



NFIB Monthly Economic Newsletter

APRIL 2025



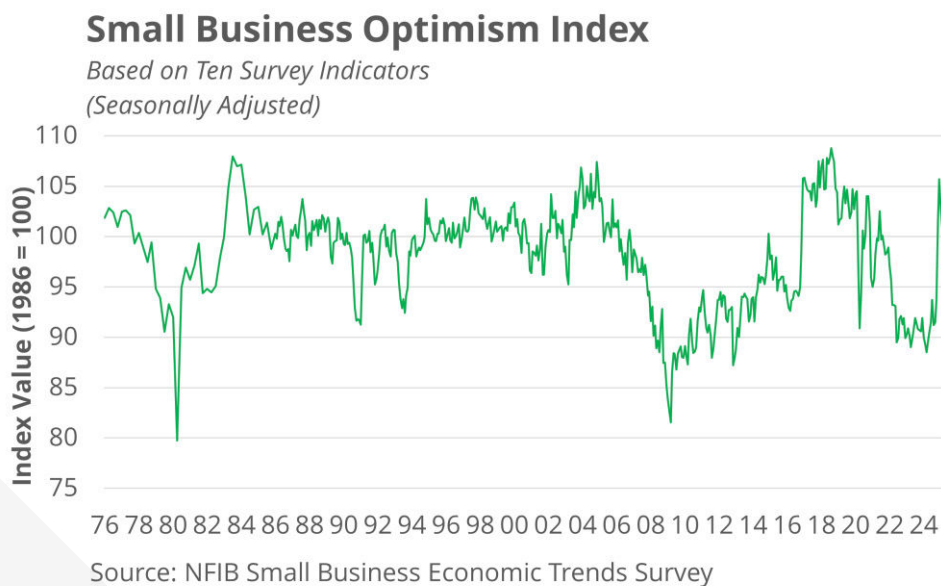
NFIB Monthly Economic Newsletter - April 2025

Small Business Economic Trends

The Small Business Optimism Index fell by 3.3 points in March to 97.4, falling below the 51-year average of 98. This was the largest monthly decline in the Optimism Index since June 2022. Of the 10 Optimism Index components, two increased, seven decreased, and one was unchanged. Better business conditions and sales expectations contributed the most to the decline in the Index. The Uncertainty Index fell 8 points from February's second highest reading to 96.

- The net percent of owners expecting better business conditions fell 16 points from February to a net 21% (seasonally adjusted). This is the third consecutive monthly decline and the largest monthly decline since December 2020.
- When asked to rate the overall health of their business, 11% reported excellent (unchanged), and 53% reported good (down 2 points). Thirty-one percent reported the health of their business was fair (up 4 points) and 4% reported poor (down 2 points).
- The percent of small business owners reporting labor quality as the single most important problem for their business was unchanged from February at 19%, remaining the top issue, with taxes 1 point behind.
- The percent of small business owners reporting taxes as their single most important problem rose 2 points from February to 18%. Taxes as the single most important problem haven't been this high since November 2021.
- The net percent of owners expecting higher real sales volumes fell 11 points from February to a net 3% (seasonally adjusted). This is the third consecutive month real sales expectations declined after surging from recession levels after the election.
- Sixteen percent of owners reported that inflation was their single most important problem in operating their business (higher input costs), unchanged from February and falling from its rank as the second top issue.
- The net percent of owners raising average selling prices fell 6 points from February to a net 26% seasonally adjusted. This is the largest monthly decrease since December 2022 but still historically high.
- Seasonally adjusted, a net 30% plan price hikes in March, up 1 point from February and the highest reading since March 2024.

- A net 6% reported their last loan was harder to get than in previous attempts, up 4 points from February and the largest monthly increase since September 2023.
- Twenty-eight percent of all owners reported borrowing on a regular basis, up 4 points from February's lowest reading since May 2022.



