

# REGIONAL ECONOMIC CONDITIONS IN THE NINTH DISTRICT

# GENERAL BUSINESS SURVEY

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FEDERAL RESERVE BANK  
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# DISCLAIMER

The views expressed here are the presenter's and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.



# THANK YOU TO PARTNERS (AND SURVEY TAKERS!)

- **Minneapolis Fed partners with chambers of commerce, government agencies and other business/workforce organizations to distribute survey to businesses across the Ninth District**



- **One of largest, regular surveys of business conditions among 12 Reserve District Banks**





# TODAY'S FOCUS

## GENERAL BUSINESS SURVEY

- **Conducted between January 12 and February 6, 2026**
- **Received 1,073 responses from across Ninth District**
- **Results are a snapshot**
  - **Convenience sample**
  - **Interpret cautiously**



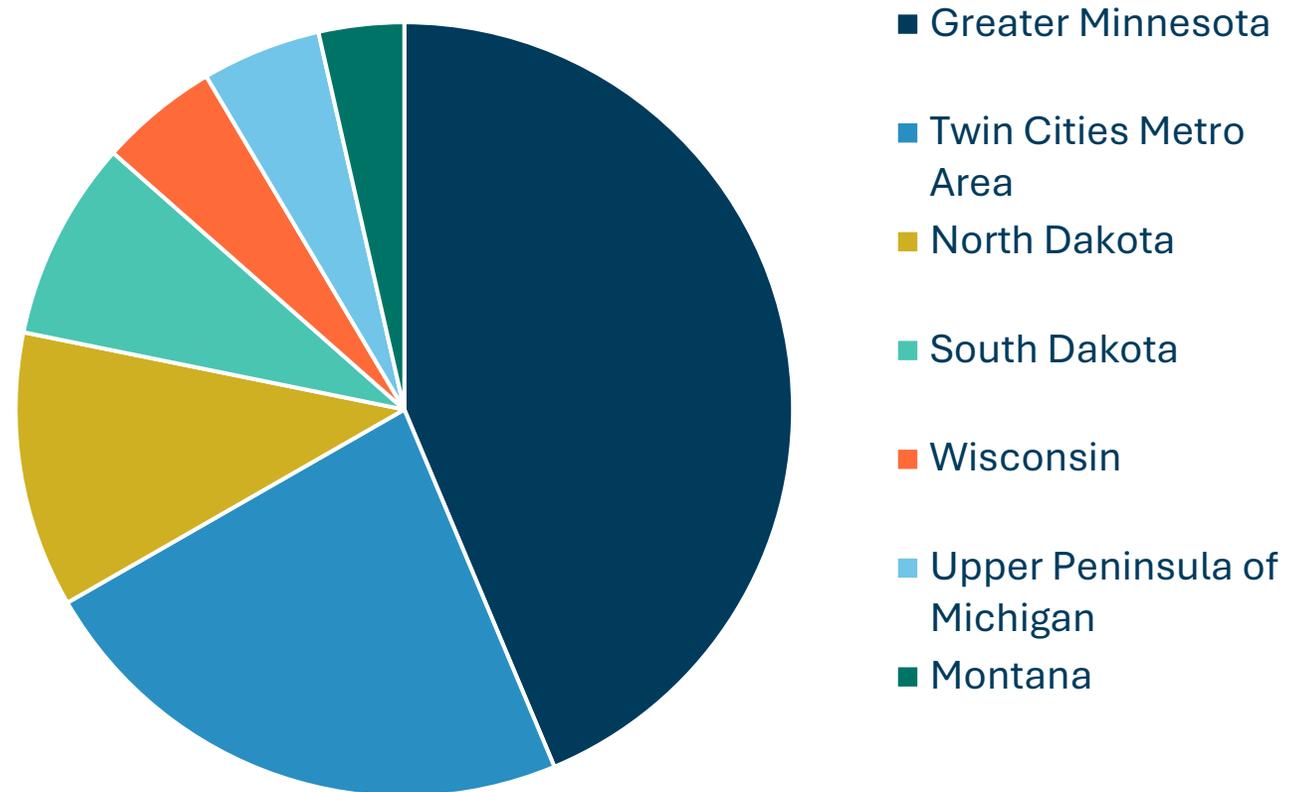
# RESPONSE BREAKDOWN

## Respondent pool:

- **Greater Minnesota had much higher share of respondents than average**
- **Fewer respondents from Upper Peninsula**
- **Decent balance by firm size and sector:**
  - **Slightly higher share of Accommodation and Food Service respondents this time around**
  - **Higher share of small businesses (< 11 FTEs) than average**

## Share of responses by location

N= 1069



## QUICK TAKE-AWAYS

- **Revenue and profits declined for many, especially smaller businesses**
- **Most not hiring but more expect staff to grow in future**
- **Wage pressure still there but easing slightly**
- **Businesses reported higher wholesale & retail inflation**
- **Biggest challenges? Government policies (immigration enforcement, paid leave, trade) and price increases**
- **Outlook: Overall sentiment mixed, drop in optimism since last year**





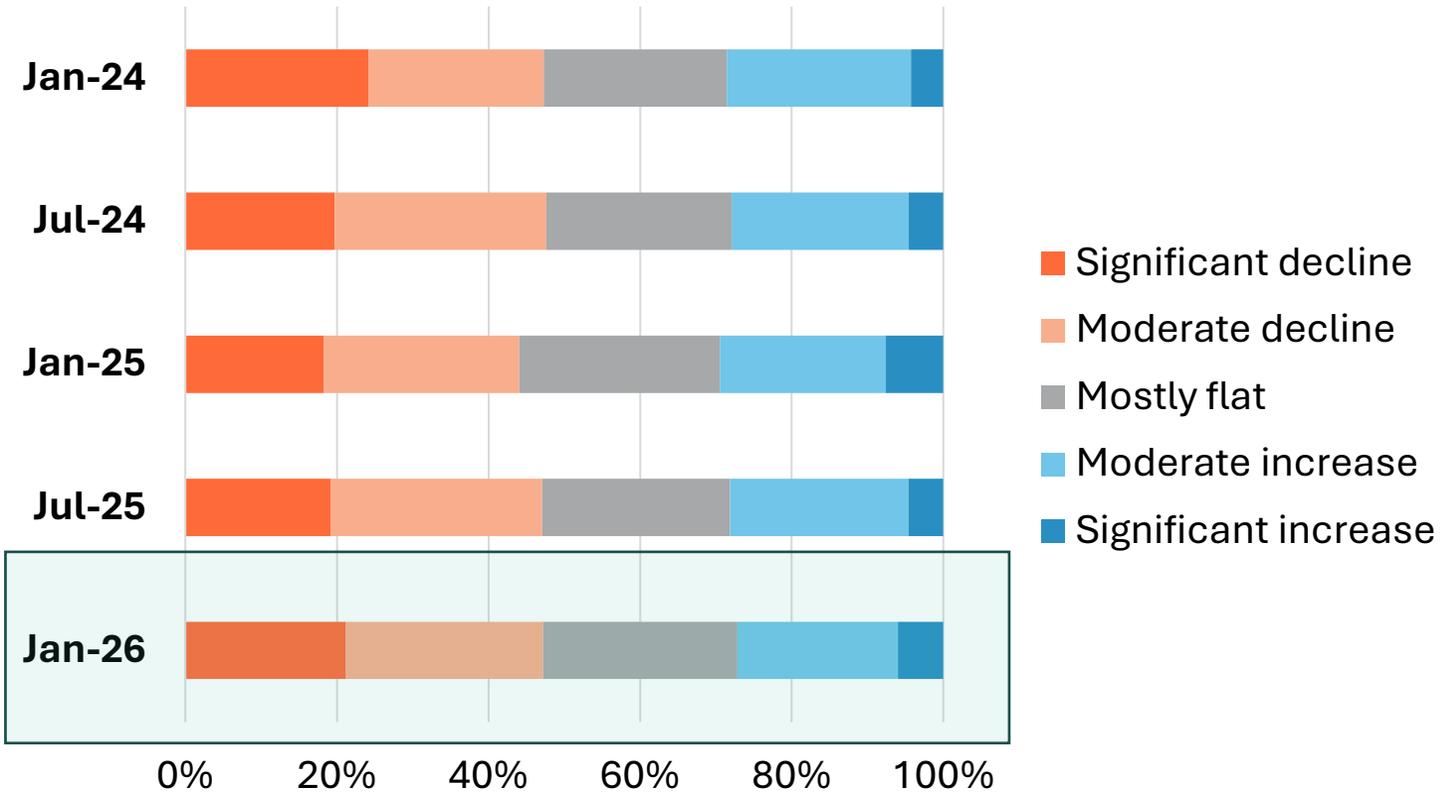
**RECENT REVENUE &  
PROFIT TRENDS**

# REVENUE AND PROFIT CHANGES

## Revenue in Q4 2025 compared with Q4 2024

Jan 2026 N = 983

- Revenue routinely net negative, slightly increase in negative share
- Comments often mention economic uncertainty and high prices

