



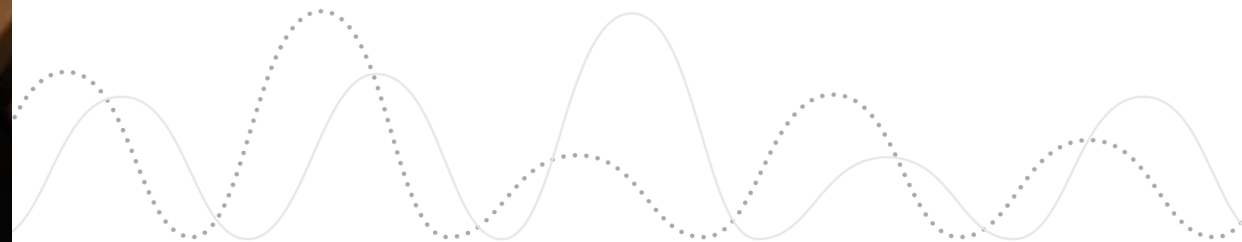
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Market **Pulse**

Main Street Lending Report

January 2026

Data through November 2025





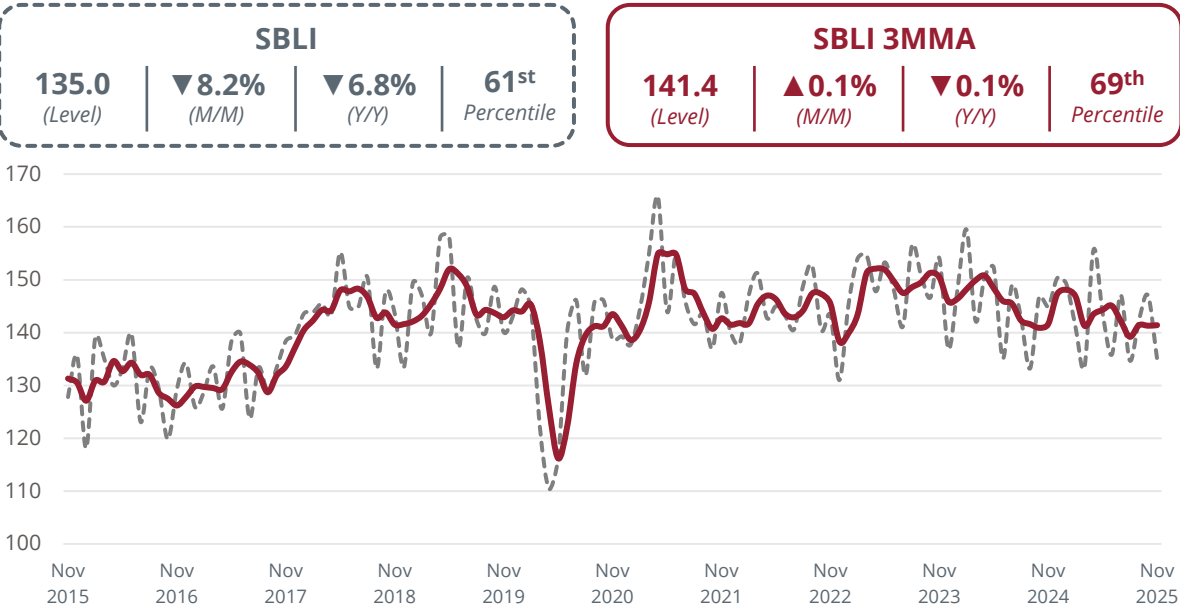
Equifax Main Street Lending Report — January 2026