Read the latest full report: nfib.com/sbet

Macroeconomic Indicators

	Most Recent	Previous Month	1 Year Ago	5 Years Ago
NFIB Optimism Index	97.4	100.7	88.5	96.4
NFIB Uncertainty Index	96	104	77	92
Unemployment Rate	4.2%	4.1%	3.8%	4.4%
Jobs Added (000)	228	117	246	-1.397
Consumer Sentiment	50.8	57.0	77.2	71.8
CPI Inflation Rate (12-month percent change)	2.4%	2.8%	3.5%	1.5%
Prime Rate of Interest	7.50%	7.50%	8.50%	3.25%
Retail Sales Change	1.4%	0.2%	0.6%	-8.2%
Housing Starts (000)	1324	1494	1287	1269

Consumer Sentiment (Univ. of Michigan)

The University of Michigan Surveys of Consumers measures consumer sentiment with questions about expected personal finances, business conditions, and buying conditions asked of a random sample of U.S. consumers.

The Index of Consumer Sentiment fell for the fourth consecutive month in April to a preliminary reading of 50.8 (57.0 in March), lower than the Dow Jones consensus estimate. This was the second lowest level on record and lower than any time during the Great Recession. Since December 2024, consumer sentiment has declined over 30%.

Like last month, the decline was unanimous across age, income, education, geographic region, and political affiliation. Consumers express various signs that raise the possibility of a recession. Indicators that continued to decline consist of expectations for business conditions, personal finances, incomes, inflation, and labor markets. Also notable,



Source: University of Michigan

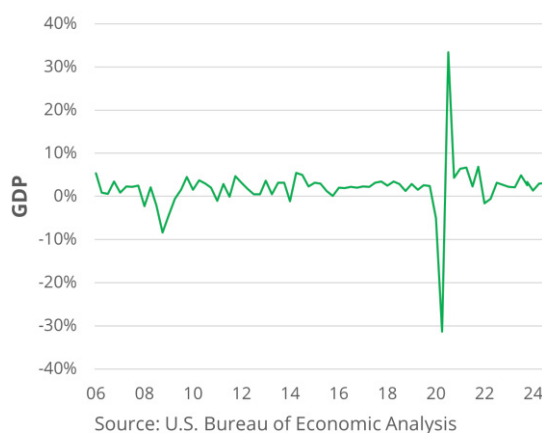
expectations for higher levels of unemployment increased for the fifth consecutive month. It is now more than double the November 2024 reading and the highest since 2009.

One-year inflation expectations increased from 5.0% in March to 6.7% in April, the highest reading since 1981. Long-run inflation expectations (five years) also increased, from 4.1% in March to 4.4% in April.

Although this survey was in the field during the administration's announcements on tariffs, it does not reflect the partial tariff reversal.

Gross Domestic Product (GDP)

GDP increased in the fourth quarter of 2024 by 2.4% (third estimate), down from the third quarter's reading of 3.1%. The fourth quarter's GDP growth was due to increases in consumer spending and government spending. This was partly offset by a decrease in investment. Among consumer spending, both services and goods increase. Services with the largest spending increases were health care (led by hospital services and outpatient services), while the categories of goods with the largest increases were recreational goods and vehicles, as well as motor vehicles and parts. Compared to the third quarter, the decline in GDP growth was due to declines in investment and exports; this was partly offset by an increase in consumer spending.

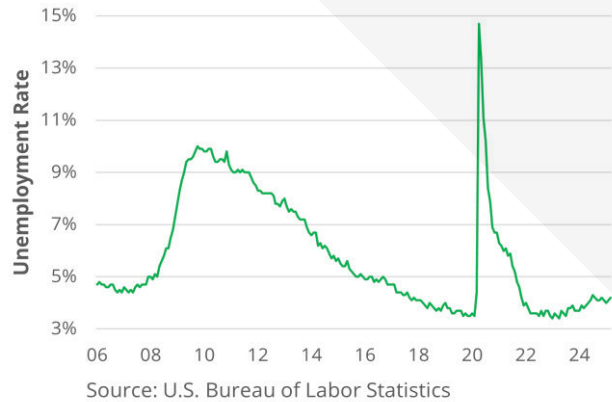


In 2024, GDP increased 2.8%, the same as previously estimated and down from 2.9% in 2023. The increase in GDP for the year 2024 reflected increases in consumer spending, investment, government spending, and exports. Additionally, imports increased (a negative for GDP). The private goods-producing industries rose 3.4% over the year, private service-producing industries rose 2.8%, and government rose 1.9%. The advance estimate for the first quarter of 2025 will be released on April 30.

