NFIB RESEARCH CENTER

Small Business Economic Trends

JULY 2026

Quarterly Industry Report

Highlights

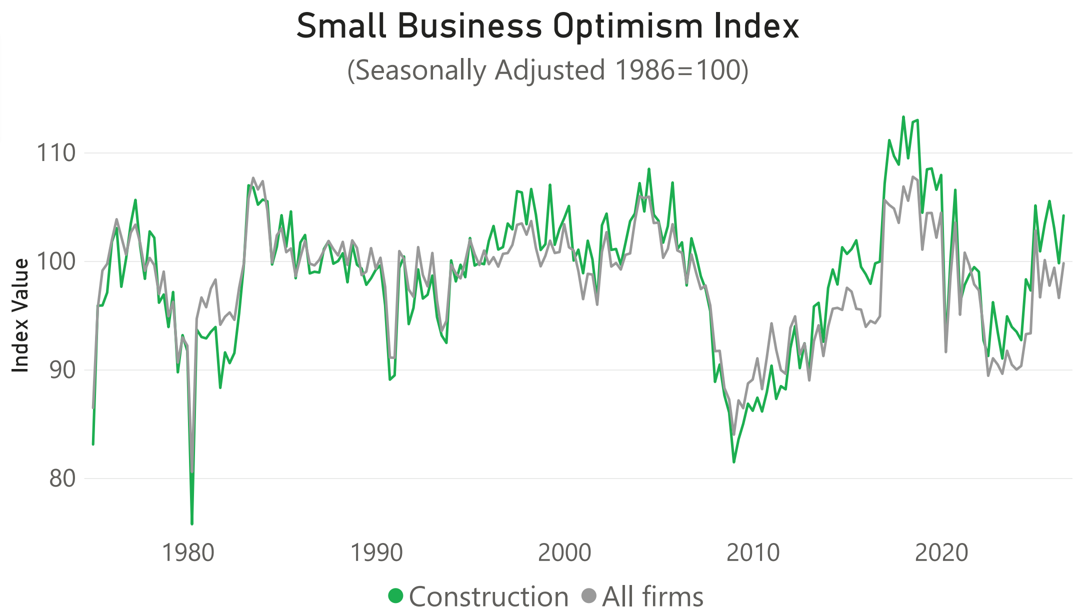
The Industry data are aggregated and seasonally adjusted through the NFIB-sbet.org website. The “overall” (all firms) data are published here and may differ slightly from website results due to rounding and seasonal adjustment differences. “All industries” refers to the four industries reported in this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

Highlights (cont.)

In July, the Optimism Index for all four reported industries rose from April. Optimism was highest, exceeding historical averages, in the construction and manufacturing industries. The retail and services industries were the least optimistic and experienced lower levels of optimism than all firms. Capital expenditure plans, better business conditions expectations, and those reporting it is a good time to expand improved for all industries from April.

- The construction industry continues to face labor-related challenges, with above-average job openings and hiring plans. Fifty-three percent (seasonally adjusted) of owners in the construction industry reported unfilled job openings, up 7 points from April and the highest among all industries. Job openings in construction were 17 points higher than the level for all firms. Plans among construction firms to increase employment rose 9 points from April to a net 28% (seasonally adjusted), the second-highest of all industries and 8 points higher than for all firms.
- Earnings trends in the construction industry deteriorated in July, falling 8 points from April to a net -19% (seasonally adjusted). This marks a reversal of the improvement seen from January through April. Compared with other industries, construction ranked second-lowest, behind retail, and was 3 points below the level for all firms.
- In July, the Optimism Index for the manufacturing industry rose 6.3 points from April to 104.3, the most optimistic among all industries and the largest quarterly increase. Manufacturing firms reported significantly higher levels of earnings trends, real sales expectations, and hiring plans than all firms, and the highest levels across all industries.
- The Optimism Index for the retail industry rose 0.7 points from April to 94.8, remaining below its historical average of 96.1 and the level for all firms. Retailers were the least optimistic of all industries and have seen the smallest improvement since April. Real sales expectations fell 16 points from April to a net -7% (seasonally adjusted), but this decline was largely offset by an 11-point increase in job openings (37% seasonally adjusted).
- The services industry posted the largest improvement in expected business conditions across all industries, rising 13 points to a net 15% (seasonally adjusted). Despite this improvement, expectations for higher sales and plans to increase employment declined in July. The net percent of small businesses in the services industry expecting real sales to increase fell 8 points from April to a net 4% (seasonally adjusted), while hiring plans fell 8 points to a net 10% (seasonally adjusted). Services was the only industry to see hiring plans decline from April, recording the lowest reading.
- In July, 63% of all small business owners reported that supply chain disruptions impacted their business to some extent (down 1 point from April). Supply chain disruptions were most prevalent in the wholesale industry (84%), and least prevalent in the professional services (32%) and finance (25%) industries.
- Overall, 69% of small business owners rated their business's overall health as excellent or good in July (up 2 points from April). Reports were highest in professional services (80%), and lowest in manufacturing (60%) and transportation (59%).