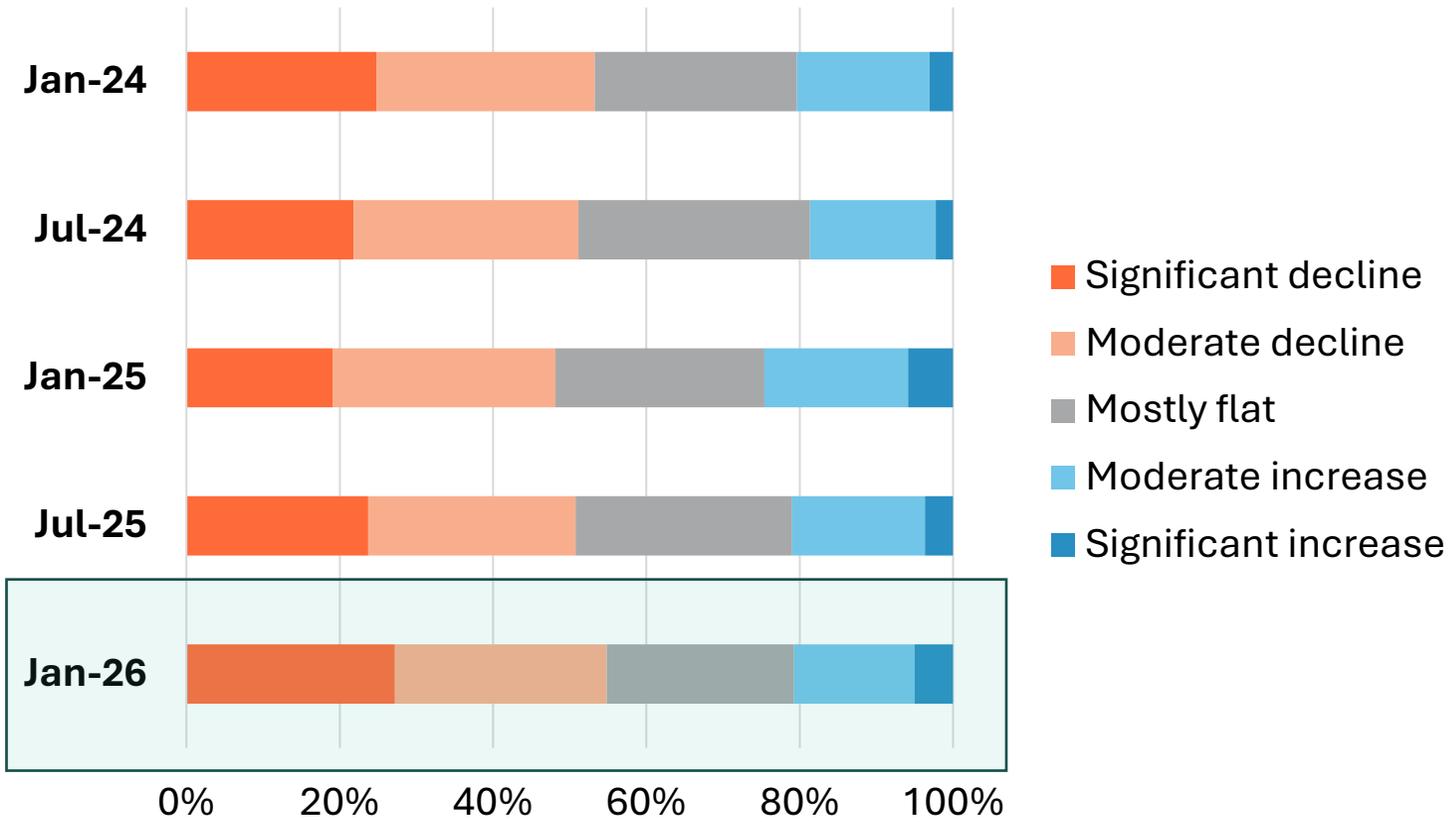


# REVENUE AND PROFIT CHANGES

- Uptick in share reporting profit declines
- Higher share of respondents consistently report profit declines than revenue declines
- Why? Discussion on later slides