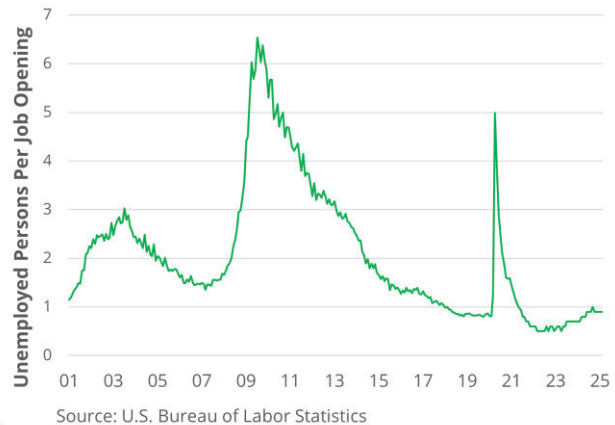
Unemployment

The U.S. economy added 228,000 jobs in March, according to the Employment Situation report conducted by the Bureau of Labor Statistics (BLS). March's level was

higher than the 140,000 consensus, and higher than in February (117,000). Over the past 12 months, the average monthly job gains were 158,000. Combined revisions for January and February totaled 48,000 lower than previously reported. Job growth occurred in health care (+54,000), social assistance (+24,000), as well as in transportation and warehousing (+23,000). Additionally, retail trade (+24,000) employment increased, as workers returned from strikes. Employment declined by 4,000 in the federal government, after a loss of 11,000 jobs in February. The unemployment rate rose slightly from 4.1% to 4.2%, with 7.1 million people unemployed. It has remained between 4.0% to 4.2% since May 2024.



The most recent Job Openings and Labor Turnover Survey (JOLTS) found there were 7.6 million available jobs, slightly lower than the prior month, and down by 877,000 over the year. The number of job openings decreased in finance and insurance. The ratio of unemployed workers to job openings continues to be under one (0.9 for the fifth consecutive month), indicating that there are more open positions than people seeking work.



NFIB's March Small Business Economic Trends survey found 40% (seasonally adjusted) of owners with "hard to fill" job openings, up 2 points from February. A seasonally adjusted net 12% of owners plan to create new jobs in the next three months, down 3 points from February. The last time hiring plans were this low was April 2024. Job creation plans are in weak territory compared to recent history.

Consumer Price Index (Inflation Rate)

The Consumer Price Index (CPI) is a measure of the average change over time in the cost of a basket of consumer goods commonly purchased by households. In March, inflation cooled, with the CPI falling 0.1% on a month-over-month basis after rising 0.2% in February. Over the past 12 months the all-items index increased 2.4%, lower than expectations, and February's reading of 2.8%. March's data doesn't fully reflect the administration's announcement on tariffs.

The energy index fell 2.4% in March, as the drop in the gasoline index (-6.3%) offset the increases of the electricity (0.9%) and natural gas (3.6%) indexes. In March, the index for food increased 0.4%, after rising 0.2% in February.

From March 2024 to March 2025, natural gas (piped), meats, poultry, fish, and eggs, motor vehicle insurance, and tobacco and smoking products were the categories with the greatest price increases. The categories with the greatest declines were gasoline (all types) (-9.8%) and fuel oil (-7.6%).



Source: U.S. Bureau of Labor Statistics

*Data from 12/21 to 11/22 are omitted. CPI reached 9.1% in June 2022.

