



# Lending Climate

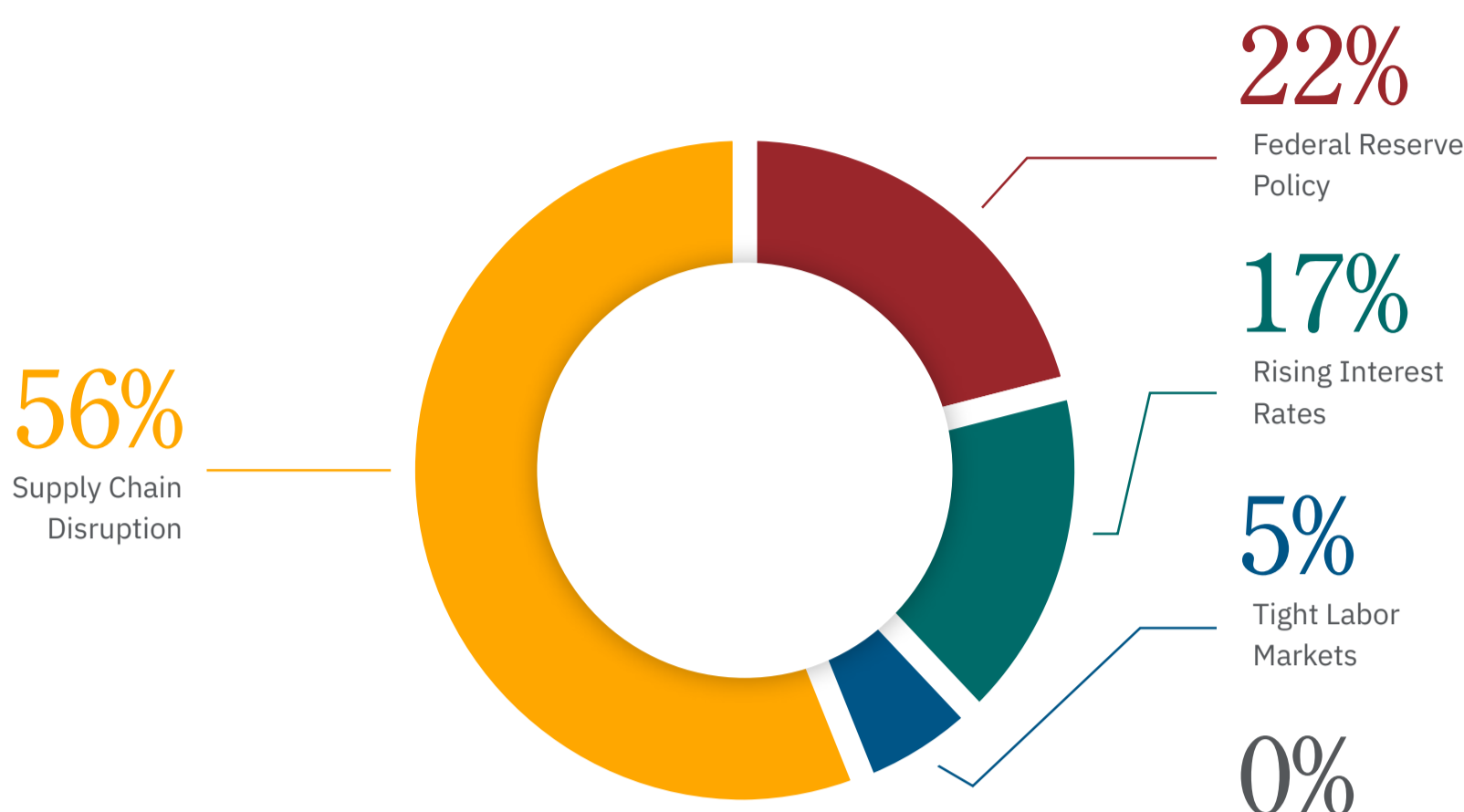
## IN AMERICA

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 2022

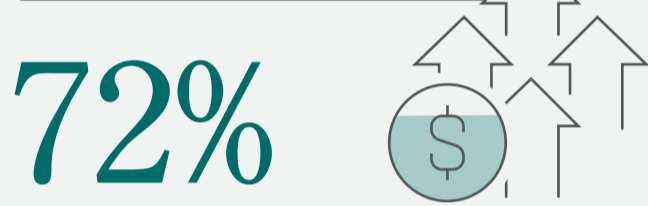
\*Survey results tabulated May 6, 2022

#### 1 Greatest Risk to the U.S. Economy



When asked what risks had the potential to impact the U.S. economy, the **majority of lenders (56%) believed supply chain disruptions** will cause the greatest risk.

