

Resilience holds: profitability moderates but remains solid, payroll growth broadens, and a spotlight on cyber preparedness

OCTOBER 2026

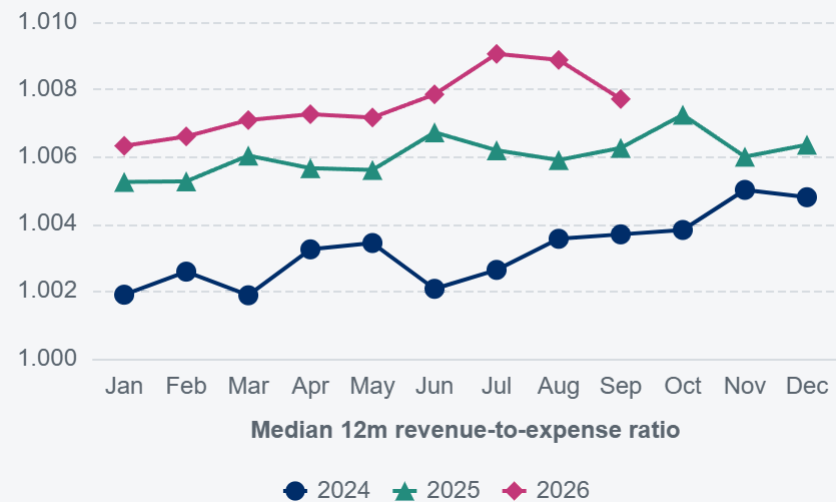
The Big Picture

Businesses remain resilient with profitability still up year-to-date and payrolls steadily expanding. In mining, renewed cost pressures—led by support activities for oil and gas operations—are lifting sector expenses and can feed through to fuel, freight, equipment, and construction-related costs. Meanwhile, cyber risk management is increasingly treated as standard overhead as fraud attempts persist.

What We're Seeing

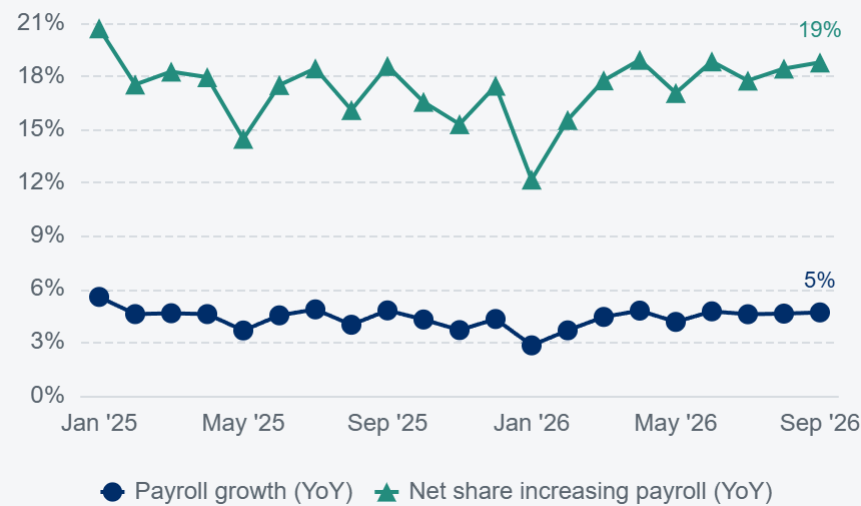
- **Profitability downshifts slightly but continues trending higher:** Our proxy for business profitability moderated further in September, but remains elevated from the start of the year, suggesting that the financial health of businesses continues trending in the right direction.
- **Payroll expansion broadens:** The net share of businesses expanding payrolls year-over-year moved slightly higher in September (19%), and median payroll growth remained at 5%, suggesting that labor investment has broadened among small businesses at rates consistent with the those reported in recent months.
- **Cyber preparedness becomes standard practice:** Most owners don't expect an imminent cyber threat, but they're investing in preparedness as fraud stays common and AI makes scams harder to spot.

