





Webinar



OXFORD
ECONOMICS

Quarterly Business Credit Review

Q3 2022

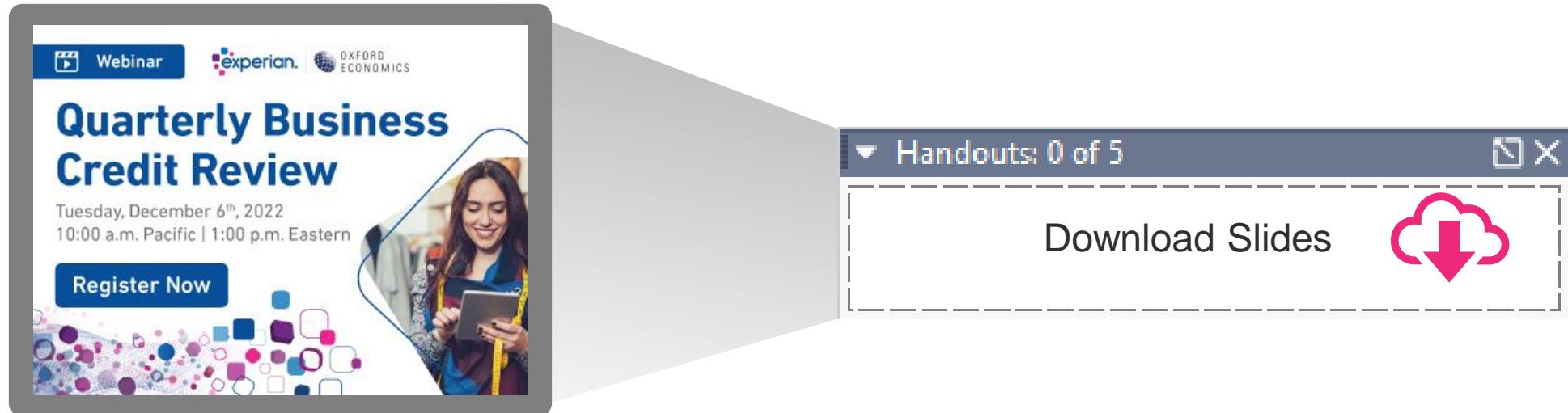
Presented by

Brodie Oldham
Experian

Ryan Sweet
Oxford Economics



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MAIN STREET REPORT

Your window into small business health

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Our Presenters



Brodie Oldham
VP Commercial Data Science
Experian

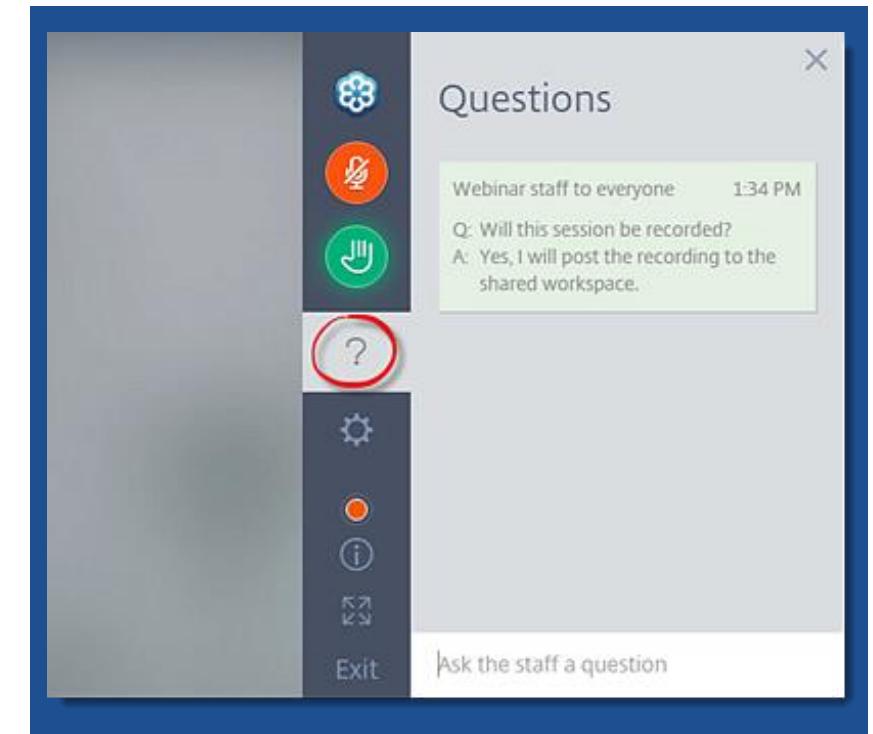


Ryan Sweet
U.S. Chief Economist
Oxford Economics



Send us your questions

We will try to leave time at the end.





