EQUIFAX

Market **Pulse**

Main Street Lending Report

August 2026

Data through June 2026

Equifax Main Street Lending Report — August 2026

Summary for Executives

Key Takeaways

- In June, the Small Business Lending Index increased 9.3% M/M and is flat over the last year. However, the more stable three-month-moving-average shows that lending remains depressed (down 8.5% Y/Y). Credit quality remains steady, with delinquencies and defaults essentially unchanged month-over-month.
- The economy grew a decent 1.5% in Q2, with strong consumer spending and business investment offsetting a pullback in exports and government spending. Momentum appears intact (the Atlanta Fed projects nearly 6% growth in Q3), but genuine headwinds persist, as job growth has stalled, inflation is still well above the Fed's target, and credit conditions remain tight for small businesses. New tariff actions on dozens of countries add further uncertainty to Main Street's outlook.

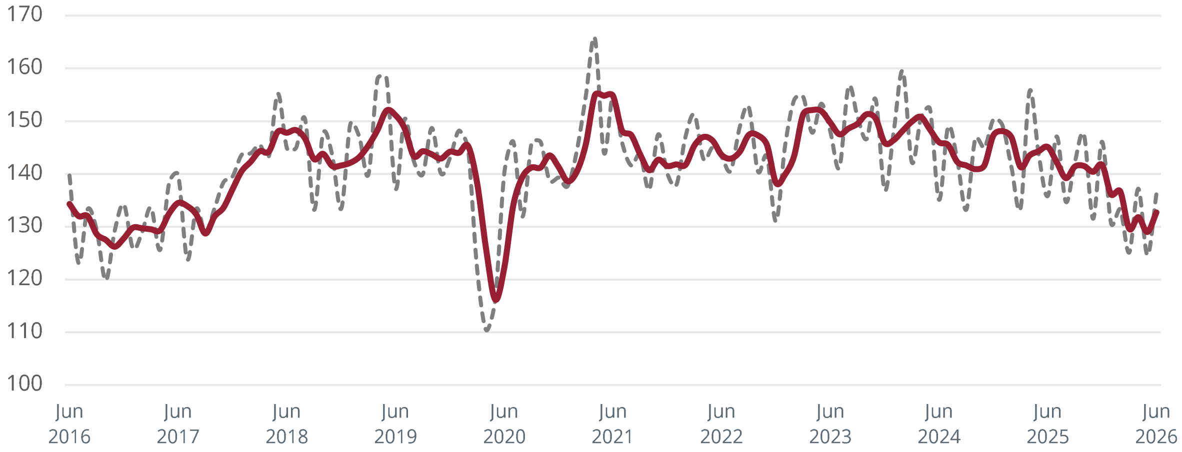
Equifax Small Business Lending Index (SBLI)

SBLI

136.2	▲9.3%	▲0.3%	63rd
(Level)	*(M/M)*	*(Y/Y)*	*Percentile*

SBLI 3MMA

132.7	▲2.9%	▼8.5%	58th
(Level)	*(M/M)*	*(Y/Y)*	*Percentile*



Volume of new commercial loans and leases to small businesses, seasonally adjusted index (January 2005 = 100)

Equifax Small Business Delinquency (SBDI) & Default Indices (SBDFI)

