

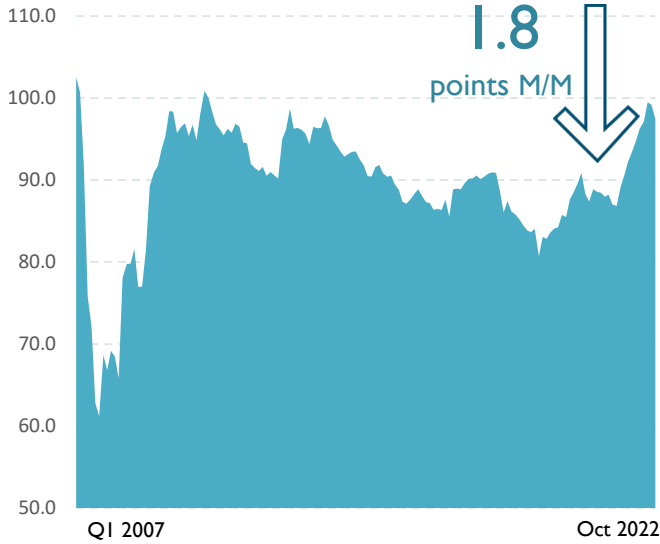
# Dun & Bradstreet U.S. Economic Health Tracker

## A multi-dimensional view of the U.S. Economy

DEC 2022

[DNB.COM/TRACKER](https://dunbradstreet.com/tracker)

### U.S. SMALL BUSINESS HEALTH INDEX



PAYMENT DELINQUENCY



0.5% Y/Y



CREDIT CARD DELINQUENCY



11.2% Y/Y



CREDIT CARD USE

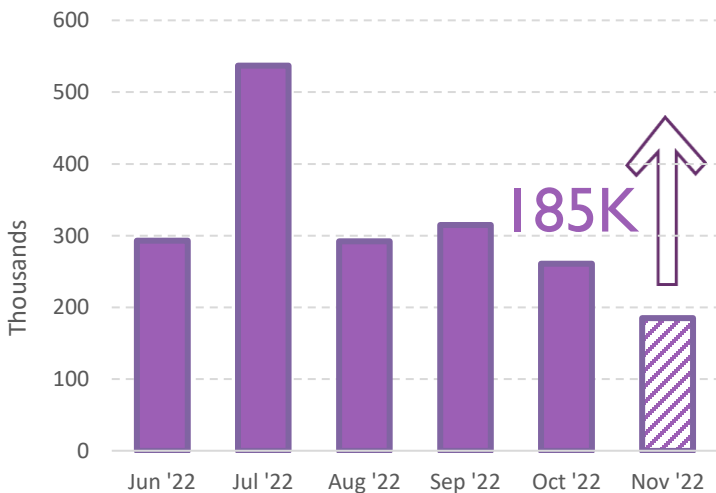


5.6% Y/Y

The U.S. Small Business Health Index declined by almost 2 points on a sequential (M/M) basis for a second consecutive month in October. Trade credit delinquency rates increase across all sectors and was the primary factor driving the drop in the overall and some sectoral indices over this reporting period. Small businesses in several sectors are experiencing the impact of the unique economic environment – high interest rates and high inflation. The personal services sector index saw the highest sequential (M/M) decline, at almost 4 points, followed by financial services and businesses services. Automotive, transportation and retail. Indices also fell this month.

