Macro Pulse

Quarterly Economic Newsletter for Small Business Leaders

Q3 2026

Data through September 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

Growth accelerated to 3.4% as the Fed raised rates for the first time since 2023.

Real GDP grew at a 3.4% annualized rate in the third quarter, up from 2.2% in Q2, and unemployment eased to 4.1%. On September 16 the Fed raised its target range to 3.75%–4.00%, and prime moved to 7.00% the next day. Price pressures returned in September: consumer prices rose 0.6% on higher gasoline prices, and producer prices rose 1.3%, the largest monthly increase since March 2022.

At-a-Glance Trend Snapshot

Indicator	Prior	Latest	Change	Direction	Sentiment	Data through
Real GDP growth	2.2%	**3.4%**	+120 bp	▲ Up	Favorable	Q3 2026 (advance)
CPI inflation (QoQ)	1.48%	**0.43%**	−106 bp	▼ Down	Neutral	Sep 2026
PPI final demand (QoQ)	2.08%	**1.01%**	−107 bp	▼ Down	Neutral	Sep 2026
Consumer sentiment	48.0	**51.7**	+3.7	▲ Up	Unfavorable	Sep 2026
NFIB small business optimism	96.2	**98.8**	+2.6	▲ Up	Favorable	Sep 2026
Unemployment rate	4.3%	**4.1%**	−13 bp	▼ Down	Favorable	Sep 2026
Wage growth (ECI, QoQ)	0.85%	**0.70%**	−15 bp	▼ Down	Unfavorable	Q3 2026
Bank prime rate	6.75%	**6.79%**	+4 bp	● Stable	Neutral	Q3 2026 avg.
10-year Treasury yield	4.42%	**4.76%**	+33 bp	▲ Up	Unfavorable	Q3 2026 avg.
SOFR (quarterly average)	3.62%	**3.67%**	+5 bp	● Stable	Neutral	Q3 2026 avg.
Banks tightening (small firms)	6.6%	**1.8%**	−4.8 pts	▼ Down	Favorable	Jul 2026 survey
C&I loan growth (QoQ)	3.61%	**1.65%**	−195 bp	▼ Down	Neutral	Sep 2026
Industrial production	102.77	**103.50**	+0.73	▲ Up	Favorable	Sep 2026
Construction spending (QoQ)	-0.92%	**1.13%**	+206 bp	▲ Up	Favorable	Sep 2026
M&A deal count (N. America)	4,939	**5,367**	+428	▲ Up	Favorable	Q1 2026 (latest IMAA)
Small business sales (BizBuySell)	2,117	**2,132**	+15	● Stable	Neutral	Q3 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 third quarter combined stronger growth with tighter financial conditions. GDP grew at a 3.4% annualized rate, industrial production rose for a third straight quarter, and unemployment averaged 4.1%. The Fed raised its target range on September 16, its first increase since July 2023, and the 10-year Treasury averaged 4.76%. Inflation cooled for the quarter as a whole but re-accelerated in September, lifting annual CPI to 3.7% and annual PPI to 6.3%.

- **Growth accelerated.** Real GDP grew at a 3.4% annualized rate in Q3, up from 2.2% in Q2, according to BEA's advance estimate.
- **Borrowing costs turned higher.** The Fed raised its target range to 3.75%–4.00% on September 16, and prime moved to 7.00% on September 17. The 10-year Treasury averaged 4.76%, up 33 bp from Q2. On October 28, after the quarter ended, the Fed held the range steady.
- **Inflation cooled for the quarter but rose in September.** Quarterly CPI rose 0.43% after 1.48% in Q2, but September alone rose 0.6% on higher gasoline prices, and annual CPI reached 3.7%. PPI final demand rose 1.3% in September.
- **Small-business optimism improved; consumers stayed pessimistic.** NFIB optimism averaged 98.8, up from 96.2 in Q2, though September slipped to 97.9. Consumer sentiment averaged 51.7 and fell to 48.1 in September.
- **The labor market held steady.** Unemployment averaged 4.1%, down from 4.3% in Q2. Wage costs rose 0.7% in Q3 and 3.1% over the year, below the 3.7% annual CPI rate.
- **Credit eased; construction stayed weak.** Net tightening of bank standards for small firms fell to 1.8%, and C&I loans grew 1.7%. Construction spending rose 1.1% for the quarter but fell 1.9% in September and was 2.7% below a year earlier.

