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**NFIB Monthly
Economic
Newsletter**

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NFIB Monthly Economic Newsletter - April 2026

Small Business Economic Trends

The Small Business Optimism Index for March was 95.8, down 3.0 points from February and below its 52-year average of 98.0. The last time the Optimism Index fell below its historical average was April 2025. Of the 10 Optimism Index components, eight declined, and two were unchanged. Declines in earnings trends and expected business conditions contributed the most to the Optimism Index's fall.

While small business optimism declined in March, uncertainty rose. The Uncertainty Index rose 4 points from February to 92, well above its historical average of 68. Increases in owners reporting uncertainty about business conditions and whether to make capital expenditures were the primary drivers of the higher Uncertainty Index.

- The frequency of reports of positive profit trends fell 11 points from February to a net -25% (seasonally adjusted), contributing the most to the Optimism Index's decline.
- The net percent of owners expecting better business conditions fell 7 points from February to a net 11% (seasonally adjusted). This was the third consecutive monthly decline in expected business conditions and the lowest level since October 2024. This was the second biggest contributor to the Index's decline.
- The Employment Index fell in March, from 103.5 to 101.6. While the 1.9-point decline is a meaningful turn in labor market conditions, the current reading remains above both the 2025 average of 101.2 and the historical average of 100.
- In March, both planned and actual labor compensation decreased from the previous month. A seasonally adjusted net 33% reported raising compensation, down 1 point from February. A seasonally adjusted net 18% plan to raise compensation in the next three months, down 4 points from February and the lowest reading since July 2025.
- Sixteen percent (seasonally adjusted) of small business owners plan to make capital outlays in the next six months, down 2 points from February and the lowest level since November 2009.
- A seasonally adjusted net -5% of all owners reported higher nominal sales in the past three months, down 6 points from February. This decline ended a string of four consecutive months of improvement.
- A net -5% (seasonally adjusted) of owners plan inventory investment in the coming months, down 3 points from February and the lowest level since May 2024. This is in step with the decline in those expecting higher sales over the next quarter.

- In March, 62% of small business owners reported that supply chain disruptions affected their business to some extent, up 3 points from February. Three percent reported a significant impact (down 2 points), 17% reported a moderate impact (up 3 points), 42% reported a mild impact (up 2 points), and 36% reported no impact (down 3 points).
- Actual price increases picked up in March following three consecutive months of decline. The net percent of owners raising average selling prices rose 1 point from February to a net 25% (seasonally adjusted), well above its historical average.
- In contrast to actual prices, planned prices declined in March, falling 4 points to a net 24% (seasonally adjusted). This was the lowest level since July 2024.
- When asked to evaluate the overall health of their business, 13% rated it as excellent (up 1 point), 51% as good (down 4 points), 30% as fair (up 4 points), and 4% as poor (down 1 point).

