



# Economic Update

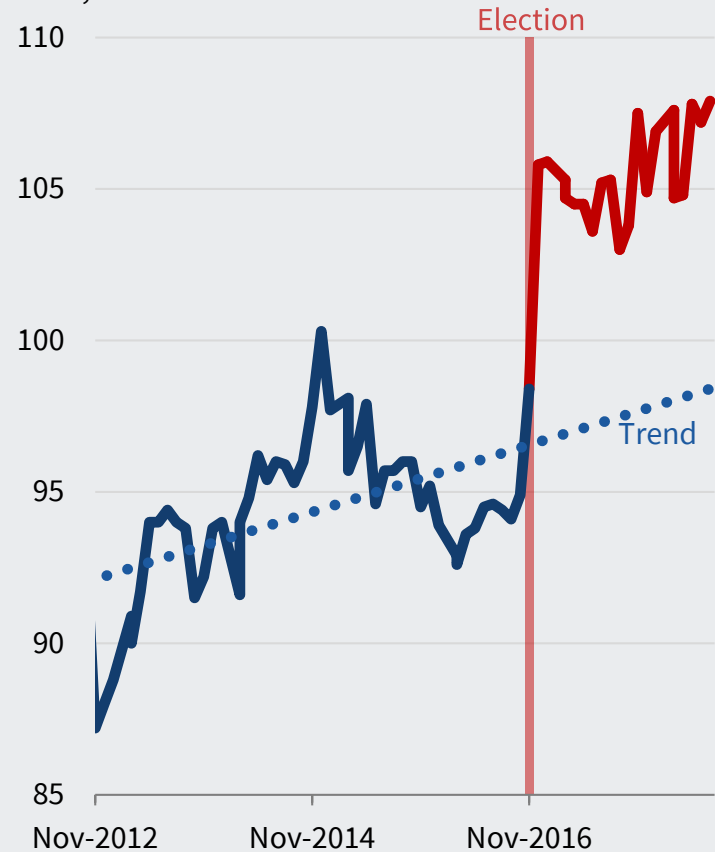
Council of Economic Advisers

September 10, 2018

# Small Business Optimism Near Record High, Second Only To July 1983

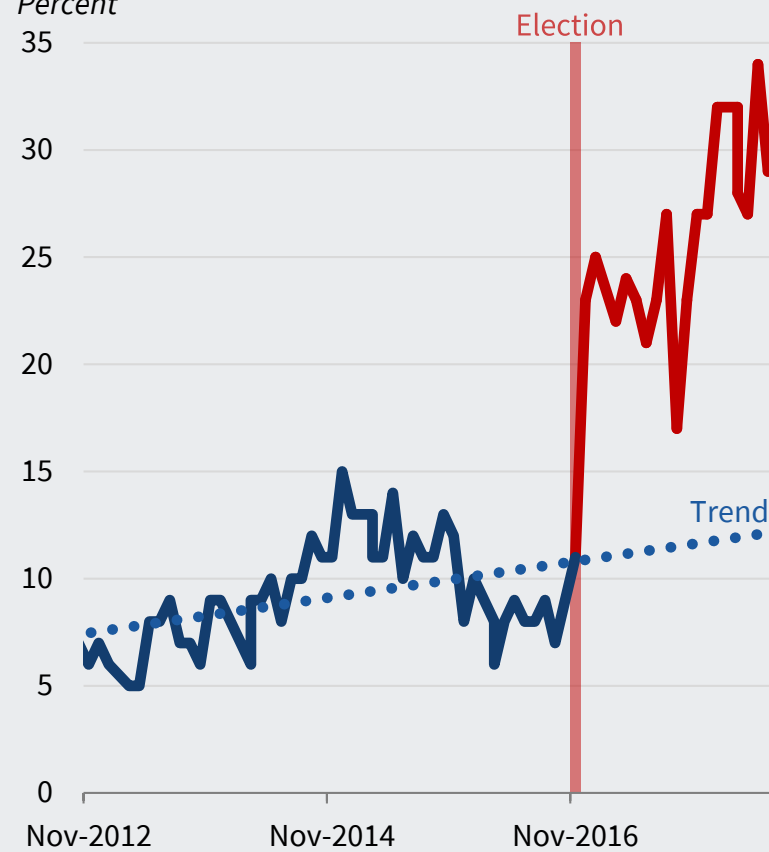
## Small Business Optimism Index

Index, 1986=100



