



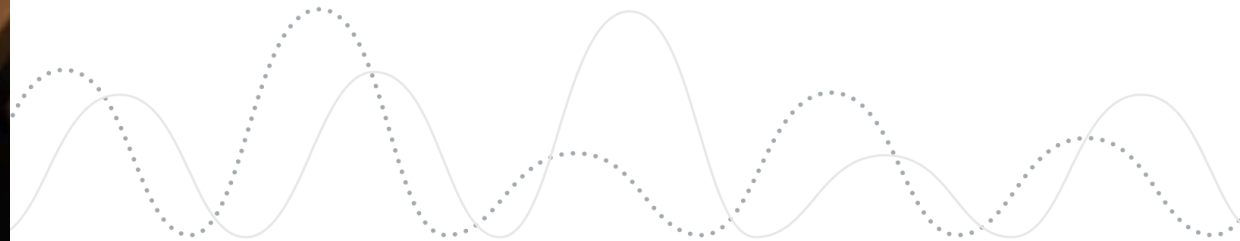
EQUIFAX[®]

Market **Pulse**

Main Street Lending Report

May 2026

Data through March 2026





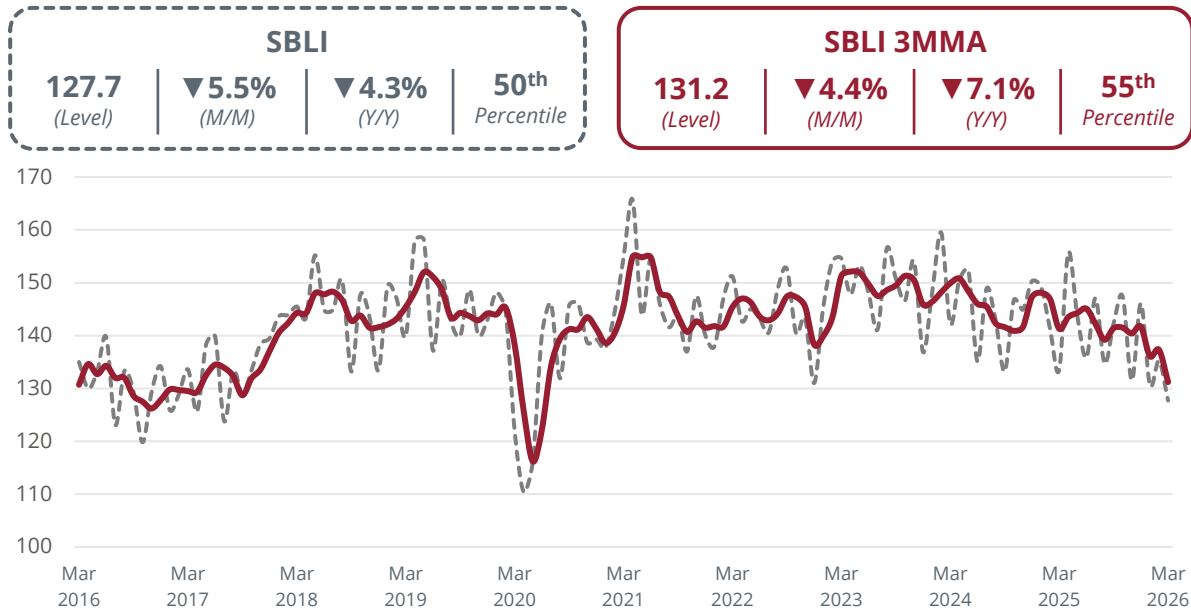
Equifax Main Street Lending Report — May 2026