Small Business Optimism Index

Seasonally Adjusted, 1986=100

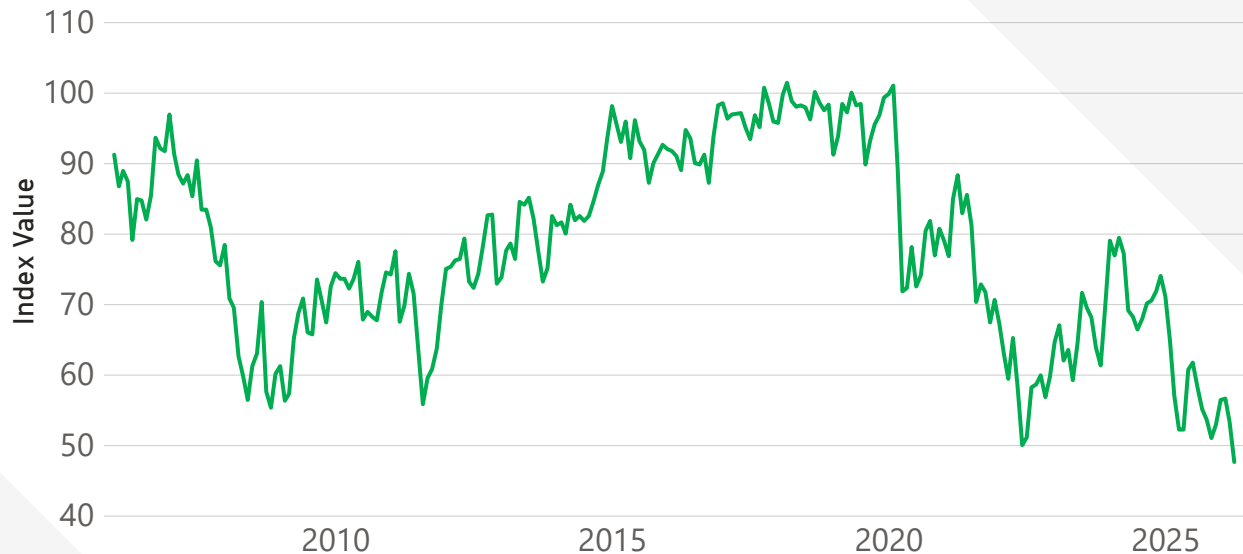


Source: NFIB Small Business Economic Trends

Read the latest full report: nfib.com/sbet

Macroeconomic Indicators				
	Most Recent	Previous Month	1 Year Ago	5 Years Ago
NFIB Optimism Index	95.8	98.8	97.4	98.2
NFIB Uncertainty Index	92	88	96	81
Unemployment Rate	4.3%	4.4%	4.2%	6.0%
Jobs Added (000)	178	-133	67	852
Consumer Sentiment	47.6	53.3	52.2	88.3
CPI Inflation Rate (12-month percent change)	3.3%	2.4%	2.4%	2.6%
Prime Rate of Interest	6.75%	6.75%	7.50%	3.25%
Retail Sales Change	1.7%	0.7%	1.7%	10.7%
Housing Starts (000)	1,487	1,387	1,350	1,602

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 April, the Index of Consumer Sentiment fell about 11% from March to 47.6, the lowest level on record. Consumer sentiment is now about 9% below a year ago.

Poor sentiment was widespread across all age groups, income levels, and political affiliations. Additionally, every component of the index declined. Many survey respondents cited the Iran conflict as the cause of these negative economic changes.

One-year inflation expectations increased to 4.8%, the largest monthly increase since April 2025. Concerns about long-term inflation (five years) also rose from 3.2% in March to 3.4% in April.

Gross Domestic Product (GDP)



Source: U.S. Bureau of Economic Analysis

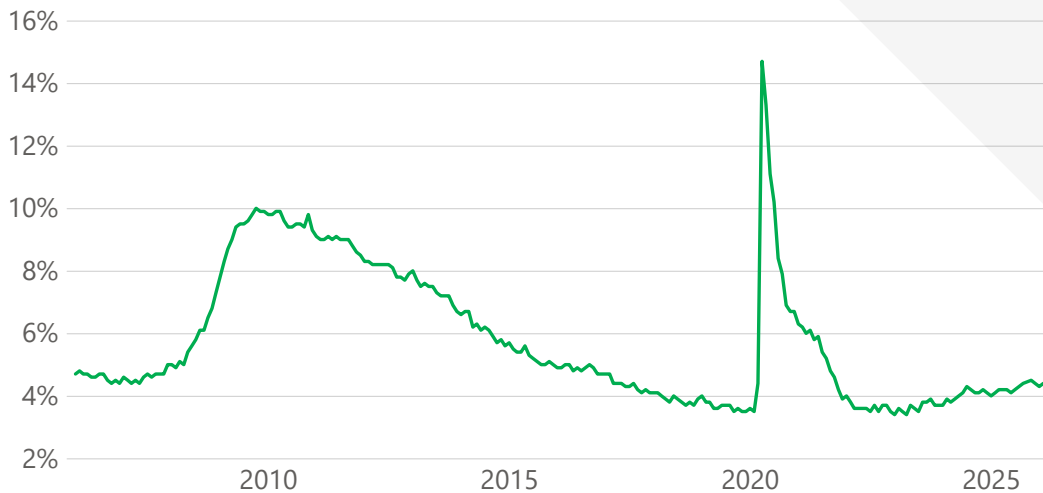
Gross Domestic Product (GDP)

