



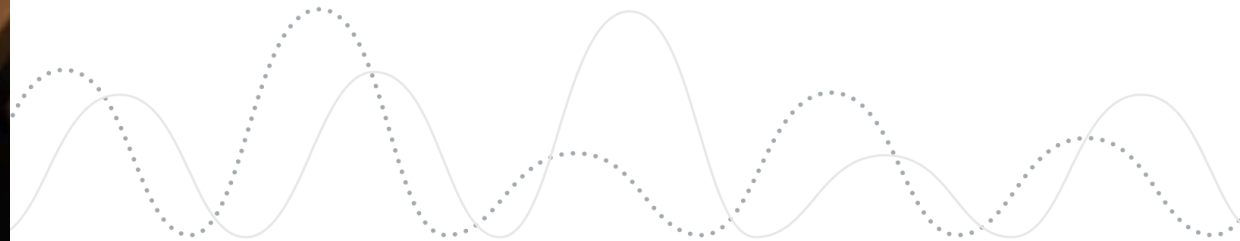
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Market **Pulse**

Main Street Lending Report

June 2026

Data through April 2026





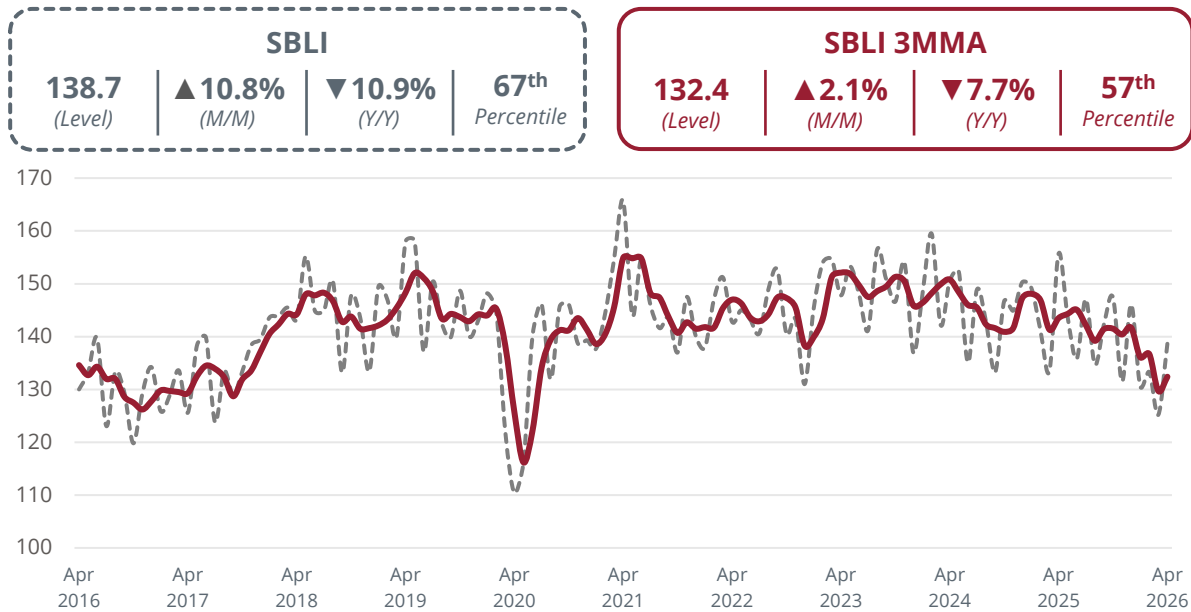
Equifax Main Street Lending Report — June 2026

Summary for Executives

Key Takeaways

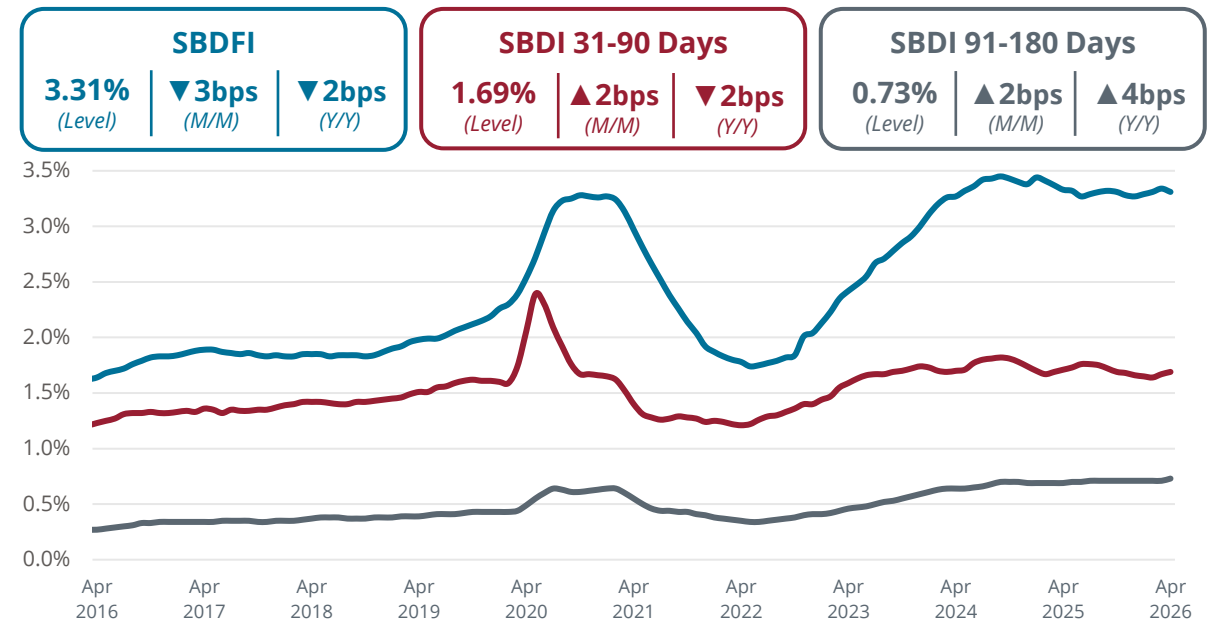
- In April, the Small Business Lending Index increased 10.8% M/M but is down 10.9% over the last year. Short-term delinquencies (31-90 days) inched up from 1.64% in February to 1.69% in April, while serious delinquencies (91-180 days) were up two basis points in April. Overall, small business financial stress has not materially changed over the last year.
- Although the labor market has improved and consumer spending is generally healthy, Main Street faces two significant headwinds. First, rising energy prices are rekindling inflation concerns and driving small business owners to raise prices, despite weakening sales expectations. Second, consumer spending has outpaced real disposable income growth in 11 of the last 12 months, a dynamic that is likely to persist and could pose material risk to demand sustainability and economic growth over the second half of 2026.

