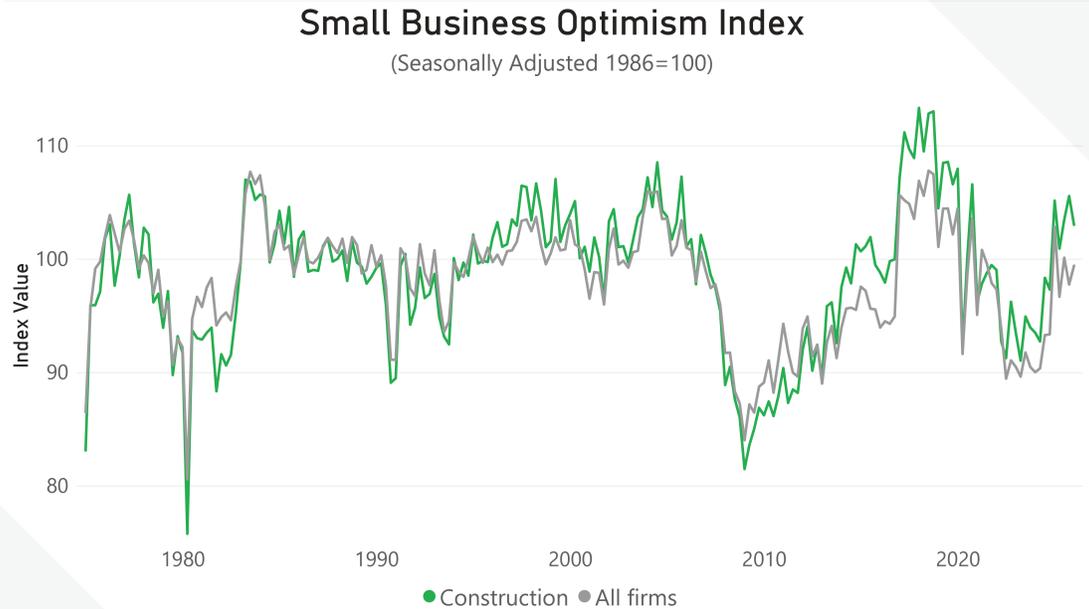


The Industry data are aggregated and seasonally adjusted through the [nfib-sbet.org](https://nfib-sbet.org) website. The “overall” (all firms) data are published here and may differ slightly from website results due to rounding and seasonal adjustment differences. “All industries” refers to the four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

## HIGHLIGHTS

- In January, the Optimism Index increased from October for all reported industries except construction. Small business owners in the manufacturing industry were the most optimistic of all industries, with a reading 4.5 points above the overall Index.
- The Optimism Index for the construction industry fell 2.5 points from October to 103.0, reversing the improvement seen during the July to October 2025 period. A deterioration in hiring plans, unfilled job openings, and capital expenditure plans largely drove the decline.
- The net percent of small businesses in the manufacturing industry expecting real sales to increase rose 18 points from October to a net 24% (seasonally adjusted), the highest across all industries.
- The retail industry’s Optimism Index rose 0.3 points from October to 95.2, making it the least optimistic of all industries. Although real sales expectations rose considerably, the gain was offset by declines in capital expenditure plans and unfilled job openings.
- In January, the Optimism Index for the services industry increased 3.7 points from October to 99.3, matching the Index for all firms. The increase in optimism was primarily due to an improvement in real sales expectations.
- Overall, 62% of all small business owners reported that supply chain disruptions were impacting their business to some degree (up 2 points from October). Reports of supply chain disruptions correlated with supply chain exposure, with the highest rates in the wholesale industry (80%) and lowest in the professional services (32%) and finance (40%) industries.
- Overall, 68% of small business owners rated the overall health of their business today as excellent or good (up 5 points from October). Reports were highest in the professional services industry (79%), and lowest in the wholesale (55%) and agriculture (60%) industries.

