Small, Mid-Sized Business Owners Hit Record Levels of Optimism Despite Lower Profit Expectations, Inflation Concerns

- A survey-high 84% of owners are optimistic about prospects for their own business, up from the spring (78%) and last fall (76%).
- The top potential risk owners foresee for their business over the next six months is inflation; nearly half (46%) are extremely concerned.
- Half (51%) of business owners are bracing for higher prices from their suppliers in the next six months.

PITTSBURGH, Sept. 3, 2025 /PRNewswire/ -- Despite concerns over inflation, supplier price increases and recent declining demand and profit expectations, PNC's latest semi-annual survey of small and mid-sized business owners found a 23-year record-high share of business owners (84%) optimistic about the prospects for their own business. The semi-annual survey, which concluded Aug. 5, shows those numbers trending upward from the spring (78%) and last fall (76%).

In another survey record high, 58% of business owners are optimistic about the national economy, up from last spring (50%) and near the level recorded last fall (56%). Looking globally, another survey high 44% of business are optimistic, with newer business owners (those with less than 10 years of tenure) being the most optimistic about the global economy.

"The very strong results from PNC's Fall 2025 semi-annual survey of small and mid-sized business owners reflect good U.S. economic conditions heading into autumn with stock prices near record highs, continued job growth, and solid consumer demand," said PNC Chief Economist Gus Faucher. "But risks to the economy are elevated, coming from tariffs and the uncertainty surrounding them, weaker job gains, and high interest rates. PNC expects continued economic growth over the next year, but at a slower pace, with higher inflation. Some relief will come later this year as the Federal Reserve starts to lower interest rates in response to softer job growth."

According to the survey, the top potential risk owners foresee for their business over the next six months is inflation, with 46% stating they are extremely concerned, and 44% believing a recession in the next 12 months is likely, with 16% considering it "extremely likely," and 28% feeling it is "somewhat likely." Less than half (48%) expect their profits to increase in the next six months, a fall from 57% measured both last spring and a year ago. Among those business owners expecting to increase customer prices, the mean percentage is 4.8%, up from 3.8% last spring and similar to 4.7% from a year ago.

Other findings in the survey include:

- **Fewer Expect to Expand Workforce:** Just 13% expect to increase the number of full-time employees in the business, the lowest level since Fall 2023. Moreover, this is down from a peak of 21% in the spring of 2024 and 18% a year ago.

- **Labor Not Driving Prices**: A majority (54%) of business owners attribute customer price hikes to keeping up with non-labor costs, up sharply compared to six months (35%) and a year ago (37%).
- **Taking Stock Amid Supply Chain Challenges**: Overall, inventory expectations have remained steady with over half (56%) expecting the level to stay the same, little changed from both six months and a year ago (52%). Nearly half of business owners (48%) are currently facing a supply chain challenge. The same portion (48%) of businesses say higher tariffs in 2025 increased their suppliers' prices in 2025, while few (1%) believe tariffs decreased supplier prices. More than half (51%) are bracing for higher prices from their suppliers in the next six months. Among the majority (51%) of business owners expecting higher prices from their suppliers in the next six months, the overall mean expected consumer price change is a 4.4% price increase, up from six months ago (3.2%) and little changed from last fall (4.5%).
- **Cash Crunch:** 23% of business owners are expecting their cash reserves to be lower next year than they are now, up significantly from 17% a year ago.

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METHODOLOGY

The PNC Economic Outlook survey was conducted by telephone from 7/1/2025 to 8/5/2025, among small and mid-sized business owners/leaders with self-reported revenue of $100,000 to $250 million. 500 interviews were conducted nationally. Sampling error for the nationwide results is +/- 4.4% at the 95% confidence level. The survey was conducted by Artemis Strategy Group (www.ArtemisSG.com), a communications strategy research firm specializing in brand positioning and policy issues. The firm provides communications research and consulting to a range of public and private sector clients.

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