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
3.4%	2.2%	+120 bp	▲ Up	Favorable	Q3 2026 (advance)



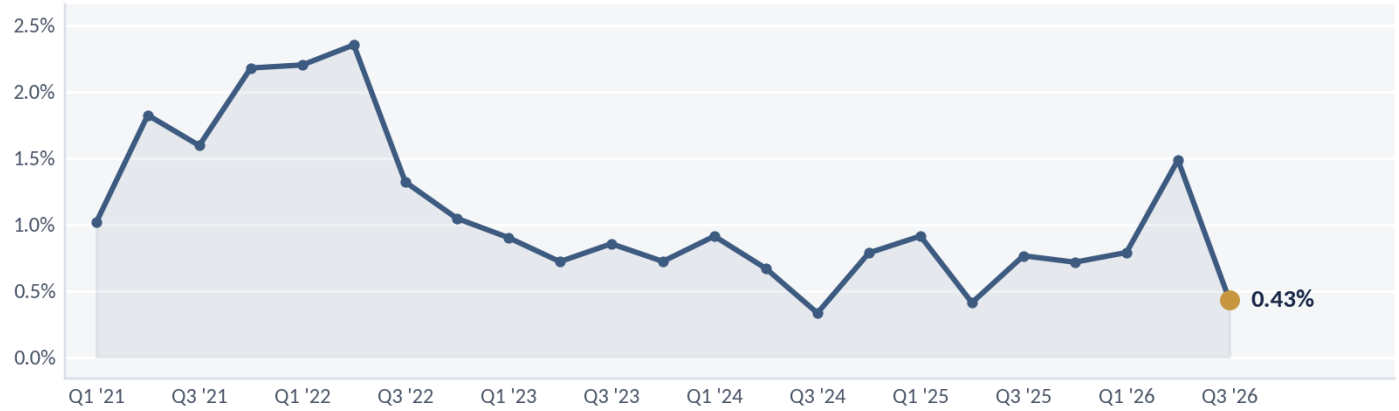
What it measures: Inflation-adjusted value of all final goods and services produced in the U.S.; quarterly percent change at a seasonally adjusted annual rate.

What it means: Growth accelerated to 3.4% from 2.2% in Q2, according to BEA's advance estimate released October 29. The advance estimate rests on incomplete source data and is subject to revision.

Source: U.S. Bureau of Economic Analysis, via FRED (A191RL1Q225SBEA); Q3 2026 advance estimate (October 29, 2026)

Consumer Price Index (CPI)

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
0.43%	1.48%	−106 bp	▼ Down	Neutral	Sep 2026



