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Economy

SME exports: Destinations, dollars and opportunities

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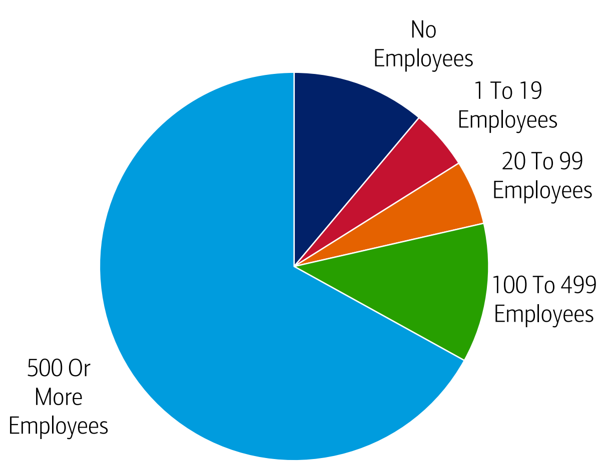
Key takeaways

- Only a small share of US small and medium-sized enterprises (SMEs) export directly, but those that do play an outsized role in trade. Roughly 270,000 SMEs exported goods in 2023, representing around a third of the total value of US goods exports, according to the US Department of Commerce. SME exports are concentrated in major markets such as Mexico, the European Union, Canada and China, highlighting their importance to US trade.
- Bank of America foreign exchange (FX) transaction data suggests a significant rise in net dollar inflows for SME exporters over the past two years, driven primarily by stronger foreign currency revenues being converted back into dollars. The increase appears broad-based across industries, with the largest gains in information and manufacturing, potentially reflecting stronger overseas earnings and incentives to fund domestic investment amid the US capex boom.
- Looking ahead, a relatively firm dollar through the end of 2026 could create headwinds for SME exporters, but a weaker dollar and improving global growth in 2027 may provide a more supportive backdrop, according to BofA Global Research.

SMEs matter for exports

Many small and medium-sized enterprises (SMEs) do not export directly, but those that do account for a significant portion of exports in the US. According to the US Department of Commerce, as of 2023, roughly 270,000 SMEs – those with less than 500 employees – were exporters. While this is a relatively modest share, these firms accounted for around a third of the total value of goods exported that year (Exhibit 1).

Exhibit 1: Around a third of the value of exports was attributable to small and medium-sized enterprises (SMEs) in 2023
US goods export values by firm employee size (2023, %)



Source: US Department of Commerce (International Trade Administration (ITA))
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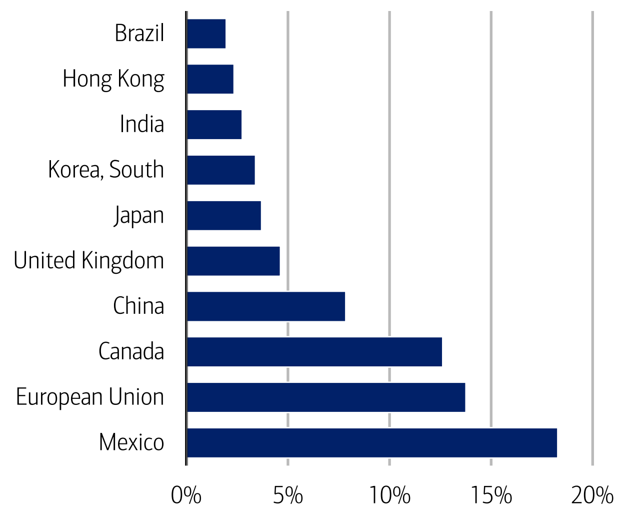
Exhibit 2: Mexico, the European Union and Canada are big destinations for SME exports
Destination of SME goods exports by value (2023, %)



Source: US Department of Commerce (ITA)
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Where do SMEs export? Exhibit 2 shows that Mexico, the European Union (EU), Canada and China accounted for around half of all SME exports in 2023. Relative to larger businesses, SME exports skew a little more towards Mexico and a little less towards the EU.

