

Dun & Bradstreet U.S. Economic Health Tracker

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

MAY 2024

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

U.S. SMALL BUSINESS HEALTH INDEX



PAYMENT DELINQUENCY

↓ 1.8% Y/Y



CREDIT CARD DELINQUENCY

↑ 1.8% Y/Y



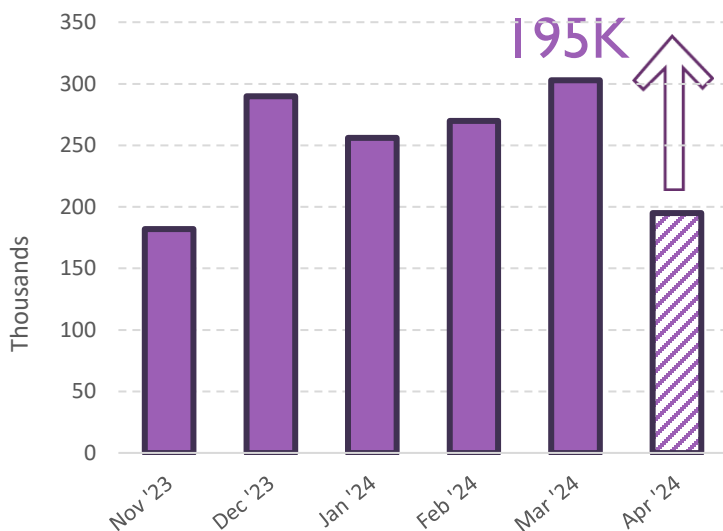
CREDIT CARD USE

↑ 0.3% Y/Y

The Small Business Health Index gained 1.2 points over the current reporting period, bringing the value of the index to 88.6. This improvement was primarily driven by dollar delinquencies, which showed improvement while credit card utilization and delinquency showed a decline. The credit card utilization index, in particular, has continued to decline on a Y/Y basis since September 2021, signaling that business credit cards remain a primary means of meeting expenses. Small businesses continue to feel the pressure of the “higher for longer” interest rates and inflation that remains stubbornly above the Fed’s target of 2%. Most sectoral indices registered an increase on a M/M basis, except the retail and financial services indices.

Source: Dun & Bradstreet

U.S. JOBS HEALTH



MANUFACTURING



RETAIL



REAL ESTATE



BUSINESS SERVICES



CONSTRUCTION



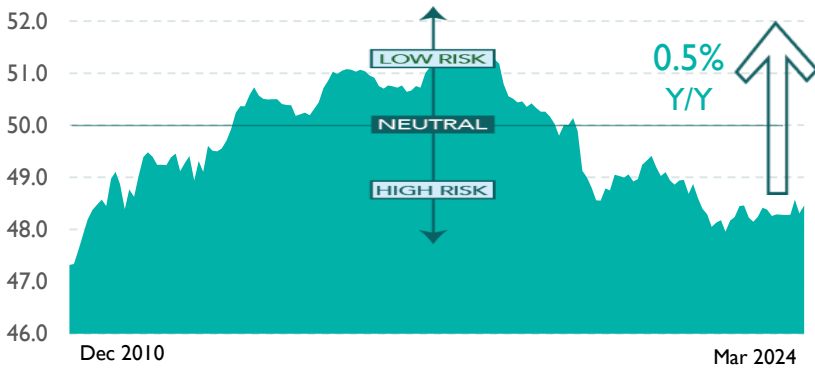
TRADE TRANSPORTATION & UTILITIES



The U.S. labor market is expected to add about 195K jobs in April 2024, down from the unexpected 303K in March but still a decidedly healthy gain. The labor market continues to show durability in the face of the Fed’s tightening monetary policy. This year’s average monthly job gains (through March) of 276K is slightly below the average gains over the same time-period last year (305K). The resiliency of the labor market and overall economy, driven primarily by steady consumer spending, has kept inflation persistently above the Fed’s 2% target. However, consumer spending on discretionary commodities is showing some weakness. Consequently, this driver of the economy may lose some momentum later this year, resulting in a cooling effect on the job market.

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 rose slightly both on a M/M (0.3%) and Y/Y (0.5%) basis over this reporting period. The value of the index, standing currently at 48.5, inched up marginally towards the "neutral risk" line at 50 points. The improvement was driven by a healthier total loss subcomponent, which denotes the likelihood that a firm will default on their first payment responsibility. With the deterioration in Viability and Delinquency, this may signify that at-risk firms are seeing little relief, but fewer firms are moving to higher risk classes. If inflation continues to be sticky, the effects of tight credit conditions will become more apparent.

PERSPECTIVES

All our proprietary indicators lend the May Tracker a semblance of resiliency and growth, but not without caveats. According to reports published by the Bureau of Economic Analysis (BEA), economic growth in the final quarter of 2023 was 3.4% Q/Q driven by strong growth in almost all major categories of GDP accounting. Particularly, consumer expenditures (most of which went towards services), private domestic investment, government spending and international trade – showed robust growth in Q4 2023. However, in the BEA's advance estimates for Q1 2024, most of these areas (except private domestic investment) show reduced growth.

Factors like consumer expenditures and direct government outlays, which supported rising demand through 2023, are expected to diminish further. While private business fixed investment seems to be on an upward trend for now, the impact of restrictive monetary policy, higher borrowing costs and input prices may prove to be formidable headwinds later in the year. Additionally, the deteriorating situation in the Middle East may pose compounding risks in the second half of the year. As the region heavily influences global oil and gas production, tensions will have direct impacts on global energy markets manifesting as higher prices. This may, in turn, pump up global inflation and throw additional uncertainty into the Fed's planned rate cuts. While Dun & Bradstreet economists maintain an outlook of slow but steady growth for the U.S. economy, the advice to our readers is to tread cautiously and monitor all risks before entering any business venture.

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 April 26, 2024.**

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

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