SBDFI

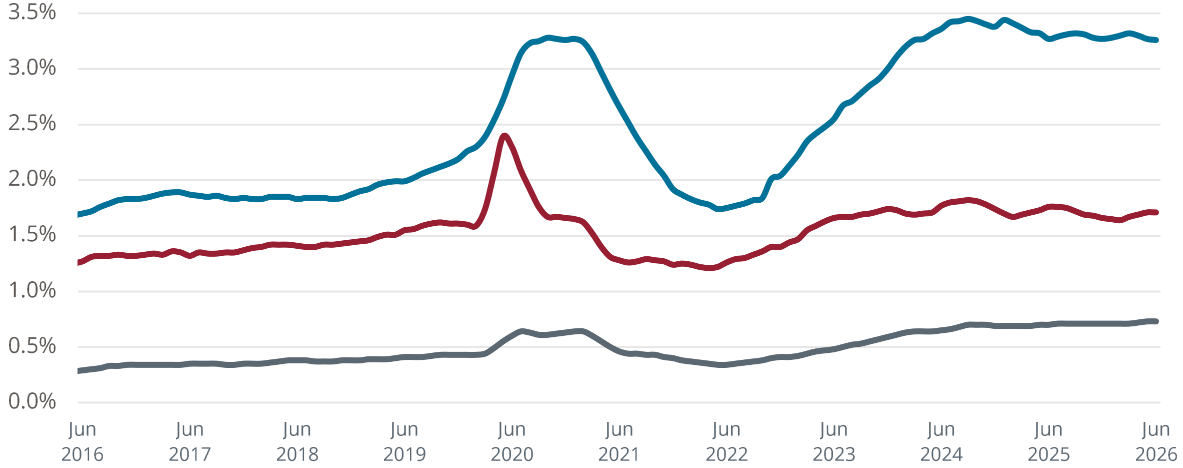
3.26%	▼1bps	▼1bps
(Level)	*(M/M)*	*(Y/Y)*

SBDI 31-90 Days

1.71%	0bps	▼5bps
(Level)	*(M/M)*	*(Y/Y)*

SBDI 91-180 Days

0.73%	0bps	▲3bps
(Level)	*(M/M)*	*(Y/Y)*



SBDFI calculated as a 12-month rolling average

Factors to Watch

Labor Market Stalls After Strong Spring

Job growth ground to a halt in June and July after adding 425,000 jobs in the prior three months, raising questions about underlying demand.

Elevated Inflation Keeps Rate Cut Off the Table

Core PCE inflation remains well above the Fed's target. As such, small business owners are unlikely to see a reduction in borrowing costs.

Economic Context

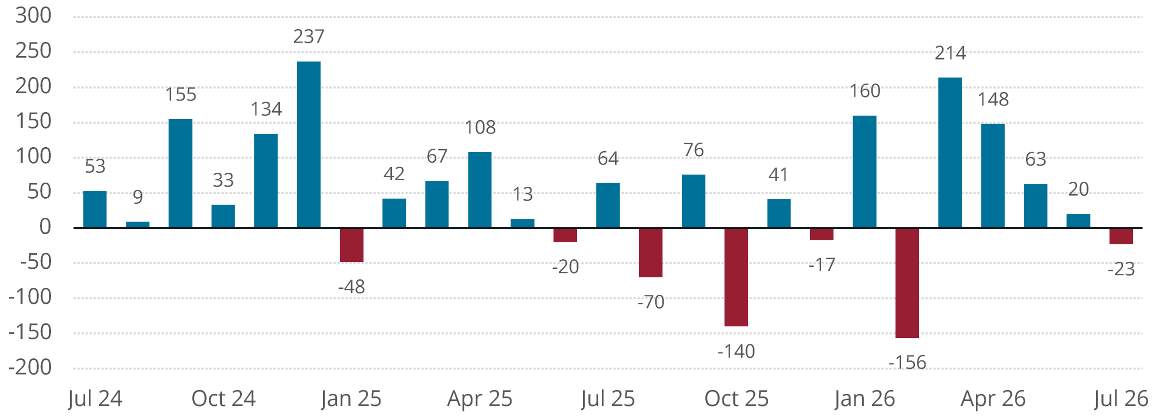
The economy grew 1.5% annualized in the second quarter, a decent pace driven by strong consumer spending and business investment. The Atlanta Fed's GDPNow model projects robust growth of nearly 6% in Q3, and while this figure may be overly optimistic, it suggests that economic momentum remains intact. At the same time, job growth has stagnated for the last two months and inflation remains significantly above the Fed's target. Taken together, the economy appears to be healthy, but genuine headwinds — a stalled labor market, sticky inflation, and tight credit conditions — could constrain growth, while trade policy and the war in Iran continue to inject uncertainty into markets.

