

Economic Indicator — February 10, 2026

Small Business Optimism Reverses Course in January

Hiring and Capex Plans Edge Lower Despite Improved Sales Outlook

Summary

The NFIB's Small Business Optimism index fell slightly in January, ending a two-month streak of gains. The share of firms expecting the economy to improve declined slightly, with hiring and capex plans also edging lower. Encouragingly, the share of small firms expecting sales to strengthen rebounded to the highest level since early 2025.

In sum, dimming small business sentiment largely tracks with what we are seeing across the spectrum of recent macroeconomic data. Real GDP is still expanding at a sturdy rate with promising signs that inflation is no longer meaningfully accelerating. That said, the pace of hiring at small businesses (a key driver of overall employment growth) has downshifted in recent months, which suggests the labor market is still stuck in a state of malaise.

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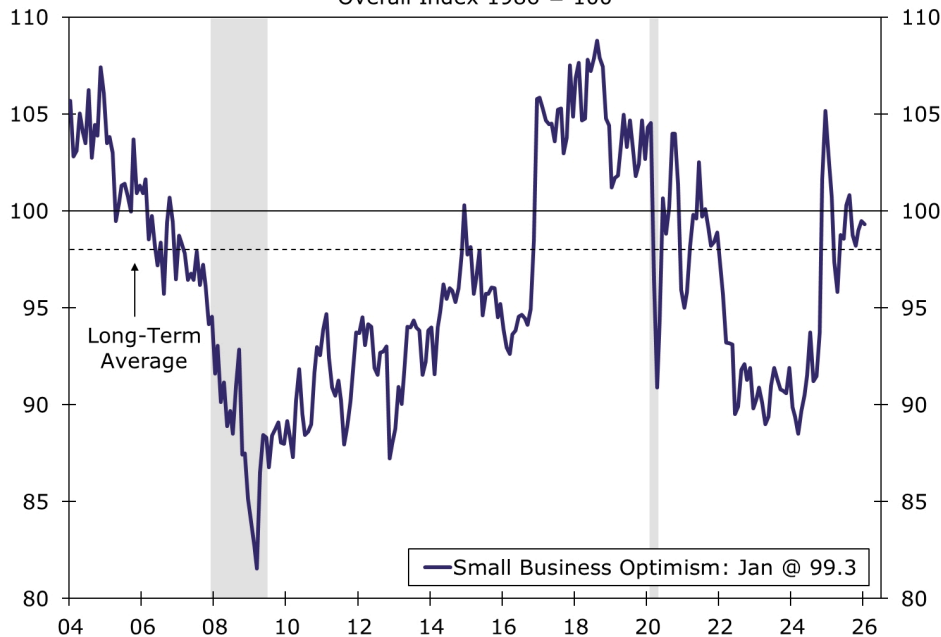
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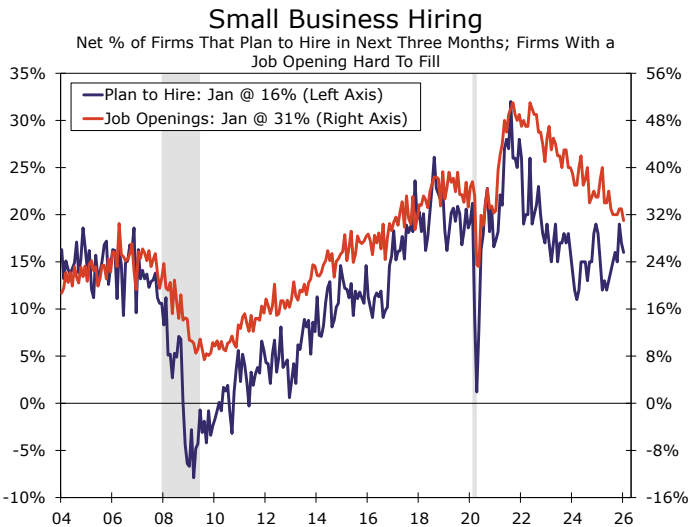
NFIB Small Business Optimism

Overall Index 1986 = 100



Small Businesses Downshift Hiring Plans

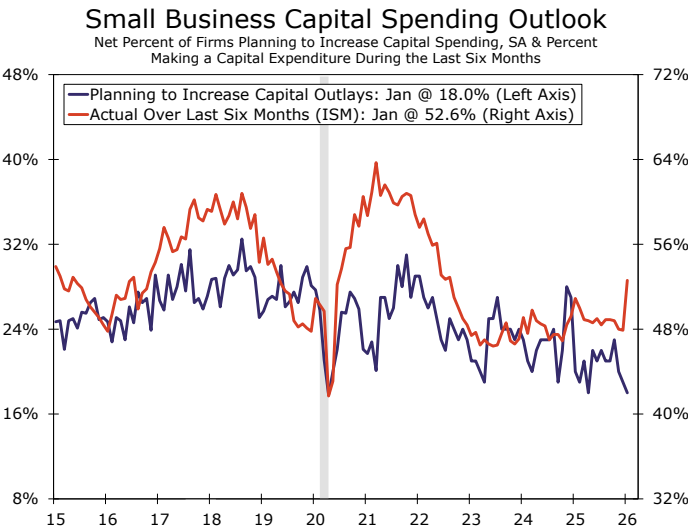
The share of small firms planning to increase headcounts over the next three months has eased gradually over the past several months. The trend in hard-to-fill job openings has followed a similar pattern, with vacancies falling to a new cycle low.



