

# ECONOMIC BULLETIN

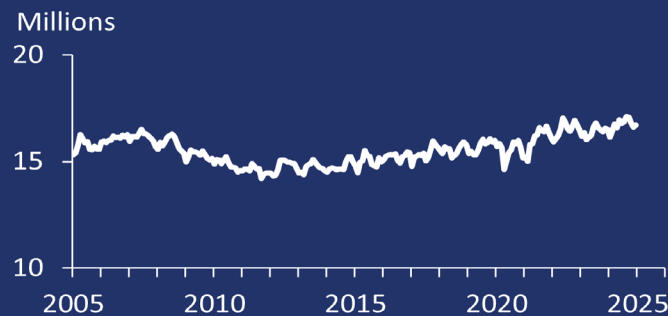
FIRST QUARTER 2025

by Brian Headd and Victoria Williams

## GENERAL

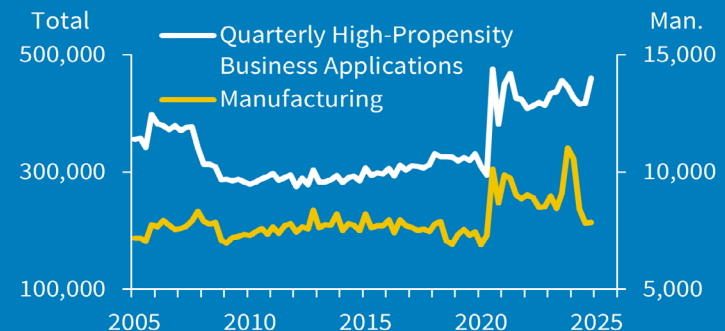
New business births and proprietors' income remain high and are increasing. However, concerns persist with rising closures, falling job creation, and fading sales increases. Business closures have continued to steadily increase over the last decade, and the number of firms with recent sales increase slowed in early 2025 from the fourth quarter of 2024. Small business employment declined in the second quarter of 2024, the latest data available. The quarterly drop was the first since the third quarter of 2023 and only the second decline since the COVID-19 disruption in 2020. Manufacturing birth applications are trending down from a peak in 2023 but remain above pre-Covid levels. Overall business applications increased in the fourth quarter of 2024, whereas manufacturing business applications fell.

## Self-Employment



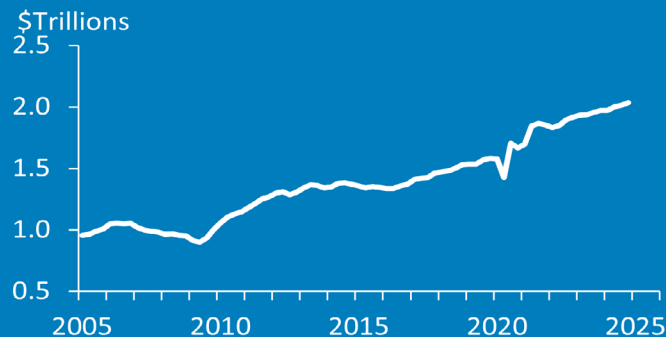
Source: U.S. Bureau of Labor Statistics, Current Population Survey (primary occupation, incorp. & unincorp.). Data in chart covers January 2005 to December 2024.

## Business Birth Applications



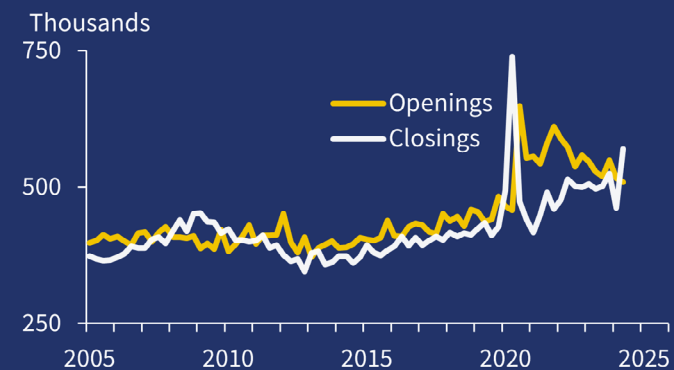
Source: U.S. Census Bureau, Business Formation Statistics. Data in chart covers quarter 1 2005 to quarter 4 2024.

## Annualized Proprietors' Income



Source: U.S. Bureau of Economic Analysis. Income earned by unincorporated businesses, primarily sole proprietorships and partnerships. The vast majority of sole proprietorships and partnerships are small businesses. Data in chart covers quarter 1 2005 to quarter 4 2024.