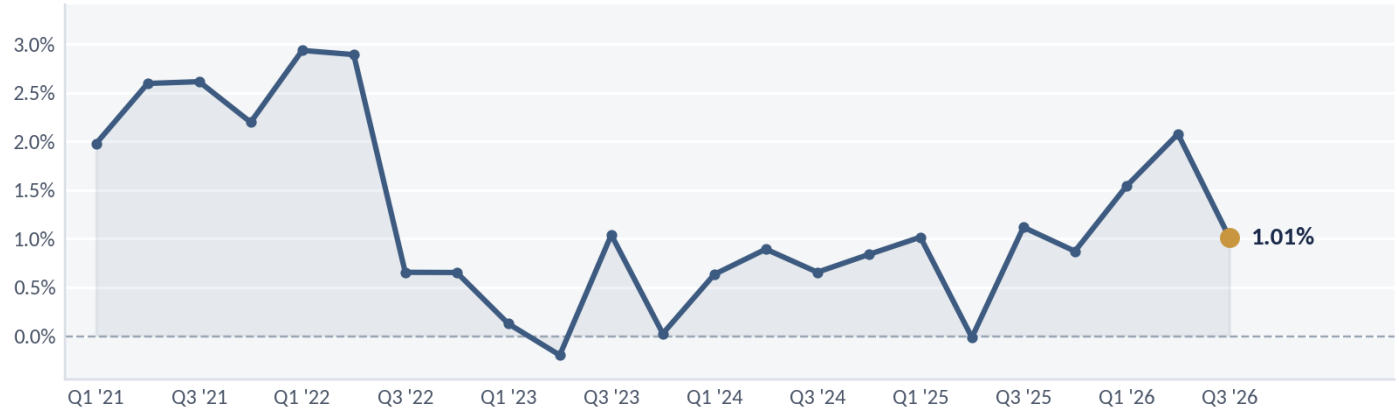
What it measures: Average change in prices urban consumers pay for a basket of goods and services. Values are the percent change in the quarterly average of the seasonally adjusted index versus the prior quarter.

What it means: Consumer prices rose 0.43% for the quarter, down from 1.48% in Q2. Prices re-accelerated in September, rising 0.6% on higher gasoline prices, and annual CPI rose to 3.7% from 3.4% in August.

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

Producer Price Index (PPI), Final Demand

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
1.01%	2.08%	−107 bp	▼ Down	Neutral	Sep 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 1.0% for the quarter, down from 2.1% in Q2. September rose 1.3%, the largest monthly increase since March 2022, as final demand energy prices jumped 10.8%; annual PPI reached 6.3%.

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

Consumer Sentiment Index (University of Michigan)

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
51.7	48.0	+3.7	▲ Up	Unfavorable	Sep 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 51.7, up from 48.0 in Q2, but September fell to 48.1.

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

NFIB Small Business Optimism Index

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
98.8	96.2	+2.6	▲ Up	Favorable	Sep 2026



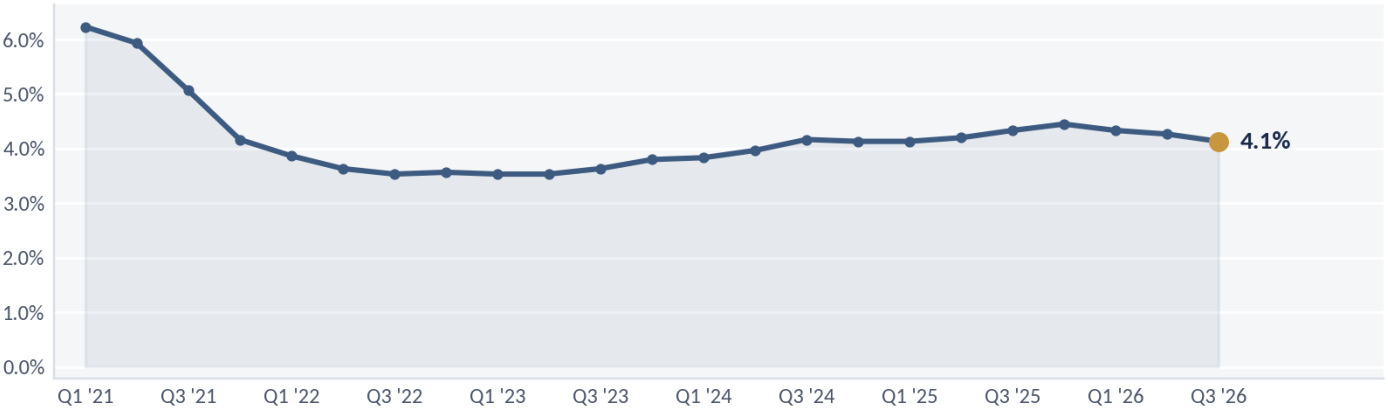
What it measures: Monthly survey of NFIB member firms covering hiring plans, capital spending, sales and earnings expectations, and credit conditions (1986 = 100; 52-year average = 98). Values are quarterly averages of monthly readings.

