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**NFIB Monthly  
Economic  
Newsletter**

▶ MAY 2026



# Small Business Economic Trends



The Small Business Optimism Index for April was 95.9, up 0.1 points from March and below its 52-year average of 98.0. Of the 10 Index components, seven increased and three decreased. Earnings trends improved but were offset by a deterioration in expected business conditions.

The Uncertainty Index fell 4 points from March to 88, remaining well above its historical average of 68. A shift from owners reporting “uncertain” to “no” on whether it is a good time for small businesses to expand was the primary driver of the lower Uncertainty Index.



# Small Business Economic Trends (cont.)

- ▶ The Employment Index fell in April, from 101.6 to 100.4. This is the second consecutive month of decline. The current reading is now below the 2025 average of 101.2 but still slightly above the historical average of 100.0.
- ▶ In April, 18% of small business owners cited labor quality as their single most important problem, up 3 points from March and ranking as the top problem.
- ▶ A seasonally adjusted net -8% of all owners reported higher nominal sales in the past three months, down 3 points from March. Sales are weakening.
- ▶ The net percent of owners expecting higher real sales volumes over the next quarter fell 4 points from March to a net 3% (seasonally adjusted), the lowest reading in 12 months.
- ▶ In April, reports of both actual and planned price increases rose. The net percent of owners raising average selling prices rose 5 points from March to a net 30% (seasonally adjusted), well above its historical average of net 13%. Looking forward to the next three months, a net 27% (seasonally adjusted) plan to increase prices, up 3 points from March.
- ▶ The frequency of reports of positive profit trends rose 6 points from March to a net -19% (seasonally adjusted).
- ▶ In April, a net 2% of owners reported paying a higher interest rate on their most recent loan, up 5 points from March.
- ▶ Twenty-two percent of all owners reported borrowing regularly, down 2 points from March and the lowest level since November 2021.
- ▶ The net percent of owners expecting better business conditions fell 7 points from March to a net 4% (seasonally adjusted). This was the fourth consecutive monthly decline in expected business conditions and the lowest level since October 2024.
- ▶ In April, 7% (seasonally adjusted) reported that it is a good time to expand their business, down 4 points from March and the lowest level since October 2024.

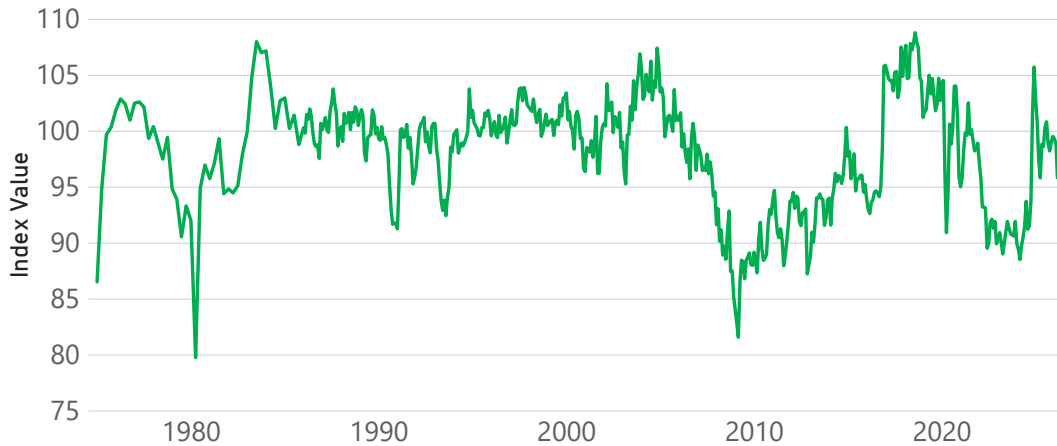




# Optimism Index

## Small Business Optimism Index

Seasonally Adjusted, 1986=100



Source: NFIB Small Business Economic Trends

Read the latest full report: [nfib.com/sbet](https://nfib.com/sbet)

