

EQUIFAX[®]

Market **Pulse**

Main Street Lending Report

December 2024





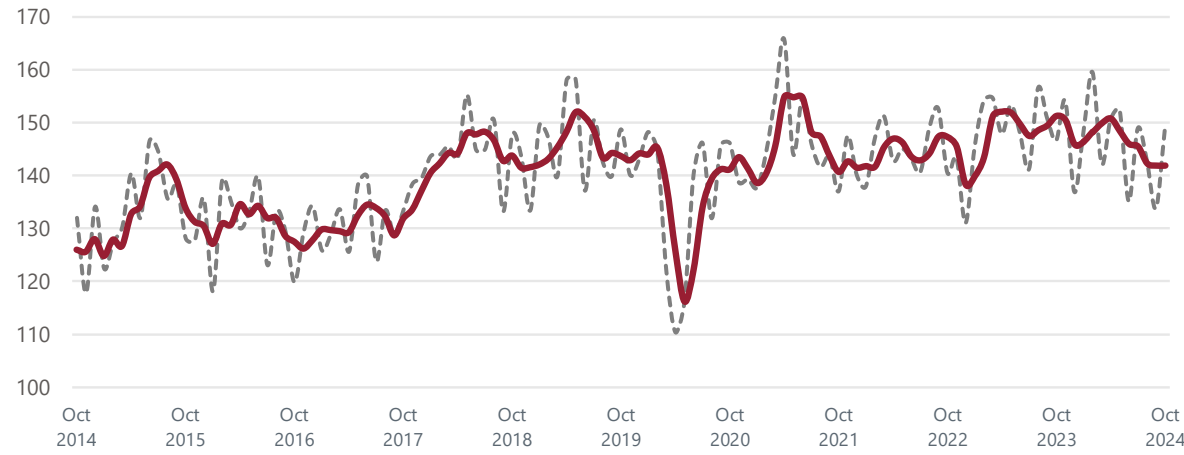
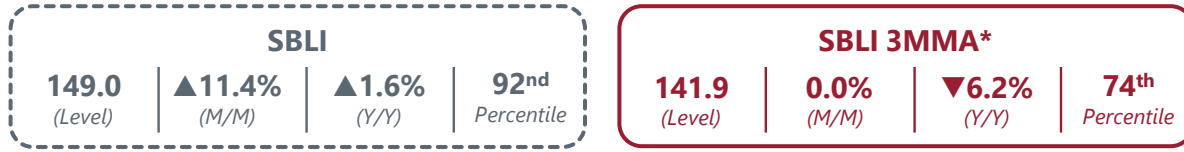
Equifax Main Street Lending Report — December 2024

Summary for Executives

Key Takeaways

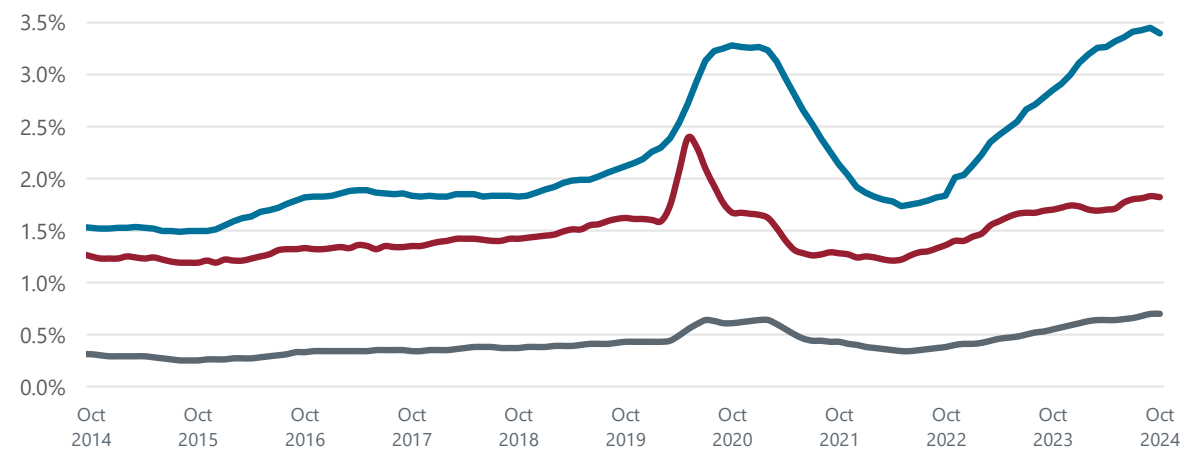
- Small Business lending activity improved 11.4% M/M in October according to the latest Equifax SBLI reading, although growth in the SBLI's three-month moving average was flat. Meanwhile, small business defaults fell for the first time in 2.5 years, while short-term delinquencies also ticked down.
- The combination of a healthy labor market, rising household wealth, and resilient consumer spending has put the U.S. economy on solid footing, and business and consumer confidence are on the rise. Combined with falling interest rates and a strong holiday shopping season, Main Street should get off to a healthy start in 2025.