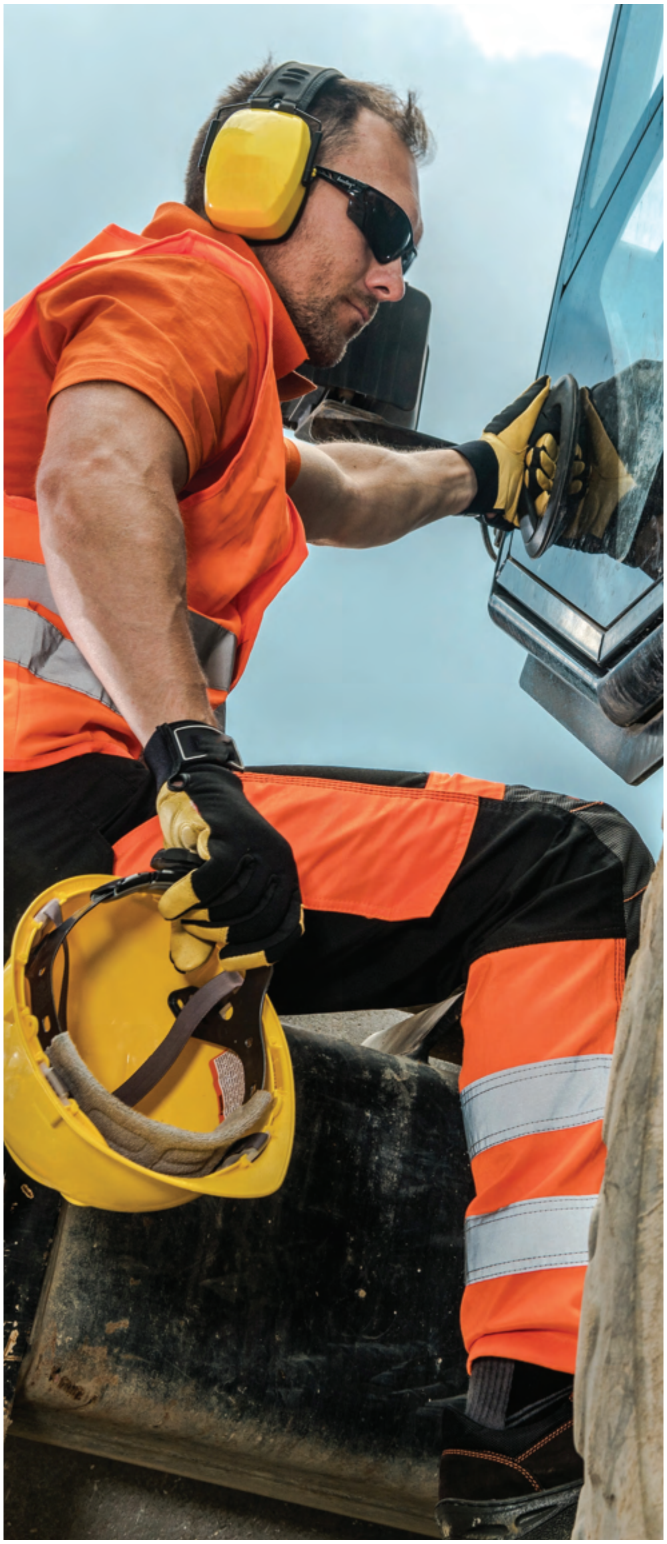
Optimism Index



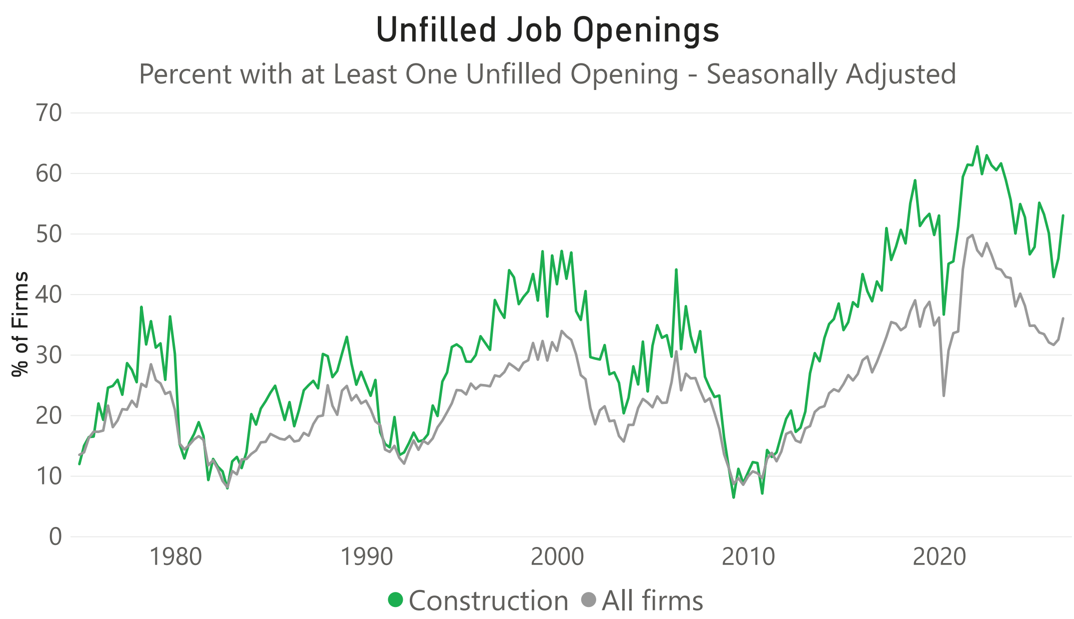
Index Components (Seasonally Adjusted)	Construction	Change from Last Quarter	All Firms
Plans to Increase Employment (net)	28%	9	20%
Plans to Make Capital Outlays	26%	8	25%
Plans to Increase Inventories (net)	5%	9	1%
Expect Economy to Improve (net)	16%	4	15%
Expect Real Higher Sales (net)	15%	6	7%
Current Inventory - too low (net)	3%	5	-2%
Current Job Openings	53%	7	36%
Expected Credit Conditions (net)	-4%	-3	-4%
Good Time to Expand	18%	7	12%
Earnings Trends (net)	-19%	-8	-16%
Optimism Index	**104.2**	**4.4**	**99.8**

Optimism Index (cont.)

In July, the Optimism Index for the construction industry rose 4.4 points from April to 104.2. Eight of the 10 index components increased, led by plans to increase employment and plans to increase inventories. Expected credit conditions and earnings trends declined. The Index remains above the industry's historical average of 98.7 and is 4.4 points above the overall Index.



Unfilled Job Openings & Hiring Plans



Fifty-three percent (seasonally adjusted) of owners in the construction industry reported unfilled job openings, up 7 points from April and remaining well above the industry's historical average of 31%. Unfilled job openings in this industry were 17 points higher than the level for all firms and were the highest among all industries. Unadjusted, 48% of these openings are for skilled workers (up 6 points), and 19% are for unskilled workers (up 2 points).

Reports of labor quality or availability as the single most important problem rose significantly in July. Forty-six percent of small businesses in the construction industry reported labor quality or availability as their single most important problem, up 17 points from April. Of the four industries, this issue remains most challenging for those in construction and is 19 points higher than for all firms. Fifty-eight percent of construction firms reported few or no qualified applicants, up 2 points from April and 7 points above the level for all firms.

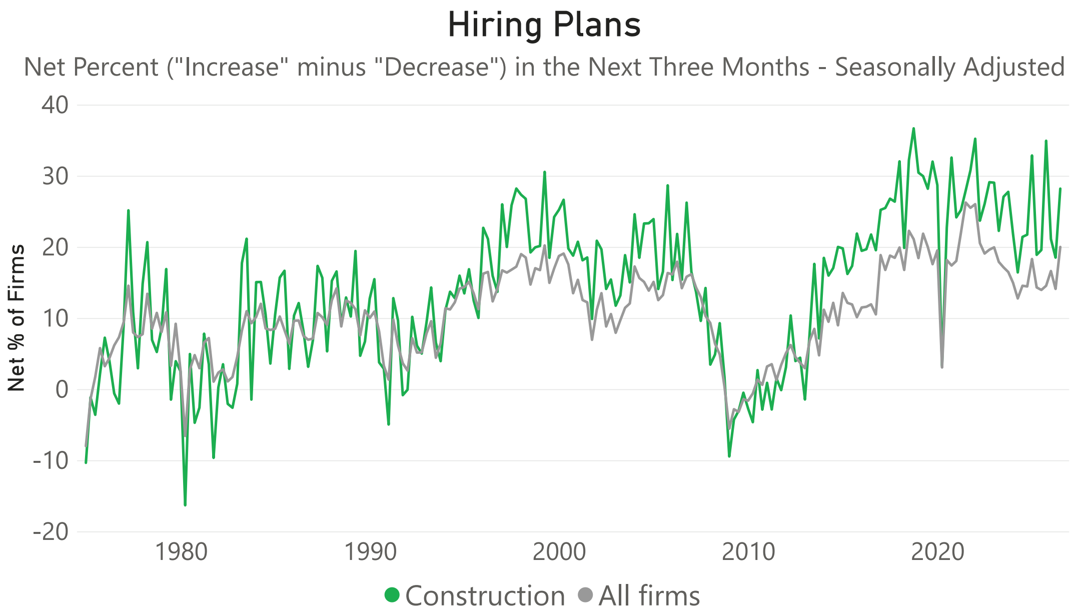
"We struggle to find skilled labor/trades."**– CONSTRUCTION, NY**

"Biggest issue in our industry is the lack of skilled workers on our job sites, in our fabrication shops, and with our suppliers."
– CONSTRUCTION, IN

"Our biggest obstacle is finding technicians with experience. It is also difficult to find office employees. [...]"
– CONSTRUCTION, AZ

Unfilled Job Openings & Hiring Plans (cont.)

In addition to high levels of unfilled job openings, construction firms' plans to increase employment remain strong. A seasonally adjusted net 28% of small businesses in the construction industry plan to hire in the next three months, up 9 points from April. Hiring plans in the construction industry were 8 points higher than those for all firms and 14 points above the industry's historical average of a net 14%. Additionally, the construction industry had the second-highest level of hiring plans among industries, after manufacturing.

