



Market **Pulse**

Main Street Lending Report

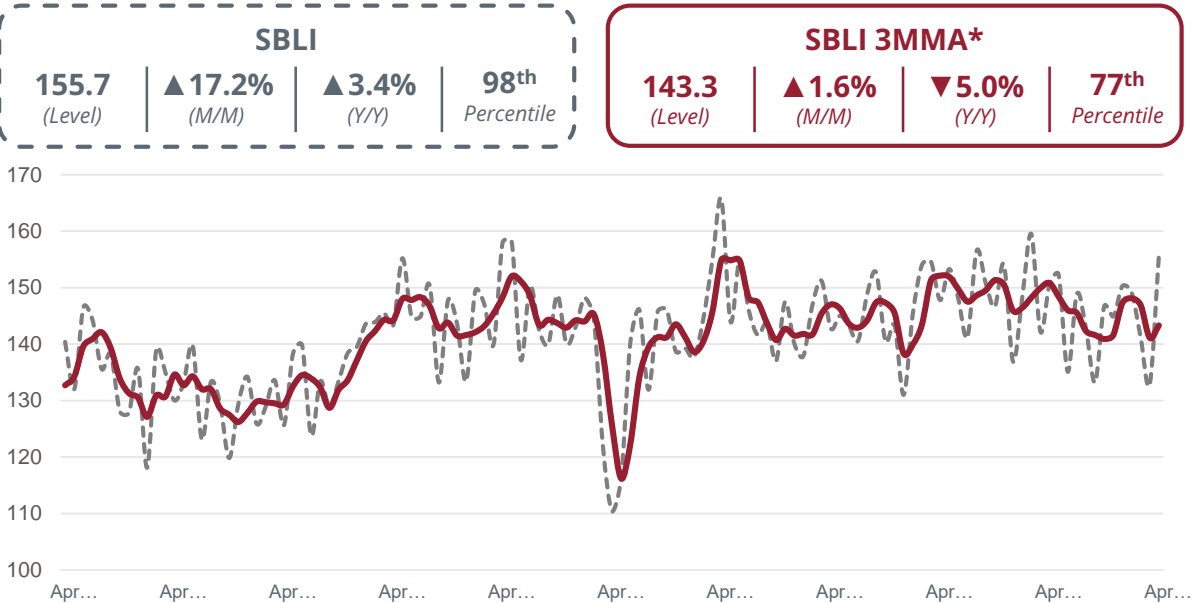
June 2025



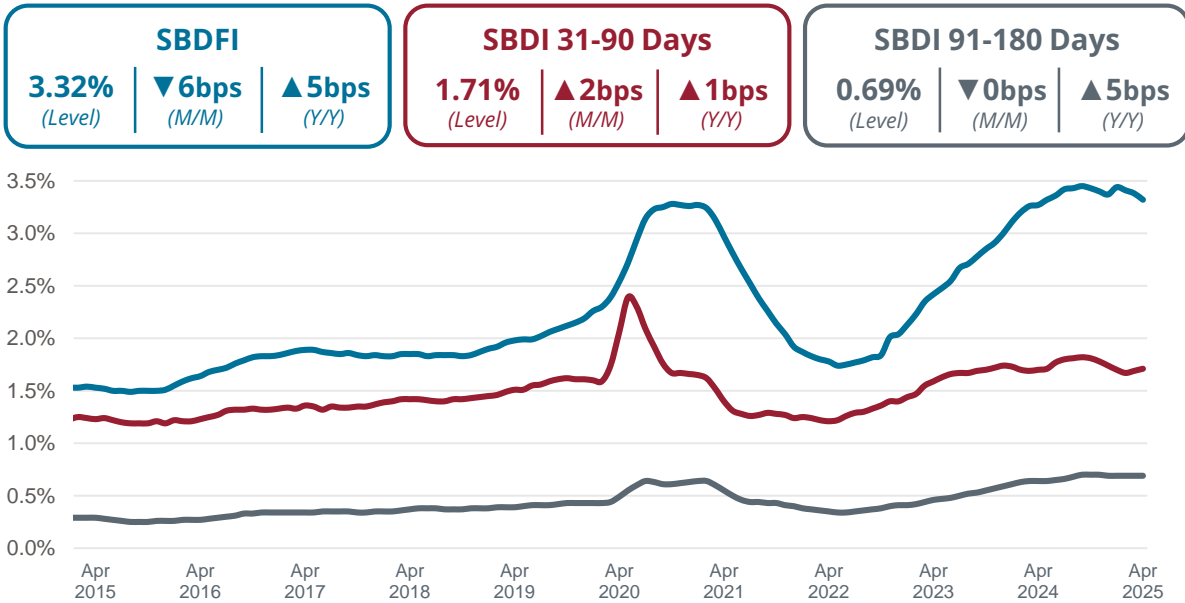
Key Takeaways

- Small business lending jumped 17.2% in April and is now up 3.4% Y/Y, while the more stable three-month moving average is up 1.6% from April but remains 5% below its year-ago reading. Though the improvement is welcome news, many small business owners remain cautious in their investment plans due to tariff-related economic uncertainty.
- After several months of steep decline, several measures of consumer and small business health showed signs of life in May. Still, persistent uncertainty from a “will they or won’t they” tariff posture, high interest rates, and the prospect for higher inflation later this year as tariffs take hold continue to weigh on the broader economic outlook.

Equifax Small Business Lending Index (SBLI)



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



Factors to Watch

%

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Higher Inflation, Fewer Rate Cuts

The price effects of tariffs are expected to start showing up in inflation data later this year, lowering the likelihood of a near-term rate cut.

Tariff Policy Negotiations

After a trade agreement was quickly reached with the U.K., business leaders are closely monitoring negotiations with China and the E.U.



