

## Economy

# Small Business Checkpoint: A roadmap across the country

19 May 2026

### Key takeaways

- Small business profitability fell 1.3% year-over-year (YoY) in April, marking the weakest reading in two years, according to Bank of America small business account data. Small business sentiment has fallen as sales have slowed, suggesting higher prices are weighing on margins.
- Gasoline spending growth per small business client jumped nearly 31% YoY in April, adding to inflationary pressures. Still, payroll growth held up in agriculture and transportation, likely reflecting operational necessity and seasonal demand rather than a labor market upswing, according to Bank of America small business payments data.
- In many states, small businesses account for a significant percentage of employment, underscoring their importance in local economies and net job creation. Several cities in the South posted the strongest payroll gains in April, led by San Antonio. In contrast, payroll growth deteriorated sharply across major Western metros, with Las Vegas showing the steepest decline.

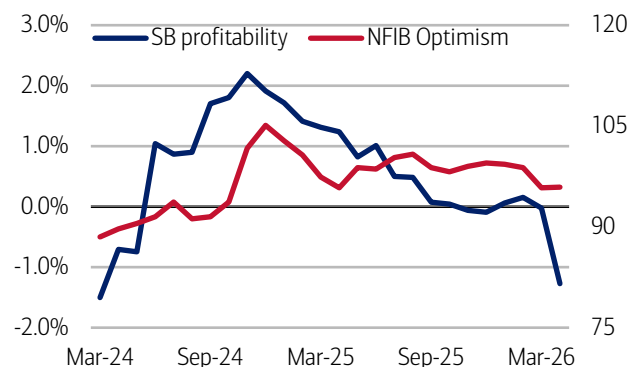
### Profits and prices at the pump weigh on small businesses

Small business profitability growth, as measured by Bank of America small business accounts' inflow-to-outflow ratio, dropped 1.3% year-over-year (YoY) in April – the sharpest decline in two years (Exhibit 1). Small business sales appear to be slowing despite strong consumer spending growth (read more on this in the [May Consumer Checkpoint](#)), suggesting higher prices are pressuring margins. In fact, US producer prices surged 6% YoY in April – the largest increase since December 2022.

Consistent with falling profitability growth and lower sales, small business optimism remained below the 52-year average, according to the April National Federation of Independent Business (NFIB) report. This reflects persistent concerns around labor availability, inflation, and uncertainty about the economic outlook.

#### Exhibit 1: Small business profitability growth fell to the lowest level since 2024 in April

Small business account inflow-to-outflow ratio (left-hand side, monthly, 3-month moving average, YoY%) and NFIB Optimism Index (right-hand side, seasonally adjusted, monthly)

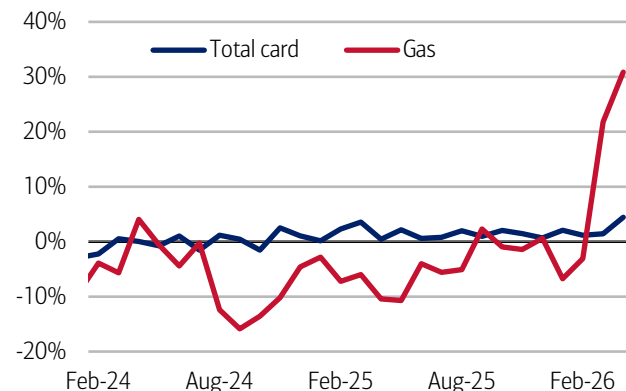


Source: Bank of America internal data, NFIB

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#### Exhibit 2: Small business gasoline spending jumped further from March, up nearly 31% YoY in April

Small business credit and debit card spending per client (YoY%, monthly)



Source: Bank of America internal data

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### Gasoline shock still front and center

A key aspect of economic uncertainty for small businesses is apparent where costs are rising. Looking at Bank of America aggregated small business credit and debit card spending, gasoline spending growth surged nearly 31% YoY in April – almost 8x

that of total card spending growth per small business client (Exhibit 2). Like consumers, small business total card spending is up primarily due to the rise in gasoline.

The pain at the pump for these companies is most acute in sectors including transportation, agriculture and construction as gasoline accounts for a larger share of their total credit and debit card spending than other industries (read more on this in [April's Small Business Checkpoint](#)).