12-month percent change, Consumer Price Index, selected categories, March 2025, not seasonally adjusted

Categories	Mar. 2024 to Mar. 2025
Natural gas (piped)	9.4%
Meats, poultry, fish, and eggs	7.9%
Motor vehicle insurance	7.5%
Tobacco and smoking products	6.8%
Motor vehicle maintenance and repair	4.8%
Owners' equivalent rent of residences	4.4%
Full-service meals and snacks	4.1%
Rent of primary residence	4.0%
Hospital services	3.7%

Source: U.S. Bureau of Labor Statistics

NFIB's March Small Business Economic Trends report found a net 26% (seasonally adjusted) of owners raised prices over the past three months, down 6 points from February. This is the largest monthly decrease since December 2022. The highest reading was in the mid-1970s when a net 67% of owners raised prices in Q4 1974. A net 30% (seasonally adjusted) of owners plan to raise prices in the coming months, up 1 point from February and the highest reading since March 2024.

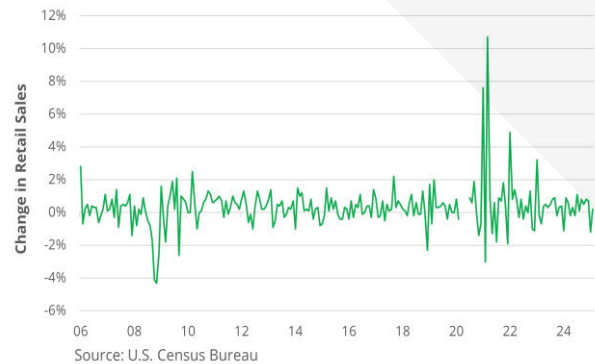
Retail Sales

The Advanced Monthly Retail Trade Survey measures consumer spending at retail and food services stores. Consumer spending is an important metric of economic growth, as it makes up about two-thirds of GDP. Retail and food services sales rose 1.4% in March from the prior month, after rising 0.2% in February. This was the greatest monthly increase since January 2023. Over the year, sales were up 4.6%.

Retail trade sales were up 1.4% from February, and up 4.6% from a year ago. Non-store retailers were up 4.8% from March 2024, and motor vehicle and parts dealers were up 8.8%.

Data for April will be released on May 15.

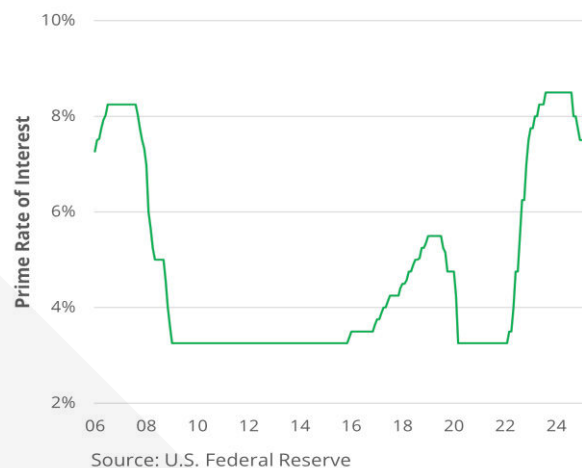
These figures are seasonally adjusted but not adjusted for inflation (e.g., gas dollar volumes rise as gas prices rise, actual gallons purchased increase by smaller percentages).



*Data from 3/20 to 6/20 are omitted. Retail sales were -14.7% in April 2020 and 18.2% in May 2020.

