

Economic Indicator — November 11, 2025

Small Business Optimism Takes Another Step Back

Uncertainty Improves, but Labor Quality is a Growing Issue

Summary

The NFIB Small Optimism Index fell to 98.2 in October, the second consecutive decline that brought small business sentiment back to its weakest point since sweeping new tariffs were announced in April. Although outlooks are still brighter than before the 2024 election, a lack of qualified labor combined with deteriorating sales and profits appeared to weigh on economic expectations. On the bright side, hiring remains stable and the share of owners hiking prices continues to grind lower. However, business comments noted that high costs, elevated interest rates and stagnating demand remain challenges for small firms.

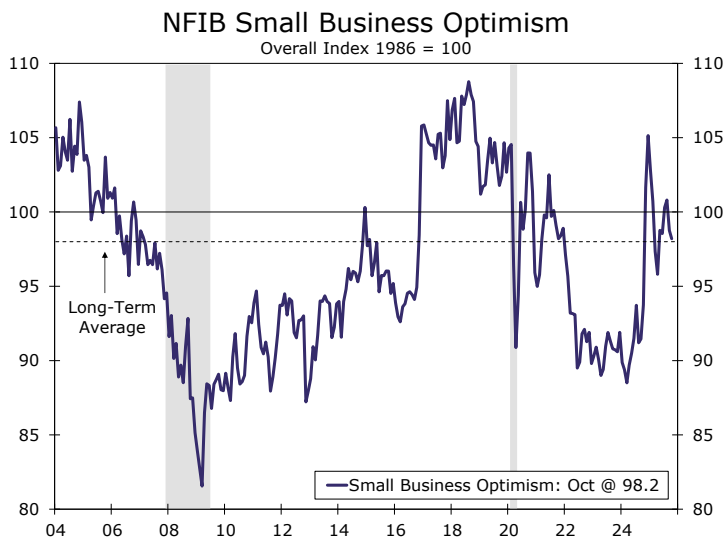
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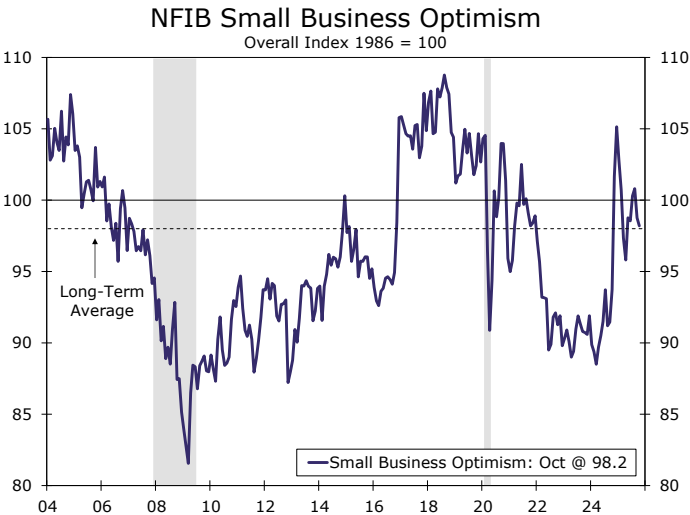
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Source: NFIB and Wells Fargo Economics

Uncertainty Improves

Despite the start of what would become the longest government shutdown on record, small business uncertainty declined in October. The uncertainty index fell 12 points to 88, driven by increased clarity surrounding small firms' expansion outlooks. Although still elevated, this marks the lowest reading for the index since June 2024.



Source: NFIB and Wells Fargo Economics

Expansion Outlooks Brighten

The net share of small business owners with positive expansion outlooks over the next three months rose two points in October to 13%, roughly equal to the series' historical average since 1986.