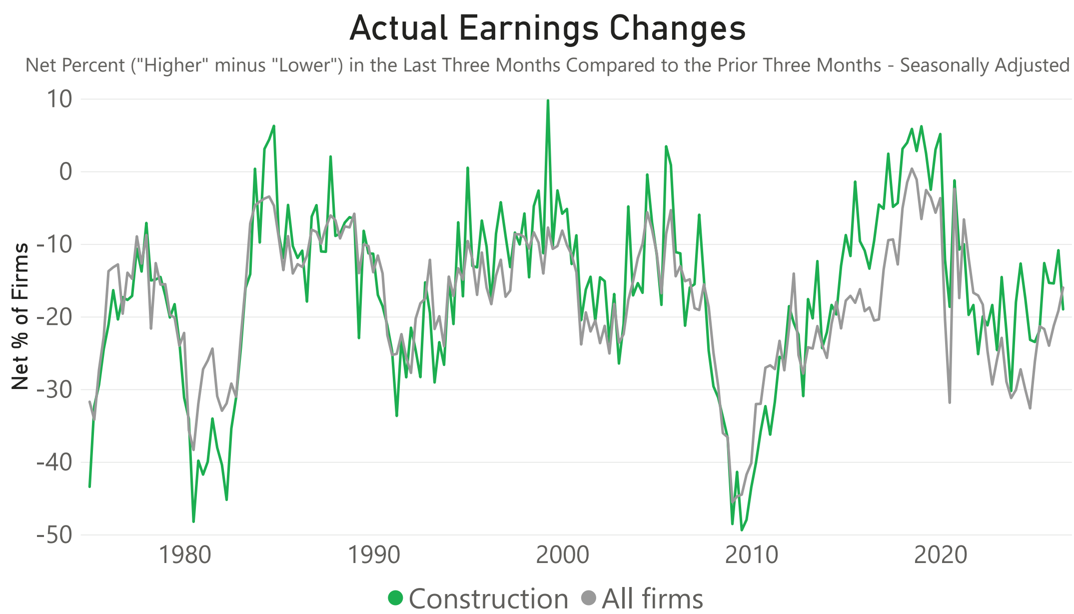


"The ability to find/hire competent workers in the HVAC field is increasingly more difficult year to year. It is absolutely necessary to help promote and fund the mechanical trades, particularly the HVAC trade!"

– CONSTRUCTION, CT

Earning Trends

Earnings trends in the construction industry deteriorated in July, falling 8 points from April to a net -19% (seasonally adjusted). This marks a reversal of the improvement seen from January through April. Earnings trends fell below the historical average of a net -17%, marking the first time it has been below the average since April 2025. Compared with other industries, construction ranked second lowest, behind retail, and was 3 points below the level for all firms.



"Small businesses cannot make enough money currently, with the continued increases on materials, fuel, insurance, and the general cost of doing business. You can only charge so much without gouging your customers. Costs continue to go up while our income is sadly not." **– CONSTRUCTION, IN**

MEMBER QUOTES

"We struggle to find skilled labor/trades." **– Construction, NY**

"The ability to find/hire competent workers in the HVAC field is increasingly more difficult year to year. It is absolutely necessary to help promote and fund the mechanical trades, particularly the HVAC trade!" – **Construction, CT**

"Our biggest obstacle is finding technicians with experience. It is also difficult to find office employees. […]" – **Construction, AZ**

"Biggest issue in our industry is the lack of skilled workers on our job sites, in our fabrication shops, and with our suppliers."– **Construction, IN**

"The costs of materials and employees are up." – **Construction, UT**

"Small businesses cannot make enough money currently, with the continued increases on materials, fuel, insurance, and the general cost of doing business. You can only charge so much without gouging your customers. Costs continue to go up while our income is sadly not." – **Construction, IN**

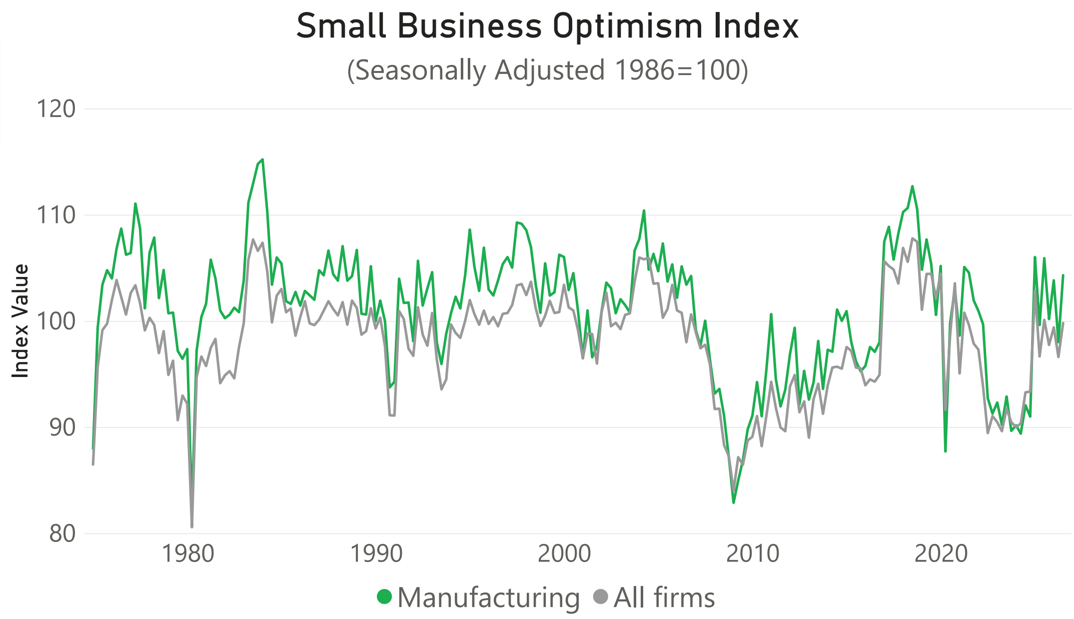
"The tariff mania is wreaking havoc on the price of construction and materials." – **Construction, NC**

"The economy seems to be in a weird, uncertain place currently. People are spending, but wages are moving slow." – **Construction, IL**

"Business is good, but state regulations are making it harder. Also, the prices of goods are out of reach for most of our customers." – **Construction, NY**

"Supply chain delays with raw materials like stainless steel, copper, and brass have impacted our production." – **Construction, CA**

