



Insights exchange for the model-driven economy

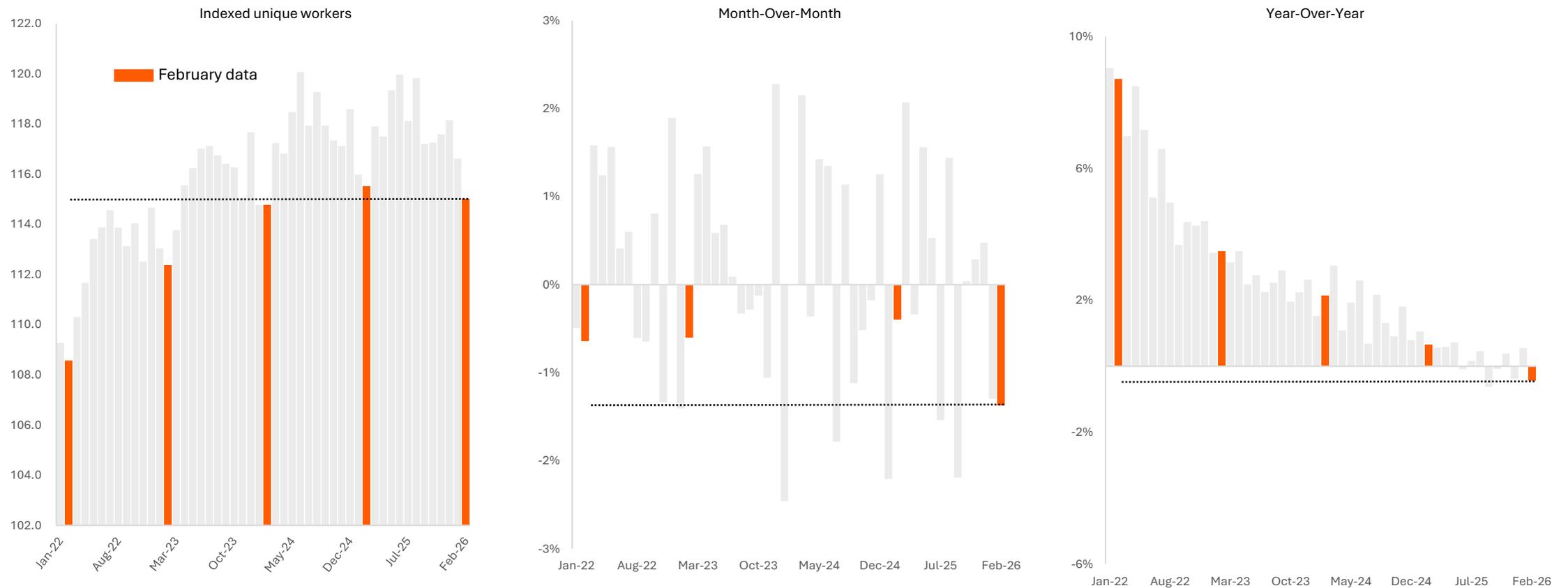
The SMB Workforce Showed Signs of Overall Weakness in February With Splits Emerging Across Sectors and Regions

1. The SMB workforce had a larger than average decline in February pushing the Y/Y change negative.
2. No region showed SMB workforce growth in February, but the Mountain and West South Central regions were standouts for their resiliency.
3. The most meaningful differences in the data came at the sector-level with Manufacturing and Construction as the leading positive influences.
4. Jobs declined most in sectors where businesses trim first when demand slows. Admin & Support, Information, Educational Services, and parts of the restaurants/hospitality sectors have been a drag on the SMB workforce.
5. Full-time wage growth continued to stagnate, but there were positive themes from the otherwise weak Pacific, and the resilient Mountain regions.

SMB Workforce Contraction Continued at an Elevated Rate in February

Data shows the SMB workforce shrank by -1.37% M/M in February 2026. The data also suggests the SMB workforce trend is bouncing around near zero Y/Y growth since June 2025.

