

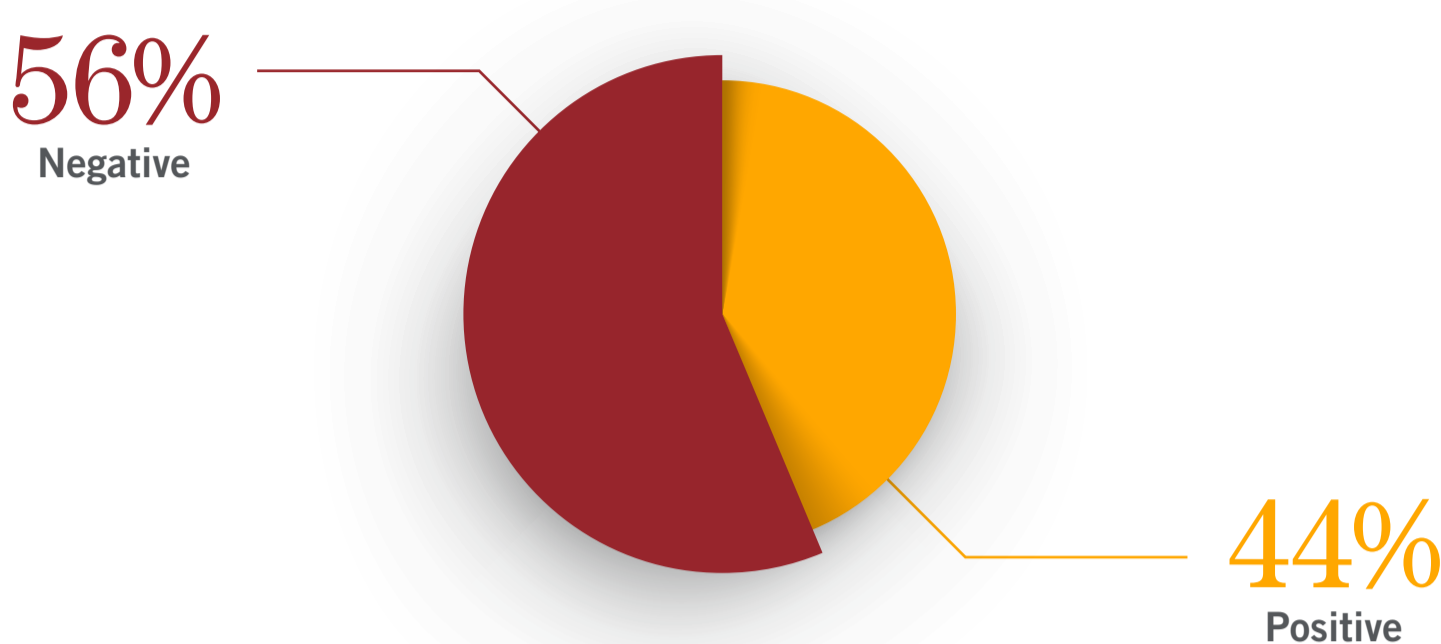
# Lending Climate

## IN AMERICA

For more than 20 years, Phoenix Management Services has administered a quarterly survey to lenders from various commercial banks, finance companies, and other institutions to **identify the latest economic issues, business drivers, and credit trends impacting lending in America.**

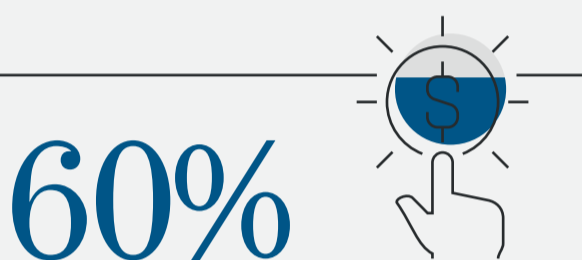
### Top 5 Takeaways from the Third Quarter 2018

#### 1 Long-Term Impact of Proposed Tariffs



The majority of lenders believe President Trump's proposed tariffs—intended to address China's trade deficit and intellectual property theft—will increase costs for U.S. companies, **causing higher consumer prices, manufacturing to move offshore, and ultimately, a slowdown in U.S. GDP growth.**