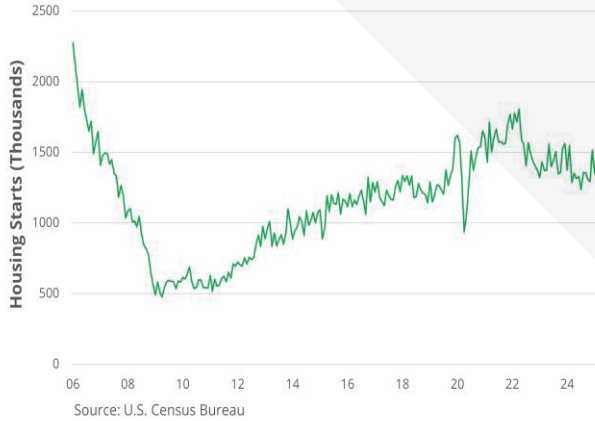
Prime Lending Rate

The prime rate is the price of short-term loans available to qualified businesses. Each year the Federal Open Market Committee (FOMC), a committee of the Federal Reserve, meets eight times to determine the direction of monetary policy. In mid-March, the Federal Reserve announced it would not change its policy rate, after three cuts in 2024. The prime lending rate (the interest rate that commercial banks charge borrowers) remains at 7.50% and the federal funds rate (the interest rate that commercial banks borrow and lend their excess reserves to each other) target, 4.25-4.50%. The Federal Reserve will be looking at the impact of the new policies implemented by the Trump administration, specifically tariffs. The next FOMC meeting is scheduled for May 6-7.



Housing Starts

The Census Bureau reports monthly housing starts measured as the start of excavation on foundations of both single and multi-family housing units. March's New Residential Construction report found that 1.324 million units were started, 11.4% lower than February's revised rate of 1.494 million, and the greatest decline in a year. Although the monthly decline, March's reading is still 1.9% above where it was in March 2024.



NFIB's March Small Business Economic Trends report found that 56% of small businesses in the construction industry have a job opening they cannot fill, up 10 points from February and up 12 points from the prior year. Supply chain disruptions continue to be problematic for the construction industry with 70% reporting disruptions to some degree, up 3 points from February and higher than the overall reading of 63%. The construction industry had the second highest level of supply disruptions of all industries, following wholesale. April's housing starts data will be released on May 16.

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

fred.stlouisfed.org

Upcoming Economic Indicator Releases

April 25	Michigan Consumer Sentiment (Final Estimate)
April 29	Job Openings and Labor Turnover Survey (JOLTS)
April 30	GDP, 1st Quarter 2025 (Advance Estimate)
May 1	NFIB Jobs Report
May 2	BLS Employment Situation Report (Unemployment Rate)
May 6-7	Federal Open Market Committee Meeting
May 13	Consumer Price Index
May 13	NFIB Small Business Economic Trends
May 15	Monthly Retail Trade Report
May 16	Housing Starts

Additional NFIB Research and Media

Uncertainty Rules the World on Main Street. William Dunkelberg. (April 21).
<https://www.forbes.com/sites/williamdunkelberg/2025/04/21/uncertainty-rules-the-world-on-main-street/>

Podcast: Planet Money - OIRA: The Tiny Office That's About to Remake the Federal Government. (April 16). <https://www.npr.org/2025/04/16/1245044458/-office-of-information-and-regulatory-affairs-executive-orders>

VIDEO: NFIB's Holly Wade Discusses Latest SBET Findings on Bloomberg: The Close. (April 11). https://www.youtube.com/watch?v=Mac_vE-p5As&t=2120s

Podcast: Planet Money – Do Trade Deficits Matter? (April 9).
<https://www.npr.org/2025/04/09/1243652738/tariffs-trump-trade-deficit-white-house>

VIDEO: NFIB's Holly Wade Joins NYSE TV to Discuss March's SBET report. (April 8).
<https://www.youtube.com/live/0inOXfgl5Ns?t=175s>

Main Street Job Openings Hold Firm. James Freeman. (April 3).
<https://www.wsj.com/opinion/main-street-job-openings-hold-firm-4db0b81d>



NFIB Research Center

Holly Wade

Executive Director

Holly.Wade@NFIB.org | (202) 314-2022

Madeleine Oldstone

Policy Analyst

Maddi.Oldstone@NFIB.org

Swaroop Bhagavatula

Senior Policy & Data Analyst

Swaroop.Bhagavatula@NFIB.org

William Dunkelberg

Chief Economist

Follow us on X @NFIBResearch