



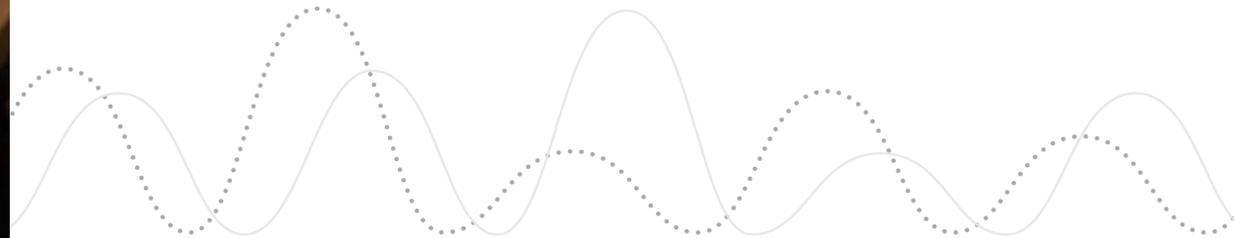
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Market **Pulse**

Main Street Lending Report

February 2026

Data through December 2025





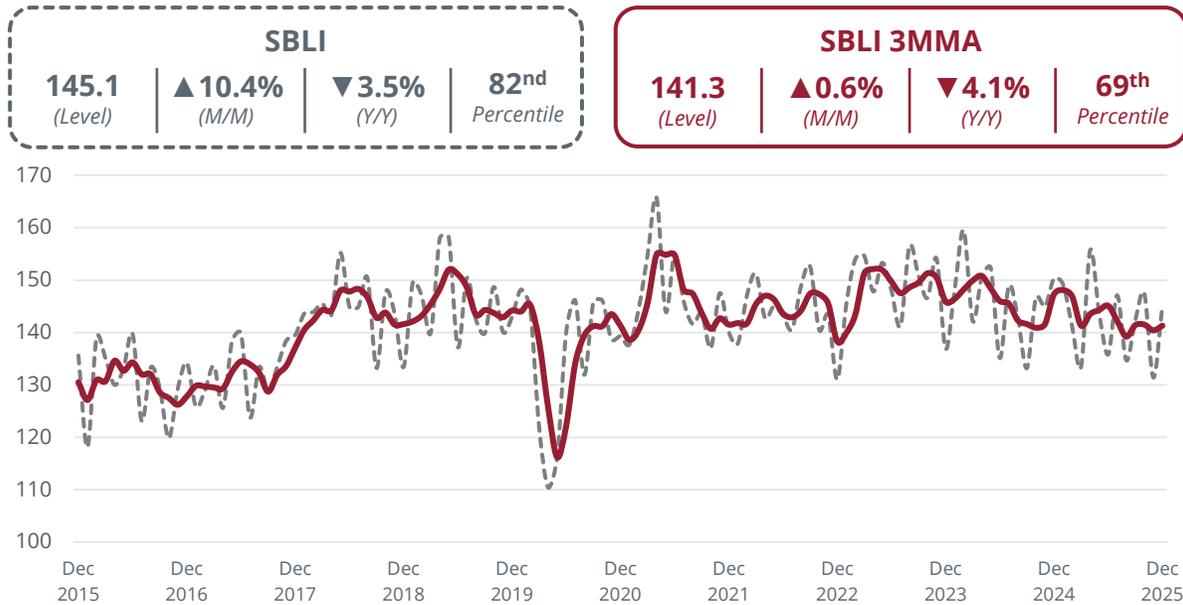
Equifax Main Street Lending Report — February 2026

Summary for Executives

Key Takeaways

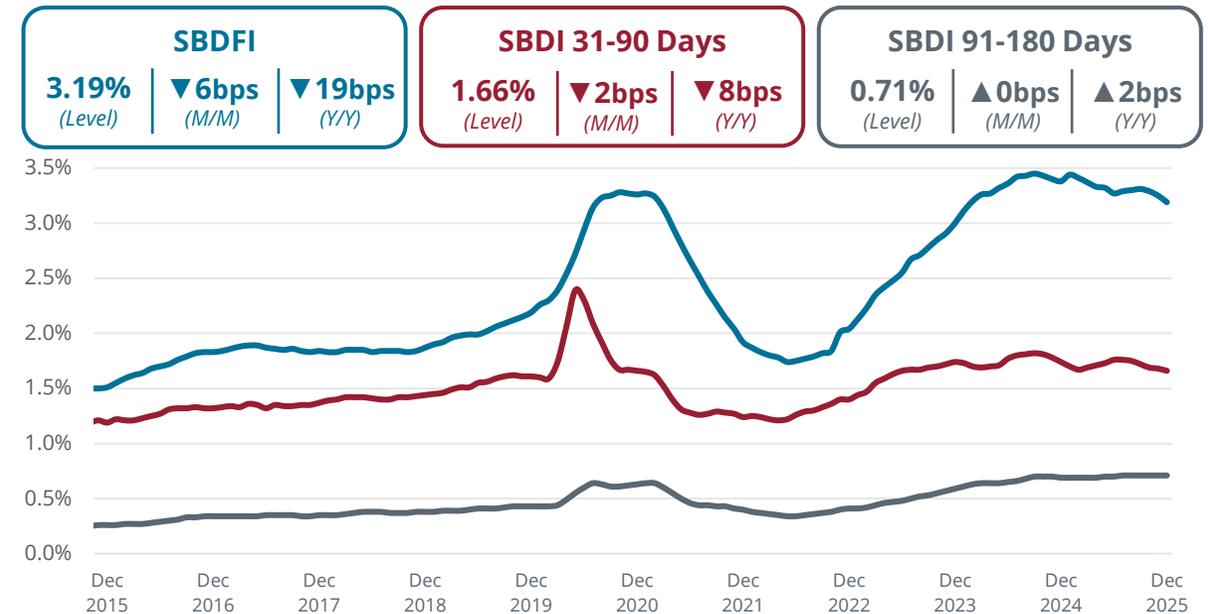
- In December, the Small Business Lending Index increased 10.4% from November but was down 3.5% year-over-year. The month-over-month improvement in lending was paired with continued stability in small business credit quality: short term (31 – 90 days) and severe (91 – 180) delinquencies were flat in December, while defaults fell 6bps.
- Small business economic optimism held steady around the historical average leading into 2026, largely driven by expectations for greater revenue and profit growth in the new year. However, hard economic data (as opposed to soft, sentiment-focused data) show a slight dip in small business financials at the close of 2025. Looking ahead, the outlook is mixed for Main Street, but the possibility of a more dovish posture from the Federal Reserve this year could provide a boost to small business lending and expansion plans.