**CONSTRUCTION**

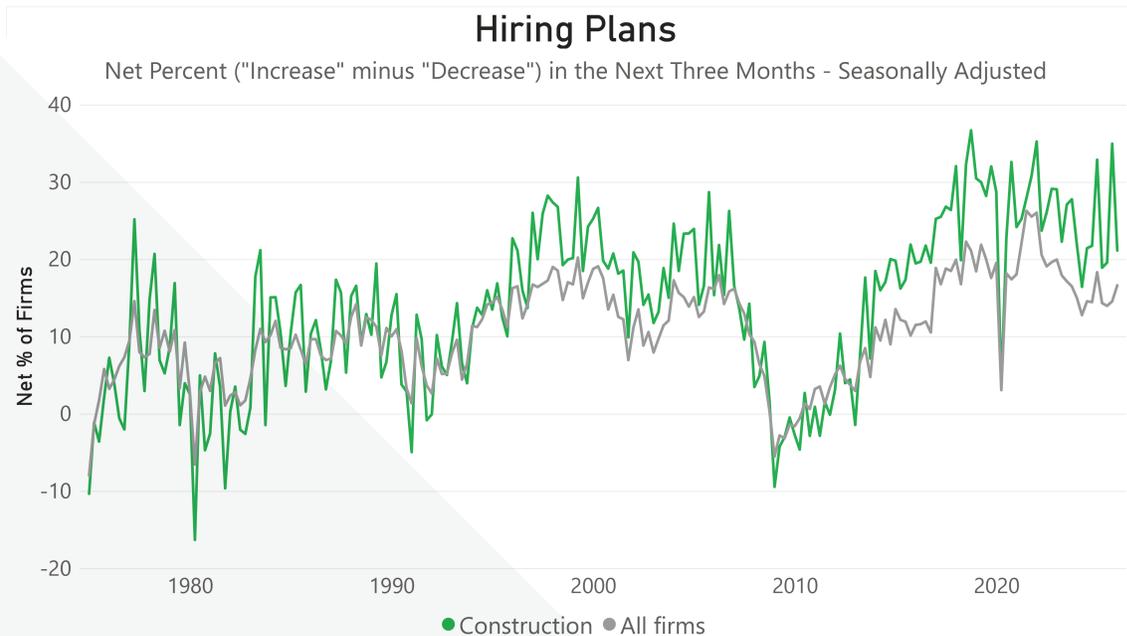


Index Components (Seasonally Adjusted)	Construction	Change from Last Quarter	All Firms
Plans to Increase Employment (net)	21%	-14	16%
Plans to Make Capital Outlays	16%	-7	18%
Plans to Increase Inventories (net)	-3%	-2	-2%
Expect Economy to Improve (net)	24%	0	21%
Expect Real Higher Sales (net)	23%	5	16%
Current Inventory - too low (net)	-2%	-4	-3%
Current Job Openings	43%	-7	31%
Expected Credit Conditions (net)	1%	4	-3%
Now a Good Time to Expand	20%	0	15%
Earnings Trends (net)	-15%	0	-21%
<b>Optimism Index</b>	<b>103.0</b>	<b>-2.5</b>	<b>99.3</b>

In January, the Optimism Index for the construction industry fell 2.5 points from October to 103.0, reversing the improvement seen during the July to October 2025 period.

Construction was the only industry with an Index that fell from the previous quarter. Deteriorations in hiring plans, unfilled job openings, and capital expenditure plans drove the decline. Despite the decline, the Index remains 4.3 points above the industry's historical average of 98.7 and was 3.7 points above the overall Index. The construction industry was the second most optimistic, following manufacturing.

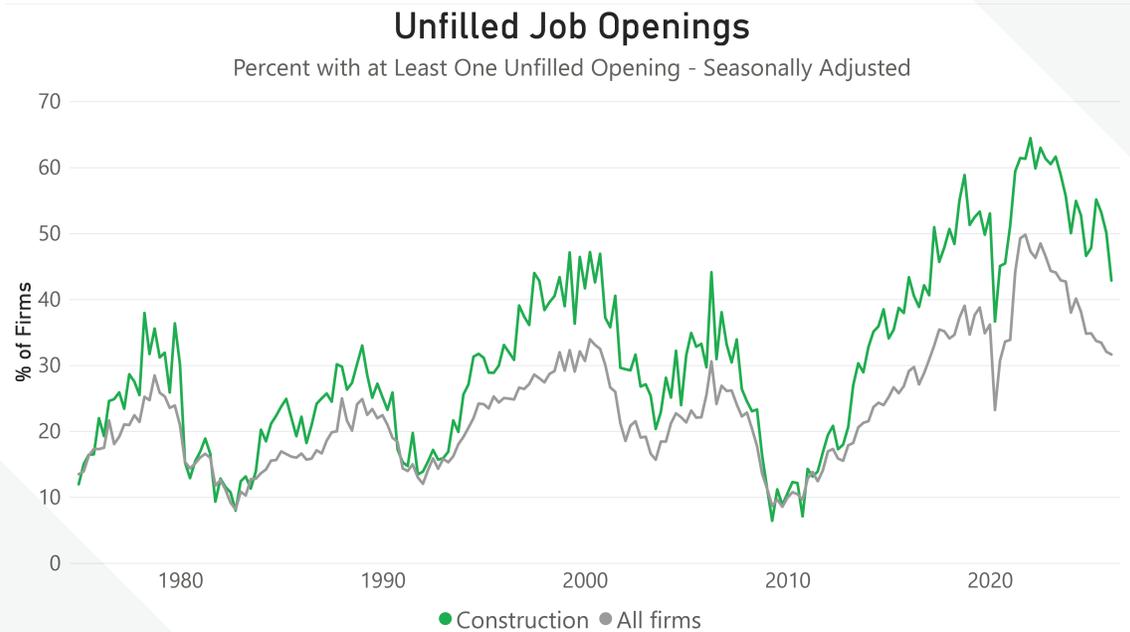
A seasonally adjusted net 21% of small businesses in the construction industry plan to hire in the next three months, down 14 points from October. Hiring plans contributed the most to the Index's quarterly decline. Despite the decline, construction firms' plans to increase employment remain strong. Hiring plans in the construction industry were 5 points higher than for all firms and 7 points higher than the industry's historical average of a net 14% (seasonally adjusted).



Forty-three percent (seasonally adjusted) of owners in the construction industry reported unfilled job openings, down 7 points from October but still well above the industry's historical average of 31% (seasonally adjusted). Despite the decline, unfilled job openings were 12 points higher than the level for all firms.

Unadjusted, 37% of these openings are for skilled workers (down 12 points from October), and 13% are for unskilled workers (down 1 point). Reports of few or no qualified applicants in the construction industry eased in January, though remained higher than for all firms.