What it means: Optimism averaged 98.8, up from 96.2 in Q2 and above the 52-year average of 98. July's 99.8 was the highest since August 2025; September slipped to 97.9 as fewer owners rated the health of their business as good.

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

Unemployment Rate

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
4.1%	4.3%	−13 bp	▼ Down	Favorable	Sep 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 4.1%, down from 4.3% in Q2.

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
0.70%	0.85%	−15 bp	▼ Down	Unfavorable	Q3 2026



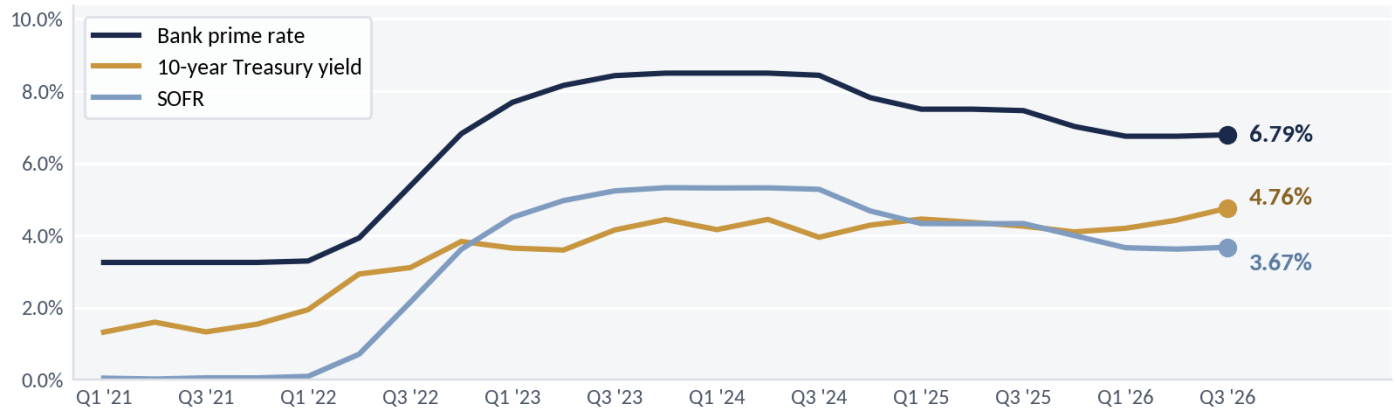
What it measures: Quarterly percent change in the BLS Employment Cost Index for wages and salaries, all civilian workers, seasonally adjusted. The ECI holds job mix constant, so it tracks the underlying cost of labor.

What it means: Wage costs rose 0.7% in Q3, down from 0.85% in Q2, and 3.1% over the year through September, below the 3.7% annual CPI rate.

Source: U.S. Bureau of Labor Statistics, Employment Cost Index, via FRED (CIS10200000000001); Q3 2026 from the BLS release of October 30, 2026

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

	LATEST	PRIOR QTR	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
Prime	6.79%	6.75%	+4 bp	● Stable	Neutral	Q3 2026 avg.
10-yr Treasury	4.76%	4.42%	+33 bp	▲ Up	Unfavorable	Q3 2026 avg.
SOFR	3.67%	3.62%	+5 bp	● Stable	Neutral	Q3 2026 avg.



