

Small Business in the US: Challenges and Resilience

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Who we are



is...

- The voice of small business
- 300,000 members across the US



- Produce a monthly survey of small businesses
- 53 years of data

Plan for today



1. Headline Metrics



2. Overall Business Conditions



3. Labor Market



4. Inflation



5. Big trends



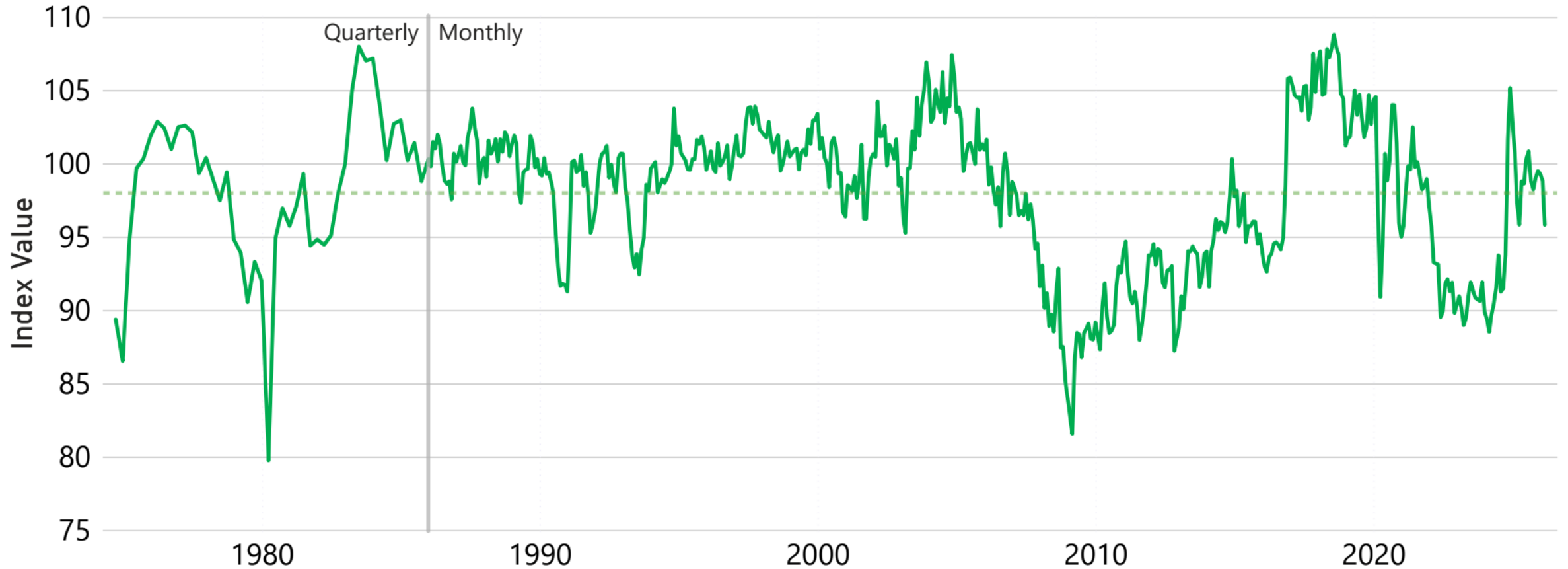
Chapter One:

Headline Metrics



Small Business Optimism Index

(Seasonally Adjusted 1986=100)

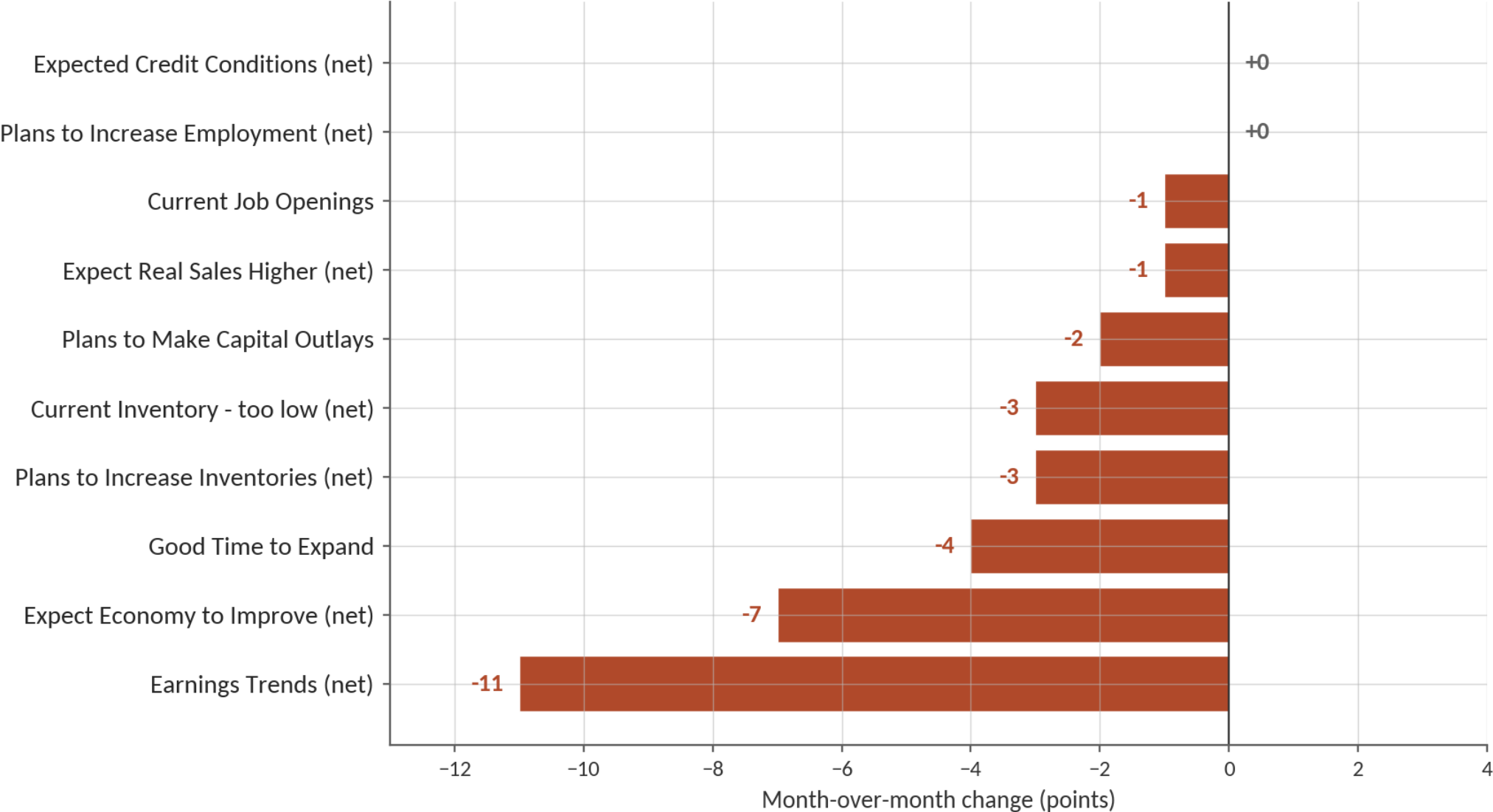


Current Reading: 95.8, **Change from last month:** -3.0

Historical High: 108.8 (Aug. 2018), **Historical Low:** 79.7 (Apr. 1980), **Average:** 98.0 (dashed line)

The Optimism Index is based on 10 survey indicators: Plans to Increase Employment, Plans to Make Capital Outlays, Plans to Increase Inventories, Expect Economy to Improve, Expect Real Sales Higher, Current Inventory (too low), Unfilled Job Openings, Expected Credit Conditions, Good Time to Expand, Earnings Trends

Eight of Ten Optimism Index Components Declined in March



Source: NFIB Small Business Economic Trends, March 2026

Key Points on Optimism Index

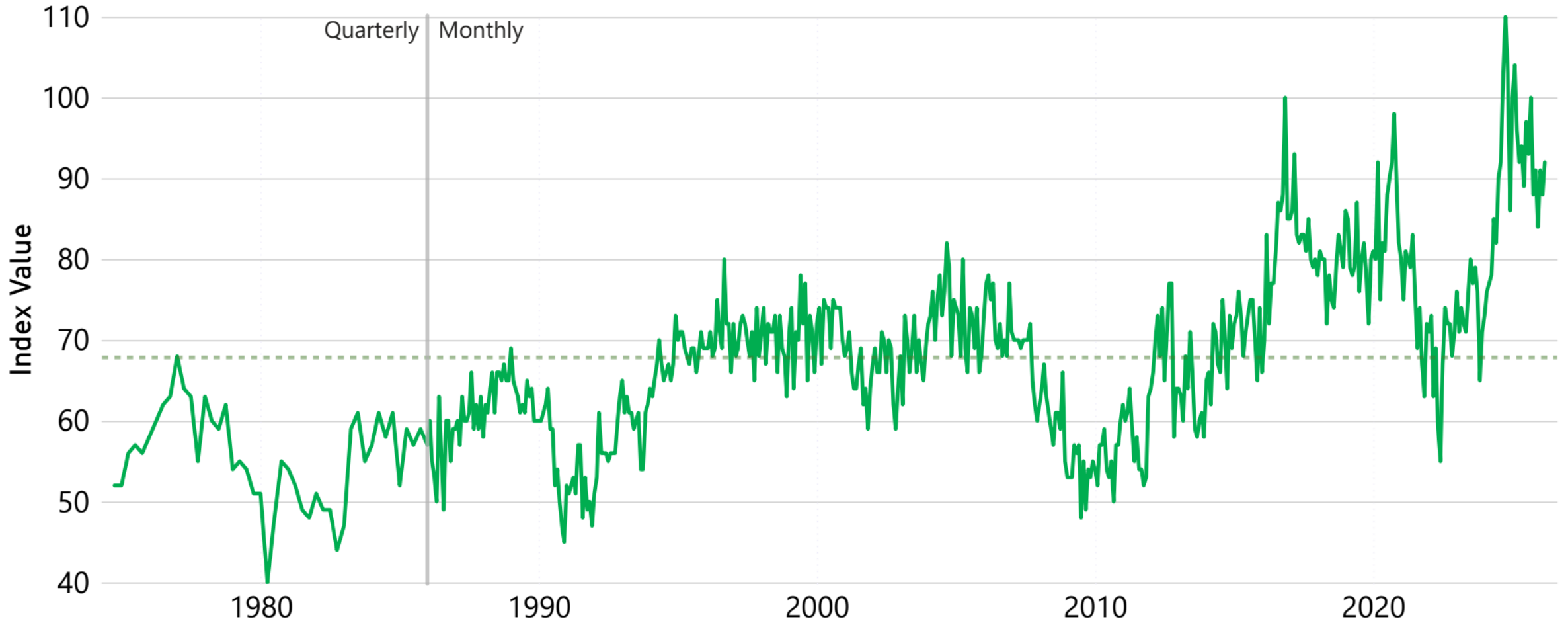
Significant one month drop, which may not last

Index had been hovering just above long-term avg.