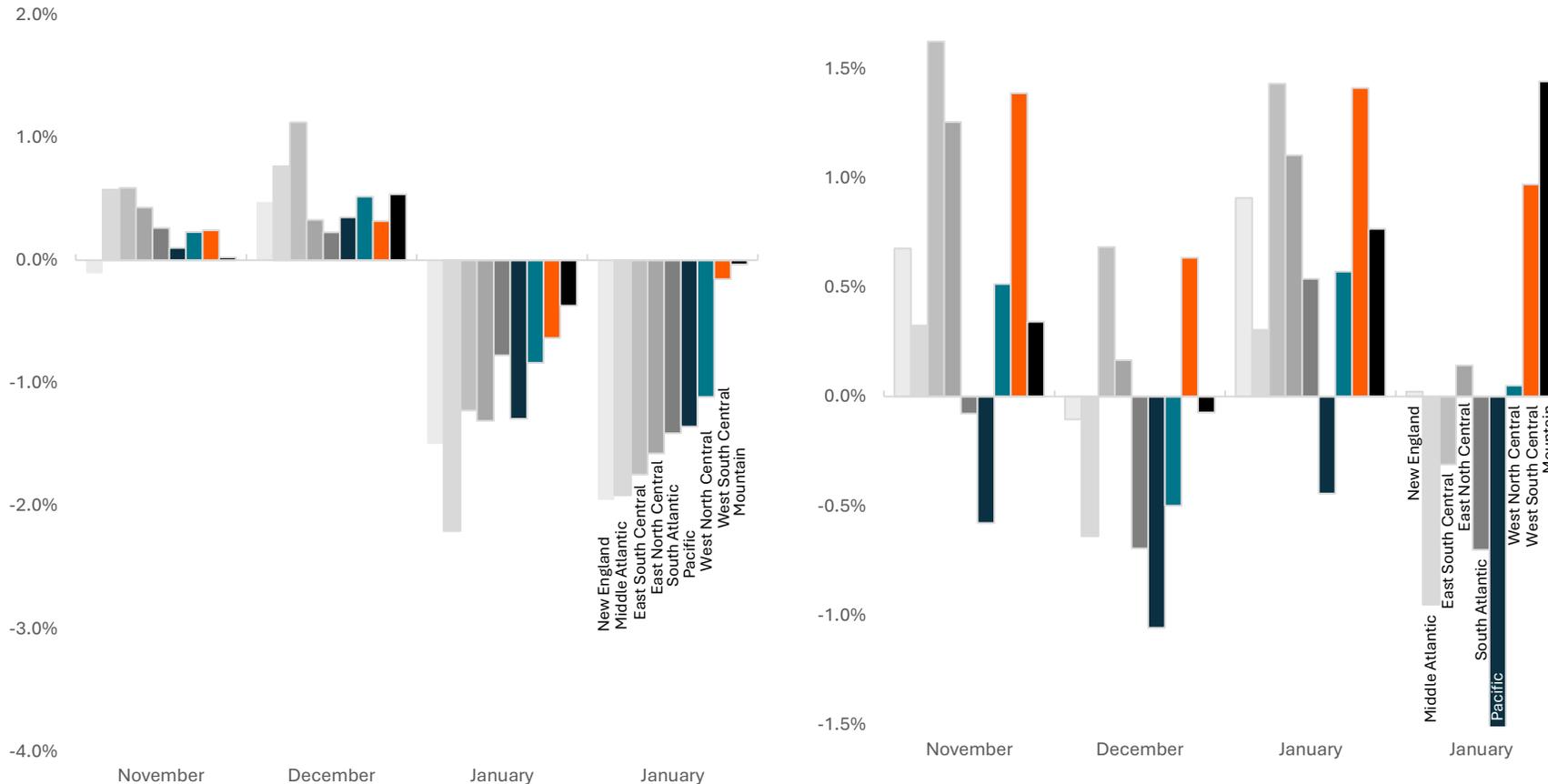
Indexed SMB workforce (left), month-over-month (center) and year-over-year change (right) in unique workers through January 2026



SMB Workforce Data Illustrates Shifting Regional Strengths

The SMB workforce contraction was universal across the nine census divisions in February, but there are signs of strengthening regional signals compared to mid-2025.

