



Small Business Economic Trends

July 2025



The Industry data are aggregated and seasonally adjusted through the nfib-sbet.org website. The “overall” (all firms) data are as published [here](#) and may differ slightly from website results due to rounding and seasonal adjustment differences. “All industries” refers to the four industries reported in this report (construction, manufacturing, retail, and services).

HIGHLIGHTS

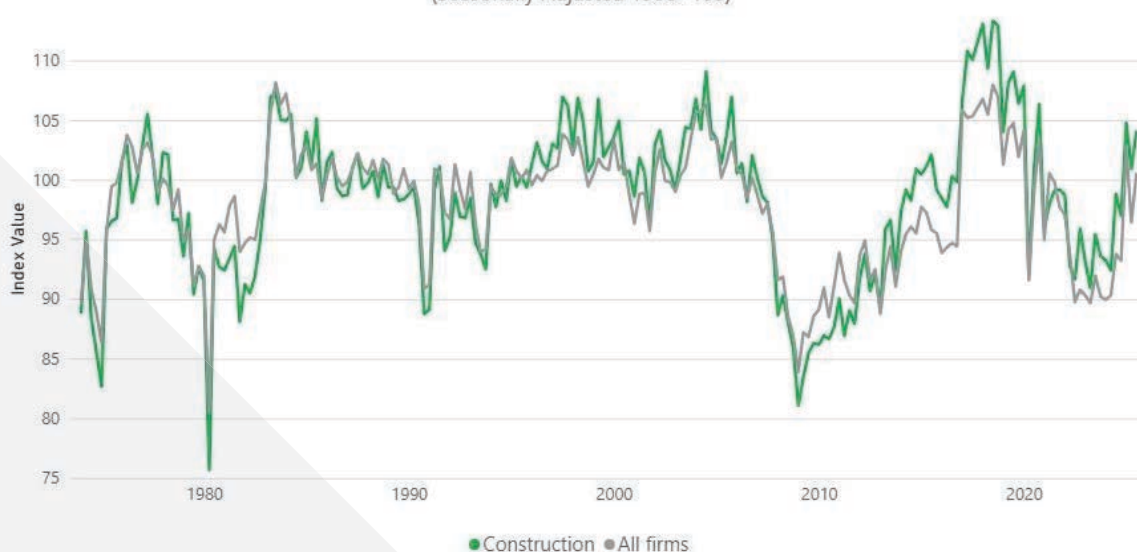
- In July, the Optimism Index across all reported industries (construction, manufacturing, retail, and services referred to as “all firms” in this report) rose from the previous quarter, a reversal from the January to April period. Optimism was highest in the manufacturing industry and lowest in the retail industry.
- Fifty-three percent (seasonally adjusted) of owners in the construction industry reported unfilled job openings, down 1 point from April. Despite the decline, this was the highest of all industries and 20 points higher than the reading for all firms.
- Over half (net 51% seasonally adjusted) of firms in the manufacturing industry expect better business conditions in the next six months, the highest reading of all industries.
- The retail industry was the least optimistic of all industries with an Index reading of 96.0, below the historical average and the all-firms reading.
- Expectations for better business conditions improved from April across all industries. Additionally, it was the primary contributor to the rise in optimism among construction, manufacturing, and retail firms.
- A net 1% (seasonally adjusted) of small business owners in the services industry reported their current inventory as “too low.” This was the best reading of all industries and 4 points higher than for all firms.
- Overall, 64% of all small business owners reported supply chain disruptions impacting their business to some degree (up 2 points from April). Of all industries, wholesale had the highest percentage of small businesses reporting some level of supply chain disruption (80%), followed by retail (74%), both of which are highly import-dependent.

- Overall, 65% of small business owners rated the overall health of their business today as excellent or good (a decline of 4 points from April). All industries (except transportation and manufacturing) had at least 60% of small business owners reporting their overall business health as excellent or good.

CONSTRUCTION

Small Business Optimism Index

(Seasonally Adjusted 1986=100)



