Investment by U.S. Small Businesses Pulls Back
Slower Growth Trend by Small Business Continues

(January 5, 2015) —The November 2015 data release of the Thomson Reuters/PayNet Small Business Lending Index (SBLI), which is a leading economic indicator of GDP, decreased 2% from 129.9 to 127.4. Compared to the same month one year ago, the index is up 8%. The index is at its lowest point since February 2015.

"Small businesses are hunkering down," says William Phelan, president of PayNet. "The biggest factor for small business is uncertain times ahead with new Fed policies, the presidential election and weaker overseas economies."

PayNet's small business investment trend line reflects a big pullback. The 13-16% investment rate of last summer has given way to 5-7% in Q4. The abruptness of this pullback was not expected: Transportation decreased to 13% versus 23% in June, Retail took a dive to 3% and Construction fell into single digit territory at 9%. The commodity sectors are still falling the most with Ag -17% and Mining now the exhibiting the largest declines of -19%.

Loans past due showed a minimal increase as the Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due increased 1 bp to 1.20% in November 2015 from 1.19% in October 2015, the first increase since May 2015. As compared to one year ago, delinquency decreased 3 bps, which is the sixth consecutive month of year-over-year decreases after 12 straight months of increases.

"Small businesses will add moderate growth to GDP in the next 2 to 5 months as they wait to see politics, the Fed and the contraction of overseas economies play out in 2016," 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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