

# NFIB Monthly Economic Report – May 2022

## Small Business Economic Trends

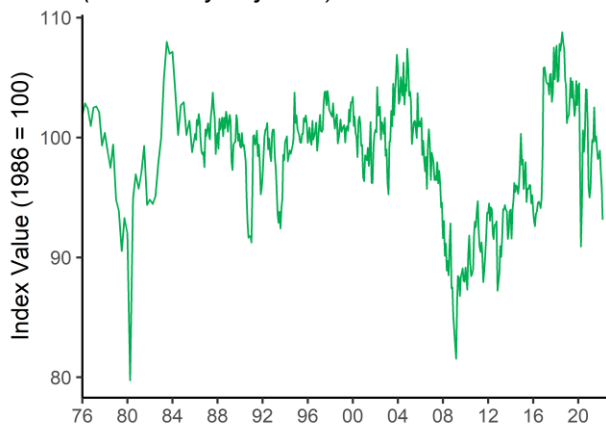
The NFIB Small Business Optimism Index was 93.2 in April, unchanged from March and still below the 48-year average of 98. The NFIB Uncertainty Index increased 6 points to 69.

Key findings include:

- Thirty-two percent of owners reported that inflation was their single most important problem in operating their business, an increase of 1 point from March. This is the highest reading since Q4 1980.
- Owners expecting better business conditions over the next six months decreased 1 point to a net negative 50 percent, the lowest level recorded in the 48-year-old survey.
- Forty-seven percent of owners reported job openings that could not be filled, unchanged from March.
- The net percent of owners raising average selling prices decreased 2 points to a net 70 percent seasonally adjusted, 2 points below last month’s highest reading in the 48-year-history of the survey. The highest reading in the mid-70s, the last time inflation was a serious problem, was 67 percent in Q4 1974.
- The net percent of owners who expect real sales to be higher increased 6 points from March to a net negative 12 percent, a weak reading but making up half of the decline reported in March.

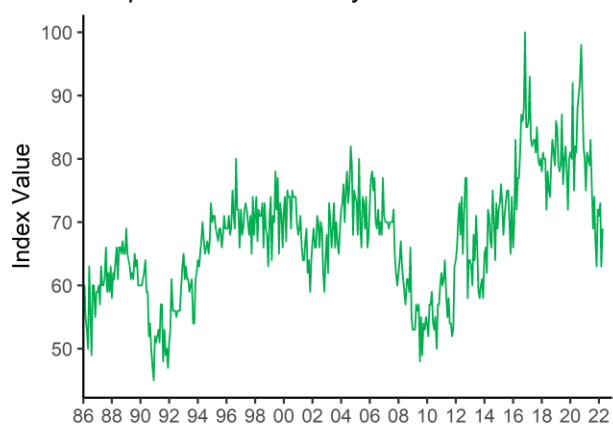
### Small Business Optimism Index

*Based on Ten Survey Indicators  
(Seasonally Adjusted)*



### NFIB Uncertainty Index

*Frequency of 'Don't Know' or 'Uncertain'  
Responses to Six Survey Questions*



Source: NFIB Small Business Economic Trends Survey  
@NFIBResearch

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## Macroeconomic Indicators

|                        | Most Recent | Previous Month | One Year Ago | 5 Years Ago |
|------------------------|-------------|----------------|--------------|-------------|
| NFIB Optimism Index    | 93.2        | 93.2           | 99.6         | 104.5       |
| NFIB Uncertainty Index | 69          | 63             | 79           | 82          |
| Unemployment Rate      | 3.6%        | 3.6%           | 5.8%         | 4.4%        |
| Consumer Sentiment     | 59.1        | 65.2           | 82.9         | 97.1        |
| CPI Inflation Rate     | 0.3%        | 1.2%           | 0.6%         | 0%          |
| Prime Rate of Interest | 4.0%        | 3.5%           | 3.25%        | 4.0%        |
| Retail Sales Change    | 0.9%        | 1.4%           | -1.3%        | -0.5%       |
| Housing Starts (000)   | 1724        | 1728           | 1546         | 1124        |