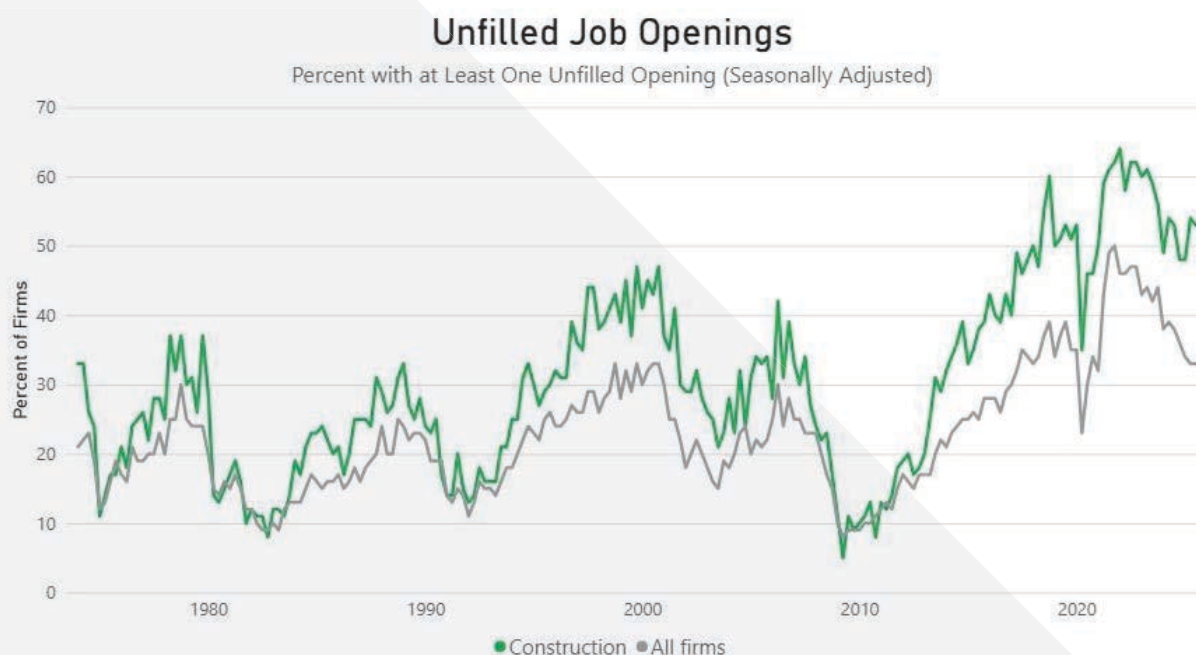
Index Components (Seasonally Adjusted)	Construction	Change from Last Quarter	All Firms
Plans to Increase Employment	21%	1	14%
Plans to Make Capital Outlays	21%	-3	22%
Plans to Increase Inventories	-2%	-1	1%
Expect Economy to Improve	41%	19	36%
Expect Real Higher Sales	0%	-8	6%
Current Inventory (Too Low)	0%	5	-3%
Current Job Openings	53%	-1	33%
Expected Credit Conditions	-4%	2	-4%
Now a Good Time to Expand	19%	6	16%

Earnings Trends	-13%	11	-22%
Optimism Index	104.0	3.1	100.3

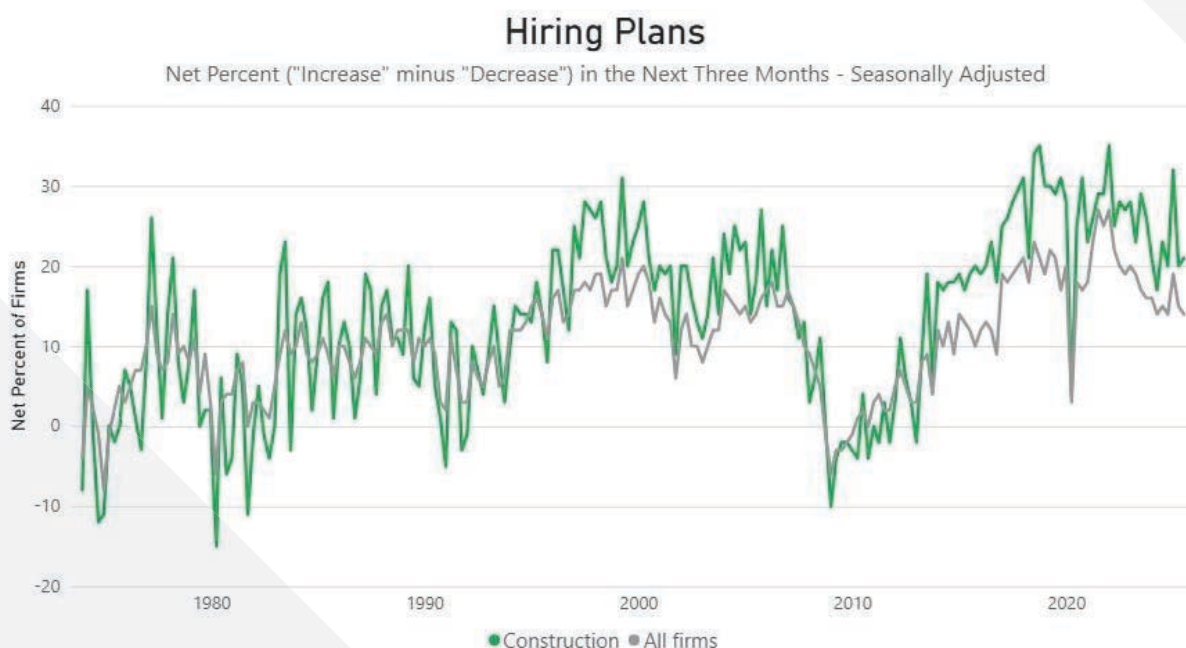
In July, the Optimism Index for the construction industry increased by 3.1 points from the previous quarter to 104.0. Improved expectations for better business conditions and earnings trends largely drove the rise in the Index. The construction industry was more optimistic than the overall small business population, with an Index reading 3.7 points higher than all firms.