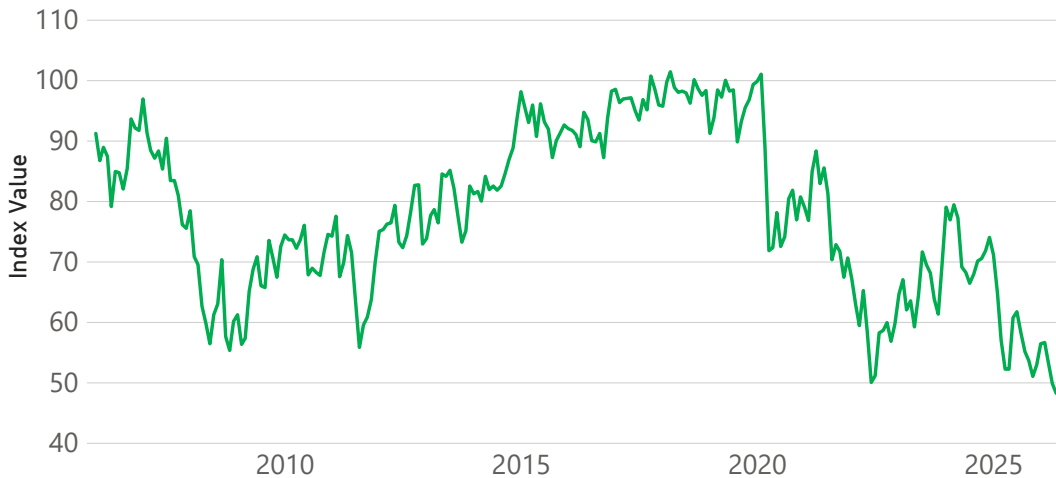
### Macroeconomic Indicators

	Most Recent	Previous Month	1 Year Ago	5 Years Ago
NFIB Optimism Index	95.9	95.8	95.8	99.8
NFIB Uncertainty Index	88	92	92	80
Unemployment Rate	4.3%	4.3%	4.2%	6.1%
Jobs Added (000)	115	185	108	355
Consumer Sentiment	48.2	49.8	52.2	82.9
CPI Inflation Rate (12-month percent change)	3.8%	3.3%	2.3%	4.2%
Prime Rate of Interest	6.75%	6.75%	7.50%	3.25%
Retail Sales Change	0.5%	1.6%	-0.1%	0.9%
Housing Starts (000)	1,465	1,507	1,392	1,505



# Consumer Sentiment

## 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 May, the Index of Consumer Sentiment fell 1.6 points to 48.2, marking a new record low. Consumer sentiment is now about 8% below where it was a year ago. Current economic conditions deteriorated, while expectations increased slightly.

Tariffs, along with the economic effects of the Iran conflict, contributed significantly to the decline in sentiment. Nearly a third of respondents mentioned gasoline prices, and about 30% mentioned tariffs.

One-year inflation expectations fell from 4.7% in April to 4.5% in May. Concerns about long-term inflation (five years) also declined, from 3.5% in April to 3.4% in May.

**In May, the Index of Consumer Sentiment fell about 2 points from April to**

**48.2**





# Gross Domestic Product

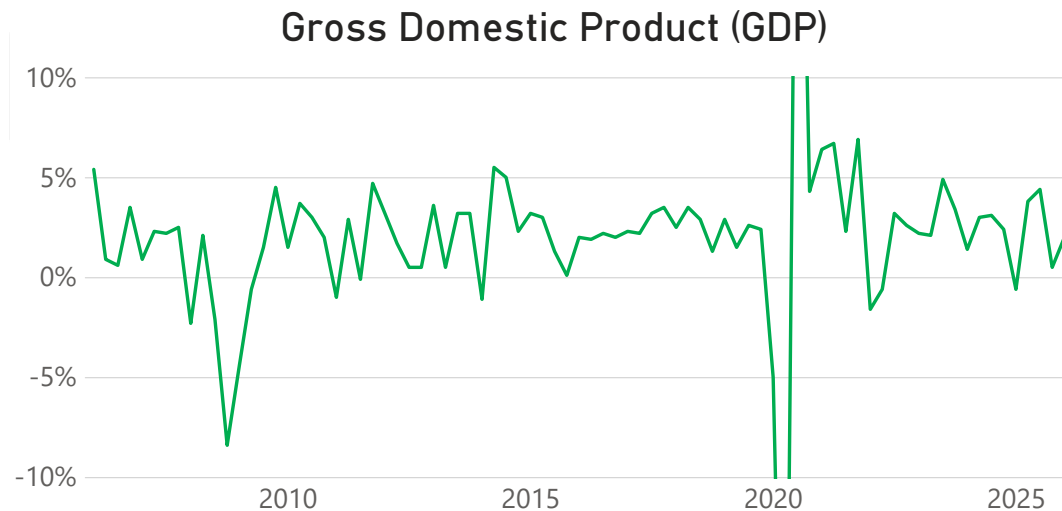
## Gross Domestic Product (GDP)

