



**NFIB Monthly  
Economic  
Newsletter**

**MARCH 2025**



## NFIB Monthly Economic Newsletter - March 2025

### Small Business Economic Trends

The Small Business Optimism Index fell by 2.1 points in February to 100.7, the fourth consecutive month above the 51-year average of 98. However, the Index is 4.4 points off its most recent peak of 105.1 in December. Of the 10 Optimism Index components, three increased and seven decreased. The Uncertainty Index rose 4 points to 104, the second highest reading in the survey's 51-year history. The Optimism Index moderated in February while the level of uncertainty spiked. Small business owners have experienced uncertainty whiplash over the last four months with the Index falling from October's 110 reading to 86 in December and then back up to 104.

NFIB introduced a new question to the survey to better understand small business owners' general evaluation of the health of their business. When asked to rate the overall health of their business, 11% reported excellent, and 55% reported good. Twenty-seven percent reported the health of their business was okay and 6% reported bad.

- The net percent of owners expecting the economy to improve fell 10 points from January to a net 37% (seasonally adjusted).
- Twelve percent (seasonally adjusted) reported that it is a good time to expand their business, down 5 points from January. This is the largest monthly decrease since April 2020.
- Sixteen percent of owners reported that inflation was their single most important problem in operating their business (higher input and labor costs), down 2 points from January, and now just under labor quality as the top problem. The last time inflation was this low was October 2021.
- The net percent of owners raising average selling prices rose 10 points from January to a net 32% seasonally adjusted. This is the largest monthly increase since April 2021. The percent of owners lowering their prices is 10 points lower than it was one year ago.
- Seasonally adjusted, a net 29% plan price hikes in February (up 3 points), the highest reading in 11 months. Bad news for the inflation fight.
- The percent of small business owners reporting labor quality as the single most important problem for business rose 1 point from January to 19%, surpassing inflation as the top issue.

- Labor costs reported as the single most important problem for business owners rose 3 points to 12%, only 1 point below the survey's highest reading of 13% reached in December 2021. The last time labor costs reached 12% was in February 2023.
- The frequency of reports of positive profit trends was a net negative 24% (seasonally adjusted), up 1 point from January. Higher selling prices helps but costs are rising as well.
- A net 2% reported their last loan was harder to get than in previous attempts (down 1 point). The last time this reading was this low was February 2022.
- Twenty-four percent of all owners reported borrowing on a regular basis, down 3 points from January and the lowest since May 2022.

### Small Business Optimism Index

*Based on Ten Survey Indicators  
(Seasonally Adjusted)*



Source: NFIB Small Business Economic Trends Survey

**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	100.7	102.8	89.4	104.5
NFIB Uncertainty Index	104	100	76	80
Unemployment Rate	4.1%	4.0%	3.9%	3.5%
Consumer Sentiment	57.9	64.7	79.4	89.1
CPI Inflation Rate (12-month percent change)	2.8%	3.0%	3.2%	2.3%
Prime Rate of Interest	7.50%	7.50%	8.50%	4.25%
Retail Sales Change	0.2%	-1.2%	0.9%	-0.4%
Housing Starts (000)	1501	1350	1549	1564

\*Most recent available data for Retail Sales and Housing Starts from February 2025

### 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.

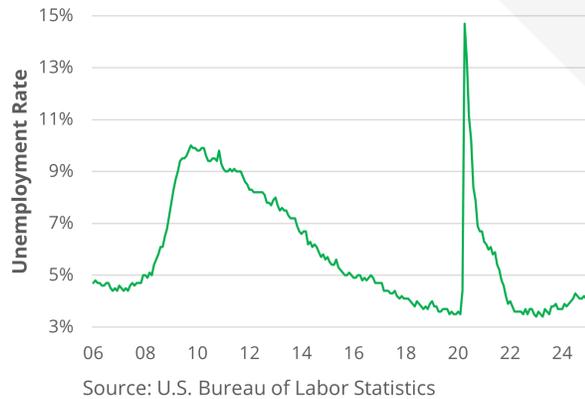
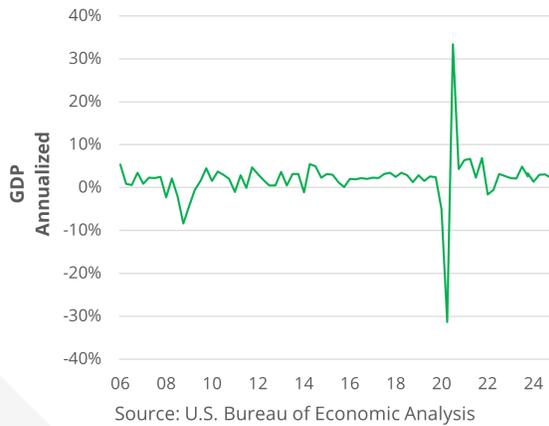
The Index of Consumer Sentiment fell for the third consecutive month in March to a preliminary reading of 57.9 (64.7 in February), well below the Dow Jones consensus estimate of 63.2. March’s reading was 22% lower than December 2024.