Source: NFIB and Wells Fargo Economics

Capex

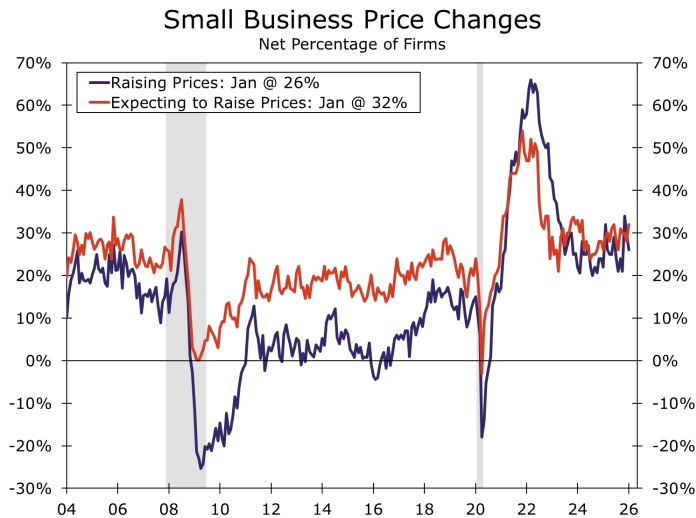
Capital spending among small firms appears to have picked up over the back half of 2025, with the share of owners reporting an increase in outlays over the past six months rising to the highest point since November 2023. The increased in capex was largely directed toward new equipment, while spending on vehicles, facilities and new structures/land pulled back. Plans for additional investment over the next six months ticked down, however.



Source: NFIB and Wells Fargo Economics

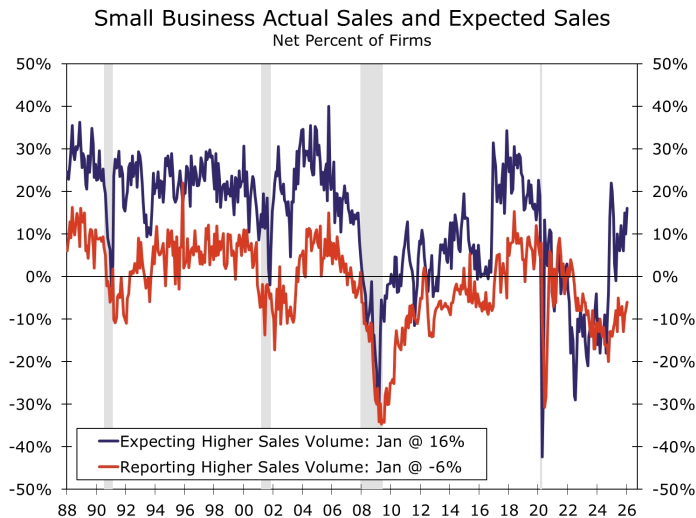
Inflation

The share of firms raising prices fell four points in January, the second consecutive monthly decline. That noted, the share expecting to raise prices over the next three months climbed four points during the month. On balance, both series have moved more-or-less sideways over the past year. The message is that inflation is still running warm, but not showing signs of accelerating meaningfully.



Sales

Higher sales expectations, which jumped six points, was a notable bright spot. That said, brighter sales expectations stands in stark contrast to actual recent sales, which improved only modestly in January and remain weak compared to historical averages. The divergence is a reminder that though there are strains within some segments of the consumer and business sectors, perceptions of economic growth ahead remain generally optimistic.

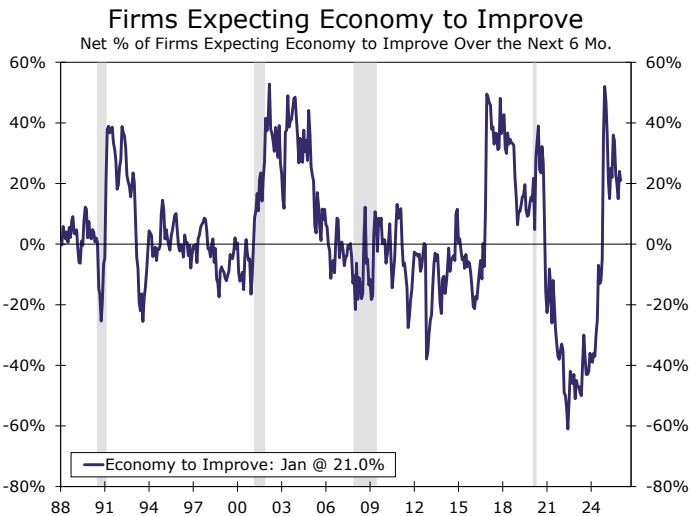


Source: NFIB and Wells Fargo Economics

Outlook

The share of firms expecting the economy to improve over the next six months eased slightly in January. The series has been volatile this year but remains above the average registered in the years following the pandemic. There is likely a bit of political bias going on, as upbeat responses tend to be more common during Republican administrations.

That noted, the anticipated sturdy pace of economic growth ahead is in line with our own expectations for a solid pace of real GDP growth in 2026.



Source: NFIB and Wells Fargo Economics

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