Looking ahead, several forces are shaping the outlook for Main Street over the next six months:

- **Labor market:** After adding 425,000 jobs in March, April, and May, the labor market was stagnant in June and July (see top chart). Adding to concerns, inflation has outpaced annual wage growth since March (see bottom chart). For small businesses, slower wage growth cuts both ways: it may make hiring easier and reduces labor cost pressures, but an extended squeeze on workers' purchasing power will eventually weigh on consumer spending.
- **Inflation:** PCE inflation fell 0.1% M/M in June but was still up 3.7% Y/Y. The M/M decline was primarily driven by lower energy prices in June, while the elevated Y/Y rate reflects how much higher energy costs remain compared to a year ago. Given that a near-term resolution of the Iran war remains elusive, oil prices appear unlikely to return to their pre-conflict level of $70/barrel anytime soon. The core PCE price index is slightly lower (3.3% Y/Y) and rose just 0.1% M/M in June, but if energy prices remain elevated, they will filter through the economy in the months ahead.
- **Monetary policy:** Higher-for-longer monetary policy has kept credit conditions tight, contributing to the 9% Y/Y decline in Equifax's SBLI. Indeed, according to the Fed's Small Business Credit Survey (SBCS), nearly half of small businesses either experienced a financing shortfall (34%) or had unmet funding needs (15%) in 2025. These conditions are likely to persist: while the weak July jobs report reduced the near-term odds of a rate hike, markets still view a rate cut as essentially off the table this year.
- **Trade policy:** New tariff actions in recent weeks under multiple legal authorities — including 10% tariffs on 60+ countries and a 50% tariff on Canadian goods with no USMCA exemption — have added to market uncertainty. As a result, small businesses with cross-border supply chains continue to face elevated costs and planning uncertainty.

Labor Market Treading Water

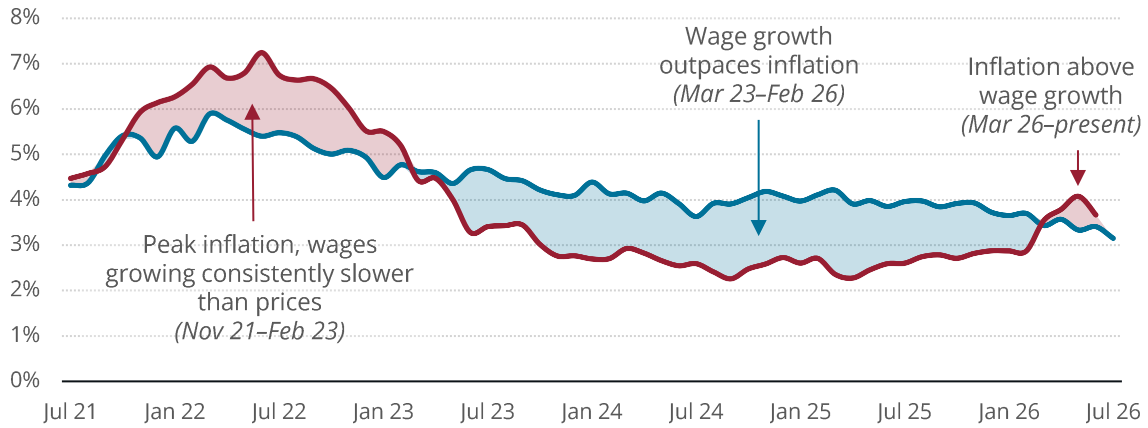
Total Nonfarm Employees, Monthly Change (Thousands), Seasonally Adjusted



Source: Bureau of Labor Statistics, August 7, 2026.

Inflation Rises Above Wage Growth

Year-over-year nominal wage growth (blue line) compared to year-over-year PCE inflation (red line)



Source: Bureau of Labor Statistics, August 7, 2026; Bureau of Economic Analysis, July 30, 2026.

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