Declines were consistent across all age groups, education, income, wealth, and geographic regions, but very different by political affiliations, falling by 2.8 points for Republicans and 9.9 points for Democrats. One-year inflation expectations increased from



Source: University of Michigan

4.3% in February to 4.9% in March, the highest reading since November 2022. Long-run inflation expectations (five years) also increased, from 3.5% in February to 3.9% in March. This was the largest monthly increase since 1993 and a concern for Fed policymakers.



### Gross Domestic Product (GDP)

GDP increased in the fourth quarter of 2024 by 2.3% (second estimate), down from the third quarter’s reading of 3.1% and less than the Dow Jones estimate of 2.5%. 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 which is needed to support economic growth.

Compared to the third quarter, the decline in GDP growth was due to decreases in investment and exports. This was somewhat 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 third estimate for the fourth quarter of 2024 and the year 2024 will be released on March 27.

## Unemployment

The U.S. economy added 151,000 jobs in February, lower than the 170,000 consensus, but higher than in January (125,000). Combined revisions for December and January totaled 2,000 lower than previously reported. Job growth occurred in healthcare, financial activities, transportation and warehousing, and social assistance. Employment declined in the federal government, a competitor for available workers. The unemployment rate rose slightly from 4.0% to 4.1%. The most recent Job Openings and Labor Turnover Survey (JOLTS) produced by the U.S. Department of Labor found there were 7.7 million available jobs, slightly higher than the prior month, although down by 728,000 over the year. Job openings increased in real estate and rental and leasing companies.



Source: U.S. Department of Labor

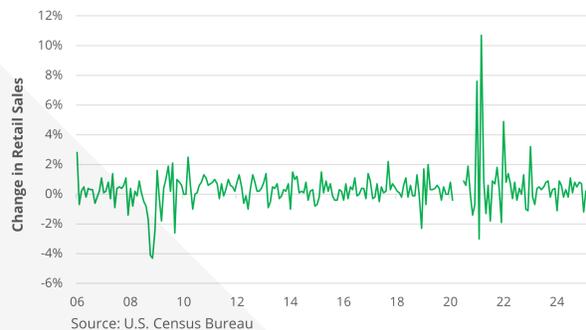
The ratio of unemployed workers to job openings continues to be under one (0.9), indicating that there are more open positions than people seeking work.

NFIB’s February Small Business Economic Trends survey found 38% (seasonally adjusted) of owners with “hard to fill” job openings, up 3 points from January. Owners hope to fill some of those openings with solid hiring plans, with a net 15% (seasonally adjusted) planning to hire in the coming months, down 3 points from January.



Source: U.S. Bureau of Labor Statistics

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



Source: U.S. Census Bureau

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

### 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. The CPI rose 0.2% in February on a month-over-month basis, after rising 0.5% in January. Over the past 12 months the all-items index increased 2.8%, lower than expectations, and January’s reading of 3.0%. Over the month, the shelter index rose 0.3% and accounted for nearly half of the monthly all items increase. The energy index and the food index both rose 0.2%.

From February 2024 to February 2025, motor vehicle insurance, meats, poultry, fish, eggs, tobacco and smoking products, and natural gas (piped) were the categories with the greatest price increases. The categories with the greatest declines were fuel oil (-5.1%) and gasoline (all types) (-3.1%).

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

Categories	Feb. 2024 to Feb. 2025
Motor vehicle insurance	11.1%
Meats, poultry, fish, and eggs	7.7%
Tobacco and smoking products	6.6%
Natural gas (piped)	6.0%
Motor vehicle maintenance and repair	5.8%
Owners’ equivalent rent of residences	4.4%
Rent of primary residence	4.1%
Full-service meals and snacks	3.7%
Hospital services	3.6%

Source: U.S. Bureau of Labor Statistics

NFIB’s February Small Business Economic Trends report found a net 32% (seasonally adjusted) of owners raised prices over the past three months, up 10 points from January. This was the largest monthly increase since April 2021 and the third highest reading in the survey’s history. The highest reading was in the mid-1970s when a net 67% of owners raised prices in Q4 1974. A net 29% (seasonally adjusted) of owners plan to raise prices in the coming months, up 3 points from January. Not good news for the Federal Reserve policy makers.

