



Insights exchange for the model-driven economy

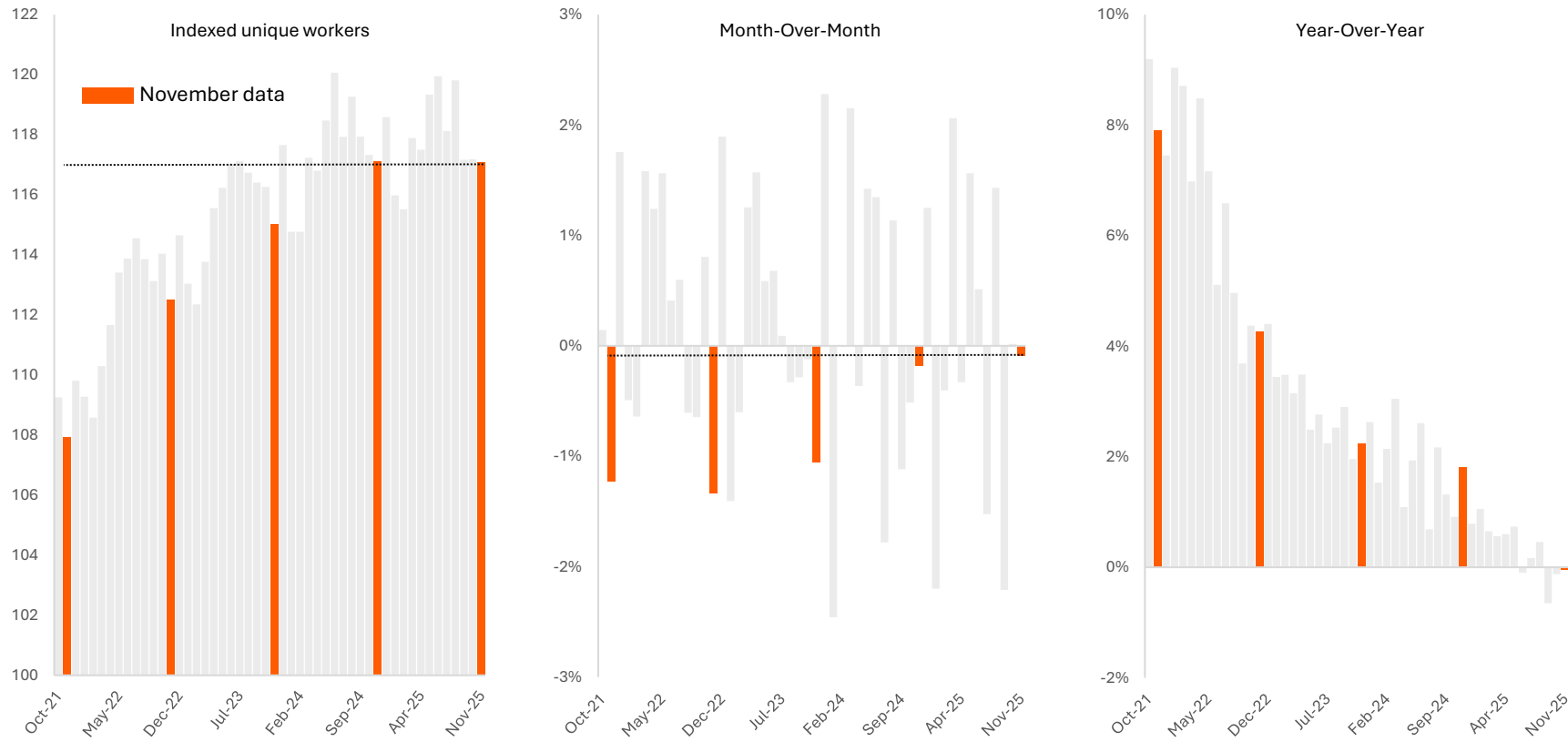
November SMB Payrolls Illustrate a Stagnant Workforce with Declining Wage Growth and Widening Regional and Sector Differences

1. The SMB workforce dipped slightly month-over-month in November, and year-over-year levels are still negative. Overall, the SMB workforce is now about the same as in November 2024.
2. Regional gaps widened in November. The East South Central region is the only one showing year-over-year growth, while the Pacific region continues to see both monthly and yearly declines.
3. Health Care & Social Assistance, and Other Services, which are used more by higher-income consumers, are helping hold up overall SMB workforce levels, while mixed trends in Retail Trade point to shifting consumer behavior.
4. Median full-time wage growth continued to drift slightly lower, a downward trend which has persisted over the last four months. Regionally, slowing Y/Y full-time wage growth in the Pacific region mirrors its leading workforce contraction.

