



**NFIB Monthly
Economic
Newsletter**

FEBRUARY 2026



NFIB Monthly Economic Newsletter - February 2026

Small Business Economic Trends

The Small Business Optimism Index for January was 99.3, down 0.2 points from December, remaining above its 52-year average of 98. Of the 10 Optimism Index components, three increased and seven decreased. Only one component saw a substantial change, with expected real sales volume increasing 6 points. This larger gain was counterbalanced by the more numerous small decreases.

While optimism declined in January, uncertainty increased. The Uncertainty Index rose 7 points from December to 91. More owners reporting uncertainty about whether it is a good time to expand their business was the primary driver of the rise in the Uncertainty Index.

- In January, 13% reported the cost or availability of insurance as their single most important problem, up 4 points from December. The last time insurance, reported as the single most important problem, was this high was December 2018.
- Sixty percent of small business owners reported capital outlays in the last six months, up 4 points from December and the highest level since November 2023.
- In January, a net -6% of owners reported paying a higher interest rate on their most recent loan, down 3 points from December. This suggests that credit markets are turning more favorable for small borrowers.
- In January, 16% of small business owners cited labor quality as their single most important problem, down 3 points from December. This is the third consecutive month that labor quality, reported as the single most important problem, has declined.
- The net percent of owners expecting higher real sales volumes over the next quarter rose 6 points from December to a net 16% (seasonally adjusted).
- The net percent of owners reporting inventory gains rose 4 points to a net 3% (seasonally adjusted), the highest reading since January 2023. Not seasonally adjusted, 14% reported increases in stocks (up 1 point), and 17% reported reductions (up 2 points).
- In January, 62% of small business owners reported that supply chain disruptions were affecting their business to some degree, down 2 points from December. Four percent reported a significant impact (up 1 point), 17% reported a moderate impact (down 4 points), 41% reported a mild impact (up 1 point), and 37% reported no impact (up 2 points).

- The net percent of owners raising average selling prices fell 4 points from December to a net 26% (seasonally adjusted). Price increases remain well above the historical average of a net 13%, suggesting continued inflationary pressure. Looking forward to the next three months, a net 32% (seasonally adjusted) plan to increase prices, up 4 points from December.
- In January, overall reported business health improved from December, with more reporting it as excellent and fewer reporting it as fair. When asked to evaluate the overall health of their business, 14% rated it as excellent (up 5 points), 54% rated it as good (unchanged), 27% rated it as fair (down 7 points), and 4% rated it as poor (up 1 point).