The median business remains profitable



Source: Chase business deposit account data

Labor investment spreads across businesses



Source: Chase business deposit account

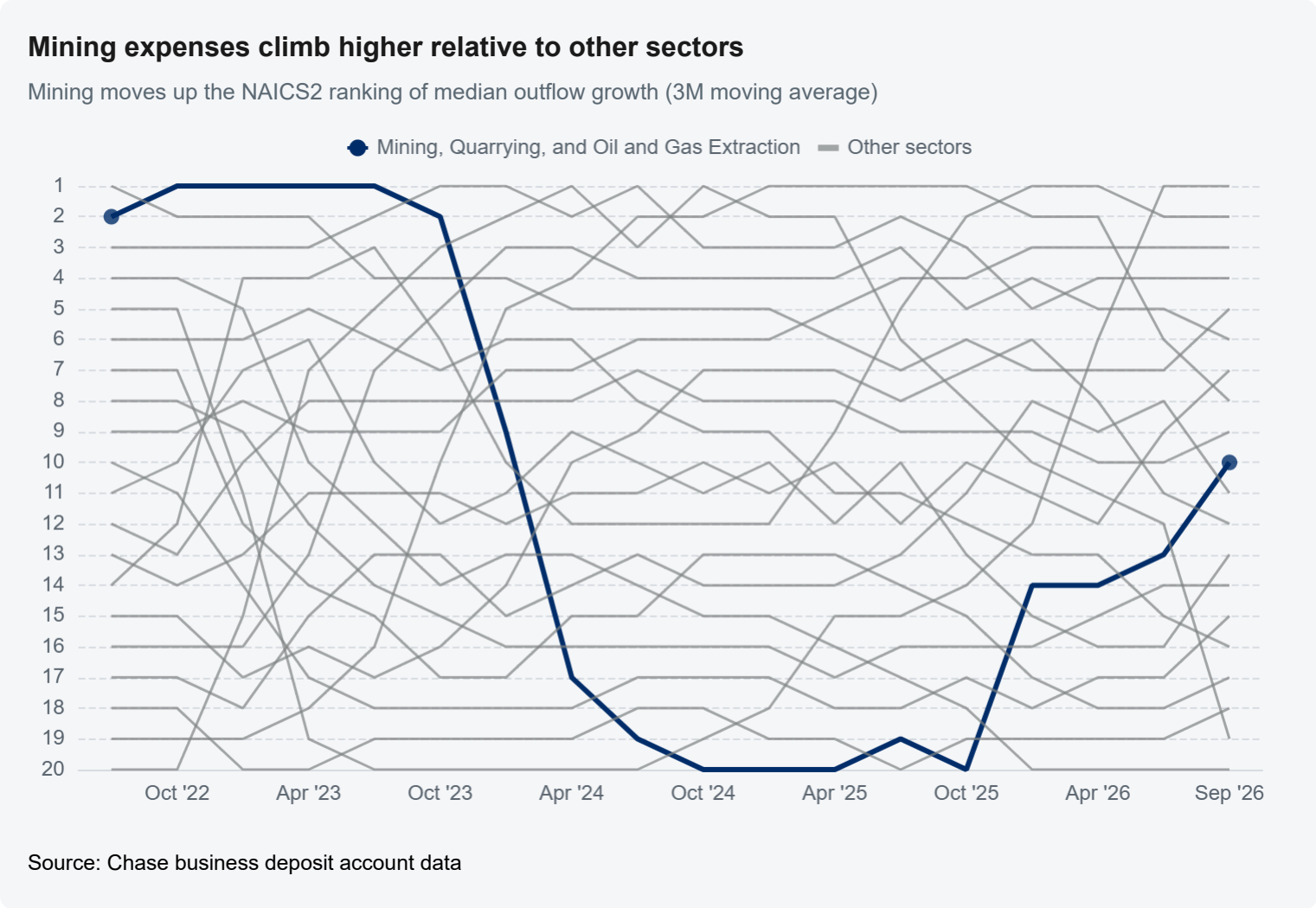
Mining cost pressures resurface

The mining sector is dominated by two industries—support activities for oil and gas operations and oil and gas extraction. While the sector itself is relatively small, changes in mining activity and commodity prices tend to ripple outward, influencing transportation, construction, manufacturing inputs, and ultimately consumer prices.

Against that backdrop, mining-sector expenses grew faster than any other sector through much of 2023, following the inflation surge that began during the pandemic. Expense growth then moderated materially across 2024, but began to re-accelerate the following year—driven mainly by businesses providing support activities for oil and gas operations, such as contract drilling, excavating, and cementing. In practice, this pattern looks like a transition from broad inflation pressure to a period of normalization, followed by a renewed uptick tied to operating intensity and input costs in mining support services.

