



Small Business Recovery Monitor

October 2020
Business and Economic Insights

Visa's analysis of current economic data indicates that U.S. small business activity improved slightly in September.



"Shutdown orders from July were slightly rolled back in September. While this has helped small business revenues recover for the second consecutive month, employment increased only slightly and opens remained essentially stagnant. Despite some restrictions being lifted, fear of infection is hurting consumer demand."

Travis Clark
Associate U.S. Economist, Visa Inc.

Opens stall, while revenues and employment improve slightly

- In September, there were 24.1 percent fewer businesses open relative to January. This represents a slight increase in small business closures since August. Restrictions in response to the July peak of new cases were rolled back slightly in September. However, many small businesses remained closed through September. Closures are continuing as demand takes longer to recover.
- Small business revenues improved marginally in September, moving 3 percentage points closer to January numbers, but are still down 23.2 percent. While revenue increases were broad based across industries, the transportation super sector led all others with a 5.2 percentage point month-over-month (MoM) improvement.
- Small business employment improved slightly to a decline of 7.5 percent year-over-year (YoY) in September relative to August (8.2 percent drop YoY). Some restrictions were lifted in September. However, demand is not recovering as quickly, which is keeping a lid on small business employment growth.

Key small business indicators:

Small businesses open

(Percent change since January, 7 day moving average)



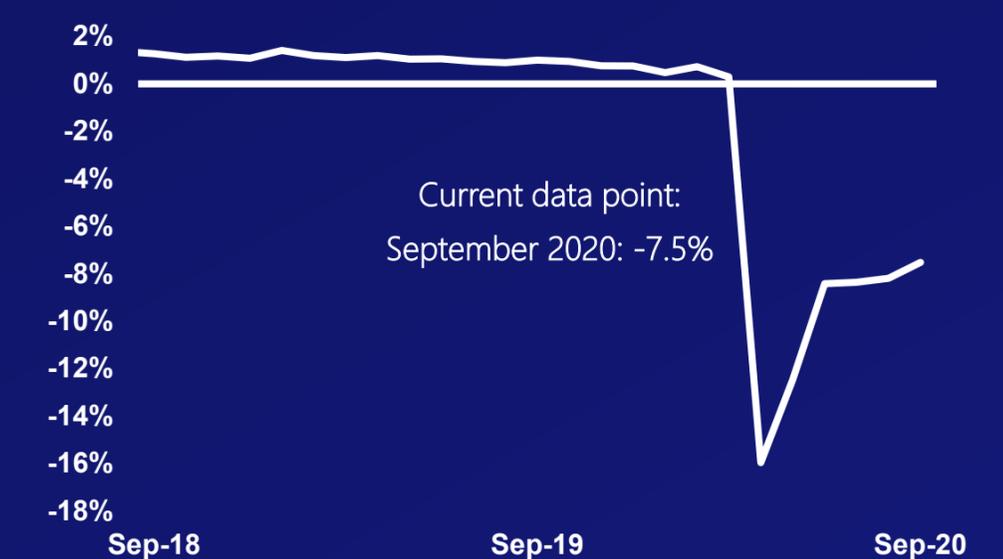
Small business revenues

(Percent change since January, 7 day moving average)



Small business employment

(YoY percent change)





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"Uncertainty about how long small businesses' current cash on hand will cover expenses rose again in September. However, the vast majority of small businesses continued to report that they were current on loan and other payments. In these uncertain times, federal stimulus programs have allowed small businesses to weather restrictions in place since July."

Michael Brown
Principal U.S. Economist, Visa Inc.

Small businesses report more uncertainty in September

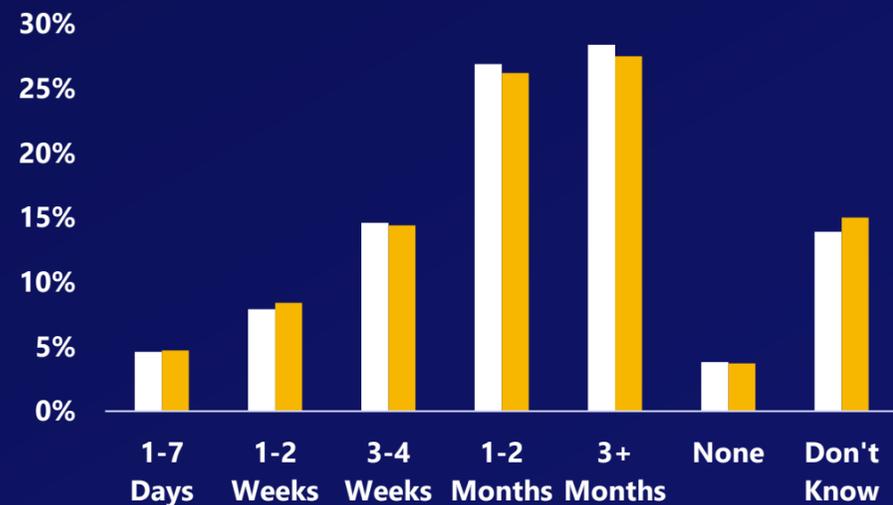
- In September, firms reporting they had cash on hand to cover three or more months of expenses slipped almost 1 percentage point from August, to 27.5 percent. Also, for the second straight month, more firms reported that they do not know how long their cash on hand will cover expenses, rising 1.1 percentage points to 15 percent.
- Among small businesses, 97.1 percent of firms did not miss a loan payment, up just 0.4 percentage points from August to September. Despite a slow recovery in consumer demand throughout September, small businesses are almost universally current on their loans.
- In September, firms reporting that they did not miss a non-loan payment remained essentially unchanged compared to August. Thanks largely to federal aid programs, small businesses appear to be paying their mortgages/leases and other bills, despite anemic demand and pandemic-related restrictions.