Fifty-three percent (seasonally adjusted) of owners in the construction industry reported unfilled job openings, a decrease of 1 point from April. Despite this decline, it was the highest among all industries and is 20 points above the overall level for all firms. Construction was the only industry to see a decline in job openings from the previous quarter. Nearly half (45%) of these openings are for skilled workers (down 4 points from April), and 14% are for unskilled workers (down 2 points).

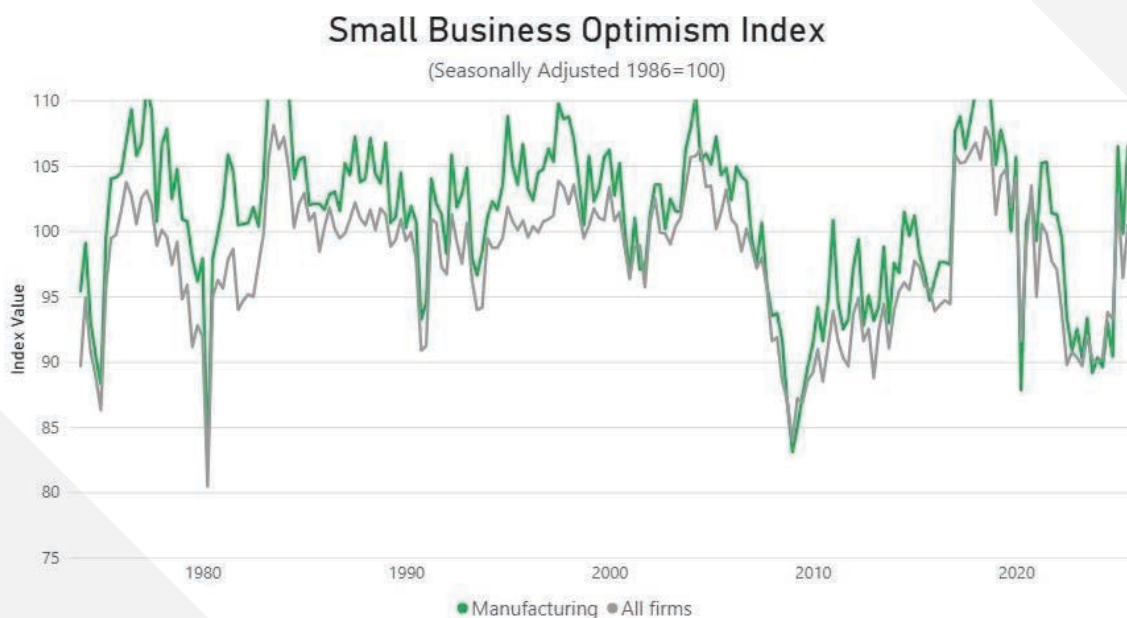
Finding qualified workers remains a challenge for small businesses in the construction industry. Sixty-one percent of construction firms reported few or no qualified applicants, up 5 points from April and 13 points higher than reported for all firms. Thirty-six percent of small business owners in the construction industry reported labor quality as their single most important problem, 15 points higher than for all firms and the highest of all industries.



With over half of the industry reporting unfilled job openings, owners in the construction industry still hope to hire. A seasonally adjusted net 21% of small businesses in the construction industry plan to hire in the next three months, up 1 point from April and 7 points higher than the reading for all firms. The construction industry ranked second in hiring plans among industries, following manufacturing (seasonally adjusted net 27%).



