

US Small-Business Optimism Improves for a Third Straight Month

By Augusta Saraiva

(Bloomberg) -- Optimism among US small businesses edged up in September as firms grew less downbeat about the outlook for sales, while a smaller share said they raised prices.

The National Federation of Independent Business overall optimism index rose 0.3 point to 92.1 last month, the group said in a report Tuesday. Five of the gauge's 10 components increased. Despite rising for a third-straight month, the measure is historically low.

The survey's inflation metrics continued to ease. The net share of owners raising prices fell 2 percentage points to 51%, the lowest in a year but still well-elevated. Almost a third of owners plan to increase prices in the next three months, the smallest share since January 2021, and labor compensation plans also eased.

Still, 30% of respondents see inflation as the single most important issue impacting small businesses, a slight increase from August.

Labor remains the next-biggest problem. Owners continued to report difficulty attracting qualified applicants and filling open positions.

"Inflation and worker shortages continue to be the hardest challenges facing small business owners," NFIB Chief Economist Bill Dunkelberg said in a statement. "Even with these challenges, owners are still seeking opportunities to grow their business in the current period."

One in 10 owners expects lower real sales in the next three months, the fewest since March. A net 5% of firms said sales fell over the past three months, a slight improvement from a month earlier.

Some 44% of owners said they expect business conditions to worsen over the next six months, up 2 percentage points from August.

The smallest share of owners since June 2021 reported open positions last month, but at 46% it's still historically elevated. Firms are mostly struggling to hire in the transportation, manufacturing and construction sectors. The number of respondents planning to hire in the next three months climbed to the highest level since May.