



Lending Climate

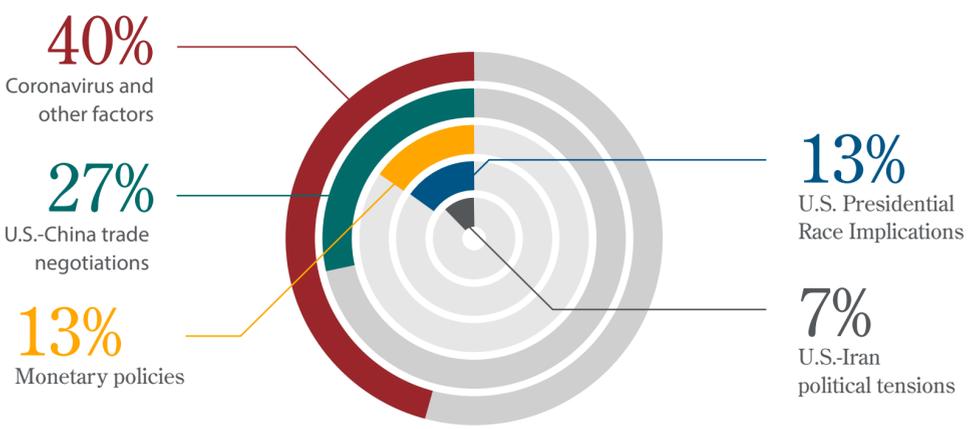
IN AMERICA

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

Top 5 Takeaways from the First Quarter 2020

*Survey results tabulated February 25, 2020

1 Economic Drivers



As the novel coronavirus continues to spread across the U.S. and around the world, **the majority of lenders believe the coronavirus and other factors will be the leading economic driver of the first half of 2020**, with U.S.-China trade negotiations ranking as the second highest.

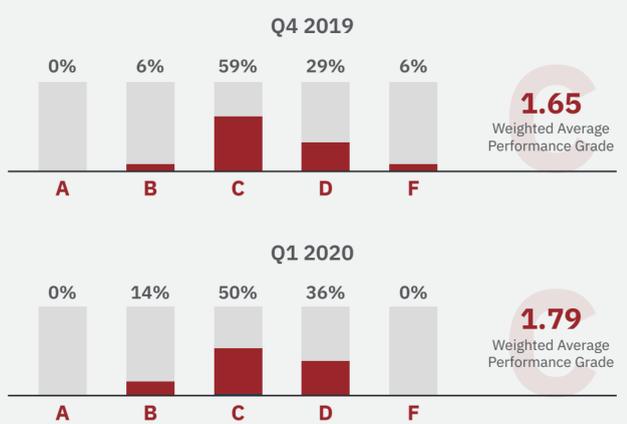
2 Consumer Behaviors Impact on the Economy



Consumer spending has grown steadily even as business investments weakened and exports face heavy obstacles. New job opportunities are giving households a steady income, enabling an increased growth in spending that the majority of lenders believe will act as a foundation for continued economic performance.

3 U.S. Economy Long-Term Performance Grade

While the projected outlook for the U.S. economy in the long-term had been on a steady decline since Q3 2018, forecasted performance grew for the first time in Q1 2020, **increasing .14 points from Q4 2019.**



4 Top 3 Long-Term Customer Plans



While less than half of lenders indicated their customers would take part in capital improvements or introduce new products or services in Q4 2019, **these two actions are forecasted to be driving factors of customer activity in the next six to twelve months.**

5 Predictions of GDP Growth

Do you believe the U.S.'s 2020 GDP will match 2019?



Lenders continue to believe that the **GDP will grow at the same annualized rate of 2.1%** in 2020 as it did throughout 2019.

The Q1 2020 lending survey indicated a slight increase in economic confidence in the long term—the first since Q4 2018. Lenders predict customer spending will create a strong foundation for the economy despite low wage growth. However, lenders indicated factors such as the coronavirus could impact customer spending and economic performance, playing a major impact on the economy over the next six months.

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