Broader view: Ok, with upward and downward risks

Uncertainty Index

Sum of "Don't Know" & "Uncertain" Answers on 6 Questions

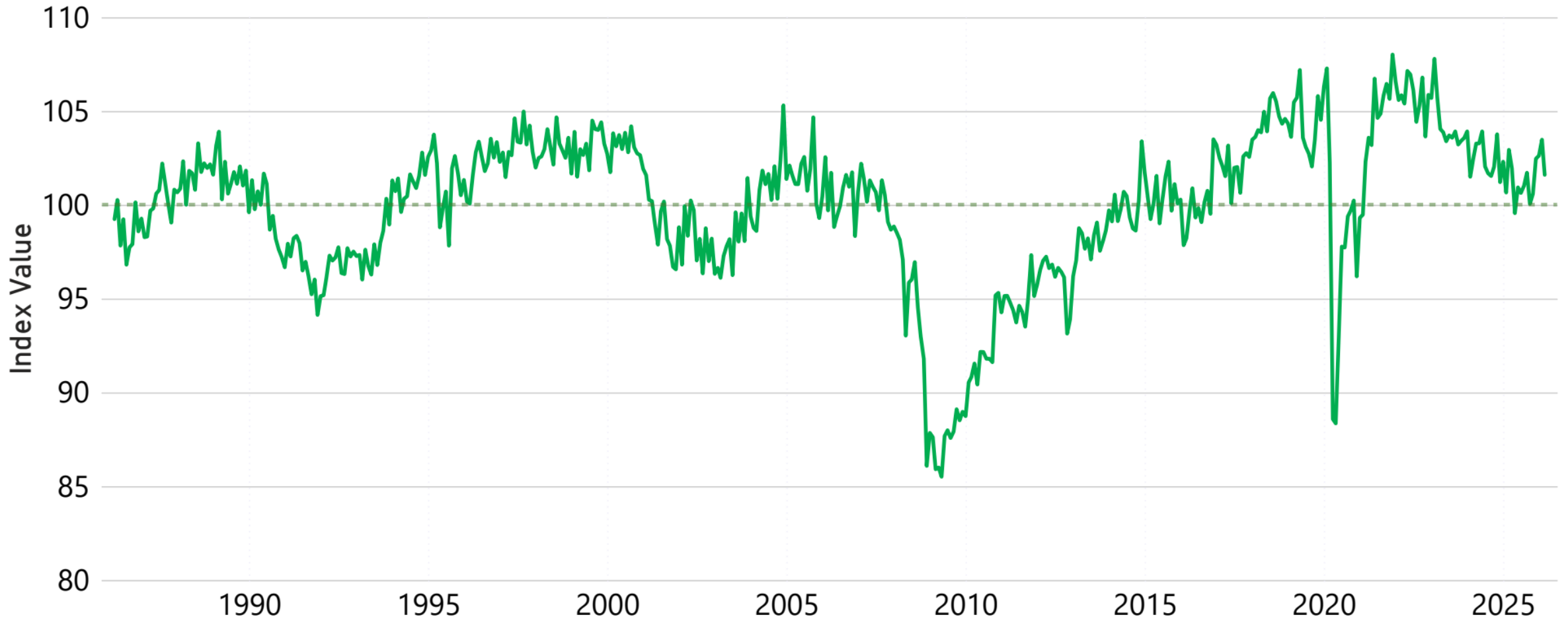


Current Reading: 92, **Change from last month:** +4
Historical High: 110 (Oct. 2024), **Historical Low:** 40 (Apr. 1980), **Average:** 68 (dashed line)

The Uncertainty Index is based off of six questions.

Employment Index

(Seasonally Adjusted 1987=100)



Current Reading: 101.6, **Change from last month:** -1.9
Historical High: 108.0 (Dec. 2021), **Historical Low:** 85.5 (May 2009), **Average:** 100.0
The Employment Index is based on six components



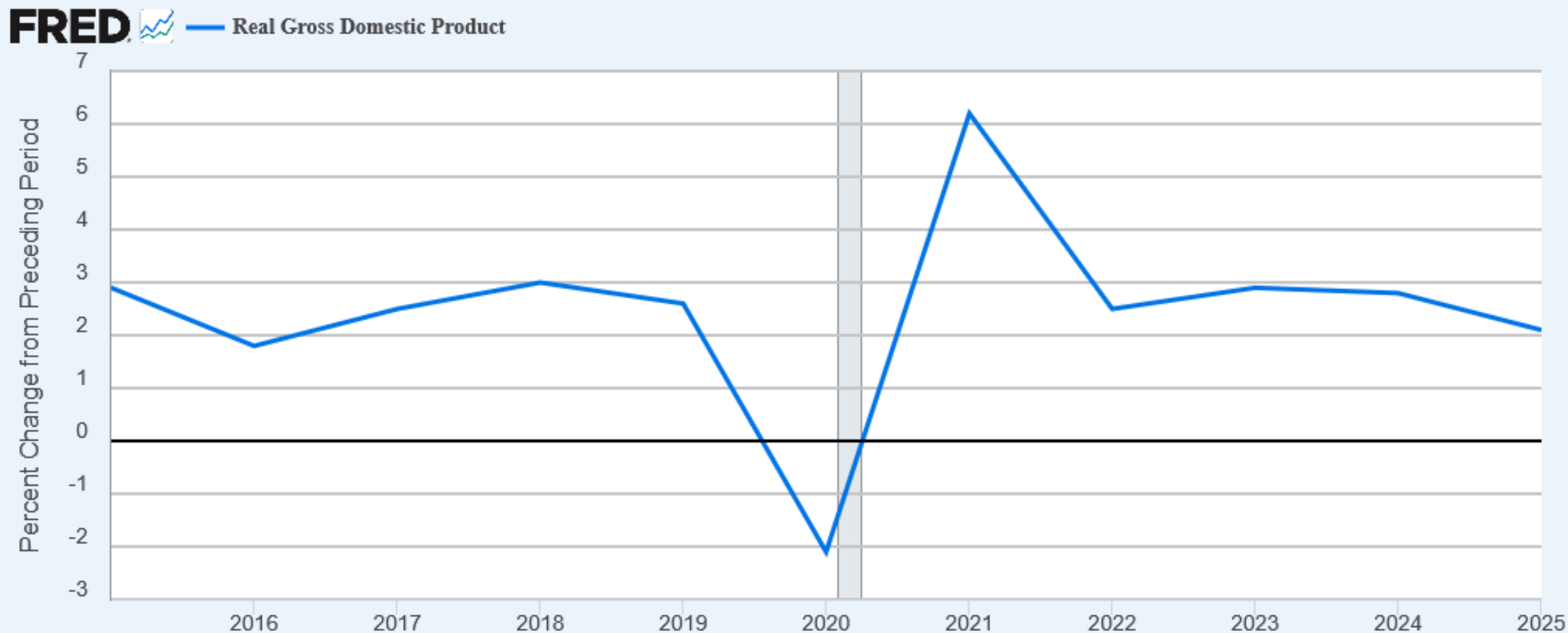
Chapter Two:

Overall

Business Conditions

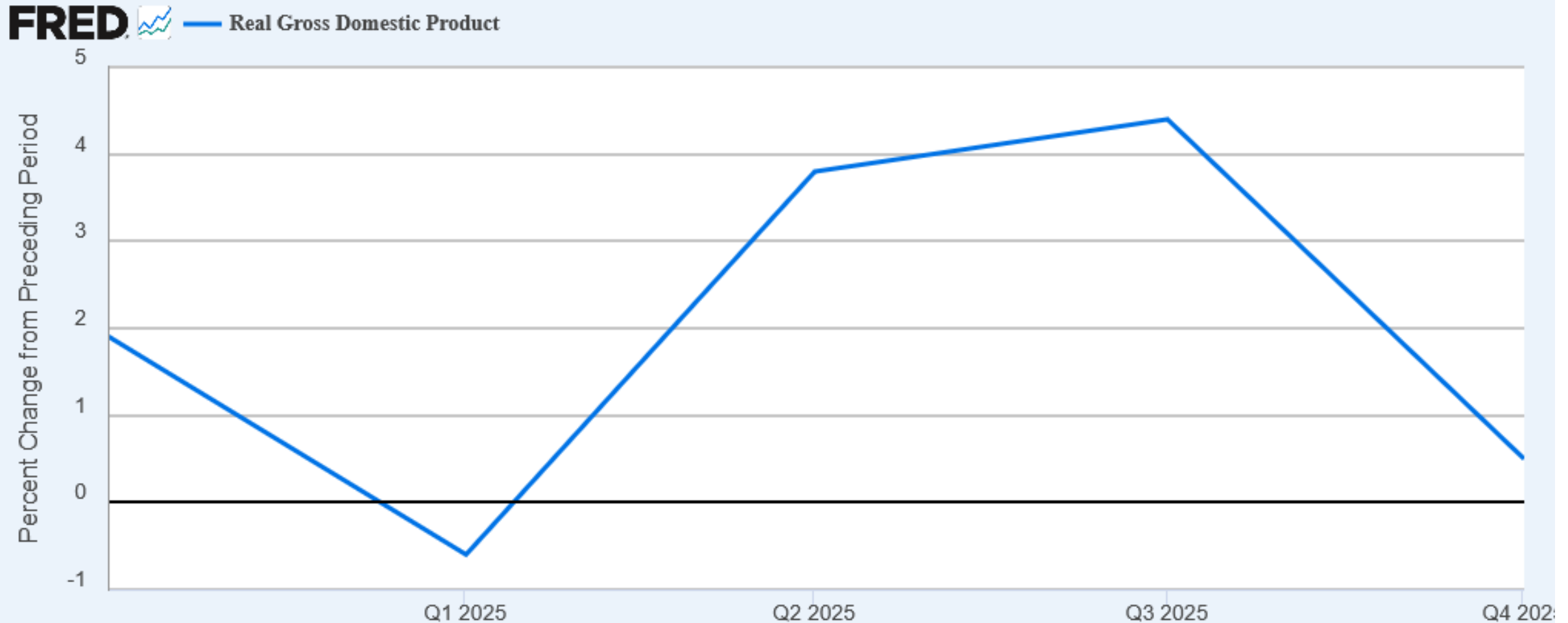


Post-COVID, GDP Has Grown Steadily* Between 2 and 3%



Source: U.S. Bureau of Economic Analysis via FRED®
Shaded areas indicate U.S. recessions.