Summary for Executives

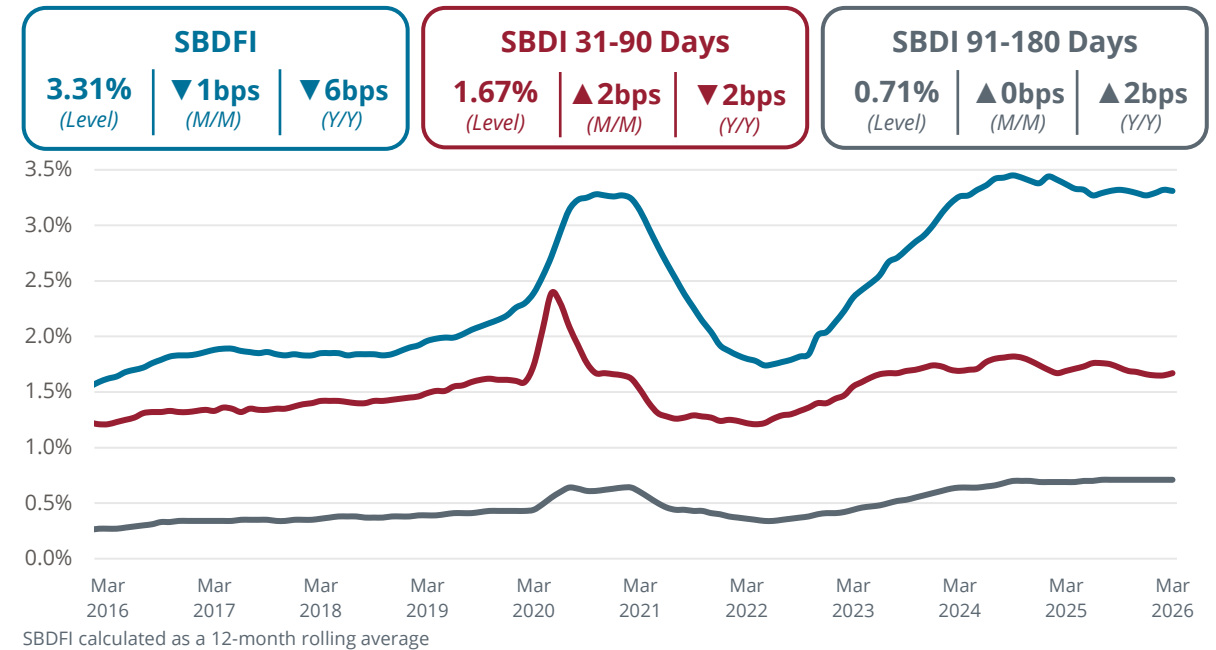
Key Takeaways

- In March, the Small Business Lending Index decreased 5.5% M/M and is down 4.3% over the last year. Delinquency rates continue to remain stable: short-term delinquencies (31-90 days) have moved only two basis points lower in five months, while longer-term delinquencies (91-180 days) have remained flat for nine months.
- The U.S. economy started 2026 on a positive note, expanding 2.0% in Q1. Business investment and consumer spending have been the primary drivers, though growth has not been evenly distributed. The AI buildout is the backbone of business investment growth while small business lending and optimism have softened. Considering April CPI inflation rose to nearly 4% as energy costs skyrocketed — combined with two consecutive months of solid job growth, the Fed is unlikely to cut rates in the near term.

Equifax Small Business Lending Index (SBLI)



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



Factors to Watch



Business Investment Highly Concentrated Around AI

Investment categories tied to both the development and use of AI surged in Q1, while investment in areas more distant from the AI boom declined.



Rising Energy Prices Leading to Higher Inflation

CPI inflation jumped to 3.8% Y/Y in April, driven by rising energy prices and limiting the possibility of Fed rate cuts in the near term.



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Economic Trends

Economic Context

Economic growth improved in Q1 2026, with GDP expanding at a 2.0% annualized rate following a sluggish 0.5% gain in Q4 2025 (top chart). In Q1 and across the last year, business investment and consumer spending have been the primary drivers of growth, though net exports continue to lag (in part because a significant share of equipment investment activity is coming from overseas, which has partially offset the growth impact of the ongoing capital investment boom).

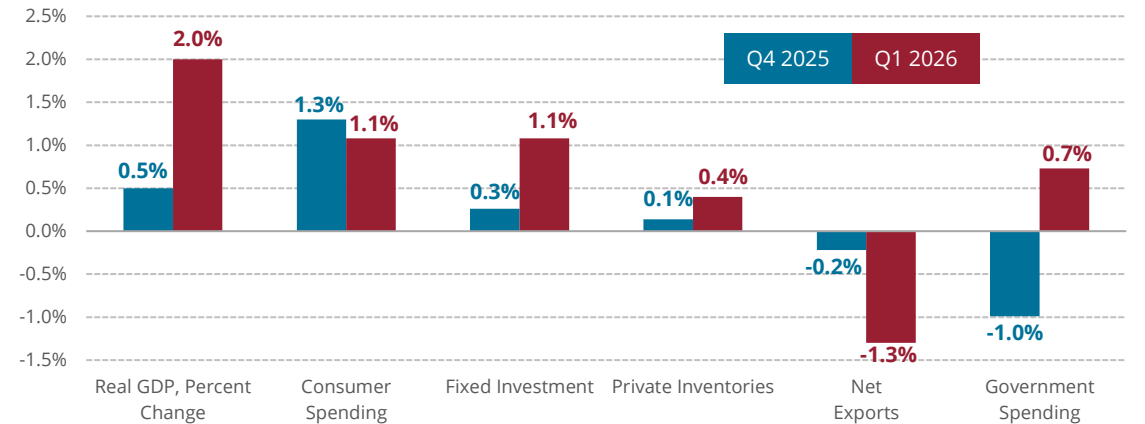
Looking ahead, three trends will be key for Main Street heading into the second half of 2026.