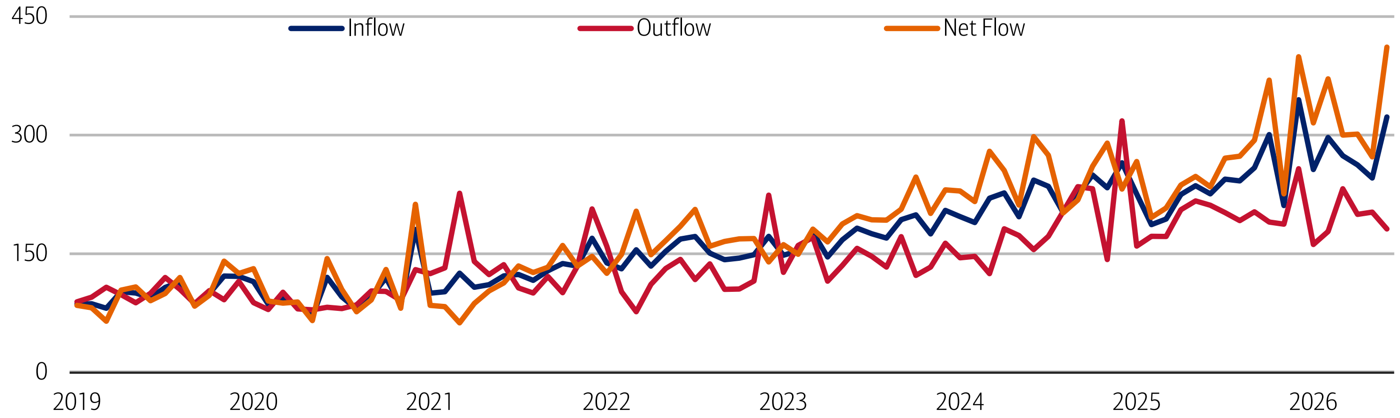
SMEs made hay with a weaker dollar

How have SME exporters fared in recent years? To answer this question, we can analyze Bank of America transactional foreign exchange (FX) data for small and business banking clients (i.e. clients with annual revenues up to $50 million). See Methodology for more information. Exhibit 3 shows that, according to this data, SMEs have seen a rising net inflow of dollars from FX transactions, with a significant jump over 2025-26. On the other hand, dollar outflows have been fairly stable, with the dollar inflow driving the net position (Exhibit 3).

Why are inflows rising? One explanation may be that exporter SMEs have enjoyed solid profitability in foreign markets over the past few years, after a more difficult period during the pandemic and immediately afterwards. As a result, they have been converting these rising foreign currency profits back into dollars, driving the dollar inflow higher.

Exhibit 3: Net dollar inflows have been rising due to SME transactions, according to Bank of America data

Dollar inflows and outflows due to SME FX transactions, according to Bank of America FX transactional data (monthly, index 2019 = 100)



Source: Bank of America internal data

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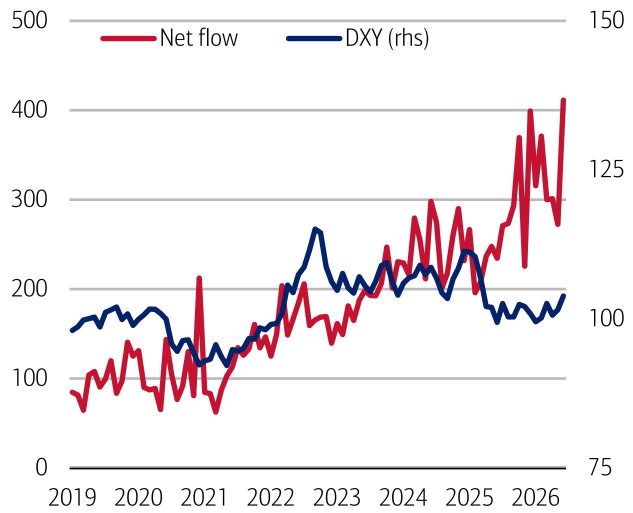
But the US dollar also weakened in 2025, meaning that SMEs' foreign currency revenues may have been translating into higher dollar values without much shift in underlying profits. Looking at the data, while the US dollar index (DXY) dropped back over 2025 (Exhibit 4), the link between SME dollar inflows and the DXY over time does not appear very close. So, in our view, this is not the whole story.