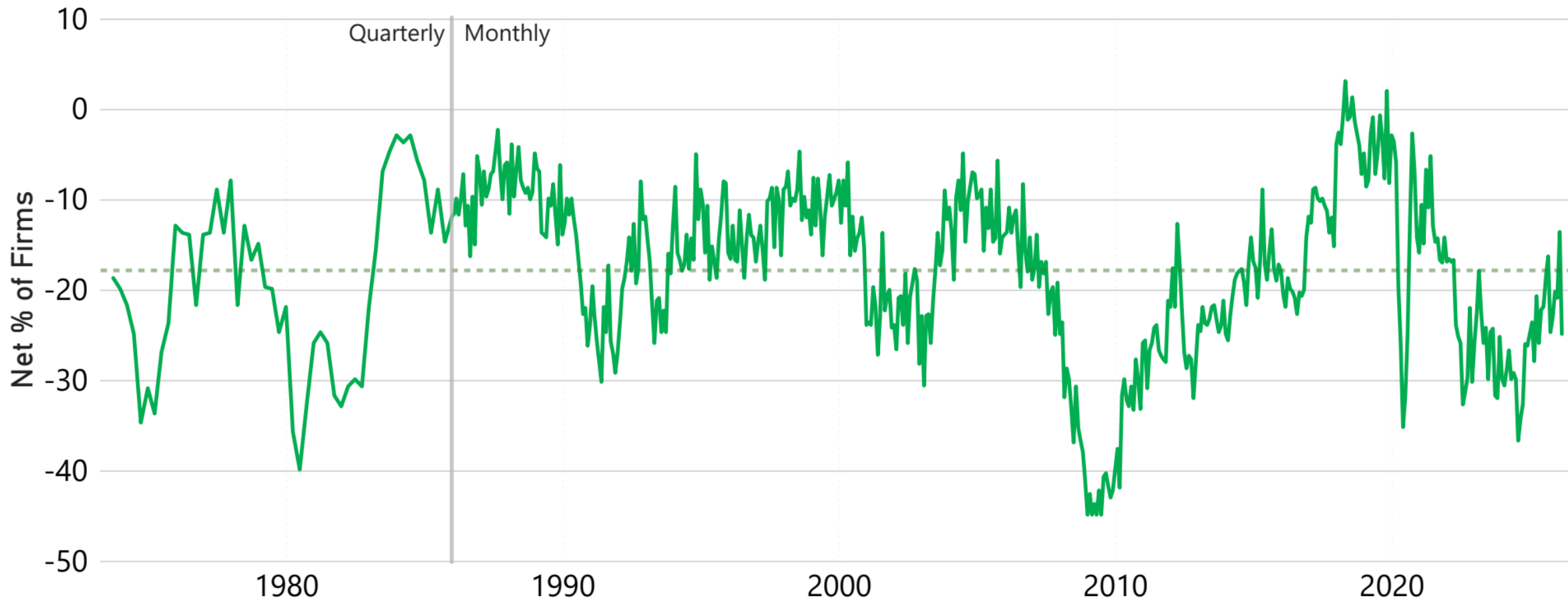
Recent Quarterly Numbers Have Been Less Steady*



Source: U.S. Bureau of Economic Analysis via FRED®
Shaded areas indicate U.S. recessions.

Actual Earnings Changes

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



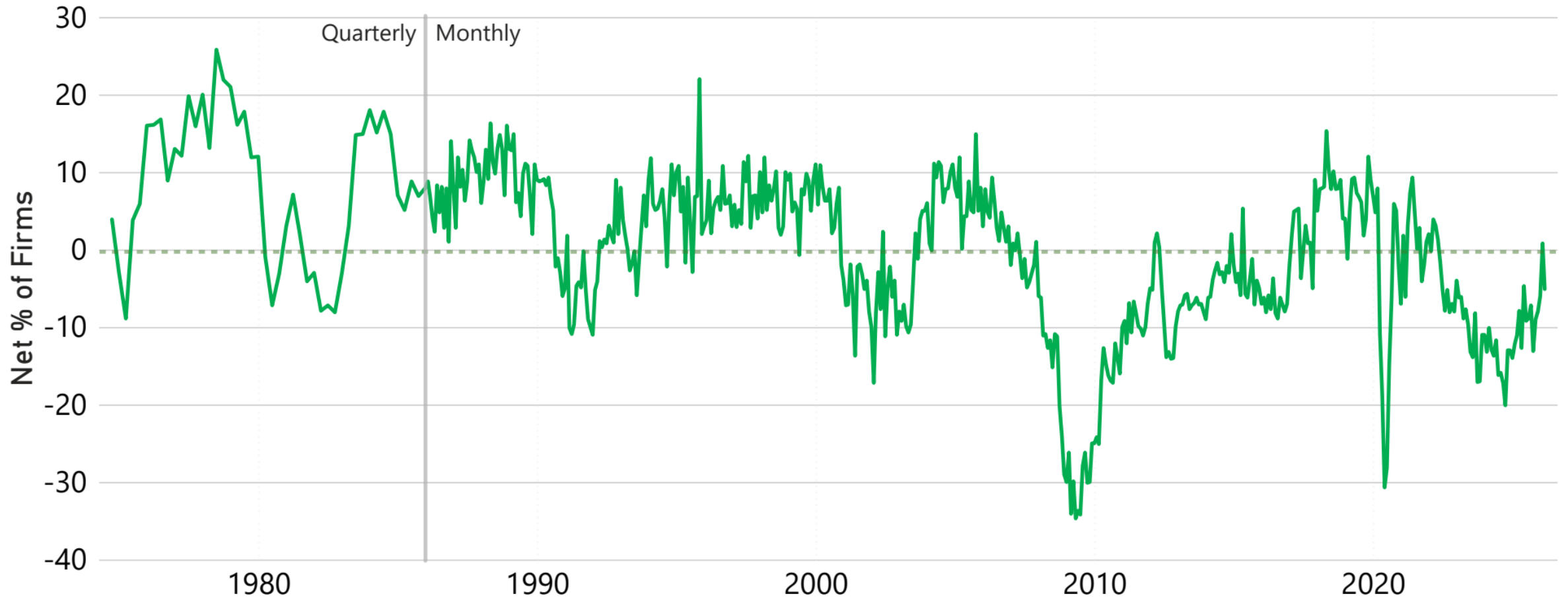
Current Reading: Net -25%, **Change from last month:** -11

Historical High: Net 3% (May 2018), **Historical Low:** Net -45% (Jan., Mar., May, Jul., 2009), **Average:** Net -18% (dashed line)

Survey Question: Were your net earnings or "income" (after taxes) from your business during the last calendar quarter higher, lower, or about the same as they were for the quarter before? (Much higher, Higher, About the same, Lower, Much lower)

Actual Sales Changes

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



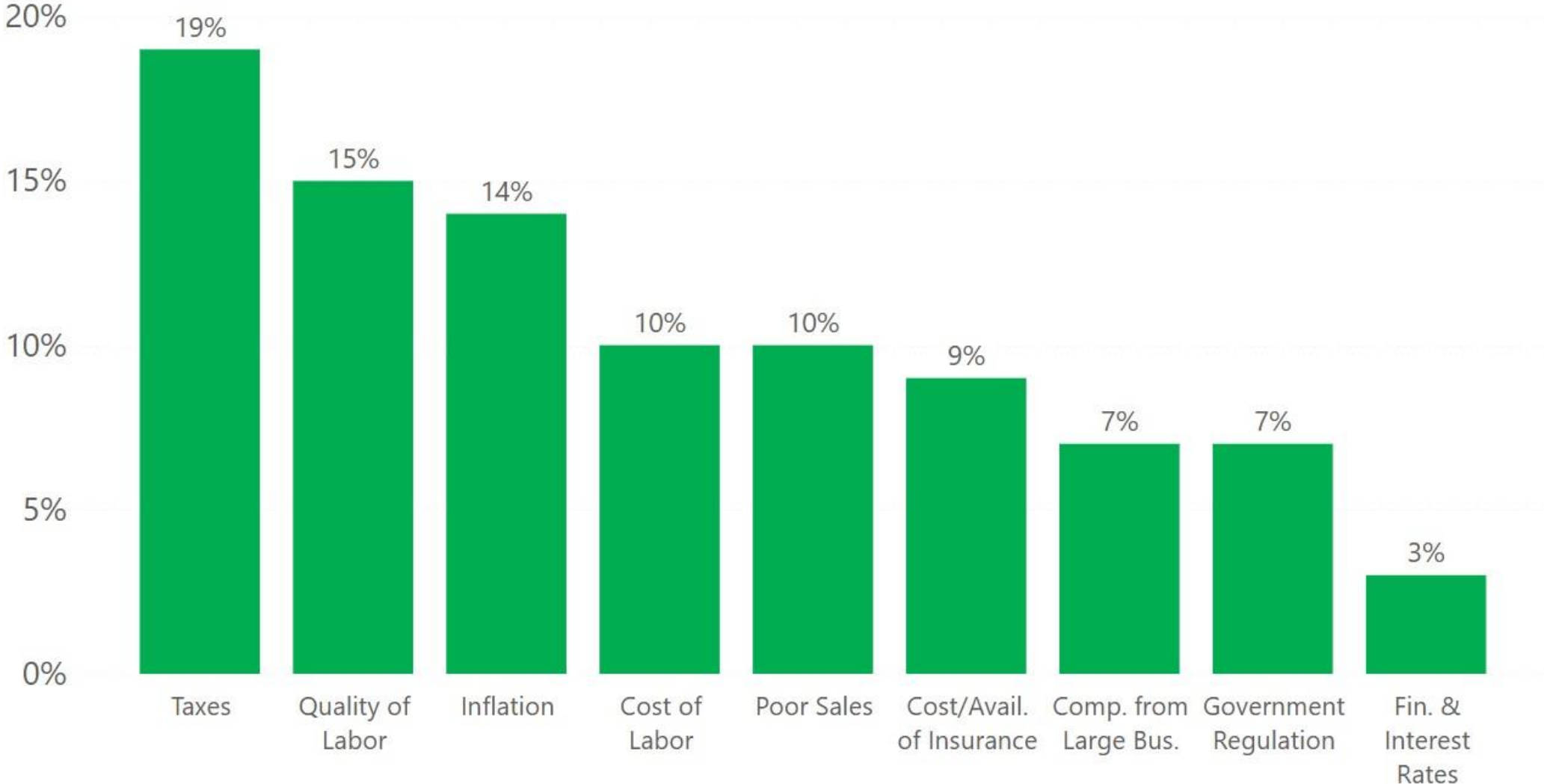
Current Reading: Net -5%, **Change from last month:** -6