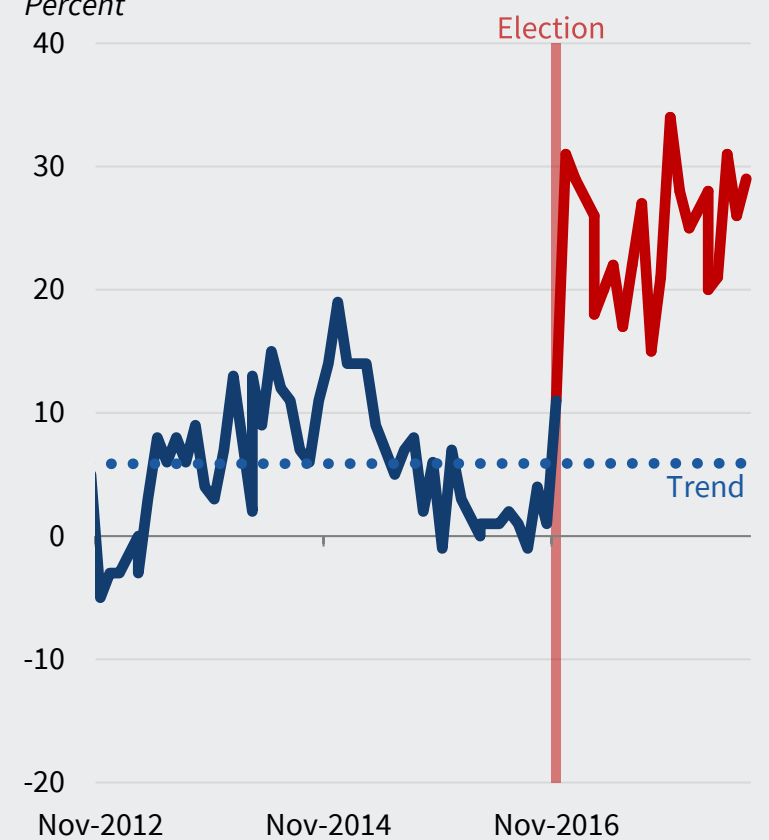
## Percent Reporting Now is a Good Time to Expand

Percent



## Percent Expecting Higher Real Sales in Six Months

Percent



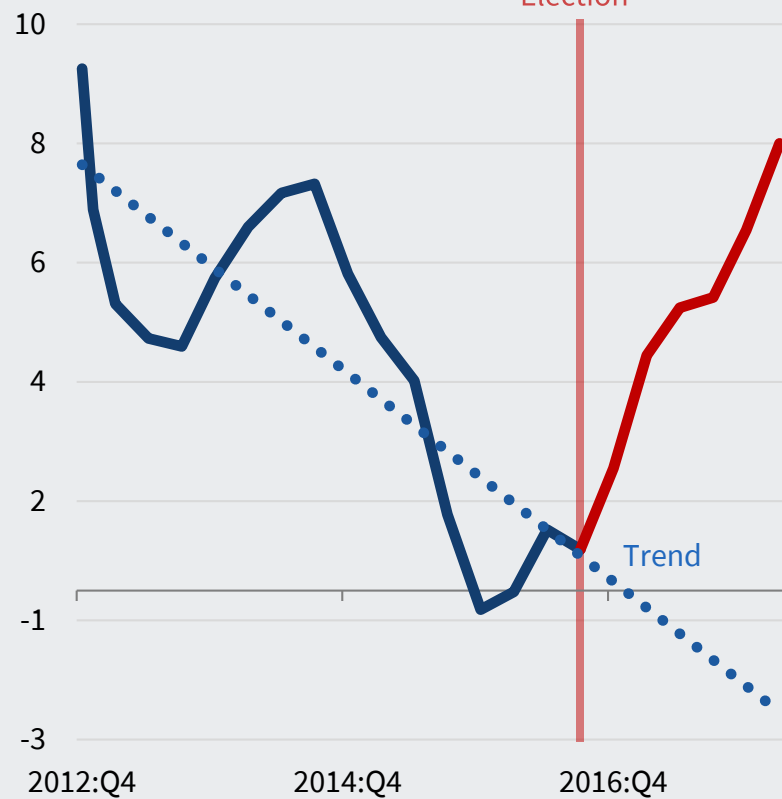
Sources: National Federation of Independent Business; CEA calculations.