Summary for Executives

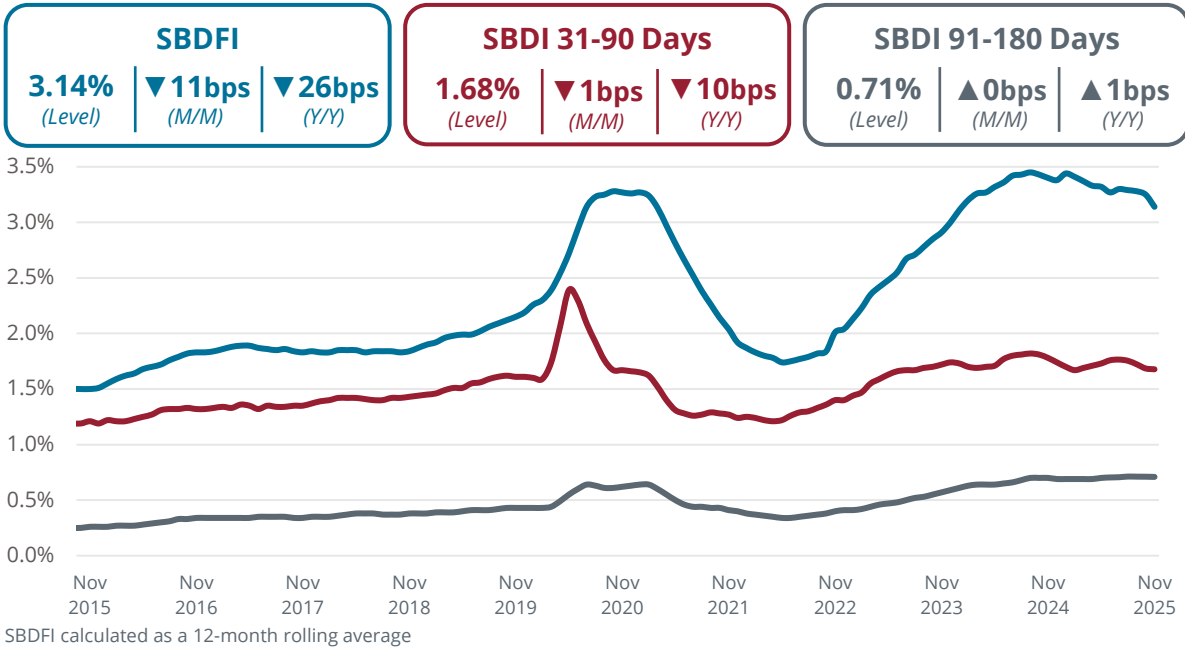
Key Takeaways

- In November, the Small Business Lending Index decreased 8.2% from October and 6.8% year-over-year. Although lending slowed from the previous month, small business credit quality improved: short-term (31 – 90 days) and severe (91 – 180) delinquencies held steady from October to November while defaults fell by 11bps.
- The economy expanded at a 4.3% annualized pace in Q3 and is expected to post solid growth in Q4, exceeding mid-year forecasts. Looking ahead, two trends will be particularly relevant for small businesses in 2026: affordability concerns and a “low hire” labor market. Though inflation has slowed, years of higher-than-average price growth have led to significant increases in consumer and business costs. Meanwhile, a slowdown in hiring could also weigh on growth prospects.

Equifax Small Business Lending Index (SBLI)



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



Factors to Watch



Continued Labor Market Weakness

The labor market may cool further as employers remain conservative in hiring and expansion, creating a difficult environment for job seekers.



Rising Affordability Pressures

Affordability is top of mind as both consumers and business grapple with lingering sticker shock after years of elevated inflation.



Equifax Main Street Lending Report — January 2026

Economic Trends

Economic Context

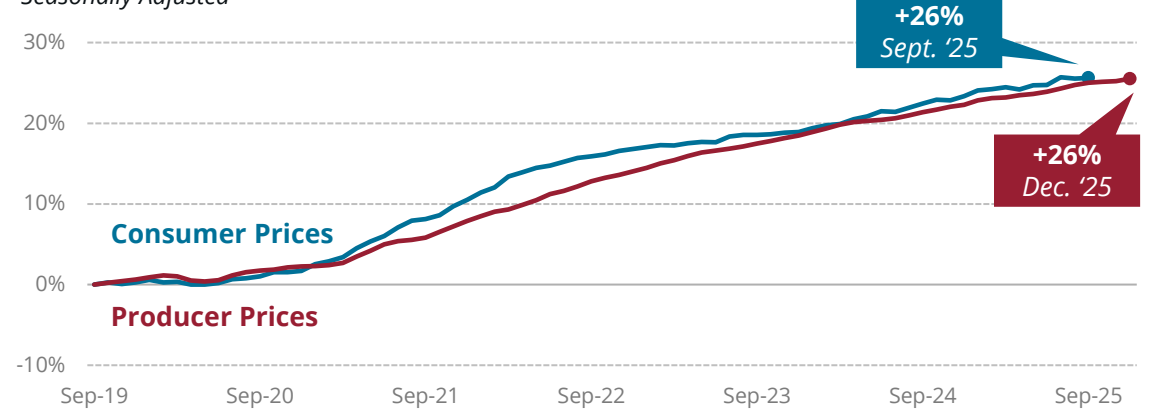
Long-awaited GDP data releases are providing a clearer picture of economic growth in late 2025. Real GDP grew at a brisk 4.3% annualized rate in Q3, accelerating from 3.8% in Q2. Consumer spending was the primary driver of growth, contributing 2.4 percentage points to Q3 GDP growth. Net exports also added to growth, as imports continued to fall under current tariff policy and exports ticked up. Looking ahead, the New York Fed's Nowcast estimates the economy will expand by 2.6% in Q4, a solid finish to a year marked by economic uncertainty and volatility. Small business owners are taking note, with the NFIB Small Business Optimism Index climbing in December due to a combination of better business conditions and greater certainty.

Two trends will be important for Main Street in the new year:

- **Affordability Concerns:** Affordability is *the* economic buzzword of January as both consumers and businesses confront stubborn inflation. According to the JPMorgan Annual Business Leaders Outlook, small businesses believe inflation will continue to be their top challenge in 2026. Lingering sticker shock after years of above-average price growth may also be fueling affordability concerns. Indeed, headline consumer and producer price indices have increased by 26% since late 2019 (*see top chart*), and prices for several key business expenses have risen by even more, with electricity up by 40% and machinery and equipment up by 31%. Affordability pressures are hitting small businesses on two fronts: higher operating costs raise expenses directly, while higher prices can also mean tighter household budgets and, in turn, weaker consumer demand.
- **“Low Hire” Labor Market:** Hiring slowed markedly in 2025, with average monthly net job gains declining to 49,000 from nearly 170,000 in 2024. Annual job growth is at its lowest level since 2020 and lower than in any year in the 2010s. ADP's private-sector data suggests that small businesses (those with fewer than 50 employees) bore the brunt of the hiring slowdown, with small business payrolls declining year-over-year in December while those at larger businesses rose modestly. As job openings also continue to trend downward, consumer expectations for finding a new job have fallen to a record low (*see bottom chart*). Out-of-work and underemployed consumers may cut back on spending, dragging on retail sales and broader economic activity. If there is a silver lining to this “low hire” labor market, it's that small businesses looking to expand may face less competition for qualified workers.

Producer and Consumer Prices Remain a Key Concern in 2026

Percent change in the Producer Price Index and Consumer Price Index from September 2019, Seasonally Adjusted



Source: Bureau of Labor Statistics, Consumer Price Index and Producer Price Index

Job-Finding Expectations Hit Record Low

Average Probability Respondents Assign to Finding a Job in Three Months if Laid Off Today, Monthly



Source: Federal Reserve Bank of New York, Survey of Consumer Expectations

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