Exhibit 4: Net flows were rising over a weaker period for the US dollar

Dollar net inflow due to SME FX transactions according to Bank of America FX transactional data and the DXY index (monthly, index 2019 = 100)



Source: Bank of America internal data, Bloomberg

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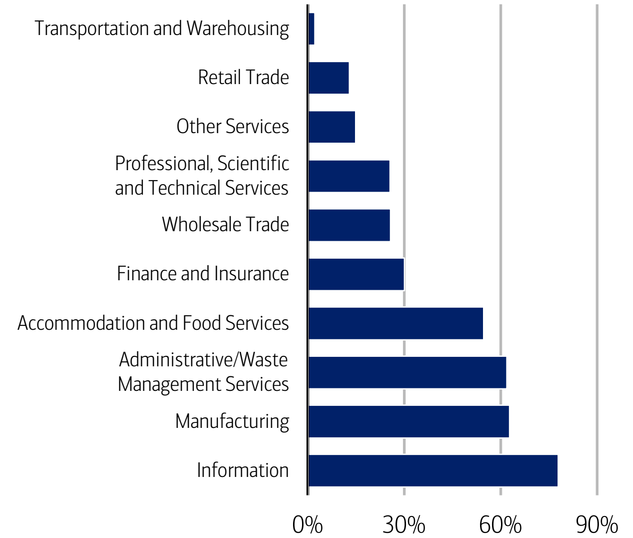
Exhibit 5: Information and manufacturing industries have seen large rises in inflows

Change in dollar inflow by industry, July 2023-June 2024 to July 2025-June 2026 (%)



Source: Bank of America internal data

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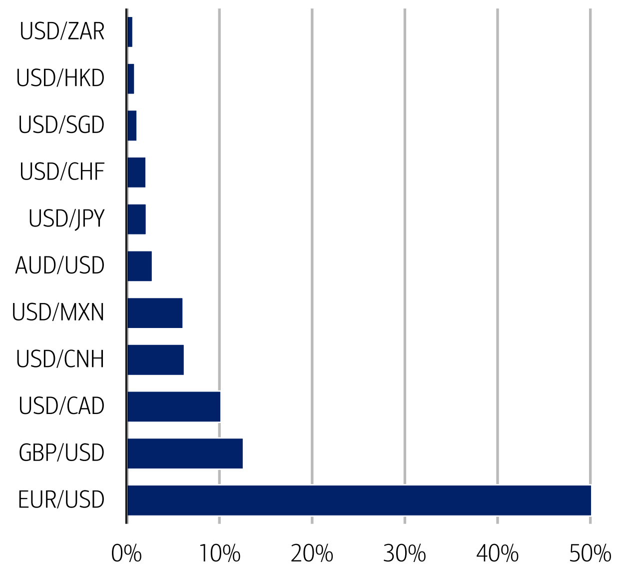
When we look across industries, we find a fairly broad-based increase in dollar inflows for these exporting SMEs over the past two years, with the information sector showing the largest rise relative to 2023/24, followed by manufacturing (Exhibit 5). These export-oriented SMEs appear to be an exception to the broader small business landscape, with most small firms remaining cautious about capital spending. But the rise in manufacturing FX inflows appears consistent with the recent increase in small manufacturing firms' profitability growth (read more on this in the June Small Business Checkpoint).

Alongside profitability, an additional incentive to boost inflows for these sectors could be the US domestic capex boom. In other words, SMEs with foreign currency earnings may have been incentivized to bring these dollars "home" to invest in, for example, activity related to data center build-outs and the return of manufacturing capacity to the US.