Small Business Optimism Index

Seasonally Adjusted, 1986=100

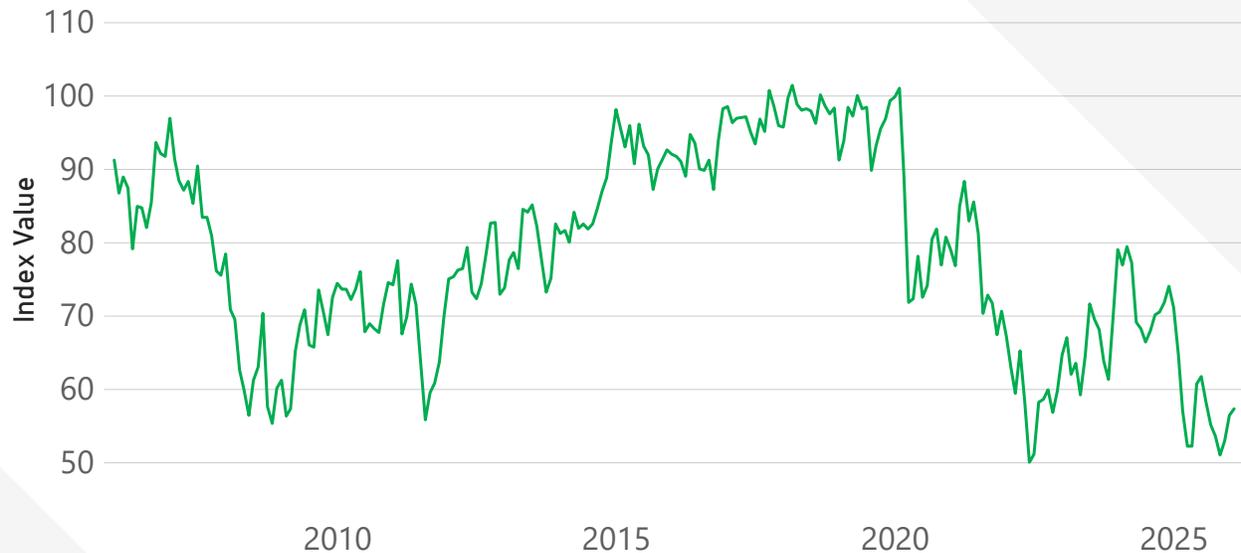


Source: NFIB Small Business Economic Trends

Read the latest full report: nfib.com/sbet

Macroeconomic Indicators				
	Most Recent	Previous Month	1 Year Ago	5 Years Ago
NFIB Optimism Index	99.3	99.5	102.8	95.0
NFIB Uncertainty Index	91	84	100	80
Unemployment Rate	4.3%	4.4%	4.0%	6.3%
Jobs Added (000)	130	50	111	365
Consumer Sentiment	57.3	56.4	64.7	76.8
CPI Inflation Rate (12-month percent change)	2.4%	2.7%	3.0%	1.4%
Prime Rate of Interest	6.75%	6.75%	7.50%	3.25%
Retail Sales Change	0.0%	0.6%	0.7%	-0.7%
Housing Starts (000)	1,404	1,322	1,515	1,651

Index of Consumer Sentiment



Source: University of Michigan Surveys of Consumers

Consumer Sentiment (Univ. of Michigan)

The University of Michigan Surveys of Consumers measures consumer sentiment by asking a random sample of U.S. consumers questions about their expected personal finances, business conditions, and buying conditions.

In February, the Index of Consumer Sentiment increased by 0.2 points from January, reaching a final reading of 56.6. All index components remained largely unchanged, indicating that consumers' views of the economy were the same as last month.

This is the third consecutive month of improvement, although consumer sentiment is 21% below its January 2025 level.

Views of current economic conditions rose by 1.2 points, while consumer expectations fell by 0.4 points. Concerns about long-term inflation (five years) held steady at 3.3%, while one-year inflation expectations fell to 3.4%.

GDP



Source: U.S. Bureau of Economic Analysis

Gross Domestic Product (GDP)

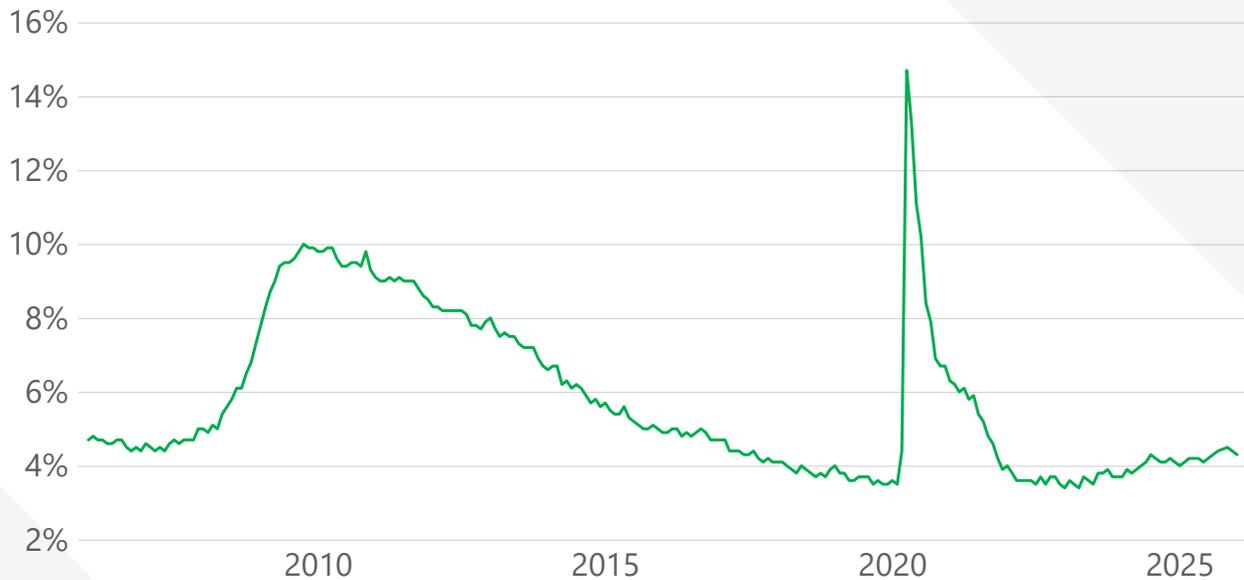
GDP rose at an annual rate of 1.4% (advance estimate) in the fourth quarter of 2025, a significant slowdown from the third quarter's rate of 4.4%.