U.S. Real Gross Domestic Product (GDP) increased at an annual rate of 0.5% (third and final estimate) in the fourth quarter of 2025. This marked a significant slowdown from 4.4% in the third quarter and 3.8% in the second quarter. The final estimate was revised from the second estimate of 0.7, primarily due to a downward revision to investment.

The fourth quarter GDP growth was driven by increases in consumer spending and investment but was somewhat offset by declines in government spending and exports. Imports also decreased.

In 2025, GDP grew by 2.1% primarily driven by increases in consumer spending and investment. GDP growth in 2025 was lower than in 2024 (2.8%) and 2023 (2.9%).

Unemployment Rate



Source: U.S. Bureau of Labor Statistics

Labor Market

The latest Employment Situation report from the Bureau of Labor Statistics (BLS) showed that the U.S. economy added 178,000 jobs in March, following a loss of 133,000 jobs the previous month. Revisions to the January and February data totaled 7,000 fewer jobs than initially reported.

Job gains occurred in health care (76,000), construction (26,000), and transportation and warehousing (21,000). Employment continued to decline in the federal government (-18,000) and is down by 355,000 since October 2024.

In March, the unemployment rate declined slightly to 4.3%, and the number of unemployed people was 7.2 million.

The most recent Job Openings and Labor Turnover Survey (JOLTS) reported 6.9 million job openings in February, with declines in accommodation and food services and in mining and logging. The ratio of unemployed workers to job openings is 1.1.

In March, NFIB's Employment Index fell 1.9 points from February to 101.6, showing further moderation in the labor market. The current reading remains above both the 2025 average of 101.2 and the historical average of 100.0.

Reports of unfilled job openings showed little change, with a seasonally adjusted 32% of small business owners reporting job openings they could not fill (down 1 point). Unfilled job openings remain above the historical average of 24%. Twenty-seven percent had openings for skilled workers (down 1 point), and 12% had openings for unskilled labor (up 2 points). Looking ahead to the next three months, a seasonally adjusted net 12% of owners plan to create new jobs, unchanged from February.

Fifteen percent of small business owners cited labor quality as their single most important problem in March, unchanged from February and above the historical average of 12%. The last time labor quality was below 15% was in December 2016. While labor quality has declined over the past few months, reports of labor costs as the single most important problem have gradually increased. Ten percent of business owners reported labor costs as their single most important problem, up 1 point from February.

Consumer Price Index (CPI)

12-Month Percent Change



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 March, the CPI increased 0.9% month over month, after rising 0.3% in February. March's level was driven primarily by energy costs related to the conflict in Iran. The gasoline index rose 21.1% and accounted for about three-quarters of the monthly increase, while the energy index rose 10.9%.

Over the past 12 months, the CPI rose 3.3%, up from 2.4% in February and marking the highest level since April 2024.

From March 2025 to March 2026, the categories with the largest price increases were fuel oil and gasoline (all types). Meanwhile, the category with the largest price decrease was used cars and trucks (-3.2%).