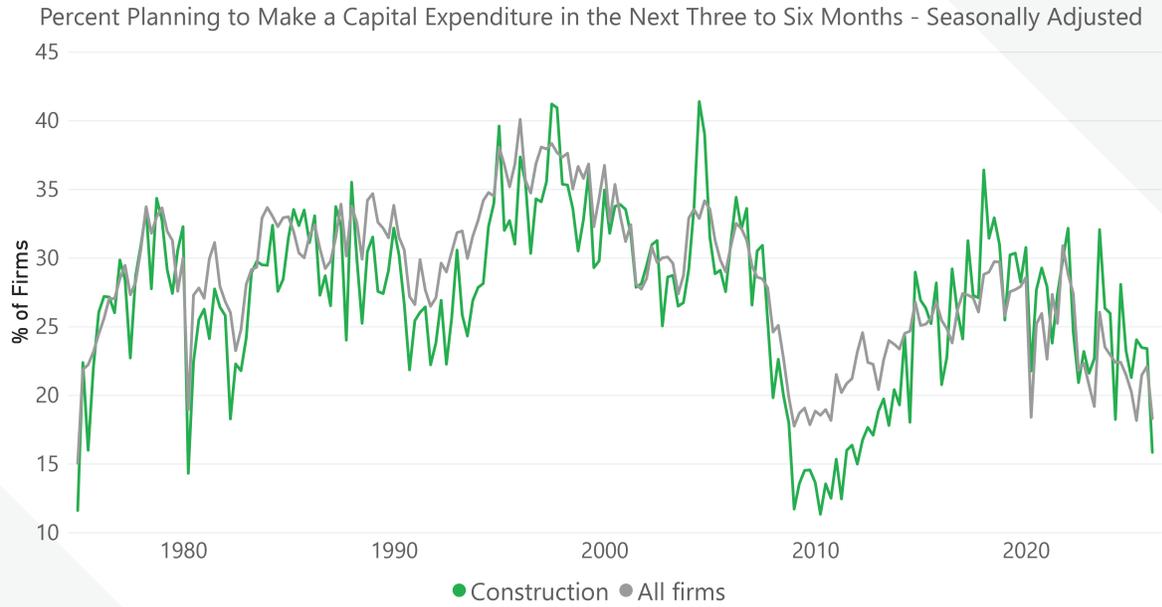
Fifty-four percent of construction firms reported few or no qualified applicants, down 6 points from October and 10 points higher than reported for all firms.



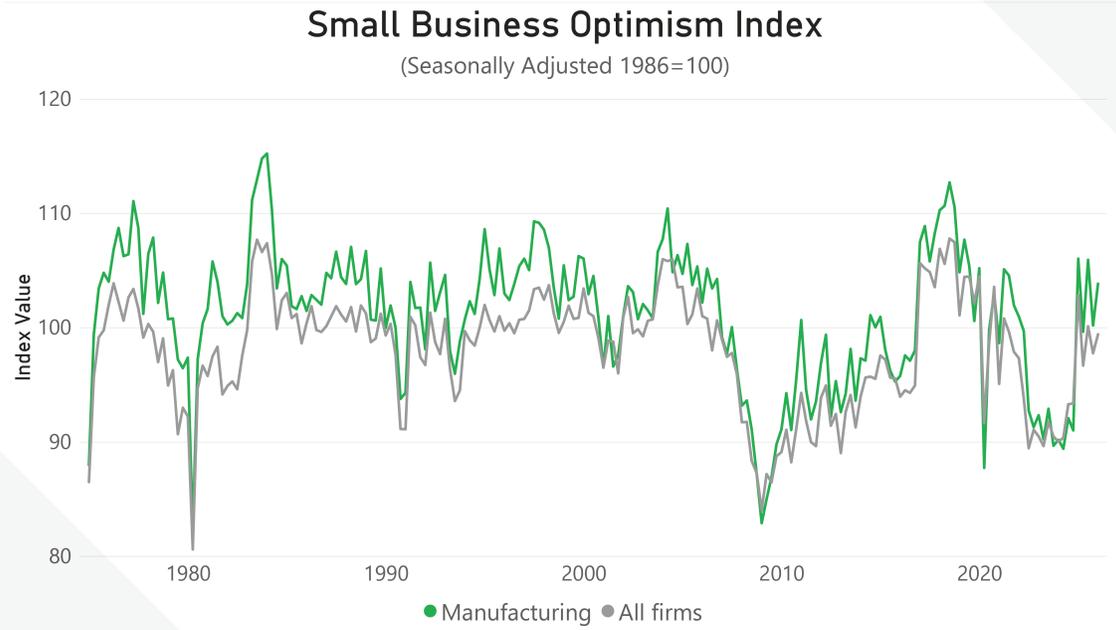
Thirty percent of small businesses in the construction industry reported labor quality as their single most important problem (down 19 points from October). Labor quality was the highest in the construction industry and 14 points higher than for all firms.

In January, capital expenditure plans for small businesses in the construction industry declined for the third consecutive quarter. A seasonally adjusted 16% of construction firms plan to make a capital expenditure in the next three to six months, down 7 points from October. Capital expenditure plans in the construction industry were 2 points lower than for all firms.

