



The **infrastructure** for the **AI economy**

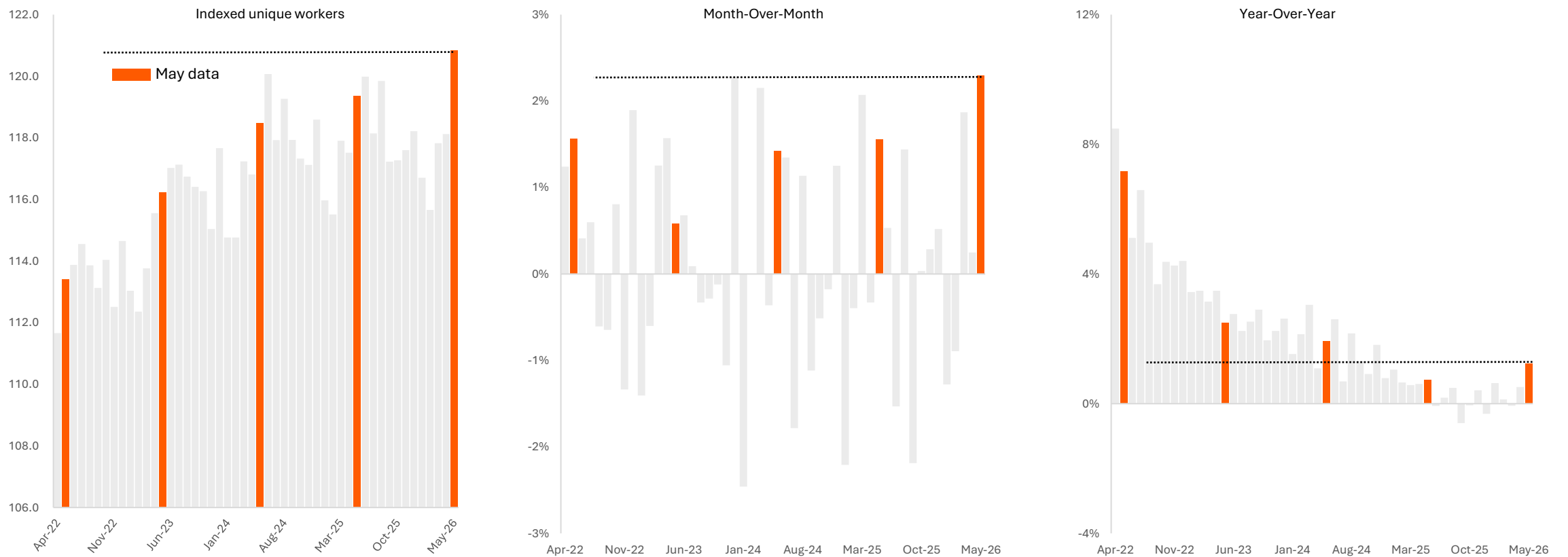
An Early Read on May SMB Payrolls Shows Continued Expansion with Familiar Drivers

1. The SMB workforce expanded sharply in May, a month that can be relatively noisy compared with BLS data, lifting Y/Y growth to its highest level in more than a year.
2. Regional gains broadened meaningfully in May, with every Census Division expanding M/M and all divisions showing firmer Y/Y growth than in April.
3. Sector strength remained concentrated in production and distribution-linked industries, while seasonal influences lifted Accommodation & Food Services and Arts, Entertainment & Recreation.
4. Wage growth ticked slightly higher for the first time in several months. Regional trends still clustered in a narrow band, though there were signs of firming in both the East North Central and New England divisions.

SMB Workforce Growth Accelerated in May

Data shows the SMB workforce expanded by 2.29% M/M in May 2026, an acceleration from April's modest gain. The May increase pushed Y/Y growth to 1.24%, the strongest annual growth rate in more than a year.