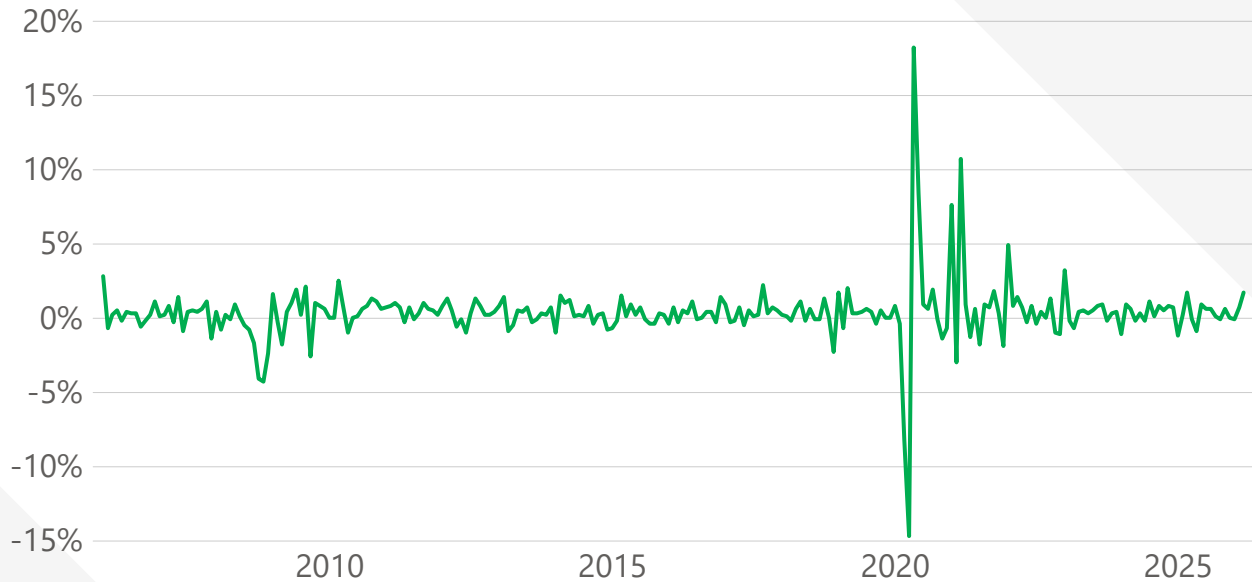
**12-month percent change, Consumer Price Index, selected categories,
March 2026, not seasonally adjusted**

Categories	Mar. 2025 to Mar. 2026
Fuel oil	44.2%
Gasoline (all types)	18.9%
Airline fare	14.9%
Tobacco and smoking products	7.4%
Hospital services	6.4%
Natural gas (piped)	6.4%
Motor vehicle maintenance and repair	6.1%
Nonalcoholic beverages and beverage materials	4.7%
Electricity	4.6%

Source: U.S. Bureau of Labor Statistics

NFIB’s March SBET report found that 14% of owners identified inflation as their single most important problem in operating their business, up 2 points from February and ranking third among the top issues. Additionally, actual price increases picked up in March following three consecutive months of decline. The net percent of owners raising average selling prices rose 1 point from February to a net 25% (seasonally adjusted), well above its historical average. Looking forward to the next three months, a net 24% (seasonally adjusted) plan to increase prices, down 4 points from February. The last time price plans were this low was in July 2024.