Optimism Index



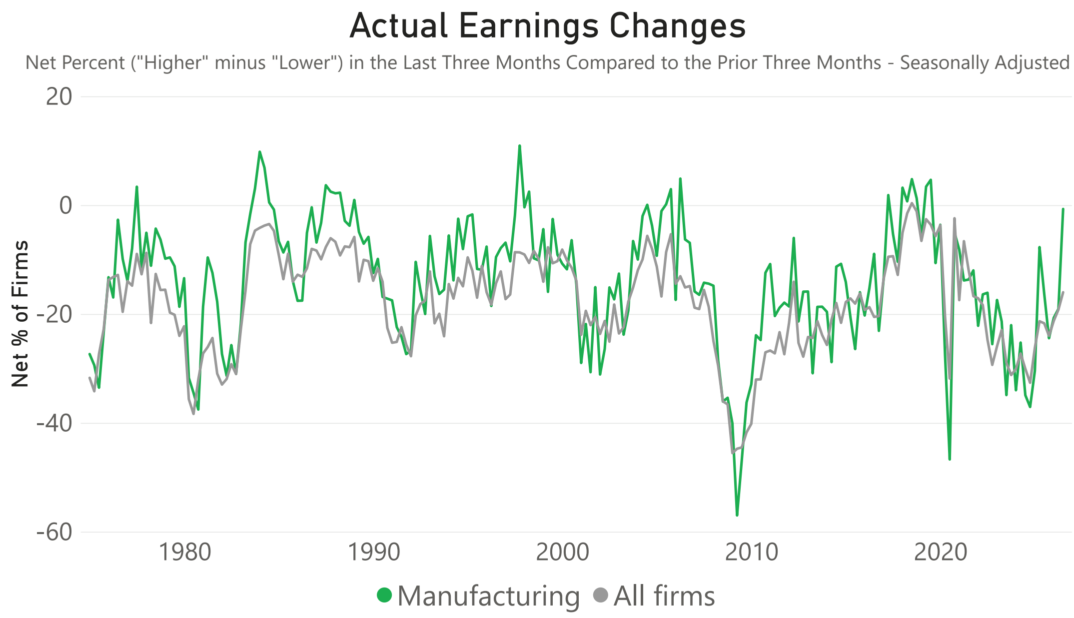
Index Components (Seasonally Adjusted)	Manufacturing	Change from Last Quarter	All Firms
Plans to Increase Employment (net)	30%	11	20%
Plans to Make Capital Outlays	31%	10	25%
Plans to Increase Inventories (net)	0%	-2	1%
Expect Economy to Improve (net)	11%	8	15%
Expect Real Higher Sales (net)	24%	14	7%
Current Inventory - too low (net)	-3%	-5	-2%
Current Job Openings	41%	2	36%
Expected Credit Conditions (net)	-3%	-1	-4%
Good Time to Expand	12%	4	12%
Earnings Trends (net)	-1%	18	-16%
Optimism Index	**104.3**	**6.3**	**99.8**

Optimism Index (cont.)

In July, the Optimism Index for the manufacturing industry rose 6.3 points from April to 104.3, surpassing its historical average of 101.1. Manufacturing firms were the most optimistic of all industries and posted the largest quarterly increase from April. The components contributing most to the Index's jump were earnings trends, real sales expectations, and plans to increase employment, all of which were significantly higher than for all firms and were the highest among all industries.

Earning Trends

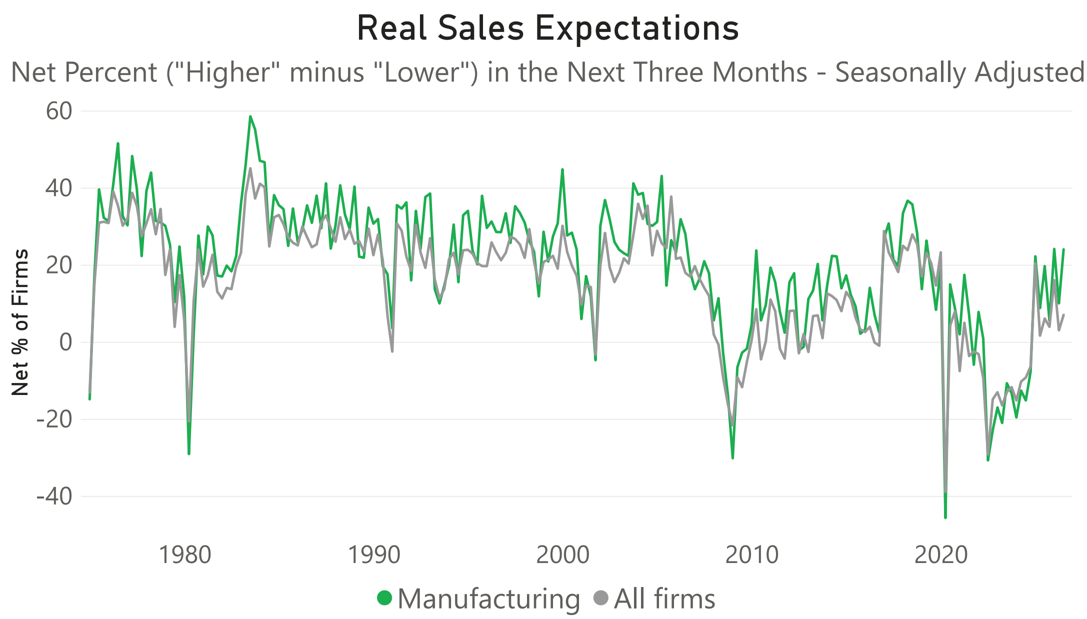
Earnings trends in manufacturing rose 18 points from April to a net -1% (seasonally adjusted), rising above its historical average of a net -14%. Manufacturing firms posted the highest reading of all industries and the greatest improvement from April. Earnings trends for manufacturers were 15 points above the level for all firms.



Real Sales Expectations

In July, the net percent of small manufacturing firms expecting real sales to increase in the next three months rose 14 points from April to a net 24% (seasonally adjusted).

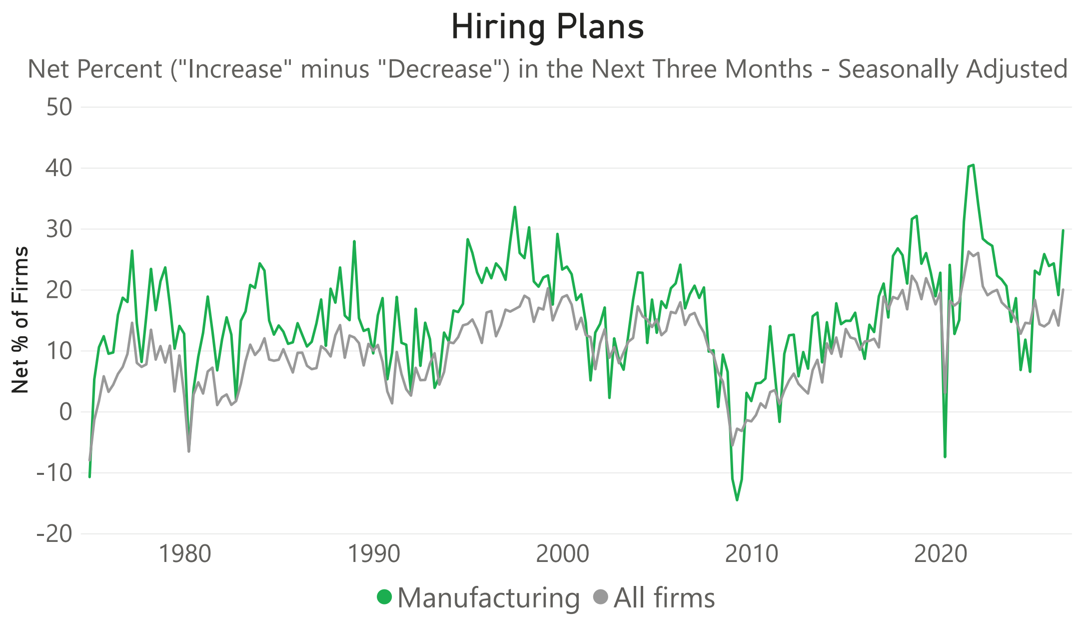
Real sales expectations were highest in the manufacturing industry and exceeded the overall level by 17 points.



"Overall business has been steady and very busy."
– MANUFACTURING, OH

Hiring Plans

In addition to higher sales expectations and earnings trends, plans to increase employment in the manufacturing industry also rose notably. A seasonally adjusted net 30% of small manufacturers plan to hire in the next three months, up 11 points from April. Hiring plans for the manufacturing industry are well above the historical average of a net 16% and the level for all firms (net 20%).