U.S. Real Gross Domestic Product (GDP) increased at an annual rate of 2.0% (advance estimate) in the first quarter of 2026. This marked an acceleration from 0.5% in the fourth quarter of 2025.

The first quarter GDP growth was driven by increases in investment, exports, consumer spending, and government spending.

Additionally, imports also increased. The increase in consumer spending reflected an increase in services, particularly healthcare services.

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%).



Source: U.S. Bureau of Economic Analysis

\*GDP was -31.4% in Apr. 2020 and 33.4% in July 2020



# Labor Market

## Labor Market

The latest Employment Situation report from the Bureau of Labor Statistics (BLS) found that the U.S. economy added 115,000 jobs in April, following an increase of 185,000 jobs the previous month. Revisions to the February and March data totaled 16,000 fewer jobs than initially reported.

Job growth occurred in healthcare (37,000), transportation and warehousing (30,000), and retail trade (22,000). Employment continued to decline in the federal government (-9,000) and is down by 348,000 since October 2024.

In April, the unemployment rate was unchanged at 4.3%, and the number of unemployed people was 7.4 million.

The most recent Job Openings and Labor Turnover Survey (JOLTS) reported there were 6.9 million job openings in March, unchanged from February. The ratio of unemployed workers to job openings is 1.1.

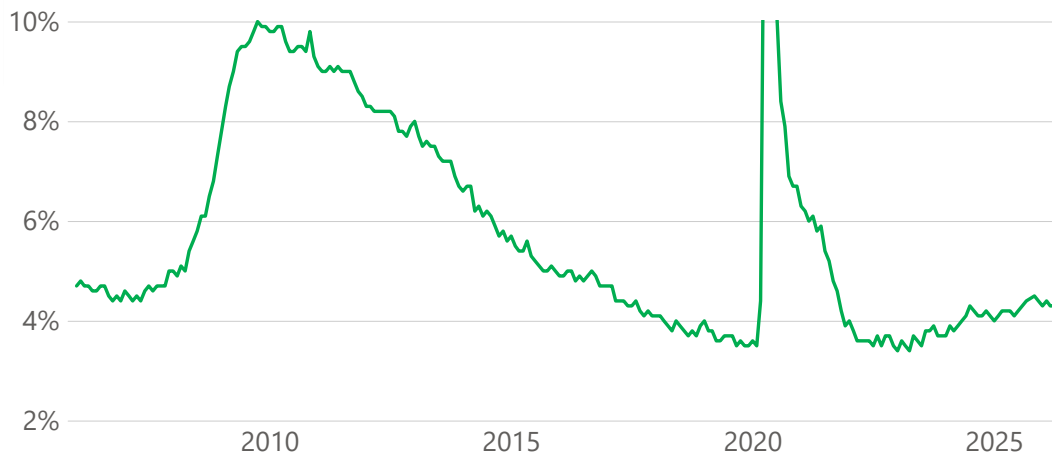
In April, NFIB's Employment Index fell from 101.6 to 100.4, the second consecutive month of

decline. This decline indicates greater weakness in the labor market. The current reading is now below the 2025 average of 101.2, but slightly above the historical average of 100.0.