The fourth quarter GDP increase was driven by increases in consumer spending and investment. These gains were partially offset by declines in government spending and exports. The decrease in imports was smaller than in the third quarter.

In 2025, GDP rose by 2.2% primarily due to increases in consumer spending and investment. GDP in 2025 was lower than the 2.8% growth rate in 2024.

The second estimate for the fourth quarter of 2025 and the year 2025 will be released on March 13.

Unemployment Rate



Source: U.S. Bureau of Labor Statistics

Unemployment

The most recent Employment Situation report from the Bureau of Labor Statistics (BLS) showed that the U.S. economy added 130,000 jobs in January. The report also revised downward the data for November and December. Total employment for these months was 17,000 lower than initially reported. The unemployment rate was 4.3%, down slightly from December's 4.4%.

Job growth occurred in health care (+82,000), social assistance (+42,000), and construction (+33,000), while jobs were lost in federal government (-34,000) and financial activities (-22,000). Federal government employment is down by nearly 11% since reaching its peak in October 2024.

The most recent Job Openings and Labor Turnover Survey (JOLTS) reported 6.5 million job openings in December, down by 966,000 from the year before. The ratio of unemployed workers to job openings is 1.1.

NFIB's January Small Business Economic Trends survey found that 31% (seasonally adjusted) of owners had unfilled job openings, down 2 points from December and remaining above the historical average of 24%. Additionally, a seasonally adjusted net 16% of owners plan to create new jobs in the next three months, down 1 point from December. Sixteen percent of small business owners cited labor quality as their single most important problem, down 3 points from December and marking the third consecutive monthly decline. Labor quality was reported as the single most important problem, highest in the construction, manufacturing, and professional services industries, and lowest in wholesale and finance. Labor costs, reported as the single most important problem, remained at 9%.



Source: U.S. Bureau of Labor Statistics

Consumer Price Index (Inflation Rate)

The Consumer Price Index (CPI) measures the average change over time in the cost of a basket of goods commonly purchased by households.

In January, the CPI increased 0.2% month over month. The largest factor in the monthly increase was shelter; however, it was partially offset by the energy index, which declined.

Over the past year, the CPI rose 2.4%, down from December's 2.7%. January's reading was lower than expected, boosting the outlook for Federal Reserve rate cuts.

From January 2025 to January 2026, the categories with the largest price increases were natural gas (piped) and tobacco and smoking products. By contrast, the category with the largest price decrease was gasoline (all types) (-7.5%).

**12-month percent change, Consumer Price Index,
selected categories, January 2026, not seasonally adjusted**

Categories	Jan. 2025 to Jan. 2026
Natural gas (piped)	9.8%
Tobacco and smoking products	8.5%
Hospital Services	6.6%
Electricity	6.3%
Motor vehicle maintenance and repair	4.9%
Full-service meals and snacks	4.7%
Nonalcoholic beverages and beverage materials	4.5%
Owners' equivalent rent of residences	3.3%
Limited service meals and snacks	3.2%

Source: U.S. Bureau of Labor Statistics

NFIB's January Small Business Economic Trends report found that 12% of owners reported inflation as their single most important problem in operating their business, unchanged from December. Additionally, a net 26% (seasonally adjusted) of owners raised prices, down 4 points from December. The incidence of price increases remained well above the historical average of a net 13%, indicating continued inflationary pressure. Looking ahead to the next three months, a net 32% (seasonally adjusted) plan to increase prices, up 4 points from December.