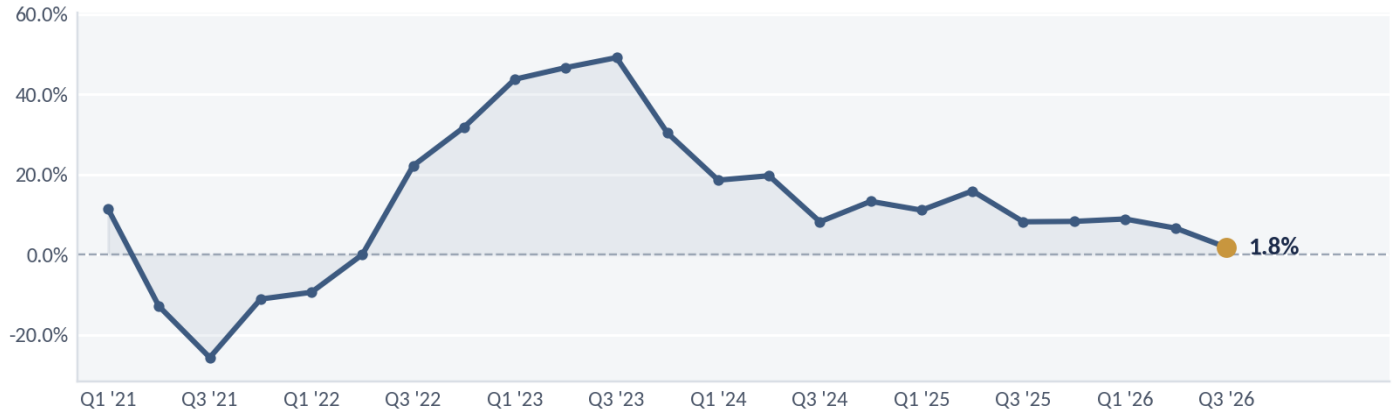
What it measures: Prime is the base rate for most variable-rate business lines and SBA 7(a) loans. The 10-year Treasury yield anchors term debt and commercial real estate financing. SOFR (the Secured Overnight Financing Rate) is the benchmark for many floating-rate commercial loans. All three values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

What it means: The Fed raised its target range to 3.75%–4.00% on September 16, its first increase since July 2023, and prime rose to 7.00% on September 17. Because the increase came late in the quarter, prime averaged 6.79% and SOFR 3.67%, each within 10 bp of Q2. The 10-year Treasury rose 33 bp to average 4.76%. On October 28, after the quarter ended, the Fed held its target range at 3.75%–4.00%.

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
1.8%	6.6%	−4.8 pts	▼ Down	Favorable	Jul 2026 survey



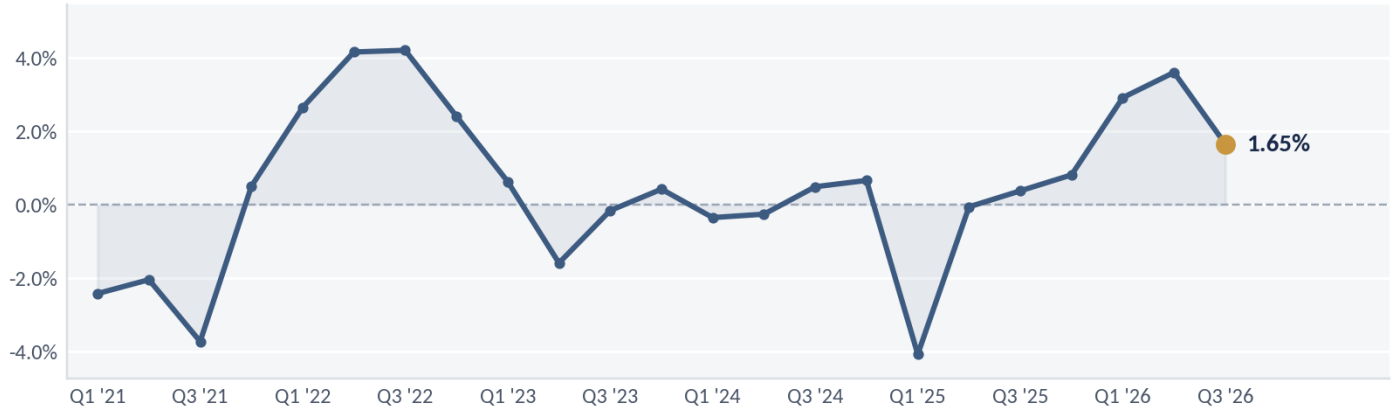
What it measures: Net percentage of domestic banks tightening standards on commercial and industrial loans to small firms, from the Federal Reserve's quarterly Senior Loan Officer Opinion Survey. Positive readings mean more banks are tightening than easing.