Reports of unfilled job openings rose 2 points from March to a seasonally adjusted 34%, remaining above the historical average of 24%. Twenty-nine percent had openings for skilled workers (up 2 points), and 13% had openings for unskilled labor (up 1 point). Looking ahead, a seasonally adjusted net 13% of owners plan to create new jobs in the next three months, up 1 point from March and close to the average of net 11%.

In April, 18% of small business owners cited labor quality as their single most important problem, up 3 points from March and above the historical average of 12%. Nine percent of business owners reported labor costs as their single most important problem, down 1 point from March. The lackluster employment picture continues to include a supply-side (worker shortage) component.

## Unemployment Rate



Source: U.S. Bureau of Labor Statistics

\*The Unemployment Rate was 14.7% in Apr. 2020, 13.3% in May 2020, and 11.1 in June 2020



# Consumer Price Index

## 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 April, the CPI increased 0.6% month over month, after rising 0.9% in March. April's level was driven primarily by energy costs related to the conflict in Iran and by shelter. The energy index rose 3.8%, accounting for over 40% of the monthly increase. Compared with March, April's inflation broadened to other categories, including airline fares, food at home, and shelter, illustrating the impact of energy prices on other categories.

Over the past 12 months, the CPI rose 3.8%, up from 3.3% in March and marking the highest level since May 2023.

In April, the  
CPI increased  
**3.8%** over  
the past 12 months.





# Consumer Price Index (cont.)

From April 2025 to April 2026, the categories with the largest price increases were fuel oil and gasoline (all types). Meanwhile, the category with the largest decrease was used cars and trucks (-2.7%).

NFIB's April SBET report found that 16% of owners identified inflation as their single most important problem in operating their business, up 2 points from March and ranking third

among the top issues. Additionally, reports of actual and planned price increases rose. The net percent of owners raising average selling prices rose 5 points from March to a net 30% (seasonally adjusted), well above its historical average of net 13%. Looking forward to the next three months, a net 27% (seasonally adjusted) plan to increase prices, up 3 points from March.

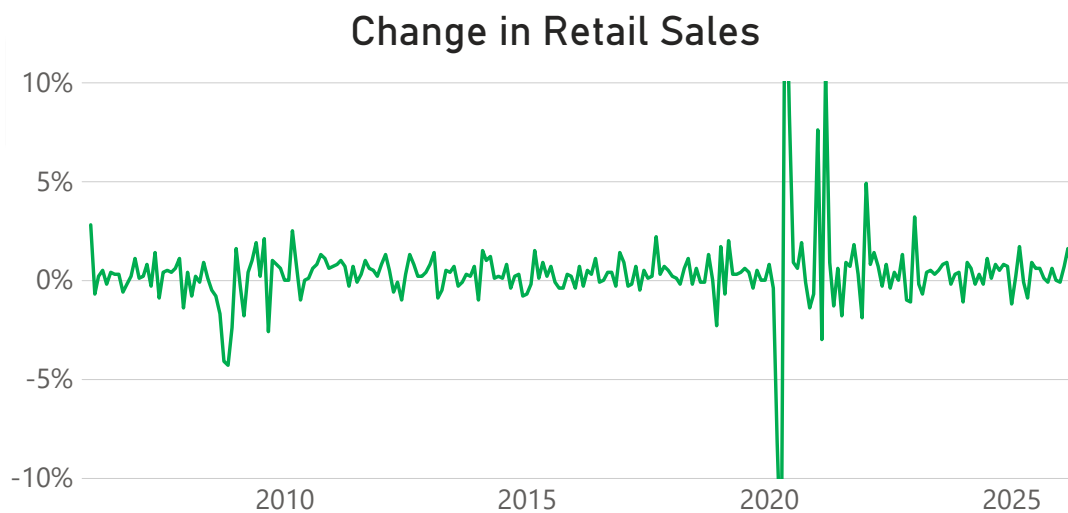
## 12-month percent change, Consumer Price Index, selected categories, April 2026, not seasonally adjusted