Note: Trend is calculated from Nov. 2012 through Nov. 2016.

# Business Investment Up More Than \$300 Billion Over Trend

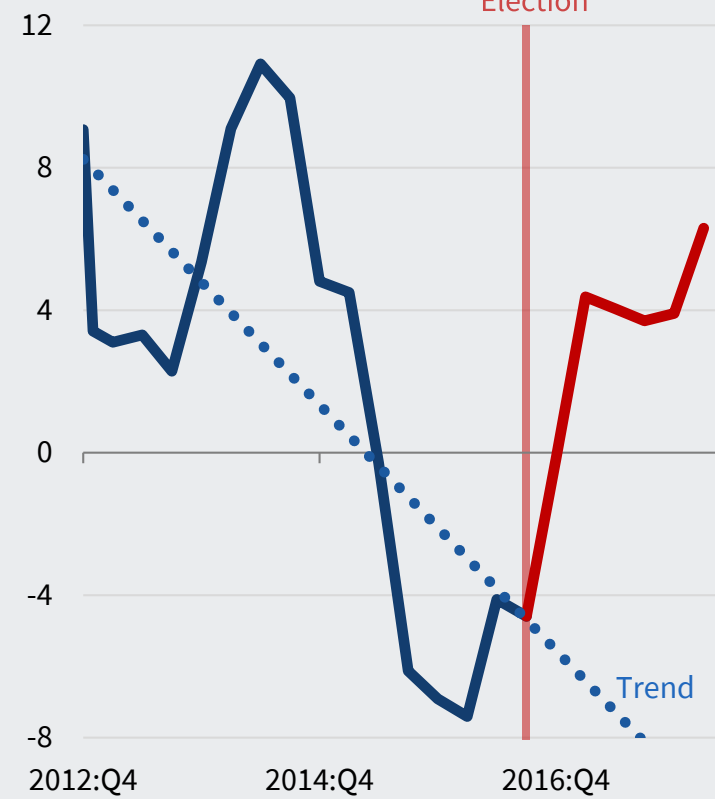
## Real Private Nonresidential Fixed Investment

