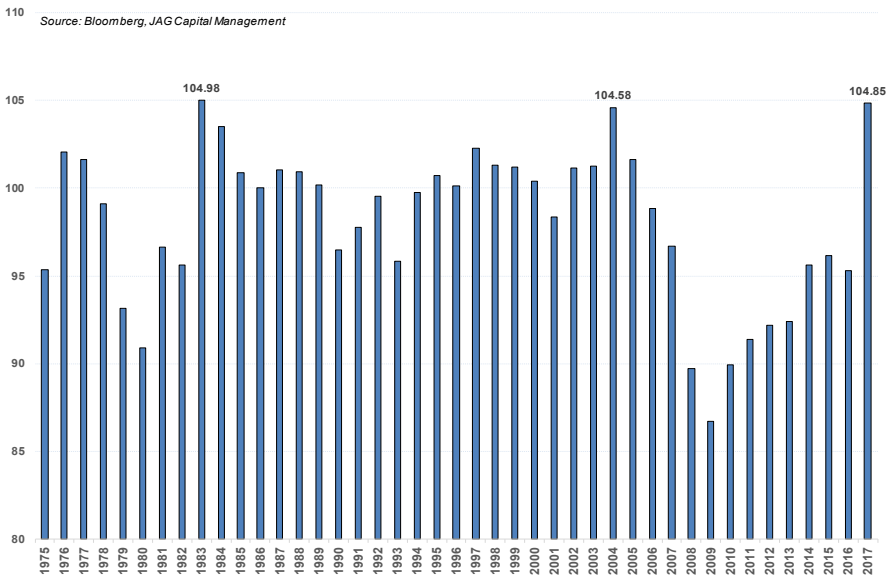


Timely Insights from JAG's Research Team

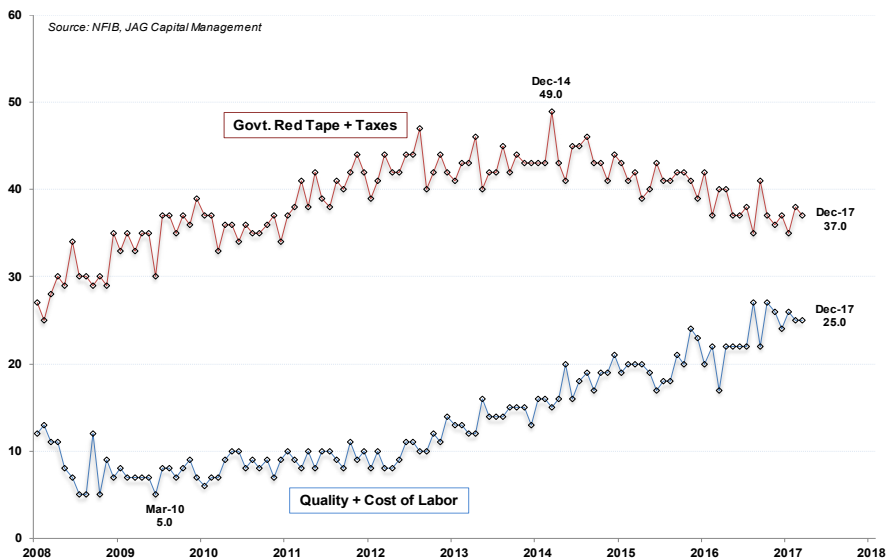
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NFIB Small Business Optimism Index



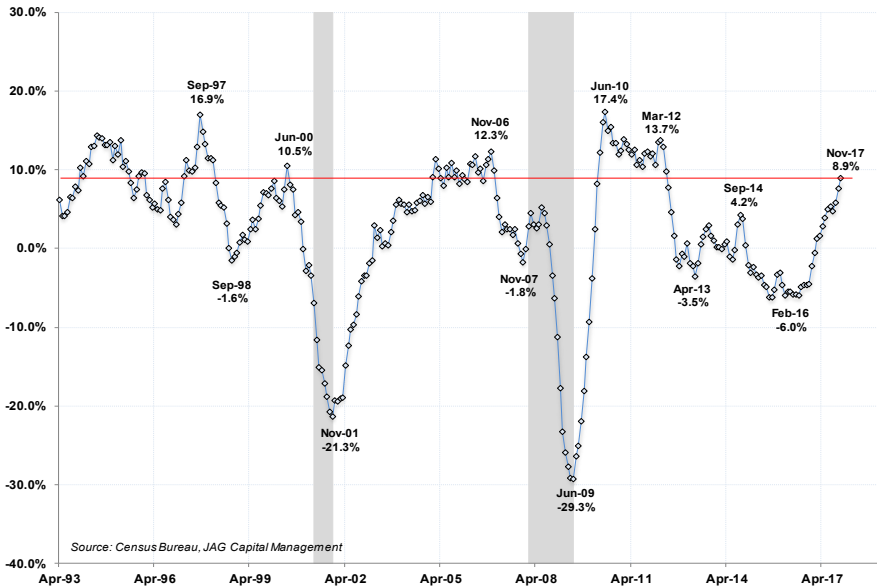
The mood on Main Street is very bright as we enter 2018. Small business owners are increasingly enthusiastic about the economy and their own business prospects. **The NFIB (National Federation of Independent Business) Small Business Optimism Index recently ramped to its highest level since 1983, outstripping the pre-Great Recession high that was set in 2004.** This may indicate that “animal spirits” could be poised to stimulate economic activity in 2018.

Top Concern for Small Business: Quality + Cost of Labor (blue line) vs. Government Red Tape + Taxes (red line)



When asked by the NFIB to note their top concerns, 37% of small business owners cite Government Red Tape and Taxes, but this is figure down significantly from late 2014. On the other hand, **25% of business owners rate quality and cost of labor as their biggest challenges**, up from only 5% in early 2010. This evolution of small business owner sentiment probably bodes well for middle-class workers. **Employers hungry for talent will most likely be compelled to raise wages in 2018.**

New Orders for Core Durable Goods: Year-Over-Year Percentage Change in 3m on MA



By our smoothed calculations, New Orders for Core Durable goods grew by almost 9% year-over-year and are breaking out to new five-year highs. We like to keep an eye on this data series, because recessions tend to be preceded by a downturn in new orders (recessions are highlighted in grey on this chart). **Given the fact that new orders are expanding – not contracting – and are doing so at an accelerating pace, we see low risks for a recession in 2018.**

Disclosures

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