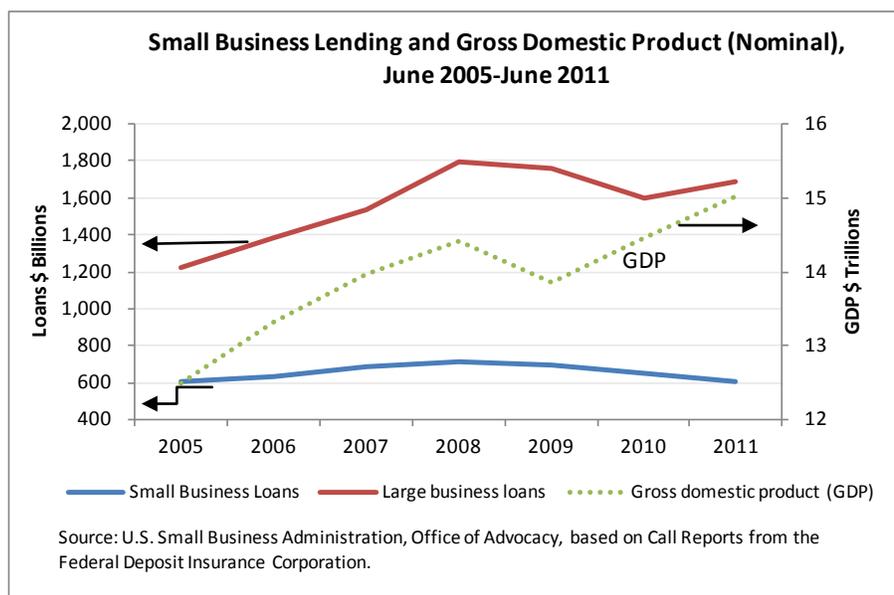


## Small Business Lending: Second Quarter 2011

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Economic recoveries in the past have been volatile; however, this recovery has been marked by more volatility and prolonged persistence while small business owners try to regain a foothold. Financial market conditions in the first half of the year were to some extent supportive of economic growth as borrowing conditions eased further for both businesses and consumers. Demand for commercial and industrial loans by large and medium-size firms increased; however, small business lending remained suppressed.<sup>1</sup>

Total small business loans outstanding (loans under \$1 million), continued to decline during the first half of 2011, but at a decreasing rate.<sup>2</sup> Loans outstanding to small businesses at the end of the second quarter totaled \$607 billion (see chart). The rate of decline (0.4 percent) in the second quarter is the slowest since the downturn which began in 2008. In a nutshell, the analysis shows that small business lending continues to have a difficult time emerging from the recession, which results in a much slower pace of economic recovery.



<sup>1</sup> Federal Reserve Board, Senior Loan Officers' Survey.

<sup>2</sup> Federal Deposit Insurance Corporation, Call Report Data, June 2011.

The *Quarterly Lending Bulletin* is produced in the Office of Economic Research of the Office of Advocacy. Thanks to George Haynes for his comments and input. Direct questions to [victoria.williams@sba.gov](mailto:victoria.williams@sba.gov) or (202) 205-6533. See the Advocacy publication, *Small Business Lending in the United States, 2009-2010*, for state rankings of small business lenders ([www.sba.gov/content/banking-study-2010](http://www.sba.gov/content/banking-study-2010)) and *Frequently Asked Questions about Small Business Finance* for basic information about the financial ecosystem ([www.sba.gov/advocacy/9601](http://www.sba.gov/advocacy/9601)).