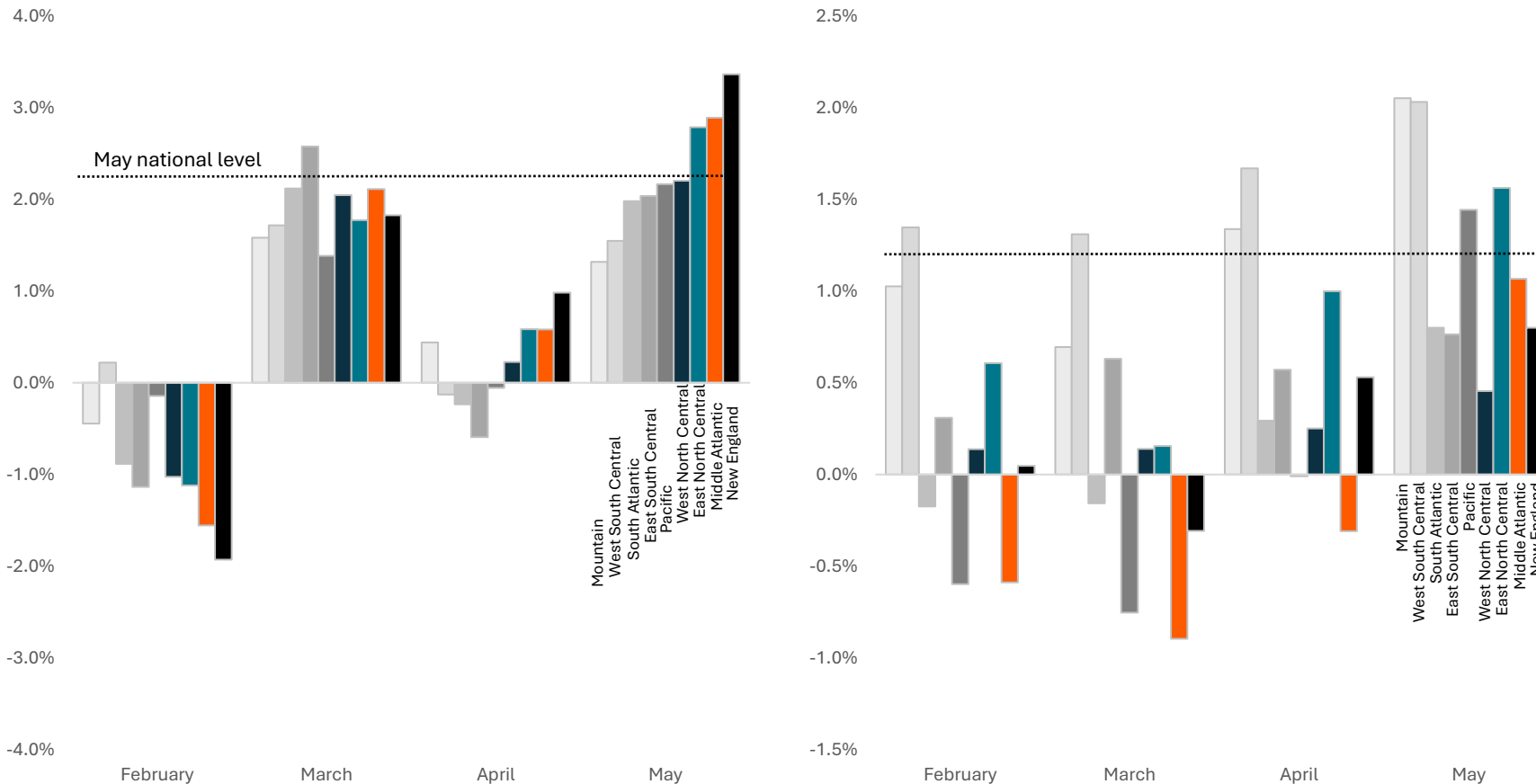
Indexed SMB workforce (left), month-over-month change (center), and year-over-year change (right) in unique workers through May 2026



May Growth Was Broad-Based Across Regions

Regional workforce trends strengthened materially in May. Every Census Division expanded M/M, and Y/Y growth improved across the map, led by the Mountain and West South Central divisions.