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



Inflation Continues to Accelerate

Inflation jumped again in May, and evidence is emerging that higher fuel and energy costs are working their way into other parts of the economy.



Consumer Spending May Be on Fragile Ground

Real disposable income growth has trailed consumer spending growth in 11 of the last 12 months, a trend that is likely not sustainable.



Equifax Main Street Lending Report — June 2026

Economic Trends

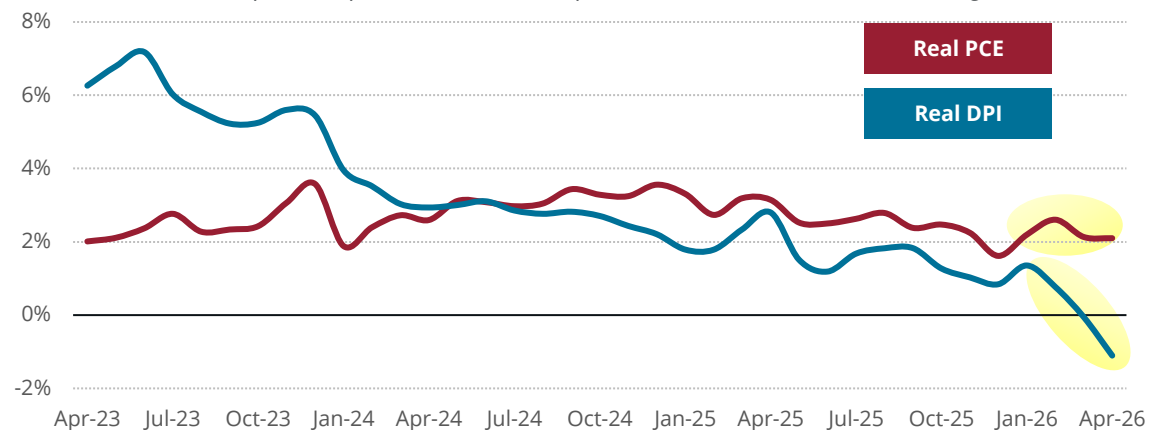
Economic Context

Recent economic data point to a resilient labor market and steady consumer spending, yet rising energy prices tied to Middle East conflict are rekindling inflation concerns that threaten both Main Street profitability and consumer purchasing power. May's employment report added 172,000 jobs, bringing the three-month total to 565,000 compared to a loss of 13,000 in the prior period. Combined with Q1 GDP growth of 1.6% and sustained consumer spending averaging 2.7% Y/Y, the economy appears to have weathered recent headwinds. However, three factors will be important for Main Street to monitor over the remainder of the year.

- Inflation has returned — is it here to stay?** CPI inflation accelerated to 4.2% Y/Y in May, with energy prices responsible for over 60% of the monthly increase due to ongoing Middle East conflict. While current inflation remains more concentrated than the broad-based 2022 surge—suggesting some structural improvement—the risk of spillover is real. Early signs are already visible: plastic resin and materials prices jumped 14% Y/Y in May, and since this category is a core input to food packaging, grocery prices may rise accordingly. If it holds, a recently announced agreement to open the Strait of Hormuz could provide relief; continued conflict would keep upward pressure on prices across multiple categories.
- Small businesses are raising prices and are less confident about sales growth.** The share of small business owners reporting price increases over the last three months has risen to its highest level since early 2023 (see bottom chart), suggesting Main Street is actively managing margin pressure. Yet sales expectations have fallen sharply, from a net 16% at the start of the year to just 1% now. This divergence suggests that small business owners are raising prices out of necessity rather than confidence in demand growth. Meanwhile, inflation concerns have climbed to 18% among small business owners, the highest level since late 2024, adding to headwinds for business sentiment.
- Consumer spending is holding up, but for how long?** While consumer spending has remained stable at 2.1% Y/Y in April and 5.1% Y/Y in May (per Bank of America), the sustainability of this trend is unclear. Real disposable personal income turned negative on an annual basis for the first time since December 2022 (see top chart), and on a monthly basis has trailed real consumer spending in 11 of the last 12 months. The personal savings rate has compressed from a healthy 5.5% to just 2.6%, among its lowest readings on record. This dynamic cannot persist indefinitely and poses a material risk to sustained consumer demand heading into the back half of the year.

Spending Levels Steady While Real Disposable Income Weakens

Real Personal Consumptions Expenditures & Real Disposable Personal Income, Y/Y % change, SAAR



Source: Bureau of Economic Analysis.

Small Business Are Raising Prices as Input Costs Accelerate

Actual Price Changes Compared to Three Months Ago, Net Respondents ("Higher" Minus "Lower"), SA



Source: National Federation of Independent Businesses

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