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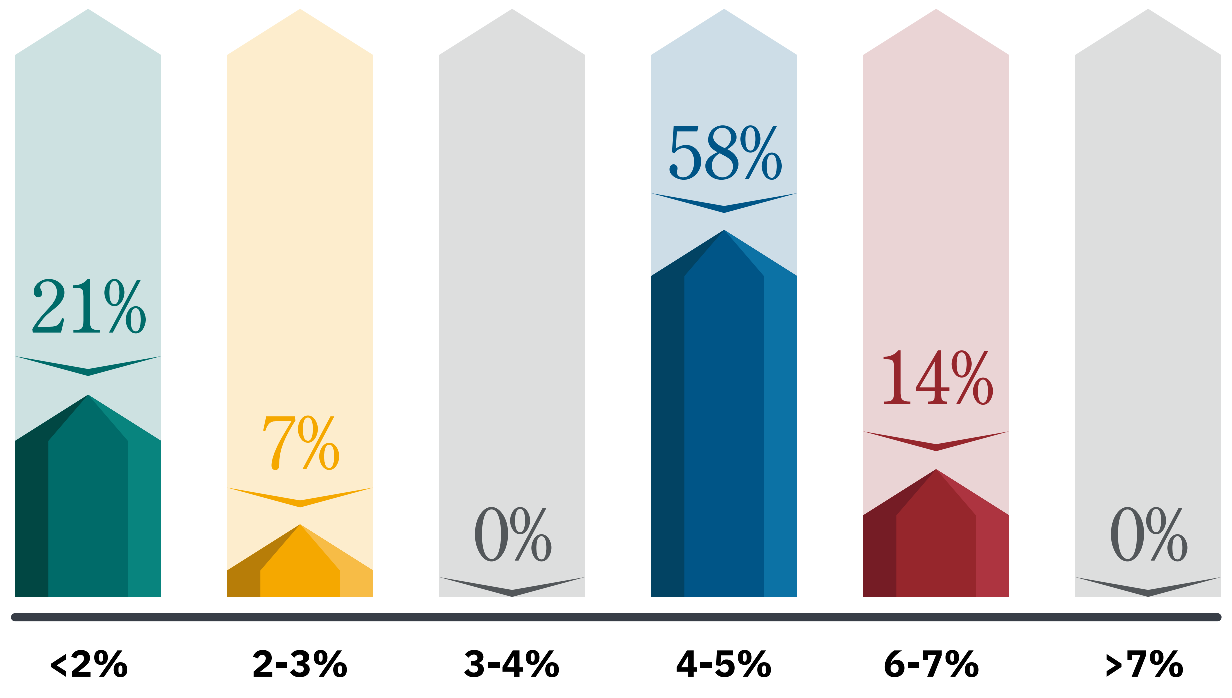
Lending Climate
IN AMERICA

For 25 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 Second Quarter 2021

*Survey results tabulated May 4, 2021

1 Predictions of GDP Growth



In 2020, real GDP decreased by 3.5%. Although the Wall Street Journal economists estimate 6.4% growth in 2021, and a recent Goldman estimate reports 8%, **the majority of lenders surveyed predict a more conservative 4-5% growth in 2021.**

2 Unemployment Rates in 2021

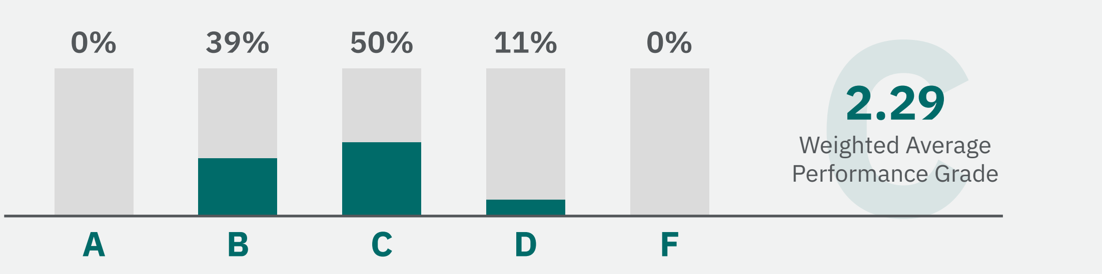
71%

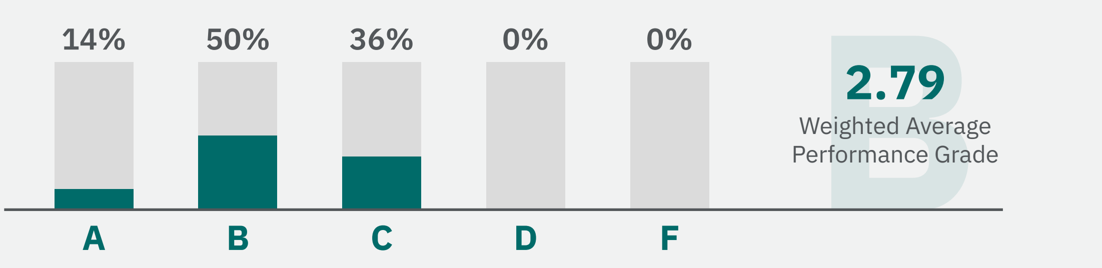
of lenders believe many Americans will remain disincentivized from entering the labor force due to the current COVID unemployment benefits.