### Payroll growth for some small firms improved in April

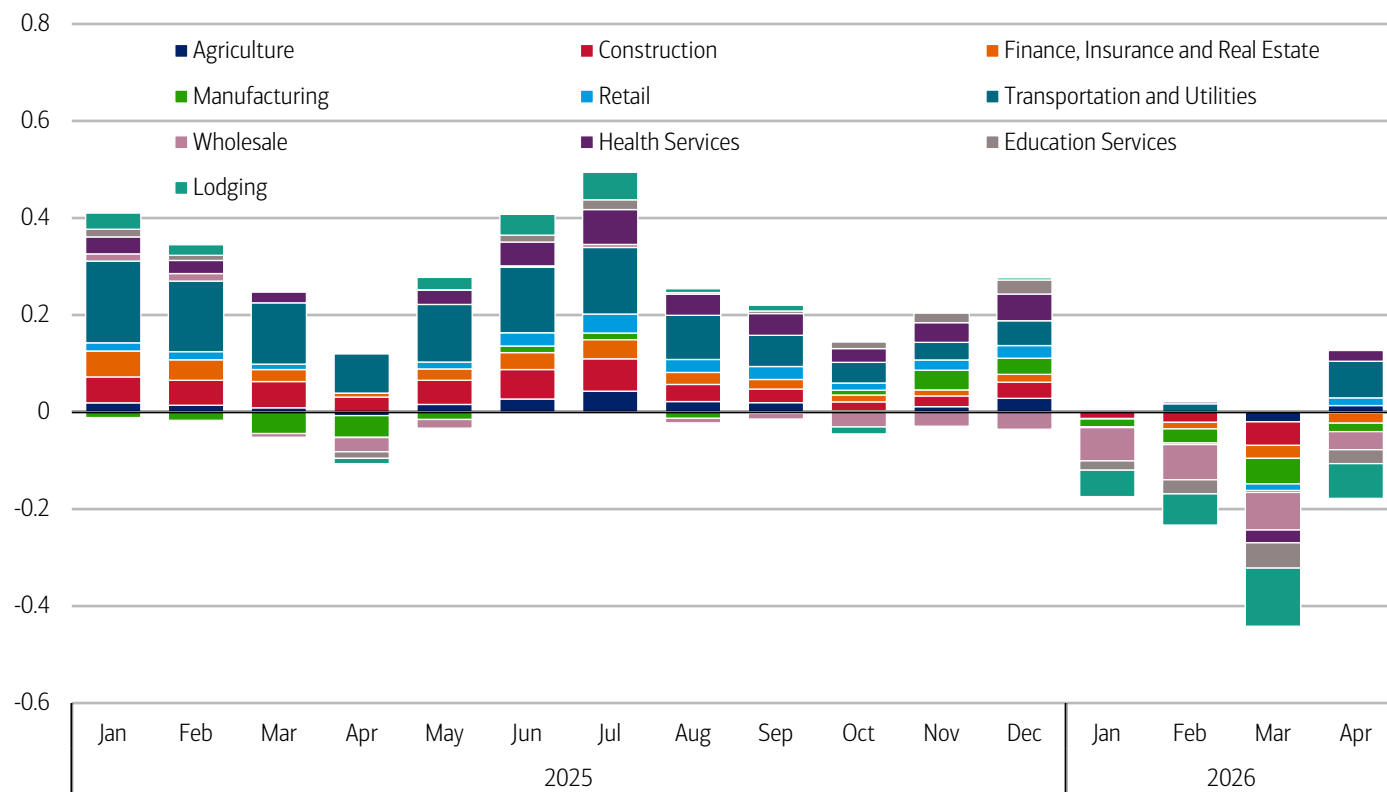
Payroll growth per small business client continues to fall, according to Bank of America payments data. This is indicative of increased weakness in the small business labor market, although this isn't the case for all industries.

Notably, small firms in agriculture, retail, health services and transportation posted payroll growth gains in April (Exhibit 3). Of these, transportation saw outsized increases driven by demand for couriers and messengers, according to the April Bureau of Labor Statistics (BLS) Employment Report. And healthcare has been a consistent driver of jobs for more than a year (read more on this in [the piece on women in the economy from March](#)).

