

**SMALL BUSINESS PULSE**

# Profitability stable; payroll and risks are up in February 2026

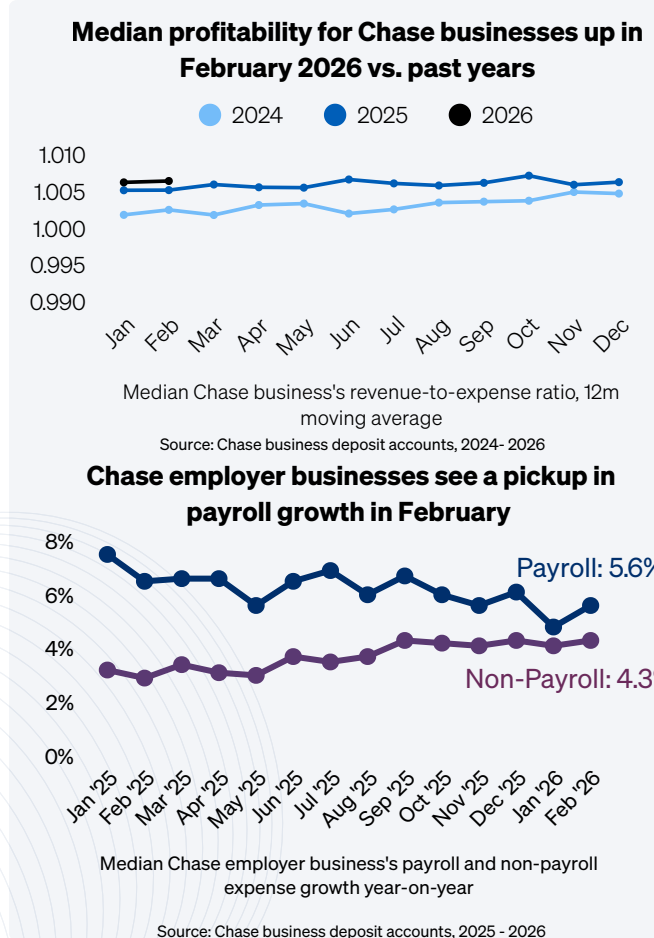
26 MARCH 2026

## The Big Picture

Business owners saw an uptick both in financial stability and payroll growth in February. However, due to elevated geopolitical risks, all eyes are on possible increased cost pressures and supply chain issues.

## What We're Seeing

- Profitability stabilizes:** Profitability remains positive and up year-over-year for the median Chase business, indicating that businesses are still well-positioned to weather financial shocks. Another proxy for stability, the median business's ratio of monthly balances to expenses, also increased from January and is stable.
- Payroll growth increases:** Payroll growth ticked up in February after a large decline in January, suggesting potential optimism for job growth nationally in the coming months. This acceleration in growth, however, will need to be sustained in order to reverse the gradual deceleration in payroll expansion seen since 2025. Non-payroll expense growth started to pickup after April 2025 and remains slightly elevated.
- Higher gas and oil prices are already showing up for freight trucking:** Inflows and outflows for freight trucking businesses ticked up notably in March as gas prices rose. Rising inflows and outflows means those costs are being passed downstream to other business, and maybe ultimately to consumers.