\*Most recent available data for Retail Sales and Housing Starts from April 2022

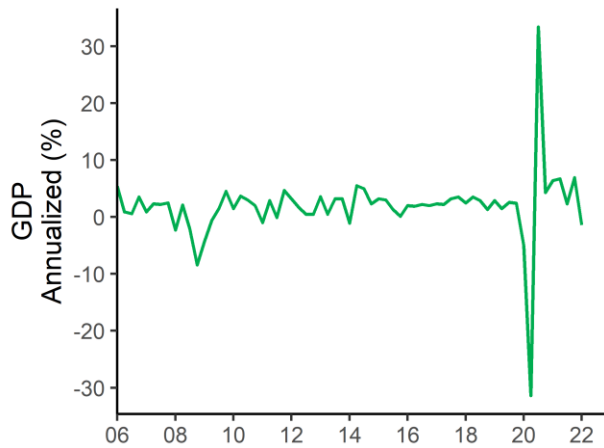
### Consumer Sentiment (University of Michigan)

The University of Michigan’s Survey 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.

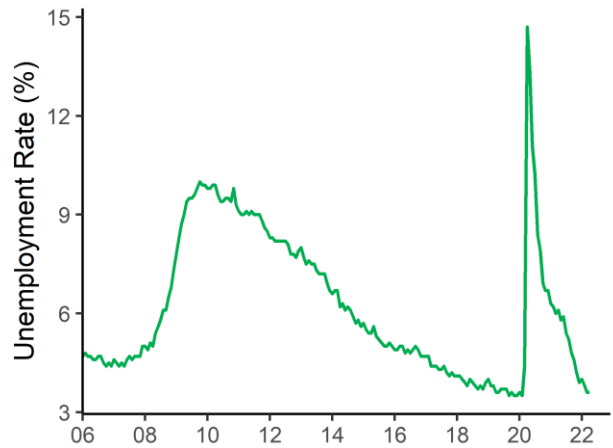
The Index of Consumer Sentiment weakened in May falling to a preliminary value of 59.1. Assessment of current economic conditions also decreased. These declines were visible across income, age, education, geography, and political affiliation. Ratings of government policy worsened, with 15% saying that government was doing and good job and 50% giving a poor rating.



Source: University of Michigan



Source: U.S. Bureau of Economic Analysis



Source: U.S. Bureau of Labor Statistics

### Gross Domestic Product (GDP)

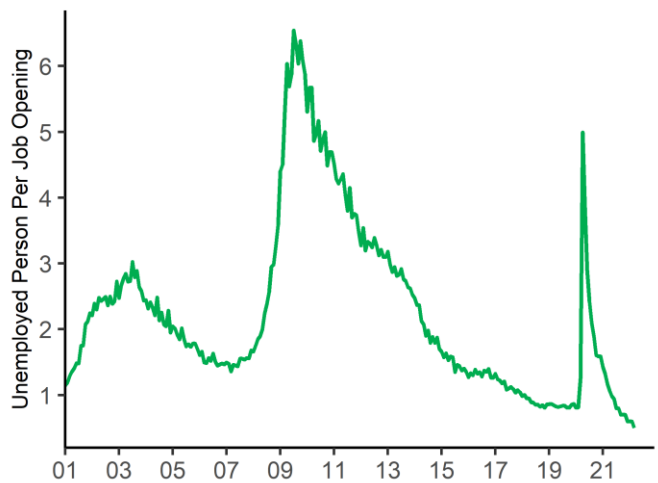
GDP decreased in the first quarter of 2022 by 1.4% (advance estimate), after an increase of 6.9% in the fourth quarter of 2021. The decrease was largely due to decreases in private inventory investments (specifically in wholesale trade and retail trade), exports, and federal and state and local government spending. The second estimate of GDP for the first quarter of 2022 will be released May 26.

### Unemployment

The U.S. economy added 428,000 jobs in April and the unemployment rate was unchanged at 3.6% (3.5% in February 2020).

The most recent Job Openings and Labor Turnover Survey (JOLTS) produced by the Department of Labor found there were 11.5 million available jobs, 500,000 more from last month.