Across the board, payroll growth has been substantially lower for small businesses this year compared to 2025. And despite an increase in their payments to hiring firms, the lackluster employment picture partially reflects the labor supply shock – finding quality workers remains the single most pressing problem facing small business owners, according to the NFIB.

### Exhibit 3: Small firms in transportation and utilities made the strongest contribution to payroll growth in April

Contribution to overall year-over-year payroll payments per small business client by industry (percentage points, monthly, 3-month moving average)



Source: Bank of America internal data

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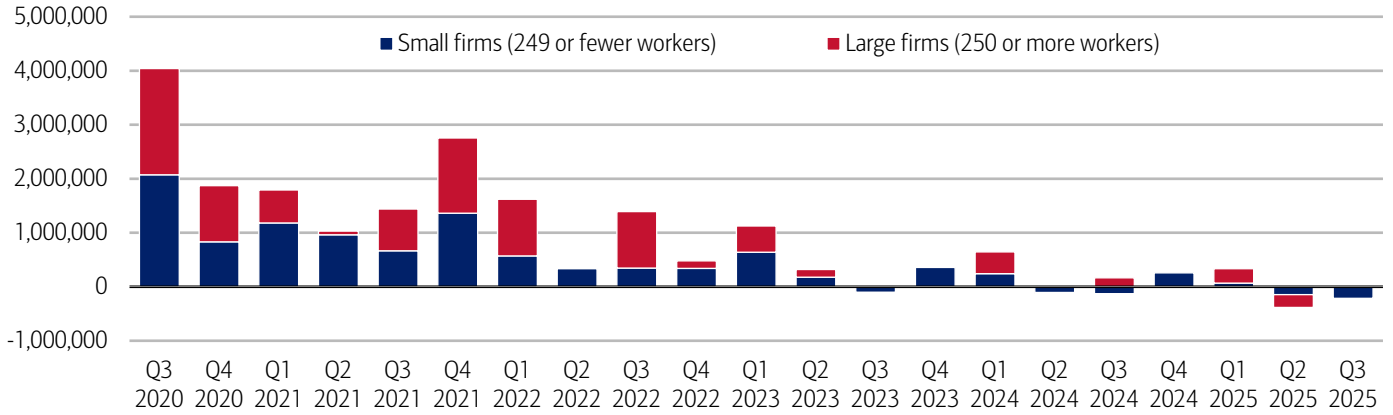
### Small businesses shape local economies

A pullback in hiring is evident in the latest NFIB survey which shows continued pessimism among small business owners. The net percentage of such owners expecting better business conditions fell for the fourth consecutive month in April.

A weaker environment directly impacts local economies given that these companies employ about half of US workers. And from the third quarter of 2020 through the third quarter of 2025, small businesses created about half of all new net jobs, according to BLS data (Exhibit 4). This highlights the ongoing importance of these firms as engines of employment.

**Exhibit 4: Small firms accounted for half of net job creation over the last five years**

Net employment change for small and large firms, third quarter 2020 to third quarter 2025, seasonally adjusted