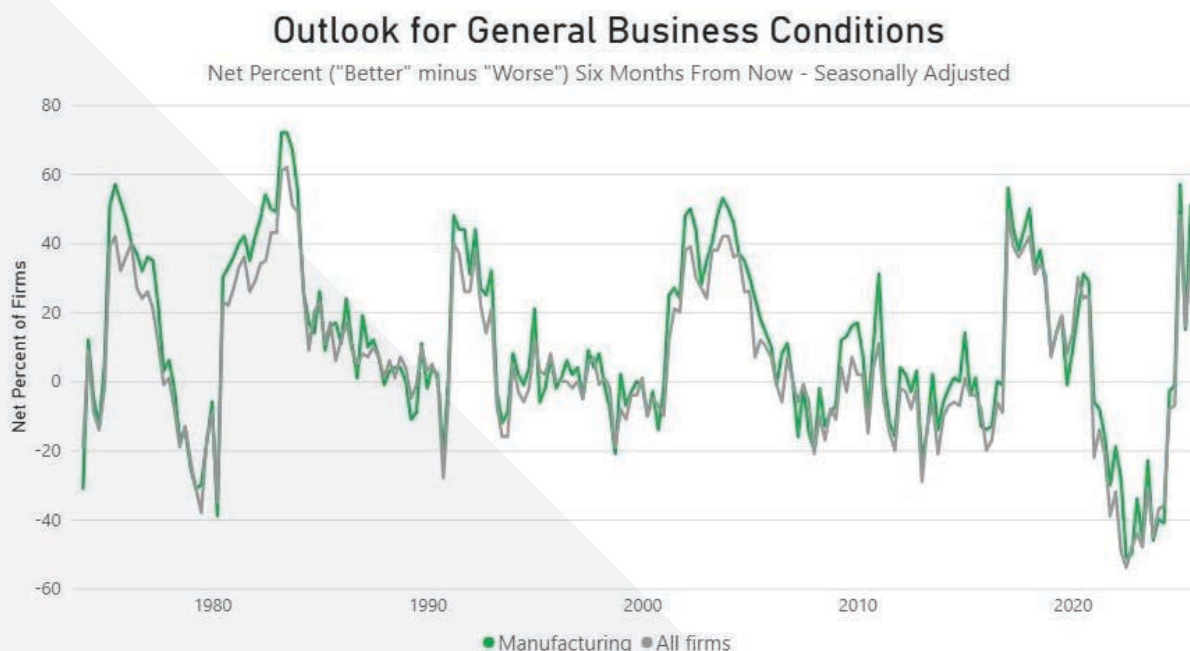
MANUFACTURING



Index Components (Seasonally Adjusted)	Manufacturing	Change from Last Quarter	All Firms
Plans to Increase Employment	27%	4	14%
Plans to Make Capital Outlays	28%	3	22%
Plans to Increase Inventories	2%	5	1%
Expect Economy to Improve	51%	36	36%
Expect Real Higher Sales	22%	12	6%
Current Inventory (Too Low)	-5%	5	-3%
Current Job Openings	39%	2	33%
Expected Credit Conditions	-4%	2	-4%
Now a Good Time to Expand	20%	10	16%
Earnings Trends	-16%	-6	-22%
Optimism Index	106.5	6.7	100.3

Small business owners in the manufacturing industry were the most optimistic of all industries, with the Optimism Index reaching 106.5. July's reading was up 6.7 points from the previous quarter and is 6.2 points higher than the all-firms reading. The rise in the Index was primarily due to an improvement in those reporting better expected business conditions and higher real sales expectations.

A net 51% (seasonally adjusted) of firms in the manufacturing industry expect better business conditions in the next six months, the highest among all industries and higher than the all-firms reading of a net 36% (seasonally adjusted). The manufacturing industry also experienced the largest quarterly improvement across all industries, increasing 36 points from April. Additionally, the manufacturing industry had the highest percentage of small business owners reporting that it is now a good time to expand (20% seasonally adjusted), which is 4 points higher than for all firms.



The net percentage of small businesses in the manufacturing industry expecting real sales to increase rose 12 points from April to a net 22% (seasonally adjusted). This was the highest of all industries and 16 points better than for all firms.

Real Sales Expectations

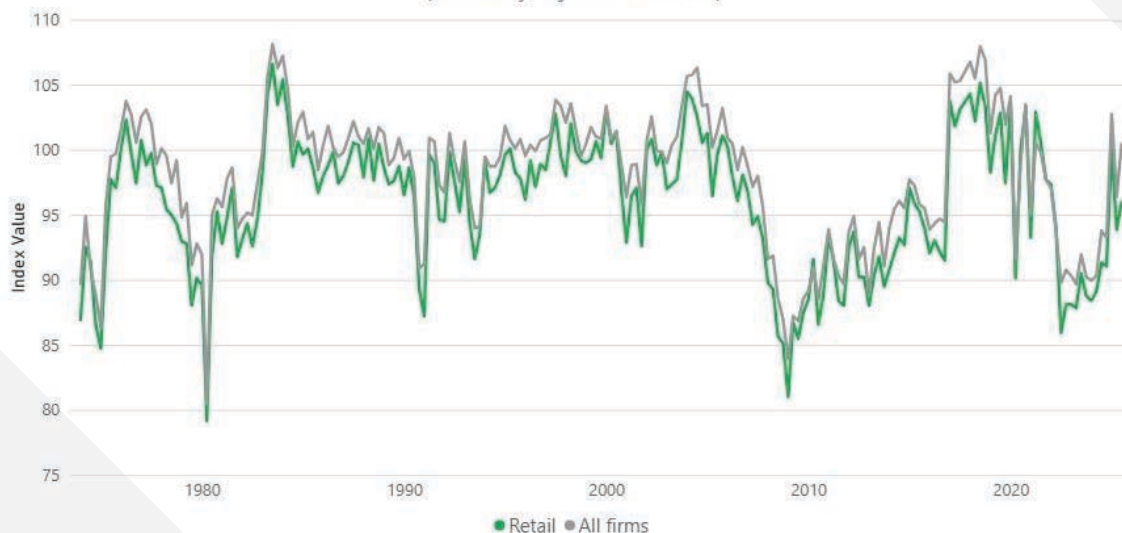
Net Percent ("Higher" minus "Lower") in the Next Three Months - Seasonally Adjusted



