WELLS FARGO

Commercial Banking

# Mid-Year 2026 Middle Market Indicator

A look at the trends shaping middle market businesses



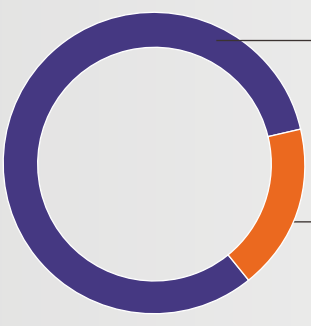
Resilient and reinvesting defines the readout from middle market firms at mid-year 2026. Revenue growth moderated to 11.0% and hiring to 7.2%, but both remain well above their long-run averages. Confidence held steady and investment appetite hit its highest level since 2019. Executives are contending with inflation, tariffs, geopolitical tensions, and regulatory uncertainty, yet continue to invest despite the headwinds.

## Revenue growth and economic sentiment

**While still positive, revenue growth softened slightly, as did 12-month revenue growth expectations measured year over year.**

**Economic confidence remained fairly steady, though respondents have greater confidence in their local economies than in the macro economy.**

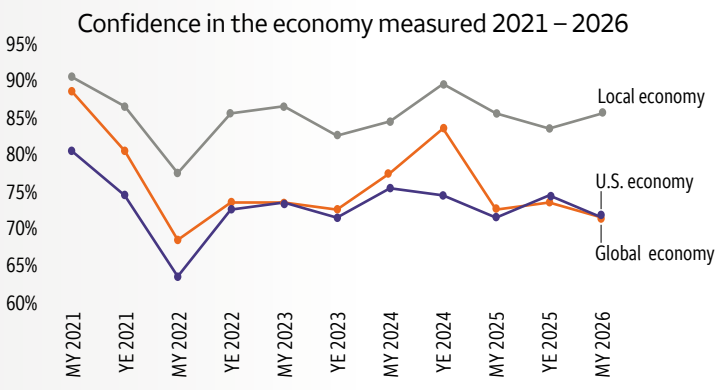
12-month revenue growth MY 2025 to MY 2026



82% of respondents indicated revenue growth over the last 12 months, with **49% indicating double-digit growth**

18% flat or declining, with **7% reporting a decline**

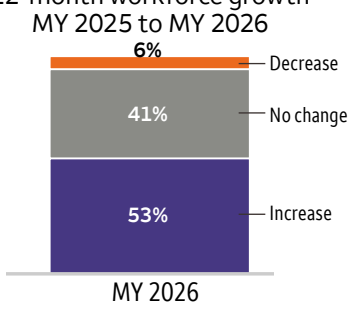
Confidence in the economy measured 2021 – 2026



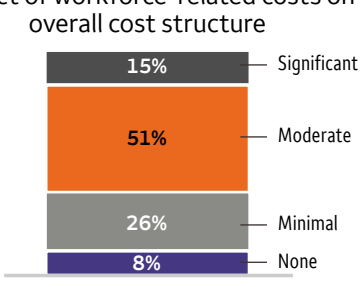

## Employment growth and employee productivity

**Hiring continues to moderate with both the percentage of firms hiring and the number of new hires shrinking. With workforce costs contributing to the overall business cost structure, focus has shifted to increasing the productivity of existing employees.**

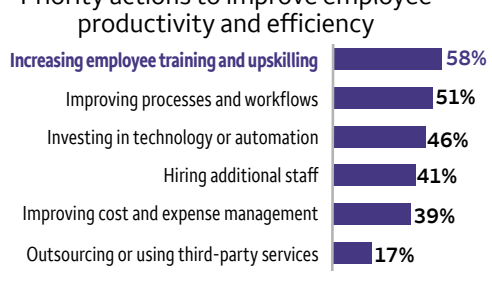
12-month workforce growth MY 2025 to MY 2026




Impact of workforce-related costs on overall cost structure




Priority actions to improve employee productivity and efficiency




## Strategic priorities

**Growth continues to be top priority, along with investment in future capabilities.**

1. Growing revenue/increasing sales
2. Improving profitability/margins
3. Expanding customer base
4. Reducing operational costs
5. Investing in technology
6. Digital transformation (AI, automation, cybersecurity)



## Top business challenges at mid-year 2026

**Cost pressures and economic uncertainty continue to dominate the business landscape.**

| Priority of challenges | % pt change MY 2025 to MY 2026 |
|---|---|
| 1. Inflation and rising costs (materials, services, inputs) | +1 |
| 2. Economic uncertainty | –2 |
| 3. Impact of tariffs and trade policy | –6 |
| 4. Attracting and hiring qualified talent | –3 |
| 5. Retaining skilled employees | –1 |
| 6. Cybersecurity threats/ Data privacy and security | +1 |
| 7. Adopting/Integrating new technology | +3 |
| 8. Rising labor costs/Wage pressure/Compensation demand | –4 |