"Very hard to find skilled machinists who still know manual machines." **– MANUFACTURING, OH**

"Finding and retaining good employees is our biggest challenge. It has never been easy but declined substantially during COVID, and even though it has improved since then, it is still something that our manager spends way too much time on and it affects all areas of our business." **– MANUFACTURING, VA**

"Still very difficult to get qualified employees and hard to find employees for our internship." **– MANUFACTURING, MA**

MEMBER QUOTES

“Very hard to find skilled machinists who still know manual machines.”
– **Manufacturing, OH**

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– **Manufacturing, VA**

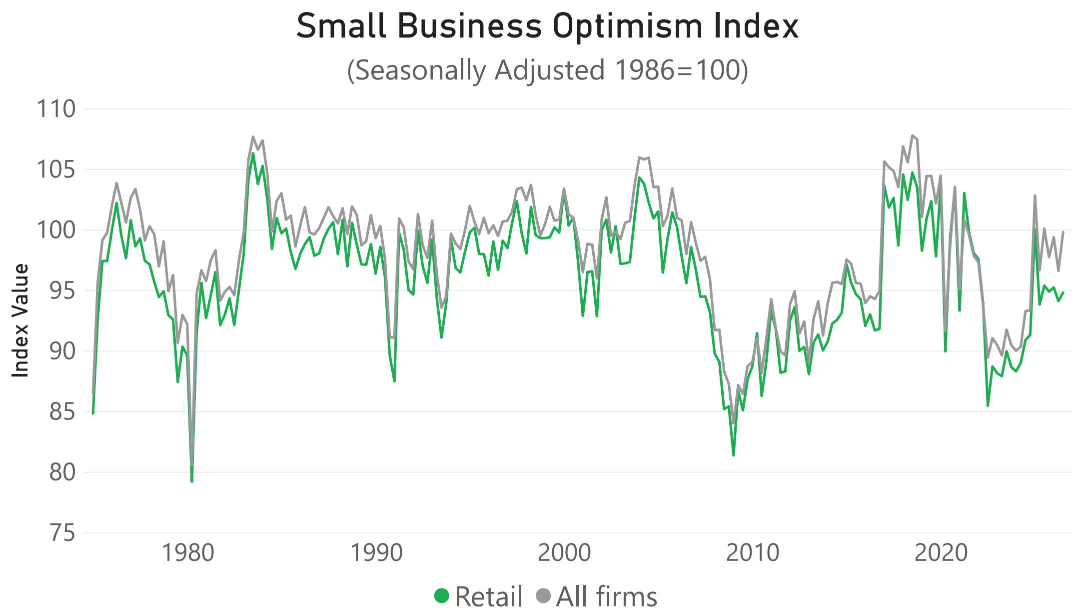
“Still very difficult to get qualified employees and hard to find employees for our internship.” – **Manufacturing, MI**

“The cost of everything has gone up too quick and it’s hard to keep up with. Good employees are hard to find.” – **Manufacturing, PA**

“Overall business has been steady and very busy.” – Manufacturing, OH
“The motorsports industry that we serve (snowmobile and UTV parts/accessories) is currently in a downward cycle. This began post Covid-19. The economic uncertainty of today, driven mostly by the high price of fuel, is continuing to weaken this industry. Fuel prices need to be reduced and stabilized for growth to happen.” – **Manufacturing, ID**

“Our insurance costs have been a burden for several years. Increasing at a rate we can barely keep up with – most notably auto. And windstorms are also a concern. I believe the whole Texas costs (including Houston) should all share this expense, as this whole area is impacted by hurricanes.”
– **Manufacturing, TX**

Retail Optimism Index

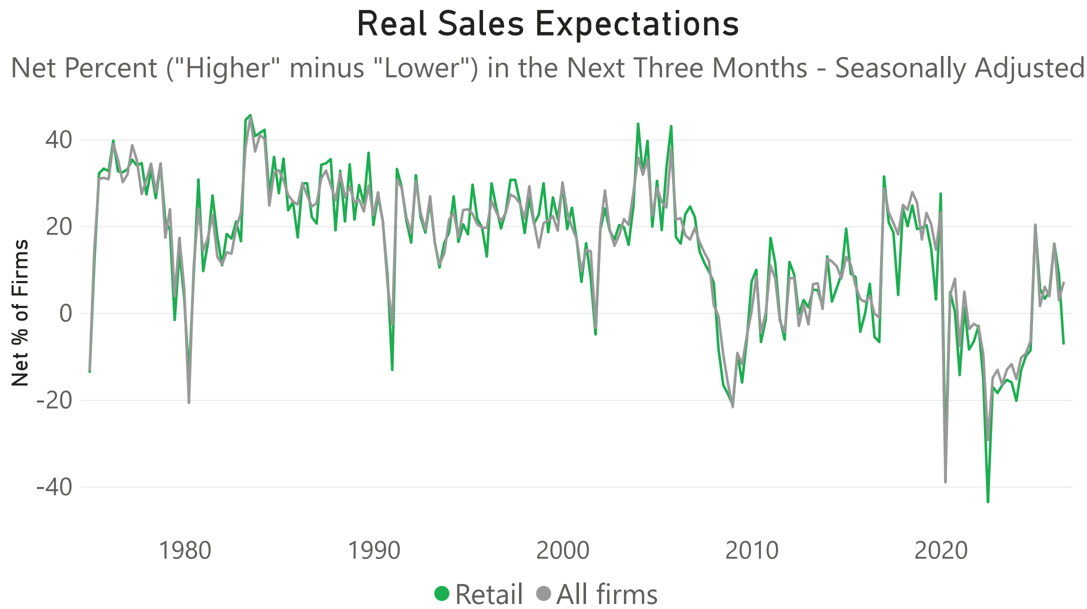


Index Components (Seasonally Adjusted)	Retail	Change from Last Quarter	All Firms
Plans to Increase Employment (net)	14%	5	20%
Plans to Make Capital Outlays	20%	4	25%
Plans to Increase Inventories (net)	-3%	-3	1%
Expect Economy to Improve (net)	7%	3	15%
Expect Real Higher Sales (net)	-7%	-16	7%
Current Inventory - too low (net)	-10%	-6	-2%
Current Job Openings	37%	11	36%
Expected Credit Conditions (net)	-4%	1	-4%
Good Time to Expand	11%	7	12%
Earnings Trends (net)	-27%	1	-16%
Optimism Index	**94.8**	**0.7**	**99.8**

Optimism Index (cont.)

The Optimism Index for the retail industry rose 0.7 points from April to 94.8. Despite the small improvement, optimism in retail remains below its historical average of 96.1 and below the level for all firms. Compared with other industries, retailers are the least optimistic and have posted the smallest improvement since April.

Real Sales Expectations



Real sales expectations experienced the largest quarterly change across all components. The net percent of retailers expecting real sales to be higher in the next three months fell 16 points from April to a net -7% (seasonally adjusted). This marks a historically weak reading, as July's level is 22 points below the industry's historical average of a net 15%. Real sales expectations for retailers were also 14 points below the level for all firms. Compared with other industries, retail had the lowest reading.

> "Retail sales numbers continue to decline. Customer count is down as more people are purchasing online and not visiting brick-and-mortar stores. Landscape division numbers are down. Customers have less money to spend due to inflation; customer confidence is down." **– RETAIL, IA**

Job Openings

The quarterly decline in higher sales expectations was mostly offset by an 11-point increase in job openings. In July, 37% (seasonally adjusted) of retailers reported unfilled job openings, up 11 points from April and 1 point above the level for all firms. This is a historically high level, as the current level sits 15 points above its historical average.

Unadjusted, 26% of these openings are for skilled workers (up 6 points), and 20% are for unskilled workers (up 7 points). Additionally, reports of few or no qualified workers increased in July. Sixty percent of retail firms reported few or no qualified applicants, up 7 points from April. Although there are more reports of few or no qualified applicants, labor quality or availability as the top problem remains less significant in retail (19%) compared to all firms (27%).