RETAIL

Small Business Optimism Index

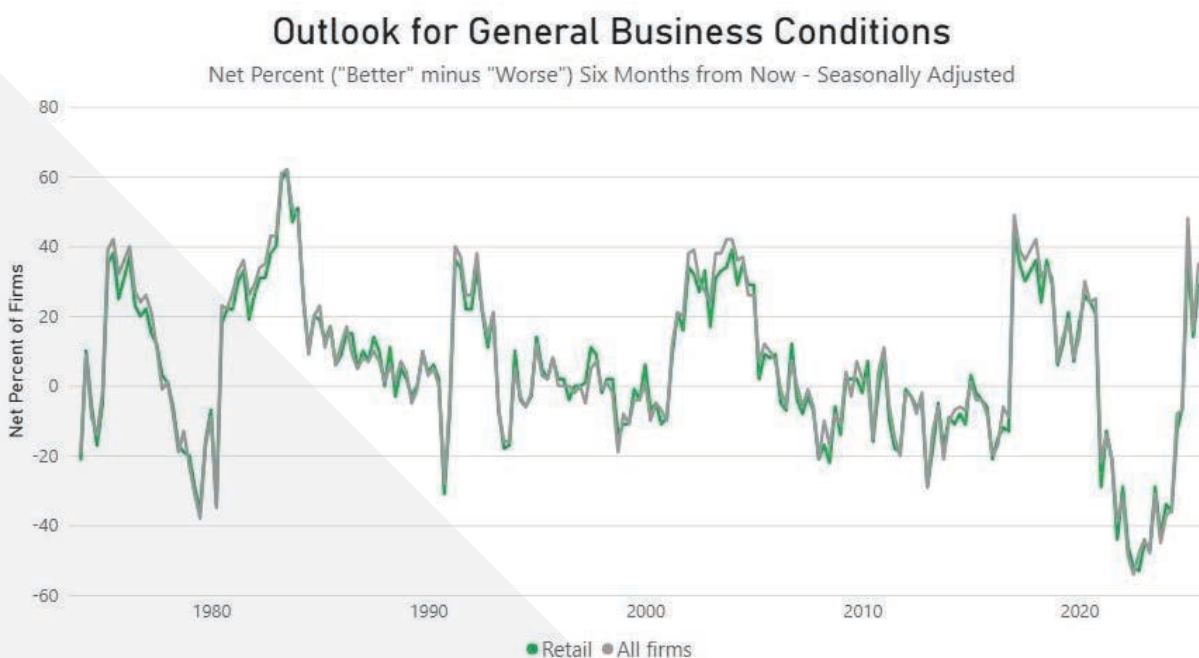
(Seasonally Adjusted 1986=100)



Index Components (Seasonally Adjusted)	Retail	Change from Last Quarter	All Firms
Plans to Increase Employment	10%	0	14%
Plans to Make Capital Outlays	13%	-6	22%
Plans to Increase Inventories	-6%	-2	1%
Expect Economy to Improve	29%	15	36%
Expect Real Higher Sales	6%	-2	6%
Current Inventory (Too Low)	-13%	0	-3%
Current Job Openings	28%	2	33%
Expected Credit Conditions	-3%	4	-4%
Now a Good Time to Expand	10%	6	16%
Earnings Trends	-26%	4	-22%
Optimism Index	96.0	2.1	100.3

The Optimism Index for the retail industry rose 2.1 points from April to 96.0. Despite this increase, small business owners in retail were the least optimistic among all industries, and 4.3 points below that of all firms. It was also the only industry with an Index below the overall historical average of 98.

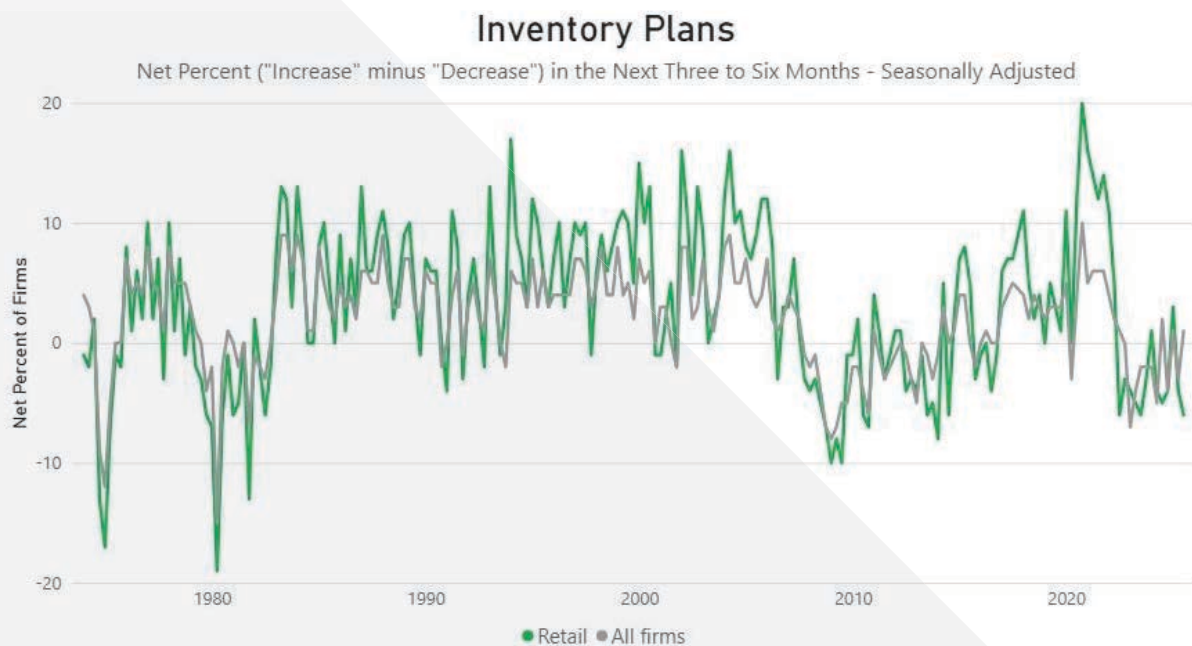
Expectations for better business conditions increased by 15 points from the previous quarter to a net 29% (seasonally adjusted), contributing the most to the rise in the Index. This marked a reversal from the decline in better business conditions between January 2025 and April 2025. Despite the significant increase from April, the retail industry's reading is lower than that for all firms, registering a net 36% seasonally adjusted.



