

## Economy

# Small Business Checkpoint: One shock after another

16 April 2026

### Key takeaways

- Gasoline spending per small business client surged 23% year-over-year (YoY) in March, with higher fuel costs spilling over into freight, fertilizer, and inventory expenses. The pressure is especially pronounced in agriculture and transportation, while small wholesalers are also grappling with inventory cost increases exceeding 60% YoY alongside ongoing tariff headwinds, according to Bank of America payments data.
- Small business payroll growth turned negative for the third straight month, signaling that owners are pulling back on headcount amid cost uncertainty. At the same time, small business payments to hiring firms have finally turned positive, with construction and manufacturing hiring nearly 40% above the 2023 average.
- Small business balance sheets look stable, and small business profitability growth among these companies was positive in the first quarter, according to Bank of America account data. But with more small businesses choosing not to seek external financing and overall payments growth hovering around 1% YoY in March, in our view, such firms are prioritizing flexibility over expansion for now.

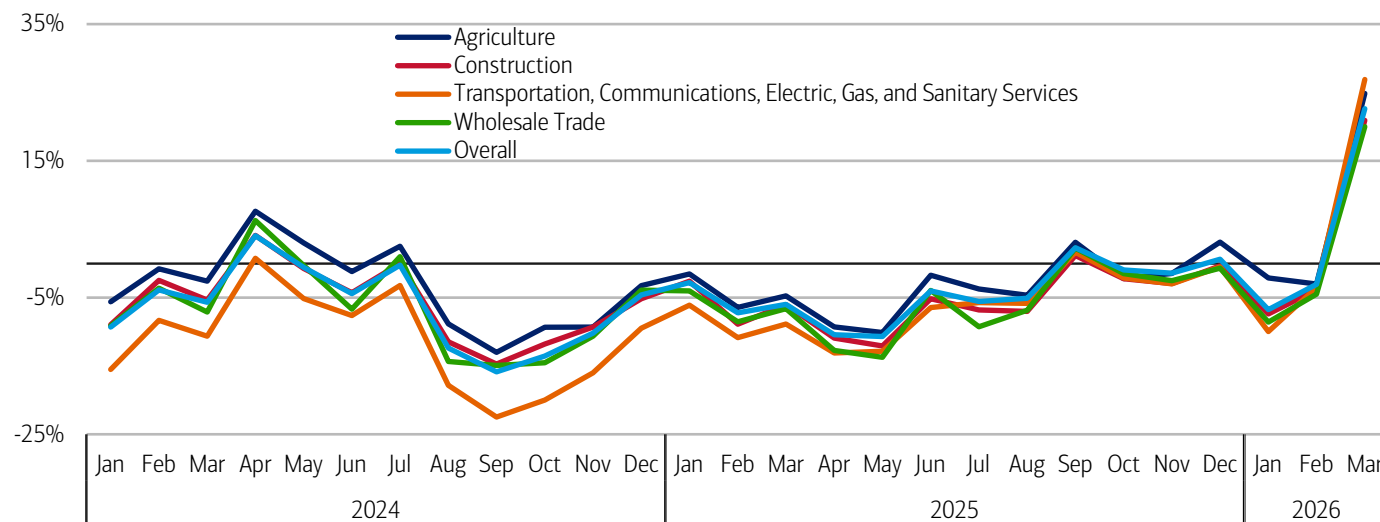
### Small businesses impacted by the oil shock

Bank of America aggregated credit and debit card data shows gasoline spending per small business client rose 23% year-over-year (YoY) in March – the strongest increase in several years – after declining over the previous two months (Exhibit 1).

Certain sectors such as agriculture and transportation saw even greater growth as they are more likely to experience more acute pain at the pump, with gas spending growth up more than 25% YoY in March. And according to the National Federation of Independent Business (NFIB), the Small Business Uncertainty Index rose 4 points from February to 92 in March – well above its historical average of 68 – as a mix of inflationary pressures and geopolitics disrupt revenue expectations.