What it means: Net tightening for small-firm C&I loans fell to 1.8% in the July survey, the lowest since 2022. The Fed reported basically unchanged standards for C&I loans to firms of all sizes.

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
1.65%	3.61%	−195 bp	▼ Down	Neutral	Sep 2026



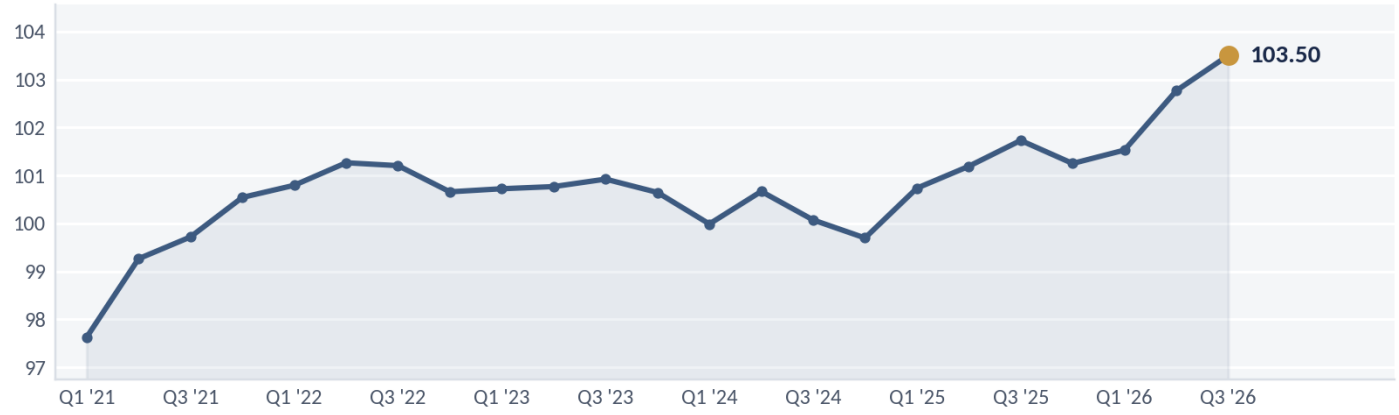
What it measures: Percent change in the quarterly average of seasonally adjusted business loans outstanding at U.S. commercial banks: working capital, equipment, and other short- and medium-term credit.

What it means: Business loans grew 1.7% for the quarter, down from 3.6% in Q2. September balances were about 10% above a year earlier.

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
103.50	102.77	+0.73	▲ Up	Favorable	Sep 2026



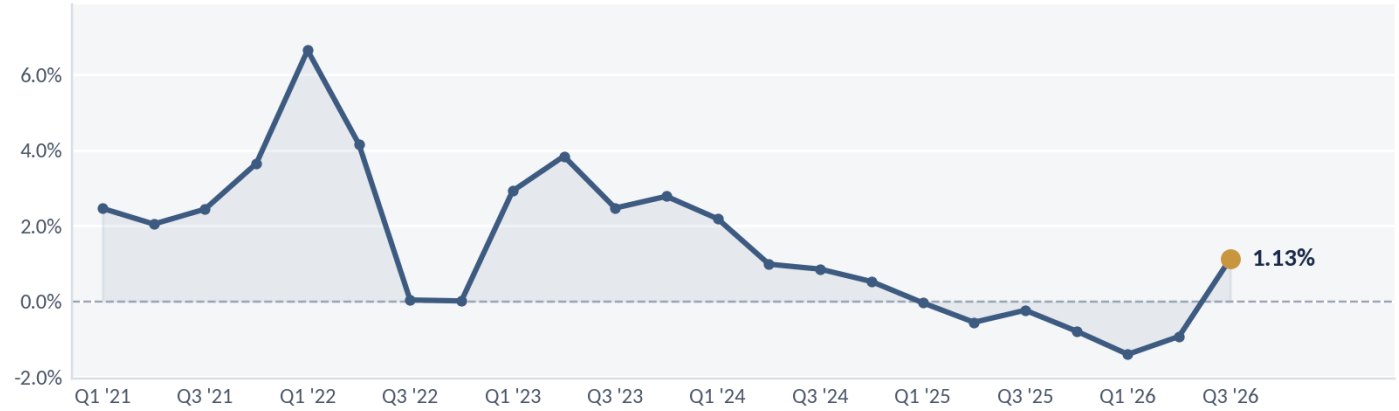
What it measures: Real output of U.S. manufacturing, mining, and electric and gas utilities (2017 = 100), published monthly by the Federal Reserve Board. Values are quarterly averages.