Source: NFIB and Wells Fargo Economics

Labor Quality a Growing Concern

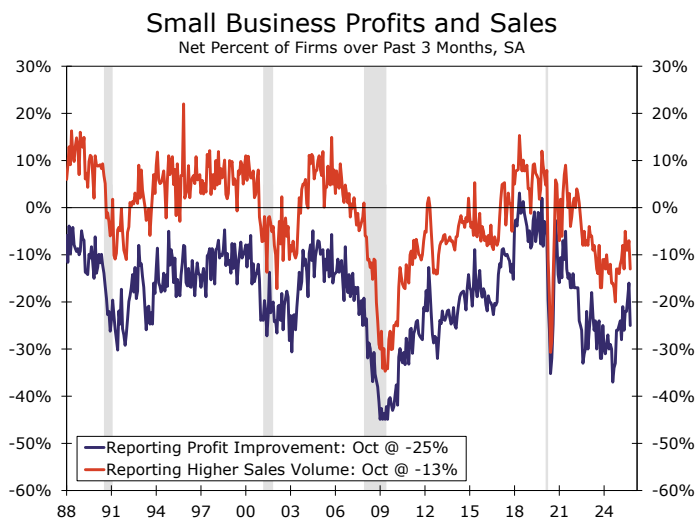
Despite the uptick in expansion outlooks, a lack of qualified workers continued to weigh on small business sentiment. The share of owners referencing labor quality as their top problem jumped nine points to 27%, the highest since immediately following the pandemic in November 2021. Labor issues were especially acute in the construction industry, where 49% of owners cited labor quality as their top concern.



Source: NFIB and Wells Fargo Economics

Sales and Profit Trends Unfavorable

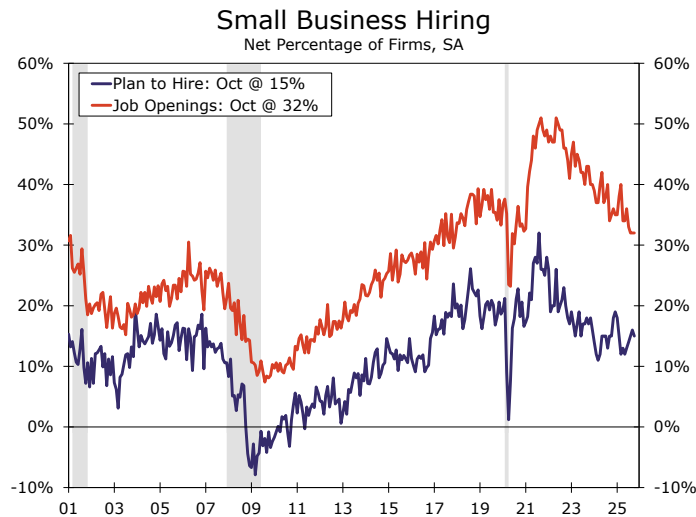
Although still elevated over last year, the portion of small business owners reporting higher sales deteriorated by six points in October. The share reporting greater profits similarly declined by nine points. Sales expectations also declined slightly, however firms broadly maintained confidence in growth prospects for future sales.



Source: NFIB and Wells Fargo Economics

Hiring in Stasis

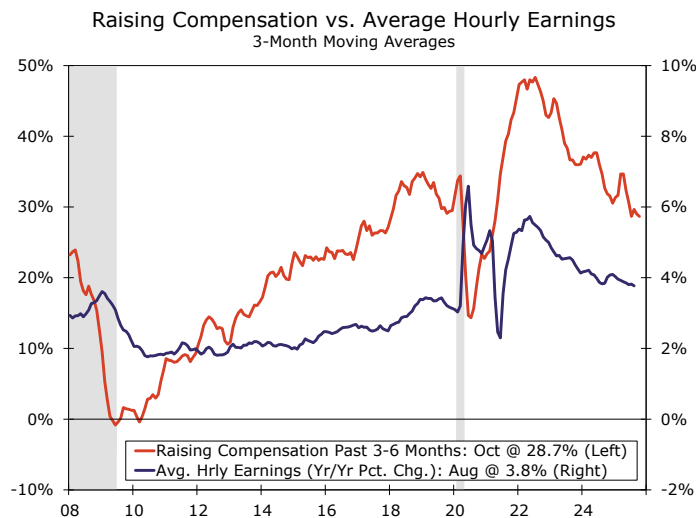
Small business hiring plans remained weak, but stable. A net 15% of firms planned to add workers over the next three months, little changed from September and the same as one year ago. The net percent with unfilled job openings was similarly unchanged at 32%, equal to its reading in both August and September.