Job Openings

"Labor is a challenge. We currently rely on older or retired help. […]" **– RETAIL, PA**

"This is the worst period for hiring skilled labor. I have positions open today that pay well with benefits, but there aren't any qualified candidates. I have used Indeed, ZipRecruiter, social media, banners, website, etc." **– RETAIL, PA**

"Our business could do more sales with more trained help, but our area has help wanted signs all over. We have cut back in recent years on product sales because there are not enough people to fill the demand we have." **– RETAIL, MI**

MEMBER QUOTES

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– **Retail, PA**

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"Our business could do more sales with more trained help, but our area has help wanted signs all over. We have cut back in recent years on product sales because there are not enough people to fill the demand we have."
– **Retail, MI**

"Inflation is an issue – not sure how much inventory to order. Taxes force business to make out-of-ordinary decisions. Inflation is a detriment to employees – can't pay them enough nowadays and getting harder to pass expenses along. Economy appears strong on Wall Street but weak on Main Street." – **Retail, IL**

"The inflation caused by tariffs has significantly affected our business. Our customer accounts are struggling to pay their invoices, which amounts to approximately 20-30% of our gross profit." – **Retail, TN**

"The economy has definitely slowed business. If it's a question of filling up your car with gas to go to work, putting food on the table, or buying a new appliance just because you want a change in your kitchen, I think we all know which is coming in last. Appliances are replaced when they break down and then mostly from the least expensive place (big-box stores)."
– Retail, IL

"Our business is down 15.5% year to date from last year and 28% down from our 5-year average. Rising costs of materials and freight have made us go up in our pricing. Competition is tough as everyone is willing to go down on their margins to get customers. Our walk-in traffic has diminished tremendously. Our expenses have skyrocketed, and insurance and health insurance are now unaffordable." – **Retail, TX**

MEMBER QUOTES
(CONT.)

“Our business is down 15.5% year to date from last year and 28% down from our 5-year average. Rising costs of materials and freight have made us go up in our pricing. Competition is tough as everyone is willing to go down on their margins to get customers. Our walk-in traffic has diminished tremendously. Our expenses have skyrocketed, and insurance and health insurance are now unaffordable.” – **Retail, TX**

“Customers are so uncertain right now. We sell furniture, floor covering, and appliances. Our last three months are the worst we have seen in a long time.” – **Retail, MO**

“Our biggest concerns are taxes and the difficulty of getting supplies to us in a timely manner.” – **Retail, WV**

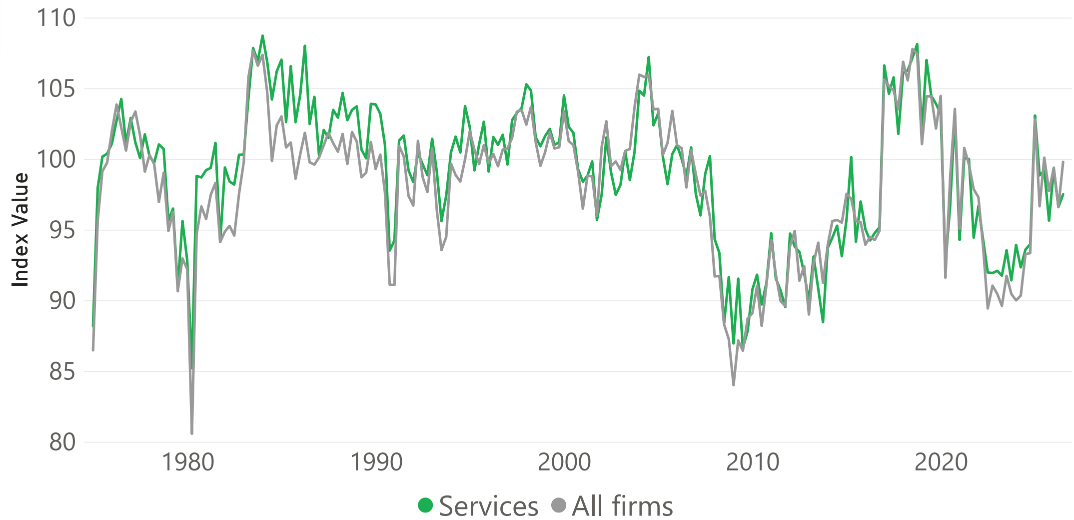
“Retail sales numbers continue to decline. Customer count is down as more people are purchasing online and not visiting brick-and-mortar stores. Landscape division numbers are down. Customers have less money to spend due to inflation; customer confidence is down.”
– **Retail, IA**

“Amazon and large retail stores are killing small business.” – Retail, OH
“We have experienced negative effects from increased tariffs and increased fuel surcharges. Higher cost of goods and services have had to be passed on to my customers, which has slowed average sales. At the same time, these increased expenses have reduced my return on investment, making it more difficult to maintain profitability and grow my business.” – **Retail, PA**

“The tariffs are hurting our business. It has impacted our supply chain – our suppliers are waiting to order which has them running out of stock and they pass along the tariffs having our prices rise 20% or more.”
– Retail, IN

Optimism Index

Small Business Optimism Index
(Seasonally Adjusted 1986=100)

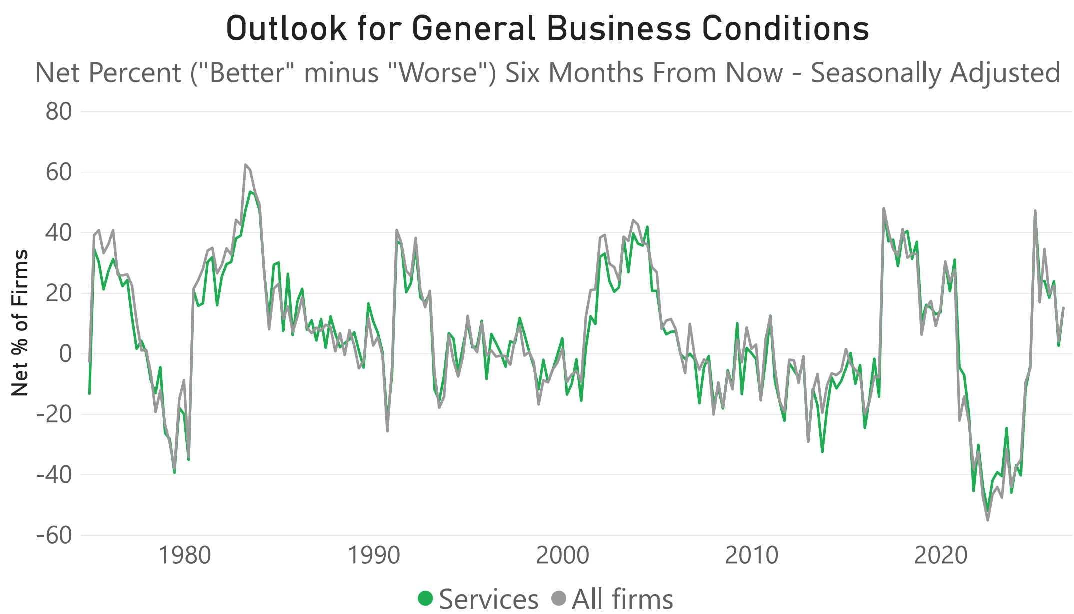


Index Components (Seasonally Adjusted)	Services	Change from Last Quarter	All Firms
Plans to Increase Employment (net)	10%	-8	20%
Plans to Make Capital Outlays	21%	6	25%
Plans to Increase Inventories (net)	-3%	1	1%
Expect Economy to Improve (net)	15%	13	15%
Expect Real Higher Sales (net)	4%	-8	7%
Current Inventory - too low (net)	-2%	-3	-2%
Current Job Openings	32%	-2	36%
Expected Credit Conditions (net)	-1%	4	-4%
Good Time to Expand	8%	3	12%
Earnings Trends (net)	-15%	5	-16%
Optimism Index	**97.5**	**0.9**	**99.8**

Optimism Index (cont.)