Equifax Small Business Lending Index (SBLI)



Volume of new commercial loans and leases to small businesses, seasonally adjusted index (January 2005 = 100)
*Three-month moving average

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



SBDFI calculated as a 12-month rolling average

Factors to Watch

2025: The Super Bowl of Tax

Congress is expected to extend tax cuts for businesses and individuals in 2025, but rising Federal debt remains a significant and growing concern.

Tariffs and Trade Policy

Small businesses are bracing themselves for new tariffs and higher input costs. Tariff threats can also increase uncertainty and deter investment.



Equifax Main Street Lending Report — December 2024

Economic Trends

Economic Context

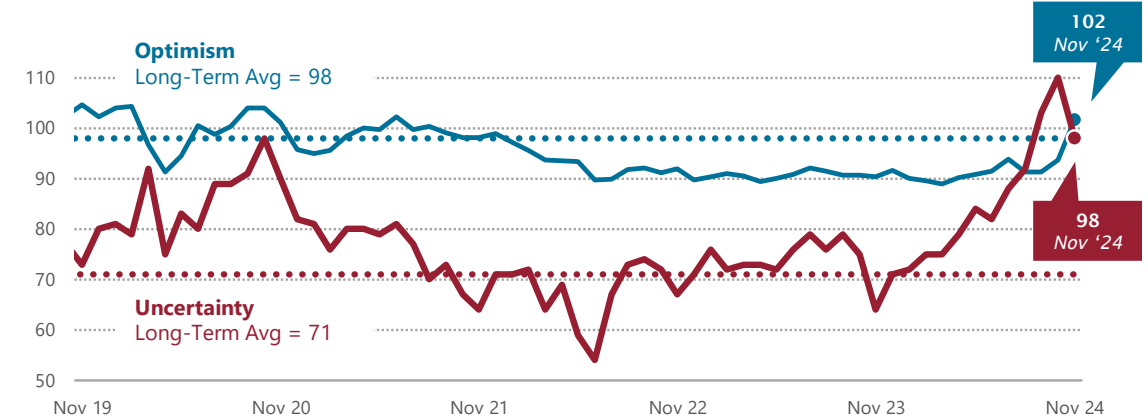
The U.S. economy continues to outperform its international peers. U.S. GDP is roughly 11% larger in inflation-adjusted terms than it was at the end of 2019, faring far better than other major economies like Italy (5.6%), Canada (5.5%), France (3.6%), Japan (3.0%), and Germany (0%). Three key factors have boosted the US economy through 2024 and set the stage for continued economic growth in 2025: a strong labor market (+227,000 jobs in November, with upward revisions to both September and October), rising household wealth (up \$8 trillion in 2024), and resilient consumer spending (up 3.7% in Q3).

Small businesses have played a crucial role to the U.S. economy in recent years and have accounted for 70% of net new jobs since 2019 according to the Treasury Department. But despite the United State’s comparative economic success, small businesses have faced significant headwinds. Inflation, a persistently tight labor market, more restrictive lending conditions, and slower sales growth have taken a toll. Small business lending has softened while defaults and delinquencies have risen dramatically. In October, small business optimism recorded its 34th straight month of readings below the long-term average while uncertainty rocketed to an all-time high (see top chart). Optimism among small business owners predictably jumped in November following the election, but based on the results of a recent WSJ / Vistage Small Business Survey, sustaining it could hinge on the outcome of two major policy developments in 2025: tax reform and tariffs (see bottom chart).

- **Taxes** — With several provisions of the Tax Cuts and Jobs Act (TCJA) set to expire, the policy debate that will ensue in 2025 has been dubbed the “Super Bowl of Tax.” According to the SBE Small Business Checkpoint, 85% of owners report benefitting from the TCJA, with the 20% small business deduction and full bonus depreciation allowance for capital expenses being two of the biggest benefits.¹ While Congress may extend both provisions, doing so would cost roughly \$1 trillion over 10 years according to the Congressional Budget Office and Tax Foundation, which could give pause to some fiscal conservatives.
- **Tariffs** — Since the election, the Trump administration has threatened a 25% tariff on Mexico and Canada and an additional 10% tariff on Chinese imports. Small businesses typically have less diversified supply chains, less negotiating power, and smaller profit margins, making them more susceptible to the higher input prices that typically result from tariffs. Though some threatened tariffs may not materialize, the “will they or won’t they” aspect of tariff threats increases Main Street uncertainty and hampers strategic planning efforts, which in turn could deter small business lending activity.