The industries with the largest number of job openings increased in retail trade and in durable goods manufacturing. Decreases in job openings occurred in transportation, warehousing and utilities; state and local government education; and federal government. The ratio of unemployed workers to job openings continues to be under one, indicating that there are more open positions than people seeking work.

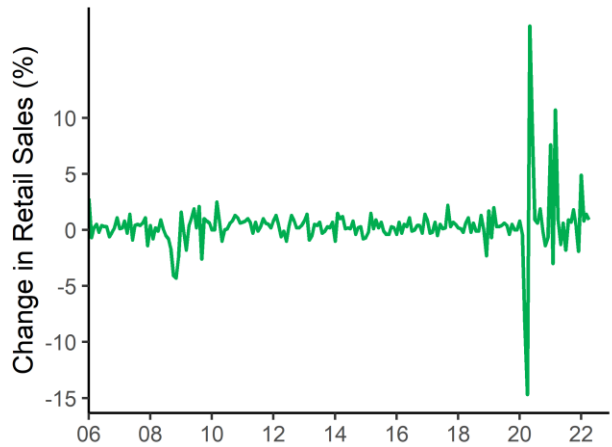


Source: U.S. Department of Labor

NFIB’s April SBET survey found 47% of owners with “hard to fill” job openings, unchanged from March.



Source: U.S. Bureau of Labor Statistics



Source: U.S. Census Bureau

### Consumer Price Index (Inflation Rate)

The CPI measures the price level of a basket of consumer goods commonly purchased by households. The Consumer Price Index, measured by the change in the cost of the entire basket of goods, rose 0.3% month-over-month in April, increasing to an annualized rate of 8.3%.

The main contributors to the higher index include shelter, food, airline fares, and new vehicles. The food index rose 0.9% and the food at home index increased 1.0%. The energy index decreased in April and the index for gasoline fell 6.1% The Federal Reserve Bank of San Francisco which [monitors](#) inflation sensitivity to Covid-19, finds that sectors sensitive to the disruptions caused by the pandemic account for most of the price increases.

From April 2021 to April 2022, the top three categories with the greatest percent change were unchanged from April (fuel oil, energy commodities, and gasoline).

The category with the greatest increase, fuel oil, rose 70.1% last month, 80.5% in April.

**12-month percent change, Consumer Price Index, selected categories, April 2022, not seasonally adjusted**

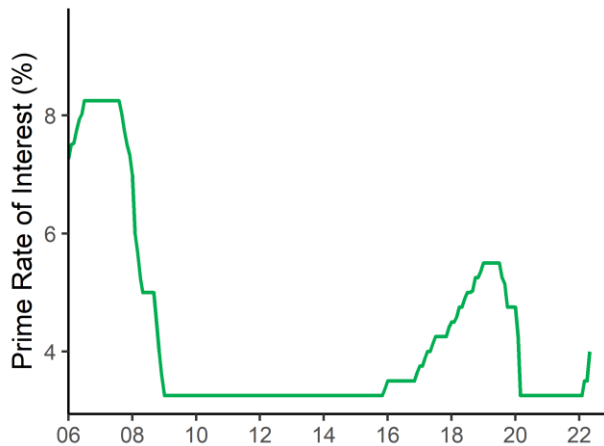
| <b>Categories</b>              | <b>Apr 2021<br/>to Apr 2022</b> |
|--------------------------------|---------------------------------|
| Fuel oil                       | 80.5%                           |
| Energy commodities             | 44.7%                           |
| Gasoline (all types)           | 43.6%                           |
| Airline fare                   | 33.3%                           |
| Energy                         | 30.3%                           |
| Natural gas (piped)            | 22.7%                           |
| Used cars and trucks           | 22.7%                           |
| Meats, poultry, fish, and eggs | 14.3%                           |
| Energy services                | 13.7%                           |