Equifax Small Business Lending Index (SBLI)



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 calculated as a 12-month rolling average

Factors to Watch

Main Street is Confident Amid Murky Economic Climate
 While small business owners remain cautiously optimistic, the overall macro-economic climate is somewhat murky and mired in cross-currents.

Lending Conditions May Continue to Improve
 A new Federal Reserve Chair is expected to argue for lower interest rates, which, if enacted, could ease borrowing conditions.



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Economic Trends

Economic Context

Small businesses are facing a mixed economic environment. GDP growth in Q3 was very strong at 4.4%, and consensus estimates point to another strong quarter in Q4, driven by consumer spending (especially among wealthier consumers) and business investment. However, recent data have been mixed: retail spending was unexpectedly flat in December as some consumers pulled back on big-ticket items, and while payrolls rose by a solid 130,000 jobs in January, job growth in 2025 was revised significantly downward.

Against this backdrop, measures of small business sentiment have held up in recent months. Since falling sharply last April amid tariff-related uncertainty, small business owner optimism has steadied as the economic effects of new tariff policies have been less severe than initially feared, at least thus far. In recent months, the NFIB Small Business Optimism Index has hovered slightly above its long-term average (see top chart), with January showing an uptick in expected real sales volume over the next three months.

This forward-looking optimism stands in contrast to more cautious underlying signals. NFIB's Uncertainty Index has remained elevated over the past year, and January's increase was driven by a growing share of owners who are unsure whether now is a good time to expand. At the same time, a Bank of America Institute analysis shows that small business profits receded on a year-over-year basis in both November and December, reflecting mounting cost pressures and slower retail spending. Additionally, the Federal Reserve's Senior Loan Officer Opinion Survey indicates that small business loan demand remains subdued while lending standards continue to tighten, reinforcing signs of cautiousness in credit markets (see bottom chart). Still, nearly 30% of banks expect small firm demand for loans / credit to rise in 2026, compared to just 7% that expect demand to ease — a positive sign for the Main Street economy.

Looking ahead, the broader economy is expected to grow modestly over 2026, with the Congressional Budget Office projecting annual GDP growth of around 2.2%, though that growth may remain uneven across sectors and firm sizes as it was in 2025. Monetary policy could provide support to Main Street if the Federal Reserve moves to a less restrictive stance once Chair Powell's term expires in May. His likely replacement, Kevin Warsh, was an inflation "hawk" during his first stint as a Fed official but has recently expressed more openness to lowering rates. His ability to convince other FOMC officials to support lower rates even though inflation is still above target remains to be seen.

Small Business Optimism Holding Near Long-Term Average

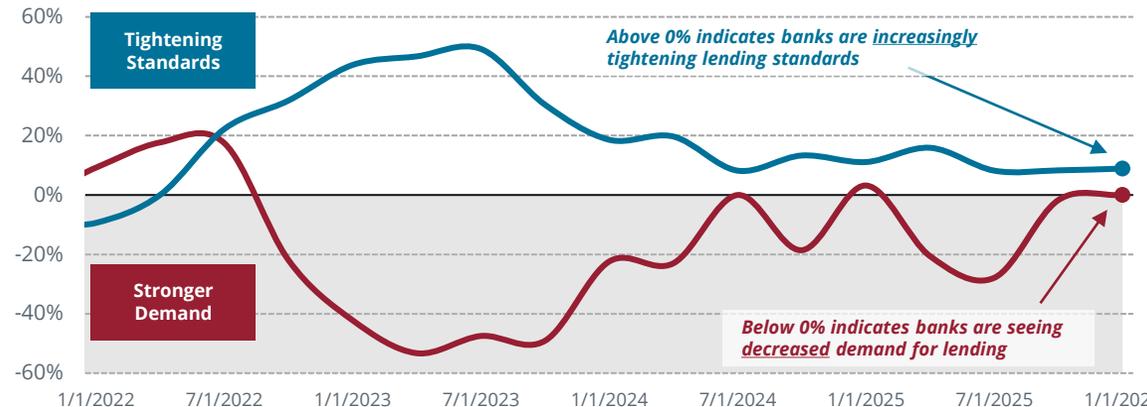
NFIB Small Business Optimism Index, SA



Source: NFIB.

Credit Conditions Remain Tight for Small Firms

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).

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