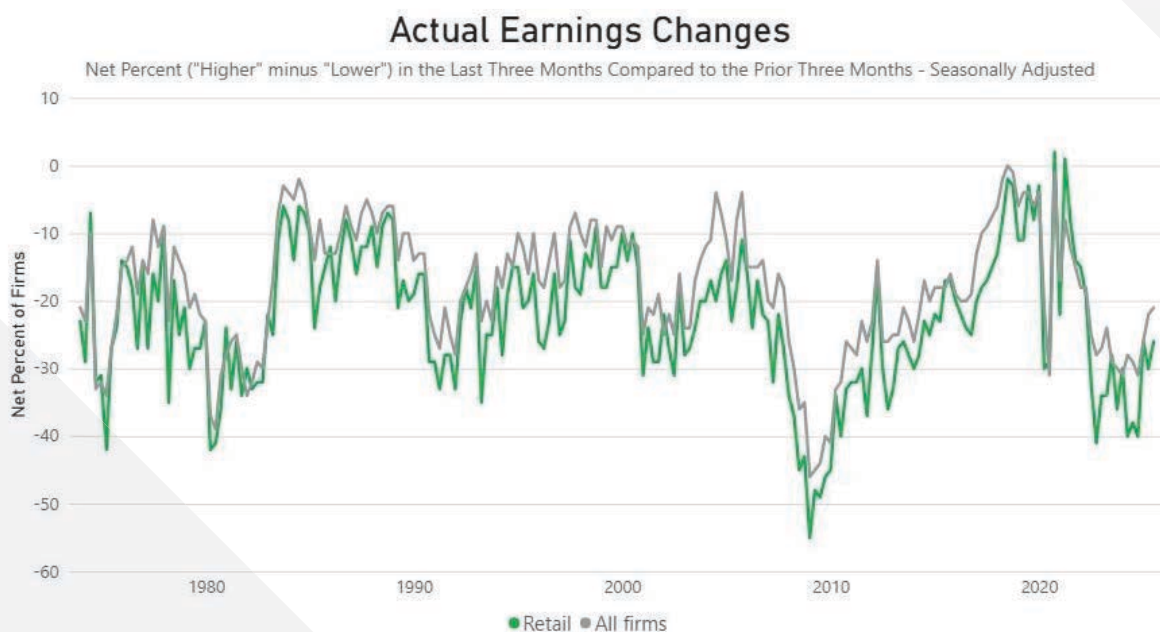
Inventory satisfaction and plans were the poorest in the retail industry. In July, a net negative 13% (seasonally adjusted) of retailers reported current inventory levels as "too low," unchanged from April and 10 points lower than the all-firms reading, indicating "too high" characterized most stocks. Although unchanged from the previous quarter, this was the weakest reading of all industries.



Additionally, a seasonally adjusted net negative 6% plan to increase inventories over the next three to six months, down 2 points from April and 7 points below the all-firms reading. Inventory plans were also the poorest in the retail industry.



