Dun & Bradstreet U.S. Economic Health Tracker
A multi-dimensional view of the U.S. Economy

**JULY 2020**

**U.S. SMALL BUSINESS HEALTH INDEX**

- **U.S. Small Business Health Index**: 2.3 points M/M
- **Payment Delinquency**: 8.9% Y/Y
- **Credit Card Delinquency**: 12.6% Y/Y
- **Credit Card Use**: 3.6% Y/Y

The U.S. Small Business Health Index increased by 2.3 points over the last reporting period, signaling some momentum in the small business segment as the U.S. economy endeavors to return to pre-pandemic levels of activity. With the delinquency subcomponents still on the rise it is clear that challenges still remain with for this segment of the economy as small businesses continue to struggle to meet their financial obligations. However, recovering stability and drop in small business failures are key factors that have helped drive the index closer to its Feb 2020 level.

**U.S. JOBS HEALTH**

- **Manufacturing**: Up
- **Retail**: Up
- **Business Services**: Up
- **Real Estate**: Up
- **Construction**: Up
- **Trade & Utilities**: Up

As the U.S. economy enters the post-pandemic reopening phase, the labor market is also expected to continue on a path of recovery. While May 2020 was a transitional month for post-COVID trends in the labor market with the unemployment rate falling from 14.7% to 13.3%, the total registered unemployed still remains elevated at 21 million. A further easing on both these metrics is expected in the June reading, with 1.9 million jobs covering almost all verticals anticipated to be added to the payrolls during this month.

*Source: Dun & Bradstreet*
According to Dun & Bradstreet’s Overall Business Health Index, the risk profile for US companies worsened in May, as the index declined to a level (48.66%) not reached since the aftermath of the Global Financial Crisis. The 0.42% m/m decline is notable due to the sequential rebound of other macroeconomic indicators in May. The continued move toward weakness among D&B’s standard risk scores indicate that even with some activity indexes improving off recent lows, payment risk and the risk of firms becoming no longer viable remain elevated.

* 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**

The tone of this month’s Economic Tracker this month remains mixed. The small business sector has geared up for a V-shaped recovery this month as the country looks forward to the next post-pandemic phases. All vertical indices show an increase with the Automotive sector showing the largest increase among heavily impacted sectors while Manufacturing shows the lowest improvement on a sequential basis. However there remains a finite possibility of setback on the recovery front as COVID-19 numbers remain on an upward trajectory in some States. Also, none of the vertical indices and neither the Overall achieved their pre-COVID levels in May and continued to show decline on the annual basis.

Meanwhile, a V-shaped recovery that is occurring among some macroeconomic indicators in May is at odds with Dun & Bradstreet’s Overall Business Health Index which continued to decline to multi-year lows, signaling that active and open firms across America remain at heightened risk of recording payment difficulty, becoming no longer viable or recording a first payment default. Furthermore, the worsening overall score continues to reflect the ongoing aggregate balance sheet damage from the outbreak of Covid-19 as firms remain generally far less resilient than before the outbreak. However, if the recent recovery in macroeconomic activity indicators is sustained in successive months we are likely to see a recovery among our standard risks scores.

**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 June 28, 2020.

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

**ABOUT DUN & BRADSTREET**

Dun & Bradstreet, the global leader in commercial data and analytics, enables companies around the world to improve their business performance. Dun & Bradstreet’s Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower cost, mitigate risk, and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity. Twitter: @DnBUS