#### Exhibit 1: For small firms in agriculture and transportation, gas spending growth jumped more than 25% YoY in March

Small business credit and debit card gasoline spending growth per small business client by industry (YoY%, monthly)



Source: Bank of America internal data

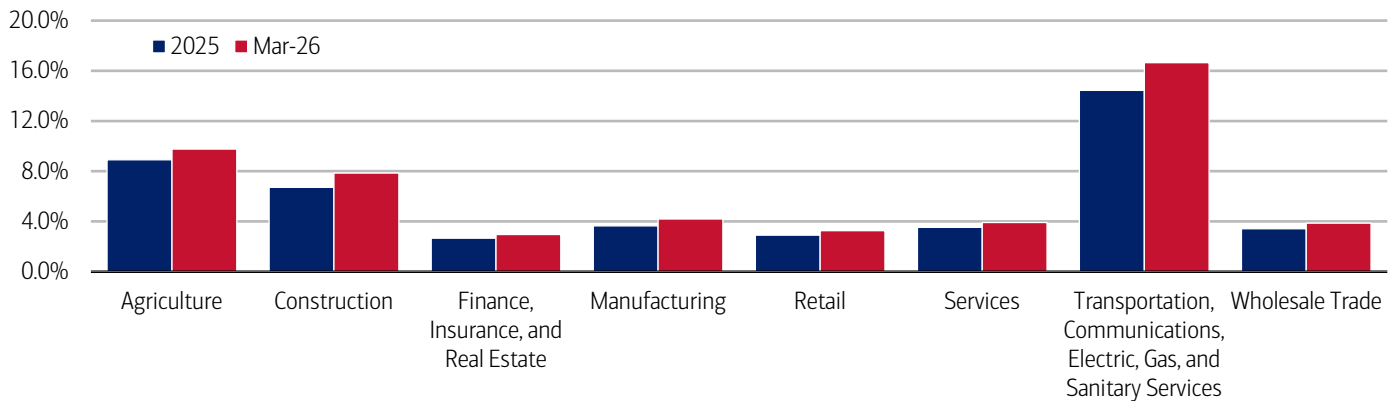
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## Transportation, agriculture and construction most exposed

Beyond direct fuel expenses, higher gasoline prices are feeding into broader cost structures, therefore raising transportation, input and inventory costs for many small businesses. Exhibit 2 shows that small businesses in transportation, agriculture and construction devote a noticeably larger share of their total credit and debit card spending to gasoline than other sectors. Because these industries rely heavily on vehicles and equipment, fuel is a core operating expense rather than a marginal cost.

In fact, according to Bank of America small business account data, in March, both small transportation and agriculture firms saw a 0.4% increase in the share of gasoline expenditures relative to inflows (i.e. revenue) – this is double that of construction and quadruple that of other sectors.

**Exhibit 2: For small businesses in agriculture, construction and transportation, gas takes up a greater share of total credit and debit card spending**  
Share of gasoline spending in total small business credit and debit card spending (%)



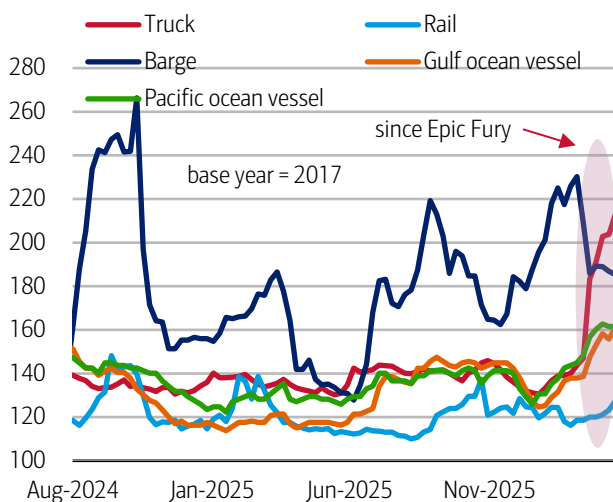
Source: Bank of America internal data

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## More than just oil – local farmers face fertilizer costs and other constraints

Agricultural businesses are particularly exposed to disruptions from the war in the Middle East given commodities are traded globally, making transportation costs a large component of final prices, according to BofA Global Research. This creates a direct – and rapid – pass-through from energy shocks to commodity prices. Since Operation Epic Fury (which began on February 28th) and its impact on energy prices, freight costs in the US have surged nearly 50% for trucks and about 11-17% for ocean transportation (Exhibit 3).

