Small firms feeling better

Optimism rising, but no surge, experts say

By David Dykes
Staff writer
ddykes@greenvilleonline.com

An index that measures small business optimism rose in February, but a trade group said there was no sign of a surge in confidence.

The National Federation of Independent Business said Tuesday its index of small-business optimism rose 1.9 points last month to a reading of 90.8.

"While a nice improvement over the last several reports, the index remains on par with the 2008 average and below the trough of the 1991-92 and 2001-02 recessions," NFIB officials said in their report. "The direction of February's change is positive, but not indicative of a surge in confidence among small-business owners."

Mark Vitner, senior economist at Wells Fargo Securities, said the index rose as fewer firms plan to reduce inventories and more firms plan to boost capital outlays.

Job openings also increased.

"While business owners remained concerned about the broader economic outlook and policy battles in Washington, they are also looking to grow their businesses," Vitner said.

Plans to increase inventories improved during February, suggesting that the draw down in inventories is ending, he said.

The NFIB index's gain of almost 2 points last month was good news, said Bill Dunkelberg, NFIB's chief economist.

"But until owners' forecast for the economy improves substantially, there will be little boost to hiring and spending from the small business half of the economy," he said in a statement.