M/M (left) and Y/Y (right) change in SMB workforce by Census Division for the last four months ending May 2026



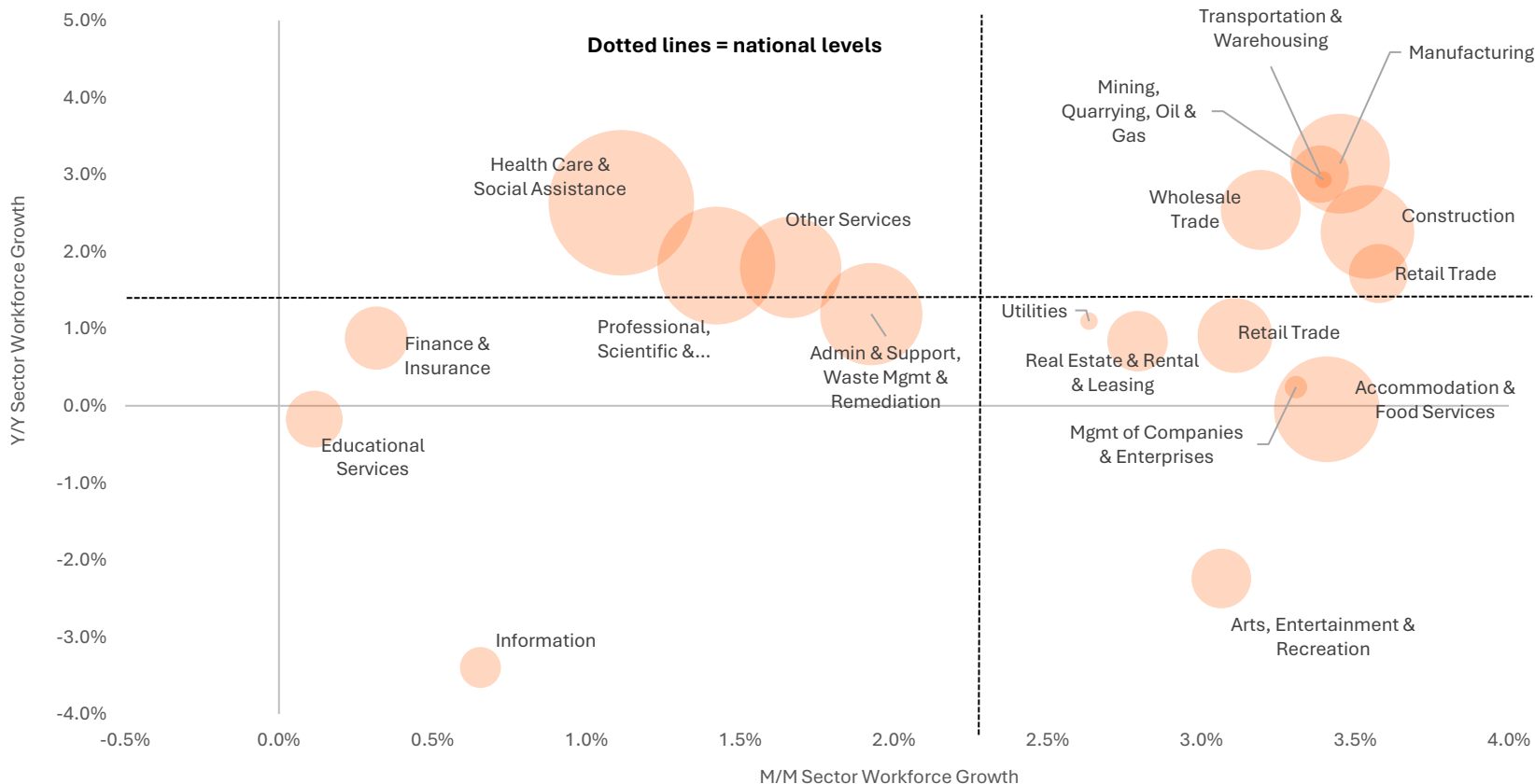
Key Takeaways:

- The largest M/M increases came from New England and the Middle Atlantic, both of which built on April's rebound.
- The Pacific, Mountain, Middle Atlantic, and East North Central divisions showed the strongest annual momentum, while even the slower-growth regions improved from April.