Six-Quarter Average CAGR



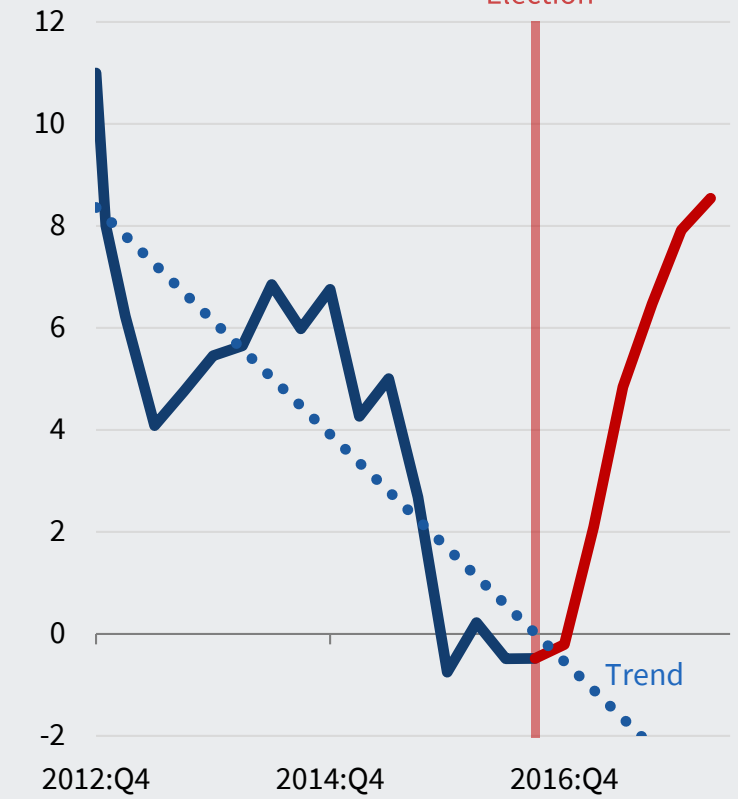
## Structures

Six-Quarter Average CAGR



## Equipment

Six-Quarter Average CAGR

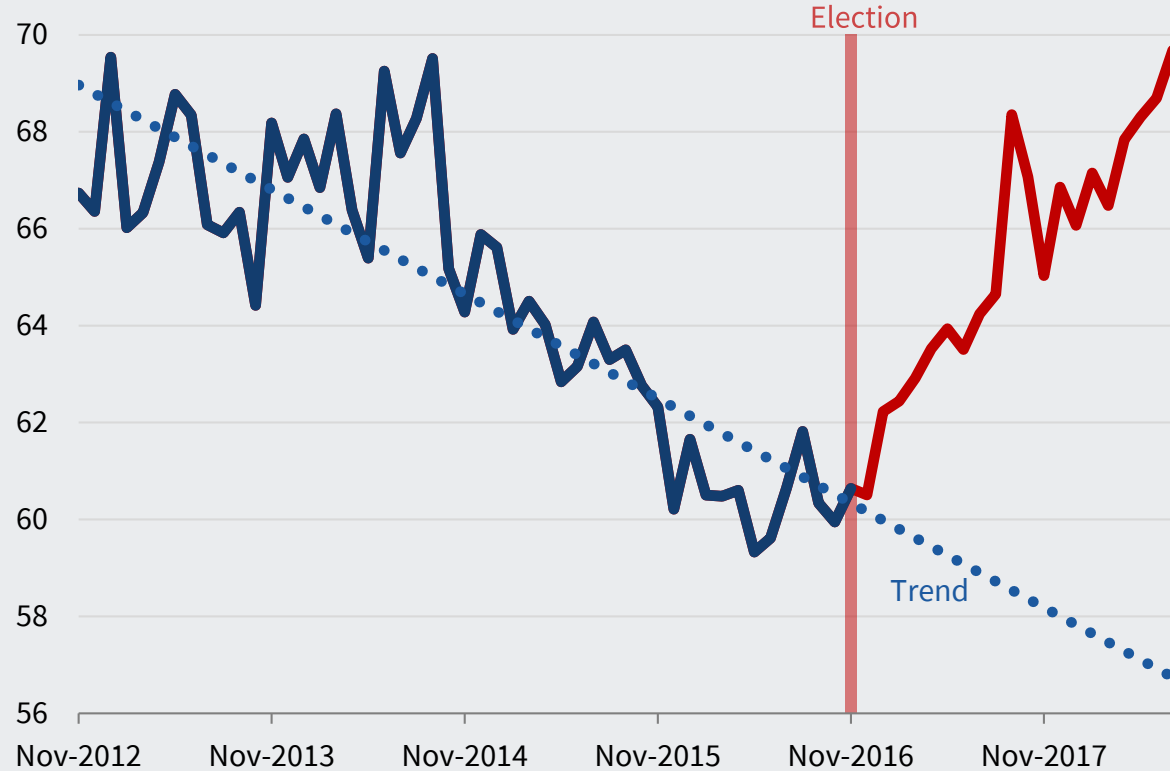


Sources: Bureau of Economic Analysis; CEA calculations.  
 Note: Trend is calculated from 2012:Q4 through 2016:Q4.