In July, the Optimism Index for the services industry rose nearly 1 point from April to 97.5, remaining below its historical average of 99.0. Expectations for better business conditions rose notably, while the largest declines were in plans to increase employment and in expectations for higher sales. Small businesses in the services industry were less optimistic than all firms.

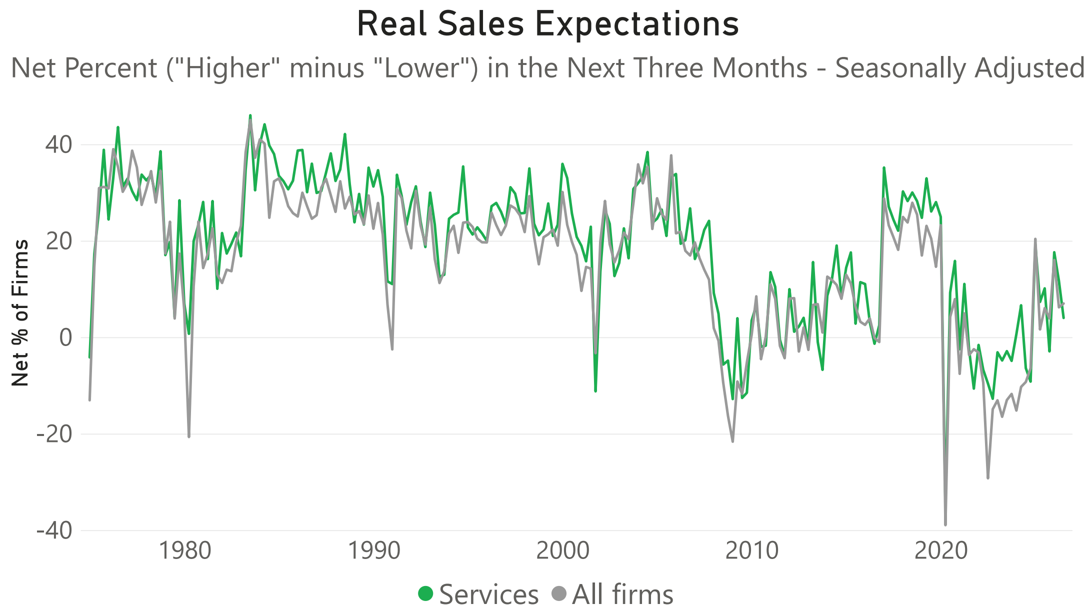
Business Conditions Expectations & Real Sales Expectations



Expectations for better business conditions in the services industry improved in July, rising 13 points from April to a net 15% (seasonally adjusted). July's improvement marks a reversal of the January-to-April decline and is now 10 points above the historical average of a net 5%. The services industry recorded the largest improvement in expected business conditions among all industries and posted the second-highest reading, behind construction.

"Business is good. Hoping for everything to get better and for costs not to continue to rise as they have been. [...]."
– SERVICES, TX

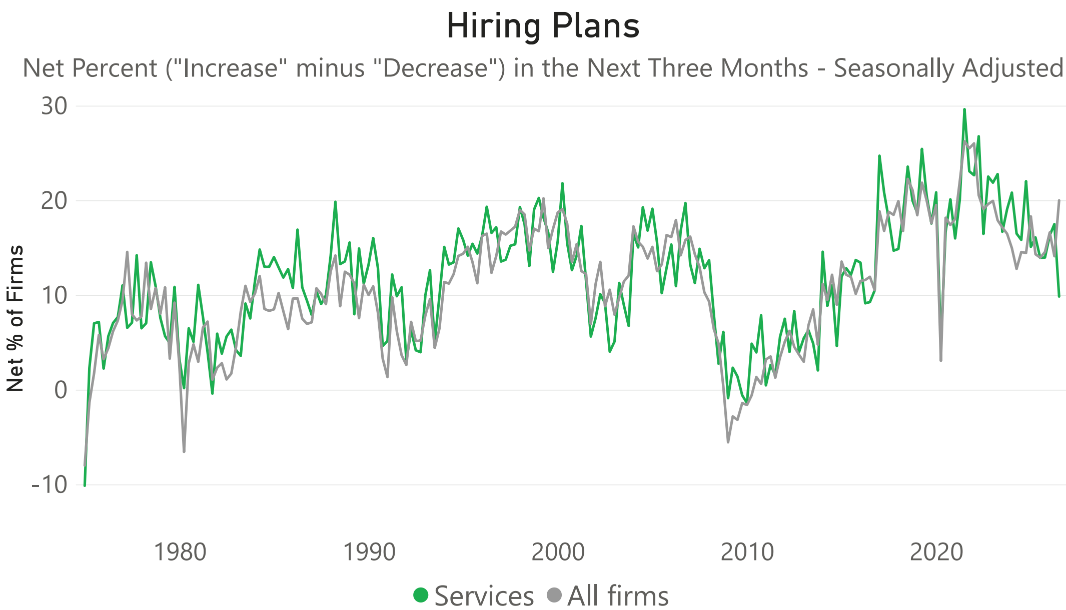
Outlook for General Business Conditions & Real Sales Expectations



Although expected business conditions in the services industry improved in July, expectations for higher sales and plans to increase employment declined. The net percent of small businesses in the services industry expecting real sales to increase fell 8 points from April to a net 4% (seasonally adjusted). Real sales expectations are currently 15 points below the historical average and 3 points lower than those for all firms.

Hiring Plans

In addition to sales expectations, plans to increase employment in the services industry also decreased. A seasonally adjusted net 10% of firms in the services industry plan to hire in the next three months, down 8 points from April and below its historical average of a net 12%. Services was the only industry to see hiring plans decline from April, recording the lowest reading. Plans to hire are 10 points lower in the services industry than among all firms.



"Finding or having qualified skilled labor applicants is nonexistent." **– SERVICES, SC**

"Forty-eight years in business for myself, and the toughest issue has been finding good people to hire and how to compensate them fairly. [...]" **– SERVICES, SC**

"The labor workforce is getting slim, and [it] seems like quality people are getting harder to find in labor fields." **– SERVICES, TX**

"Lack of skilled people coming through the pipes is hurting all of the skilled trade businesses." **– SERVICES, TX**

MEMBER QUOTES

"Finding or having qualified skilled labor applicants is nonexistent."
– **Services, SC**

"Forty-eight years in business for myself, and the toughest issue has been finding good people to hire and how to compensate them fairly. […]"
– **Services, NC**

"Business is good. Hoping for everything to get better and for costs not to continue to rise as they have been. […]" – **Services, TX**

"Lack of skilled people coming through the pipes is hurting all of the skilled trade businesses." - **Services, AZ**

"Worried about the economy due to inflation. Our guests do not have the disposable income they had a few years ago. […]" – **Services, OH**

"The cost of interest, insurance, power (gas/electric), supplies, and vehicle gas is drowning my business. Small businesses need help!" – Services, MI
"Unfortunately, the cost to operate has almost reached the point that we cannot make a profit because labor and parts' markup cannot keep up with the expenses of all insurances, taxes, overhead, payroll, truck payment, and shop payment." – **Services, AL**

"Our business has been slow the past two years due to inflation of gas, oil, and groceries. And people are choosing not to repair their swimming pools, which is not considered a priority, or having their iron gates and fences built." – **Services, AR**

"Insurance premiums, fuel and utilities, and a lack of skilled labor are having a negative impact on our business." – **Services, OH**

"Economic uncertainty and lower consumer confidence are applying pressure to business." – **Services, PA**

MEMBER QUOTES
(CONT.)