#### 2 Inflation Expectations

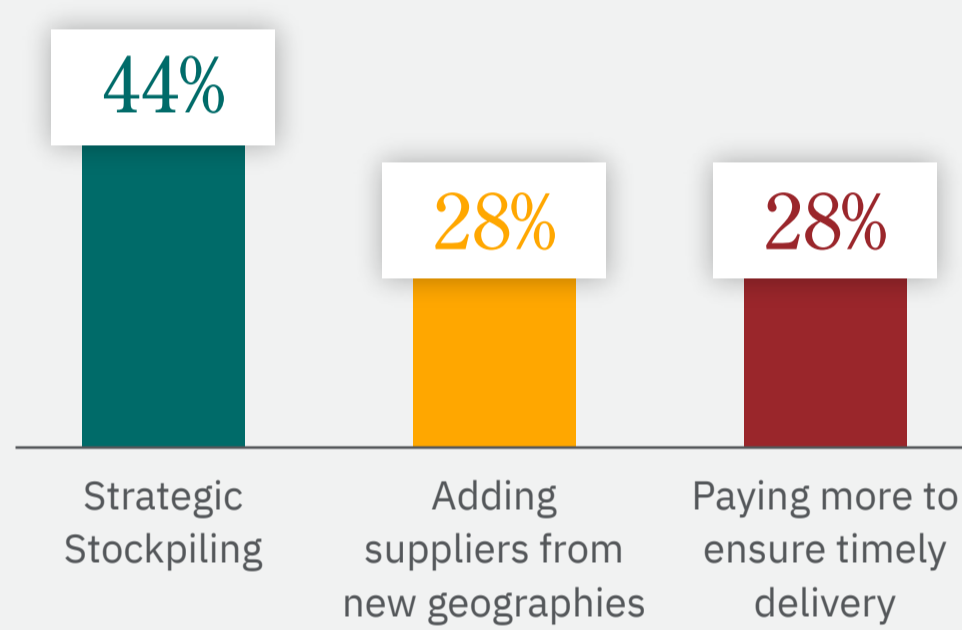


**of lenders** expect inflation to continue rising, which will cause further economic stress in the U.S. by forcing consumers to decide which goods and services are no longer worth buying.

**28% of lenders** think we will start to see inflation level off in the next few months.

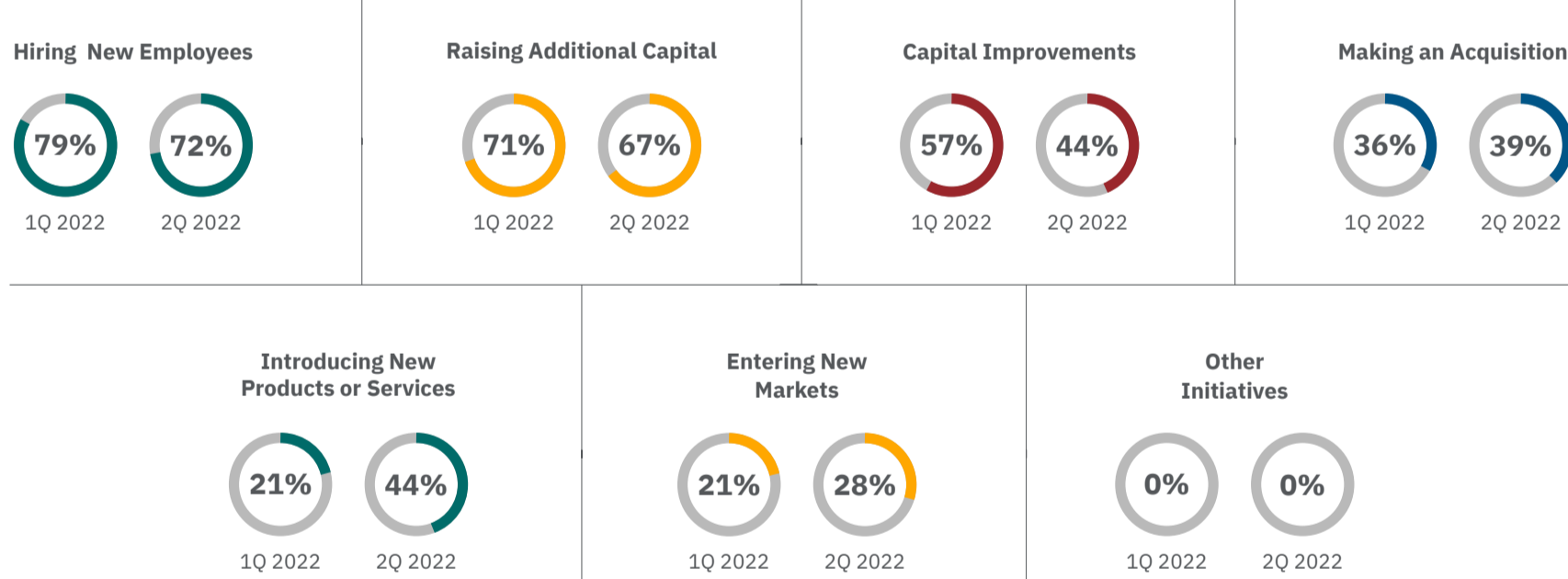
#### 3 Response to Supply Chain Challenges

Most lenders (44%) say their customers are **responding to supply chain challenges through strategic stockpiling**, followed by adding suppliers from new geographies and paying more to ensure timely delivery.