Change in Retail Sales



Source: U.S. Census Bureau

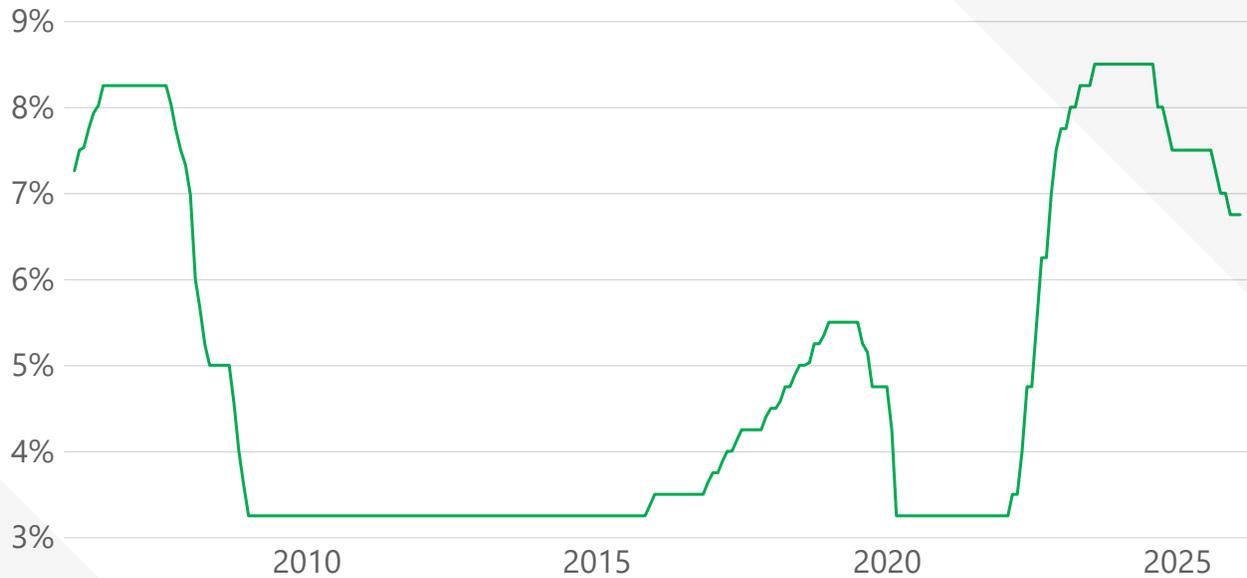
Retail Sales

The Advanced Monthly Retail Trade Survey measures consumer spending at retail and food services stores. Consumer spending, a key indicator of economic growth, accounts for about two-thirds of the country's GDP. These figures are seasonally adjusted but not adjusted for inflation.

In December, retail and food services sales were \$735.0 billion, unchanged from November and a sign that consumer spending may be slowing. Retail trade sales were up 2.1% from last year; non-store retailers were up 5.3%; and food service and drinking places were up 4.7%.

The release date for December's data has not yet been scheduled due to the government shutdown.