Small Business Owners More Optimistic, But Still Uncertain

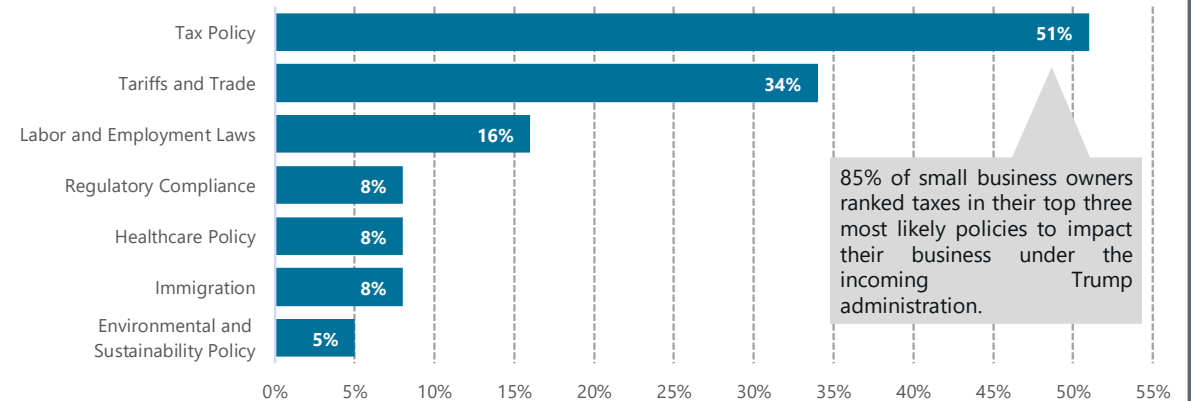
NFIB Small Business Optimism Index (blue) and Uncertainty Index (red) with long-term averages



Source: NFIB Small Business Optimism Report, November 2024.

Top-of-Mind Policy Debates for Small Business Owners in 2025

Percent of small business owners ranking issue as most impactful for their business



85% of small business owners ranked taxes in their top three most likely policies to impact their business under the incoming Trump administration.

Source: WSJ/Vistage Small Business Index.

¹ Small Business & Entrepreneurship Council Small Business Check Up Survey, October 2024.

Equifax Main Street Lending Report — December 2024

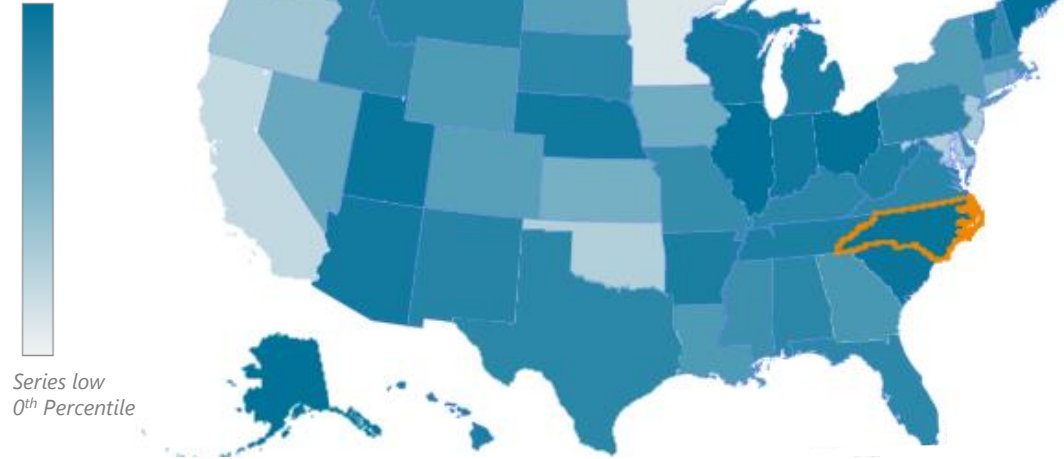
State & Industry Trends

Regions at a Glance

In this month's feature state North Carolina, lending increased after slumping the prior two months.

Small Business Lending Index

Series high
100th Percentile



Series low
0th Percentile

Map created using Equifax data. Powered by Bing. © GeoNames, Microsoft, TomTom.

<p>North Carolina</p>	Lending	134.4	▲1.6% (M/M)	▲1.3% (Y/Y)	96th Percentile
	Delinquency*	2.19%	▲3bps (M/M)	▲16bps (Y/Y)	80th Percentile
	Default	2.90%	▼9bps (M/M)	▲9bps (Y/Y)	71st Percentile

*31-90 Days Delinquent

Industries at a Glance

In October, lending declined in 11 of the 18 tracked industries, including agriculture and transportation. Defaults and delinquencies eased in the transportation & warehousing industry. For agriculture, delinquencies eased Y/Y while defaults increased.

Transportation & Warehousing

Lending	95.2	▼0.1% (M/M)	▼8.5% (Y/Y)	37th Percentile
Delinquency*	3.33%	▼7bps (M/M)	▲5bps (Y/Y)	83rd Percentile
Default	7.98%	▼16bps (M/M)	▲172bps (Y/Y)	82nd Percentile

Agriculture

Lending	134.7	0.0% (M/M)	▼5.3% (Y/Y)	52nd Percentile
Delinquency*	0.83%	▼3bps (M/M)	▼3bps (M/M)	65th Percentile
Default	2.92%	▲8bps (M/M)	▲69bps (Y/Y)	96th Percentile

To learn more about Equifax's full suite of state, industry, and state/industry commercial business data, please [contact a sales specialist today](#).