

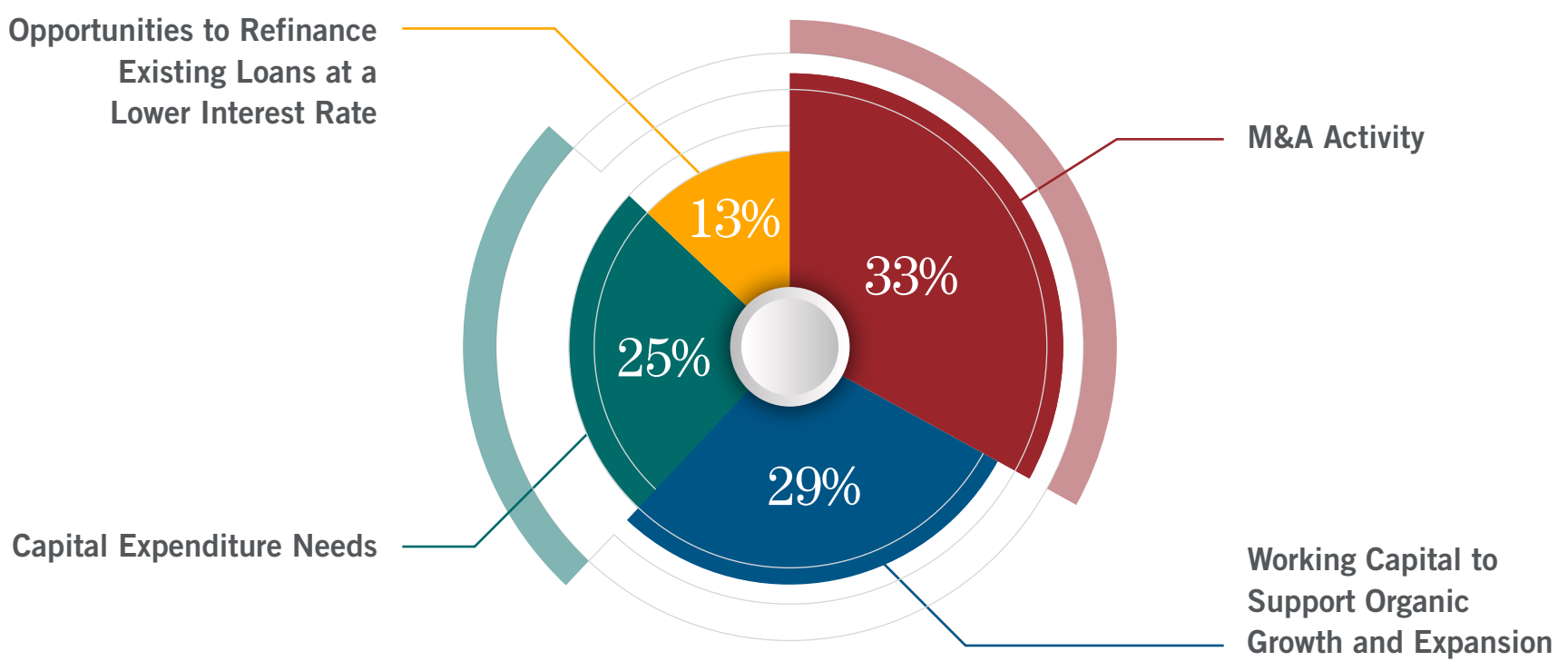
Lending Climate

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.**

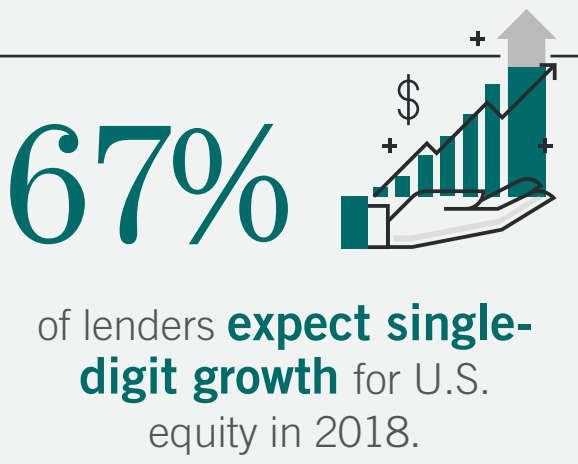
Top 5 Takeaways from the First Quarter 2018

1 Anticipated Top Drivers of New Loans for Q2 2018



Overall, lenders were split on the biggest driver for Q2 2018 loans, with M&A activity pulling in the greatest amount of support by a small margin.