Historical High: Net 26% (Jul. 1978), **Historical Low:** Net -35% (May 2009), **Average:** Net 0% (dashed line)

Survey Question: During the last calendar quarter, was your dollar sales volume higher, lower, or about the same as it was for the quarter before? (Much higher, Higher, About the same, Lower, Much lower)

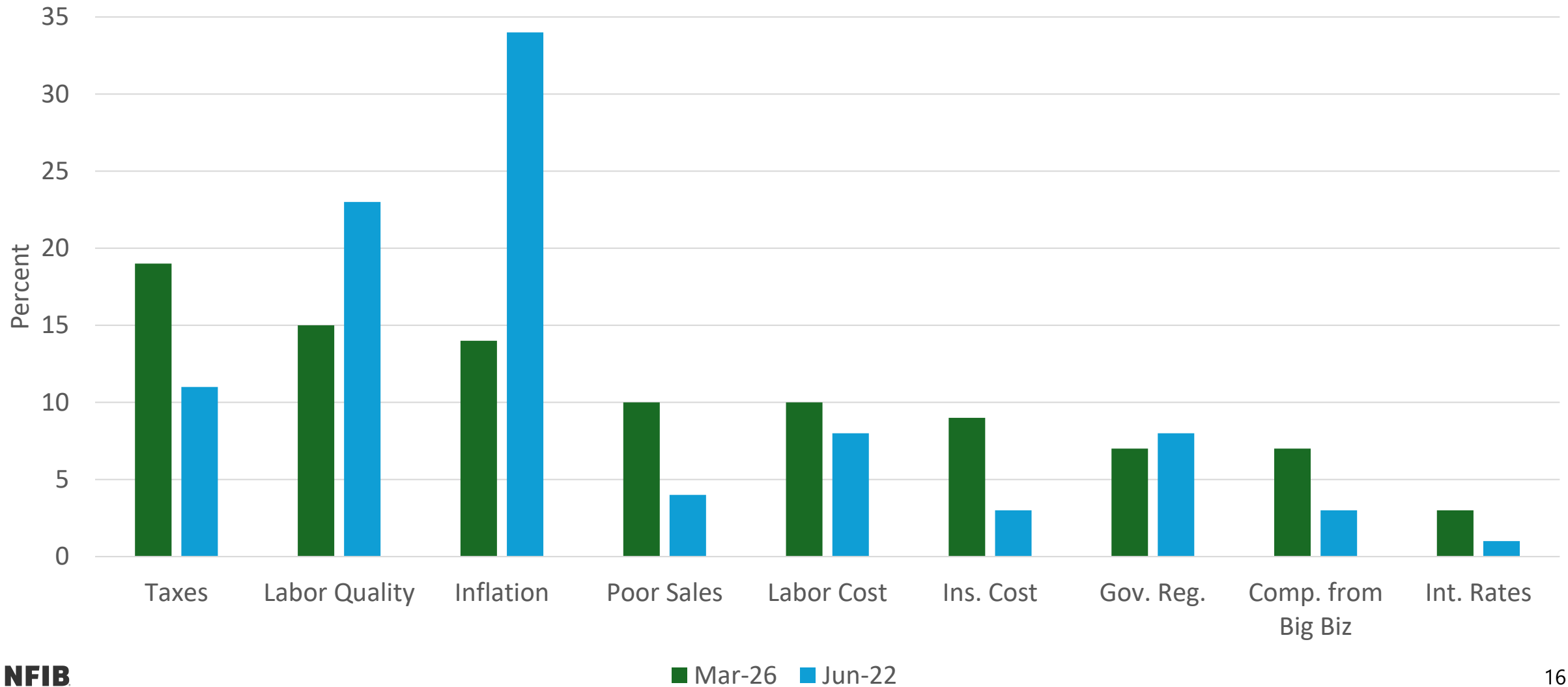
Single Most Important Problem

Mar 2026



Single Most Important Problem

June 2022 vs. Mar 2026



Key Points from Overall Business Overview

1) Conditions have stabilized over past few years

2) There are upward and downward risks

3) Don't get too bogged down in short term

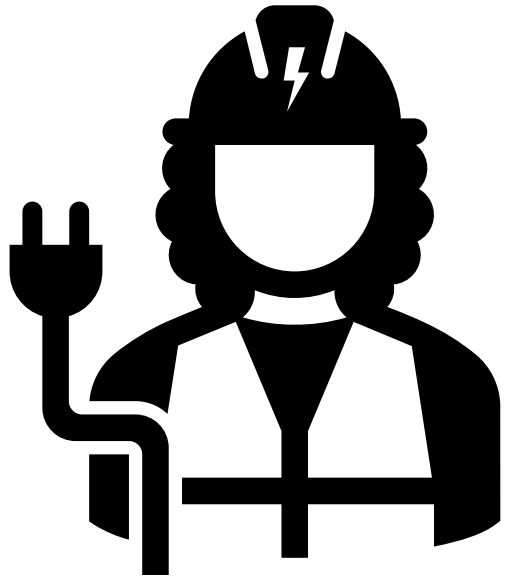


Chapter Three:

Labor Market



Jobs: Roughly balanced, wages still pressured



2022 was overheated

2023-24 cooling was good

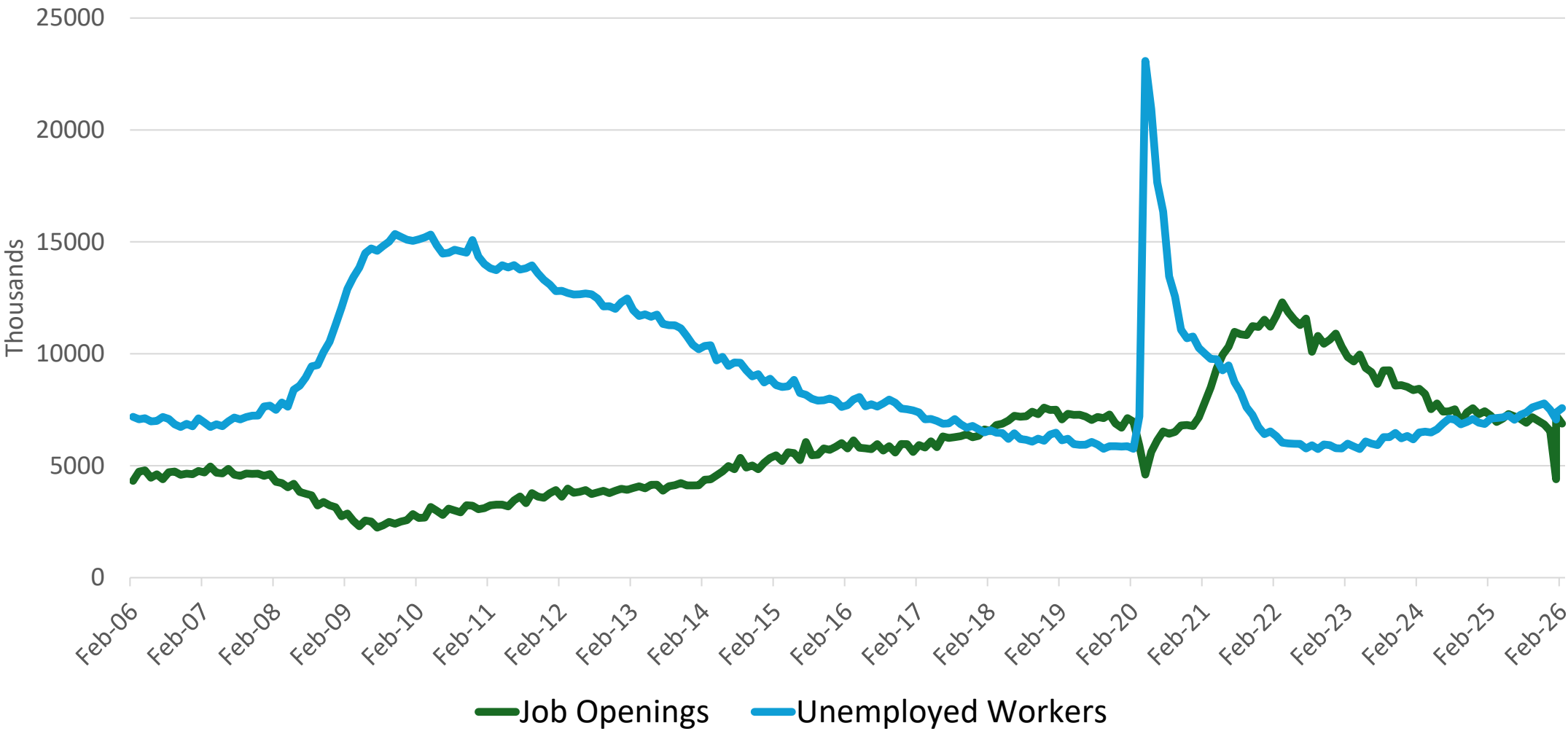
Hopefully stabilized now

US Unemployment shows cooling, possible stabilization?



