U.S. Small Businesses Pull Back
Borrowings and Capital Investments by Small Business Sector Growing at a Much Slower Rate in May

(CHICAGO, IL — June 30, 2015) —The May data release of the Thomson Reuters/PayNet Small Business Lending Index (SBLI), which is a leading economic indicator of GDP, decreased 8% from 140 in April 2015 to 128.5 in May 2015, as small businesses paused investing activities after several months of high growth. Compared to the same month one year ago, the SBLI is still up 3%.

"Small business took a breather last month after the high levels of investment over the prior quarter. This release isn't surprising given the challenges building new property, plant and equipment," states William Phelan, president of PayNet.

Although May is slower, trend line growth increased 9% compared to the same period a year ago, keeping intact the expansion trend that has now been in place for 26 months. Industries that are currently expanding are Transportation & Warehousing (+24%), Construction (+11%). Regionally, Florida (+7%), Georgia (+11%) and Pennsylvania (+12%) show the largest increases in borrowing and investment among small businesses.

The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due increased 1 basis point from 1.23% in April 2015 to 1.24% in May 2015. Low loan delinquencies mean investors are still skittish about taking on credit rapidly. Transportation and Retail delinquency are at new all-time lows of 0.21% and 0.28% respectively.

"Given the torrid pace of investment in February through April this year, a pause was in order for small business investment. Conditions such as increased hiring, increased compensation, higher inventories, and easier access to credit will follow in those industry groups showing the best performance," Phelan added.

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About
PayNet Inc. is the leading provider of credit ratings on small businesses enabling lenders to achieve optimal risk management, growth and operational efficiencies. PayNet maintains the largest proprietary database of small business loans, leases and lines of credit encompassing over 23 Million contracts worth over $1.3 Trillion. Using state-of-the-art analytics, PayNet converts raw data into real-time marketing intelligence and predictive information that subscribing lenders use to make informed small business financial decisions and improve their business strategy. For more information, visit paynetonline.com and sbinsights.net.

Thomson Reuters/PayNet Small Business Lending Index (SBLI)
The Small Business Lending Index (SBLI) is based on new commercial loan and lease originations by major U.S. lenders in PayNet's proprietary database. This index measures the volume of loans to small businesses normalized to January 2005. Small businesses generally respond to changes in economic conditions more rapidly than do larger businesses, so this statistic is a leading indicator of the economy and predicts changes in GDP between 2-5 months.

Thomson Reuters/PayNet Small Business Delinquency Index (SBDI)
The Small Business Delinquency Index (SBDI) measures the financial stress of small businesses with $1mm or less in credit outstanding.

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