# Capital Goods Orders And Shipments Up Sharply

## Core Capital Goods Orders

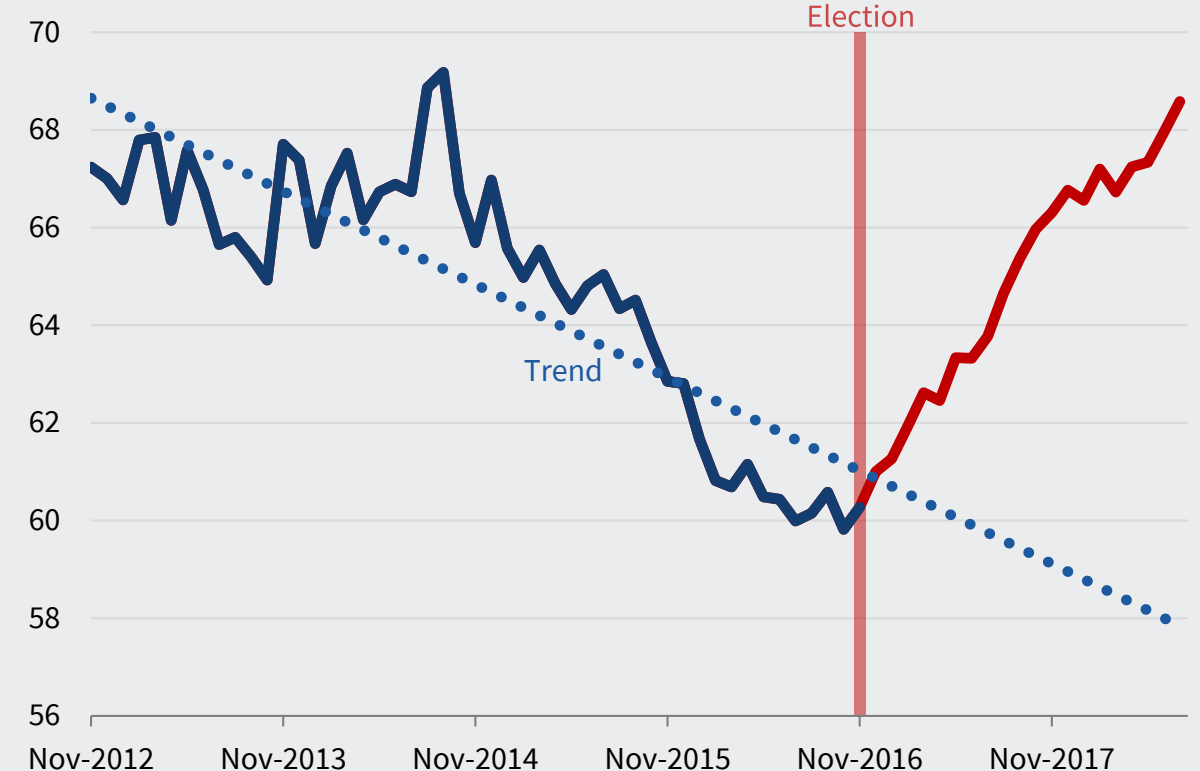
Billions of U.S Dollars



Sources: Census Bureau; CEA calculations.  
Note: Trend is calculated from Nov. 2012 through Nov. 2016.

