

NFIB: Business optimism falls in March

[Stacy Wescoe](#)

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The NFIB Small Business Optimism Index fell 3 points in March to 95.8.

That leaves the index below its 52-year average of 98.

The last time the Optimism Index fell below its historical average was April 2025. The Uncertainty Index rose 4 points from February to 92, well above its historical average of 68.

NFIB [Pennsylvania](#) State Director [Greg Moreland](#) commented on the drop.

"Small businesses throughout Pennsylvania are absorbing higher costs caused by the dramatic spike in [oil prices](#)," Moreland said. Small employers are less optimistic about expecting better [business conditions](#), and Pennsylvania small businesses in particular are worried about additional costly proposals coming out of the [General Assembly](#)."

Moreland said the frequency of reports of positive profit trends fell 11 points from February to a net negative 25% contributed most to the Optimism Index's decline.

The net percent of owners expecting better business conditions fell 7 points from February to a net 11%, the third consecutive monthly decline and the lowest level since October 2024. Moreland said that was the second biggest contributor to the Index's decline.

The [Employment Index](#) fell in March from 103.5 to 101.6. While the 1.9-point decline is a meaningful turn in labor market conditions, the current reading remains above both the 2025 average of 101.2 and the historical average of 100.

Sixteen percent of [small business owners](#) said they plan to make [capital outlays](#) in the next six months. That's down 2 points from February and the lowest level since November 2009.

A seasonally adjusted net negative 5% of all owners reported higher nominal sales in the past three months, down 6 points from February.

The decline ended a string of four consecutive months of improvement.

In March, 62% of small business owners reported that [supply chain disruptions](#) affected their business to some extent, up 3 points from February.

Three percent reported a significant impact (down 2 points), 17% reported a moderate impact (up 3 points), 42% reported a mild impact (up 2 points), and 36% reported no impact (down 3 points).

Actual price increases picked up in March following three consecutive months of decline. The net percent of owners raising average selling prices rose 1 point from February to a net 25% (seasonally adjusted), well above its historical average.

In contrast to actual prices, planned prices declined in March, falling 4 points to a net 24%. This was the lowest level since July 2024.

Looking ahead, 12% of owners plan to create new jobs in the next three months, unchanged from February and close to the average of a net 11%.

Twenty-two percent of owners reported few qualified applicants for their open positions (down 3 points), and 23% reported none (up 2 points).