#### 2 Benefit of Re-Negotiating NAFTA

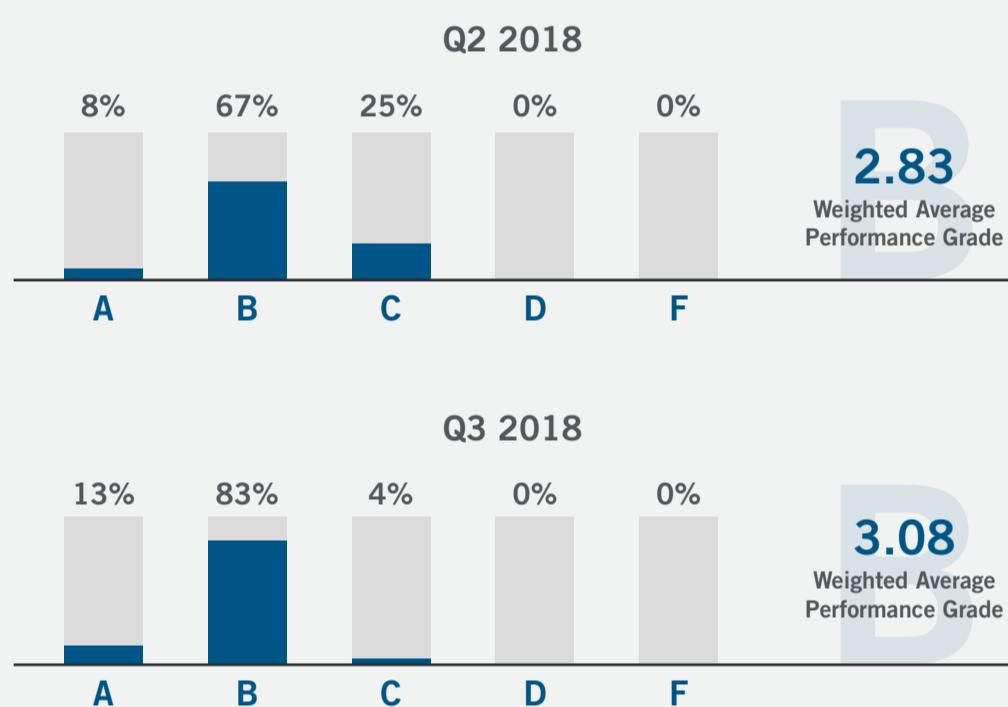


of lenders believe the **U.S. economy would benefit from re-negotiating NAFTA.**

The majority of lenders believe that **NAFTA has aging elements that should be re-visited** by the U.S., Mexico, and Canada. Only 16% of lenders anticipate a negative impact on the U.S. economy if NAFTA is re-negotiated.

#### 3 U.S. Economy Near-Term Performance Grade

Lenders' confidence in the performance of the near-term (next 6 months) U.S. economy surpassed the previous record high reported in Phoenix's survey's 20 year history of 2.83, reported in Q2 2018. The Q3 2018 **weighted average grade achieved a sizable .25 GPA higher than the Q2 predictions.**

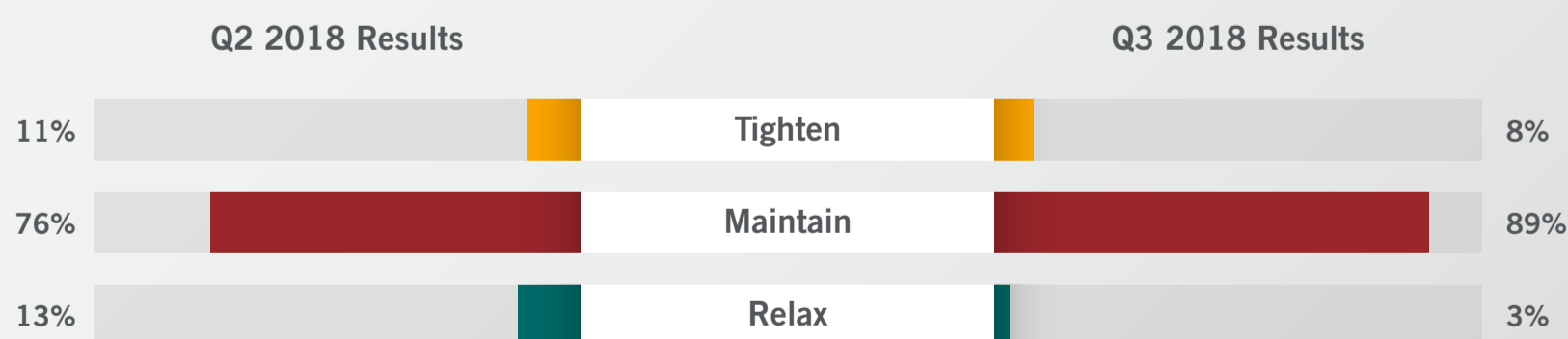


#### 4 Customer Actions in Next 6 to 12 Months



The majority of lender's reported that their customers intend **to make capital improvements (84%) or hire new employees (76%)** in the next 6 to 12 months.

#### 5 Loan Structures



While the majority of lenders reported that their financial institutions intend to maintain their loan structure in Q3 of 2018, **10% less than in Q2 reported an intention to relax their loan structure.**

**The Q3 2018 lending survey upheld a trend of confidence in the near-term economy, once again achieving a record high in the survey's 20 year history.** Additionally, it illuminated a belief that while NAFTA re-negotiations are perceived by the majority of lenders as favorable, tariffs on China are viewed as negative for the U.S. economy.

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#### ABOUT PHOENIX

For over 30 years, Phoenix has provided smarter, operationally focused solutions for middle market companies in transition. Phoenix Management Services® provides turnaround, crisis and interim management, specialized advisory and operational implementation services for both distressed and growth oriented companies. Phoenix Transaction Advisory Services® provides quality of earnings, management/organizational review, business integration, sell-side business preparation and other transaction related support. Phoenix Capital Resources® provides seamless investment banking solutions including M&A advisory, complex restructurings and capital placements. Phoenix Capital Resources is a U.S. registered broker-dealer and member of FINRA and SIPC. Proven. Results.® For additional information visit our website or email [marketing@phoenixmanagement.com](mailto:marketing@phoenixmanagement.com).