

SMALL BUSINESS PULSE

# Profitability strengthens, payrolls grow again, and business credit takes center stage

MAY 2026

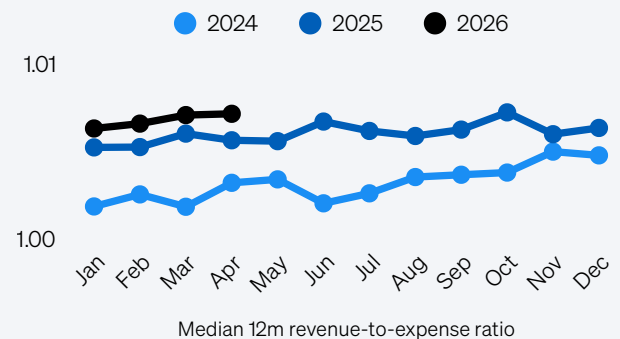
## The Big Picture

Profitability strengthened in April and payroll growth continued a three-month streak, signaling improving business momentum. We also bring the business credit journey into focus - many owners still lean on personal credit, but more are working to build business credit to unlock better access and terms.

## What We're Seeing

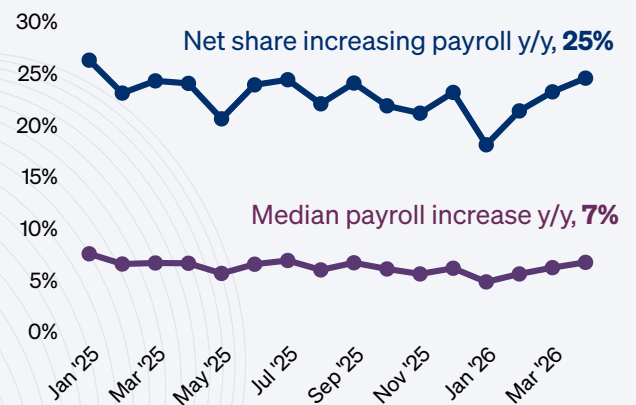
- Profitability stabilizes:** Our proxy for business profitability is modestly higher than April on a month-over-month basis, while year-over-year gains are stronger, indicating improved financial footing.
- Payroll growth increases:** Building on March's momentum, net share of businesses increasing payroll y/y rose to 25%. Median payroll increases y/y improved to 7%, indicating improving willingness to hire.
- Business credit comes into focus:** Many owners still rely on personal credit for business needs, yet most understand their business has a separate credit score (83%) and view strong business credit as a pathway to improved access and terms. Barriers persist—21% report being denied business credit or financing—highlighting why building business credit over time remains central to resilience and growth.

**Business profitability remains strong, with modest m/m increase**



Source: Chase business deposit account data

**Small business payrolls climb again in April**



Source: Chase business deposit account data

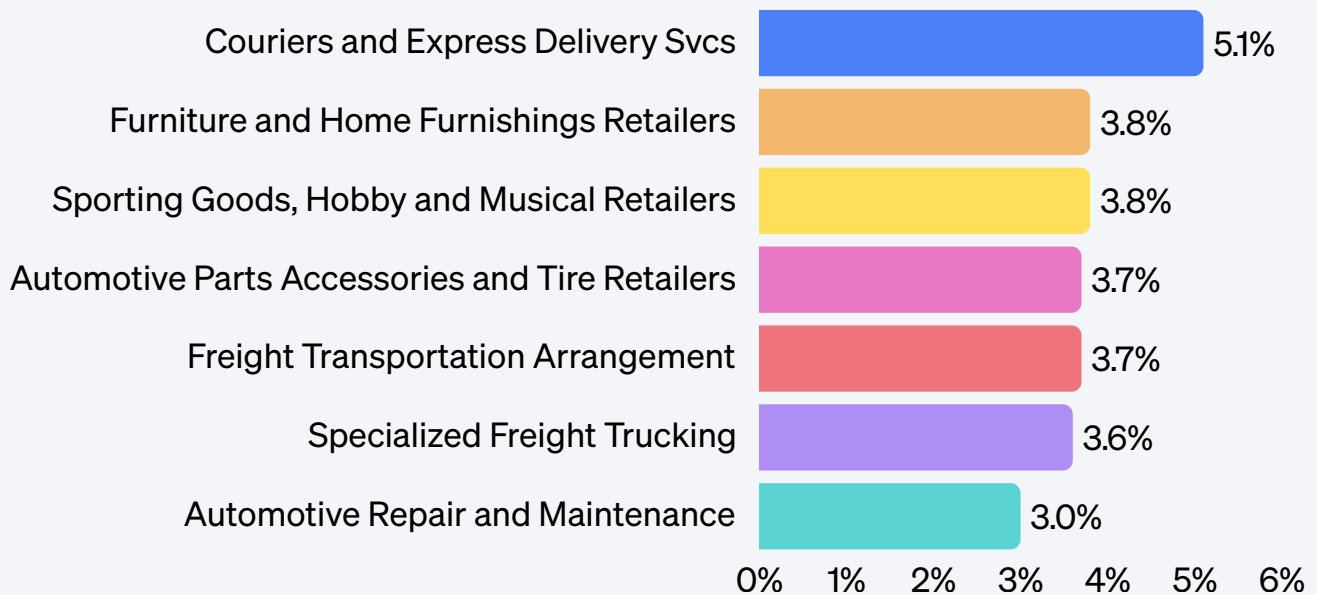
## Payroll growth broadens

Payroll growth shows strong signs in April, with increases to both the net share of businesses expanding payroll and the median y/y payroll growth – in-line with a strong April jobs report. The largest m/m movers among businesses expanding payroll y/y include:

- **Couriers and Express Delivery Services** in Transportation, hinting at a trend for just-in-time or specially delivered items
- **Furniture and Home Furnishings Retailers**, a nod to “patio season”
- **Sporting Goods, Hobby and Musical Retailers** indicates consumers purchasing sporting and recreational equipment as the weather gets warmer. Pickleball, anyone?
- **Automotive Parts, Accessories and Tire Retailers** and **Automotive Repair and Maintenance** point to consumers getting regular tune-ups and investing in maintenance in anticipation of more summer travel
- **Freight Transportation Arrangement** and **Specialized Freight Trucking** strength suggest strong demand for physical goods, and highlight the role of the small business segment in supply chain strength and resilience.

### Labor demand accelerates m/m for Logistics, Automotive, Recreation and Home Decor

M/M change (%) in Net Share of Businesses Expanding Payroll, y/y (%)



Source: Chase business deposit account data

## Business credit shapes access, resilience, and growth

With the new Fed chair confirmed, borrowing costs are a major topic of interest, so we took a look at business credit this month. Eighty-three percent (83%) of business owners know that their business can have a credit score distinct from their personal credit score. Yet, just around half (49%) of owners have ever checked their business credit score, even as 60% of them are aware that vendors, lenders or partners can view their business’s credit score.

Many owners build their businesses using personal credit tools, underscoring how closely household and small business finances can be intertwined—especially early on in a business’ life cycle. 74% of owners have used personal credit for business purposes at some point. Despite this, most business owners (56%) would prefer to qualify for business financing based on their business’ credit information rather than their personal credit information, suggesting demand for pathways that recognize business performance and help firms progress from personal to business-based credit.

Access isn’t uniform: one in five (21%) of owners report having been denied business credit at some point, with higher denial rates among younger firms., indicating that greater knowledge of an access to business credit scores can be an important step for businesses thinking about financing in the future, similar to shoring up a personal credit score before applying for a mortgage.

### A look a owners’ feelings about business credit

83%

of owners know that their business has a credit score separate from their personal credit score

74%

of owners have used personal credit products for their business in the last year

#### How would you prefer to qualify for business financing?



Business finances only

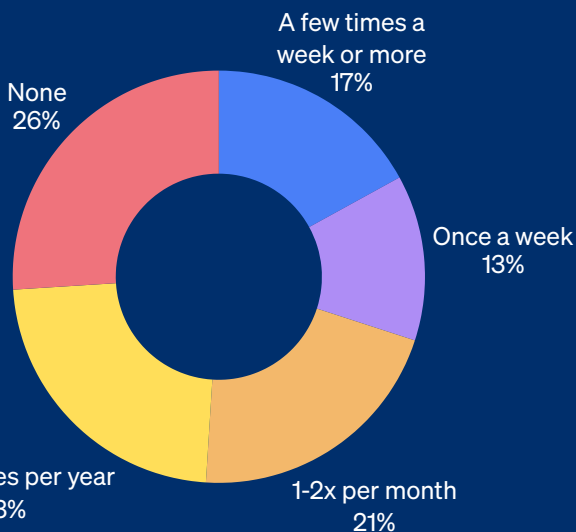


Combination of business credit score and personal guarantee

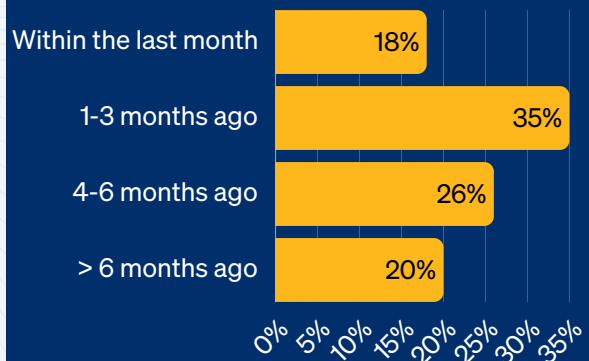


Personal finances only

#### How often did you use personal credit for business purposes in the last year?



#### When did you last check your business’ credit score?



Source: Chase Survey of Business Owners, May 2026



# Why This Matters

## Payroll rebound optimism

Stronger profitability alongside improving payroll growth suggests small businesses are gaining confidence and may be positioning for continued demand—an early signal that labor-market momentum could stay constructive

## Small business strength points to broader resilience

Strength in key areas of the economy point to broader seasonal demand and the importance of small businesses in supply chain logistics

## Closing the gap between awareness and use of business credit

As firms move from personal to business credit, the availability and pricing of business financing can determine who scales and who stalls, making credit-building a practical lever for resilience.

### Methodology:

Chase surveyed approximately 1000 small business owners across the nation in mid-May 2026. Respondents include both Chase and non-Chase customers.

A Chase business is defined as an employer business if within the past 12 months, they had 6 or more months of observed payroll expenses. Expenses are tagged as payroll-related if they are associated with a selection of major payroll processors.

Chase business data excludes businesses that have fewer than \$500 in inflows or fewer than 10 total transactions over the last 12 months. Y/y comparisons require two years' worth of data.

### Keywords:

small business performance, small business revenue growth, cash flow, cash flow volatility, inflation, labor market, small business hiring, small business owner concerns, small business economic outlook, SMB Pulse report

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