### 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 0.2% in February

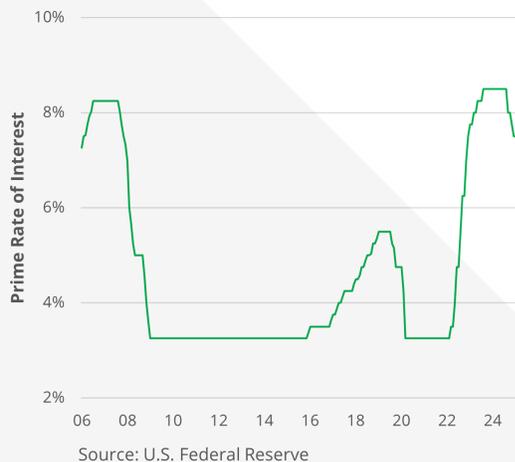
from the prior month after declining 1.2% in January. Although an improvement from the prior month, February’s reading was much lower than the Dow Jones forecast of 0.6%.

Retail trade sales were up 3.7% from a year ago, while nonstore retailers were up 6.5% from February 2024.

Data for February will be released on April 16, 2025. 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).

### 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 remains at 7.50% and the federal funds rate target, 4.25-4.50%. The Federal Reserve will be looking at the impact of the new policies implemented by the Trump administration. 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. February’s New Residential Construction report found that 1.501 million units were started, stronger than the expectation of 1.390 million units. February’s reading was 11.2% higher than January’s revised rate of 1.350 million, but 2.9% below where it was a year ago.



NFIB's February Small Business Economic Trends report found that 46% of small businesses in the construction industry have a job opening they cannot fill, up 1 point from January but down 7 points from the prior year. Supply chain disruptions continue to be problematic for the construction industry with 67% reporting problems to some degree, up 3 points from January and higher than the overall reading of 61%. March's housing starts data will be released on April 17, 2025.

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

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

## Upcoming Economic Indicator Releases

March 27	GDP, 4th Quarter 2024 and Year 2024 (Third Estimate)
March 28	Michigan Consumer Sentiment (Final Estimate)
April 1	Job Openings and Labor Turnover (JOLTS)
April 3	NFIB Jobs Report
April 4	BLS Employment Situation Report (Unemployment Rate)
April 8	NFIB Small Business Economic Trends
April 10	Consumer Price Index
April 16	Monthly Retail Trade Report
April 17	Housing Starts
May 6-7	Federal Open Market Committee Meeting

## Additional NFIB Research and Media

Uncertainty Grows, But Can It Be Resolved? William Dunkelberg. (March 19). <https://www.forbes.com/sites/williamdunkelberg/2025/03/19/uncertainty-grows-but-is-it-being-resolved/>

Change Brings Uncertainty to Main Street and Its Customers. William Dunkelberg. (March 14). <https://www.forbes.com/sites/williamdunkelberg/2025/03/14/change-brings-uncertainty-to-main-street-and-its-customers/>

VIDEO: NFIB's Holly Wade Joins CNN International to Discuss February's SBET report. (March 13). [https://www.youtube.com/watch?v=OcMW\\_wVBf3k](https://www.youtube.com/watch?v=OcMW_wVBf3k)

VIDEO: NFIB's Holly Wade Discusses Small Business Optimism on Bloomberg: The Close. (March 13). <https://www.youtube.com/watch?v=-yTnjfs0o&t=1430s>



Growth Solves the Inflation Problem. William Dunkelberg. (March 12). <https://www.forbes.com/sites/williamdunkelberg/2025/03/12/growth-solves-the-inflation-problem/>

VIDEO: NFIB's Holly Wade Discusses Small Business Conditions on Yahoo! Finance. (March 12). <https://finance.yahoo.com/video/small-business-uncertainty-nears-record-180000317.html?guccounter=1>

Hiring Plans Declining at Small Firms. James Freeman. (March 6). <https://www.wsj.com/opinion/hiring-plans-declining-at-small-firms-05174c45>

Small Business Economic Trends Quarterly Industry Report- January 2025. (March 3). <https://www.nfib.com/wp-content/uploads/2025/02/NFIB-Jan.-2025-Industry-Specific-SBET-Report.pdf>

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