## Profits in Q4 2025 compared with Q4 2024

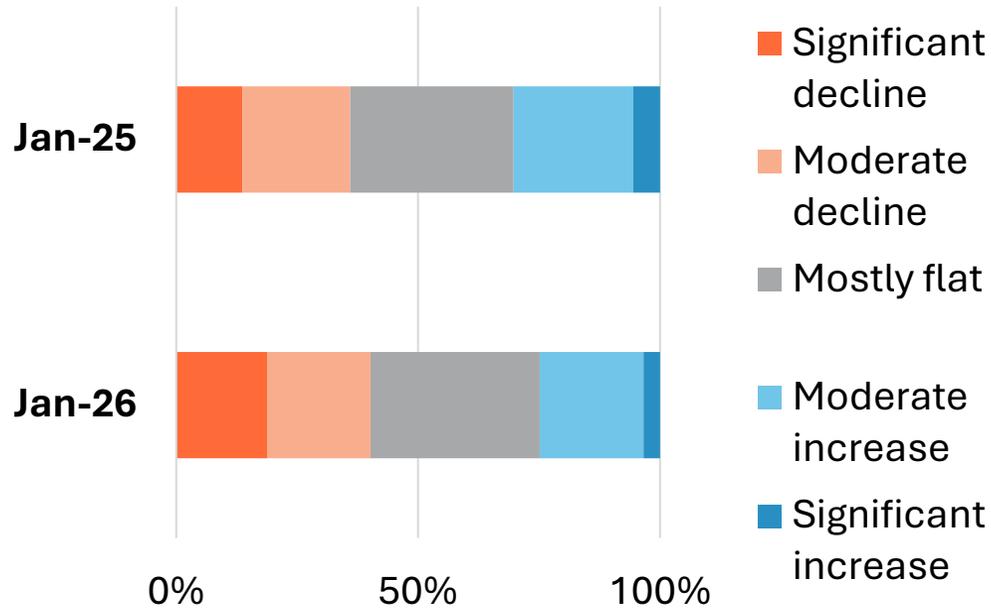
Jan 2026 N = 982



# REVENUE & PROFIT EXPECTATIONS

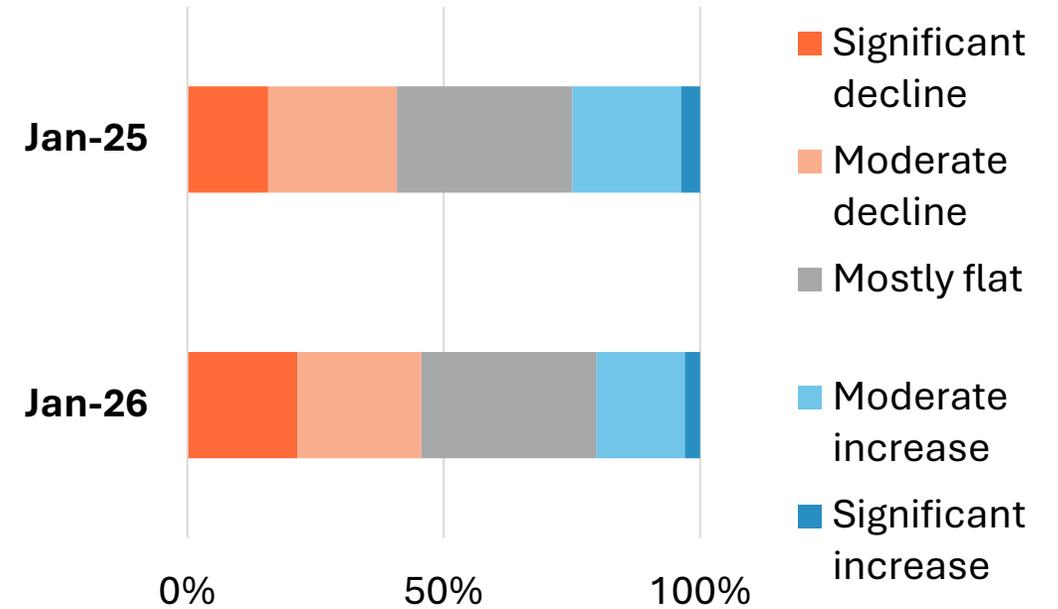
## Revenue expectations for Q1 2026

Jan 2026 N = 1003



## Profit expectations for Q1 2026

Jan 2026 N = 1003

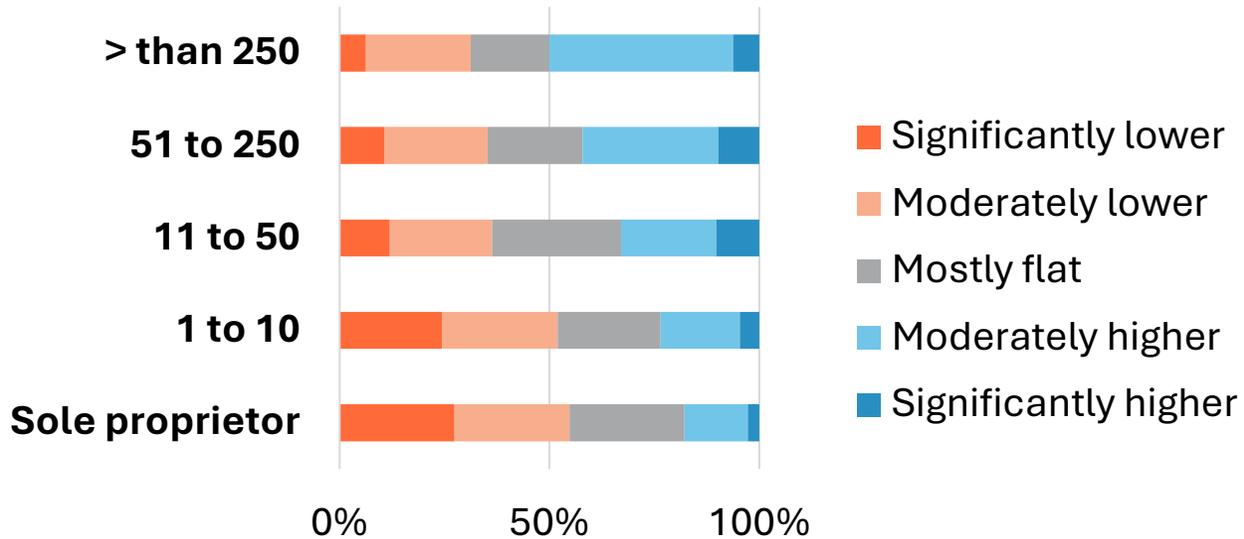


- **More businesses expect declines in both revenue and profit than expect growth**
  - **Expectations for Q1 were slightly more negative compared with last year**

# REVENUES AND PROFITS BY FIRM SIZE

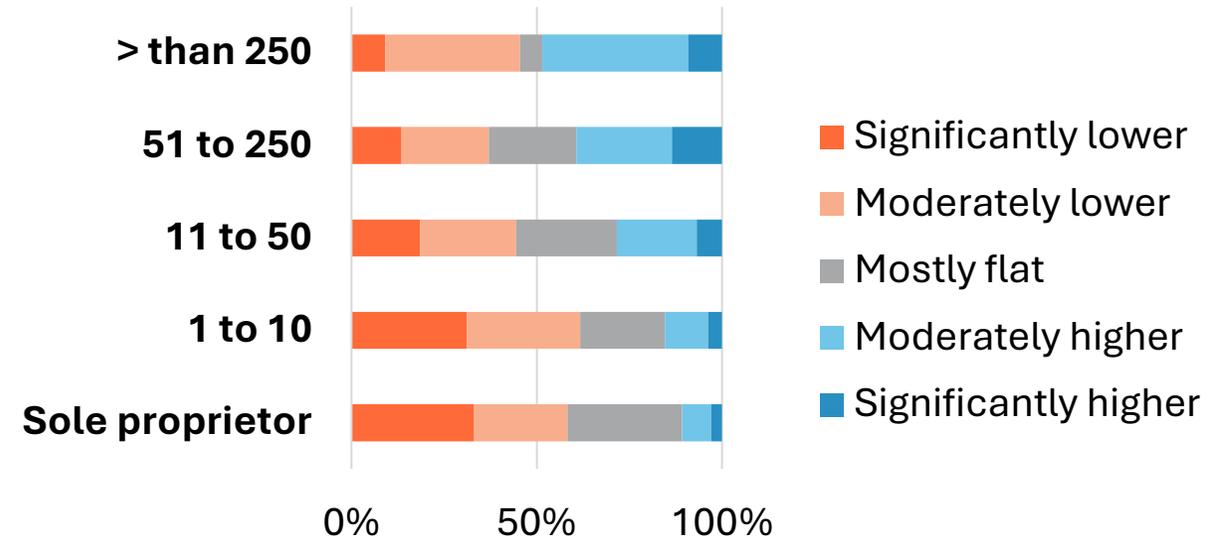
## Revenue in Q4 '25 compared with Q4 '24

N = 874



## Profits in Q4 '25 compared with Q4 '24

N = 874



- Revenue declines more frequent among smaller businesses, somewhat the case for profits
- Conditions generally worsened for smaller firms compared with last January but improved for larger firms





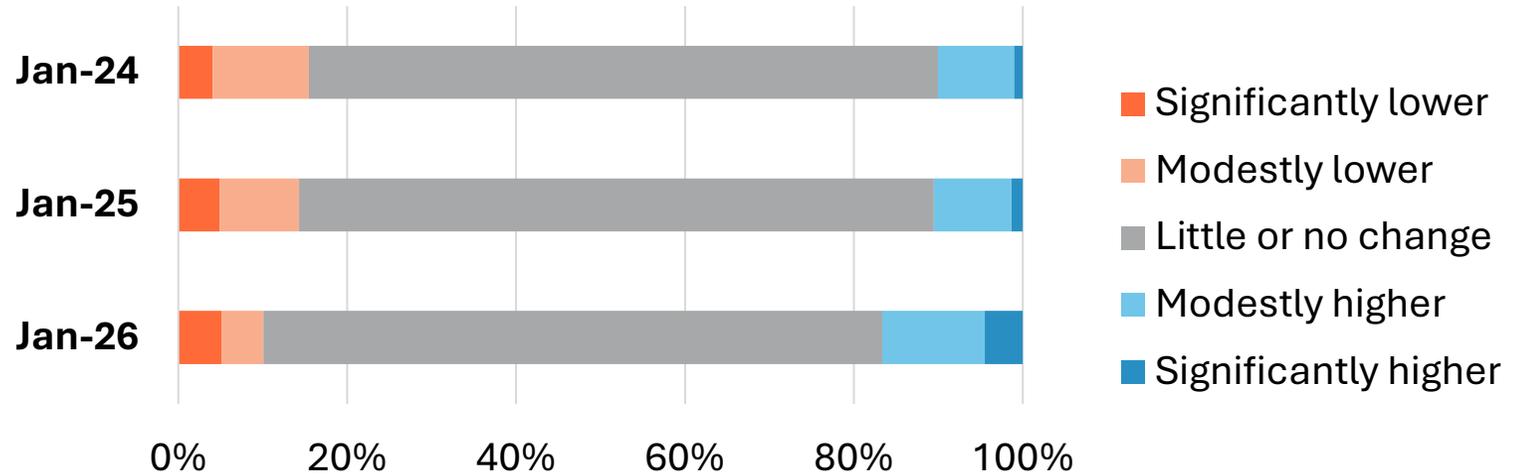
# WORKFORCE & WAGE TRENDS

# STAFFING

- Hiring is slow. 60% not actively looking for workers despite higher turnover

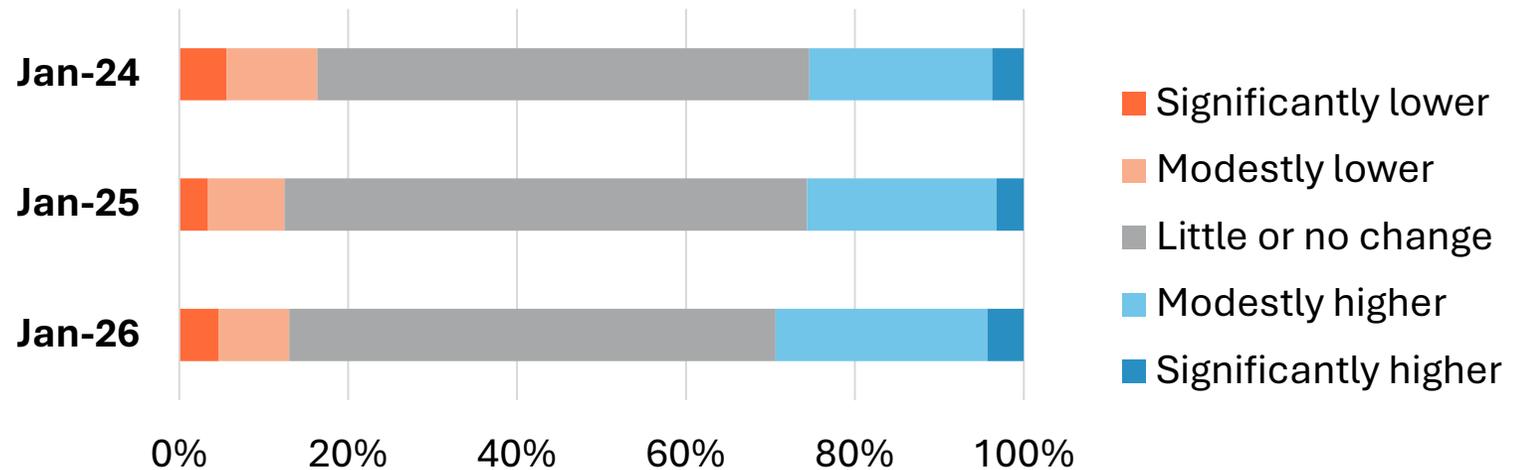
## Current turnover compared w/ 3 months ago

Jan 2026 N=1021



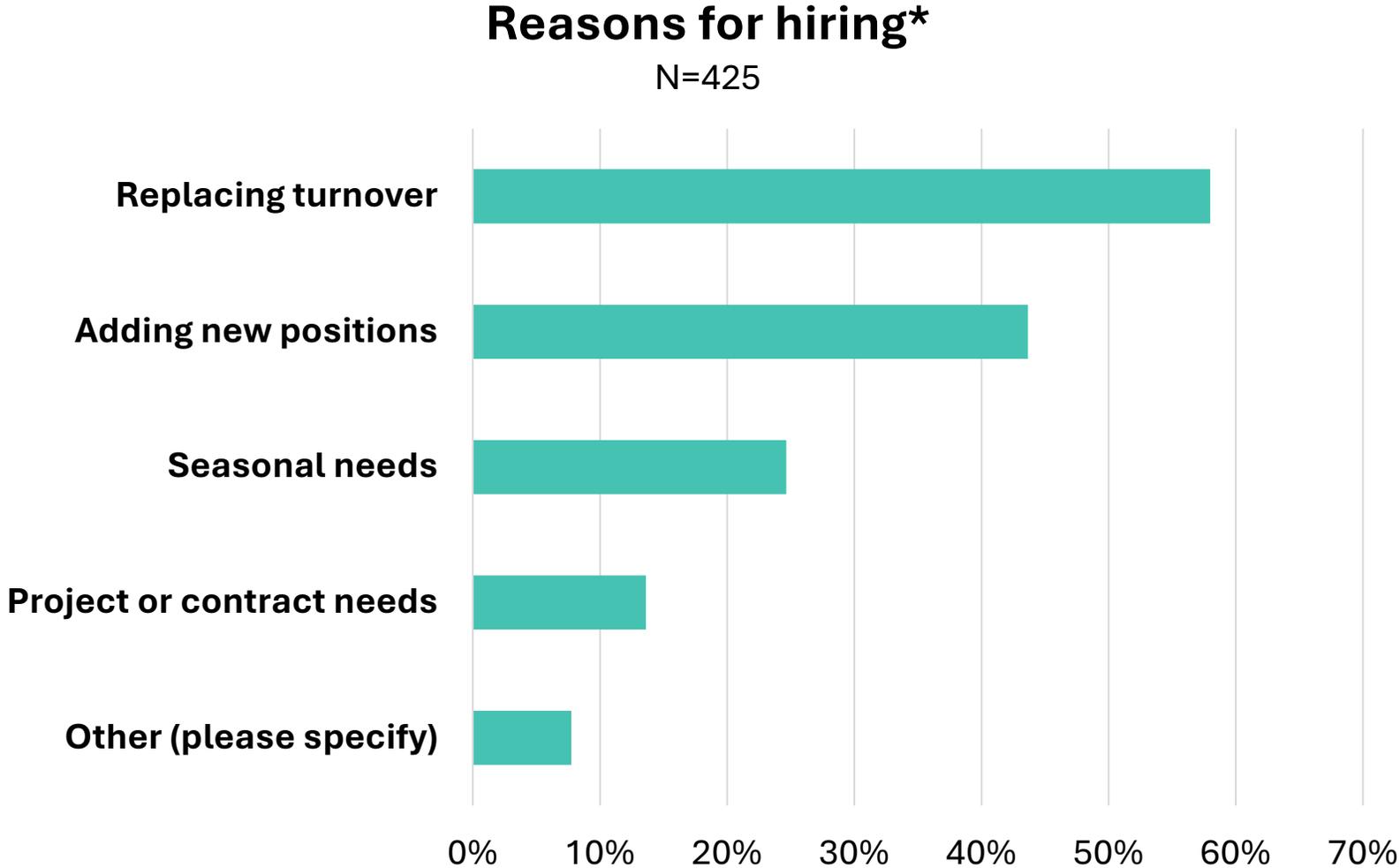
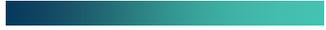
## Staffing expectations for next 6 months\*

Jan 2026 N= 1045



- More expect higher staffing in next 6 months than in previous years

# LABOR DEMAND



- **Most were hiring to replace turnover**
- **Smaller but notable portion were looking to grow**
- **70% hiring for full-time, permanent positions (not pictured)**

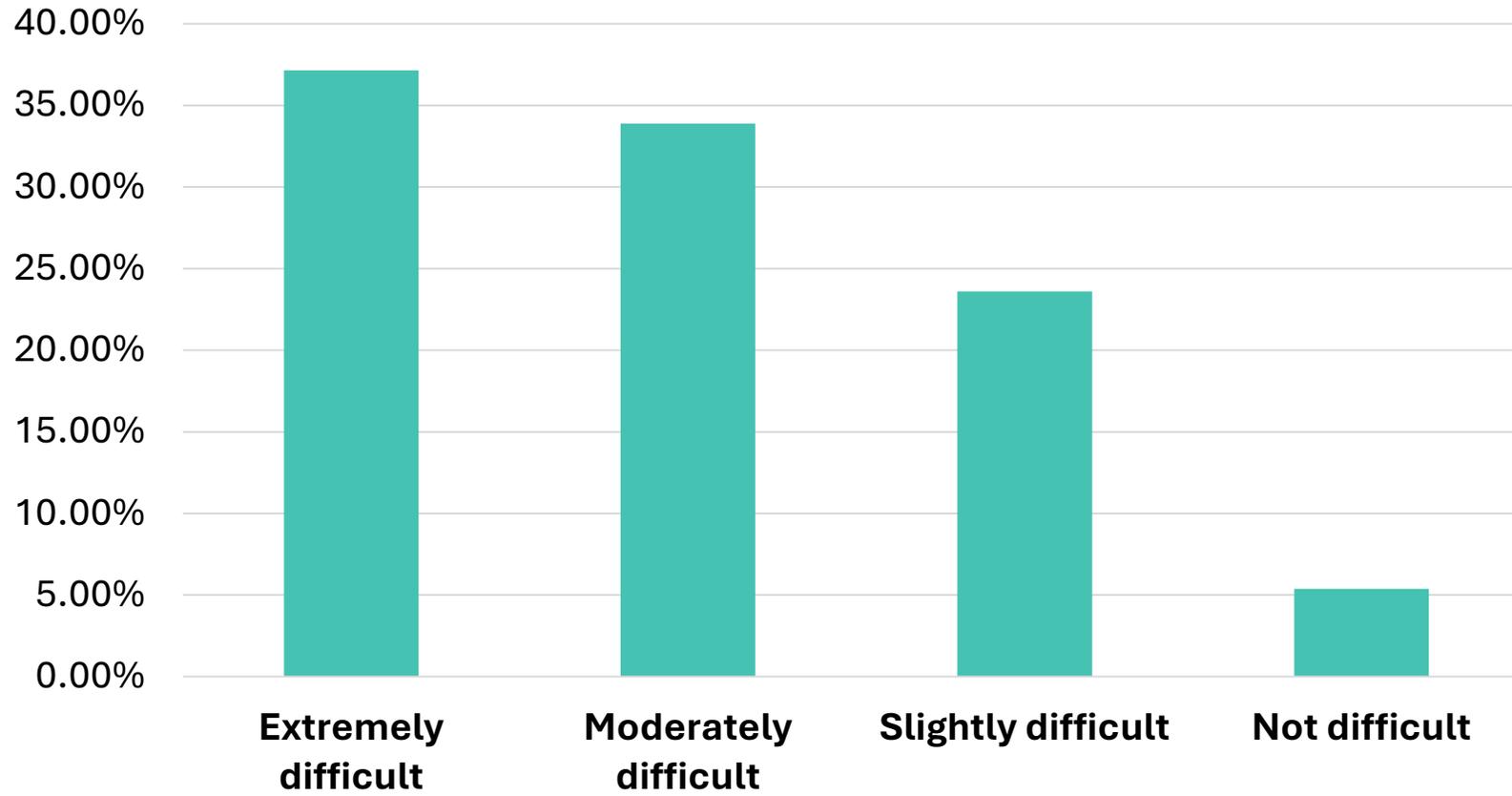
\*Respondents could select all that apply



# HIRING ISSUES

## Current ability to find and hire necessary labor

N=427

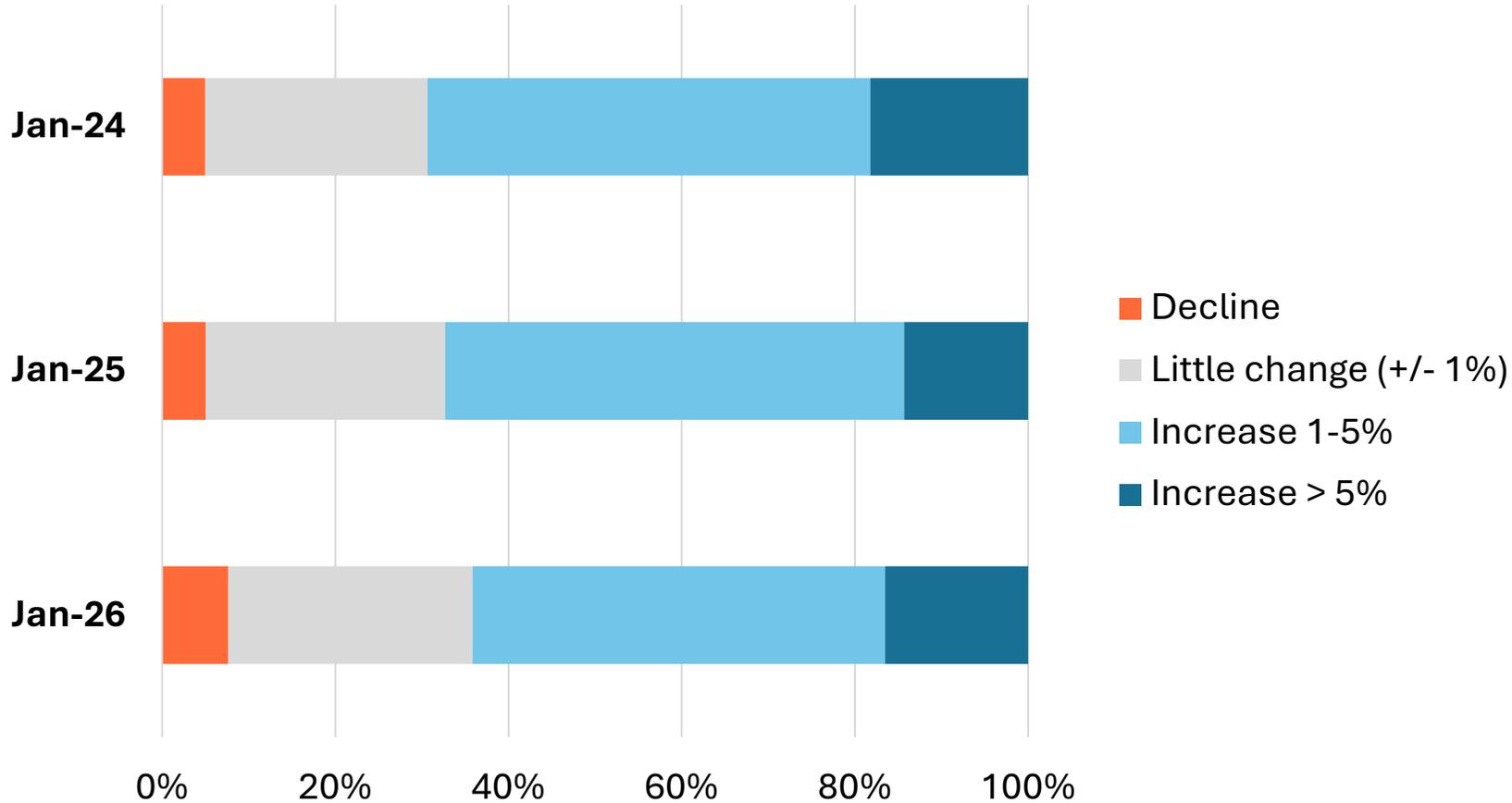


- **Over 70% of those hiring found it moderately to extremely difficult to find workers**
- **Open-ended responses mentioned more applicants, but not qualified ones**

# WAGES

## Average wages compared with 12 months ago

Jan 2026 N = 901



- **Businesses still increasing wages overall**
- **Share not raising wages has grown slightly**



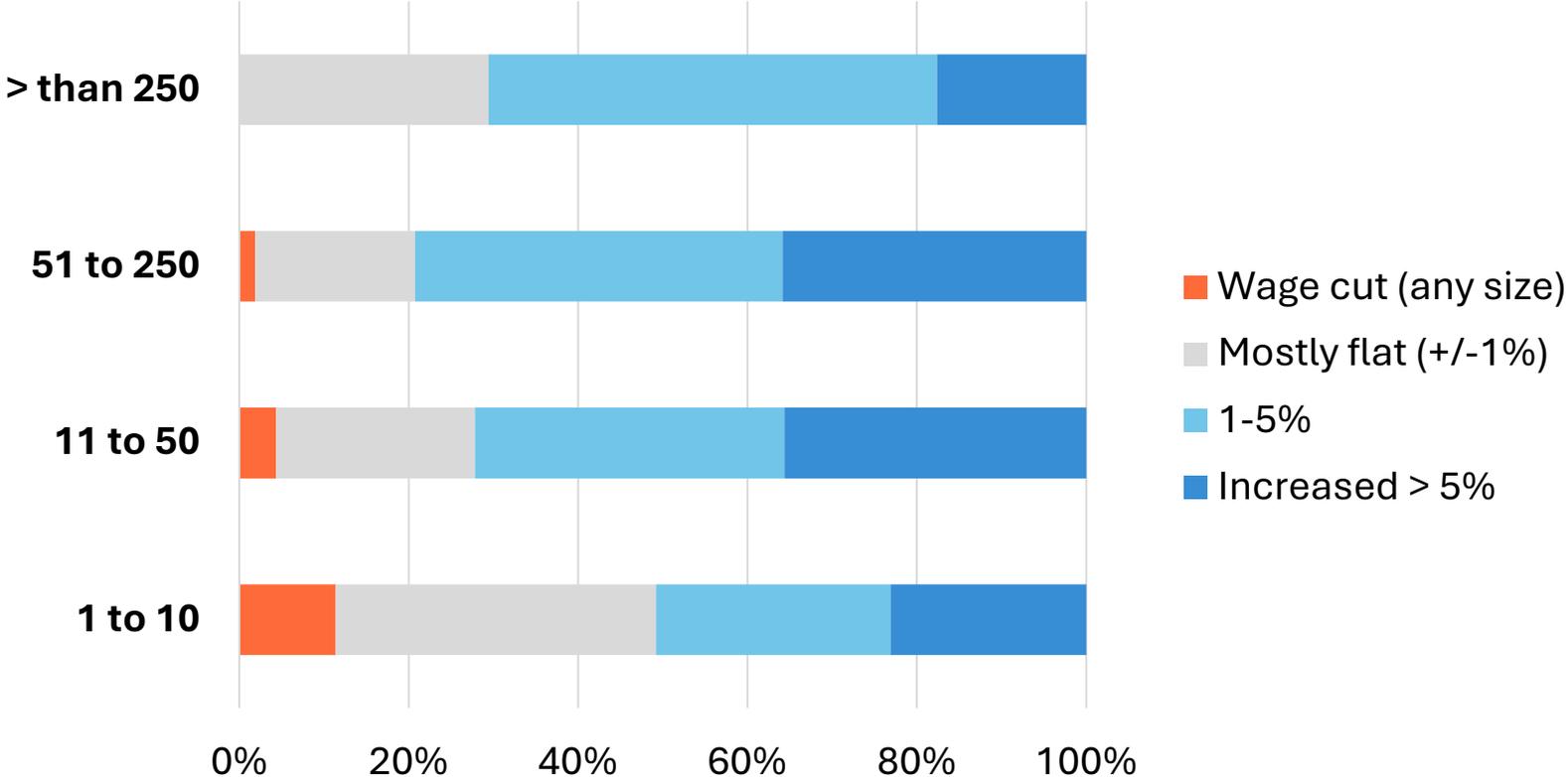
# WAGE GROWTH BY FIRM SIZE



- Larger businesses mostly increasing wages more
- Small businesses find it hard to compete

Average wages compared with 12 months ago

N=877



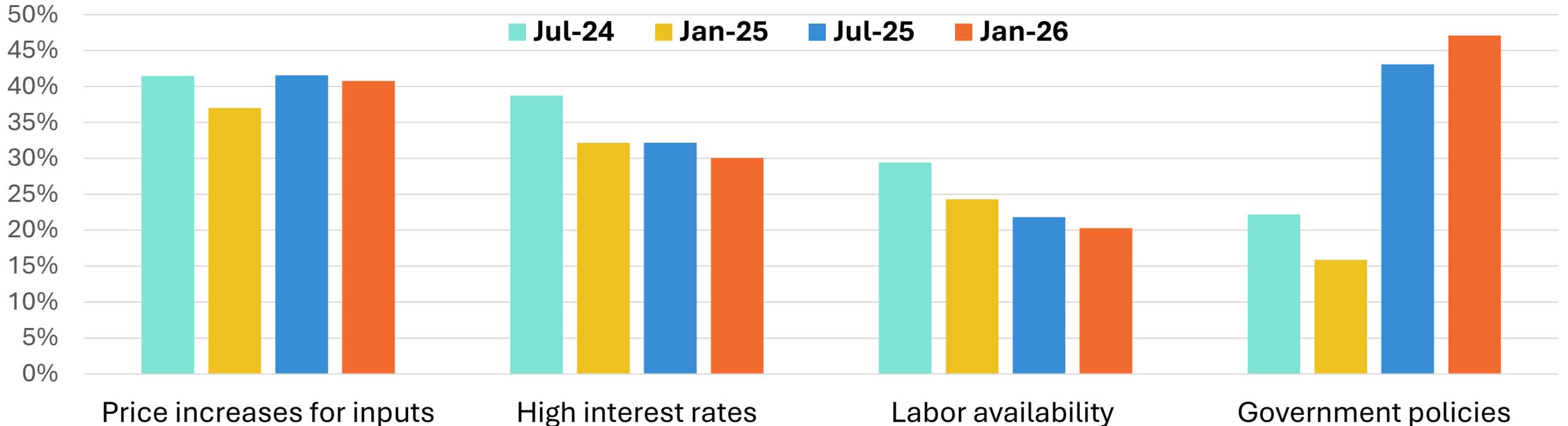
A large, light teal outline of an eagle with its wings spread, set against a teal background. The eagle's head is turned to the left. There are several five-pointed stars scattered around the eagle's body. In the top left corner, there is a small, dark teal horizontal bar.

# CHALLENGES

# CHALLENGES TO OPERATIONS

## Top two challenges to operating capacity and productivity

Jan 2026 N = 1073



- **Price increases and interest rates consistently main challenges**
- **Labor availability steadily declined**
- **Government policies became top issue starting in July 2025**
- **What issues? More later**

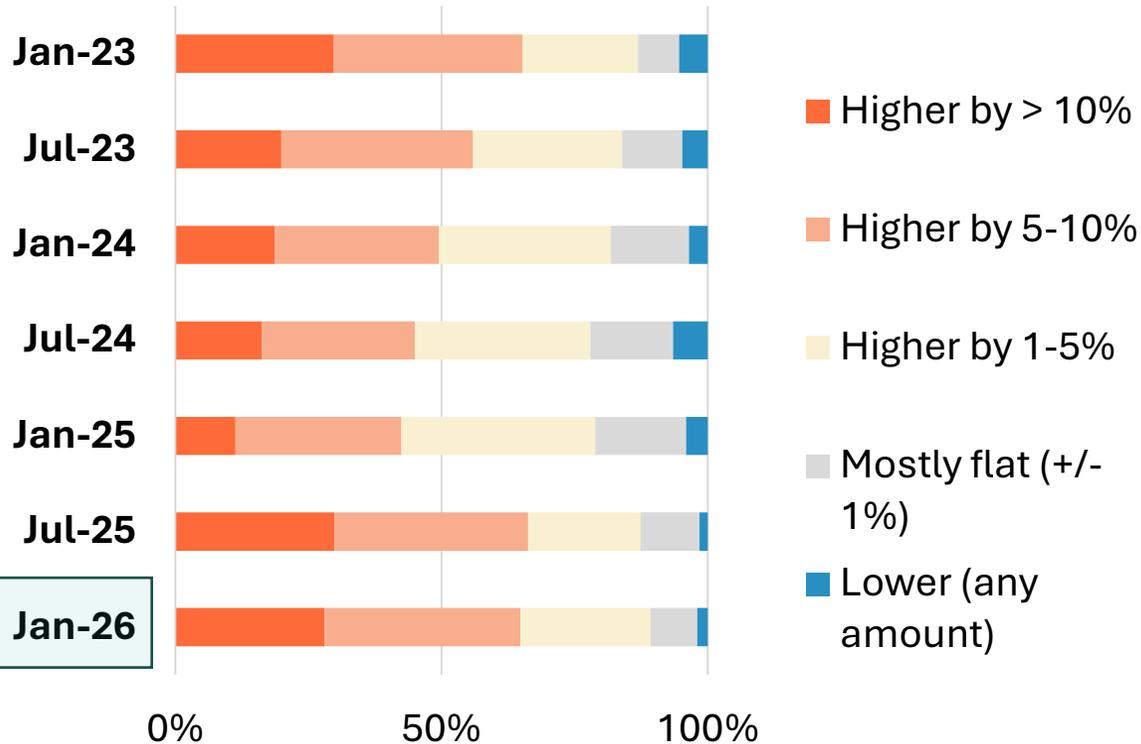
\*Only top four of nine challenges shown in chart

# PRICES & INFLATION

## Wholesale price increases stayed high; retail prices saw similar increase

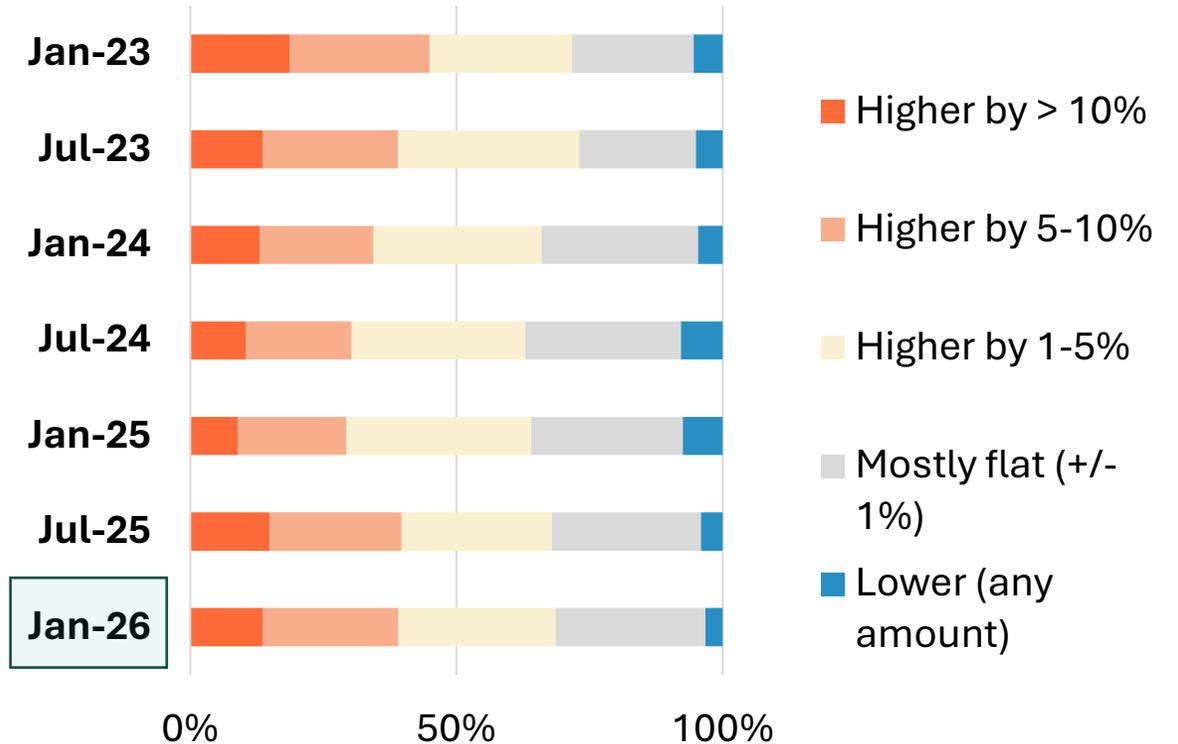
### Non-labor input prices (wholesale)

Jan 2026 N = 903



### Final prices to customers (retail)

Jan 2026 N = 897

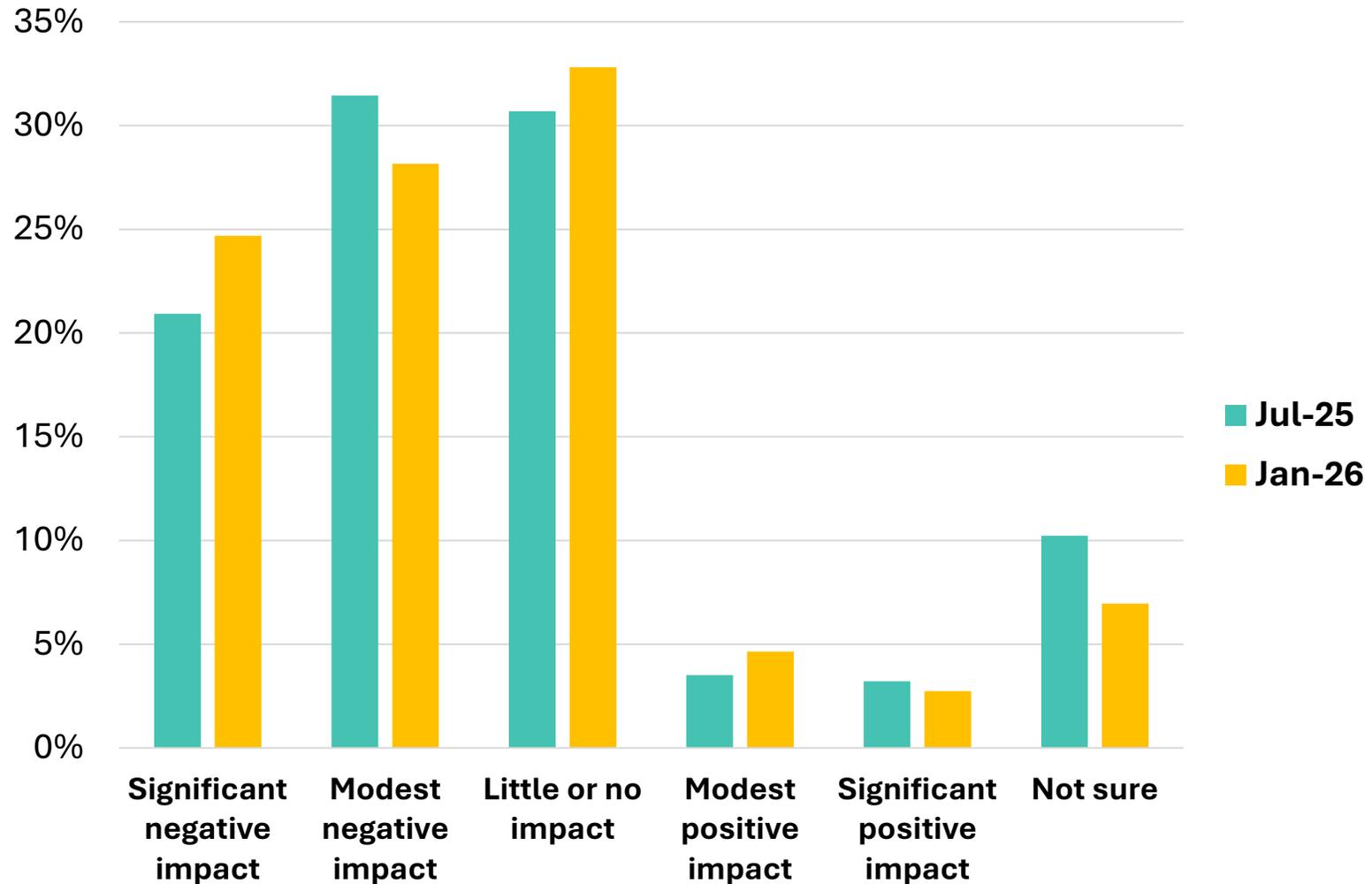


# POLICY CHALLENGES

- **Tariff effects still negative (53%), but some uncertainty lessened**
- **Other policy challenges in comments:**
  - **Immigration enforcement in MN**
  - **New MN Paid Leave/other taxes**

## Impact of tariffs in last six months

Jan 2026 N = 947



A large, light teal graphic of an eagle with its wings spread, set against a teal background. The eagle is surrounded by several five-pointed stars. The entire graphic is rendered in a simple, line-art style.

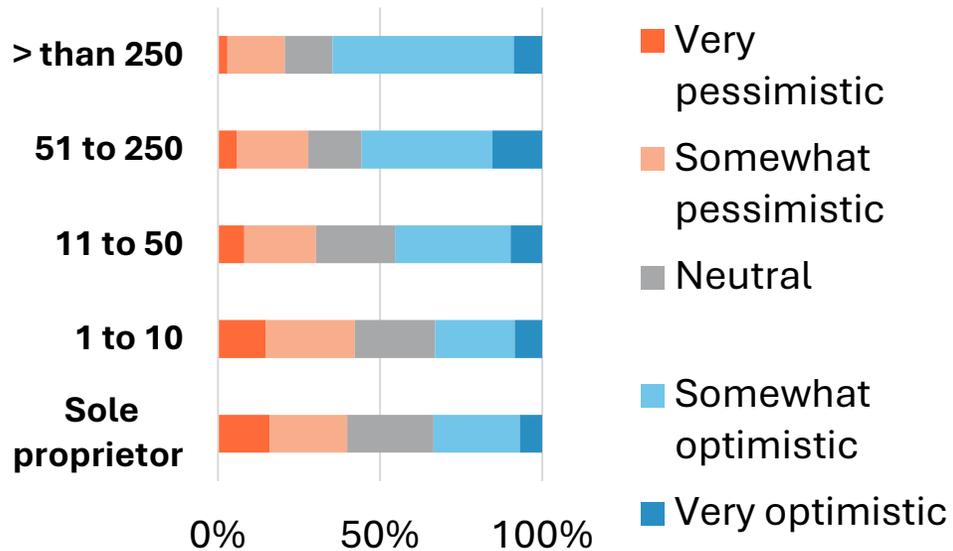
# OUTLOOK

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Outlook mixed, but more pessimistic than last two Jan surveys

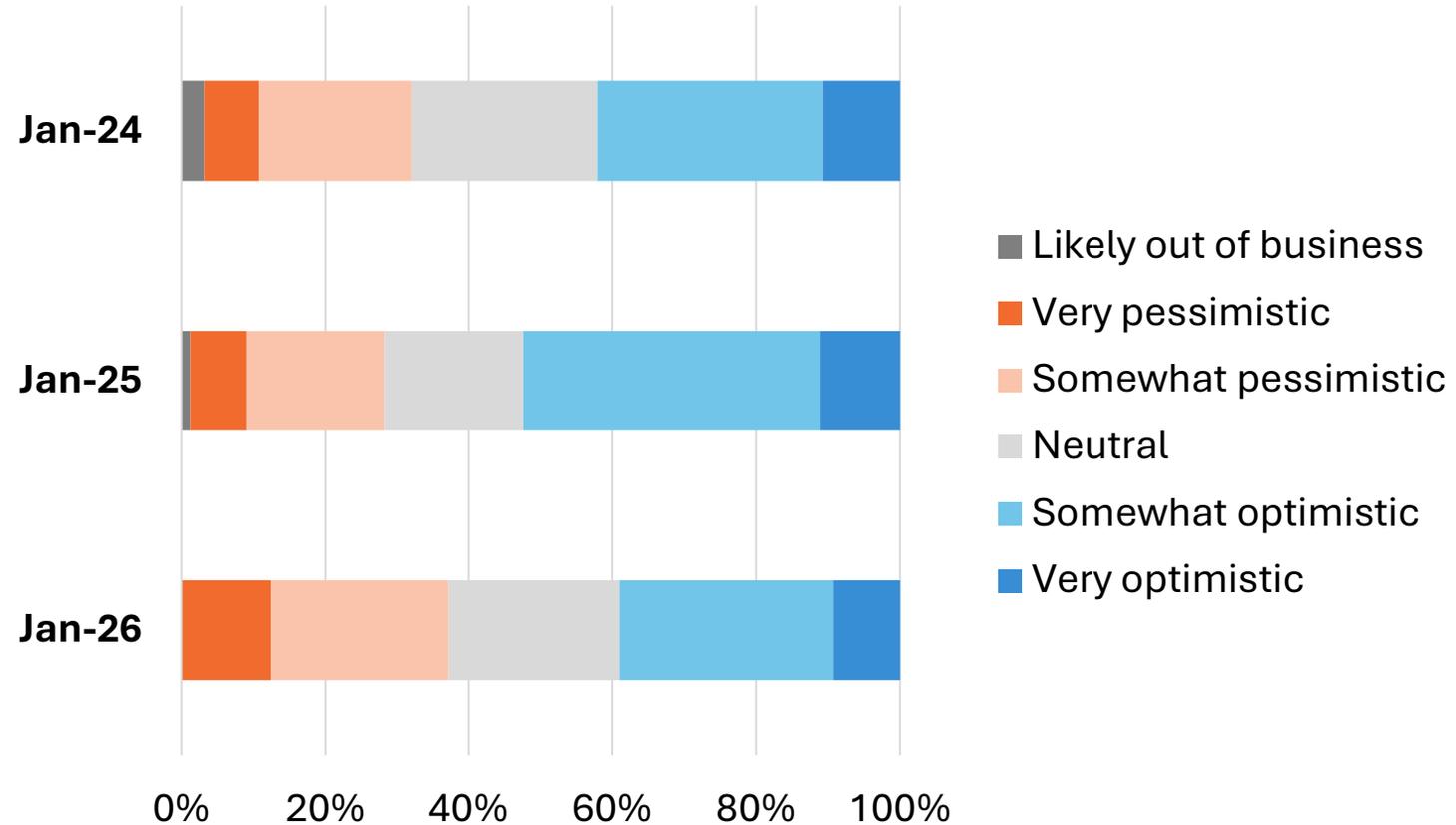
Note: “Out of businesses” option removed this wave

Outlook by firm size



## Outlook for the next six months

Jan 2026 N = 971



# FINAL THOUGHTS

- **Revenue & profit trends negative for many**
- **Smaller firms facing more strains**
- **Most not actively hiring, but staff outlook more positive**
- **Respondents reported jump in wholesale and retail prices**
- **Government policies top concern, followed by price increases**
- **Outlook is mixed, but more negative over the year**





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**BEFORE Q&A:**

**THE MINNEAPOLIS FED NEEDS  
YOUR BUSINESS'S INPUT!**

# MINNEAPOLIS FED'S BUSINESS PULSE SURVEY

Tell us your company's story!

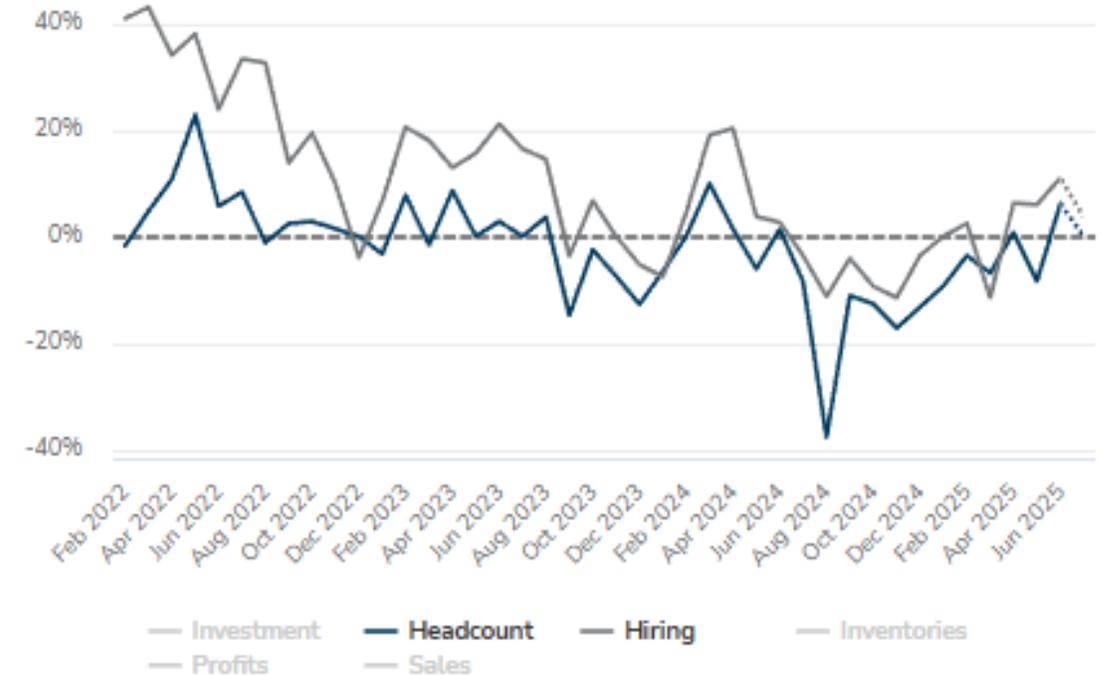
Sign up using the QR code or link  
in chat



## Business Pulse Survey (monthly)

How business performance is changing

Net share of business contacts who report indicators are increasing



# THANK YOU! QUESTIONS?

**Are you a business owner or key financial decision-maker?**



**Be a Business Pulse Survey respondent!  
Your insights help everyone.**