## Core Capital Goods Shipments

Billions of U.S Dollars

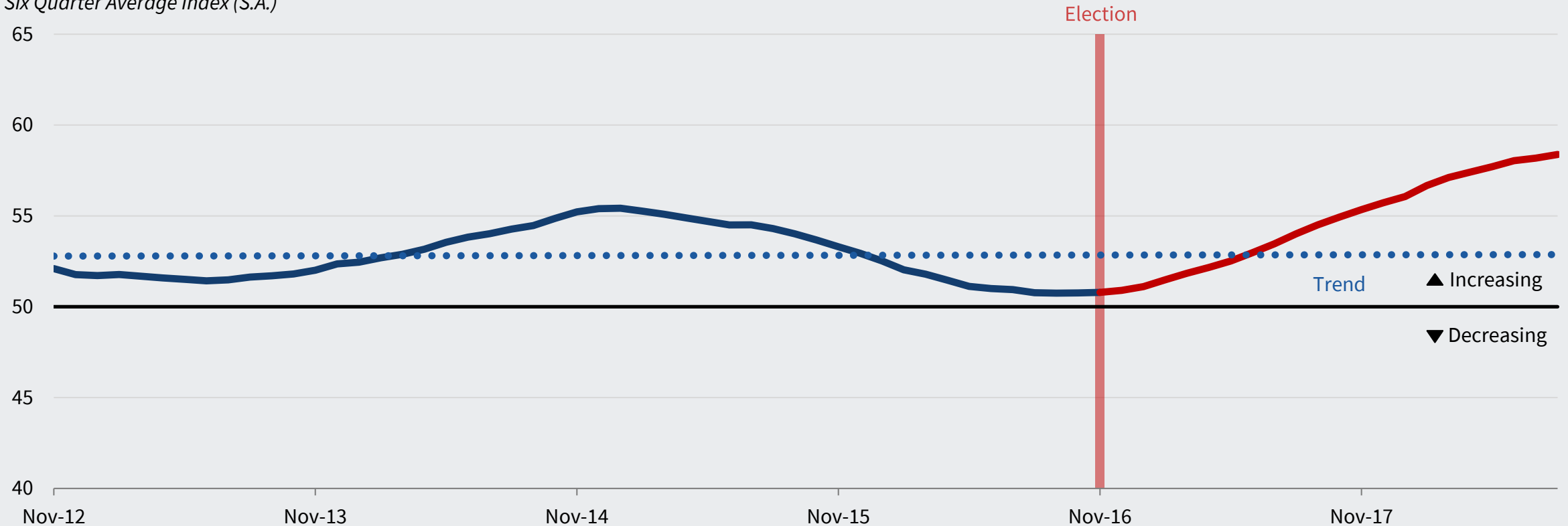


Sources: Census Bureau; CEA calculations.  
Note: Trend is calculated from Nov. 2012 through Nov. 2016.

# Business Conditions Have Improved Sharply

## ISM Purchasing Managers' Index

Six Quarter Average Index (S.A.)