Source: NFIB and Wells Fargo Economics

Compensation Pressures Cooling

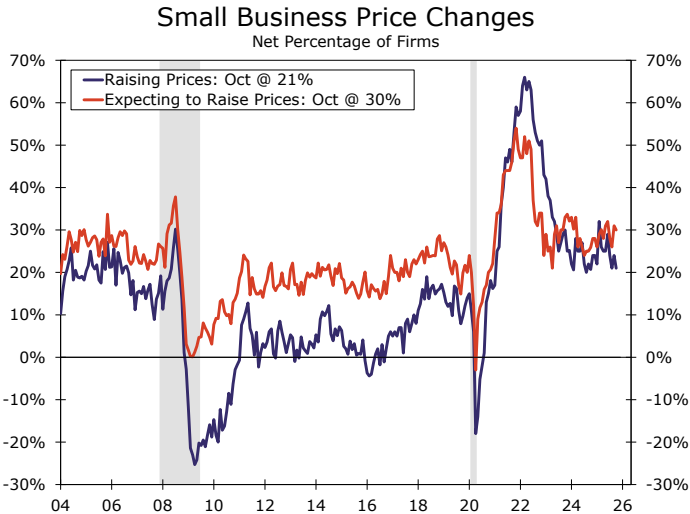
Only 26% of owners on net reported raising employee compensation over the past three months, a five-point dip from October and tied for the lowest reading since February 2021. This series has historically tracked the trend in average hourly earnings, suggesting that economy-wide compensation pressures likely continued to cool over the past few months.



Source: NFIB and Wells Fargo Economics

Small Businesses Not Stoking Inflation

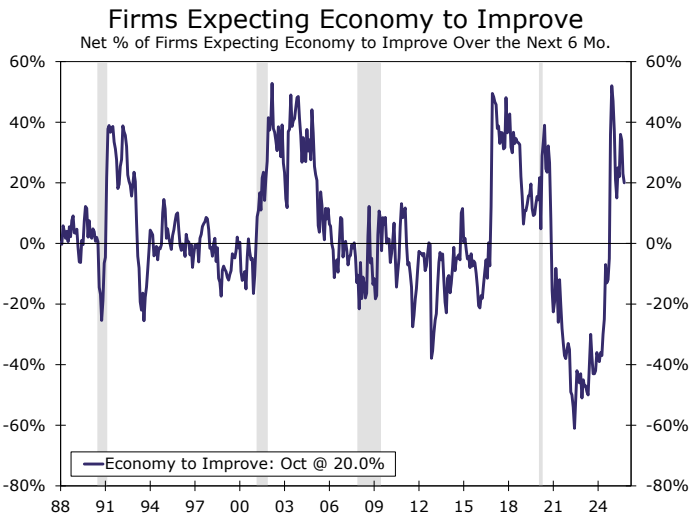
Small business inflation pressures remain contained at present. The net percentage of firms raising prices fell back to 21% in October, matching the lowest share since August 2024. Although higher, the share planning to raise prices also fell one point to 30%.



Source: NFIB and Wells Fargo Economics

Economic Outlooks Under Pressure

High interest rates and the ongoing challenges depressing small business hiring, sales and profits appeared to diminish overall economic expectations. Although still elevated, the net portion of small firms expecting the economy to improve over the next six months fell for the third consecutive month to 20% in October.



Source: NFIB and Wells Fargo Economics

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