## Capital investment and business expansion

**Businesses continue to prioritize investment in their firms over saving incremental dollars.**

Capital investment — Action likely to be taken with additional $

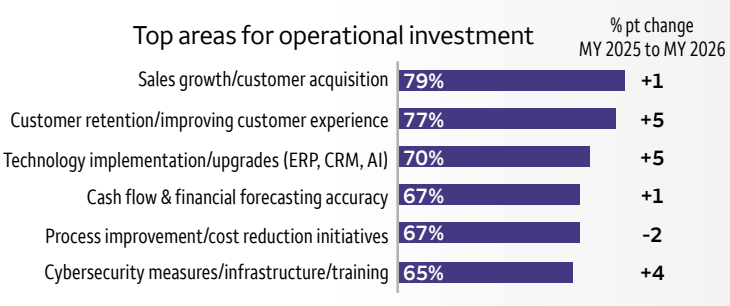
34% will save — 66% will spend

Saving priorities
1. Save for financial investment 2. Hold cash

Spending priorities
1. AI Transformation 2. Information Technology 3. Real Estate/Plant/Equipment

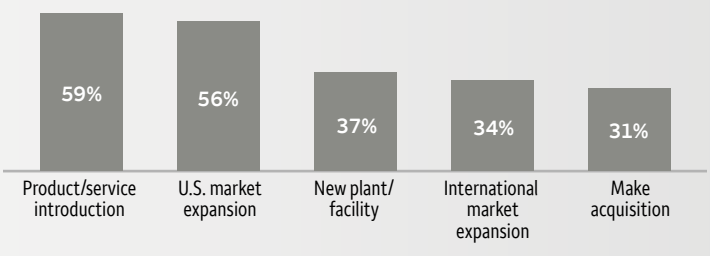
Business operations investment

Top areas for operational investment




Business expansion

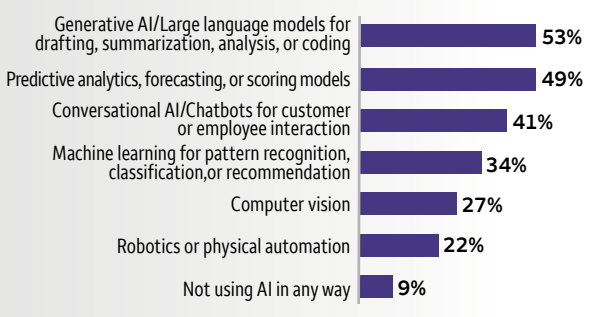
Likelihood of expansion over next 12 months




## Artificial Intelligence (AI)

**Use of AI has now become mainstream. The majority of businesses have now operationalized AI across core business functions with internal efficiency and cost pressure as the leading driver.**

Use of Artificial Intelligence

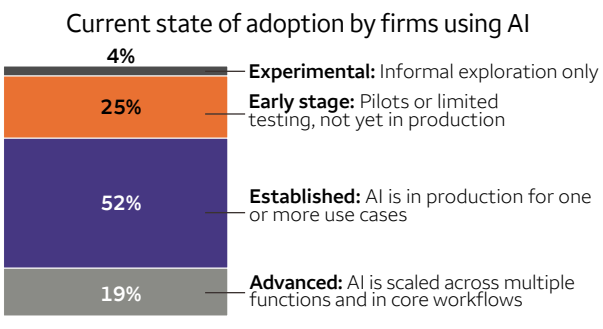



**+8 % pt increase** in AI usage reported by respondents between YE 2025 and MY 2026

Primary driver behind AI adoption




Current state of adoption by firms using AI




**71%** of responding companies have operationalized AI across one or more functions

**64%** of respondents expect to increase their investment in AI over the next 12 months

**62%** of respondents utilizing AI believe they are receiving financial return on AI investment to date

**Click here to read the full report.**

Contact us to discuss Wells Fargo's comprehensive financial solutions to keep your business moving forward.

The Mid-Year 2026 Middle Market Indicator study captured real-time insights from 1,005 C-suite leaders at U.S. companies with $10M to <$1B in revenue. The bi-annual study tracks key metrics — growth, performance, economic confidence, and outlook — offering a clear view into what financial decision makers are thinking and planning. The survey is conducted by RTi Research on behalf of the National Center for the Middle Market with funding support from Wells Fargo, Chubb, and Visa.

© 2026 Wells Fargo Bank, N.A. Member FDIC. All rights reserved.