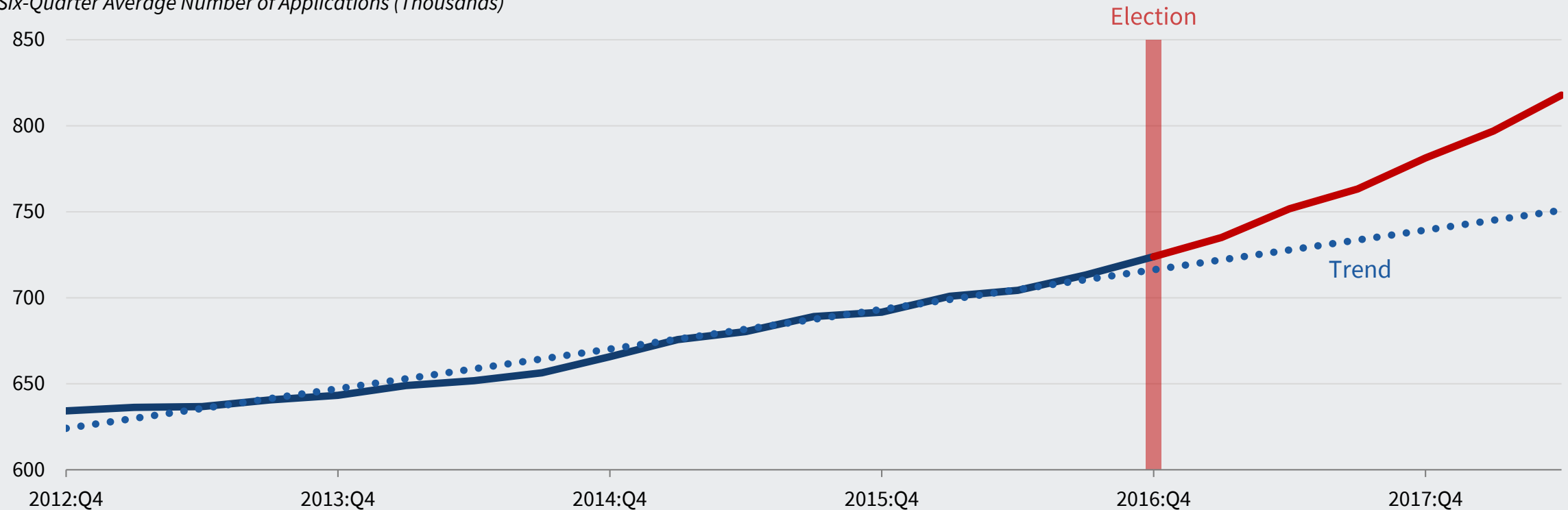


Source: Institute for Supply Management; CEA calculations.  
Note: Trend is calculated from Nov. 2012 through Nov. 2016.

# New Business Applications Have Surged

## Applications for an Employer Identification Number

Six-Quarter Average Number of Applications (Thousands)



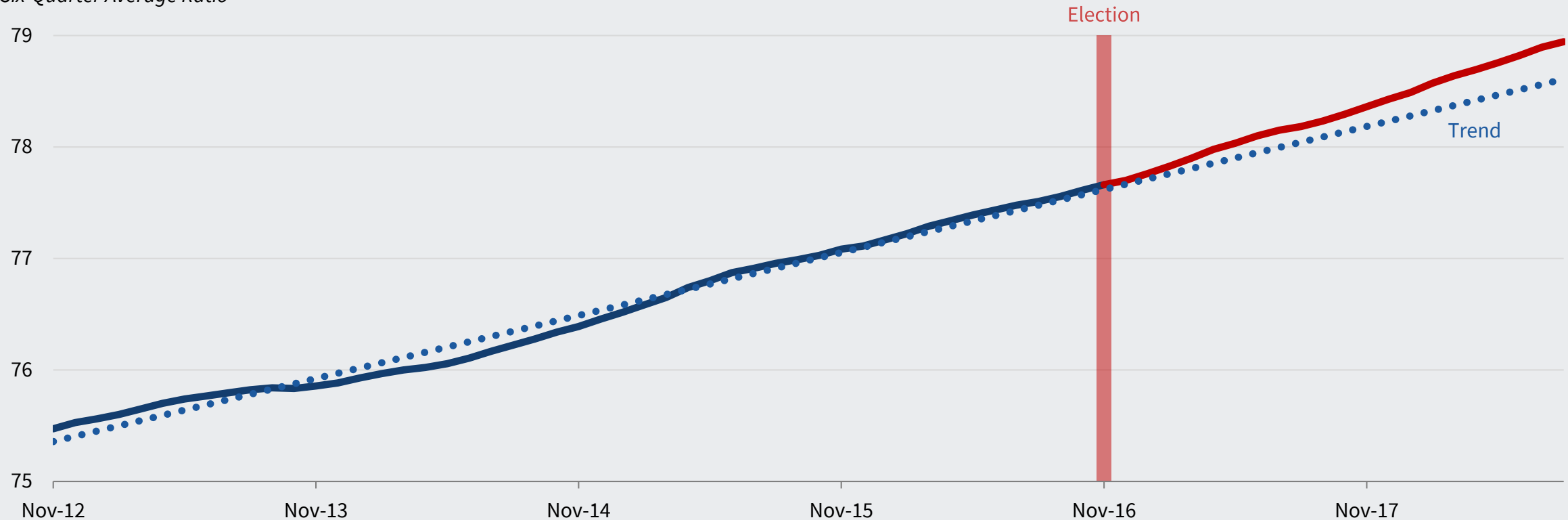
Sources: U.S. Census Bureau; CEA calculations.

