

## Small Business Optimism Surges

**eResearch Corporation** is pleased to provide an article by Scott Grannis for his Blog, "Calafia Beach Pundit".

In this article, Mr. Grannis states that business and consumer confidence is growing, which augurs well for future economic growth.

The article is reproduced below, beginning on the next page, or you can go to this specific Blog at the following link: [Small business optimism surges](#)

You can also visit Scott Grannis' Home Page for his Blog at the link below:  
<http://scottgrannis.blogspot.ca/>



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Tuesday, January 10, 2017

## Small Business Optimism Surges

Evidence continues to support my observation last month that [animal spirits are picking up](#).

The chart below shows the latest (December) Small Business Optimism Index, which has virtually exploded following the November election.



[Small businesses](#), which employ 48% (57 million) of all private sector employees, are apparently feeling MUCH better about the future, presumably because they believe that President-elect Trump will be good for business.

Regulatory and tax relief, such as Trump promises, would almost certainly result in more investment, more jobs, and more growth.

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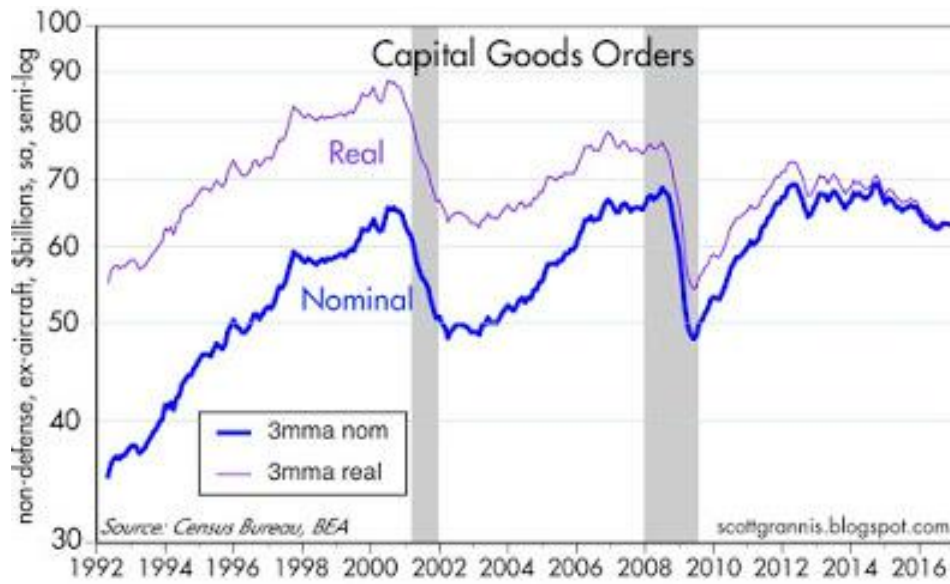
As the chart below shows, consumers are also feeling better these days.

According to the Conference Board, consumers are more confident today than at any time since the current recovery started.



All of this is crucial and augurs very well for stronger—perhaps much stronger—growth in the years to come. Confidence has been sorely lacking during this recovery, and it shows in the lackluster growth of business investment, as seen in these next two charts:





**BW: See ABOUT THE AUTHOR on the next page.**





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## ABOUT THE AUTHOR



Scott Grannis was Chief Economist from 1979-2007 at Western Asset Management, a Pasadena-based, global manager of fixed-income portfolios for institutional clients.

He now enjoys keeping up on economics, markets, and politics from his condo overlooking Calafia Beach on the southern California coast, where he likes to think that he is immune to Wall Street group-think.

Married for 45 years to his Argentine wife, Norma, he has four children and five grandchildren (four boys and one girl).

He is a believer in supply-side economic theory, as practiced by his mentors, the late Jude Wanniski, Art Laffer, and Larry Kudlow. John Rutledge is another of his mentors, from the days that they worked together at Claremont Economics Institute.

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