Several forces could be contributing to the rebound in mining expenses. Input and sourcing costs have risen: tariffs on imported steel, aluminum, and copper can raise the price of specialized machinery, while tariffs on well-servicing inputs (such as acidizing, cementing, and chemical treating fluids) can lift ongoing production and maintenance costs. Geopolitical disruptions can also amplify energy-market volatility, which may raise operating intensity and costs when producers respond to higher prices. Elevated diesel prices add another layer by increasing the cost of running equipment and logistics.

For small businesses, the key takeaway is that mining-driven cost pressures can show up indirectly as higher prices or longer lead times for fuel, freight, equipment, and construction-related goods and services—making budgeting, pricing, and inventory planning more challenging even for firms far removed from the energy supply chain.

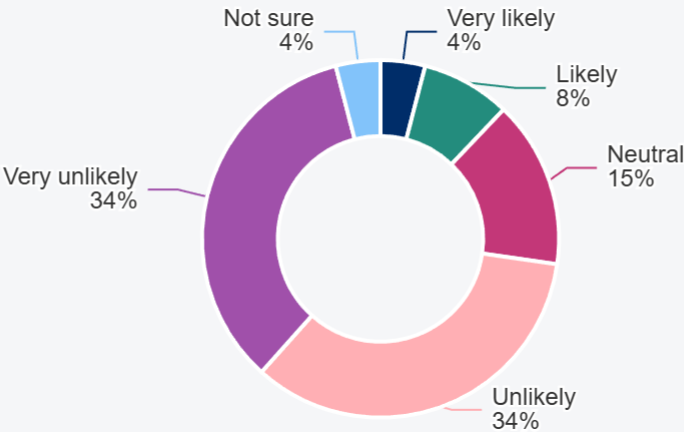


Small business cyber risk management: prepared, not panicked

Most business owners aren't expecting an imminent cyber incident, but are treating cyber readiness as a normal cost of doing business. In our latest monthly Survey of Business Owners (SBO), only 12% said a cyberattack is likely in the next six months, yet more than 70% report being at least moderately prepared to prevent and recover from a breach. The real test is disruption—if a major incident caused three days of downtime, 85% said they have a plan to manage financially, while 10% said it would be severely disruptive or could even threaten the business. That “keep things running” mindset is especially visible in the mining sector: Chase Business Banking data show mining businesses are the most likely of any sector to pay for cyber protection services, which fits an industry where downtime is costly, systems can be older, and contractor/vendor-heavy operations create more access points to secure.

Perceived cyberattack risk is low, but not zero

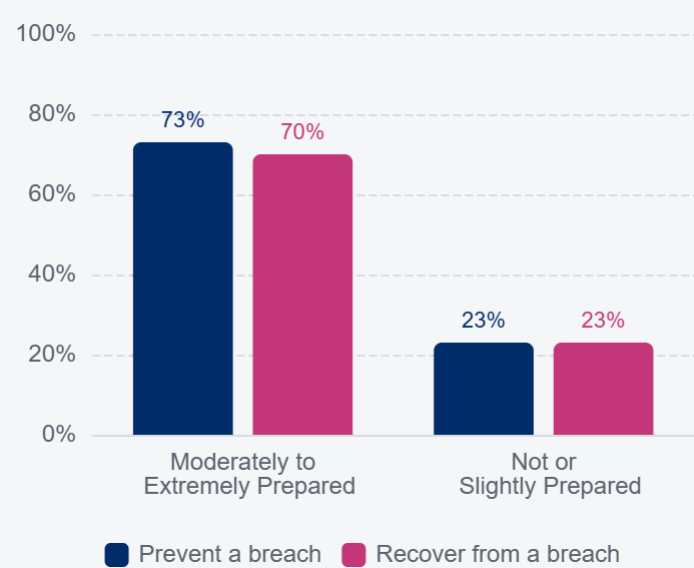
Perceived likelihood of a cyber incident in the next six months



Source: Chase Survey of Business Owners (SBO), September 2026.