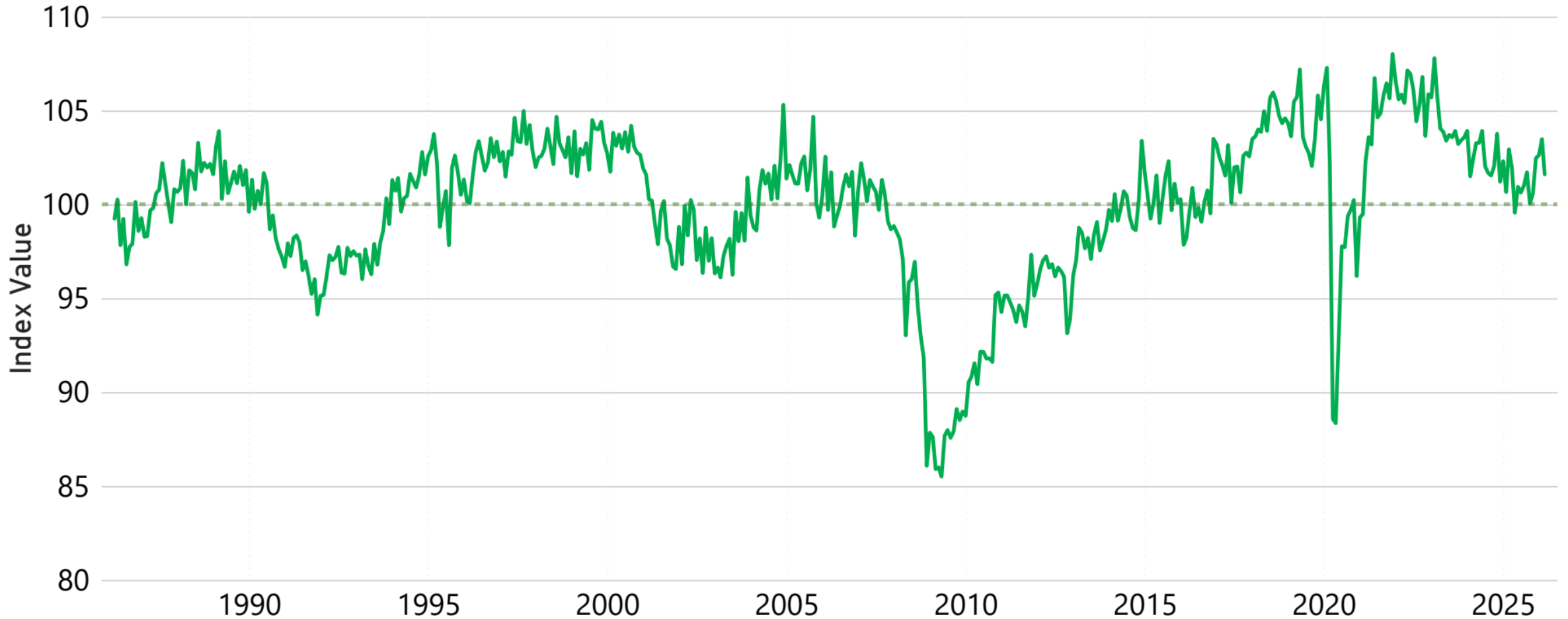
Source: U.S. Bureau of Labor Statistics via FRED®
Shaded areas indicate U.S. recessions.

Openings vs. available workers shows overheating, cooling, balance.



Employment Index

(Seasonally Adjusted 1987=100)



Current Reading: 101.6, **Change from last month:** -1.9
Historical High: 108.0 (Dec. 2021), **Historical Low:** 85.5 (May 2009), **Average:** 100.0
The Employment Index is based on six components

What it means for your business

Hiring and retention are MUCH easier than 2022

Hiring is not easy though—still not tons of available workers

Wage pressures are lower, but still elevated; more next



Chapter Four:

Inflation.

Still.





Inflation has cooled from its peak, but it's still high. Your 2018 self would be surprised at the headache.

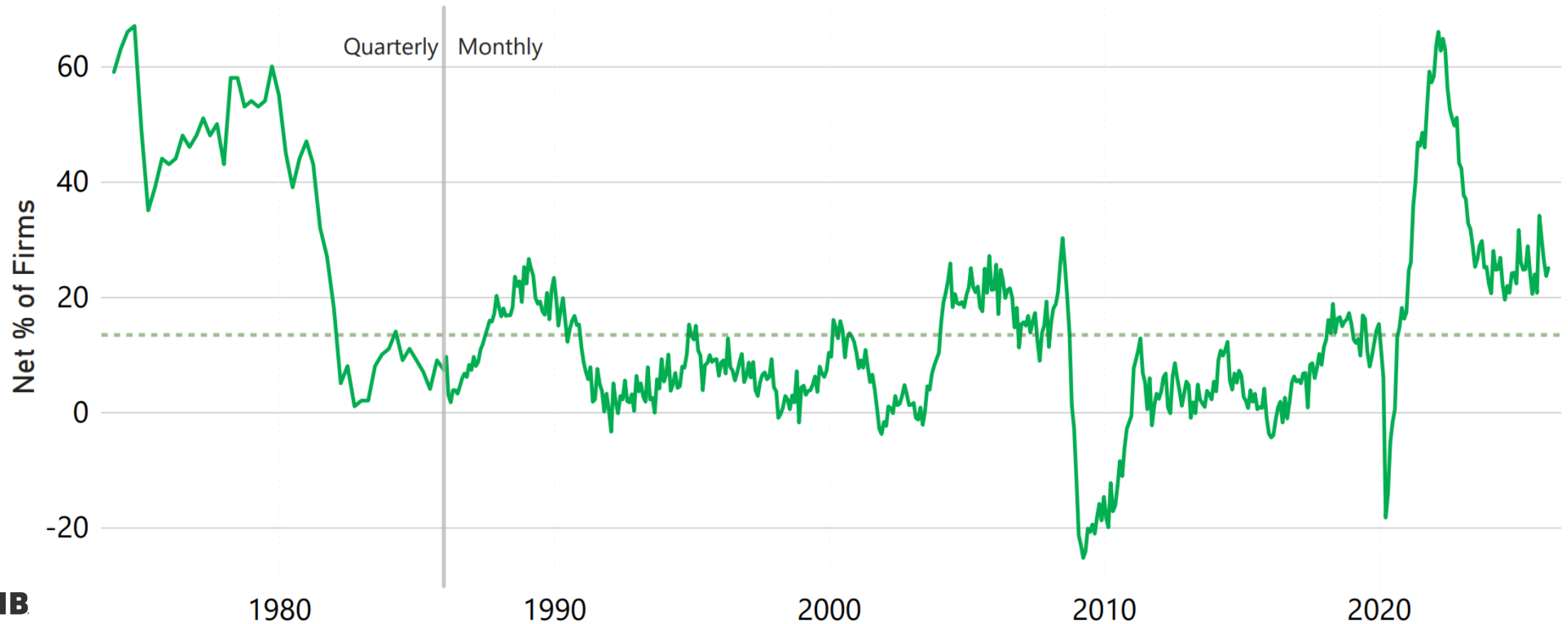
US CPI shows big spike, rapid initial cooling, stubborn persistence



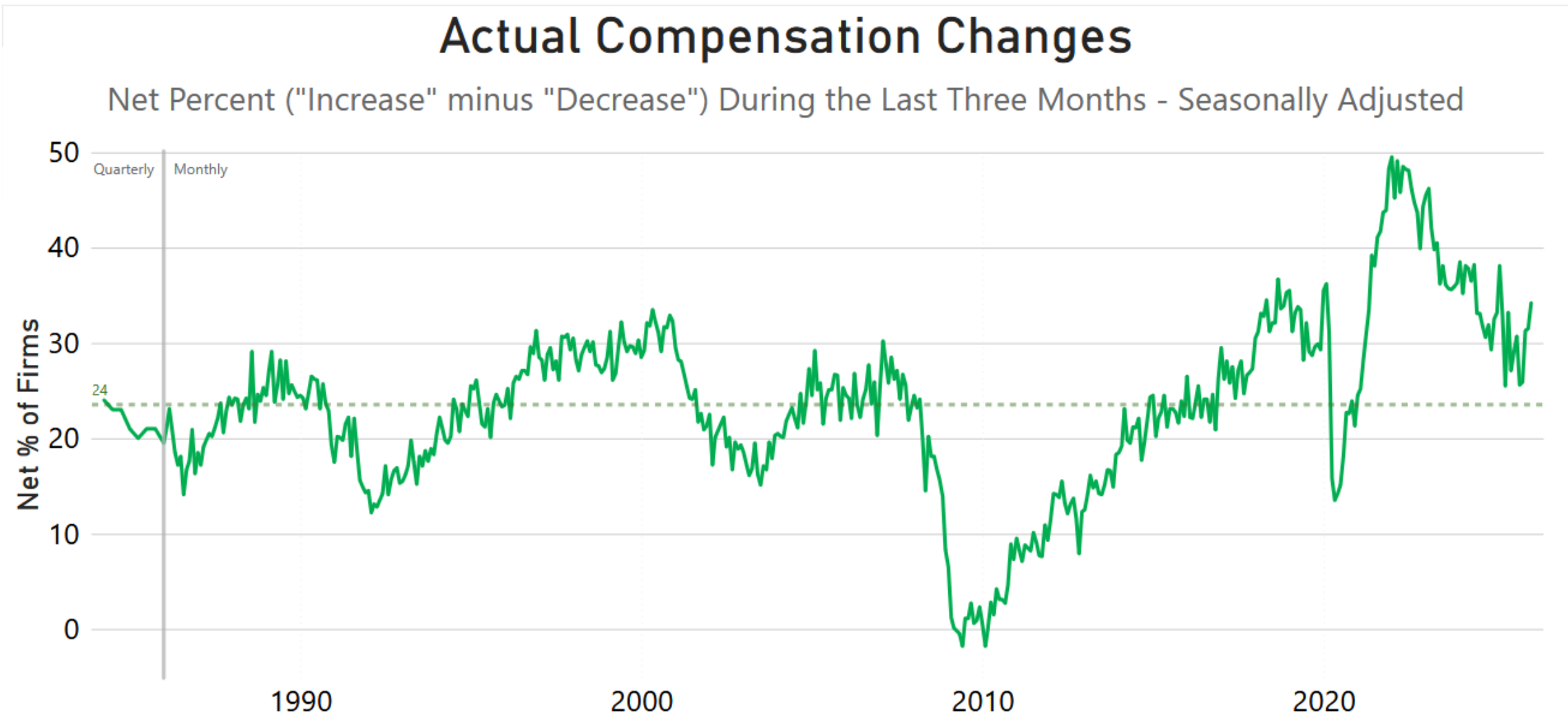
Small businesses are saying the same

Actual Price Increases

Net Percent ("Higher" minus "Lower") Compared to Three Months Ago - Seasonally Adjusted



Relatedly, wages pressure is still up



What it means for your business

Clients are still price sensitive

Continuing burden of

- Adjusting prices
- Optimizing suppliers
- Caution with inventory
- Managing margins

Pressure for employee raises



Chapter Five:

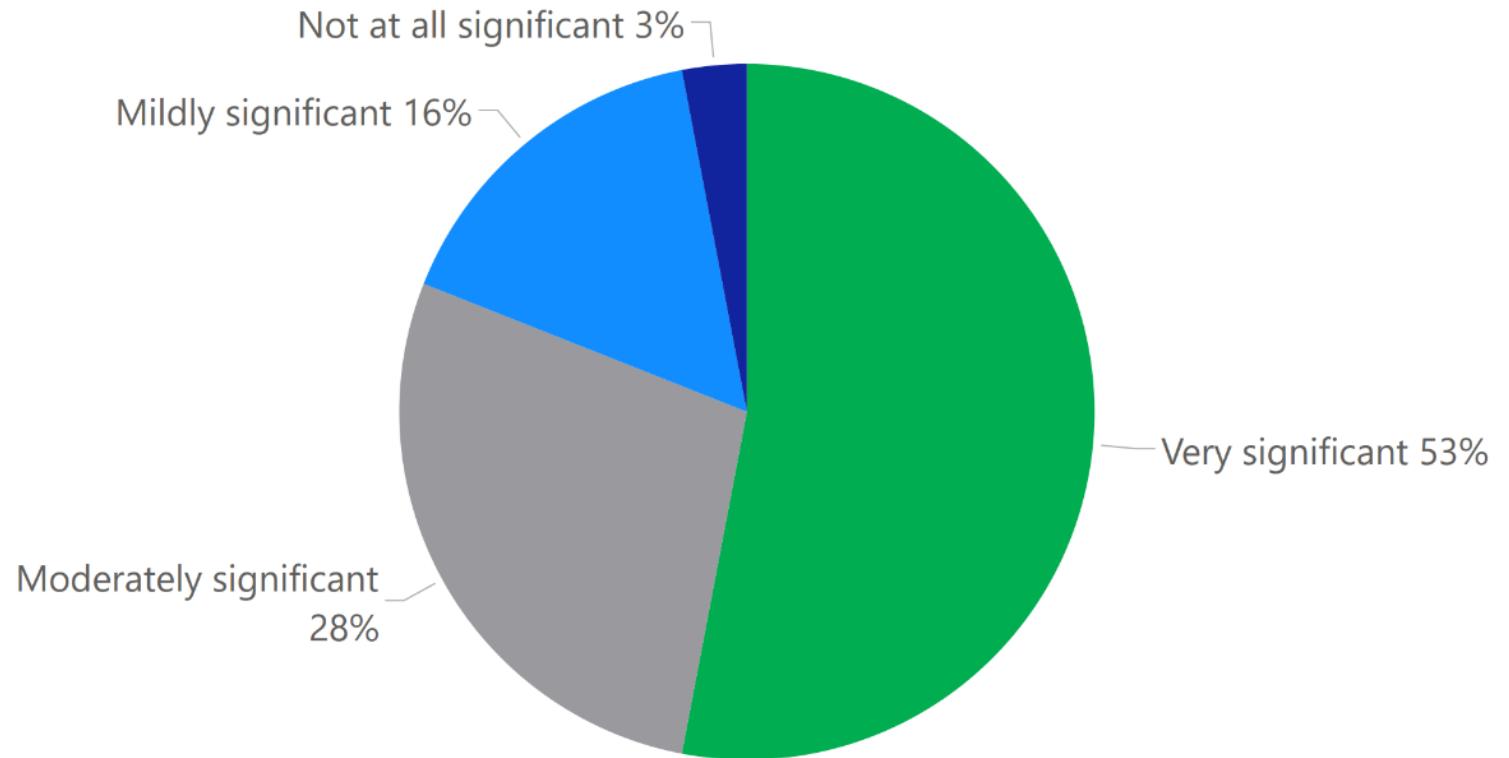
Big

Trends



How significant are energy costs (electricity, natural gas, gasoline, fuel oil, etc.) in operating your business?

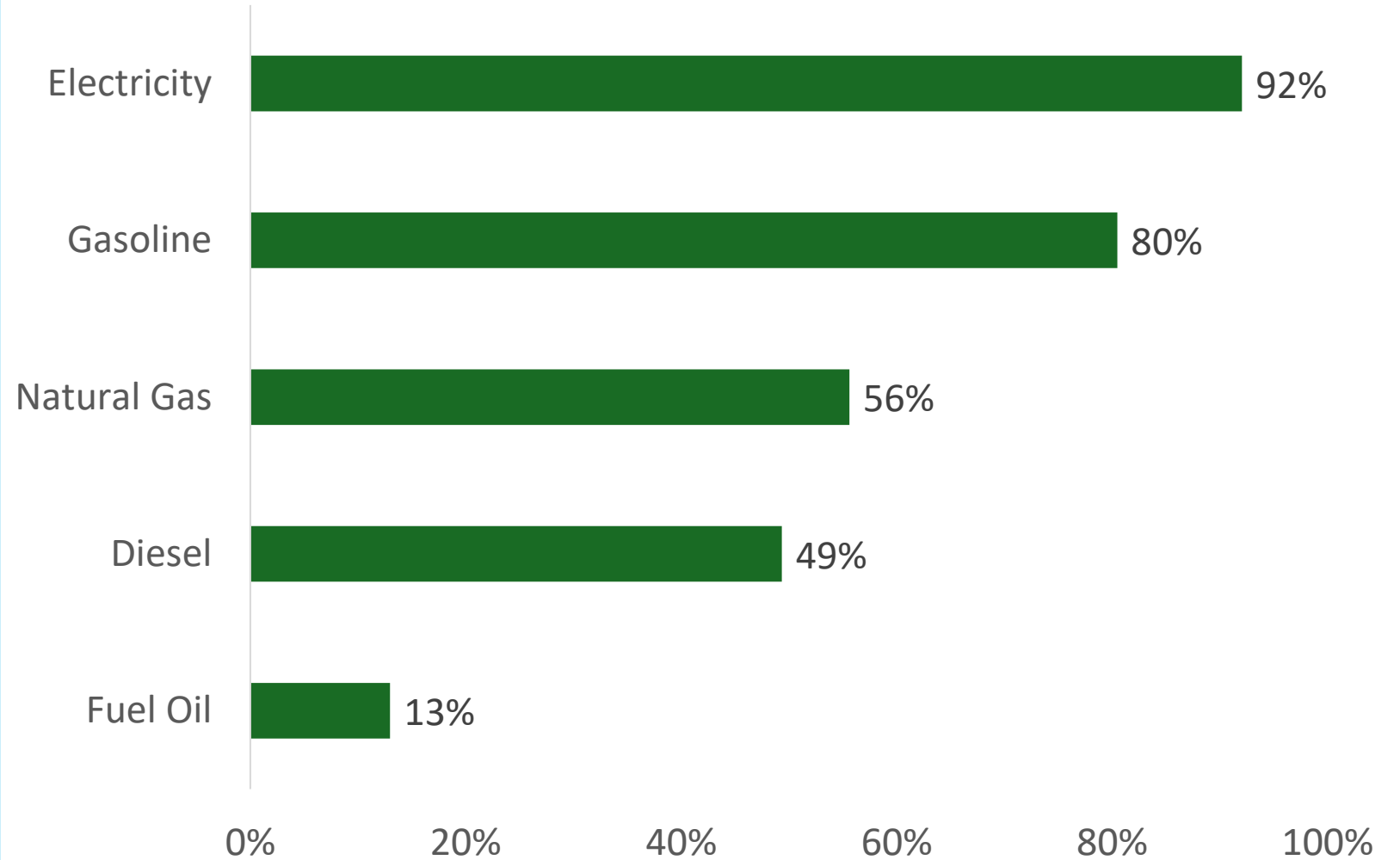
Energy costs
are a big
deal



● Very significant ● Moderately significant ● Mildly significant ● Not at all significant

Energy costs
are a big
deal

Owners Impacted by Energy Source:



Source: NFIB Survey, Nov. 2025

Tariffs: New data reveals several insights

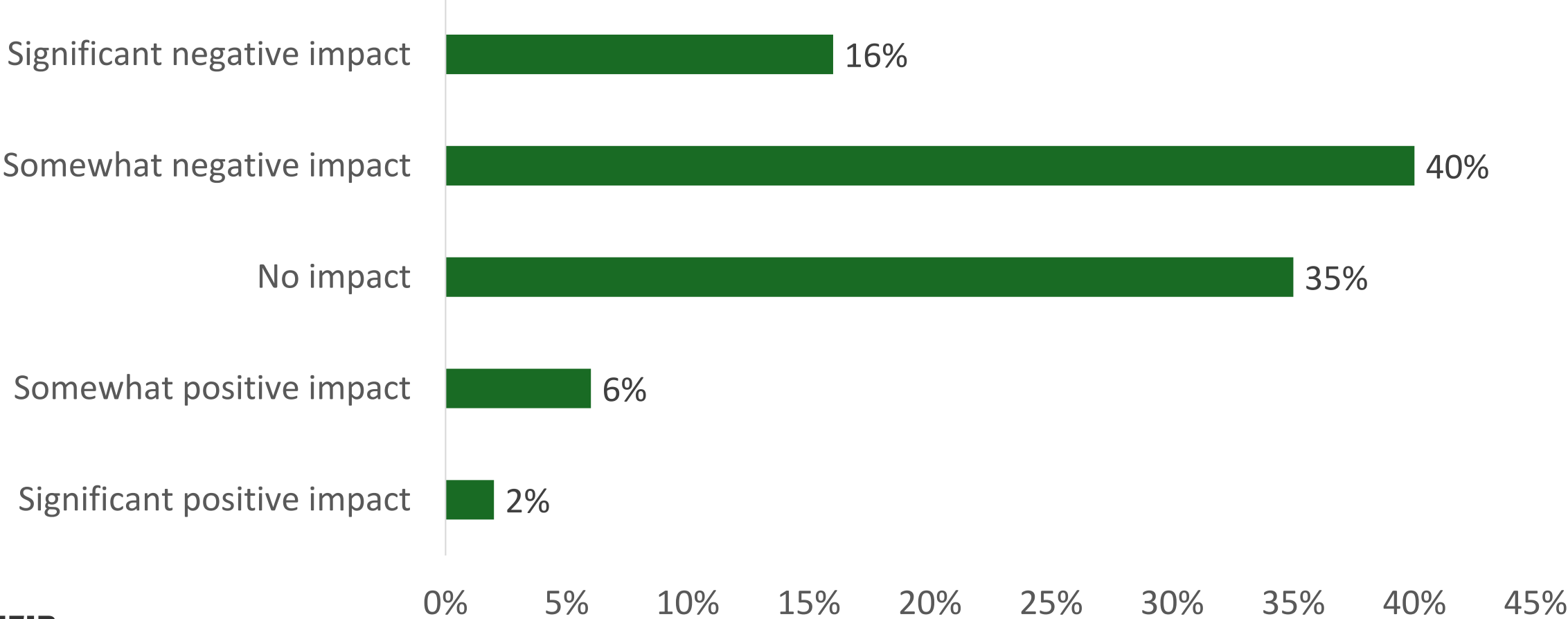
1) Most businesses are feeling *some* negative impacts