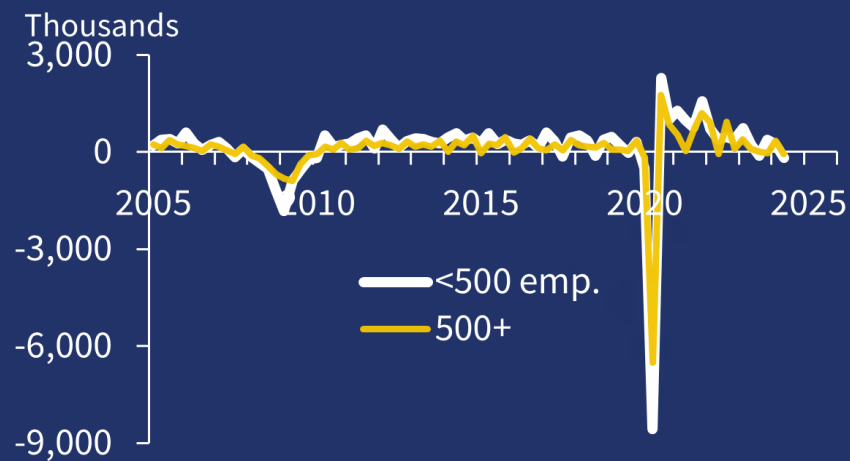
## Quarterly Establishment Opening & Closing Rates



Source: U.S. Bureau of Labor Statistics, Business Employment Dynamics. Data in chart covers quarter 1 2005 to quarter 2 2024.

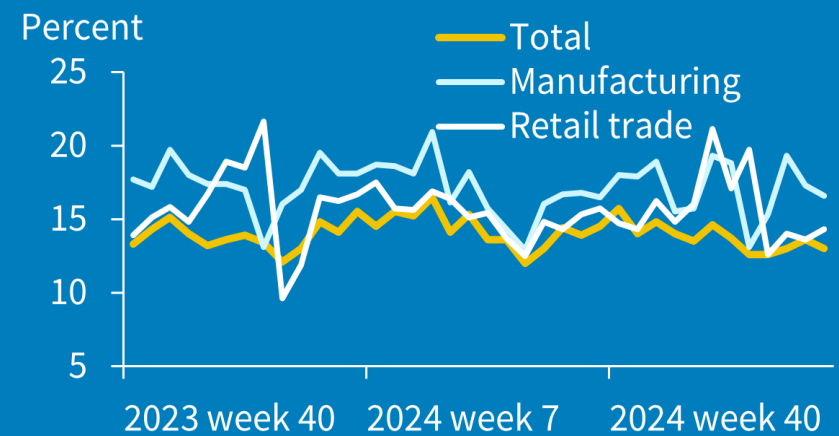
Data used in this bulletin were the latest available at time of preparation in the first quarter of 2025. The data predates the second Trump Administration except for the Census Bureau's Business Trends and Outlook Survey, the Federal Reserve's Selected Interest Rates, and the Federal Reserve's Senior Loan Officer Opinion Survey.

## Quarterly Job Creation by Firm Size



Source: U.S. Bureau of Labor Statistics, Business Employment Dynamics. Data in chart covers quarter 1 2005 to quarter 2 2024.

## Firms with Sales Increases in the Last Two Weeks

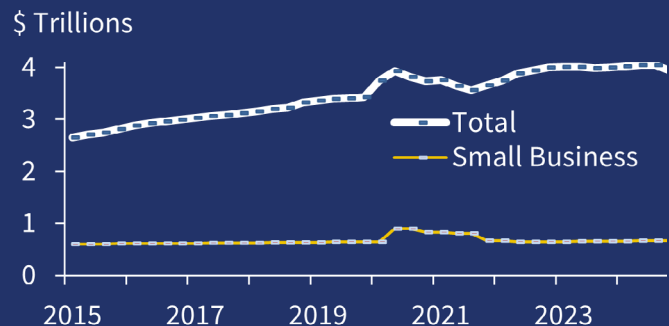


Source: U.S. Census Bureau, Business Trends and Outlook Survey. Data in chart covers October 2023 to mid-March 2025.

## FINANCE

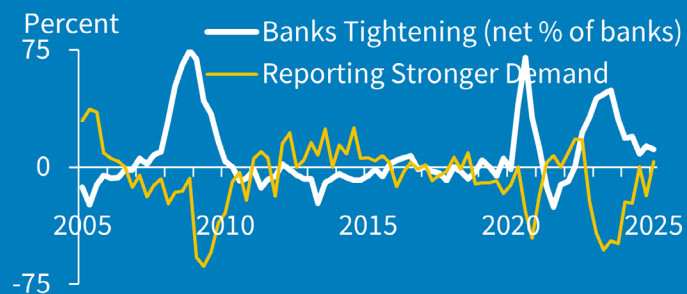
Finance indicators show small firms are cautiously optimistic, with business loan demand rising despite tight lending standards and elevated interest rates. The Community Bank Sentiment Index shows significant improvement of future regulatory burden expectations for community bankers in the fourth quarter of 2024, reaching its lightest anticipated burden level since 2019. The survey response likely reflects the regulatory outlook of community bankers pertaining to the second Trump administration.