Prime Rate



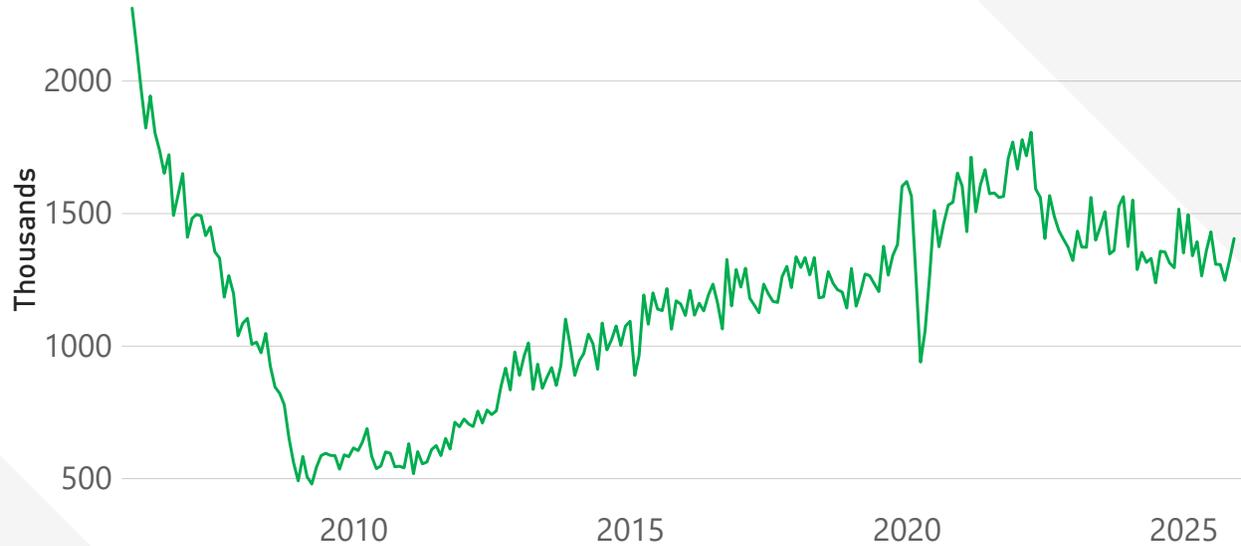
Source: U.S. Federal Reserve

Prime Lending Rate

The prime rate is the interest rate banks charge for short-term loans. Each year, the Federal Open Market Committee (FOMC), a part of the Federal Reserve, meets eight times to determine monetary policy and policy interest rates.

In January, the Federal Reserve left its rate unchanged after three cuts in late 2025. The prime lending rate (the interest rate at which commercial banks charge borrowers) was 6.75%, and the federal funds rate (the interest rate at which commercial banks borrow and lend their excess reserves to each other) was 3.50%-3.75%. The Fed may cut rates this year if inflation moves closer to its 2.0% target. The next FOMC meeting is scheduled for March 17-18.

Housing Starts



Source: U.S. Census Bureau

Housing Starts

The Census Bureau reports monthly housing starts, defined as the start of excavation for the foundations of both single-family and multifamily housing units.

In December, the Monthly New Residential Construction report showed that housing starts rose 6.2% from November to 1.404 million units. Despite the monthly-increase, housing starts are 7.3% below the December 2024 rate.

NFIB's January Small Business Economic Trends report found that 40% of small businesses in the construction industry have a job opening they cannot fill, up 6 points from December. Supply chain disruptions remain challenging for small businesses, with 62% experiencing some level of disruption in January, down 2 points from December.

Access more economic data at the St. Louis Fed's FRED Database
fred.stlouisfed.org

Upcoming Economic Indicator Releases

February 20	Michigan Consumer Sentiment (Final Estimate for February)
March 5	NFIB Jobs Report
March 6	BLS Employment Situation Report
March 10	NFIB Small Business Economic Trends
March 11	Consumer Price Index
March 13	GDP, 4th Quarter 2025 and Year 2025 (First Estimate)
March 17-18	Federal Open Market Committee Meeting
TBA	Monthly Retail Trade Report
TBA	Housing Starts
TBA, July	Job Openings and Labor Turnover Survey (JOLTS)

Additional NFIB Research and Media

Podcast: NFIB Small Business Rundown- The Flight to Lower Energy Costs. (February 19). <https://www.nfib.com/podcasts-small-business-rundown/>

Small Business Energy Survey. (February 18). <https://www.nfib.com/wp-content/uploads/2026/02/NFIB-2026-Energy-Survey.pdf>

Texas Small Business Economic Trends – January 2026. (February 18). <https://www.nfib.com/wp-content/uploads/2026/02/Texas-SBET-Final.pdf>

Texas' Small Business Sector More Optimistic Than the Rest of US Data Shows. (February 18). <https://www.dallasnews.com/business/local-companies/2026/02/18/texas-main-street-sector-more-optimistic-than-the-rest-of-us-data-shows/>

VIDEO: New NFIB Report Shows Small Business Optimism Still Above Its 52-Year Average, Featuring Peter Hansen on NYSE. (February 11). <https://tv.nyse.com/nyse-tv-highlights/season:4/videos/new-nfib-report-shows-small-business-optimism-still-above-its-52-year-average>

Podcast: NFIB Small Business by the Numbers – January Small Business Data and New Employment Index (February 10). <https://www.nfib.com/small-business-by-the-numbers-podcast/>

New NFIB Op-Ed by Peter Hansen in RealClearMarkets: Small Businesses Are Hurt the Most by Minimum Wages. (February 9). https://www.realclearmarkets.com/articles/2026/02/09/small_businesses_are_hurt_the_most_by_minimum_wages_1163475.html



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