2) Those impacts are creating a variety of consequences

3) Raising prices is the main business response

Tariff impact is negative but limited

Tariff Impacts on Small Business



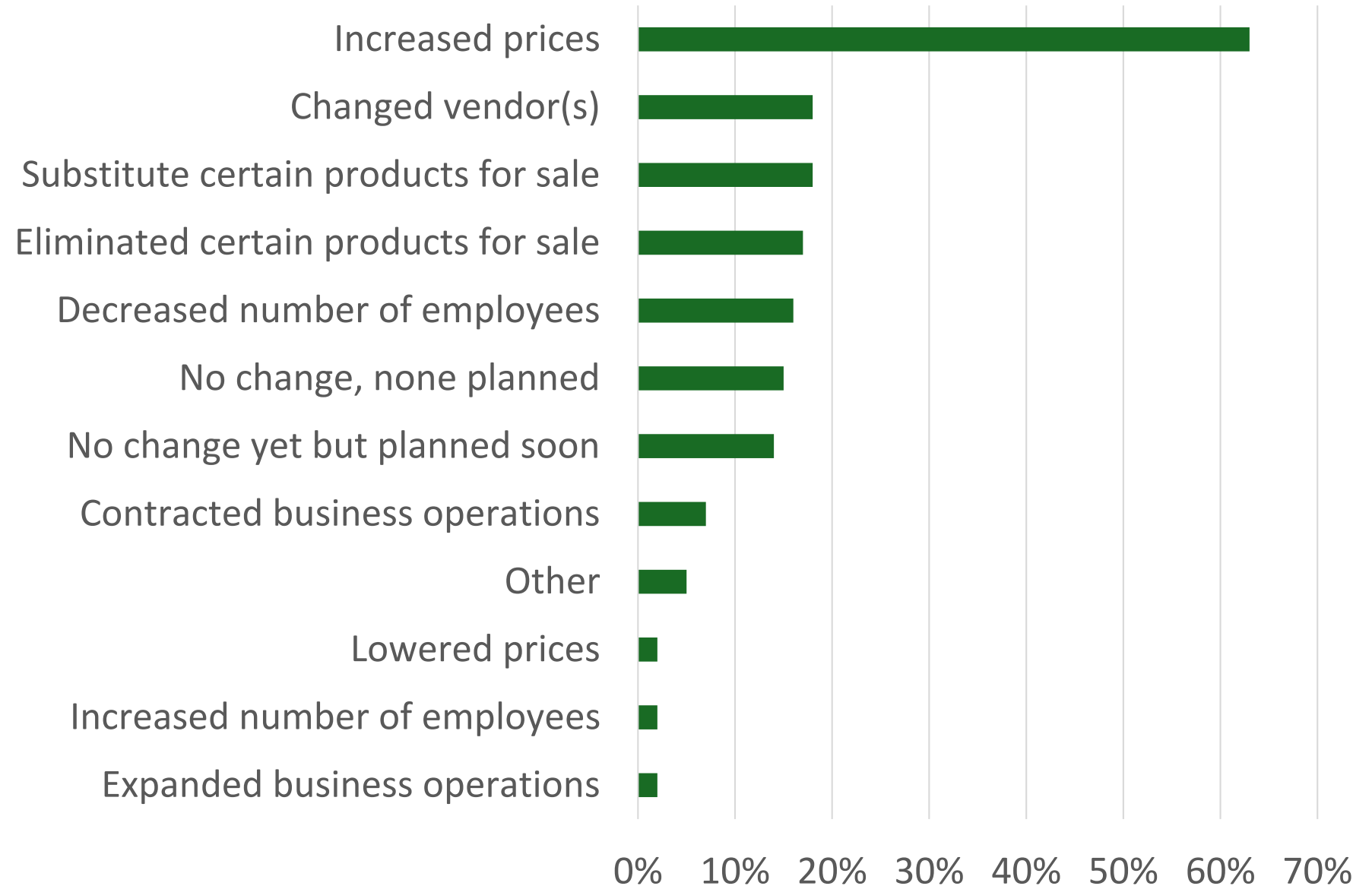
Effects of Tariffs on Small Business

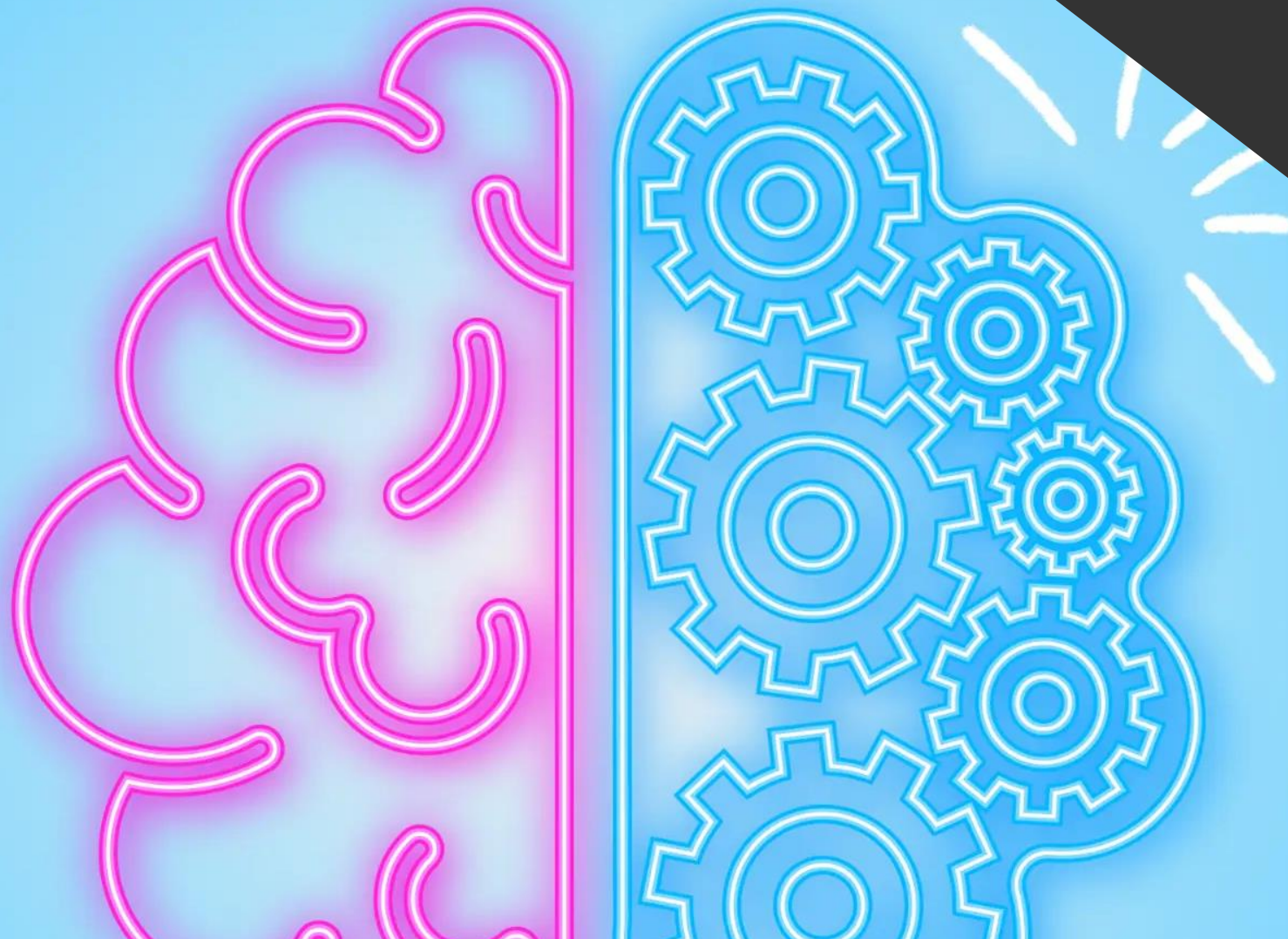


Input price increases and lower profits are the main consequences

Increased prices
are by far the
top response.