Category	Apr. 2025 to Apr. 2026
Fuel oil	54.3%
Gasoline (all types)	28.4%
Airline fare	20.7%
Tobacco and smoking products	7.6%
Electricity	6.1%
Fruits and vegetables	6.1%
Hospital services	5.5%
Motor vehicle maintenance and repair	5.1%
Nonalcoholic beverages and beverage materials	5.1 %

Source: U.S. Bureau of Labor Statistics



# Retail Sales



Source: U.S. Census Bureau

*\*Retail Sales were -14.7% in Apr. 2020 and 18.2% in May 2020*

## 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 April, NFIB's SBET report showed that 14% of small businesses in the retail industry reported poor sales as their single most important problem**

In April, retail and food services sales totaled \$757.1 billion, up 0.5% from March and marking the third consecutive monthly increase. Retail sales are up 4.9% from a year ago. Retail spending was up at gas stations in April, but was down at department stores, furniture stores, and car dealerships.

Retail trade sales increased by 5.2% from the previous year; non-store retailers were up 11.1%, and food service and drinking places rose by 2.7%.

In April, NFIB's SBET report showed that retail firms reported large business competition and poor sales as their single most important problems, to a greater extent than for all firms; 14% reported competition from large businesses (7 points higher), and 13% of retail firms reported poor sales as their single most important problem (3 points higher).



# Prime Rate

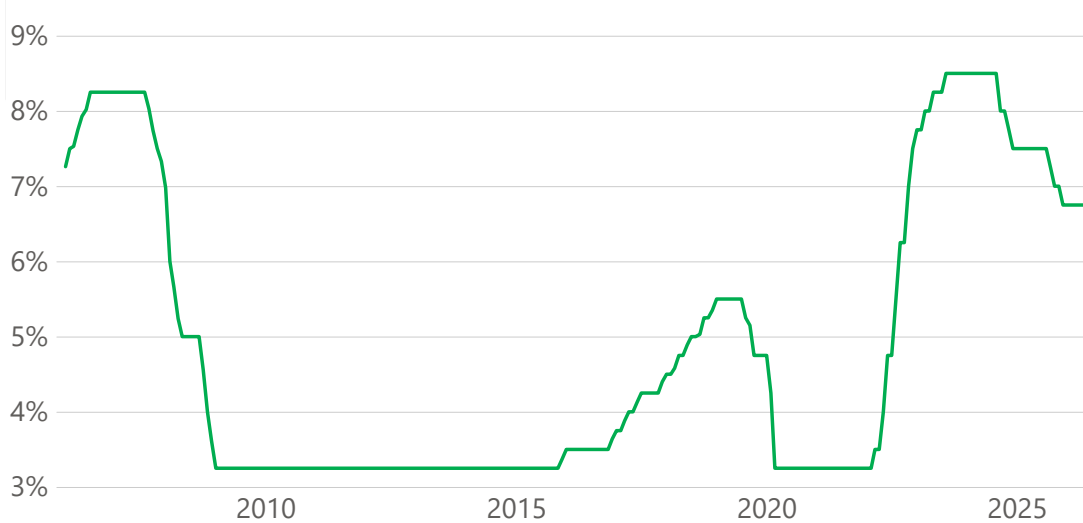
## Prime Lending Rate

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 late April, the Federal Reserve kept its rate steady for the third consecutive meeting. 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%.

Although it was expected that the Fed would hold rates steady, the decision was split 8 to 4. The last time four members dissented was in

October 1992. The Federal Reserve cut rates three times in late 2025, but it is unlikely they will again anytime soon. The upcoming FOMC meeting is scheduled for June 16-17. According to April's SBET report, 22% of small business owners reported borrowing regularly, down 2 points from March and the lowest level since November 2021. The low levels of borrowing are likely tied to the low levels of capital outlays. A net 3% reported that obtaining a loan was more difficult than in previous attempts, down 2 points from March. 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%).