Key small business indicators:

August **September**

Cash on hand will cover

(Percent of firms)



Any loan payments missed

(Percent of firms)



Other payments missed

(Percent of firms)



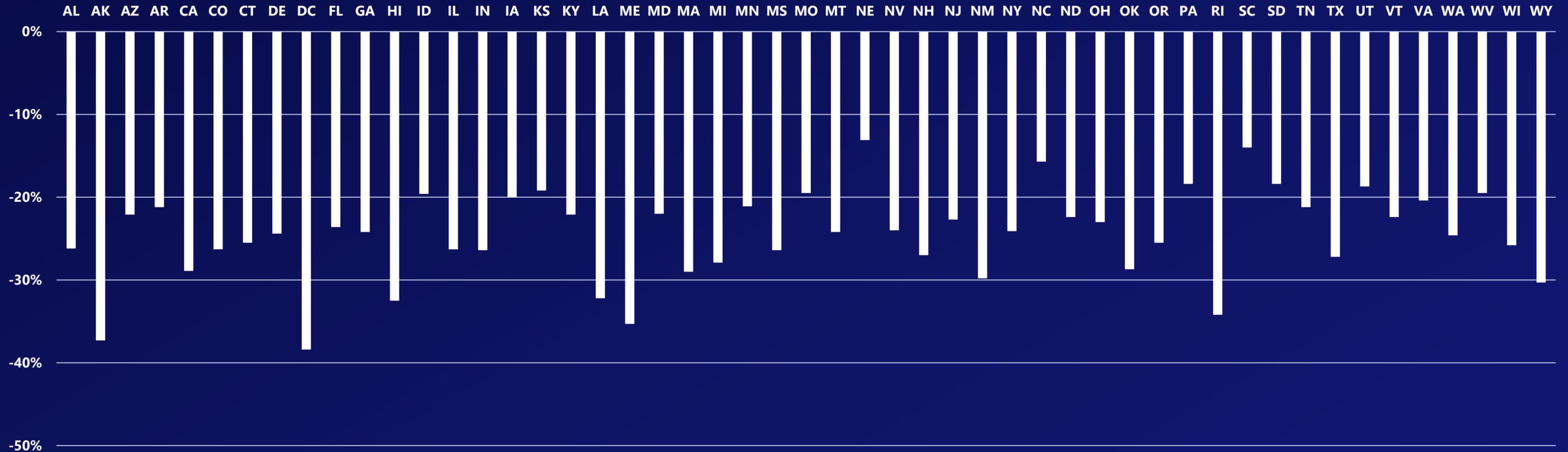


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Small businesses open in September relative to January (by state)



- The District of Columbia had the largest percentage of closed small businesses—38.4 percent—in September relative to the start of 2020. Alaska was a close second with the percentage of closed small businesses compared to those open in January, at 37.3 percent, followed by Maine at 35.3 percent and Rhode Island, with 34.2 percent. Except for Alaska, new COVID cases among these states remain at or below the national average, indicating a more cautious approach by legislators in these states.
- Nebraska and South Carolina remained the two states with the highest portion of open small businesses, with only 13.1 and 14 percent of their small businesses, respectively, shut down in September compared with January. Yet, small business closures increased in both states for the second consecutive month relative to the previous month, up 2.2 percentage points in Nebraska and 1.3 percentage points in South Carolina. Renewed fears of infection from COVID have led to decreases in consumer demand, and thus forced many small businesses to remain closed to keep costs down.

Sources: Visa Business and Economic Insights and Opportunity Insights.

Forward Looking Statements

This report contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are generally identified by words such as “outlook,” “forecast,” “projected,” “could,” “expects,” “will” and other similar expressions. Examples of such forward-looking statements include, but are not limited to, statements we make about Visa’s business, economic outlooks, population expansion and analyses. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. We describe risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, any of these forward-looking statements in our filings with the SEC. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise. Our forecast assumes the bulk of the negative effects of the COVID-19 outbreak will occur in the second quarter of this year with a gradual relaxing of social distancing guidelines over the second half of 2020.

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For all questions, please contact your Visa Account Executive.

Visa Business and Economic Insights

Wayne Best, Chief Economist

Bruce Cundiff, Vice President, Insights

Jeffrey Roach, Senior U.S. Economist

Michael Brown, Principal U.S. Economist

Dulguun Batbold, Global Economist

Adolfo Laurenti, Principal European Economist

Weiwen Ng, Asia Pacific Economist

Richard Lung, Principal Global Economist

Angelina Pascual, European Economist

Glenn Maguire, Principal Asia Pacific Economist

Travis Clark, Associate U.S. Economist

Mohamed Bardastani, CEMEA Economist

Mariamawit Tadesse, Associate Global Economist

Jennifer Doettling, Director, Content and Editorial

Juliana Tang, Executive Assistant

Please visit us at
www.visa.com/EconomicInsights

For more information
or

Contact us at
VisaEconomicInsights@visa.com