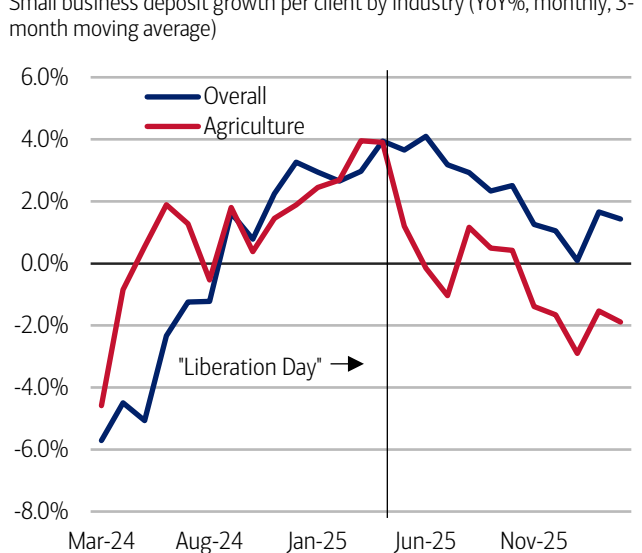
**Exhibit 3: Since Operation Epic Fury, freight costs in the US surged nearly 50% for trucks and 11-17% for ocean transportation**  
US transport cost indices across grain shipping modes (monthly)



Source: US Department of Agriculture; BofA Global Research  
Note: Data through April 8. The location of ports (Gulf vs. Pacific) defines the type of ocean vessel.

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**Exhibit 4: Small agriculture businesses have seen deposit growth decline at a faster rate than the overall rate since tariffs were implemented**  
Small business deposit growth per client by industry (YoY%, monthly, 3-month moving average)



Source: Bank of America internal data

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Additionally, the blockage of the Strait of Hormuz is expected to further increase costs for farmers as this leads to fertilizer supply restrictions. In Bank of America small business payments data, small business deposit growth for agricultural businesses is taking a hit at a faster rate than overall deposit growth for this cohort (Exhibit 4).

### Wholesalers continue to face pressure on the tariff front

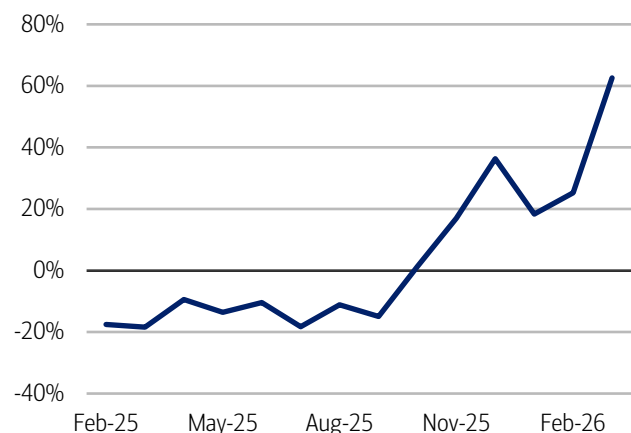
Wholesalers, which face high transportation costs, are another group of small firms highly vulnerable to the oil shock and ongoing tariff pressures.

In Bank of America small business payments data, small wholesalers’ costs associated with inventory (i.e. distributors, truck/freight logistics and other delivery services) surged 62.6% YoY in March – the single largest monthly gain since the start of our data series in 2020 (Exhibit 5). This surge is echoed in the latest NFIB report, with the number of owners planning inventory investment in the coming months reaching the lowest level since May 2024. Additionally, of the small cohort of firms who pay tariffs directly, these payments were up almost 95% from the 2024 average level in March (Exhibit 6).