Change in Retail Sales



Source: U.S. Census Bureau

Retail Sales

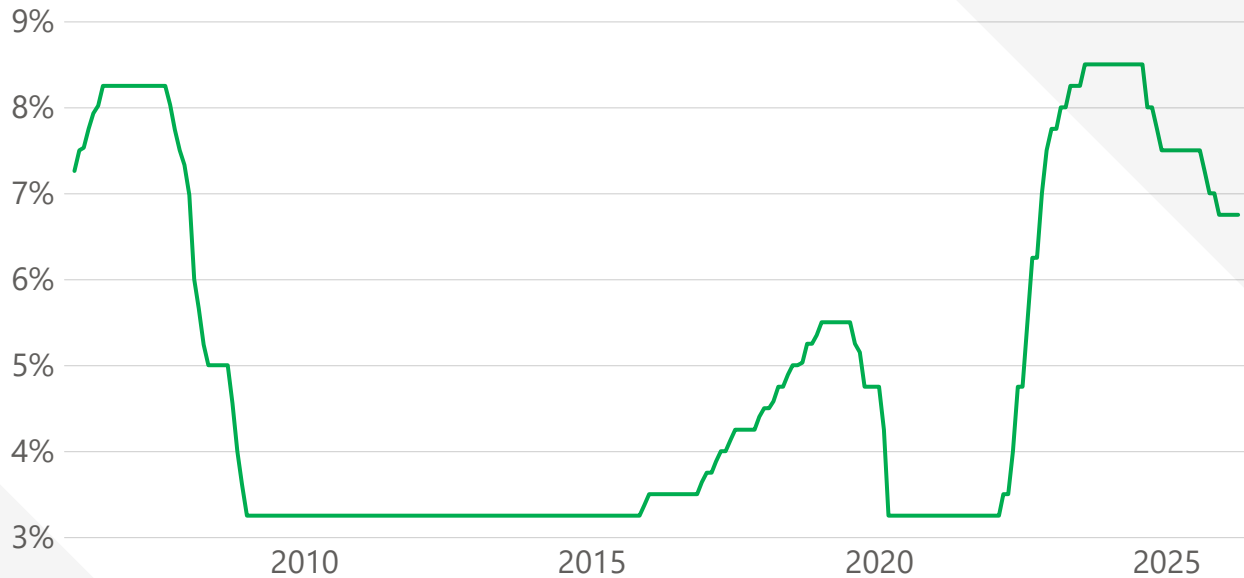
The Advance Monthly Retail Trade Survey tracks consumer spending at retail and food services stores. Consumer spending, a key indicator of economic growth, accounts for about two-thirds of the country's GDP. These figures are seasonally adjusted but not adjusted for inflation.

In March, retail and food services sales totaled \$752.1 billion, up 1.7% from February and the highest monthly increase in more than three years. March's reading is also 4.0% higher than a year ago.

Retail trade sales increased by 4.2% from the previous year; non-store retailers were up 10.1%, and food service and drinking places rose by 2.4%.

In March, NFIB's SBET report showed that retail firms reported poor sales and large business competition as their single most important problem to a greater extent than for all firms. Sixteen percent of retail firms reported poor sales as their single most important problem (6 points higher), and another 16% reported competition from large businesses (9 points higher).

Prime Rate



Source: U.S. Federal Reserve

Prime Lending Rate

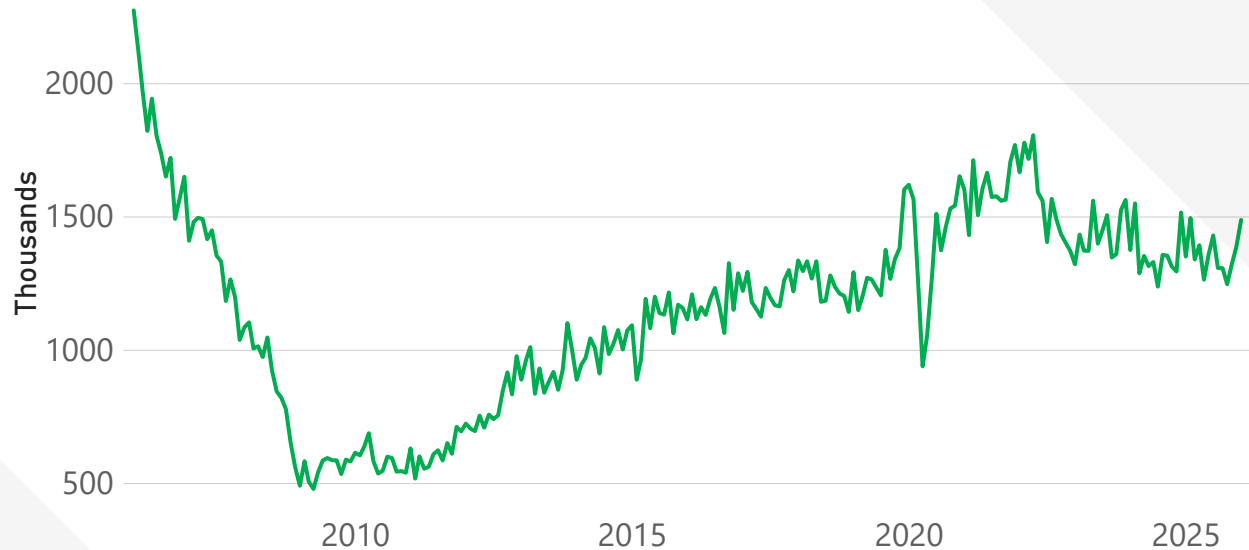
The prime rate is the interest rate banks charge for short-term loans. Each year, the Federal Open Market Committee (FOMC), part of the Federal Reserve, meets eight times to set monetary policy and interest rates.