### Planned Capital Outlays



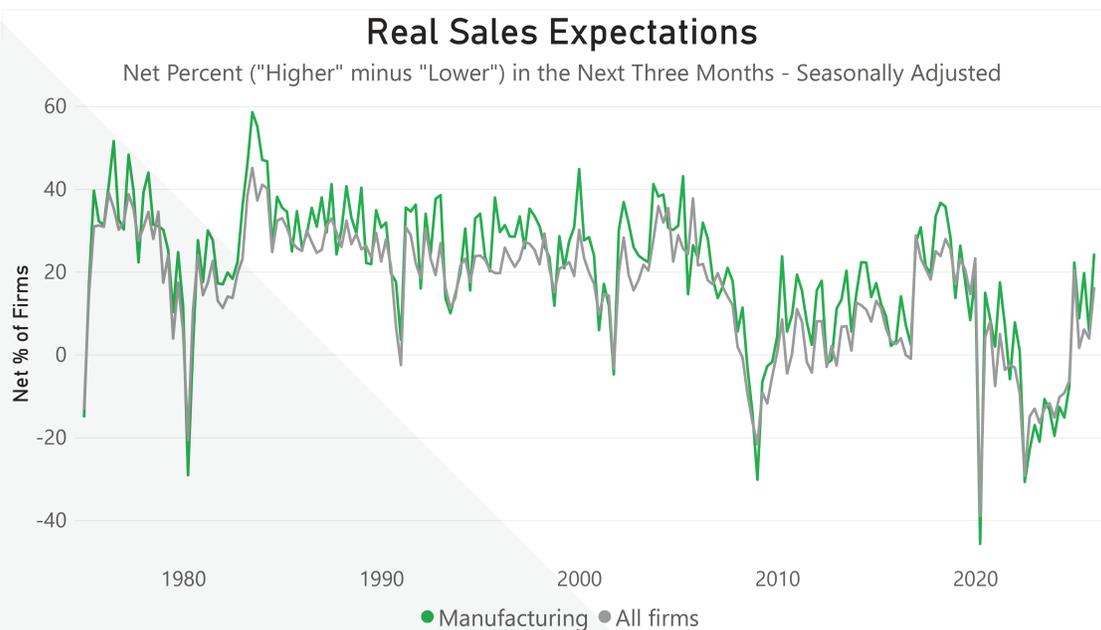
**MANUFACTURING**



Index Components (Seasonally Adjusted)	Manufacturing	Change from Last Quarter	All Firms
Plans to Increase Employment (net)	24%	0	16%
Plans to Make Capital Outlays	23%	-11	18%
Plans to Increase Inventories (net)	8%	16	-2%
Expect Economy to Improve (net)	21%	-5	21%
Expect Real Higher Sales (net)	24%	18	16%
Current Inventory – too low (net)	-3%	2	-3%
Current Job Openings	44%	10	31%
Expected Credit Conditions (net)	-2%	2	-3%
Now a Good Time to Expand	19%	4	15%
Earnings Trends (net)	-21%	4	-21%
<b>Optimism Index</b>	<b>103.8</b>	<b>3.6</b>	<b>99.3</b>

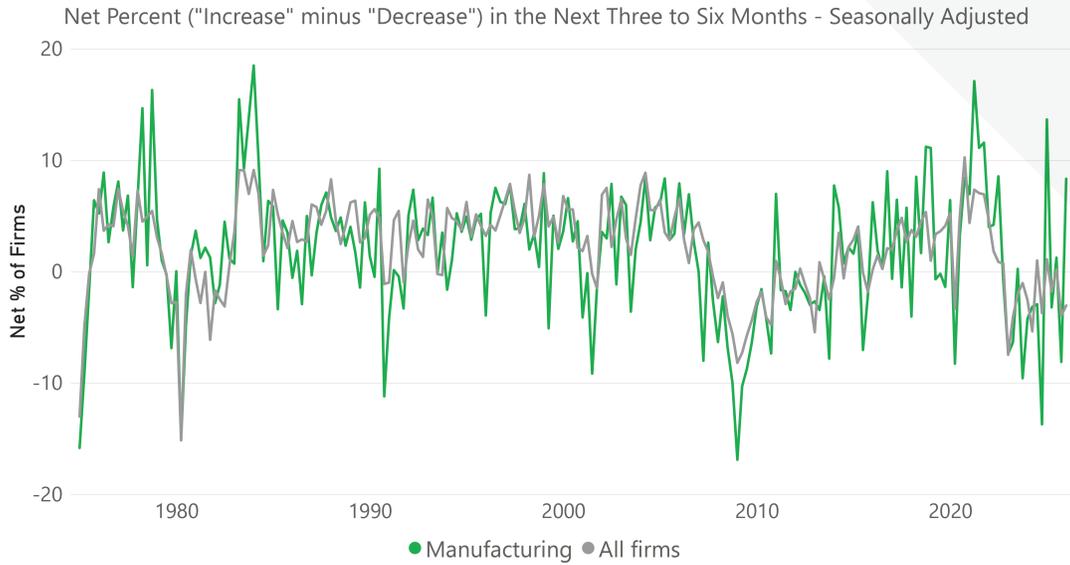
In January, the Optimism Index for firms in the manufacturing industry rose 3.6 points from October to 103.8, surpassing its historical average of 101.1. Small business owners in the manufacturing industry were the most optimistic across all industries and had a reading 4.5 points above the all-firms Index. The Index rose primarily due to improvements in real sales expectations and inventory plans, along with a surge in job openings to staff expected growth.