SMB Workforce Growth Stalled in November, Y/Y Contraction Continued

November SMB data showed a slight M/M contraction in November, and a first Y/Y decline in November post-COVID.

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

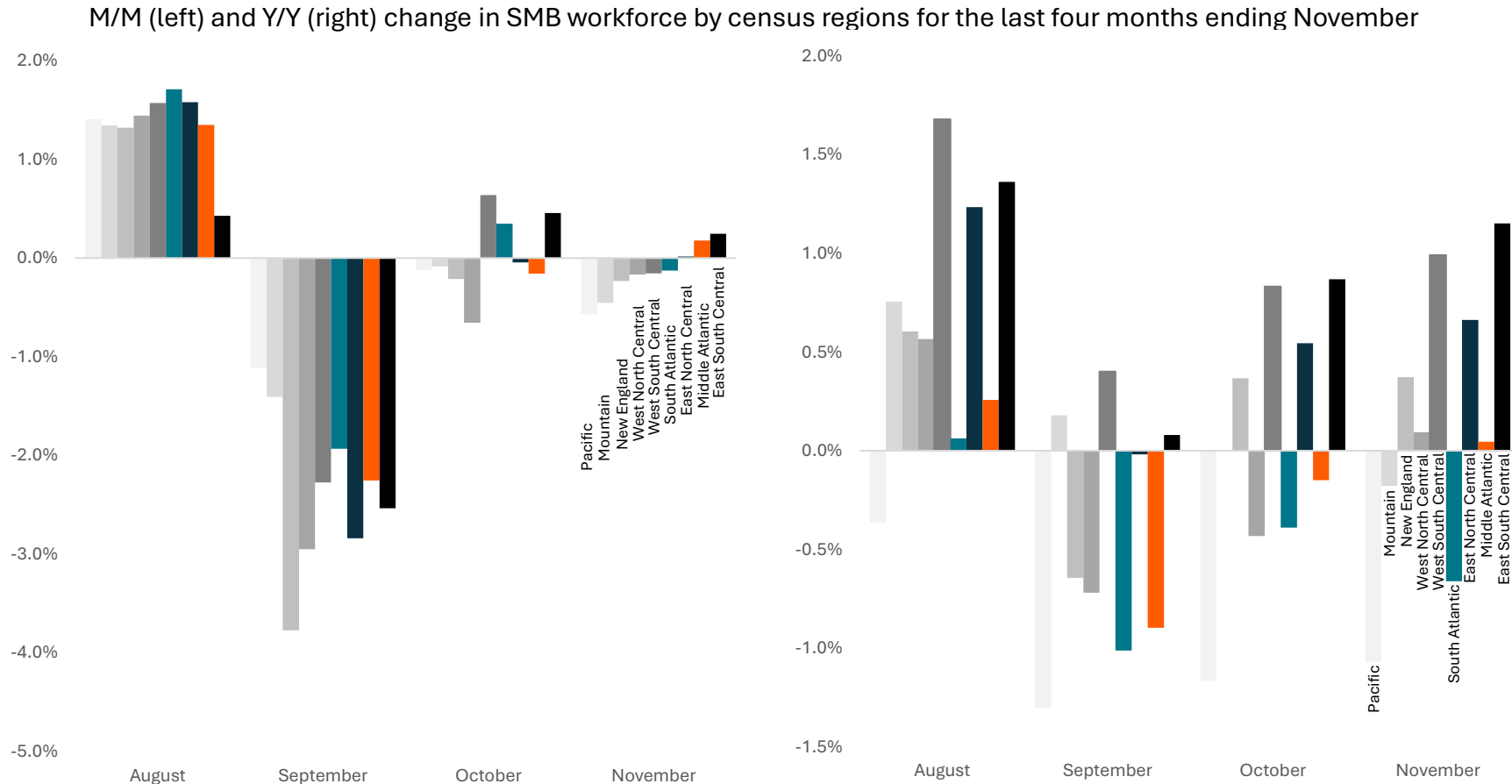


Key Takeaways:

- After years of post-COVID expansion, the overall SMB workforce appears to be leveling off.
- The indexed workforce level in November was slightly below that of November 2024. November’s Y/Y decline was the fourth Y/Y drop in the last six months.