The majority of lenders believe that with the current administration pushing legislation with generous unemployment benefits, **the U.S. will not return to pre-COVID employment rates by EOY 2021.** 29% say that with the roll-out of vaccines, the U.S. will reach similar pre-COVID unemployment rates by the end of 2021.

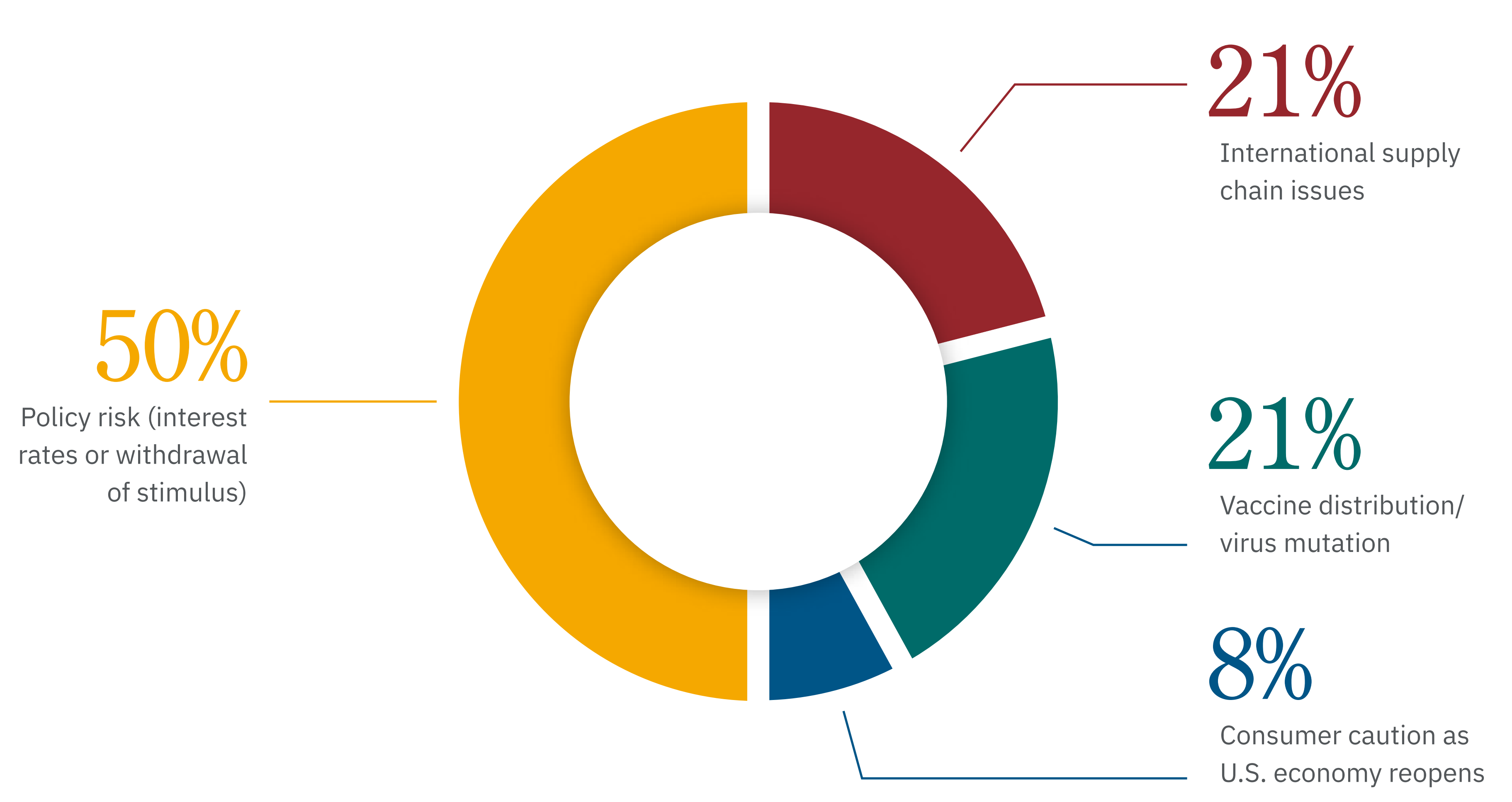
3 U.S. Economic Near-Term Performance Grade

