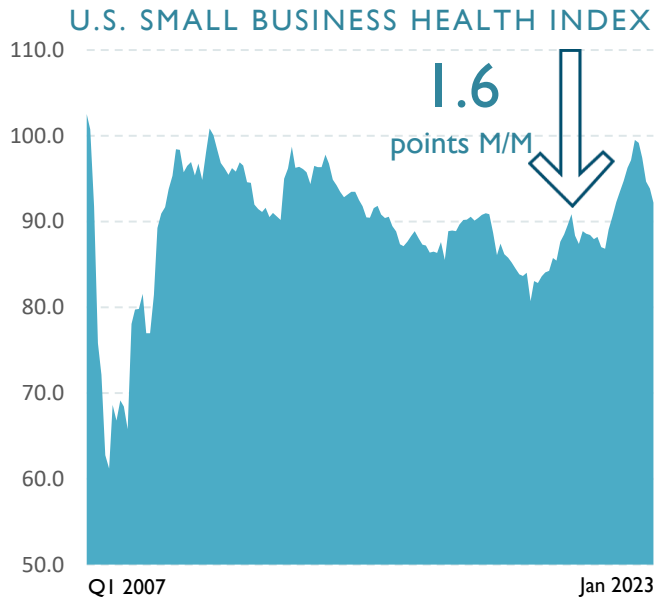


# Dun & Bradstreet U.S. Economic Health Tracker

## A multi-dimensional view of the U.S. Economy

MAR 2023

[DNB.COM/TRACKER](https://dunbradstreet.com/tracker)



PAYMENT DELINQUENCY



0.2% Y/Y



CREDIT CARD DELINQUENCY



0.6% Y/Y



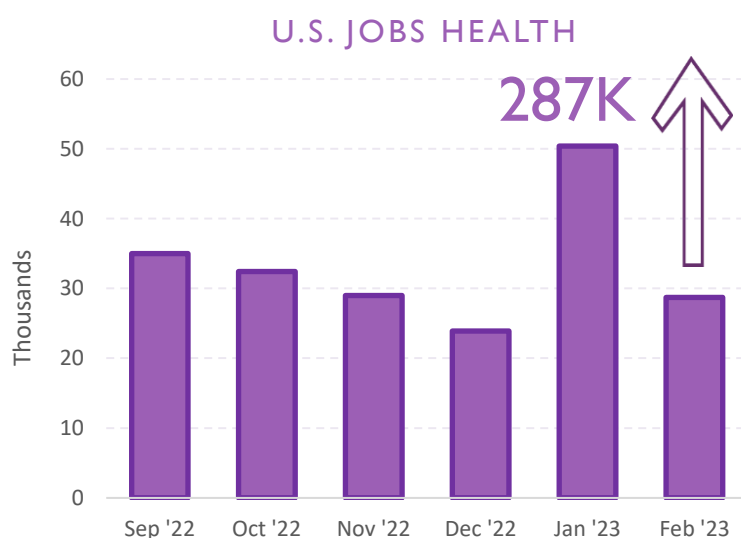
CREDIT CARD USE



8.0% Y/Y

The U.S. Small Business Health Index declined by almost 2 points on a sequential (M/M) basis over the current reporting period. The index has declined considerably since the end of Q3 2022 when the value of the index stood at 99.2 – compared to the current reading of 92.2. All sectoral indices also registered declines, with financial services showing the highest drop at 3.3 points over this reporting period alone showing the strain on small businesses within this sector resulting from high interest rates. construction shows the next highest decline as inclement weather in various parts of the country impacts small businesses within this sector which has also been impacted by increases in interest rates.

Source: Dun & Bradstreet



MANUFACTURING



RETAIL



REAL ESTATE



BUSINESS SERVICES



CONSTRUCTION



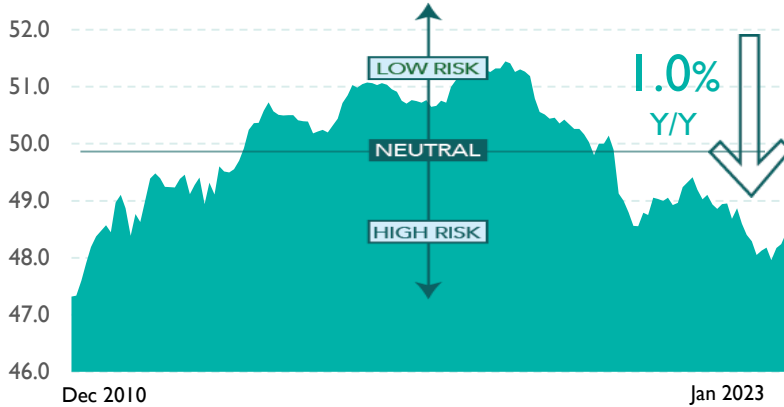
TRADE, TRANSPORTATION & UTILITIES



The U.S. labor market is expected to add about 300K jobs in February 2023. Although robust, February's gains are expected to show a deceleration from an unusually strong January report. There was modest drop in pay increases, but job openings continued to show significant gains, according to the latest release from the Bureau of Labor Statistics. As per the Chair's forward guidance, a 50-basis points hike is still on the table for the March policy meeting in the Fed's effort to stabilize inflation.

Source: Dun & Bradstreet

## U.S. OVERALL BUSINESS HEALTH INDEX



### HOW TO READ THIS INDICATOR:

A reading of 50% represents "neutral". A reading of more than 50% reflects generally lower risk and a reading of less than 50% reflects generally higher risk.



\* February 2023 marks the last comprehensive historical revision to the Overall Business Health Index with subsequent planned revisions occurring during February of each year.

Source: Dun & Bradstreet

The Overall Business Health Index declined on both the sequential (M/M) and the annual (Y/Y) basis over this reporting period. Like the SBHI, all sub-components of the OBHI overall index also show deterioration, signaling increasing risk in the outlook for U.S. businesses over the next 12 months. Alongside business performance measures like delinquency and the likelihood of first payment default (Total Loss), the outlook for the viability or solvency of businesses has declined over the past year. The OBHI highlights the overall weakness of the nations' businesses despite a strong labor market

## PERSPECTIVES

The March Tracker continues to signal a steady slowdown, with the U.S. economy showing resilience in some areas while others remain soft. The Federal Reserve remains committed to tightening monetary policy based on the overview of the strong labor market data. However, our indices show that some sectors may already be reeling under the pressure of high interest rates. For example, financial services sector has already started shedding employees amidst waning demand.

As the key federal funds rate that large banks use for borrowing from the Federal Reserve approaches 5.5%, a slowdown becomes more likely by the end of the year. Once the full effects of the monetary tightening hit the economy, financing will become more expensive which weakens demand for consumer items. Weaker consumer spending and narrower profit margins will cause businesses to revise their current investment and hiring strategies. This phenomenon may manifest within some key industries in the coming months. Construction, in particular, is expected to see growing weakness in the coming months based on the readings of our proprietary indicators. A fine balance is required on part of the policymakers so as not to damage some critical parts of the economy.

## METHODOLOGY

**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 February 28, 2023.**

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

## ABOUT DUN & BRADSTREET

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