### Outstanding Business Loans



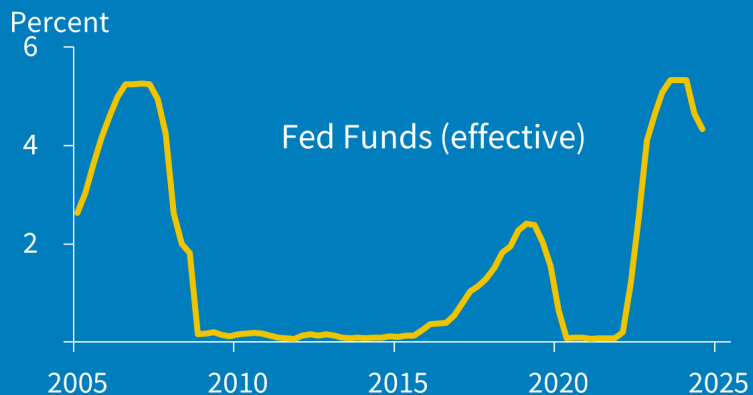
Source: FDIC, Quarterly Banking Profile. Data in chart covers quarter 1 2015 to quarter 4 2024. Small business loan data released bi-annually. Total business loan data released quarterly.

### Small Business Loan Supply and Demand



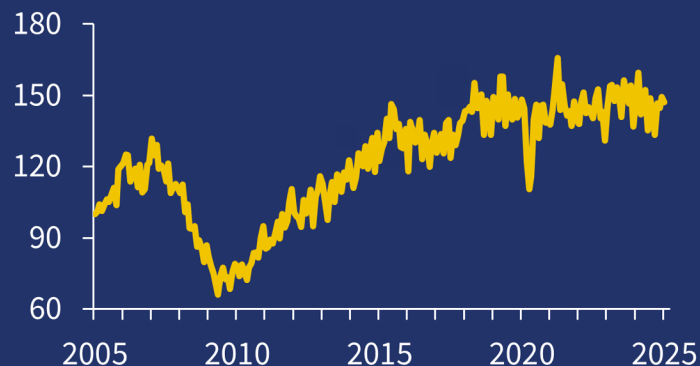
Source: Federal Reserve Board of Governors, Senior Loan Officer Opinion Survey. Survey of bank officers on the terms of new loans and the requests for loans by small firms. The survey reflects the credit market of the supply and demand for small business loans. Data in chart covers quarter 1 2005 to quarter 1 2025.

### Interest Rates



Sources: Board of Governors of the Federal Reserve System. Data in chart covers quarter 1 2005 to quarter 1 2025.

### Small Business Lending Index



Source: Thomson Reuters/PayNet. Measures the aggregate number of new loans to small businesses in the past 30 days. Data in chart covers January 2005 to January 2025.

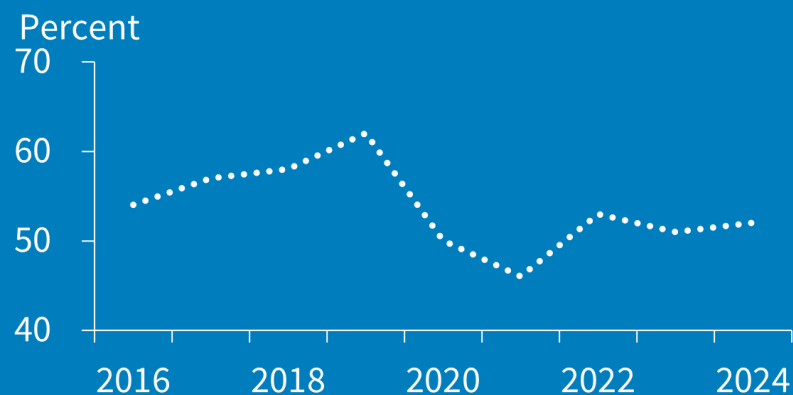
## Community Bank Regulatory Burden Index



Note: Higher values represent lighter burden, and lower values represent anticipated heavier burdens.

Source: Conference of State Bank Supervisors via FRED, Federal Reserve Bank of St. Louis. Data in chart covers quarter 2 2019 to quarter 4 2024.

## Share of Fully Approved Financial Applicants



Source: 2024 Main Street Metrics. Small Business Credit Survey Federal Reserve Banks. Data in chart covers 2016 to 2024.



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