M/M (left) and Y/Y (right) change in SMB workforce by census divisions for the last four months ending February



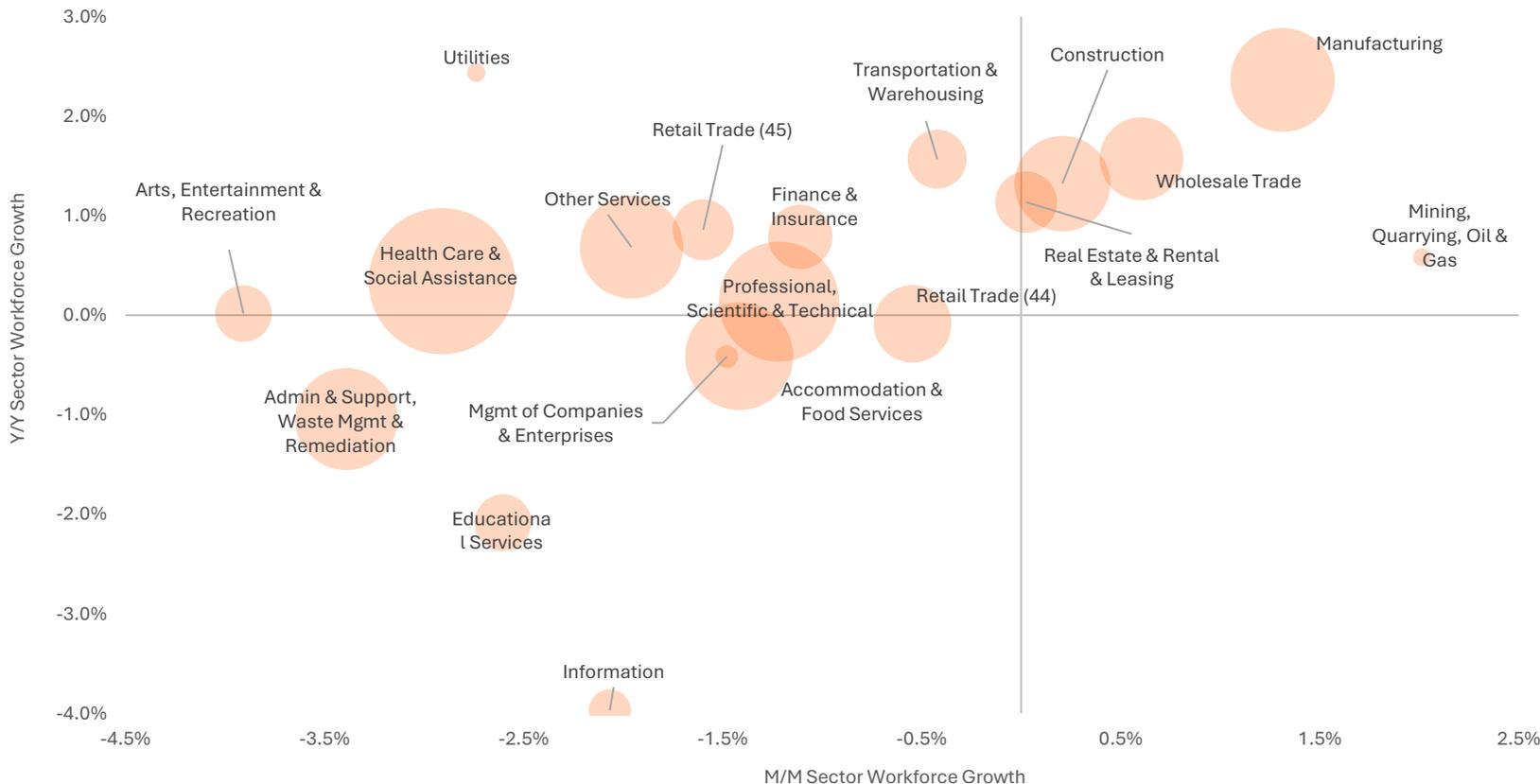
Key Takeaways:

- The Mountain region's SMB workforce had been expanding at slower rates than most others for most of 2025, but more recently has shown resilience amid the broader contractions the last two months.
- The West South Central region's workforce had been a growth leader, and is now contracting less, showing its relative strength.
- New England and the Middle Atlantic regions have both shown meaningful contractions over the last two months, while the Pacific's contracting workforce trend is showing up as significant Y/Y declines.