The net percent of small businesses in the manufacturing industry expecting real sales to increase rose 18 points from October to a net 24% (seasonally adjusted), a reversal from the July to October period. Sales expectations for manufacturing businesses are above the industry's historical average of a net 20% (seasonally adjusted). Of all industries, sales expectations were highest in manufacturing, 8 points above the reading for all firms.

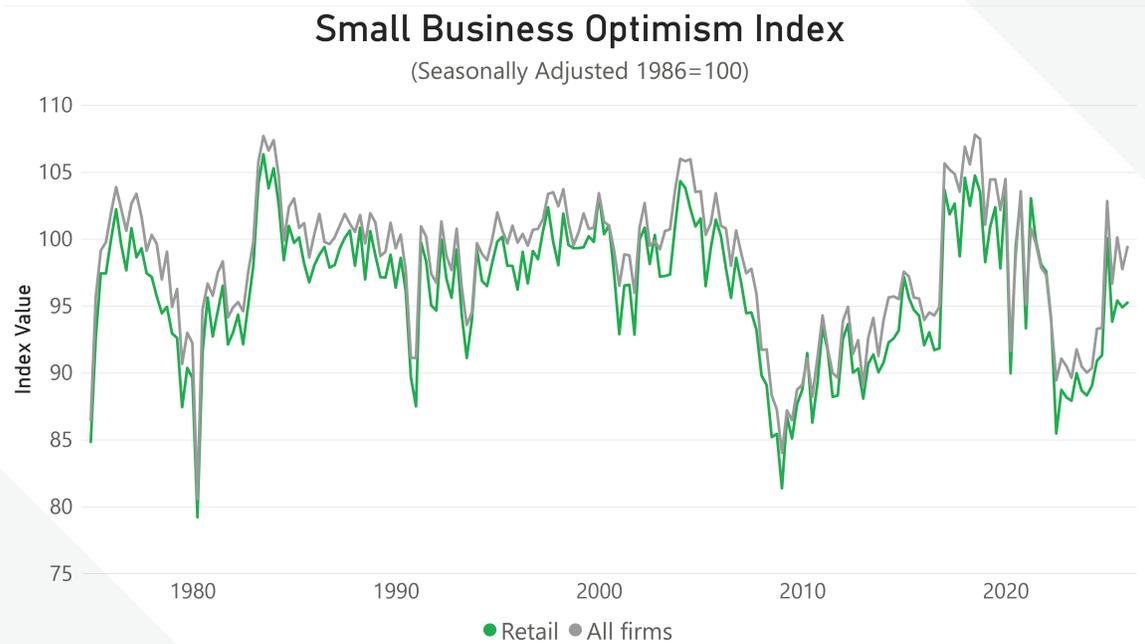


A net 8% (seasonally adjusted) of owners in the manufacturing industry plan to invest in inventory over the next three to six months, up 16 points from October, marking a surge in inventory investment. Compared to the other reported industries, plans to increase inventories were highest in manufacturing. Additionally, manufacturing firms' inventory investment plans were 10 points higher than the level for all firms.