What it means: Output rose 0.7% to 103.5 for the quarter, a 2.8% annual rate according to the Federal Reserve. September rose 0.7%, led by a 3.5% gain in utilities.

Source: Board of Governors of the Federal Reserve System, G.17 (October 16, 2026), via FRED (INDPRO)

Total Construction Spending

LATEST	PRIOR QUARTER	CHANGE	DIRECTION	SENTIMENT	DATA THROUGH
1.13%	-0.92%	+206 bp	▲ Up	Favorable	Sep 2026



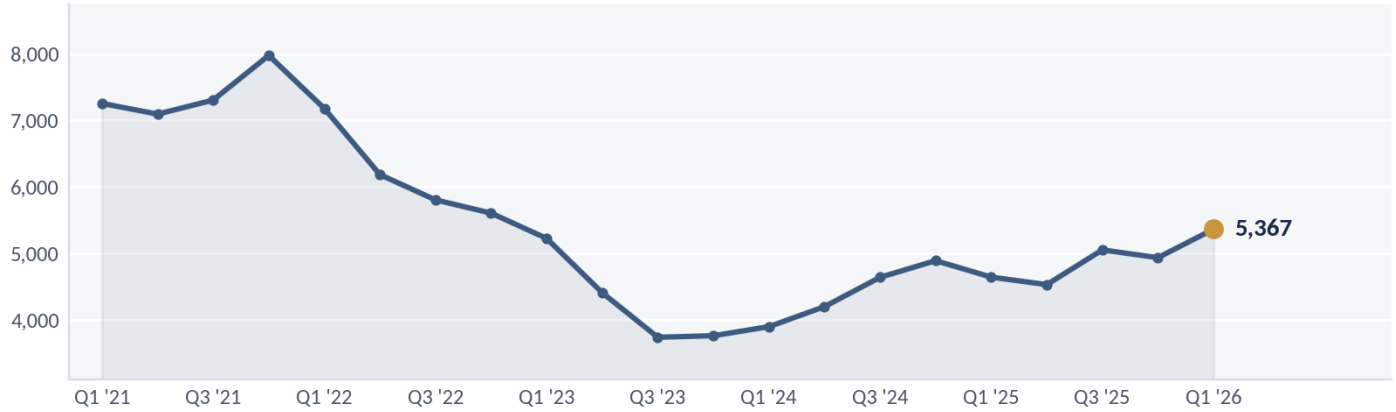
What it measures: Percent change in the quarterly average of the seasonally adjusted annual rate of construction put in place, residential and nonresidential, private and public.

What it means: Spending rose 1.1% for the quarter after a 0.9% decline in Q2, the first quarterly gain since Q4 2024. September fell 1.9%, led by a 5.5% drop in private residential construction, and spending was 2.7% below a year earlier.