Export destination is not the same as currency exposure for SMEs

What currencies matter most to SME exporters? Importantly, this is not the same as asking what export markets matter most. This is because many exports are invoiced in US dollars, so the direct currency exposure of a US-based SME exporter will be limited in these cases. For example, while Mexico is the most important single destination for SME exports according to ITA data, Bank of America data suggests the euro is by far the most important foreign currency relationship, followed some way behind by sterling and the Canadian dollar (Exhibit 6).

Exhibit 6: The euro is by far the most important FX relationship
Share of currencies in overall SME dollar inflows according to Bank of America internal data (July 2025 to June 2026, %)



Source: Bank of America internal data
Note: Euro (EUR); Great Britan Pound (GBP); Canadian Dollar (CAD); Chinese Yuan (CNH); Mexican Peso (MXN); Australian Dollar (AUD); Japanese Yen (JNY); Swiss Franc (CHF); Singapore Dollar (SGD); Hong Kong Dollar (HKD); South African Rand (ZAR)
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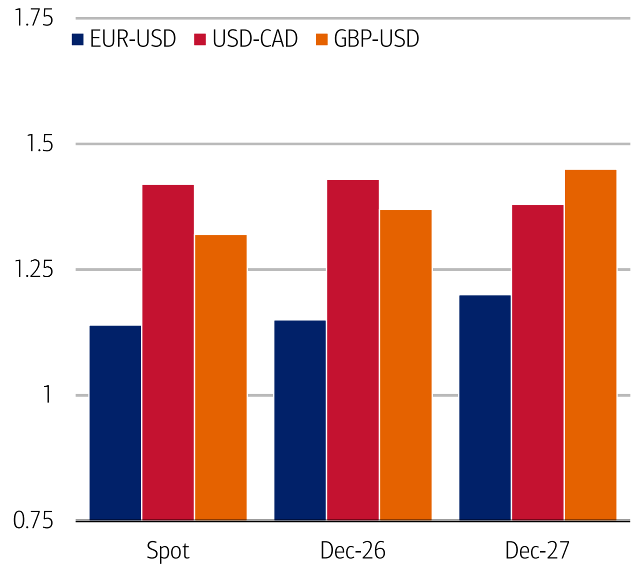
Exhibit 7: According to BofA Global Research, in the short term, the US dollar is likely to remain supported, but in 2027 other currencies may gain
US dollar forecasts for euro (EUR), Canadian dollar (CAD) and pound sterling (GBP)



Source: BofA Global Research
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How will the outlook evolve for SME exporters?

So, what is the outlook for SME exporters from here? BofA Global Research has recently conducted a mid-year review of its forecasts. The US dollar has strengthened in recent months, and the team expects it to remain supported in the short term – until year-end (Exhibit 7). Factors underpinning the dollar over this period include both stronger economic growth in the US than in much of the rest of the world, as well as the increasing expectation that the US Federal Reserve will raise interest rates in 2026.

But in 2027, BofA Global Research finds more opportunity for the US dollar to weaken, including against the key euro rate, partly reflecting improving global growth relative to the US economy. So, while many small businesses will likely continue to face margin pressure from rising costs (read more on this in the April Small Business Checkpoint), they may see some welcome relief from improved competitiveness and stronger foreign revenue flows.

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.

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

Bank of America transactional FX flows data relate to small and medium sized clients with revenues generally of less than $50m. Transactional flows relate to those to support underlying business operations, rather than for speculative purposes as a high proportion of these flows (over 90%) relate to same-day or next-day spot FX transactions. Foreign exchange transaction flows are conducted on domestic and international Bank of America platforms via ACH, wires and checks. Industry classifications relate to the North American Industry Classification System (NAICS).

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

Contributors

David Michael Tinsley

Senior Economist, Bank of America Institute

Taylor Bowley

Economist, Bank of America Institute

Sources

Rachel Tay

Head of EMEA Transactional FX Trading

Adarsh Sinha

Global Head G10 FX Strategy

Disclosures