

THE FINANCIAL SERVICES ROUNDTABLE



Financing America's Economy

To: GAC, Public Affairs Council

Several member companies reported additional information about small business conditions after last week's Fast Facts: Small Business Lending. Their findings are below. As always, please feel free to contact me or share research at abbyresearch@fsround.org.

Fast Facts: SMALL BUSINESS CONDITIONS

HSBC Small Business Confidence Monitor (July 23, 2010): American small businesses are showing increased confidence as they begin the second half of 2010:

- 74% feel that their recruitment plans will remain unchanged over the next six months
- 86% expect capital expenditure plans to maintain at the same level or increase over the next six months
- 59% see their prospects for the second half of 2010 improving compared with the first half of the year; 31% expect prospects to remain the same

Wells Fargo/Gallup Small Business Index (July 27, 2010): Though their concerns about credit availability have stabilized, fewer U.S. small business owners expect revenues, cash flow, capital spending and hiring to increase over the next 12 months:

- 38% expect their revenues to increase a lot or a little over the next 12 months, down from 48% in Q2 2010
- 43% expect their cash flow to increase, down from 53% in Q2 2010 (lowest point in survey history)
- 37% expect their allocation for capital spending to decrease a lot or a little over the next 12 months, up from 29% in Q2 2010
- 36% rated their cash flow as somewhat or very good for the past 12 months, down from 42% in Q2 2010 (lowest point in survey history)

U.S. Bank Small Business Annual Survey (July 28, 2010): Small business owners are signaling confidence in their own small businesses to weather the recession:

- 56% report revenue in line or higher than last year.
- 47% expect revenue to be higher next year.
- 63% say their company is financially healthy.

However, they would like their bank to know them better:

- 41% say they would like to see their bank meet their individual needs better
- 39% want their bank to know them and their business better
- 30% want their bank to deal in a more straight-forward manner.

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