Note: Trend is calculated from 2012:Q4 through 2016:Q4. Includes all applications for an EIN, except for applications for tax liens, estates, trusts, certain financial filings, applications outside of the 50 states and DC or with no state-county geocodes, applications with a NAICS sector code of 11 (agriculture, forestry, fishing and hunting) or 92 (public administration), and applications in certain industries (e.g. private households, and civic and social organizations).

# Prime-Age Workers Are Re-Entering The Labor Force And Finding Jobs

## Prime-Age Employment to Population Ratio

Six-Quarter Average Ratio



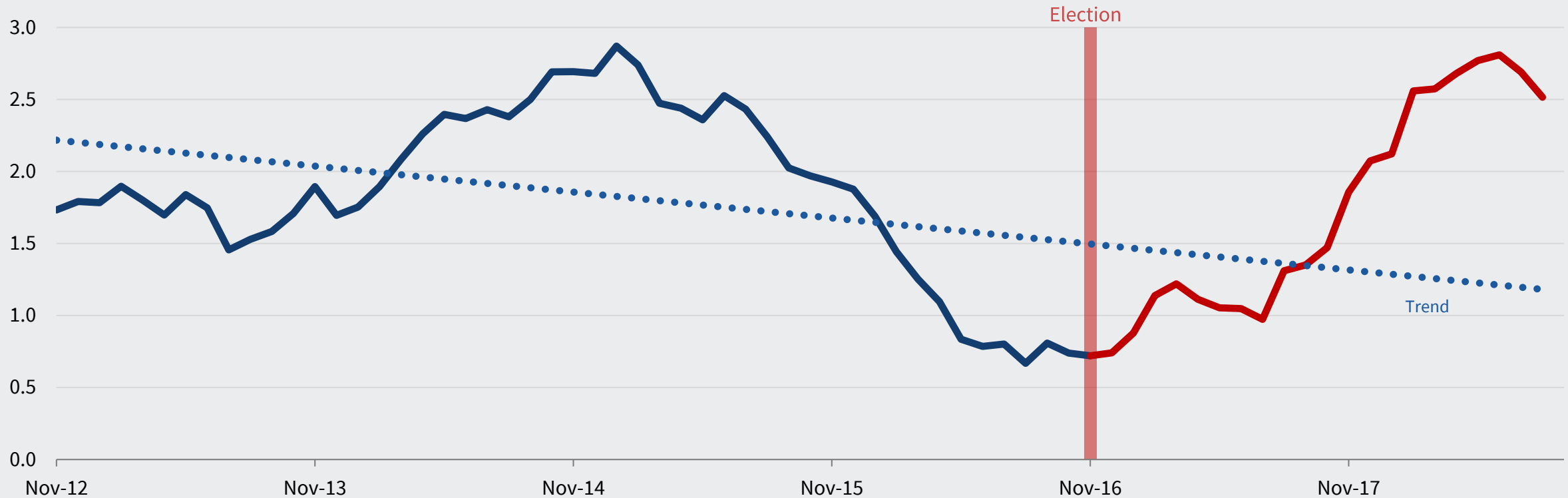
Sources: Bureau of Labor Statistics; CEA calculations.

Note: Trend is calculated from Nov. 2012 through Nov. 2016

# Blue Collar Jobs Grew 3.3 Percent In The Year Through July—Fastest Since 1984

## Goods-Producing Employment

Six-Quarter Average CAGR



Sources: Federal Reserve Economic Data; CEA calculations.  
Note: Trend is calculated from Nov. 2012 through Nov. 2016.



# Growth Of Private Nonresidential Fixed Investment Is Well Above Projections

## Growth of Private Nonresidential Fixed Investment

Year over Year Growth (Percent)



Sources: Bureau of Economic Analysis; Congressional Budget Office; CEA calculations.