



# 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 Fourth Quarter 2019

#### 1 Predicted Impact of Trade Wars on Retail Sales this Holiday Season



Despite concerns of the recession-weary American consumer over a U.S. – China trade war, **the majority of lenders agree that consumer spending during the holiday season will stay consistent with recent sales trends.**

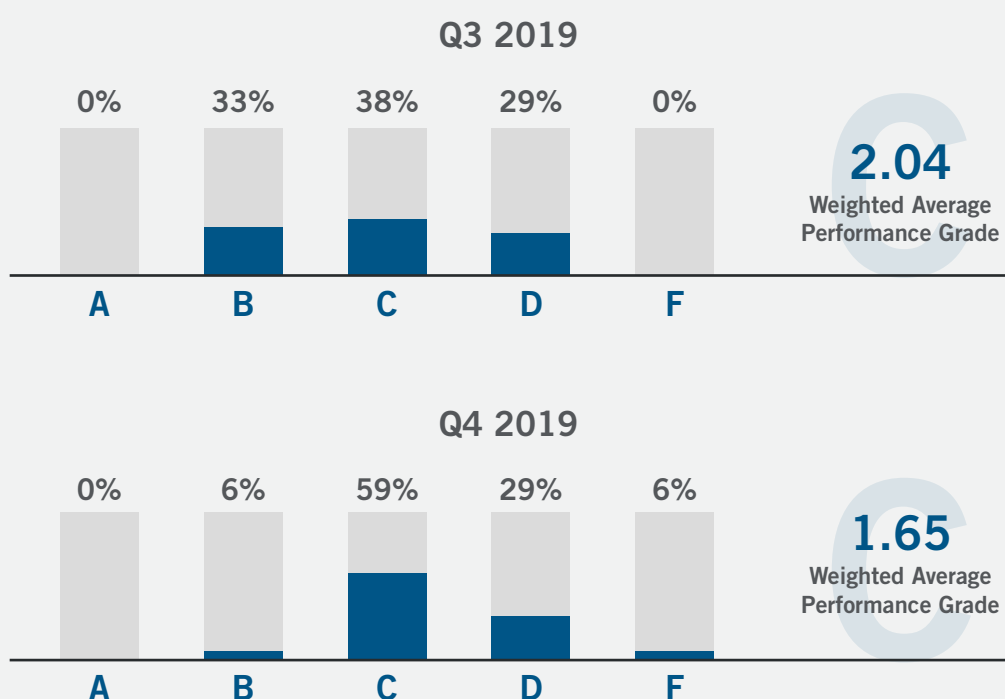
#### 2 Housing Market Growth



While the housing rebound that began in spring 2019 has continued due to **low mortgage rates, job growth, and a reduction in new home inventory**, the majority of lenders believe this housing rebound will halt in 2020.

#### 3 U.S. Economy Long-Term Performance Grade

Outlook for the U.S. economy in the long-term continued a downward from last quarter, **decreasing 0.39 points from Q3 2019 to reach the low for the year.**



#### 4 Top 3 Factors Projected to Impact the Near-Term Economy



Lenders continue to agree that stock market stability has the strongest potential to affect the near-term economy; however, concerns over a downturn in the housing market in 2020 lead to a **31-percentage point increase in the projected impact of the housing market on the economy.**

#### 5 Industries Expected to Experience Near-Term Volatility



**Lenders expect retail trade to experience the most volatility in the near-term**, while expectations for volatility for manufacturing dropped significantly, falling from 58-percentage points in Q3 2019 to 22-percentage points in Q4 2019.

**Continuing the trend established throughout 2019, lenders expect a downturn in the economy in both the near term and long term.** Such a downturn is reflected in projections for a slowdown in the housing market in 2020, along with forecasted volatility in the retail industry following a consistent holiday sale's season.

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##### ABOUT PHOENIX

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