Source: BLS

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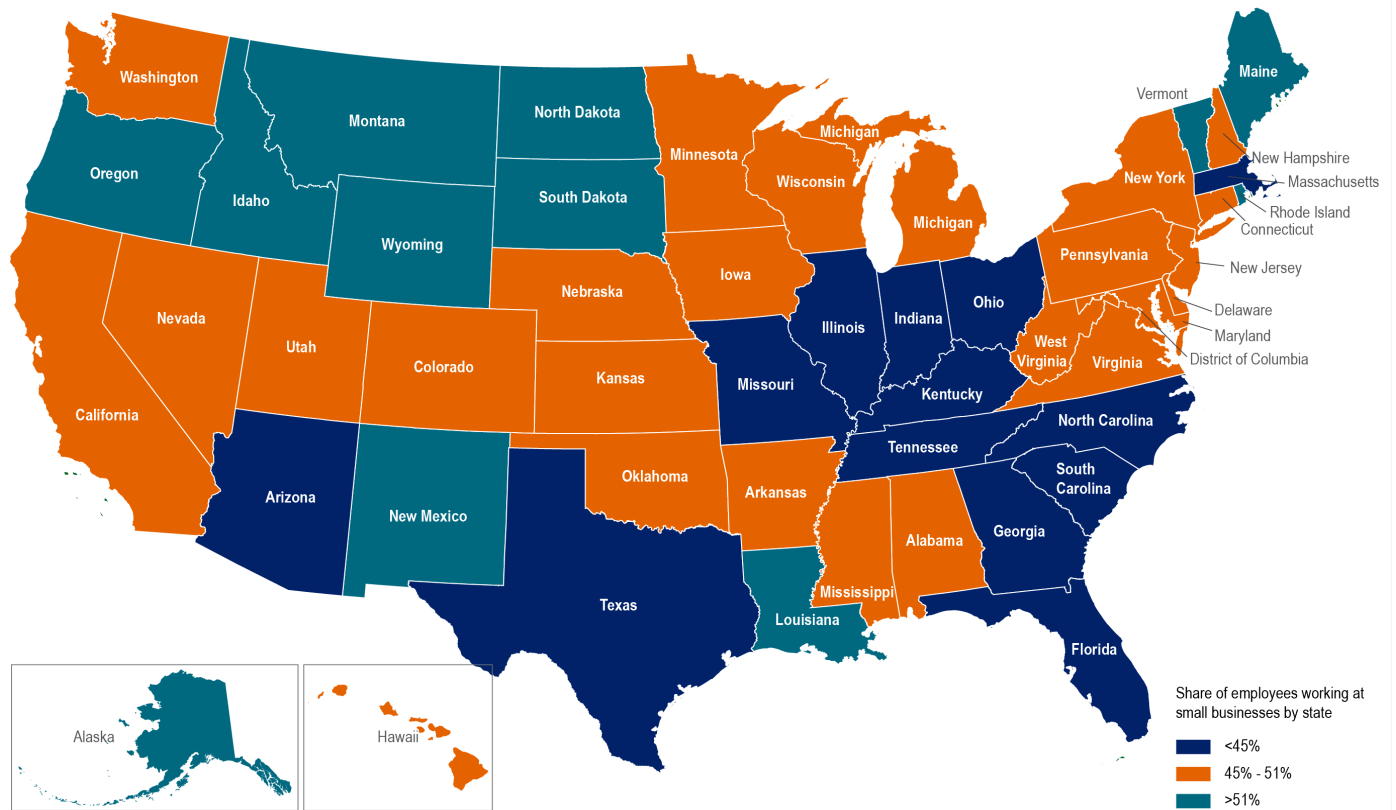
**State(s) of small business**

California, Texas, Florida, New York, and Georgia have the greatest number of small businesses, likely reflecting, in part, their larger populations, according to the Small Business Administration and Census Bureau data.

By contrast, when looking at the share of small business employment across the US (Exhibit 5), we see that less than half of the workforce in Florida, Georgia and Texas is employed by small firms. In fact, many Southern states have a lower share of employees in small firms compared to other regions.

**Exhibit 5: States in the South tend to have a lower proportion of employees working at small businesses**

Share of employees working at small businesses by state (%)



Source: Small Business Administration, Census Bureau

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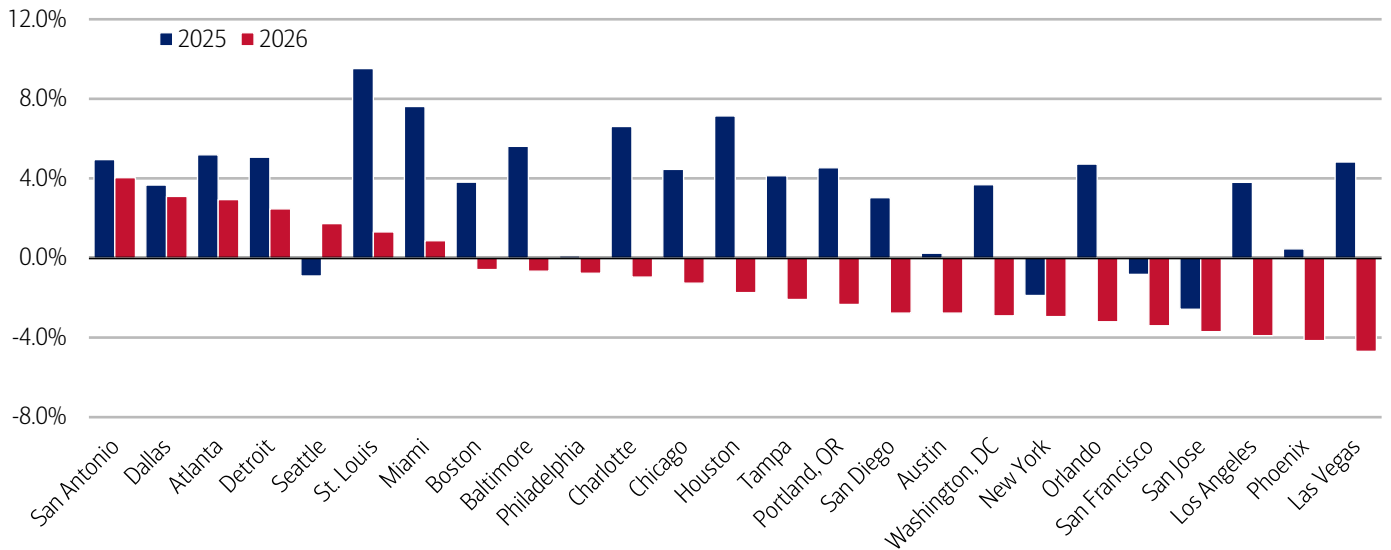
### Small business payroll growth was weak in the West

