

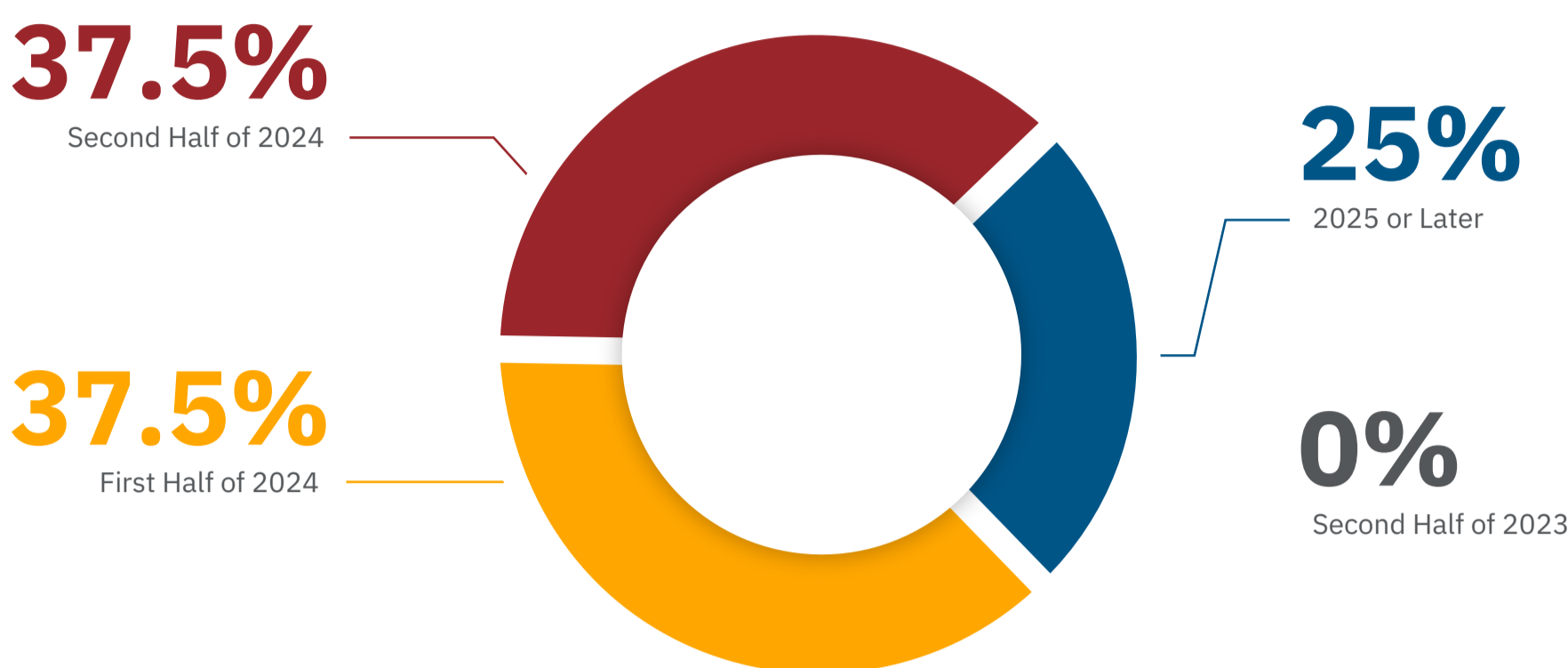
# Lending Climate IN AMERICA

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 Third Quarter 2023

\*Survey results tabulated October 16, 2023

### 1 Decline in Interest Rates



When asked when they thought interest rates would begin to decline, **the majority of lenders (75%) said they believe rates would drop in 2024.** One quarter of respondents think rates will decline in 2025 or later.