Since reaching an 11-year record low in Q2 2020, confidence in the near-term economy (next 6 months) has steadily climbed quarter over quarter to a 2.79 weighted average GPA in Q2 2021—**surpassing its pre-COVID performance of 2.57 weighted average GPA in Q1 2020 for the first time since the pandemic.**



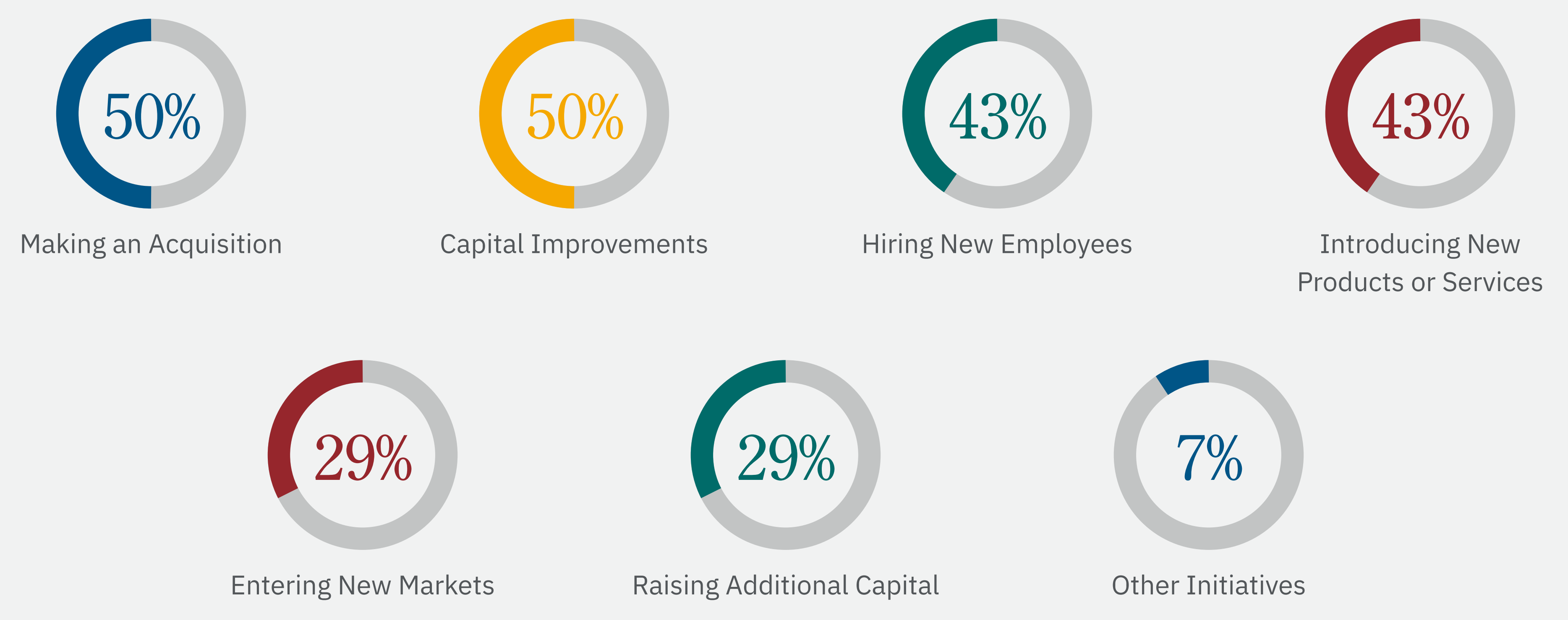


4 Macroeconomic Factors that Could Derail Economic Recovery



The majority of lenders say that **policy risk—such as interest rates or withdrawal of stimulus—is most likely to be the macroeconomic headwind** that could derail economic recovery.

5 Customers' Plans in the Next 6-12 Months



Half of all lenders say that their **customers are planning to make an acquisition and/or initiate capital improvements** in the next six to 12 months.

Optimism in the U.S. economy continues to improve, with results for the near-term economy exceeding pre-pandemic predictions for the first time since the country shutdown due to COVID. However, the factor deemed most likely to derail the economy is policy risk, and 71% of lenders are concerned that current COVID unemployment benefits and the $1.9T stimulus bill may disincentivize Americans from entering the labor force.

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PARTICIPATE IN SURVEY

ABOUT PHOENIX

For over 35+ 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.®
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