### Inventory Plans



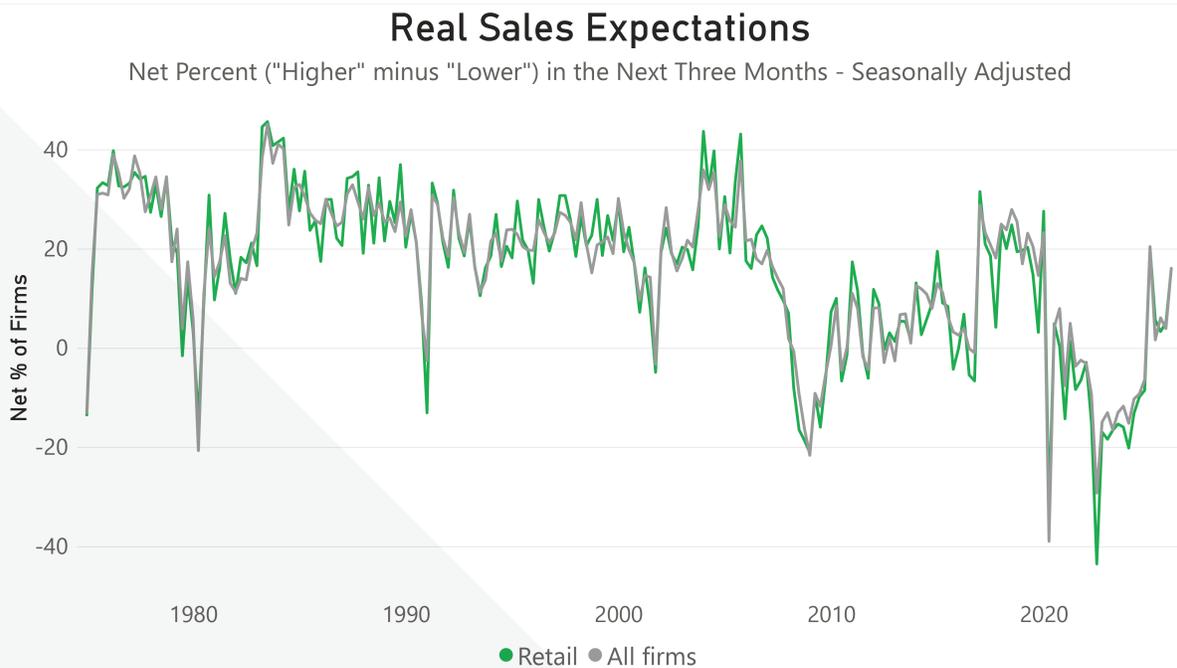
**RETAIL**



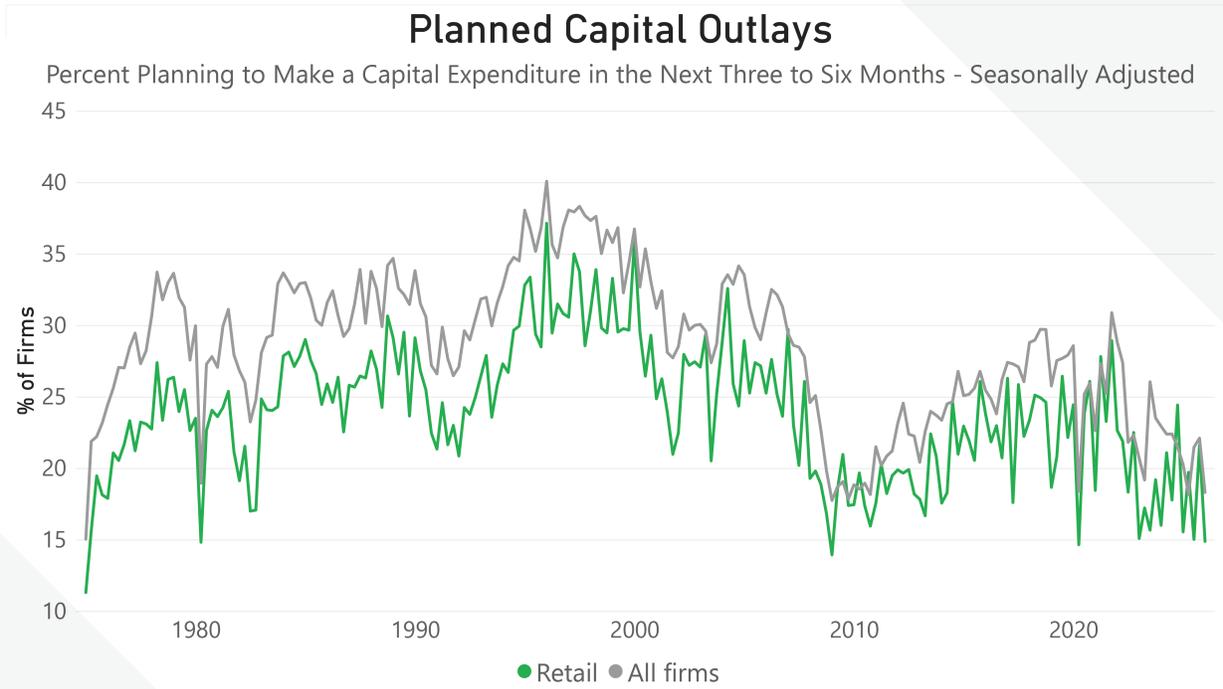
Index Components (Seasonally Adjusted)	Retail	Change from Last Quarter	All Firms
Plans to Increase Employment (net)	8%	3	16%
Plans to Make Capital Outlays	15%	-7	18%
Plans to Increase Inventories (net)	-4%	0	-2%
Expect Economy to Improve (net)	21%	6	21%
Expect Real Higher Sales (net)	16%	11	16%
Current Inventory – too low (net)	-11%	0	-3%
Current Job Openings	26%	-4	31%
Expected Credit Conditions (net)	-3%	0	-3%
Now a Good Time to Expand	7%	-1	15%
Earnings Trends (net)	-30%	-1	-21%
<b>Optimism Index</b>	<b>95.2</b>	<b>0.3</b>	<b>99.3</b>

The retail industry's Optimism Index rose 0.3 points from October to 95.2. Small business owners in retail remained the least optimistic of all industries, with an Index 4.1 points below the level for all firms. The quarterly change in the retail industry's Index was the smallest across all industries. Although real sales expectations rose considerably, the gain was offset by declines in capital expenditure plans and unfilled job openings.