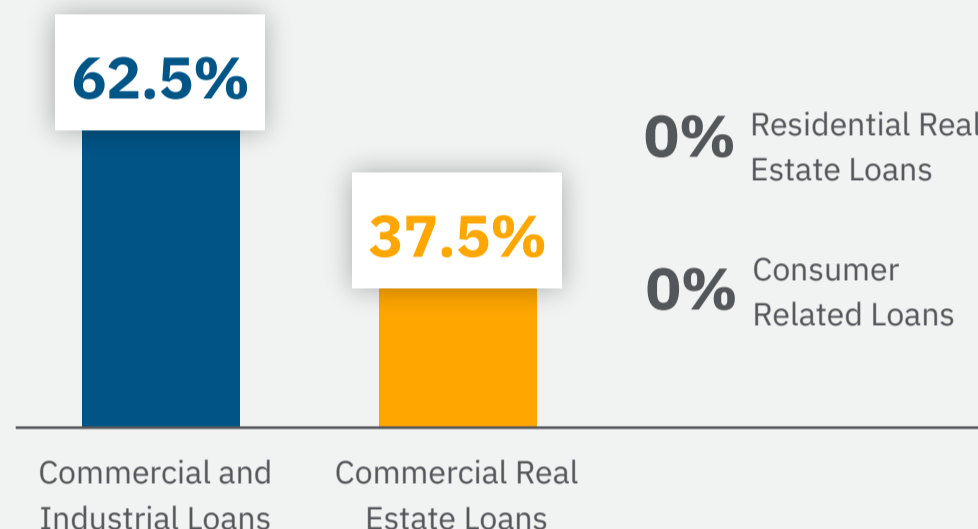
### 2 New Business Development

**50%** of lenders report their institution has pursued new business less aggressively since April 1, 2023.

**25%** said they were pursuing more aggressively, while 25% of lenders said there was no change in approach.

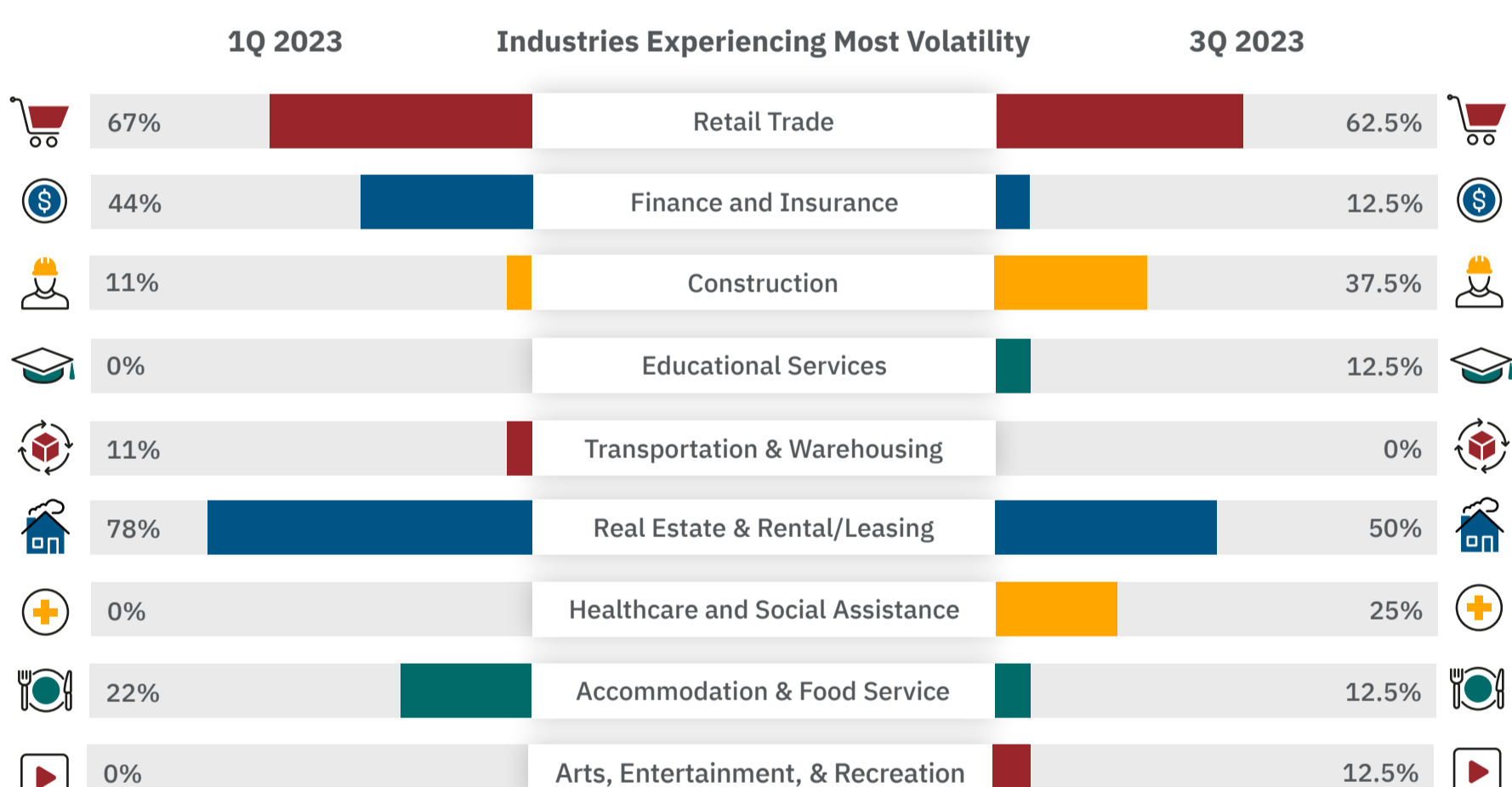
### 3 Loan Class Risk

The vast majority of lenders (62.5%) said **commercial and industrial loans are the loan class that their institution is most concerned about from a risk and performance perspective.** 37.5% said they are concerned about commercial real estate loans, while no lenders are concerned with residential real estate or consumer related loans.