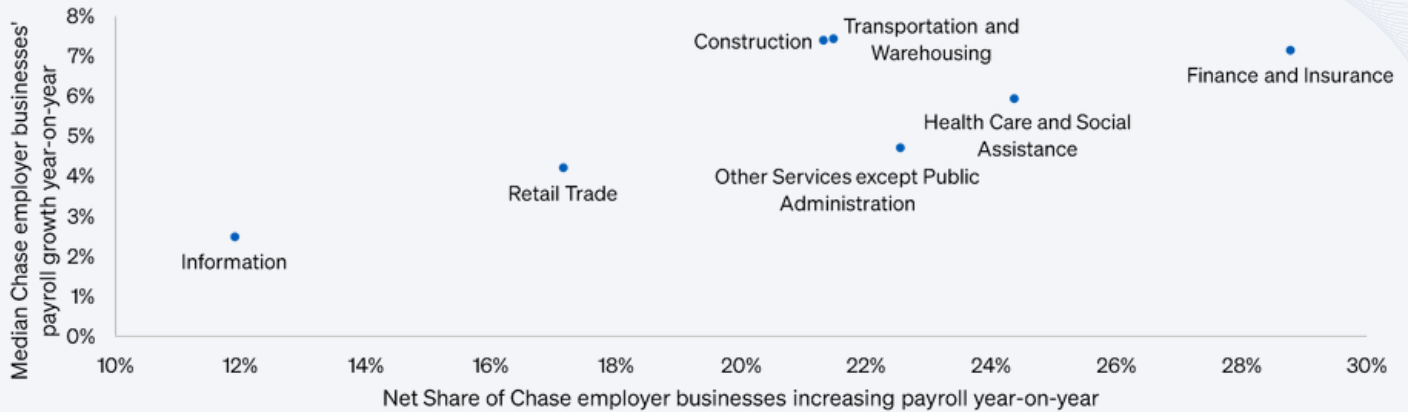


## Payroll growth and its spread is divergent across industries

Despite a dour BLS jobs report in February, **payroll growth increased across major industries in February**. Chase employers in the Finance, Construction and Transportation sectors continue to have the highest median payroll growth rates year-on-year. Some sectors, like Information, are uniformly weak in payroll growth rates and share of businesses that increased payroll. Others, like Construction and Transportation, have high payroll growth rates among those expanding payroll, but relatively fewer businesses increasing payroll at all, indicating uneven conditions across the sector.

### Labor demand strongest in Finance and Insurance, weakest in Information; uneven in Construction and Transportation

Net share increasing payroll vs. median payroll growth year-on-year, February 2026



Source: Chase business deposit accounts, 2026

## Women-owned businesses are more precarious, less optimistic recently

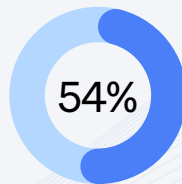
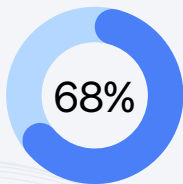
In Chase survey data, women-owned businesses have less predictable revenues, and greater concerns about financing. 1 in 25 women-owned businesses have less than 5 days of cash reserve, compared to 1 in 100 for male-owned businesses.

### Women-owned businesses have less predictable revenues and less cash on hand

My revenues are unpredictable

Female-owned businesses

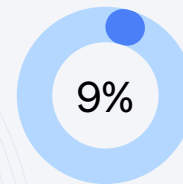
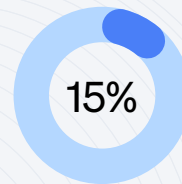
Male-owned businesses



Financing is a major uncertainty

Female-owned businesses

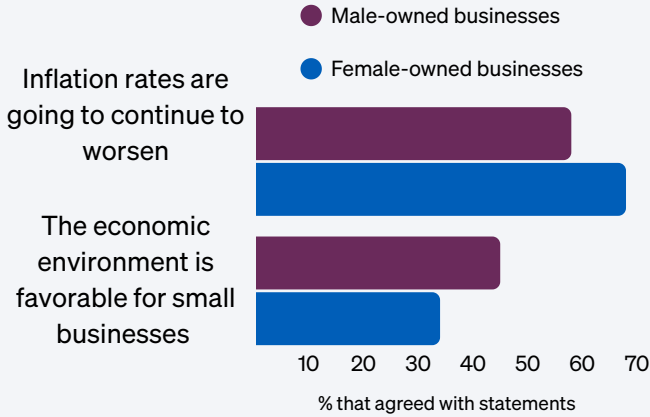
Male-owned businesses



Source: Chase Survey of Business Owners, Jan 2026

Since December, women-owned small businesses have generally felt less positive about the state of their business and in our latest Chase SBO survey, have also felt less optimistic about forward expectations.