Regional Workforce Differences Widened in November

For a second consecutive month, the M/M change in workforce by regions showed a lack of uniformity, in some regions accelerating the gap in workforce growth.



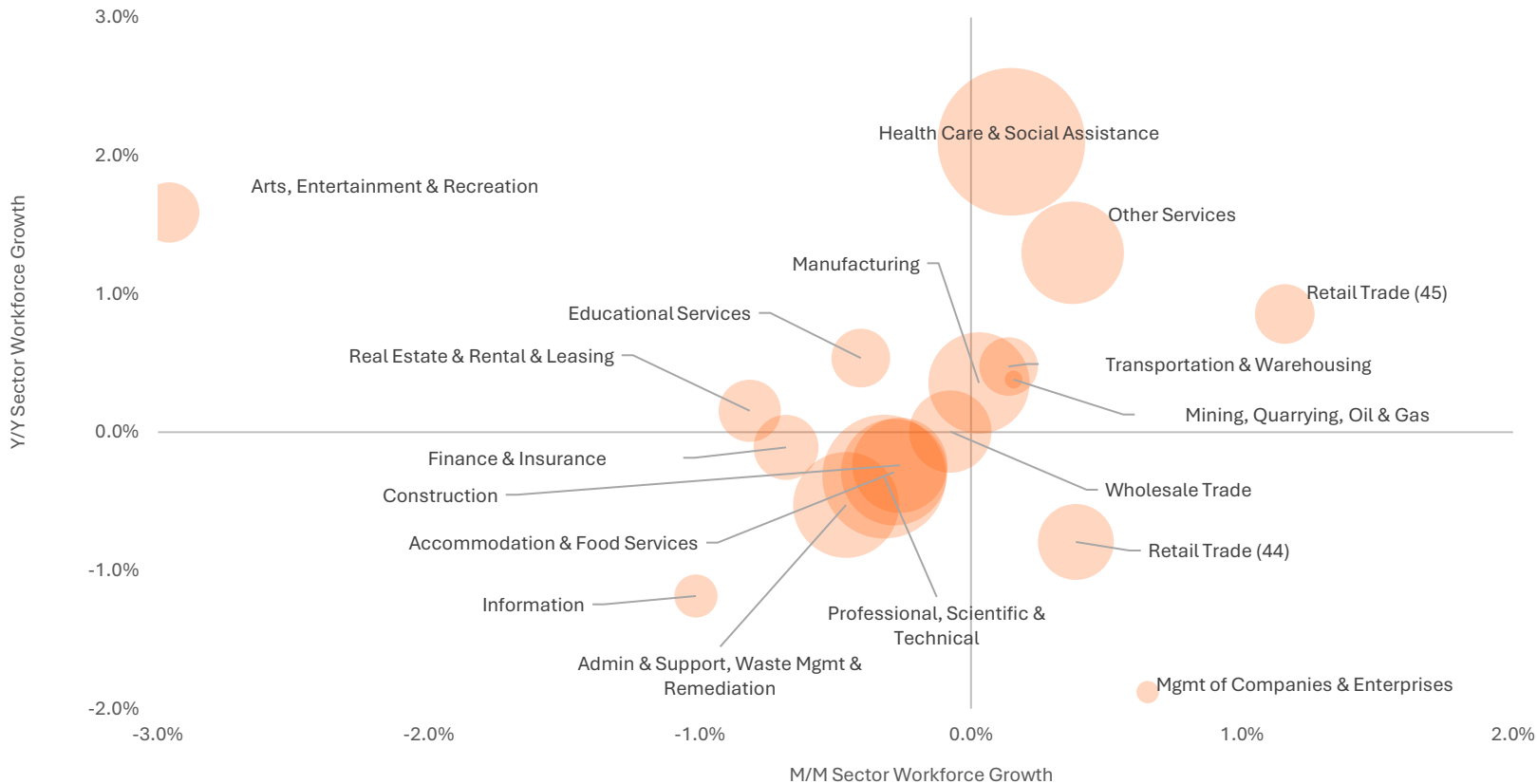
Key Takeaways:

- The SMB workforce in the Pacific region continued to contract in November. While the region's Y/Y decline is slightly better than the prior two months, it is still far more negative than any other region.
- The South Atlantic region's Y/Y workforce contraction accelerated in November.
- The East South Central region's workforce expanded for a second consecutive month in November and is the only region where the SMB workforce has continued to expand Y/Y over the last four months.

Workforce Trends Differ Significantly by Sector

The stalling national workforce narrative is far from a uniform theme by sector with Health Care and Retail Trade (45) continuing to expand while the bulk of manufacturing and service sectors mirror national trends.

Y/Y (y-axis) and M/M (x-axis) change in SMB workforce by NAICS-2 sectors through November 2025



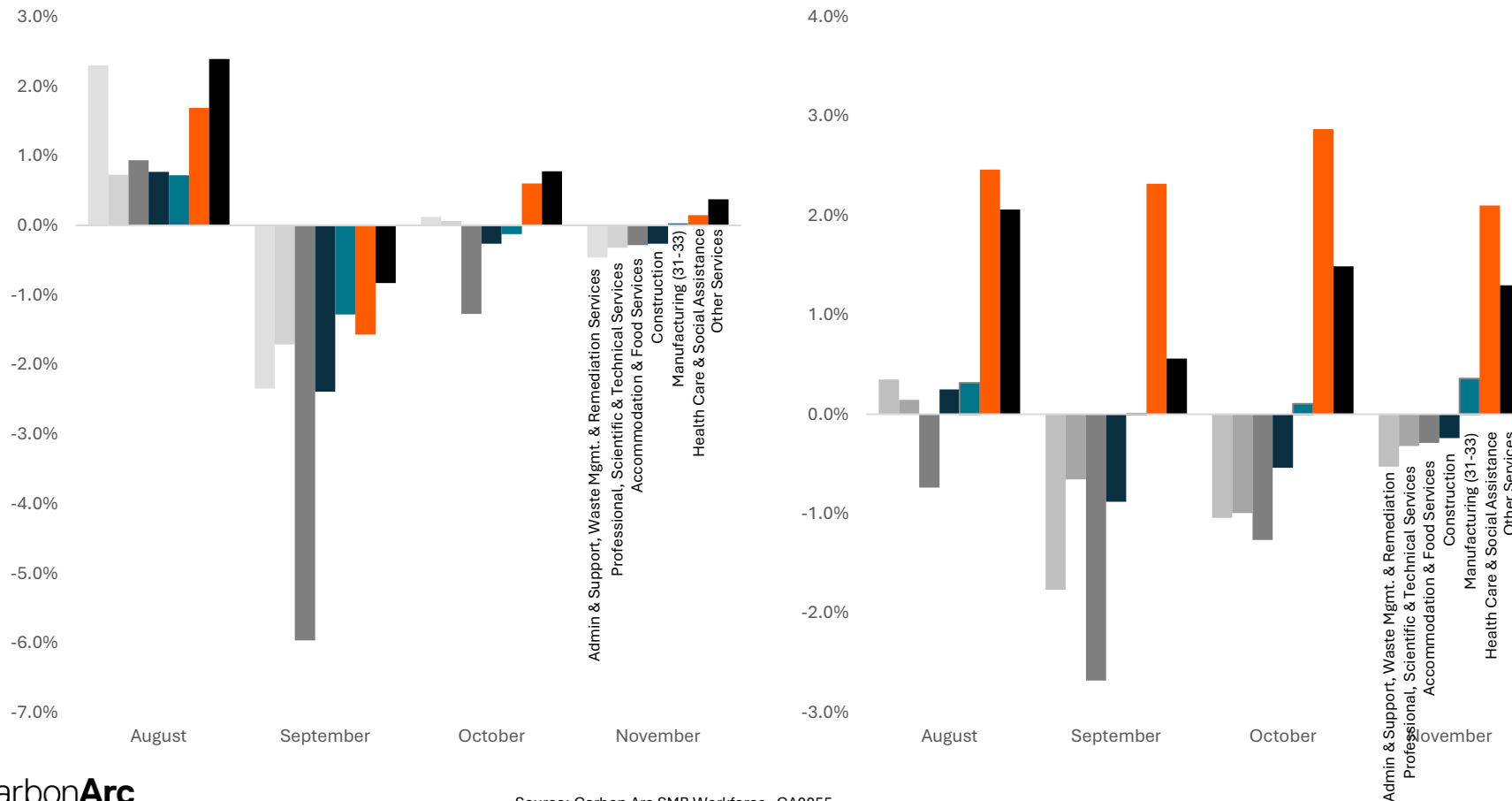
Key Takeaways:

- The Health Care SMB workforce showed moderate M/M expansion in November and is leading all sectors in Y/Y growth.
- Both Retail Trade sectors' (44 & 45) SMB workforce expanded in November, but Y/Y data shows sector 45 (club, dept. store, online) expanded while sector 44 (auto/home/appliance, etc.) contracted.
- Arts, Entertainment & Recreation had a large M/M decline, but its SMB workforce expanded more Y/Y than all others, except Health Care.

Administrative and Professional Services a Weight on SMB Workforce Growth

Among major sectors, Health Care continues to show steady Y/Y growth. Several professional service sectors, though improving Y/Y, are still weighing on overall SMB workforce expansion.

M/M (left) and Y/Y (right) change in SMB workforce by largest NAICS-2 sectors through November



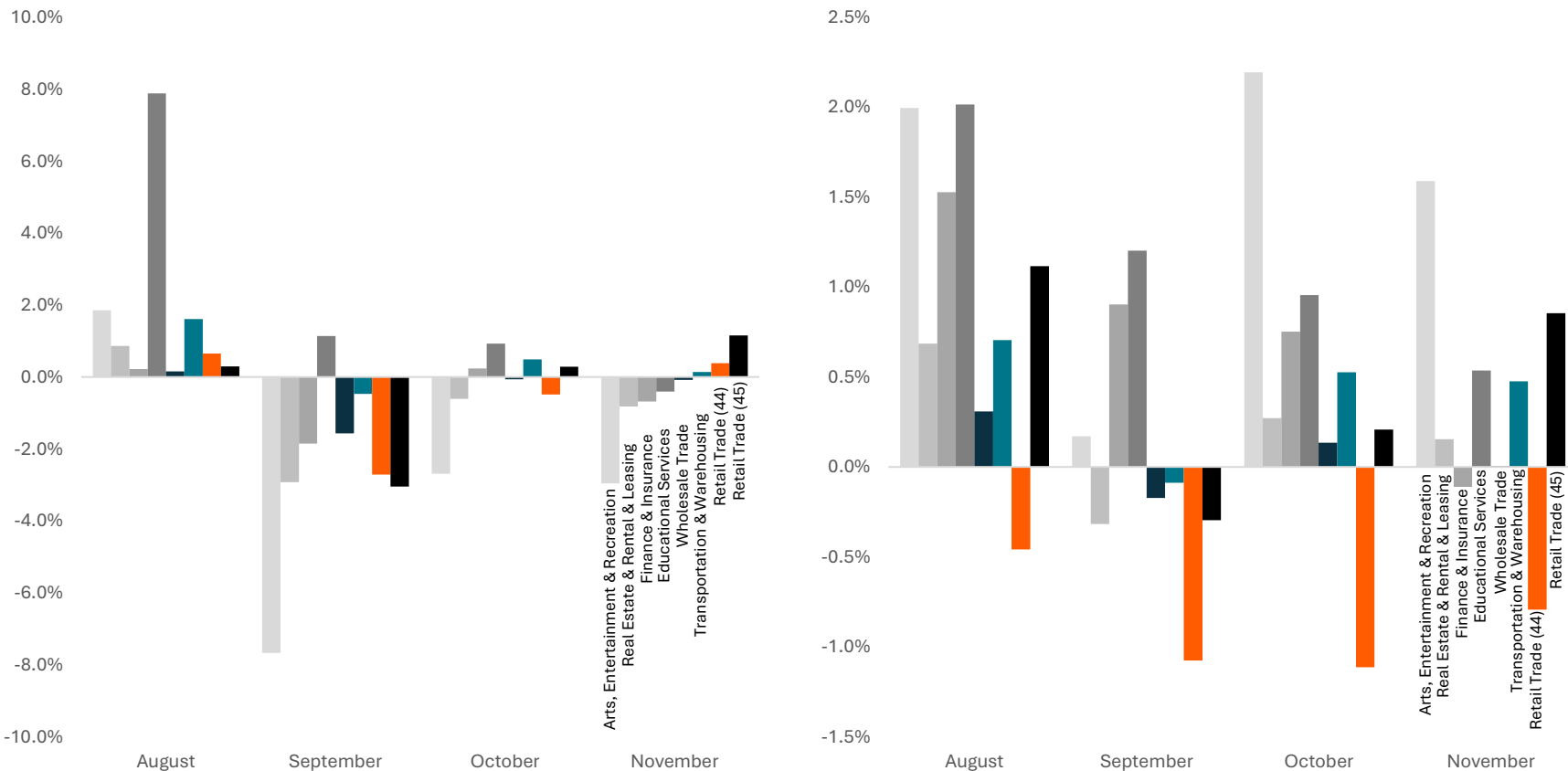
Key Takeaways:

- The Health Care & Social Assistance sector accounts for nearly 17% of the SMB workforce and is one of only four sectors which has continued to expand Y/Y over the last several months.
- Other Services -- which includes categories often used by higher-income households (private household workers, personal and laundry services, repairs, etc.) -- is the only other large sector showing continued Y/Y workforce growth.

Mid-Sized Sectors Show Divergence in Retail Trade and a Declining A&E Workforce

Among mid-sized sectors, only two have maintained Y/Y workforce expansion in recent months, and one is showing M/M weakness.

M/M (left) and Y/Y (right) change in SMB workforce by second largest NAICS-2 sectors through November

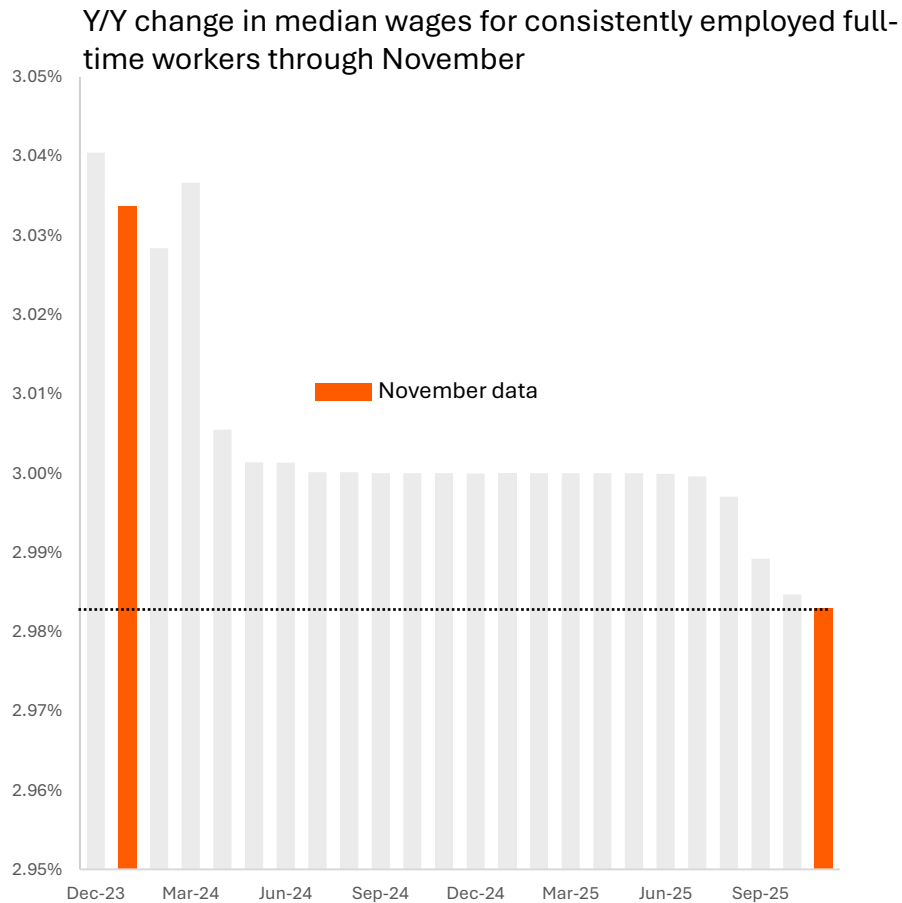


Key Takeaways:

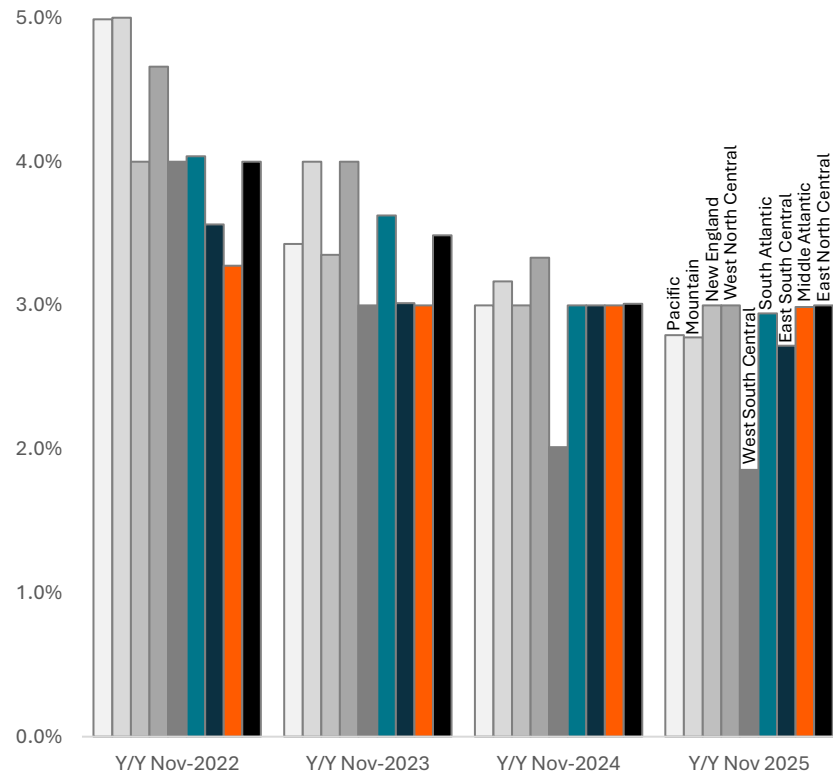
- The Arts, Entertainment & Recreation sector SMB workforce continues to show Y/Y expansion, but M/M has contracted relatively significantly recently.
- Both Retail Trade sectors' workforce expanded in November, in-line with seasonal hiring patterns, but Y/Y are showing two different pictures of workforce stability. Sector 45, which includes warehouse clubs, and online shopping, has mostly seen continued Y/Y expansion, while sector 44 (building material, card dealers, food & beverage retail, clothing/accessories) is showing relatively large Y/Y declines, despite seasonal hirings.

Median Full-Time Wages Continued to Drift Lower in November

The Y/Y change in median full-time wages for those consistently employed fell very slightly in November, a fourth consecutive notable Y/Y decline.



Y/Y change in median full-time wages by region for each of the last four Novembers, ordered by M/M workforce growth in November



Key Takeaways:

- Median full-time wage growth sits within a very narrow band, however November’s Y/Y growth continues a noticeable Y/Y drift downward.
- Looking at the Y/Y change in wage growth in November over the last four years shows wage growth slowing most in the Pacific and Mountain regions, both of which have been experiencing elevated workforce contractions.
- The West South Central region’s full-time wage growth is significantly lagging the rest of the country.