In mid-March, the Federal Reserve kept its rate steady, which was expected after February's poor jobs report. 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 Federal Reserve cut rates three times in late 2025 and may lower them again later this year if labor market indicators improve and inflation approaches its 2% target. The upcoming FOMC meeting is scheduled for April 28-29.

According to March's SBET report, nearly a quarter (24%) of small business owners reported borrowing regularly, down 1 point from February. Historically, small businesses are borrowing at lower levels, with the 52-year average being 34%.

A net 5% reported that obtaining a loan was more difficult than in previous attempts, unchanged from February and close to the average of net 6%. Compared to other issues facing small business owners, financing and interest rates had the lowest percent of respondents citing it as their single most important problem (3%).

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 January, the Monthly New Residential Construction report showed that housing starts rose 7.2% from December to 1.487 million units, beating expectations. January's reading marked the third consecutive month of improvement and the highest level in 11 months. The February and March data releases have been rescheduled to April 29.

NFIB's March SBET report found that 35% of small businesses in the construction industry have a job opening they cannot fill, down 9 points from February. Despite this improvement, 27% of construction firms reported labor quality as their single most important problem, 12 points higher than for all firms. In March, the percent of small business owners in the construction industry experiencing supply chain disruptions to some extent improved, dropping 6 points from February.

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

Upcoming Economic Indicator Releases

April 24	Michigan Consumer Sentiment (Final Data for April)
April 28-29	Federal Open Market Committee Meeting
April 29	Housing Starts
April 30	GDP, 1st Quarter 2026 (Advance Estimate)
May 5	Job Openings and Labor Turnover Survey (JOLTS)
May 7	NFIB Jobs Report
May 8	BLS Employment Situation Report
May 12	Consumer Price Index
May 12	NFIB Small Business Economic Trends
May 14	Advance Monthly Sales for Retail and Food Services

Additional NFIB Research and Media

Video: NFIB's Holly Wade Discusses March's SBET survey on *Yahoo! Finance*. (April 15). <https://finance.yahoo.com/video/small-business-optimism-drops-more-owners-cautious-on-spending-nfib-194351345.html?guccounter=1>

Podcast: NFIB Small Business by the Numbers – Small Business Optimism Falls in March. (April 14). <https://www.nfib.com/small-business-by-the-numbers-podcast/>

Price Pressures Have Eased, but Small Businesses Still Feel the Squeeze. Peter Hansen & Sebastian Vainstein. (April 8). <https://www.nfib.com/news/research-blog/price-pressures-have-eased-but-small-businesses-still-feel-the-squeeze/>

Main Street is Resilient, but Don't Take It for Granted. Peter Hansen. (March 31). <https://www.nfib.com/news/research-blog/main-street-is-resilient-but-dont-take-it-for-granted/>

NFIB's Holly Wade and Peter Hansen joined *Paychex's* THRIVE podcast. (March 31). <https://www.paychex.com/worx/podcasts/business/holly-wade-peter-hansen-2026-nfib-index>

Want to Help Main Street Affordability? Start with Energy. Peter Hansen. (March 25). <https://www.nfib.com/news/research-blog/want-to-help-main-street-affordability-start-with-energy/>



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