Equifax Main Street Lending Report — June 2025

Economic Trends

Economic Context

Confidence among consumers and small businesses edged higher in May as the Trump administration signaled openness to trade negotiations. The U.S. and U.K. finalized an agreement that would provide tariff carve-outs for several industries, while the U.S. announced a deal with China (though details have not yet been disclosed) and agreed to delay planned tariff hikes on European imports to allow time for ongoing negotiations to progress. Although tariffs are likely to end up far higher than they have been for decades when the dust settles, the administration has shown a willingness to consider lowering country-specific “reciprocal” tariffs initially announced on April 2 (and a recent court decision has raised new questions regarding the longevity of these tariffs).

In response, several measures of consumer and small business health showed signs of life in May:

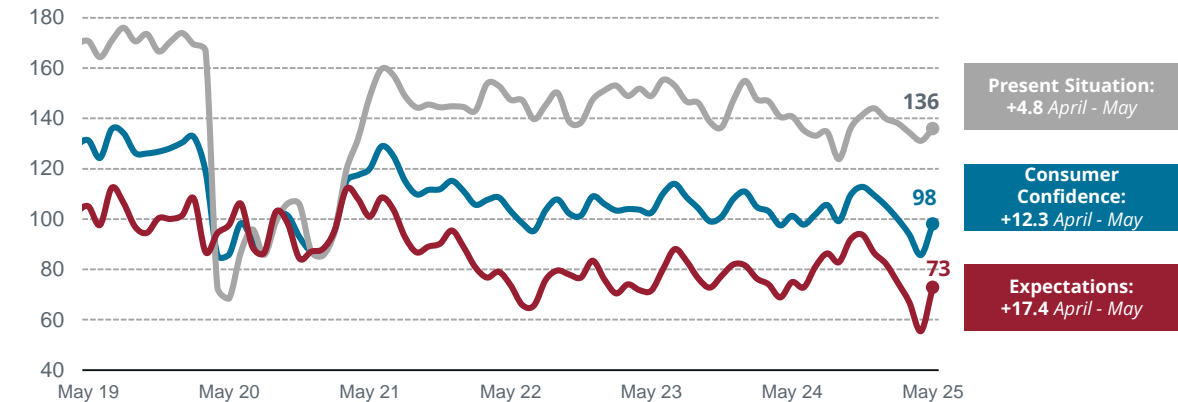
- The Conference Board’s Consumer Confidence Index increased by 12.3 points from April to May, driven by a sharp uptick in the Expectations Index (see top chart).
- The final May reading for the University of Michigan’s Index of Consumer Sentiment was 52.2, up slightly from an earlier reading of 50.8 (though still near all-time lows).
- The WSJ/Vistage Small Business CEO Confidence Index rose five points in May, marking its first increase in 2025 after falling more than 40 points since December.
- The Equifax Small Business Lending Index (SBLI) jumped more than 17% in April, more than offsetting sharp declines in February and March and triggering a slight uptick in the index’s three-month moving average (+3.4%). The April increase is notable given that the Federal Reserve’s Senior Loan Officer Opinion Survey (SLOOS) reported tighter standards and lower demand for small business loans in Q1 (see bottom chart).

While this recent movement is encouraging, overall sentiment remains muted and broader economic uncertainty unresolved. On the tariff front, shifting deadlines, the doubling of steel and aluminum tariffs to 50%, and ongoing legal challenges continue to cloud the outlook, though business owners should have a clearer sense of things later this year. In the meantime, lenders appear likely to uphold strict underwriting standards, and many small firms are expected to remain cautious. Moreover, with overall job growth still registering at healthy levels (including 139,000 new jobs created in May) and growing concerns that inflation may rise later this year, the Federal Reserve appears unlikely to lower rates until at least September — and perhaps later.

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Consumer Confidence Rebounds in May

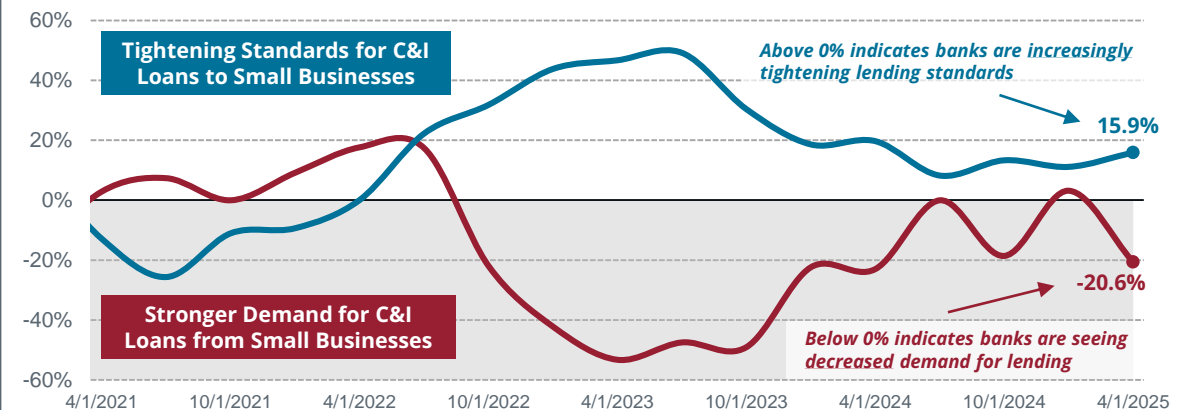
U.S. Consumer Confidence Index, Present Situation Index, Expectations Index, 1985 = 100



Source: The Conference Board.

Lending Environment for Small Businesses Remains Tight

Net percent of respondents: tightening standards for C&I loans & stronger demand for C&I loans



Source: Federal Reserve, Senior Loan Officer Opinion Survey (SLOOS).