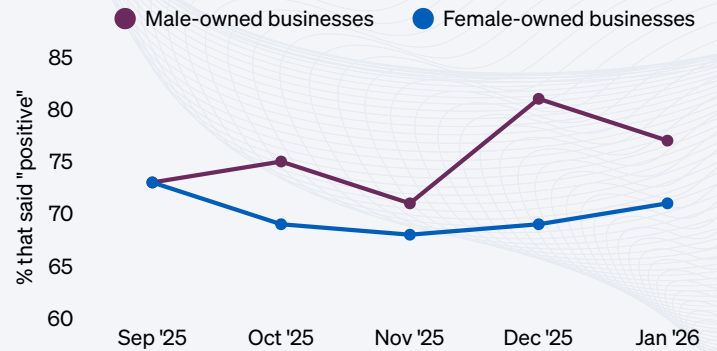
### Women-owned businesses more pessimistic on future conditions



Source: Chase survey of small business owners, Jan 2026

### Women business owners less positive about the current state of their business

How are you feeling about the state of your business?



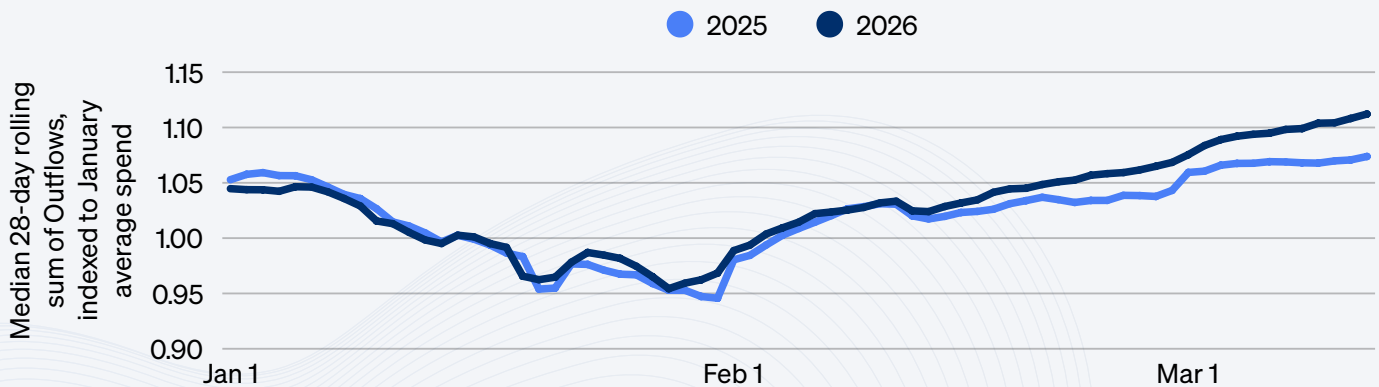
Source: Chase survey of small business owners, 2025 - 2026

## Rising gas and diesel prices already present in latest small business data

Geopolitical risk in the Middle East is leading already to higher oil and diesel prices. The pass-through of these prices has been rapid, and is showing up in Freight Trucking services data. Through mid-February, median expenses for Freight Trucking followed its y/y trend, tracking 2025's trajectory closely. From late-February into March, overall spend is accelerating, likely corresponding to increased spending on diesel - a key input to the industry. This pass-through could lead to greater supply chain issues for small businesses as freight, trucking and logistics companies need to pass on costs which small businesses will need to absorb or pass along further to consumers.

### Business expenses have ticked up for Freight Trucking since the Iran conflict

General Freight Trucking Median business outflows, 28-day rolling sum



Source: Chase banking deposit data, 2025-2026



# So What?

## Businesses remain financially stable

Despite multiple macro headwinds, increased cost drivers and policy uncertainty, businesses have overall adapted to this environment.

## Caution still needed on labor market

Our Chase data points to small businesses picking up on payroll growth in February. We'll closely monitor layoff trends and payroll growth to see if this trend continues.

## Outlook is more unpredictable

While our latest measure of small business sentiment is still relatively historically elevated, sentiment could quickly sour due to heightened geopolitical risk. Shocks to the global energy supply will lead to downstream negative impacts for small businesses, but the extent and spread of these shocks is still uncertain.

**Methodology:** Chase surveyed approximately 500 small business owners across the nation in mid-January 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.

**Keywords:**

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

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