- Inflation Reheats:** In April, the Consumer Price Index (CPI) rose 0.6% M/M and is now up 3.8% Y/Y, the highest reading in nearly three years. Energy prices were the primary driver, up nearly 18% Y/Y as the conflict in Iran continues to disrupt oil markets. Core CPI (which excludes food and energy) rose 0.4% M/M and 2.8% Y/Y. With inflation rising rapidly, the market-implied odds of a rate hike this year are now 1 in 3, while a rate cut is considered highly unlikely. One silver lining: job growth and consumer spending have improved this spring, helping to ease worries about stagflation.
- Business Investment Is Robust, but Heavily Concentrated:** Business investment expanded at a robust 10.4% annualized rate in Q1, its strongest performance in nearly three years as the AI infrastructure buildout continues. Investment in computer equipment, information processing equipment, and software continues to expand robustly, even as other non-AI investment categories like transportation equipment and residential housing contract. While small businesses are not the primary investors in the AI buildout, many may benefit from downstream impacts and productivity gains. According to the Small Business & Entrepreneurship Council, 82% of small businesses are investing in AI tools for daily functions and workflows and are thus well positioned to reap the productivity improvements that are expected to ensue.
- Main Street Outlook for Business Conditions Falls:** Per NFIB, small business optimism fell below its historical average in March and April due to weaker expectations for sales and capital spending and a deteriorating outlook for business conditions. The Iran conflict and its impact on fuel costs have added to concerns: 16% of small business owners view inflation as the most important problem they face, the highest share in more than a year. These concerns are reflected in Equifax's SBLI, which was down 7.1% Y/Y in March. Overall, while small firms have been resilient to economic headwinds over the last year, the gap between headline economic performance and Main Street outcomes may be growing.

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

GDP Expands in Q1 2026, Led by Consumer Spending and Investment

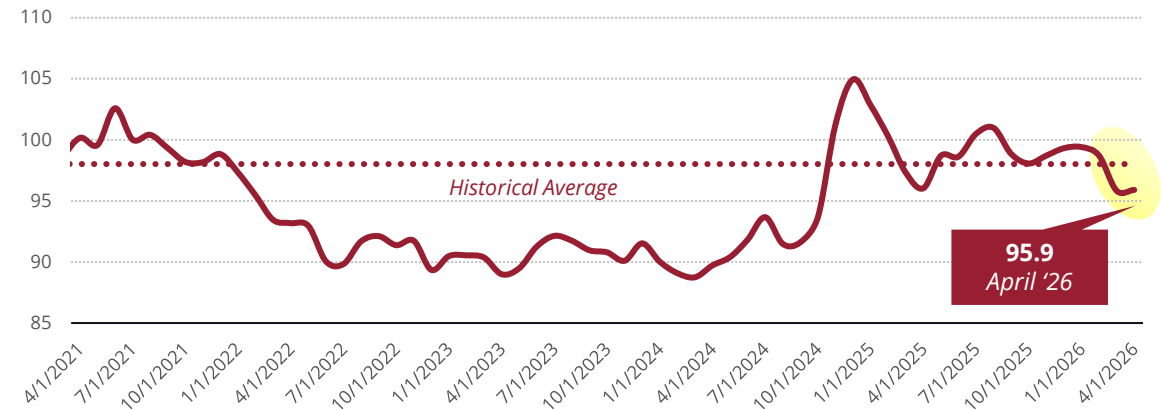
Contributions to percent change in Real GDP, Q4 2025 & Q1 2026 (categories sum to overall GDP growth)



Source: Bureau of Economic Analysis.

Small Business Optimism Slides as Fuel and Energy Costs Rise

Index, Seasonally Adjusted 1986 = 100



Source: National Federation of Independent Businesses - Small Business Optimism Index