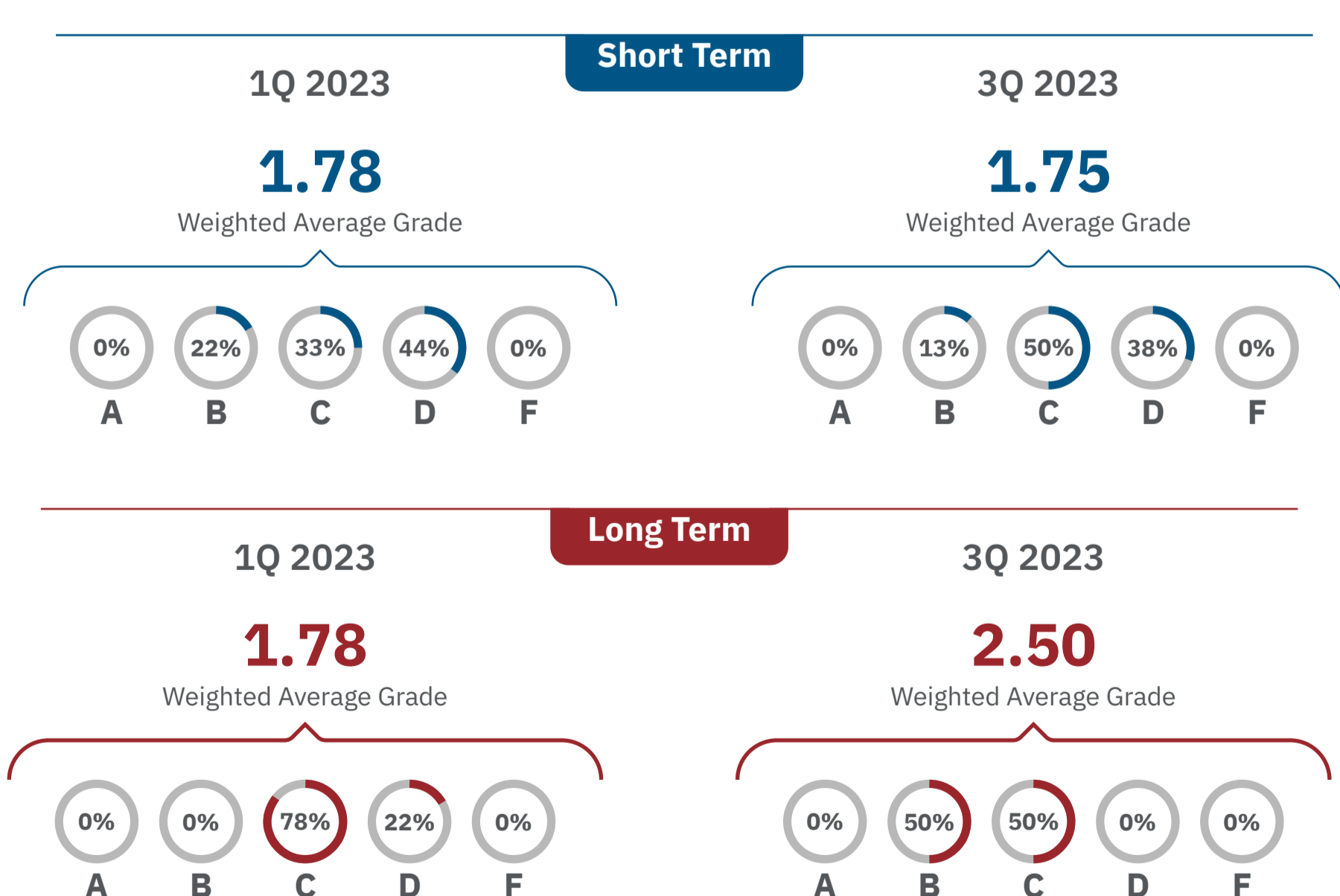
### 4 Industries Expected to Experience Volatility

When asked which industries would experience volatility like Chapter 11 filings, M&A, and declining profits over the next six months, **the majority of lenders believe retail and real estate/rentals/leasing will experience the most volatility.** While 44% of lenders in Q1 believed finance and insurance would experience the most volatility, only 12.5% believe the same in Q3 2023.



### 5 U.S. Economic Performance Grade

Lender optimism on the U.S. economy in the near term decreased slightly this quarter compared to Q1, with the majority of lenders (88%) believing the economy will perform at a “C” or “D” level during the next six months. **Lenders’ expectations for the economy’s performance in the longer term, however, increased greatly—the average GPA rose 72 points from 1.78 in Q1 2023 to 2.50 in Q3 2023.** 100% of lenders think the economy will perform at either a “B” or “C” level beyond the next six months.



Three quarters of lenders surveyed believe interest rates will decline sometime in 2024, and the remaining quarter believes they will drop in 2025 or later. As a result, **lenders are more optimistic about the economy over the long term, with 100% of those surveyed believing the economy would perform at a “B” or “C” level the next six months.** Institutions are remaining cautious, however, as 50% of lenders report less aggressive pursuits of new business since Q2 2023.

[DOWNLOAD FULL REPORT](#)

[PARTICIPATE IN SURVEY](#)

#### ABOUT PHOENIX

Phoenix Management Services® provides turnaround, crisis and interim management, and specialized advisory for both distressed and growth-oriented companies. Phoenix Investor Services® provides quality of earnings, operational diligence, Quality of Enterprise®, business integration, sell-side business preparation, and other transaction related support. Phoenix IB® provides seamless investment banking solutions including M&A advisory, complex restructurings and capital placements. Securities offered through PM Securities, LLC, d/b/a Phoenix IB, a part of J.S. Held, member FINRA/SIPC. All rights reserved.