Sector Strength Broadened, Still Led by Production and Distribution-Linked Industries

While May showed broad sector-level improvement, the same leading sectors continued to show strength. Production and distribution-linked sectors remained among the clearest sources of Y/Y strength, while Information and some institutionally exposed categories continued to lag.

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



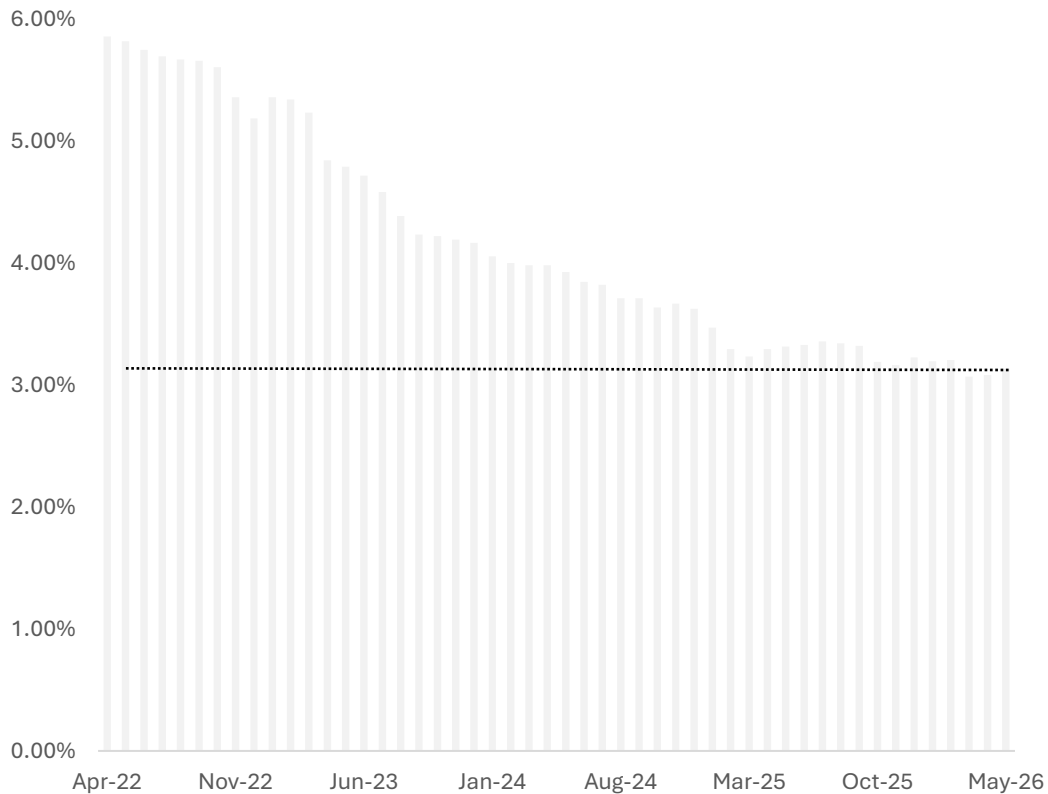
Key Takeaways:

- Construction, Manufacturing, Wholesale Trade, and Transportation & Warehousing remained strong, reinforcing themes that have persisted for several months.
- The consumer-facing picture improved M/M, with Arts, Entertainment & Recreation and Accommodation & Food Services both showing strong monthly gains, though their Y/Y readings remain mixed.
- With a modest expansion in May, Information remained the clear laggard on a Y/Y basis.
- Health Care & Social Assistance's expansion in May lifted its Y/Y growth near sector highs.

Wage Growth Inched Higher, While Regional Differences Remain

Y/Y wage growth for consistently employed full-time workers rose slightly in May. East South Central continued to close the gap with West South Central, Mountain remained relatively stable, and New England's second monthly increase brought wage growth back near where it began the year.

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