Manufacturing Continues to Support SMB Workforce Levels in 2026

Sector-level SMB data illustrates a split economy where goods-producing sectors are accelerating while discretionary and office-heavy services are contracting.

Y/Y (y-axis) and M/M (x-axis) changes in SMB workforce by NAICS-2 sectors through February 2026



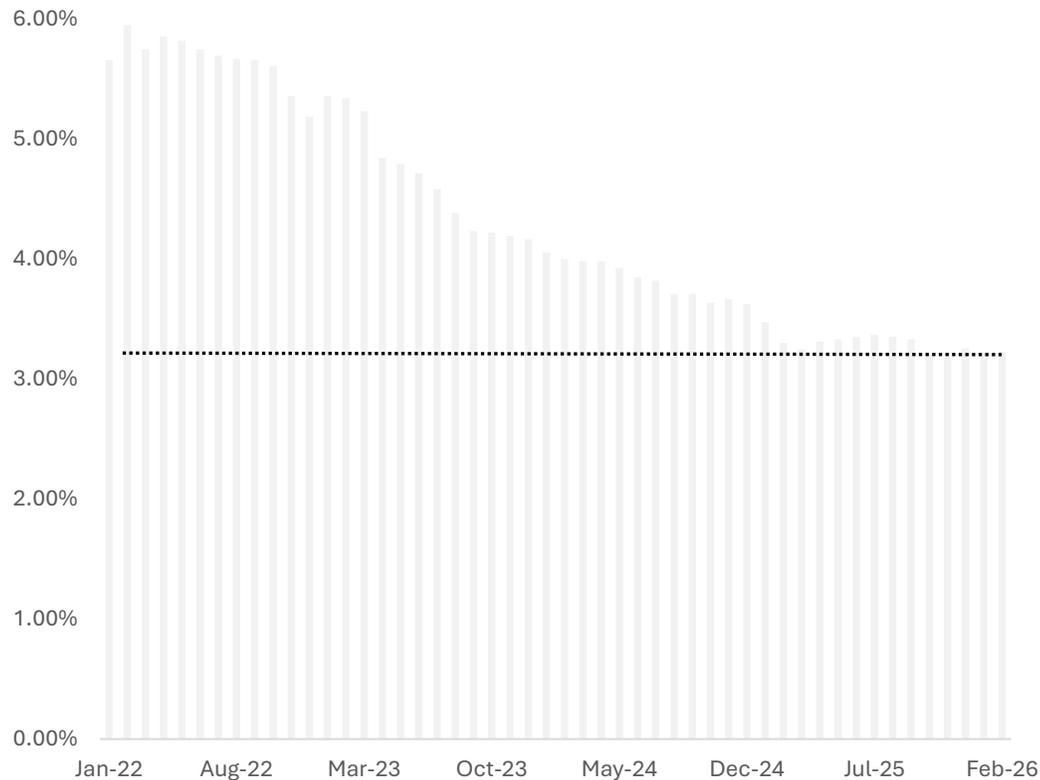
Key Takeaways:

- The SMB Manufacturing workforce was a standout in February with +1.3% M/M growth and +2.4% Y/Y.
- The entire “goods + logistics” complex is showing strength. Wholesale Trade, Construction, and Transportation & Warehousing together accounted for a large portion of net Y/Y growth in February.
- Jobs are shrinking most in areas businesses trim first when demand slows. Admin & Support, Information, Educational Services, and parts of restaurants/hospitality sector are contracting Y/Y.

Full-Time Wage Growth Continues to Stagnate

Wage growth is strongest within the West/East North Central regions, but the rates in both are no longer increasing. Despite its lagging workforce growth, the Pacific region saw the largest wage increase in February, while the Mountain region's resilient workforce is also showing improvements in wage growth.

Rolling 3-month Y/Y change in median wages for consistently employed full-time workers



Rolling 3-month Y/Y change in median full-time wages for the last four months by census division