Source: Dun & Bradstreet

### U.S. JOBS HEALTH



MANUFACTURING



RETAIL



REAL ESTATE



BUSINESS SERVICES



CONSTRUCTION

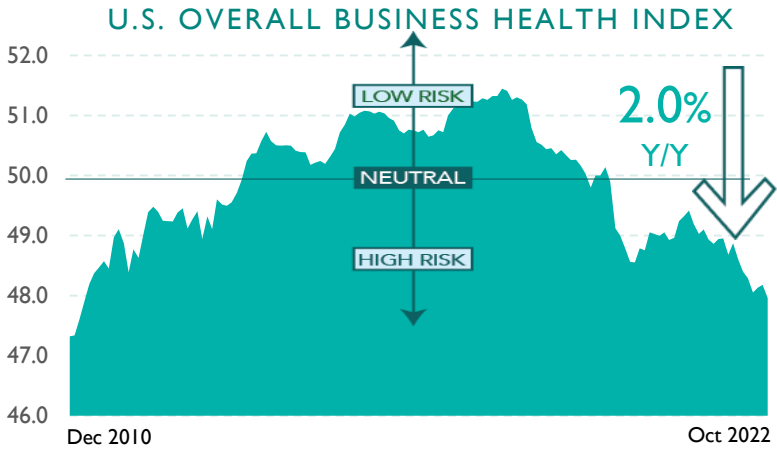


TRADE, TRANSPORTATION & UTILITIES



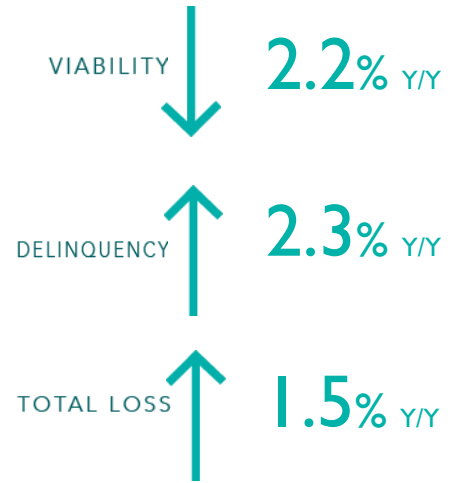
The U.S. labor market is expected to add about 185K jobs in November 2022, the lowest monthly gain recorded this year – signaling that it might be moving in the right direction from the perspective of the Federal Reserve. The average monthly gains in 2021 and 2022 (YTD) stood at 562K jobs and 407K jobs respectively, so this month's gain does indicate significant cooling of the labor market. Further, softening labor demand is also indicated in the number of job openings (published by the Bureau of Labor Statistics) which declined by about 7% Y/Y in October. It remains to be seen whether these developments will be enough for the Fed to revise the monetary policy path.

Source: Dun & Bradstreet



HOW TO READ THIS INDICATOR:

A reading of 50% represents “neutral”. A reading of more than 50% reflects generally lower risk and a reading of less than 50% reflects generally higher risk.



\* February 2022 marks the last comprehensive historical revision to the Overall Business Health Index with subsequent planned revisions occurring during February of each year.

Source: Dun & Bradstreet

The Overall Business Health Index has abandoned its course of sequential (M/M) improvements that the index has been following for the past two months. The index has declined on both sequential (M/M) and annual (Y/Y) basis over this reporting period. All sub-components of the index also show deterioration, signaling a riskier outlook for U.S. businesses in the next 12 months. The value of the overall index remained at 47.96, below the risk-neutral (50 points) line. All sectoral indices of the OBHI fell this month with the transportation and warehousing sector showing the largest decline and construction experienced the smallest.

PERSPECTIVES

The December Tracker marks the end of 2022 with a very different note than the first one of the year. The U.S. economy began the year with sectoral imbalance brought about by the pandemic and emergency measures, high liquidity from remnants of public stimulus, tight labor markets alongside labor shortages and an upward trend in prices driven by supply chain challenges. As the global economy embarked on its journey of rebalancing towards the post-pandemic normal, a new crisis emerged in the form of the Russia-Ukraine war, further aggravating the global prices. In the U.S., these conditions triggered the most rapid pace of interest-rate increases by the Federal Reserve in the past 40 years. The monetary policy may have lowered the U.S. overall inflation rate as it stood at 7.7% in October. Although October's inflation rate was significantly above target, it was an improvement over September's 8.2% rate – signaling a long-awaited improvement.

While the inflation rate may have peaked, all our indicators show that businesses are now feeling the impact of the high interest rates, with the industries which have direct dependency on interest rates like financial services are at higher risk. The approaching holiday season is generally expected to provide a boost to some specific sectors like retail, but the reduced purchasing power of the consumer may prove to be a bottleneck this year. As delinquency rates continue to rise and the labor market softens, any policy implemented by the Federal Reserve will play a very important part in determining the depth of the trough in business performance that seems to be on the horizon early in the new year.

METHODOLOGY

The **Small Business Health Index** measures year-over-year small business performance through payment patterns and credit use. **U.S. Jobs Health** combines Small Business Health Index industry data with BLS figures to forecast monthly nonfarm payroll employment. **The U.S. Overall Business Health Index** provides a weighted average of Dun & Bradstreet's Viability Score, Delinquency Predictor and Total Loss Predictor. The index ranges from zero (with all businesses recording high levels of risk) to 100% (with all businesses recording low levels of risk). **Report based on data available as of November 29, 2022.**

To learn more, visit <https://www.dnb.com/perspectives/analytics/us-business-economic-trends.html>

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