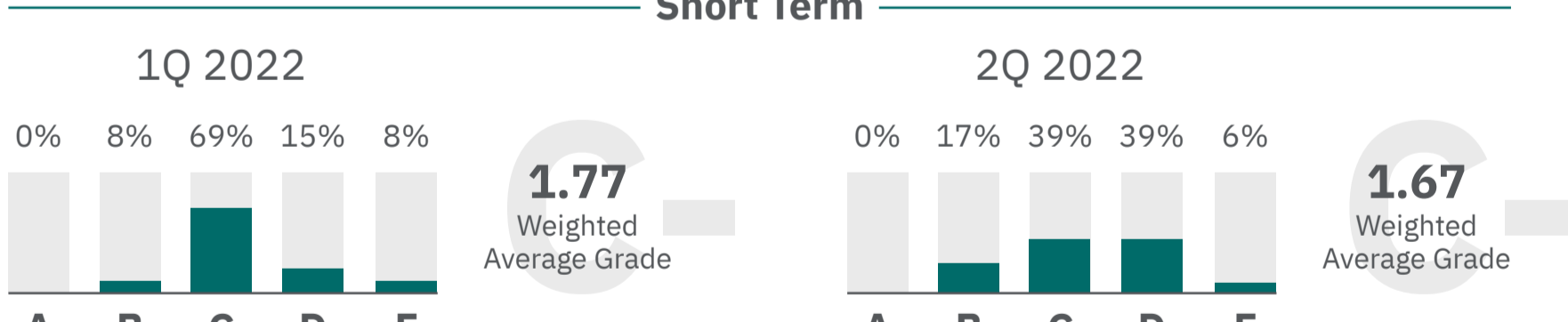
#### 4 Customers' 6-12 Month Plans

Lenders assessed potential customer actions and indicated that customer plans had slightly shifted moving into Q2. **44% of customers were focused on introducing new products or services** compared to 21% in Q1. Additionally, **customers entering new markets increased from 21% to 28%** while capital improvements decreased from 57% to 44%.

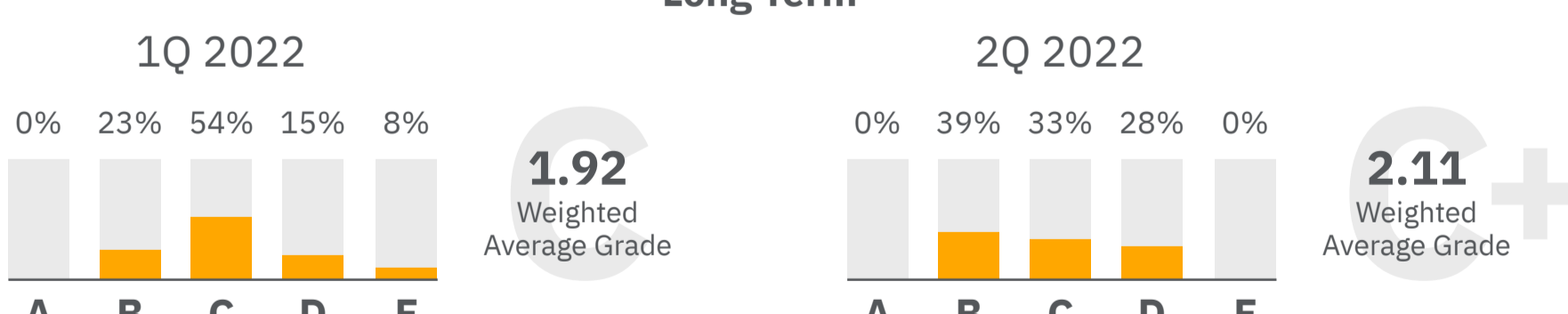


#### 5 U.S. Economic Performance Grade

##### Short Term



##### Long Term



Lenders' optimism in the U.S. economy in the short term **decreased 10 points this quarter from 1.77 in Q1 2022 to 1.67 in Q2 2022.** The majority of lenders (39%) believe the economy will perform at a "C" or "D" level during the next six months and lenders who believe the economy will perform at a "D" over the next 12 months increased from 15% to 28%. However, **lender expectations for the U.S. economy's performance in the longer term improved from the prior quarter.**

**Supply chain disruptions and continued inflation appear to be the biggest concerns for businesses, consumers, and lenders.** The majority of lenders said their customers are planning to begin strategic stockpiling as a way to combat continued supply chain challenges. Additionally, businesses are focused on hiring new employees and introducing new products or services. While there are continued challenges, lenders increasingly believe the U.S. economy will begin to perform at a "C+/B" level in the long term, beyond the next six months.

[DOWNLOAD FULL REPORT](#)

[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 growth oriented 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).



©2022 Phoenix Management Services®. All rights reserved.