertainty regarding the sales outlook remains a deterrent to adding jobs or buying new equipment. Sageworks performed an analysis of financial statements for US companies with sales of \$7 million or less and found that these small businesses, on average, have seen a roughly three percent increase in sales so far this year. Small business sales increased about two percent in 2010 after a roughly six percent drop in 2009, according to Sagework's data. Small business profits are also higher this year, Sagework's analysis shows. Adjusted pretax net profit is about six percent higher this year for private companies with less than \$7 million in annual sales.

2012 MBL Holiday Closures

January 16, 2012
Martin Luther King, Jr. Day

February 20, 2012
Presidents Day

May 28, 2012
Memorial Day

July 4, 2012
Independence Day

September 3, 2012
Labor Day

October 8, 2012
Columbus Day

November 22, 2012
Thanksgiving Day

December 25, 2012
Christmas Day

The MBL Mission:

"To aid, counsel, and assist our participating credit unions and the member businesses they serve"

Monthly Training Seminar

In January MBL will offer a seminar on business and equipment valuation. The seminar is part of MBL's free monthly seminar series, and is open to all credit union business lending staff.

Business and Equipment Valuation

Wednesday, January 11th

2:00 – 3:00 p.m. (MDT)

Session number: 804 853 592

Session password: Wednesday1

A link to the training will be provided in a separate email.

For more information contact Sarah Hettinger at (801) 545-7958 or SHettinger@mbllc.com.

Small Business Lending Increases

As the US economy has expanded small businesses have taken on more risk. The volume of new commercial loans and leases to small businesses has been increasing consistently for the last 15 months.

The Thomson Reuters/PayNet Small Business Lending Index measures the volume of new commercial loans and leases to small businesses. It is released at the end of each month. Small businesses respond to changes in economic conditions more rapidly than larger businesses. Accordingly, the SBLI is a reliable leading indicator of the economy and generally leads GDP reports from anywhere from two to five months. The index is trending higher which suggests that the US economy is growing and that GDP is likely to surprise with increases over the coming months.

The behavior of small businesses provides unique insight as to the inner workings of the economy as the resumption of lending to these businesses is more often than not a sign of economic growth.

Decisions to invest in the business and expand can be made by small business owners in a single day. This is very different from large businesses which are usually very slow to move. Similarly, at the start of a recession, small businesses usually become delinquent on loans before their larger counterparts because they lack the cash reserves that large business often have.

So small business loan originations are a good indicator of where the economy is today. Right now small business loans are rising.

Save the dates!

Advisory Council & MBL University

March 5-6, 2012

*Please note the date change

Location: Grand America Hotel
Salt Lake City, Utah

Agenda, registration and weekend ski resort activities will be announced soon

SBA BASE RATES JANUARY 2012

WSJ Prime	3.25%*
1-Month LIBOR Base Rate	3.30%*
SBA Fixed Base Rate	5.00%*
SBA Peg Rate	2.375%**

*Effective for the first business day of January 2012

**Effective for the period between January 1, 2012 to March 31, 2012

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