Cyber breach readiness exceeds 70 percent

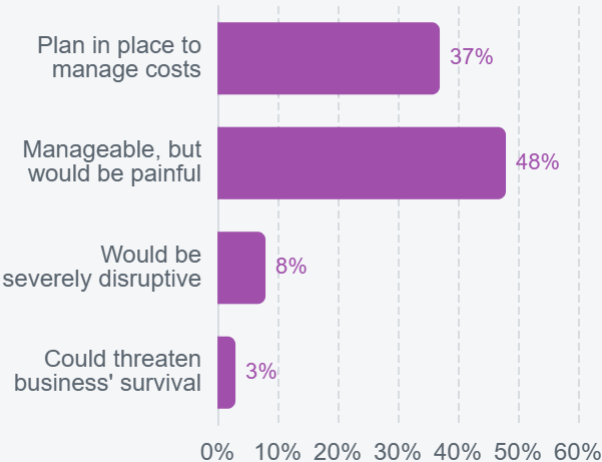
Degree of preparedness to prevent vs. recover from a cybersecurity breach



Source: Chase Survey of Business Owners (SBO), September 2026.

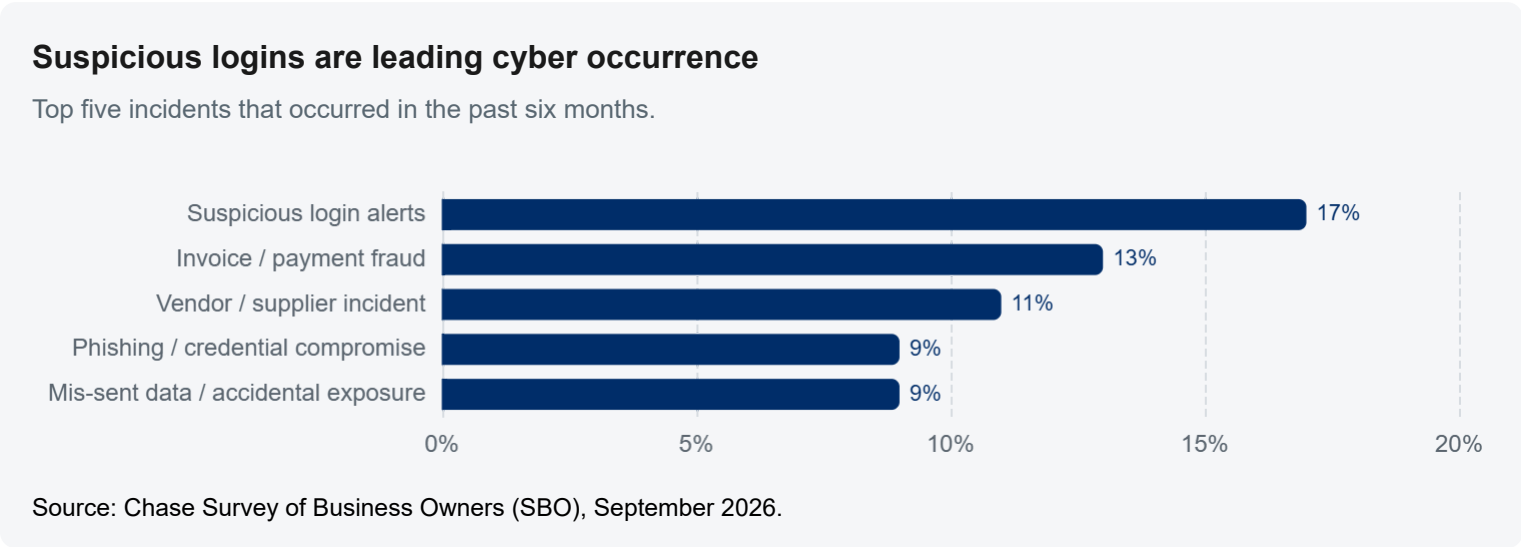
Perceived readiness is strong, but many believe an incident would be painful or disruptive