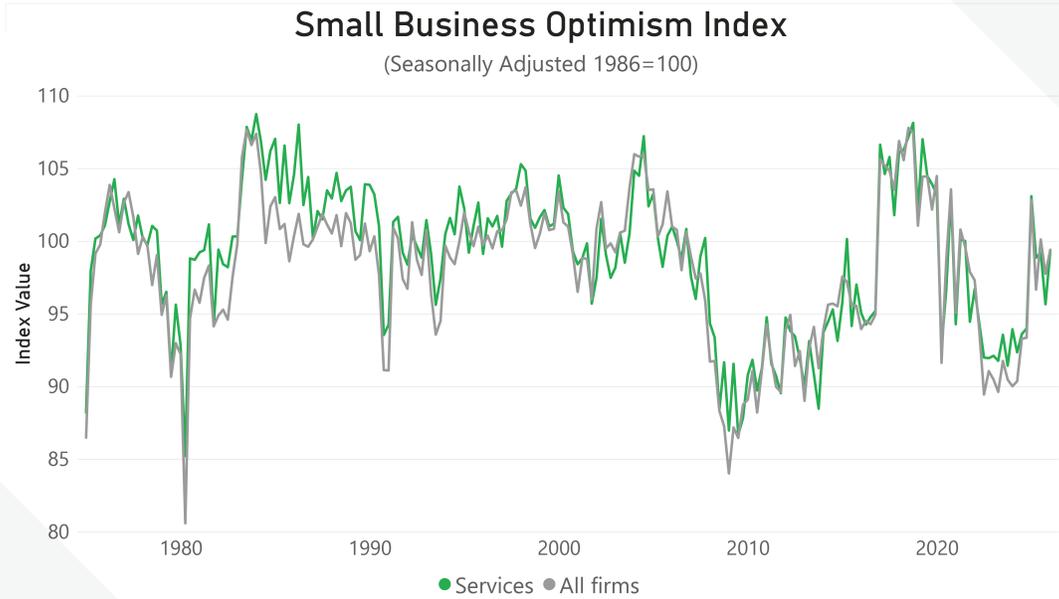
The net percent of small business owners in the retail industry expecting real sales to increase rose 11 points from October to a net 16% (seasonally adjusted). Sales expectations in the retail industry matched the level for all firms and reached its historical average of a net 16% (seasonally adjusted).



A seasonally adjusted 15% of small business owners in the retail industry plan to make capital expenditures in the next three to six months, down 7 points from October. Historically, this was a weak reading, as it was 9 points below its average of 24% (seasonally adjusted).



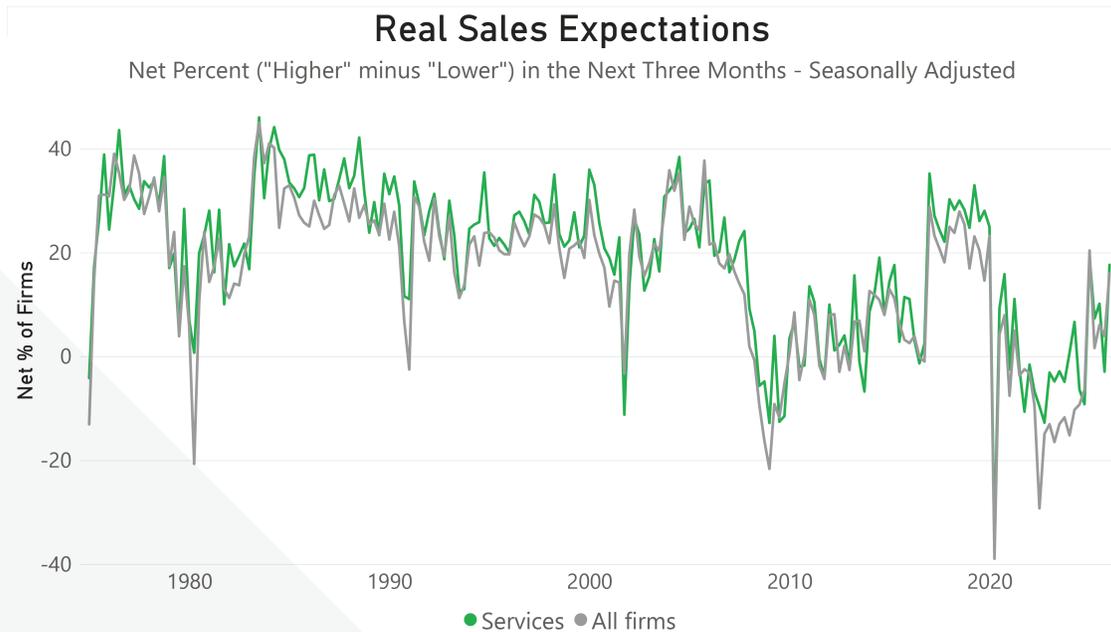
**SERVICES**



Index Components (Seasonally Adjusted)	Services	Change from Last Quarter	All Firms
Plans to Increase Employment (net)	16%	2	16%
Plans to Make Capital Outlays	17%	0	18%
Plans to Increase Inventories (net)	-7%	0	-2%
Expect Economy to Improve (net)	24%	6	21%
Expect Real Higher Sales (net)	18%	21	16%
Current Inventory - too low (net)	-3%	3	-3%
Current Job Openings	33%	-1	31%
Expected Credit Conditions (net)	-3%	1	-3%
Now a Good Time to Expand	13%	4	15%
Earnings Trends (net)	-20%	6	-21%
<b>Optimism Index</b>	<b>99.3</b>	<b>3.7</b>	<b>99.3</b>

In January, the Optimism Index for the services industry increased 3.7 points from October to 99.3, matching the Index for all firms. All Index components increased from the prior quarter, except for unfilled job openings, which fell by 1 point. The increase in optimism was primarily due to an improvement in real sales expectations.

The net percent of small businesses in the services industry expecting real sales to increase rose 21 points from October to a net 18% (seasonally adjusted). This was the largest quarterly change across all industries. Sales expectations for firms in the services industry were close to the historical average of a net 19% (seasonally adjusted) and were at the same level as for all firms.



Expectations for better business conditions in the services industry rose 6 points from October to a net 24% (seasonally adjusted). Historically, this is a strong reading, as it is 19 points above its average of a net 5% (seasonally adjusted).