One silver lining may be that these payments are starting to fall, and, according to BofA Global Research, lower tariff rates following the Supreme Court’s reversal of tariffs imposed with the International Emergency Economic Powers Act are helping offset some of the pain at the pump. Still, compared to large companies, smaller firms are unlikely to feel relief in the near-term.

#### Exhibit 5: Small wholesalers’ costs associated with inventory shot up 62.6% YoY in March

Inventory payments per small business client by wholesalers (YoY%, monthly)

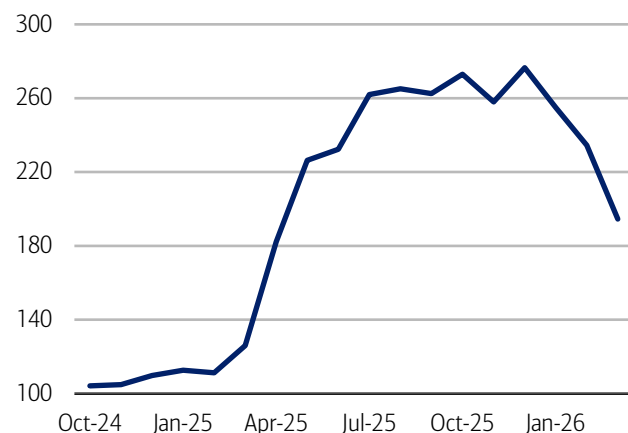


Source: Bank of America internal data  
 Note: Inventory payments include those to distributors, storage, truck/freight logistics, and delivery services.

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#### Exhibit 6: Of the small subset of clients that pay directly, tariff costs remain up almost 95% from the 2024 average in March

Customs and Border Protection (CBP) payments per small business client (indexed, 2024 average = 100, monthly)



Source: Bank of America internal data

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## Labor market in limbo

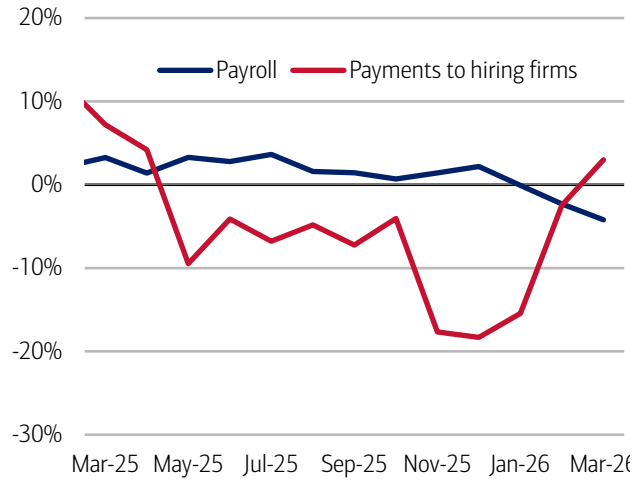
Uncertainty continues to be a prominent theme on Main Street, appearing in job reports and small employer sentiment. Payroll payments growth per small business client remained negative in March, marking three consecutive months of declines – the first such result in our series since 2021 (Exhibit 7).

Additionally, our alternative hiring indicator turned positive for the first time since April 2025 (Exhibit 7), reflecting the aftermath of tariff implementation and subsequent reversal, in our view. However, the concern going forward is the extent to which yet another shock from rising oil prices could once again weigh on hiring by small businesses.

Still, sectors such as construction and manufacturing appear to be ramping up hiring, likely due to two main reasons: 1) labor supply shortages due to immigration policies and 2) recent uptick in manufacturing activity. Payments to hiring firms by small construction and manufacturing firms were nearly 40% above the 2023 average level in March, according to Bank of America payments data (Exhibit 8).

