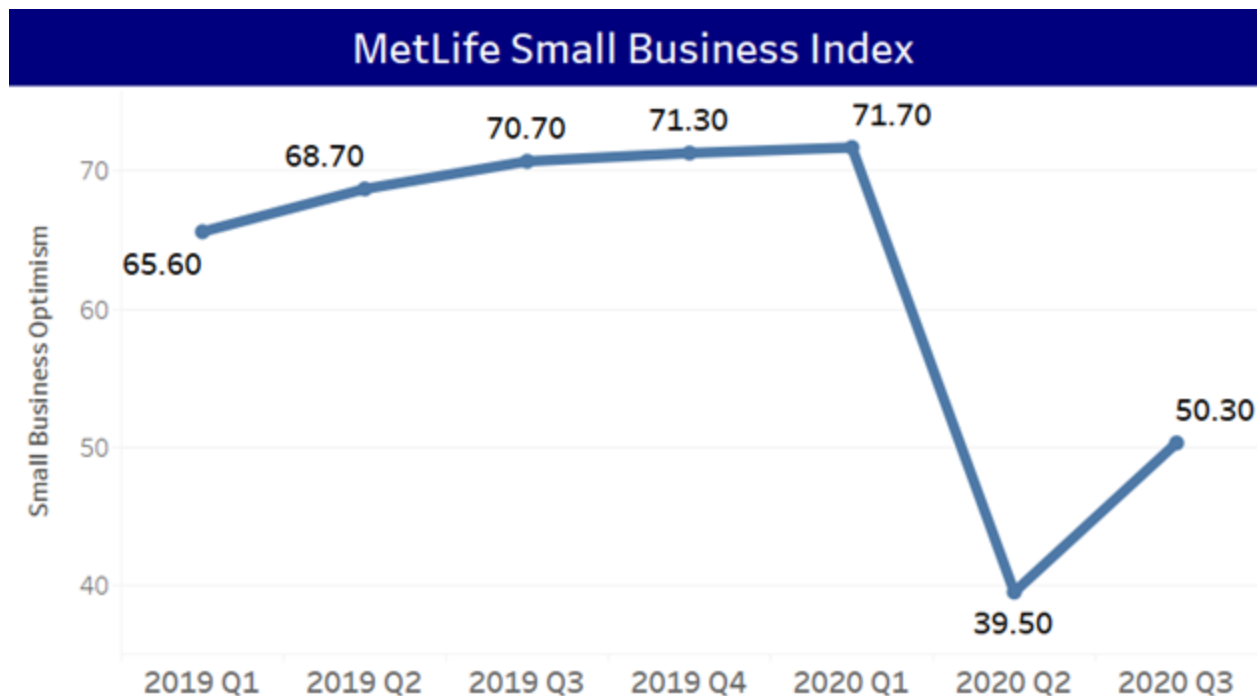


Small Business Optimism Rebounds

Small businesses are clearly feeling better than they were in the second quarter, but they are far less optimistic than they were before the pandemic, according to the MetLife and U.S. Chamber Small Business Index for the third quarter.

By the numbers. The index registered 50.3, which is a sharp pickup from the second quarter when it sat at 39.5. A 10.8 point jump is impressive, but in the first quarter of this year the index was at 71.7.



The pandemic-stricken economy is the reason small businesses are less optimistic than they were prior to the coronavirus coming to the U.S. Most (78%) small business owners categorize the economy as “average,” “somewhat poor,” or “very poor.” That is up from July.

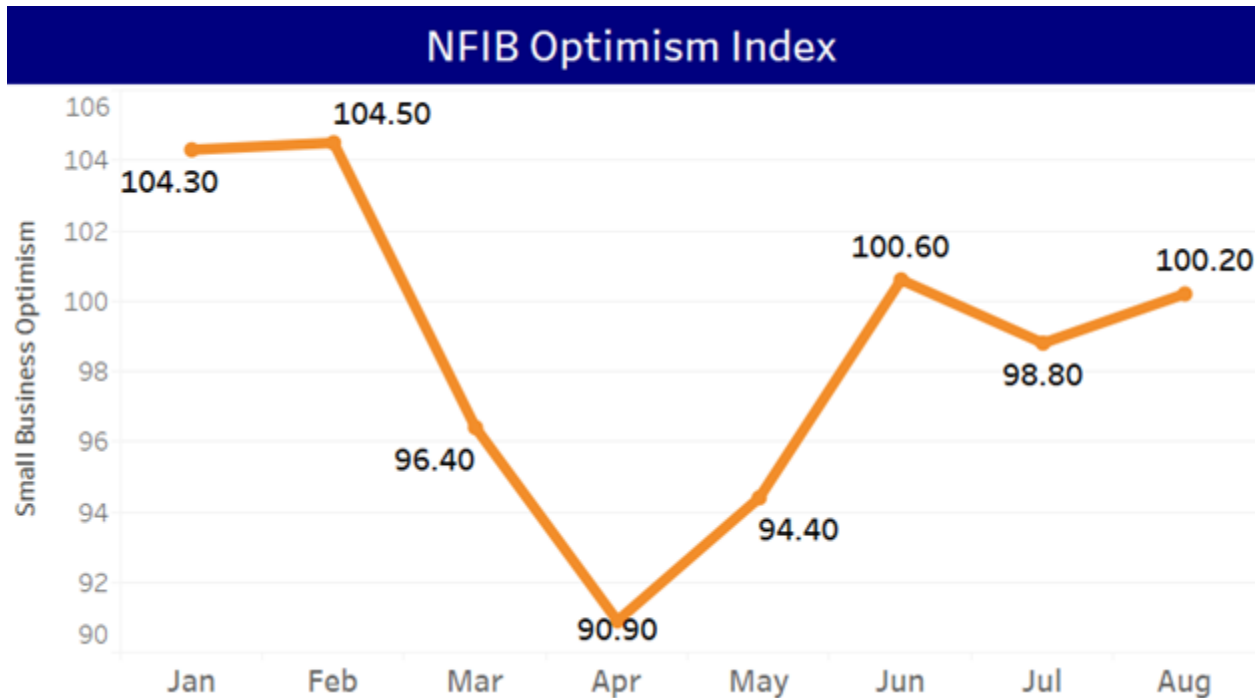
The survey was conducted in late August when virus levels were still elevated.

Additional highlights:

- Local economic outlooks have been level
- Retailers are the least optimistic businesses
- The service industry has rebounded
- Current operations and future expectations are consistent
- Fewer businesses are “very” concerned about COVID-19

- Small businesses expect it will take longer for the business climate to return to normal

Other small business data. The results of the survey correspond with another major measure of small business health, the National Federation of Independent Business' (NFIB) optimism index. The NFIB index fell steeply in March and April from its February high (104.2). It has been rising steadily since. [In August it registered 100.2](#). While a positive reading, it is still well below its pre-pandemic level as well.



What the numbers tell us. These measures show us that small businesses are doing better than they were during the height of the “Great Pause” caused by the virus. However, small businesses are still not fully recovered. Since the virus is driving economic activity, that probably will not occur until the virus is less of a health issue.

Small businesses, like all sectors, are in a [“K-Shaped” recovery](#). Some are doing better while those that cannot fully operate are still struggling. A phase four relief bill from Congress is necessary for small businesses that cannot operate at full capacity because of the pandemic.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce