BLACK DIAMOND CFO SOLUTIONS

Macro Pulse

Quarterly Economic Newsletter for Small Business Leaders

Q2 2026

Data through June 2026

This quarterly Macro Pulse gives owners and leadership teams of small and lower middle-market companies a clear view of the economic conditions that drive cash flow, hiring, borrowing, and growth decisions. The newsletter tracks sixteen indicators with multi-year history, the direction of trend, and a plain-language read on what each one means. It also provides a brief Sector Lens on healthcare, construction, and manufacturing – the three industries where Black Diamond CFO Solutions focuses.

THE HEADLINE

Inflation peaked this spring while growth and employment held steady.

Consumer prices posted their largest quarterly increase since 2022, producer prices rose faster still, and household sentiment hit a record low in May. GDP, employment, and factory output held up. The Fed held its target range at 3.50%–3.75%, the 10-year Treasury yield rose, and small-business sales declined.

At-a-Glance Trend Snapshot

Indicator	Prior	Latest	Change	Direction	Sentiment	Data through
Real GDP growth	2.5%	**2.2%**	−30 bp	▼ Down	Neutral	Q2 2026
CPI inflation (QoQ)	0.79%	**1.48%**	+70 bp	▲ Up	Unfavorable	Jun 2026
PPI final demand (QoQ)	1.54%	**2.07%**	+53 bp	▲ Up	Unfavorable	Jun 2026
Consumer sentiment	55.4	**48.0**	−7.4	▼ Down	Unfavorable	Jun 2026
NFIB small business optimism	98.0	**96.2**	−1.8	▼ Down	Unfavorable	Jun 2026
Unemployment rate	4.3%	**4.3%**	−7 bp	● Stable	Neutral	Jun 2026
Wage growth (ECI, QoQ)	0.75%	**0.85%**	+10 bp	▲ Up	Neutral	Q2 2026
Bank prime rate	6.75%	**6.75%**	+0 bp	● Stable	Neutral	Q2 2026 avg.
10-year Treasury yield	4.20%	**4.42%**	+23 bp	▲ Up	Unfavorable	Q2 2026 avg.
SOFR (quarterly average)	3.66%	**3.62%**	−4 bp	● Stable	Neutral	Q2 2026 avg.
Banks tightening (small firms)	8.9%	**6.6%**	−2.3 pts	▼ Down	Neutral	Apr 2026 survey
C&I loan growth (QoQ)	2.92%	**3.61%**	+69 bp	▲ Up	Favorable	Jun 2026
Industrial production	101.53	**102.69**	+1.16	▲ Up	Favorable	Jun 2026
Construction spending (QoQ)	-1.39%	**-0.92%**	+47 bp	▲ Up	Unfavorable	Jun 2026
M&A deal count (N. America)	4,939	**5,367**	+428	▲ Up	Favorable	Q1 2026 (latest IMAA)
Small business sales (BizBuySell)	2,345	**2,117**	−228	▼ Down	Neutral	Q2 2026

Prior = preceding quarter on current, revised data. Change for rates and growth figures is in basis points (bp); bank lending standards in percentage points. Sentiment reflects Black Diamond CFO Solutions' assessment of what each reading means for a small business, not only the direction of change. Changes of less than 10 bp are treated as Stable and Neutral.

Executive Highlights: What Matters for Owners

The second quarter combined an inflation spike with a steady economy. CPI rose 1.48% for the quarter and annual inflation peaked at 4.2% in May, while producer prices rose 2.1%. GDP grew 2.2%, unemployment remained stable at 4.3%, and industrial production reached its highest level since early 2019. Consumer sentiment fell to a record low, and small-business optimism fell to its lowest quarterly average since 2024.

- **Inflation spiked.** CPI rose 1.48% for the quarter, the most since 2022, and annual inflation peaked at 4.2% in May before easing to 3.5% in June as oil prices fell.
- **Producer prices ran hotter.** PPI final demand rose 2.1% for the quarter, the fastest pace since 2022.
- **Households and small businesses pulled back.** Michigan sentiment fell to a record-low 44.8 in May. NFIB optimism hit 95.3 in May, its lowest since October 2024, before recovering to 97.4 in June.
- **The real economy held up.** GDP grew 2.2%, unemployment remained stable at 4.3%, and industrial production rose 1.1% for the quarter.
- **Rates stayed high.** The Fed held at 3.50%–3.75% and prime stayed at 6.75%. The 10-year Treasury averaged 4.42%, up 23 bp from Q1.
- **Deal markets got pickier.** Small-business sales fell 10% to 2,117 while the average cash-flow multiple held at 2.7x. Net tightening of bank standards for small firms eased to 6.6%.

The pages that follow present each indicator with a quarterly chart from Q1 2021 forward (from Q1 2025 for BizBuySell), the latest reading versus the prior quarter, a favorable, neutral, or unfavorable sentiment, and the data source. The Sector Lens follows the indicator pages.

Real Gross Domestic Product (GDP)

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
2.2%	2.5%	−30 bp	▼ Down	Neutral	Q2 2026



What it measures: Inflation-adjusted value of all final goods and services produced in the U.S.; quarterly percent change at a seasonally adjusted annual rate.

What it means: Growth eased to 2.2% from 2.5% in Q1 but remained positive through the inflation spike.

Source: U.S. Bureau of Economic Analysis, via FRED (A191RL1Q225SBEA)

Consumer Price Index (CPI)

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
1.48%	0.79%	+70 bp	▲ Up	Unfavorable	Jun 2026



What it measures: Average change in prices urban consumers pay for a basket of goods and services. Values are the percent change in the quarterly average of the seasonally adjusted index versus the prior quarter.

What it means: Consumer prices rose 1.48% for the quarter, the largest increase since 2022. Annual inflation peaked at 4.2% in May and eased to 3.5% in June as oil prices fell.

Source: U.S. Bureau of Labor Statistics, via FRED (CPIAUCSL)

Producer Price Index (PPI), Final Demand

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
2.07%	1.54%	+53 bp	▲ Up	Unfavorable	Jun 2026



What it measures: Prices domestic producers receive for goods, services, and construction sold to final users. Values are the percent change in the quarterly average of the seasonally adjusted index versus the prior quarter.

What it means: Producer prices rose 2.1% for the quarter, the fastest pace since 2022, after 1.5% in Q1.

Source: U.S. Bureau of Labor Statistics, via FRED (PPIFIS)

Consumer Sentiment Index (University of Michigan)

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
48.0	55.4	−7.4	▼ Down	Unfavorable	Jun 2026



What it measures: University of Michigan Index of Consumer Sentiment (1966:Q1 = 100), based on household views of finances, business conditions, and buying plans. Values are quarterly averages of monthly readings.

What it means: Sentiment averaged 48.0, the lowest quarterly average in this series' 10-year history, and May's 44.8 set a record low.

Source: University of Michigan, Surveys of Consumers, via FRED (UMCSENT)

NFIB Small Business Optimism Index

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
96.2	98.0	−1.8	▼ Down	Unfavorable	Jun 2026



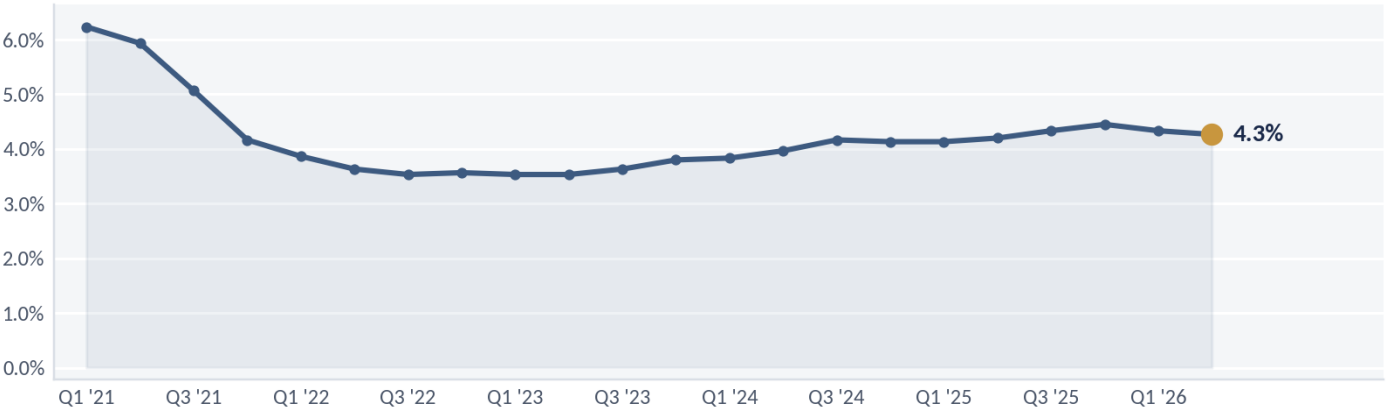
What it measures: Monthly survey of NFIB member firms covering hiring plans, capital spending, sales and earnings expectations, and credit conditions (1986 = 100; 52-year average = 98). Values are quarterly averages of monthly readings.

What it means: Optimism averaged 96.2, below the 98 long-run average in every month of the quarter. May's 95.3 was the lowest since October 2024; NFIB's chief economist cited fuel price increases that small firms find harder to pass on to customers. June recovered to 97.4.

Source: National Federation of Independent Business, Small Business Economic Trends

Unemployment Rate

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
4.3%	4.3%	−7 bp	● Stable	Neutral	Jun 2026



What it measures: Share of the labor force without a job that is actively looking and available for work. Values are quarterly averages of monthly readings.

What it means: Unemployment averaged 4.3%, essentially unchanged from Q1.

Source: U.S. Bureau of Labor Statistics, via FRED (UNRATE)

Wage Growth (Employment Cost Index: Wages & Salaries)

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
0.85%	0.75%	+10 bp	▲ Up	Neutral	Q2 2026



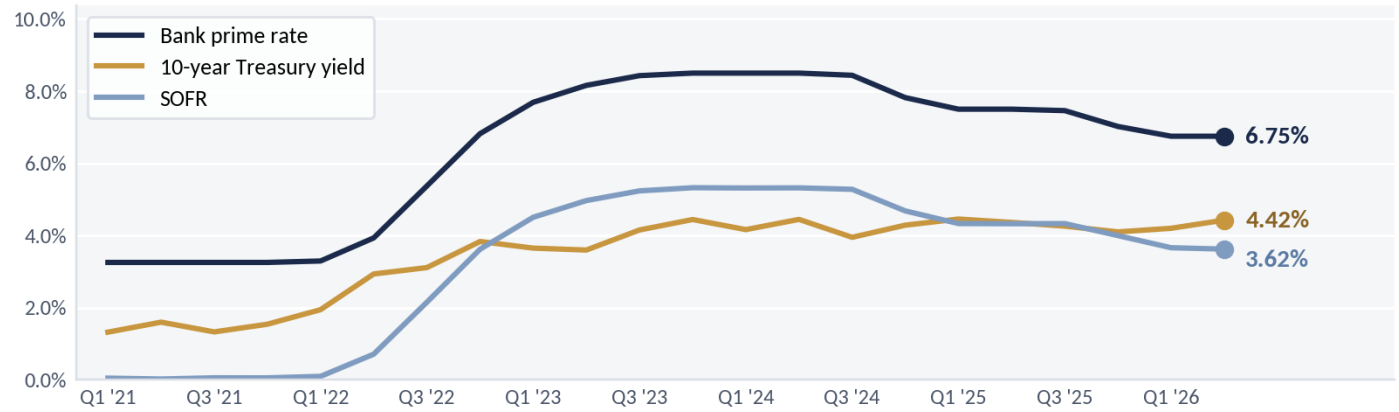
What it measures: Quarterly percent change in the BLS Employment Cost Index for wages and salaries, all civilian workers, seasonally adjusted. The ECI holds job mix constant, so it tracks the underlying cost of labor.

What it means: Wage costs rose 0.85%, about 3.4% annualized, up from 0.75% in Q1 and below the quarter's 1.48% rise in consumer prices.

Source: U.S. Bureau of Labor Statistics, via FRED (CIS10200000000000I)

Benchmark Borrowing Rates: Prime, 10-Year Treasury, and SOFR

	LATEST	PRIOR QTR	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
Prime	6.75%	6.75%	+0 bp	● Stable	Neutral	Q2 2026 avg.
10-yr Treasury	4.42%	4.20%	+23 bp	▲ Up	Unfavorable	Q2 2026 avg.
SOFR	3.62%	3.66%	−4 bp	● Stable	Neutral	Q2 2026 avg.



What it measures: Prime is the base rate for most variable-rate business lines and SBA 7(a) loans. The 10-year Treasury yield anchors term debt and commercial real estate financing. SOFR (the Secured Overnight Financing Rate) is the benchmark for many floating-rate commercial loans. All three values are quarterly averages of daily or monthly rates.

What it means: The Fed held its target range at 3.50%–3.75%, so prime stayed at 6.75% and SOFR near 3.6%. The 10-year Treasury rose 23 bp to average 4.42%, the highest since Q1 2025.

Sources: Federal Reserve Board H.15 via FRED (DPRIME, GS10); Federal Reserve Bank of New York via FRED (SOFR)

Bank Lending Standards for Small Firms

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
6.6%	8.9%	−2.3 pts	▼ Down	Neutral	Apr 2026 survey



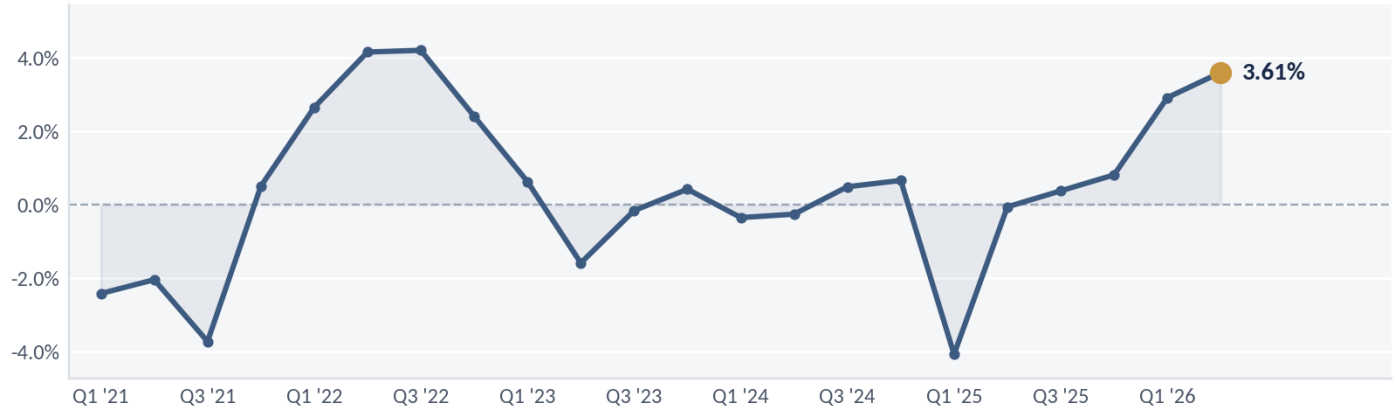
What it measures: Net percentage of domestic banks tightening standards on commercial and industrial loans to small firms, from the Federal Reserve's quarterly Senior Loan Officer Opinion Survey. Positive readings mean more banks are tightening than easing.

What it means: Net tightening for small-firm C&I loans eased to 6.6% in the April survey from 8.9% in January; a positive reading still means more banks tightened than eased.

Source: Federal Reserve Board, Senior Loan Officer Opinion Survey, via FRED (DRTSCIS)

Commercial & Industrial Loans, All Commercial Banks

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
3.61%	2.92%	+69 bp	▲ Up	Favorable	Jun 2026



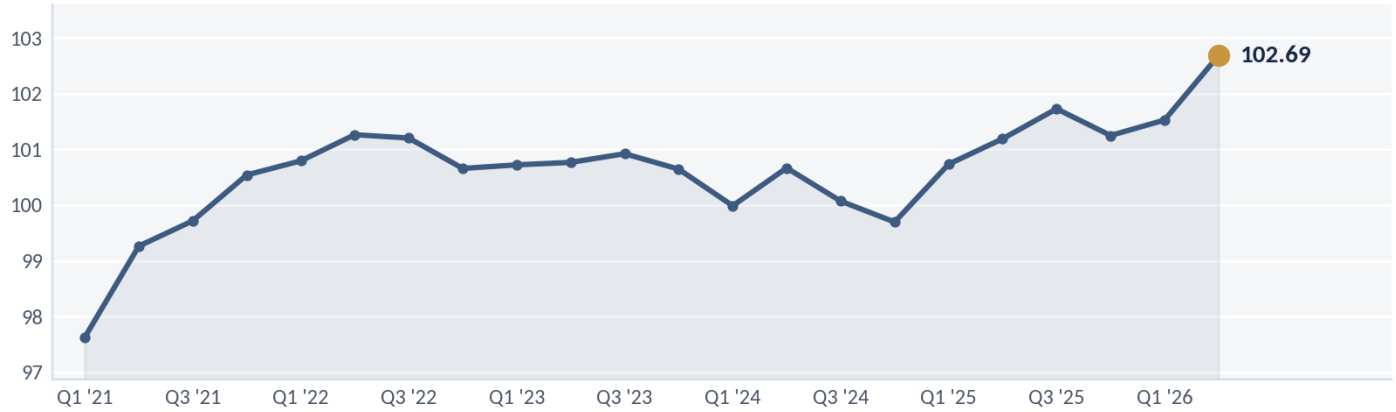
What it measures: Percent change in the quarterly average of seasonally adjusted business loans outstanding at U.S. commercial banks: working capital, equipment, and other short- and medium-term credit.

What it means: Business loans grew 3.6%, following 2.9% in Q1, the strongest quarter since 2022.

Source: Board of Governors of the Federal Reserve System, H.8, via FRED (BUSLOANS)

Industrial Production Index

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
102.69	101.53	+1.16	▲ Up	Favorable	Jun 2026



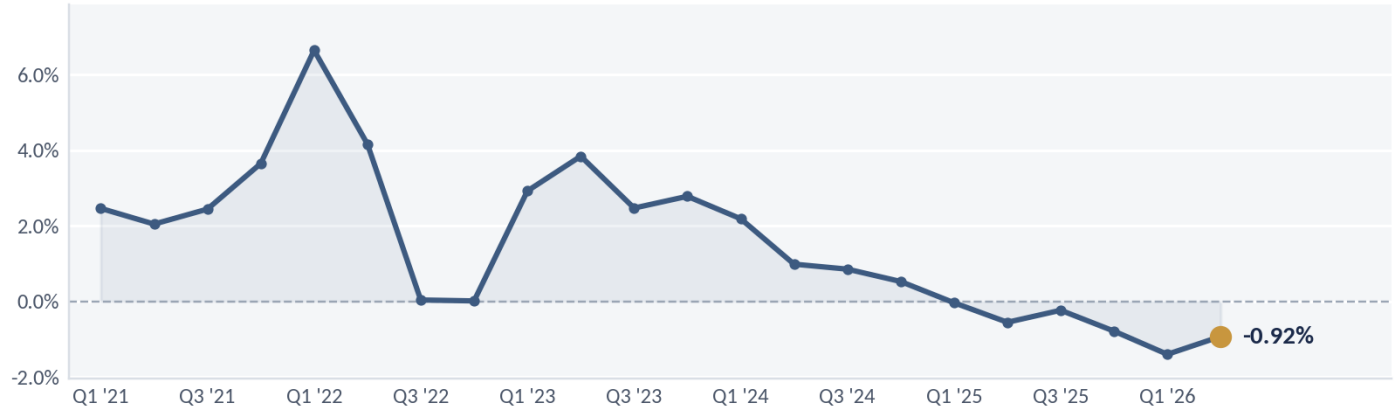
What it measures: Real output of U.S. manufacturing, mining, and electric and gas utilities (2017 = 100), published monthly by the Federal Reserve Board. Values are quarterly averages.

What it means: Output rose 1.1% to 102.7, its highest quarterly level since early 2019, and the ISM Manufacturing PMI averaged 53.3.

Source: Board of Governors of the Federal Reserve System, G.17, via FRED (INDPRO)

Total Construction Spending

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
-0.92%	-1.39%	+47 bp	▲ Up	Unfavorable	Jun 2026



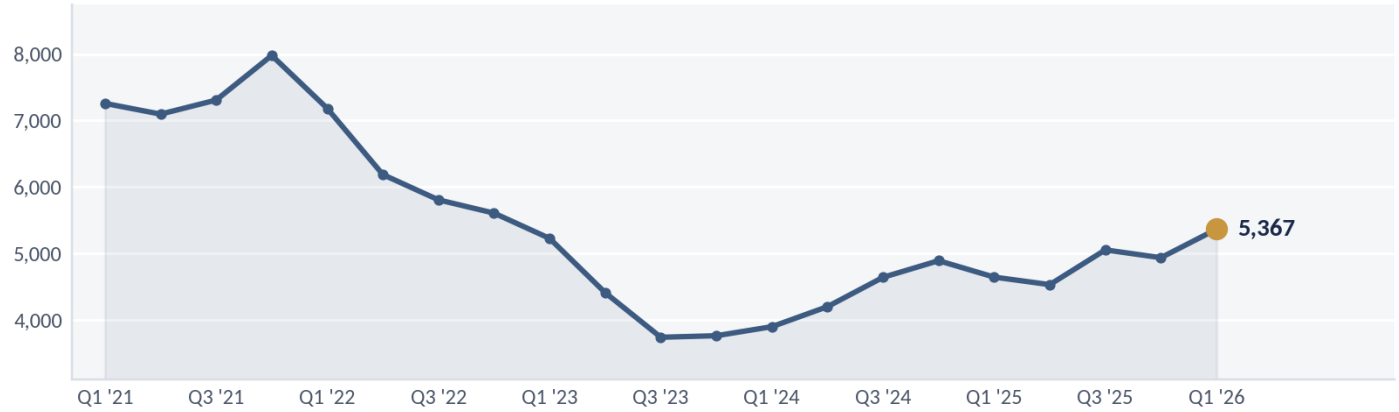
What it measures: Percent change in the quarterly average of the seasonally adjusted annual rate of construction put in place, residential and nonresidential, private and public.

What it means: Spending fell 0.9%, the sixth straight quarterly decline, though smaller than Q1's 1.4% decline.

Source: U.S. Census Bureau, via FRED (TTLCONS)

M&A: Number of Transactions in North America

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
5,367	4,939	+428	▲ Up	Favorable	Q1 2026 (latest IMAA)



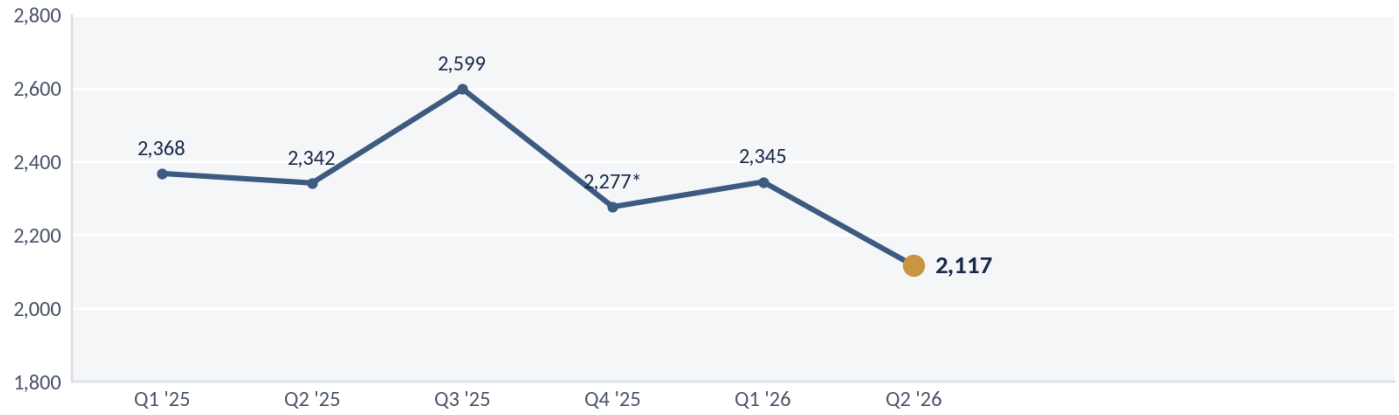
What it measures: Number of announced M&A transactions involving North American targets (U.S., Canada, Mexico), as tracked by the Institute for Mergers, Acquisitions & Alliances.

What it means: IMAA has not yet published Q2 data. Its latest release, Q1 2026, recorded 5,367 deals, the most since Q4 2022.

Source: Institute for Mergers, Acquisitions & Alliances (IMAA), Capital IQ data

Small Business Sales (BizBuySell Insight Report)

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
2,117	2,345	−228	▼ Down	Neutral	Q2 2026



What it measures: Closed sales of small businesses reported by brokers to BizBuySell each quarter, with median sale price and average cash-flow (SDE) multiple. This deal market is the one most relevant to owners of smaller, privately held companies.

What it means: Sales fell 10% to 2,117 from Q1 and from a year earlier, while the average cash-flow multiple held at 2.7x and the median sale price at $349,250. BizBuySell attributed the decline to fewer quality businesses coming to market and greater buyer selectivity.

Source: BizBuySell Insight Report (quarterly); Q4 2025 count derived from the 2025 annual total

Sector Lens: Healthcare, Construction, and Manufacturing

The national indicators set the backdrop. These six readings show how the quarter looked inside the three industries where Black Diamond CFO Solutions focuses.

Sector	Indicator	Latest	What it means	Sentiment
Healthcare	Medicare fee schedule (CY 2027 proposed, July 14)	**−1.68% / −1.19%**	Proposed non-APM conversion factor $32.84 and qualifying APM $33.17 as the one-year 2.5% increase expires; comments closed September 14.	Unfavorable
Healthcare	Ambulatory health care employment	**+2.7% YoY**	9.23 million jobs in June, up 239,000 from a year earlier.	Favorable
Construction	AIA Architecture Billings Index (June)	**47.3**	Billings declined for a 41st straight month (scores below 50).	Unfavorable
Construction	Construction input prices (June)	**+7.6% YoY**	Prices fell 1.1% in June with oil but remained well above a year earlier; iron and steel rose 2.5% in the month.	Unfavorable
Manufacturing	ISM Manufacturing PMI (June)	**53.3**	Q2 averaged 53.3, up from 52.6 in Q1; May reached 54.0.	Favorable
Manufacturing	Manufacturing business sales (BizBuySell Q2)	**−9% YoY**	Transactions fell 9% and the median sale price fell 10% to $704,500.	Unfavorable

Sources: CMS CY 2027 Physician Fee Schedule proposed rule fact sheet (July 14, 2026); BLS via FRED (CES6562100001); AIA/Deltek; Associated Builders and Contractors analysis of BLS PPI; Institute for Supply Management; BizBuySell.

Methodology and Data Notes

- Quarterly values for monthly and daily series equal the average of the observations in the quarter. Growth measures compare that average with the prior quarter. GDP growth is BEA's seasonally adjusted annual rate.
- Figures reflect the most recent revised data available as of October 2026, including BEA's September 30 annual GDP revision, so some values differ from first-published estimates.
- Unemployment history aligns each value with its BLS reference quarter. Consumer sentiment is the University of Michigan index; wage growth is the BLS Employment Cost Index for wages and salaries.
- SOFR is the quarterly average of the New York Fed's daily rate. Bank lending standards come from the Federal Reserve survey conducted in the first month of each quarter.
- NFIB optimism values are quarterly averages of monthly readings. The BizBuySell Q4 2025 count equals the reported 2025 annual total less the three reported quarters; BizBuySell publishes quarterly counts in individual releases, and this edition charts the reported quarters from Q1 2025.
- IMAA publishes North American M&A data with a lag; this edition uses its latest release (Q1 2026). Industrial production for 2026 reflects the Federal Reserve's September 2026 release; earlier quarters reflect a prior vintage.

About Black Diamond CFO Solutions

Black Diamond CFO Solutions provides fractional CFO services to small and lower middle-market companies that have outgrown basic accounting but do not yet need a full-time CFO. We translate economic signals into practical financial reporting, forecasting, cash and treasury management, and capital-structure guidance, with deep experience in healthcare, real estate and construction, manufacturing and distribution, and professional services. We produce Macro Pulse quarterly as a value-add for clients and partners.

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Data in this report come from publicly available sources (BEA, BLS, the Federal Reserve Board, the Federal Reserve Bank of New York, U.S. Census Bureau, FRED, University of Michigan, NFIB, IMAA, BizBuySell, CMS, AIA, ABC, and ISM) and are provided for informational purposes only. They do not constitute investment, tax, or legal advice. Past performance of economic indicators does not guarantee future outcomes; always combine macro context with company-specific analysis.
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