Source: U.S. Bureau of Labor Statistics

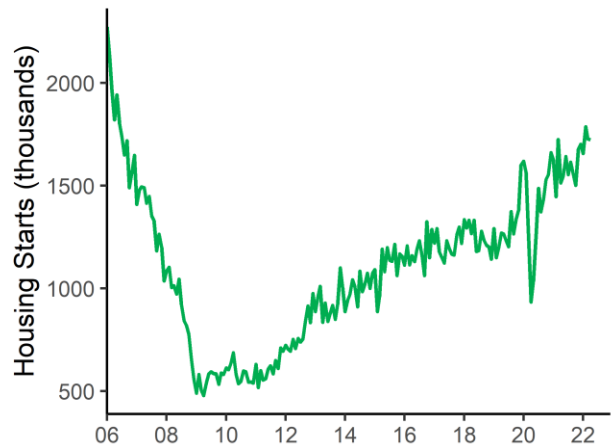
Small business owners continue to report raising average selling prices, at levels unseen since the early 1980s. The latest NFIB SBET report found a net 70% of owners raised prices over the past three months, a two-point decrease from last month’s 48-year record high reading. The highest reading in the mid-70s, the last time inflation was a serious problem, was 67% in Q4 1974. A net 46% of owners plan to raise prices in the coming months, a four-point decrease from March.

**Retail Sales**

The Monthly Retail Trade Report measures consumer spending at retail stores and food services. Retail sales increased 0.9% in April, according to advance estimates of U.S. retail and food services. Retail trade sales were up 0.7% from March, and up 6.7% above last year. Gasoline stations were up 36.9% from April 2021, and food services and drinking places were up 19.8% from last year.



Source: U.S. Federal Reserve



Source: U.S. Census Bureau

### Prime Lending Rate

The prime rate is the price of short-term loans available to qualified businesses.

In early May, the Fed raised the prime rate from 3.5% to 4.0% to help fight against strong inflation pressures. Additionally, the Fed has indicated that it may well raise interest rates more times this year. The next FOMC meeting is scheduled for June 14-15. Currently, the Federal Funds rate is close to 1%.

### 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.

The demand for housing continues to be strong. April's New Residential Construction report found an increased level of 1.724 million units, down from March's revised report of 1.728 million units started. April's estimate was 14.6% higher than April 2021 (1.505 million). However, house prices continue to rise as demand outpaces supply. Supply chain problems (workers, lumber, appliances to name a few) continue to slow new home construction and completions. Data for May will be released June 16, 2022.

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

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

## Upcoming Economic Indicator Releases

|            |   |
|------------|---|
| May 26     | GDP, 1 <sup>st</sup> Quarter 2022 (Second Estimate) |
| June 1     | Job Openings and Labor Turnover (JOLTS)             |
| June 2     | NFIB Jobs Report                                    |
| June 3     | BLS Employment Situation Report (Unemployment Rate) |
| June 10    | Consumer Price Index                                |
| June 10    | Michigan Consumer Sentiment (Final data)            |
| June 14    | NFIB Small Business Economic Trends                 |
| June 14-15 | Federal Open Market Committee Meeting               |
| June 15    | Monthly Retail Trade Report                         |
| June 16    | Housing Starts                                      |

## Additional NFIB Research and Media

Small Business' Number One Problem. William Dunkelberg (April 28)

<https://www.forbes.com/sites/williamdunkelberg/2022/04/28/small-business-number-one-problem/?sh=4813623f2a08>

Podcast: The Journal – How Inflation is Causing Americans to “Unretire” (May 2, 2022)

<https://www.wsj.com/podcasts/the-journal/how-inflation-is-causing-americans-to-unretire/6f972656-d706-4dff-9ef0-af2aab86ed4e>

The “R” Word, Who’s Saying It, And Are They Right? William Dunkelberg (May 3)

<https://www.forbes.com/sites/williamdunkelberg/2022/05/03/the-r-word-whos-saying-it-and-are-they-right/?sh=4ab49b70c557>

Market Is Still in the Denial Stage About Inflation. Jonathan Levin (May 11)

<https://www.bloomberg.com/opinion/articles/2022-05-11/cpi-report-market-is-still-in-the-denial-stage-about-inflation>

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