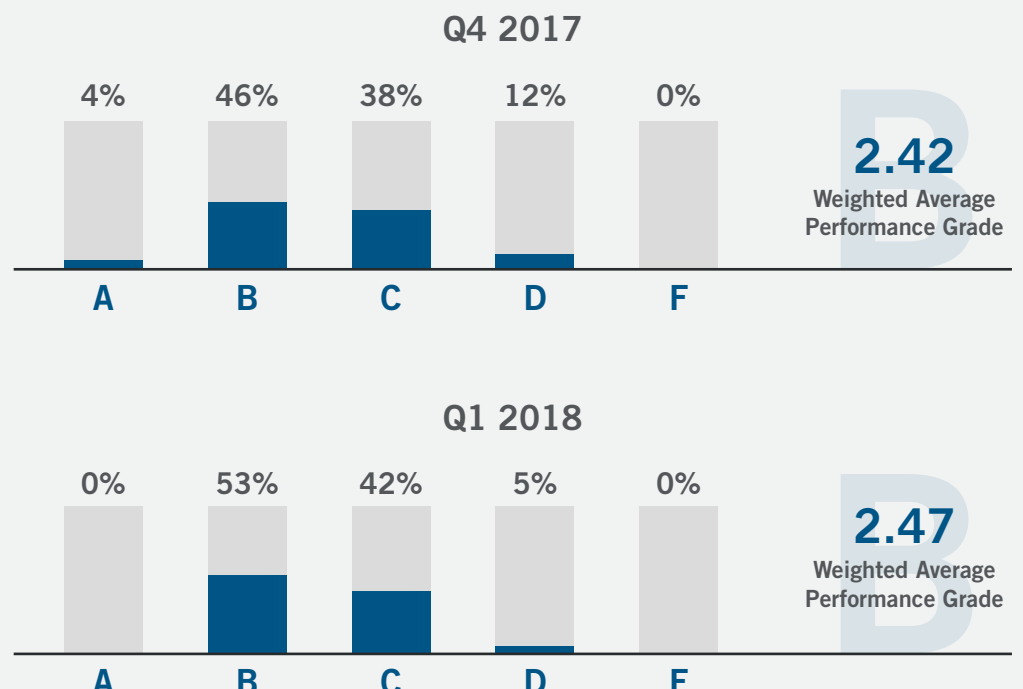
2 Equity Growth



After impressive double-digit growth for the U.S. equity market in 2017, **the majority of lenders predict that this growth will continue throughout 2018, but at a slower rate.** Only 12% of lenders anticipate the market will sustain the notable double-digit growth of 2017.

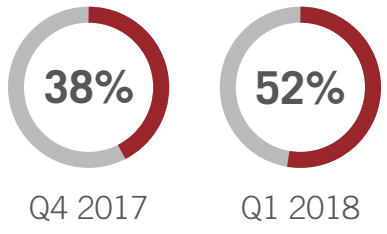
3 U.S. Economy Performance Grade

In Q1 2018, the U.S. economy maintained a grade point average of **B** for performance beyond the next six months. This reflects a notable .05 weighted average performance grade improvement in outlook from Q4 2017.



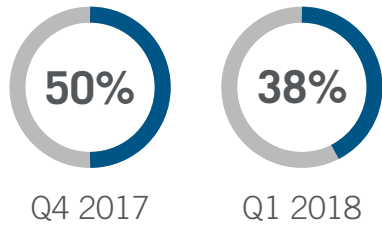
4 Factors Affecting Near-Term Economy

Stability of Stock Market



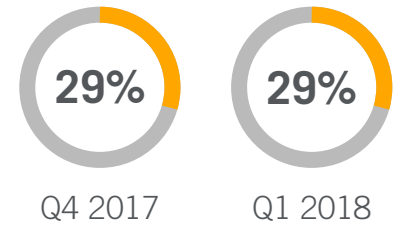
At 52%, stock market stability is expected to have the greatest impact on the near-term economy—**up nearly 15% from Q4.**

U.S. Budget Deficit



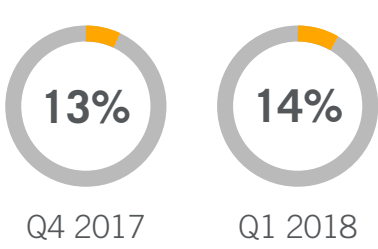
Overall, **lenders were less concerned with the U.S. budget deficit's impact** on the near-term economy than they have been in the past.