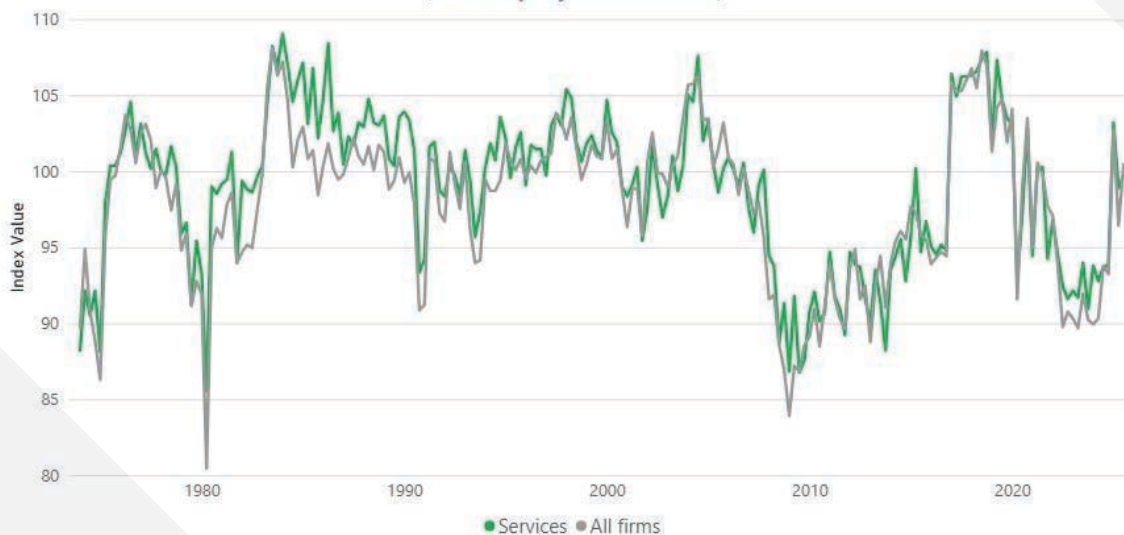
Also notable, the retail industry had the lowest earnings trend, with a seasonally adjusted net negative 26%, which is only 4 points lower than that for all firms. This means that 26% of retail small business owners reported lower earnings during the last calendar quarter compared to the percentage reporting better earnings.



SERVICES

Small Business Optimism Index

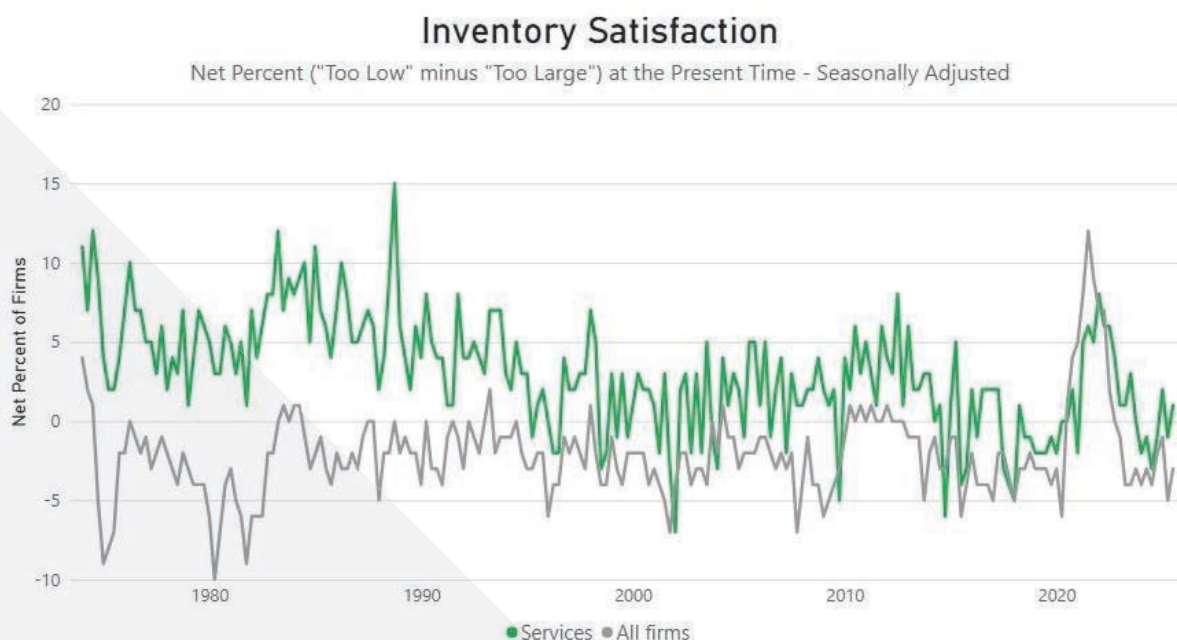
(Seasonally Adjusted 1986=100)



Index Components (Seasonally Adjusted)	Services	Change from Last Quarter	All Firms
Plans to Increase Employment	15%	-2	14%
Plans to Make Capital Outlays	18%	3	22%
Plans to Increase Inventories	-5%	-8	1%
Expect Economy to Improve	25%	1	36%
Expect Real Higher Sales	12%	4	6%
Current Inventory (Too Low)	1%	2	-3%
Current Job Openings	38%	2	33%
Expected Credit Conditions	-3%	3	-4%
Now a Good Time to Expand	14%	6	16%
Earnings Trends	-24%	-3	-22%
Optimism Index	99.7	0.8	100.3