Still, Bank of America small business payroll payments growth was strongest in several core-based statistical areas (CBSAs) in the South, likely as population growth and economic expansion in these areas is creating jobs (Exhibit 6). San Antonio saw the strongest payroll growth in April, and four of the seven cities with positive gains were in the South.

Conversely, the bottom five cities were in the West: San Francisco, San Jose, Los Angeles, Phoenix and Las Vegas. But there are caveats, particularly in California's Bay Area which has seen increased unemployment at the start of the year compared to the past few years (read more on this in [Regional Roundup: Western momentum](#)). Las Vegas saw the biggest slowdown YoY in April, with growth this year so far declining about 10 percentage points from 2025.

#### Exhibit 6: In April, San Antonio and Dallas exhibited the strongest small business payroll growth

Payroll growth per small business client by CBSA (3-month moving average, YoY%)



Source: Bank of America internal data

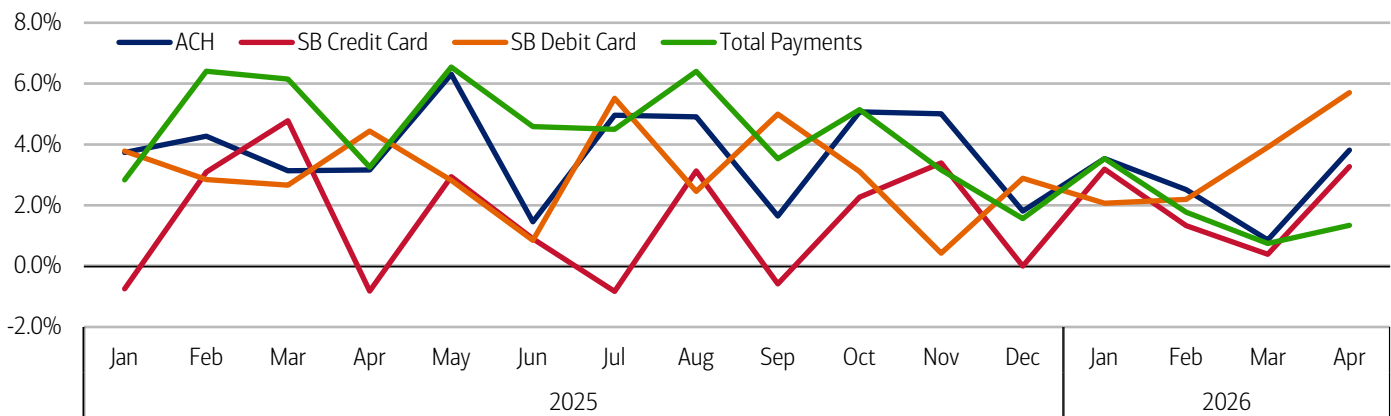
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### Monthly payments update

Looking more broadly at small business payment activities in April, total payments among such clients increased by 1.3% YoY, up from the prior month, according to Bank of America internal data (Exhibit 7). Among major components, all categories increased from March, with small business (SB) debit card up nearly 6% YoY.

#### Exhibit 7: Total payments per small business client were up 1.3% YoY in April

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.

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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## **Sources**

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