The U.S. Small Business Health Index continued to drop as major sections of the US economy remains impacted by the COVID-19 pandemic. The index dropped 0.2 points over the current reporting period and by 7.5% on an annual basis. Most sectors followed the Overall declining trend with Retail registering the highest month over month decline and Transportation showing the highest decline on annual basis. All subcomponents also show decline.

As the U.S. economy experiences simultaneous demand and supply shocks, Dun & Bradstreet expects the labor market to lose jobs for the first time since the Great Recession. The full impact of the outbreak on the U.S. labor market will depend on length of time for which the mitigation measures need to be in place and the state of normal in the post-pandemic era.
During February, D&B’s standard risk scores declined the second-most in seven years according to D&B’s U.S. Overall Business Health Index. The most pronounced M/M decline occurred within our Commercial Credit Score (-0.8%) and Viability rating (-0.5%). Most industries and geographies broadly declined despite the initial business impact of the outbreak in the US only occurring in late February.

* February 2020 marks the last comprehensive historical revision to the Overall Business Health Index with subsequent planned revisions occurring during February of each year.

**PERSPECTIVES**

As the current epicenter of the COVID-19 pandemic, the U.S. economy is experiencing unprecedented demand and supply shocks that have sent the equity markets reeling and threaten to halt major portions of economic activity within a short period of time. Concerns remain not only for the small but also the overall business community, specifically those within industry verticals put at higher risk due to the mitigation measures required to contain the outbreak. This month’s decline of the Overall Business Health Index below the 50% dividing line was the fifth time in the last six months in which the active universe has been tilted toward higher vs. lower risk.

Meanwhile, the risk of active and open firms in the US making a payment default, paying in a severely delinquent manner (91+ DPD) or becoming no longer viable has risen from the previous month. All three subcomponent scores declined on a m/m basis and the Overall Business Health Index remained near levels not recorded since late 2013. The overall index remains mired in a risk stage in which US business record higher levels of risk while conditions worsen. As forced isolation and temporary closures spread in the US, businesses are likely to record increasingly poorer payment performance and lower survival rates in the coming months. Firms are encouraged to adjust credit terms and maintain appropriate risk levels as US businesses face a higher risk environment.

**METODOLOGY**

The Small Business Health Index measures year-over-year small business performance through payment patterns and credit use. U.S. Jobs Health combines Small Business Health Index industry data with BLS figures to forecast monthly nonfarm payroll employment. The U.S. Overall Business Health Index provides a weighted average of Dun & Bradstreet’s Viability Score, Delinquency Predictor and Total Loss Predictor. The index ranges from zero (with all businesses recording high levels of risk) to 100% (with all businesses recording low levels of risk). Report based on data available as of April 1, 2020.

To learn more, visit https://www.dnb.com/perspectives/analytics/us-business-economic-trends.html

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