Small Business Responses to Tariffs



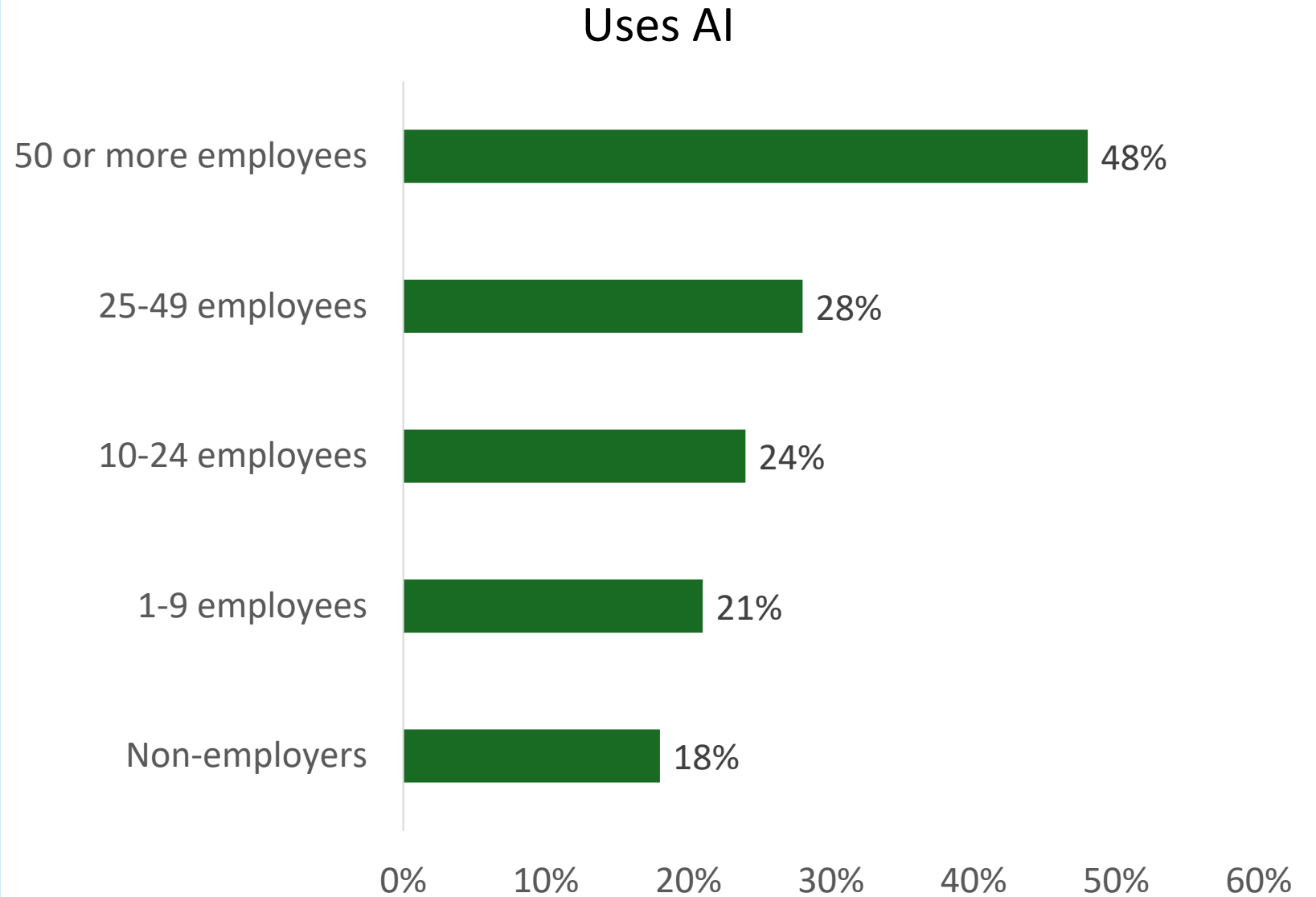


OK, let's talk AI now.



Like it or not, the AI transformation is happening

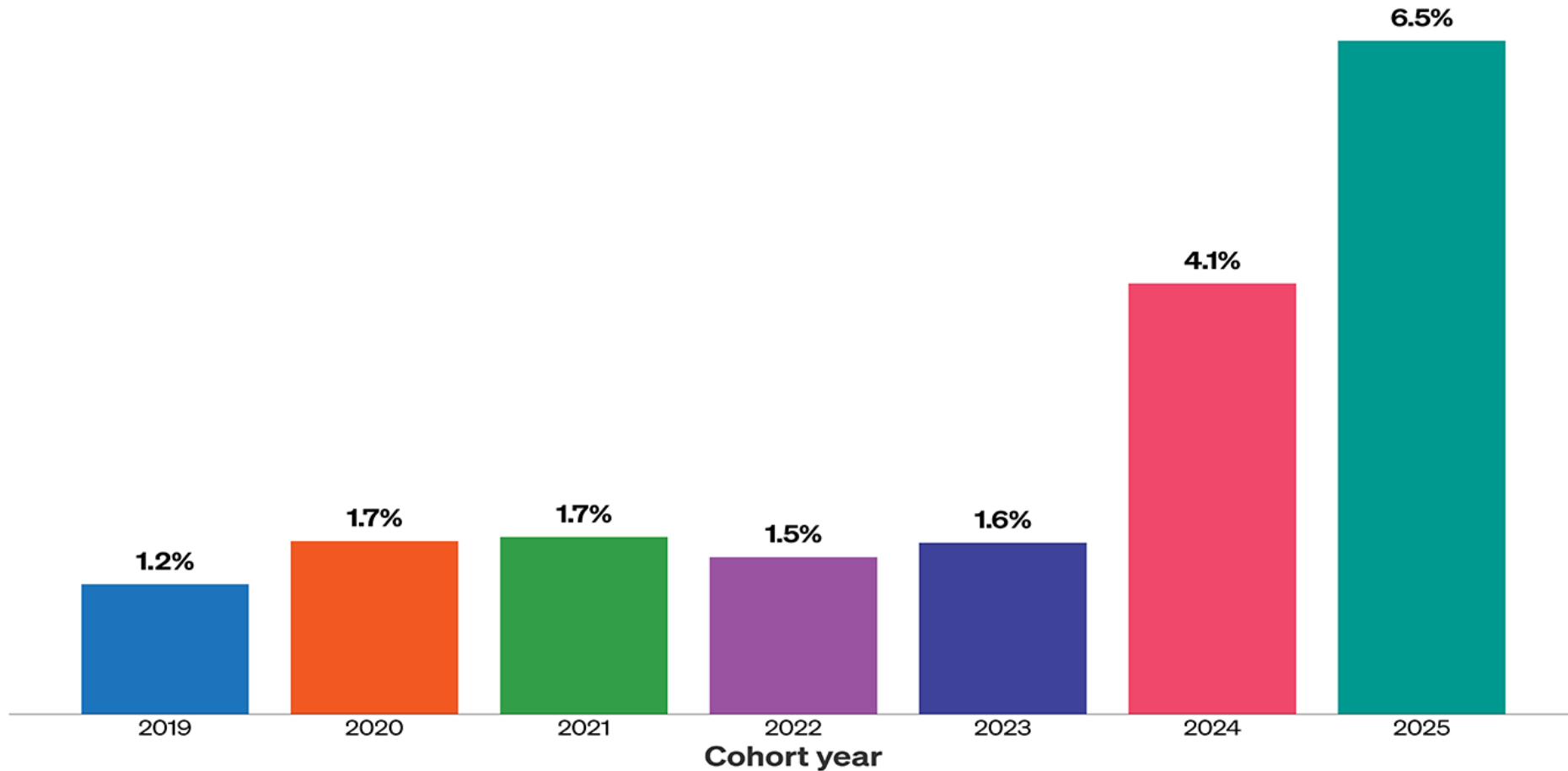
Larger
businesses
use AI



Source: NFIB Survey, Spring 2025

Newer businesses are starting with AI

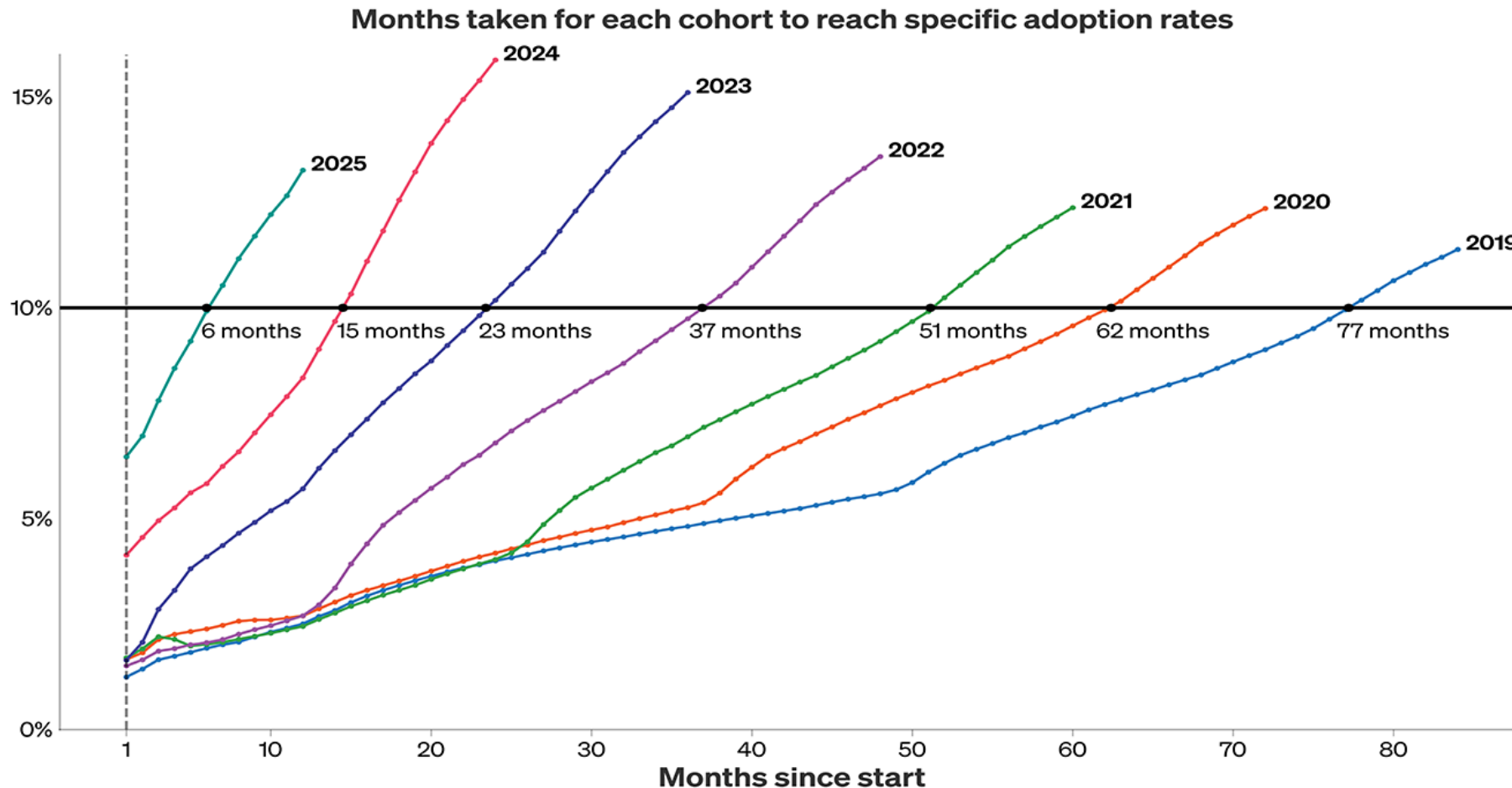
AI adoption rate in first month



Note: The sample consists of firms that were active between 2019 and 2025. A firm is classified as an AI adopter if it paid for at least one AI service during this period. Firms are grouped into cohorts based on the year they started operating.

Source: JPMorganChase Institute

It's not just the start; they're building up much faster too.



Note: The sample consists of firms that were active between 2019 and 2025. A firm is classified as an AI adopter if it paid for at least one AI service during this period. Adoption rates are cumulative over time. Firms are grouped into cohorts based on the year they started operating, and we follow them over the subsequent months.

Source: JPMorganChase Institute

Key points on AI

There is industry variation

- Many of you are likely in physical-world industries where AI has less impact

Your competitors are using AI

- That's both big business and newer business of similar size

Important: AI is advancing rapidly

- That doesn't mean we'll have sentient robots soon, but it does mean today is very different from last year and next year will be very different from today

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