Optimism rises among small businesses

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The National Federation of Independent Business said that its Small Business Optimism index rose 1.8 points in April for a post-recession high of 95.2.

That marks the first time the index, a widely followed business barometer, has crossed the 95 mark since 2007.

The NFIB said that seven index components rose, two fell and one was unchanged.

Still, NFIB chief economist Bill Dunkelberg said small business owners are far from satisfied with business conditions, particularly with business policy in Washington.

"Washington remains in a state of policy paralysis," he said. "From the small business perspective, there continues to be no progress on their top problems — cost of health insurance, uncertainty about economic conditions, energy costs, uncertainty about government actions, unreasonable regulation and red tape, and the tax code."

Ksenia Bushmeneva, economist for TD Bank, said details in the report were "encouraging."

"Forward-looking sub-components led the gains, with future expectations about the economy rising by 9 points," Bushmeneva said.

"Improved economic expectations in turn translated into better business expansion intentions, with plans to increase employment, boost inventories and make capital outlays all moving higher, with gains ranging from 1 to 3 points. Business owners' expectations about future credit conditions showed a small improvement."

But Mark Vitner, senior economist with Wells Fargo Securities, said that even with the gains, "expectations remain exceptionally low. Businesses worry that revenues are growing too slowly relative to rising operating costs and the increasing regulatory burden."

The NFIB report is based on the responses of 1,699 randomly sampled small businesses in the group's membership, surveyed throughout April.

For the complete report, go to www.nfib.com/sbetindex.