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U.S. Small Business in Stuck in Low Gear
Conserving cash and preserving financial health

Chicago, IL (September 7, 2017) — The July 2017 Thomson Reuters/PayNet Small Business Lending Index (SBLI) decreased 11% to 123.8 from 139.1 in June 2017. Compared to July 2016, the Index increased 1%.

Industrial sectors showed sluggish activity with 11 of 18 industry sectors showing a negative trendline. Big sectors remain in contraction mode with Healthcare at -1.8%, Transportation at -0.4%, Professional Services at -0.5%, and Manufacturing at -0.3%. The major sectors that are growing are Mining (4.6%), Accommodations & Food Services (2.3%) and Wholesale Trade (1.7%).

 "Small businesses are continuing their ways of the last few years," states William Phelan, president of PayNet, Inc. "They remain risk averse, not reward seeking."

The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due increased to 1.35% in July 2017 from 1.32% in June 2017. Compared to one year ago, delinquency increased 4 basis points (bps). Despite the increases, financial health remains strong partly because of the little risk taking.

All the industry segments increased between 1 and 4 bps during July, with the exception of Transportation which declined 1 basis point.

Small business default rates continue to stabilize and have been effectively unchanged in recent months. The PayNet Small Business Default Index (SBDFI) has increased 15 basis points since July 2016 to 1.87%, but increased only 4 bps in the past 6 months.

 "Small businesses remain in maintenance mode," Phelan added. "The longer small businesses remain stuck in low gear, the harder it will be to rev up later."

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