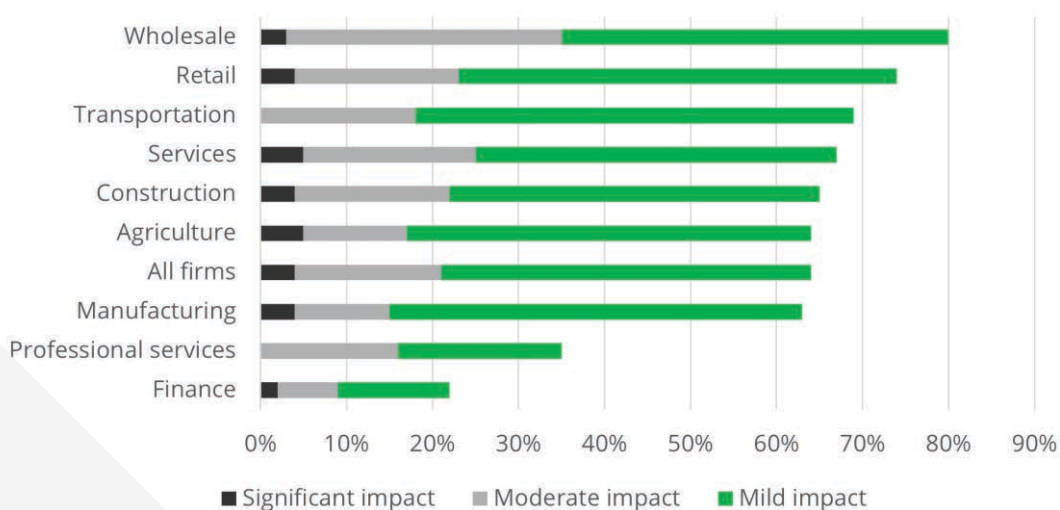
In July, the Optimism Index for the services industry rose by 0.8 of a point from April to 99.7. This was the smallest quarterly change among all industries and the closest to the all-firms reading of 100.3. The increase in the Index was driven by more respondents saying it is a good time to expand and higher sales expectations but was offset by a decline in those planning to increase inventories in the next three to six months.

A net 1% (seasonally adjusted) of small business owners in the services industry reported their current inventory as “too low.” This was the best reading among all industries and 4 points higher than for all firms.



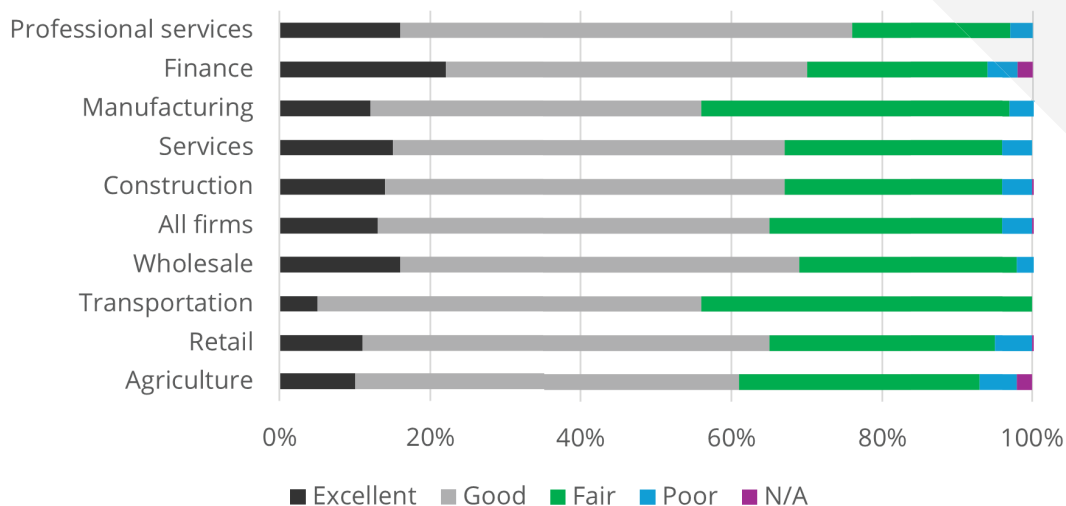
ADDITIONAL

Are Supply Chain Disruptions Impacting Your Business?



Overall, 64% of all small business owners reported supply chain disruptions impacting their business to some degree (up 2 points from April). Four percent reported a significant impact (down 2 points), 17% a moderate impact (down 1 point), 43% a mild impact (up 5 points), and 36% reported no impact (down 1 point). Of all industries, wholesale had the highest percentage of small businesses reporting some level of supply chain disruption (80%), followed by retail (74%), both of which are highly import-dependent. Only 22% of small business owners in the finance industry reported some impact on their business. Seventy-six percent of this industry reported no impact compared to 36% of the overall small business community.

How Would You Rate The Overall Health of Your Business Today?



Overall, 65% of small business owners rated the overall health of their business today as excellent or good (a decline of 4 points from April). Thirteen percent rated the overall health of their business as excellent (unchanged), and 52% rated it good (down 4 points). Thirty-one percent rated it fair (up 5 points), and 4% rated it poor (unchanged). All industries (except transportation and manufacturing) had at least 60% of small business owners reporting their overall business health as excellent or good. The professional services industry had the highest percentage of those rating their business as excellent or good (76%), followed by the finance industry (70%). The transportation and manufacturing industries exhibited the fewest, with 56% responding that their business is in excellent or good health. Only 5% of small businesses in the transportation industry reported their overall business health as excellent, compared to 13% of all firms.