"The economy seems to be slowing due to the cost of fuel." **– Services, TN**

"I own a laundromat and will be purchasing four new washers soon. Financing was easy because the manufacturer has a finance division and I have a 29-year relationship with them. Cost of equipment is fairly reasonable (but still high), but the taxes are ridiculous! Taxes on the equipment, plus shipping, plus installation, plus other taxes."
– **Services, TN**

"The Big Beautiful Bill really helped stabilize my cash flow and net income." – **Services, MT**

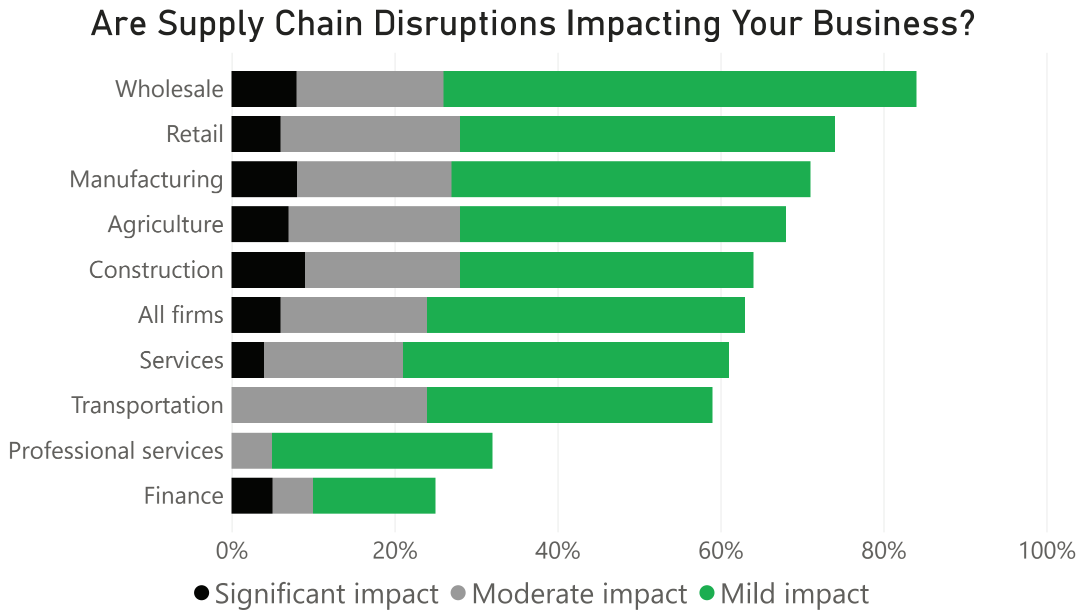
"I have found it harder to increase sales above what we have. Although we have grossed more year to date, we are basically operating at a zero-profit margin. Overall the cost of everything has increased, in response we raised our prices – but are just breaking even." – **Services, CA**

"The internet (do-it-yourself videos) has impacted my bottom line."
– Services, OH

Are Supply Chain Disruptions Impacting Your Business?

In July, 63% of all small business owners reported that supply chain disruptions impacted their business to some extent (down 1 point from April). Six percent reported a significant impact (up 1 point), 18% a moderate impact (down 1 point), 39% a mild impact (down 1 point), and 36% reported no impact (up 1 point).

Supply chain disruptions were most prevalent in the wholesale industry, with 84% of small business owners reporting some level of impact (up 10 points from April). By comparison, firms in the professional services (32%) and finance (25%) industries were significantly less affected.



Are Supply Chain Disruptions Impacting Your Business?

"Supply chain delays with raw materials like stainless steel, copper, and brass have impacted our production." **– CONSTRUCTION, CA**

"My American business suppliers are more expensive and have significantly less quality control. They also are not responsive to product issues." **– WHOLESALE, CA**

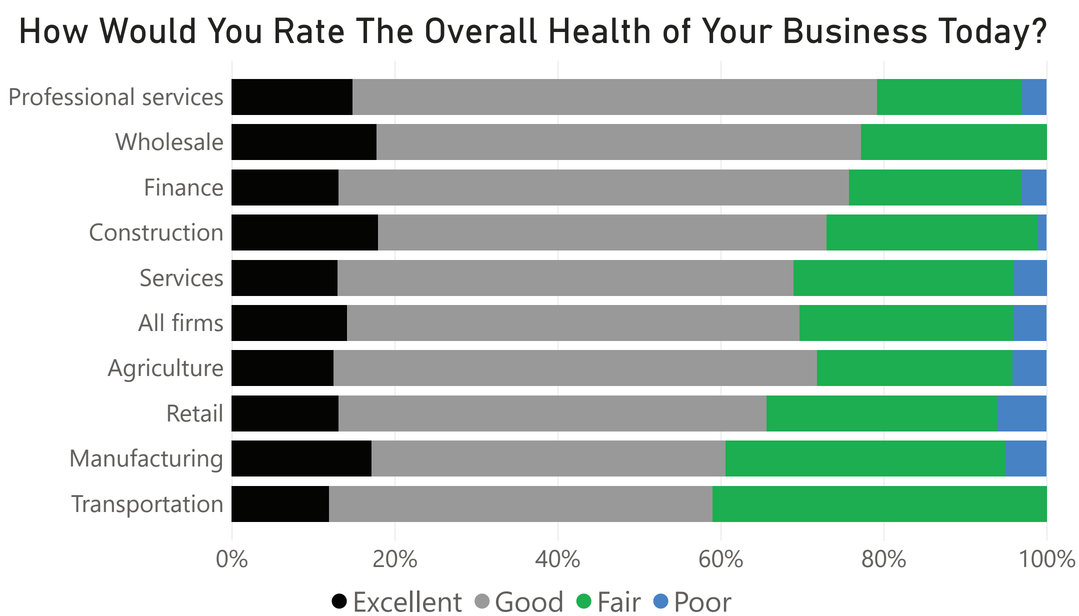
"The tariffs are hurting our business. It has impacted our supply chain – our suppliers are waiting to order which has them running out of stock and they pass along the tariffs having our prices rise 20% or more." **– RETAIL, IN**

"Our biggest concerns are taxes and the difficulty of getting supplies to us in a timely manner." **– SERVICES, TX**

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

Overall, 69% of small business owners rated their business's overall health as excellent or good in July (up 2 points from April). Fourteen percent rated it excellent (up 2 points), and 55% rated it good (unchanged). Twenty-six percent rated it fair (down 3 points), and 4% rated it poor (unchanged).

All industries had more than half of small business owners rating their overall business health as excellent or good. Eighty percent of small business owners in the professional services industry rated their business as excellent or good, the highest across all industries. Wholesale (78%) and finance (75%) followed. The industries with the lowest percent of owners reporting excellent or good condition were transportation (59%) and manufacturing (60%).



"Business is fairly robust in our area. The large majority of our clients (small businesses) are profitable."

– PROFESSIONAL/BUSINESS SERVICES, GA

NFIB RESEARCH CENTER

NFIB Research Center

Holly Wade
Executive Director
Holly.Wade@NFIB.org

Peter Hansen
Director, Research Policy Analysis
Peter.Hansen@NFIB.org

Madeleine Oldstone
Senior Policy Analyst
Maddi.Oldstone@NFIB.org

William Dunkelberg
Chief Economist

Follow us on X @NFIBResearch