**Exhibit 7: Small business payroll growth continues to fall, whereas hiring payments turn positive for the first time in a year**

Payroll payments per small business client and payments to small business hiring firms (YoY%, monthly, 3-month moving average)

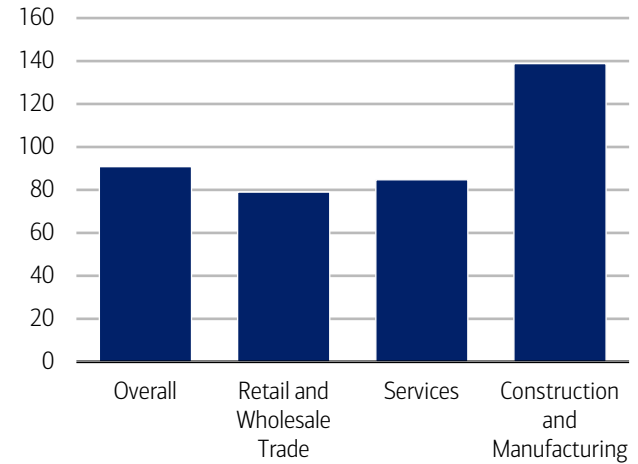


Source: Bank of America internal data

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**Exhibit 8: Small construction and manufacturing firms were nearly 40% above the 2023 average level in March**

Small business payments to hiring firms by industry in March (indexed, 2023 average = 100, 3-month moving average)



Source: Bank of America internal data

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**Small business balance sheet health sending mixed signals**

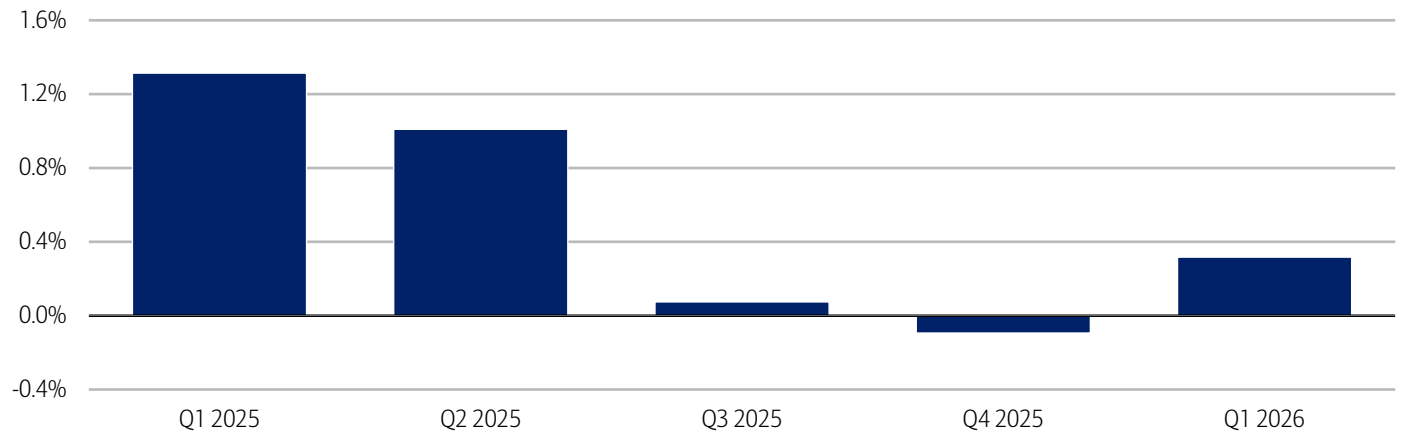
Overall, small business profitability growth remains positive and rose 0.3% YoY in the first quarter of this year (Exhibit 9), according to Bank of America internal data. While that is down from Q1 2025, it is above Q4 2025. And cautious optimism about revenue is prevalent in NFIB survey data, which marked the first decline in March following four consecutive months of improvement.

For now, balance sheets among these companies remain relatively healthy. Bank of America small business credit card utilization rates have risen just slightly above the 2019 average, indicating no great level of credit stress to date. This financial stability appears to enable firms to focus on liquidity preservation rather than near-term expansion. To this point, the percentage of small business owners planning to make capital outlays in the next six months from March reached the lowest level since November 2009, according to the NFIB.