Financial preparedness for a 3-day cyber disruption

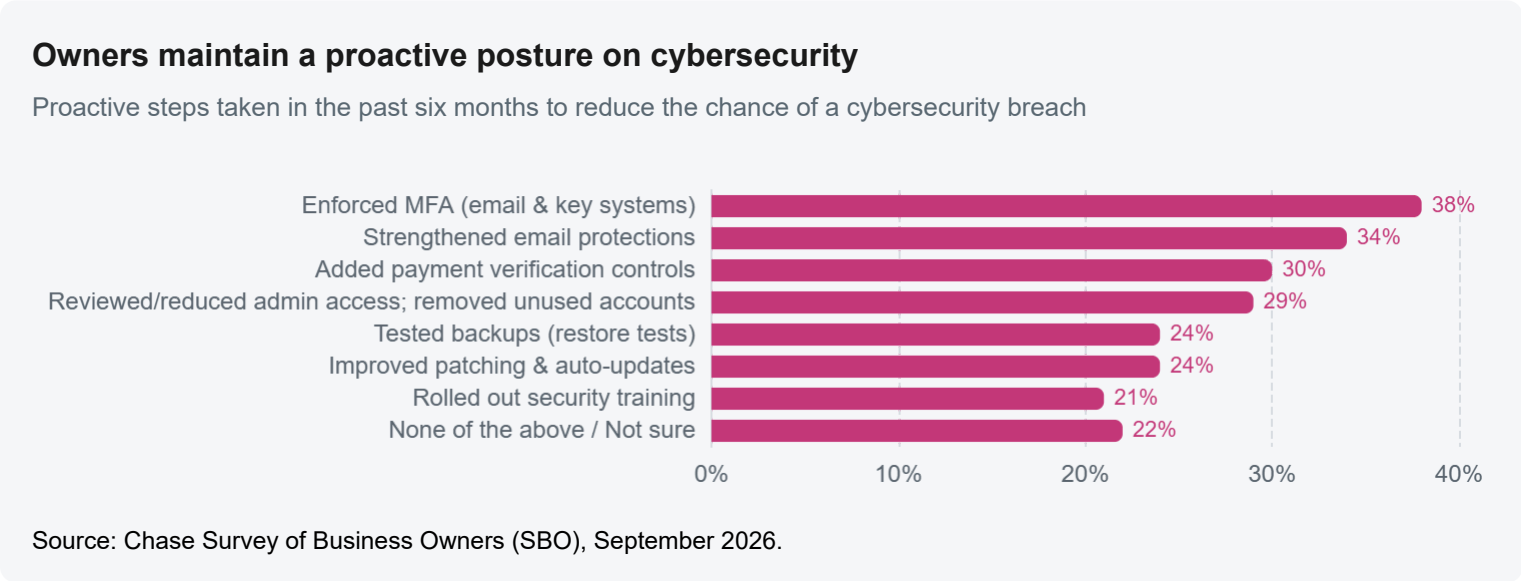


Source: Chase Survey of Business Owners (SBO), September 2026.

Day-to-day, what shows up most often for business owners are routine warning signs and fraud attempts. In the last six months, 17% saw suspicious login alerts on a key account, 13% face invoice or payment fraud attempts, and 11% dealt with vendor/supplier issues. Smaller, but still meaningful, shares reported accidental data exposure (9%) and phishing/credential compromise (9%).



It’s encouraging that 78% of business owners took proactive steps recently—especially multi-factor authentication (MFA) on email and key systems (38%), stronger email protections like anti-phishing/anti-spoofing (34%), and payment verification controls such as call-backs or dual approval (30%). With 42% saying AI is already impacting their approach (12% significantly), it’s worth assuming scams and impersonation attempts will get more convincing —so lock down logins and payments first, then keep improving resilience over time.



Why This Matters

Business profitability moderates but remains solid

Overall financial health appears to be moving in the right direction, even with a slight moderation in business profitability in September, so owners can plan with more confidence, but should treat the recent moderation as a cue to keep tightening operational discipline.

Payroll growth broadens

If payroll expansion continues broadening, expect a demand tailwind alongside tighter staffing conditions, so plan for both higher sales potential and higher labor expense, as well as longer hiring.

Cyber preparedness is now business as usual

Don't wait to invest in preventative measures—even if a serious incident feels unlikely, fraud attempts are real and getting more convincing. Firm up your security precautions.

Methodology: Chase surveyed approximately 700 small business owners across the nation in mid-September 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 includes households that have at least 2 years of account history and have at least 3 months with >\$500 in outflows and 10+ transactions over the prior year. 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 This material is a product of JPMorganChase Center for Economic Intelligence and is provided to you solely for general information purposes. Information has been obtained from sources believed to be reliable, but JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) do not warrant its completeness or accuracy. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. No representation or warranty should be made with regard to any computations, graphs, tables, diagrams or commentary in this material, which is provided for illustration/reference purposes only. The data relied on for this report are based on past transactions and may not be indicative of future results. J.P. Morgan assumes no duty to update any information in this material in the event that such information changes. The opinion herein should not be construed as an individual recommendation for any particular client and is not intended as advice or recommendations of particular securities, financial instruments, or strategies for a particular client. This material does not constitute a solicitation or offer in any jurisdiction where such a solicitation is unlawful.

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