**Outlook for General Business Conditions**

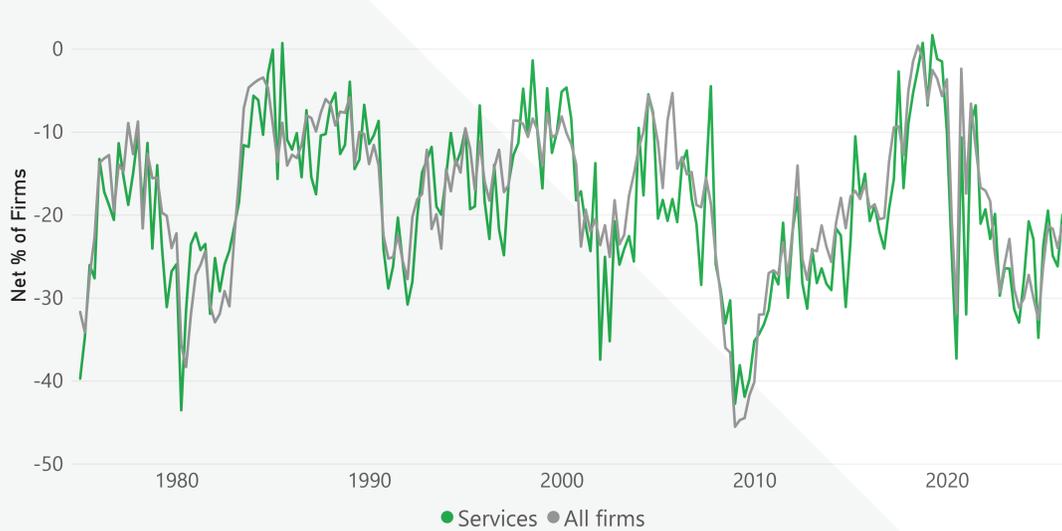
Net Percent ("Better" minus "Worse") Six Months From Now - Seasonally Adjusted



In January, earnings trends in the services industry rose 6 points from October to a net -20% (seasonally adjusted). Earnings trends in the services industry were only 1 point higher than the reading for all firms, and 1 point lower than the historical average of a net -19% (seasonally adjusted).

**Actual Earnings Changes**

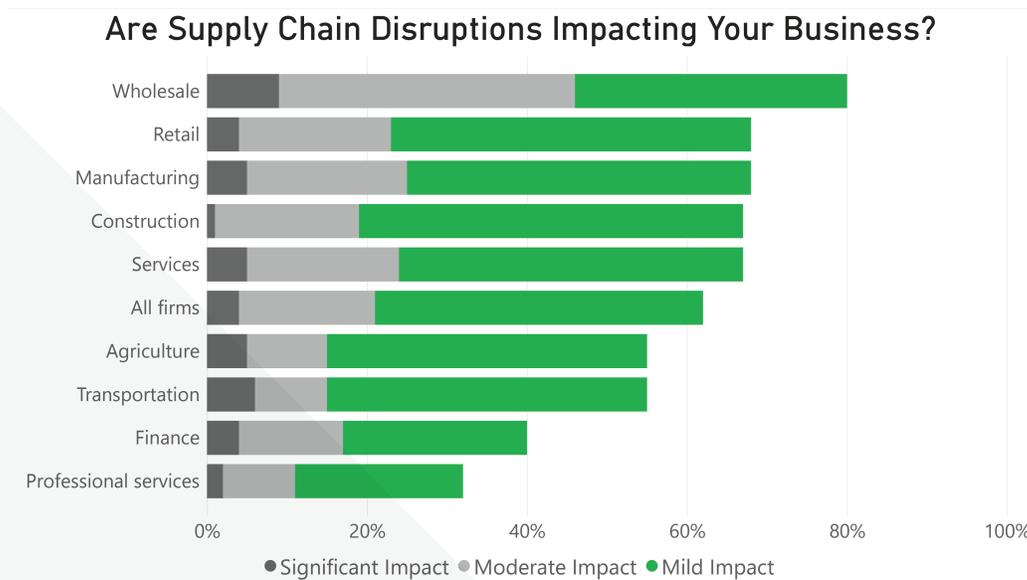
Net Percent ("Higher" minus "Lower") in the Last Three Months Compared to the Prior Three Months - Seasonally Adjusted



**ADDITIONAL**

In January, 62% of all small business owners reported that supply chain disruptions were impacting their business to some degree (up 2 points from October). Four percent reported a significant impact (unchanged), 17% a moderate impact (unchanged), 41% a mild impact (up 2 points), and 37% reported no impact (down 2 points).

Supply chain disruptions were highest in the wholesale industry, with 80% of small business owners reporting some level of impact. In comparison, firms in the professional services and finance industries were significantly less impacted.



Overall, 68% of small business owners rated the overall health of their business today as excellent or good (up 5 points from October). Fourteen percent rated the overall health of their business as excellent (up 2 points), and 54% rated it good (up 3 points). Twenty-seven percent rated it fair (down 6 points), and 4% rated it poor (unchanged).

All industries had over half of small business owners reporting their overall business health as excellent or good. Seventy-nine percent of small business owners in the professional services industry evaluated their business as excellent or good, the highest of all industries. The wholesale (55%) and agriculture (60%) industries exhibited the fewest in excellent or good condition.



# Small Business Economic Trends

January 2026

Quarterly Industry  
Report



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