At the same time, more businesses today are choosing not to seek external financing than at any point since the National Small Business Association began its Economic Outlook survey twenty years ago. This underscores that small businesses will likely see slower anticipated growth and, along with the recent slowdown in Census Bureau business formation, signals some level of slowdown within the broader small business economy.

**Exhibit 9: Small business profitability growth was below Q1 2025 levels, but up from the previous quarter**

Small business profitability growth (quarterly, YoY%)



Source: Bank of America internal data

Note: Profitability is measured by the small business account inflow-to-outflow ratio

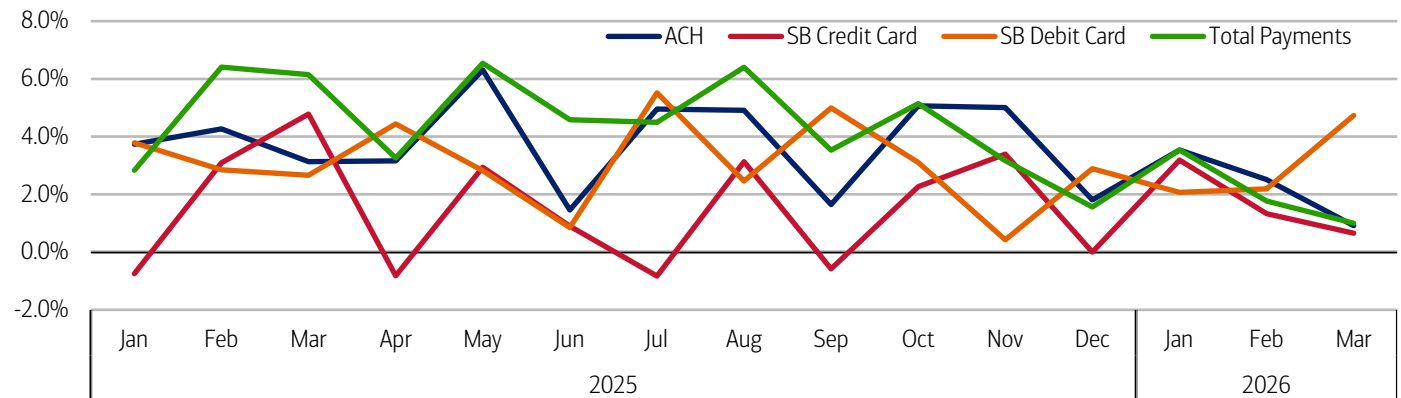
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## Monthly payments update

Looking more broadly at small business payment activities in March, total payments among such clients increased 1.0% YoY but declined from the prior month, according to Bank of America internal data (Exhibit 10). Among major components, all categories except Small Business (SB) debit card moderated from February, with SB debit card up nearly 5% YoY.

### Exhibit 10: Total payments per small business client were up 1.0% YoY in March

Payments\* per small business client by channel (monthly, per day volume, YoY%)



Source: Bank of America internal data

\* Payments are adjusted for the number of processing days in a month.

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## Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Any **Small Business** payments data represents aggregate spend from Small Business clients with a deposit account or a Small Business credit card. Payroll payments data include channels such as ACH (automated clearing house), bill pay, checks and wire. Bank of America per Small Business client data represents activity spending from active Small Business clients with a deposit account or a Small Business credit card and at least one transaction in each month. Small businesses in this report include business clients within Bank of America and are generally defined as under \$5mm in annual sales revenue.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

Revenue tiers are determined by the combination of following factors: 1) stated revenue on small businesses credit applications, 2) actual account inflow into Bank of America Deposit Accounts, and 3) third party revenue estimation.

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The alternative hiring indicator consists of payments from Bank of America small business clients to small business-focused hiring firms which include both direct deposits through Automated Clearing House (ACH) and payments via credit and debit cards.

Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

Additional information about the methodology used to aggregate the data is available upon request.

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