Source: U.S. Census Bureau (November 2, 2026 release), 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)



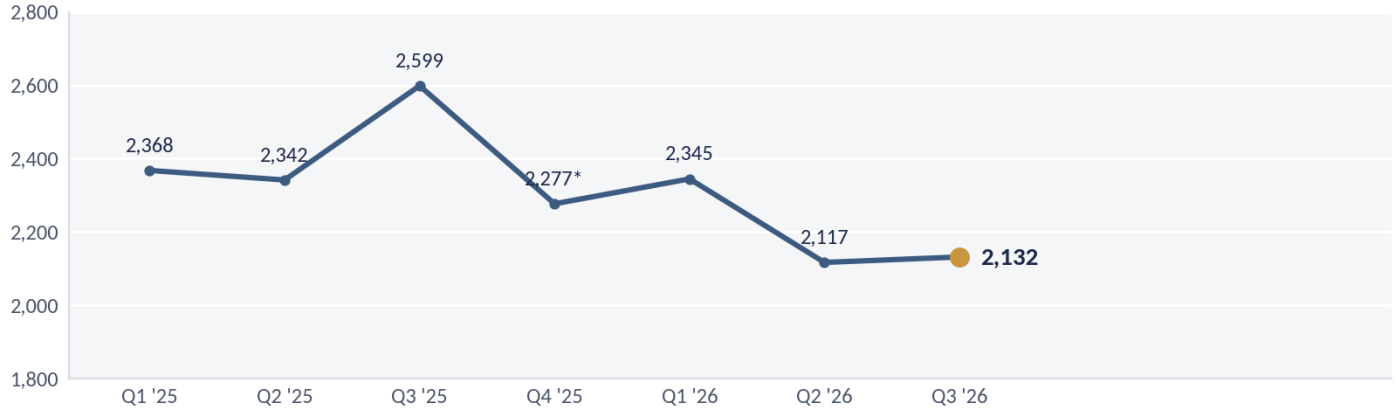
What it measures: Number of announced M&A transactions involving North American targets (U.S., Canada, Mexico), as tracked by the Institute for Mergers, Acquisitions & Alliances.

What it means: IMAA has not yet published Q2 or Q3 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
2,132	2,117	+15	● Stable	Neutral	Q3 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 totaled 2,132, little changed from Q2 and 7% below a year earlier on BizBuySell's restated figures. The median sale price rose 17% from a year earlier to $350,000, and sales above $1 million made up a record 22% of transactions.

Source: BizBuySell Insight Report (quarterly; Q3 2026 released October 20, 2026); 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)	**−1.68% / −1.19%**	Proposed non-APM conversion factor $32.84 and qualifying APM $33.17 as the one-year 2.5% increase expires; final rule pending at publication.	Unfavorable
Healthcare	Ambulatory health care employment	**+2.4% YoY**	9.27 million jobs in September, up 213,000 from a year earlier.	Favorable
Construction	AIA Architecture Billings Index (September)	**44.7**	Down from 47.2 in August, with the largest share of firms reporting declining billings since May.	Unfavorable
Construction	Construction input prices (September)	**+11.2% YoY**	Prices rose 2.2% in September; the annual increase was the largest in nearly four years.	Unfavorable
Manufacturing	ISM Manufacturing PMI (September)	**54.5**	Ninth straight month of expansion; July reached 55.6, a near four-year high.	Favorable
Manufacturing	Industrial capacity utilization (September)	**76.9%**	Up from 76.4% in August; manufacturing utilization rose to 75.9%.	Favorable

Sources: CMS CY 2027 Physician Fee Schedule proposed rule (July 14, 2026); BLS via FRED (CES6562100001); AIA/Deltek (October 2026); Associated Builders and Contractors analysis of BLS PPI (October 15, 2026); Institute for Supply Management (October 1, 2026); Federal Reserve G.17 (October 16, 2026).

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 data available as of November 2, 2026. The Q3 GDP figure is BEA's advance estimate. Q3 wage growth is the BLS published change (0.7%); prior quarters are computed from index levels.
- 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; this edition uses the July 2026 survey, the latest released.
- NFIB optimism values are quarterly averages of monthly readings. BizBuySell counts are shown as originally published; BizBuySell restates prior quarters as brokers report additional sales, so its stated year-over-year changes can differ from the chart. The Q4 2025 count equals the 2025 annual total less the three reported quarters.
- IMAA publishes North American M&A data with a lag; its latest release is Q1 2026. Industrial production for Q2 and Q3 2026 reflects the Federal Reserve's October 16 release (one decimal); 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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