### Prime Rate

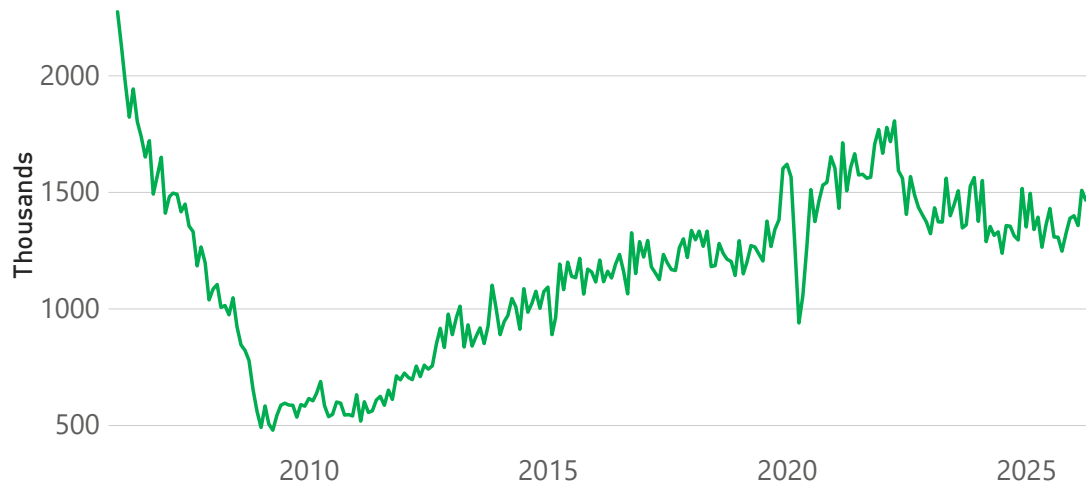


Source: U.S. Federal Reserve



# Housing Starts

## 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 April, the Monthly New Residential Construction report showed that housing starts fell 2.8% from March to 1.465 million units. Although housing starts declined in April, the current level is 4.6% above the April 2025 level. The increased cost of building materials and labor is making it difficult for homebuilders.

NFIB's April SBET report found that the construction industry continues to face labor-related issues. Forty-six percent of small businesses in the construction industry have a job opening they cannot fill, the highest of all industries. In addition, 29% of construction firms reported labor quality as their single most important problem, 11 points higher than for all firms.

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

[fred.stlouisfed.org](https://fred.stlouisfed.org)

## Upcoming Economic Indicator Releases

<b>May 22</b>	Michigan Consumer Sentiment (Final Data for May)
<b>May 28</b>	GDP, 1st Quarter 2026 (Second Estimate)
<b>June 2</b>	Job Openings and Labor Turnover Survey (JOLTS)
<b>June 4</b>	NFIB Jobs Report
<b>June 5</b>	BLS Employment Situation Report
<b>June 9</b>	NFIB Small Business Economic Trends
<b>June 10</b>	Consumer Price Index
<b>June 16</b>	Housing Starts
<b>June 16-17</b>	Federal Open Market Committee Meeting
<b>June 17</b>	Advance Monthly Sales for Retail and Food Services

## Additional NFIB Research and Media

- ▶ **NFIB's Peter Hansen spoke with *Inc. Magazine* – 25 Best Small-Business ideas for 2026.** (May 20). <https://www.inc.com/chris-morris/25-best-small-business-ideas-for-2026/91343299>
- ▶ **Podcast: NFIB Small Business by the Numbers – Small Business Optimism Remains Below Average but Stable.** (May 12). <https://www.nfib.com/small-business-by-the-numbers-podcast/>
- ▶ **NFIB's Holly Wade spoke with *The National News Desk* – Small Business Owners Increasingly Pessimistic, Squeezed by Higher Costs, Labor Concerns.** (May 12). <https://thenationaldesk.com/news/americas-news-now/small-business-owners-increasingly-pessimistic-squeezed-by-higher-costs-labor-concerns-national-federation-of-independent-business-nfib-april-2026-small-business-optimism-index>
- ▶ **NFIB Tariff & Trade Policy Report.** (April 27). <https://www.nfib.com/wp-content/uploads/2026/04/2026-NFIB-Tariff-and-Trade-Policy-Report.pdf>
- ▶ **Regional Variations in Business Health and Prospects. William Dunkelberg.** (April 27). <https://www.nfib.com/news/research-blog/regional-variations-in-business-health-and-prospects/>



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