Sluggish Housing Market



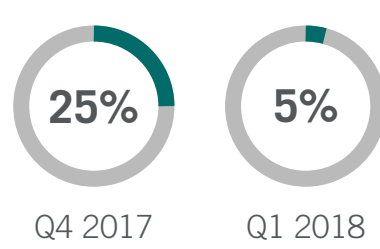
Lenders concern over the housing market's **effect on the economy remained consistent.**

Constrained Liquidity in Capital Markets



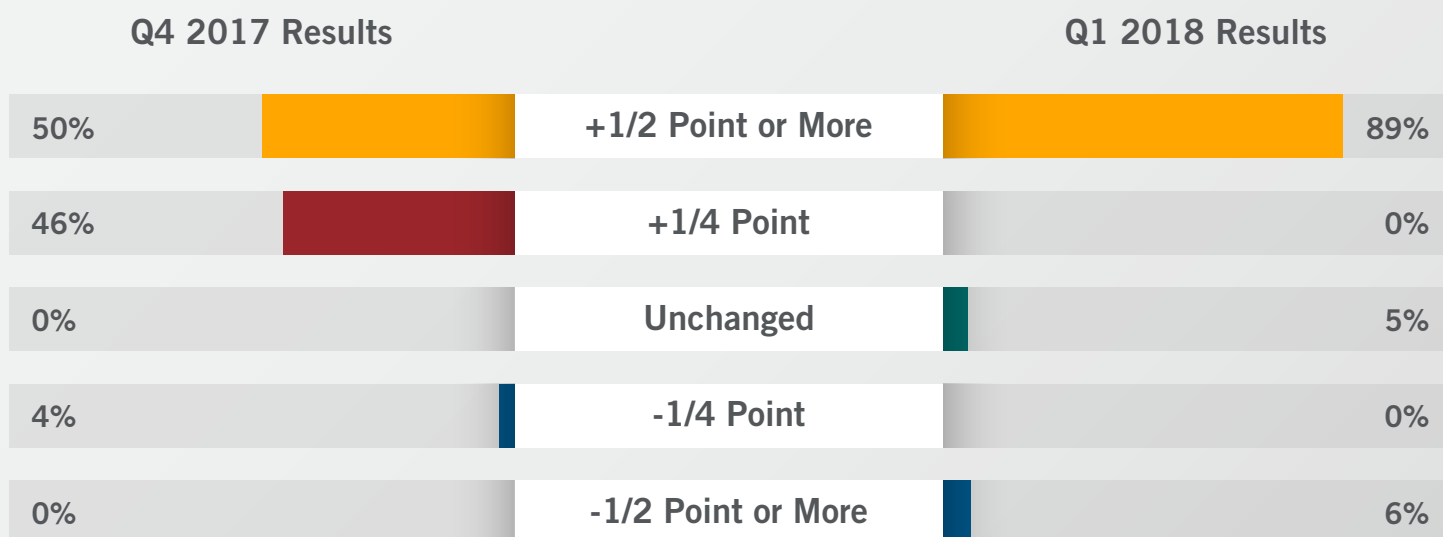
Lenders concern over constrained liquidity in capital market's **effect on the economy remained consistent.**

Unstable Energy Prices



While unstable energy prices were a major consideration for the economy in Q4 2017, **lenders concern over energy prices dropped 20% in Q1 2018.**

5 Anticipated Interest Rate Movement by the Fed.



Overall, **89% of lenders expect that interest rates will increase by 1/2 bps or more in the next six months**, as compared to a more even split between a +1/4 and +1/2 or more change in bps in Q4 2017.

Overall, the first Quarter 2018 Lending Climate in America survey indicates a positive outlook for the U.S. economy and modest U.S. equity market growth for 2018.

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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.