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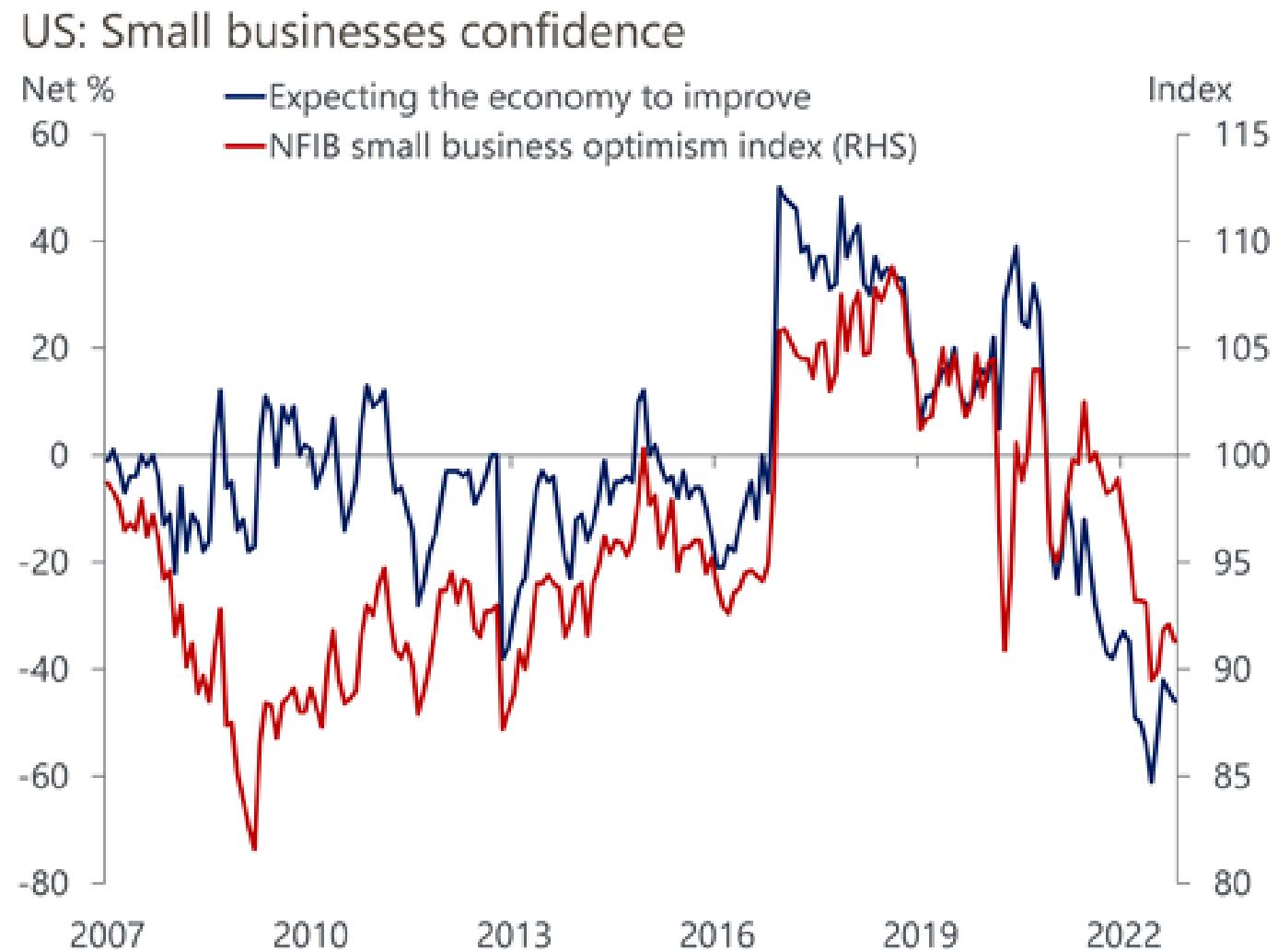
Ryan Sweet
US Chief Economist

The Most Anticipated Recession

US: Survey of recession odds - professional forecasters



The Most Anticipated Recession



The Labor Market is Giving the Fed Headaches

US: Nonfarm payroll employment

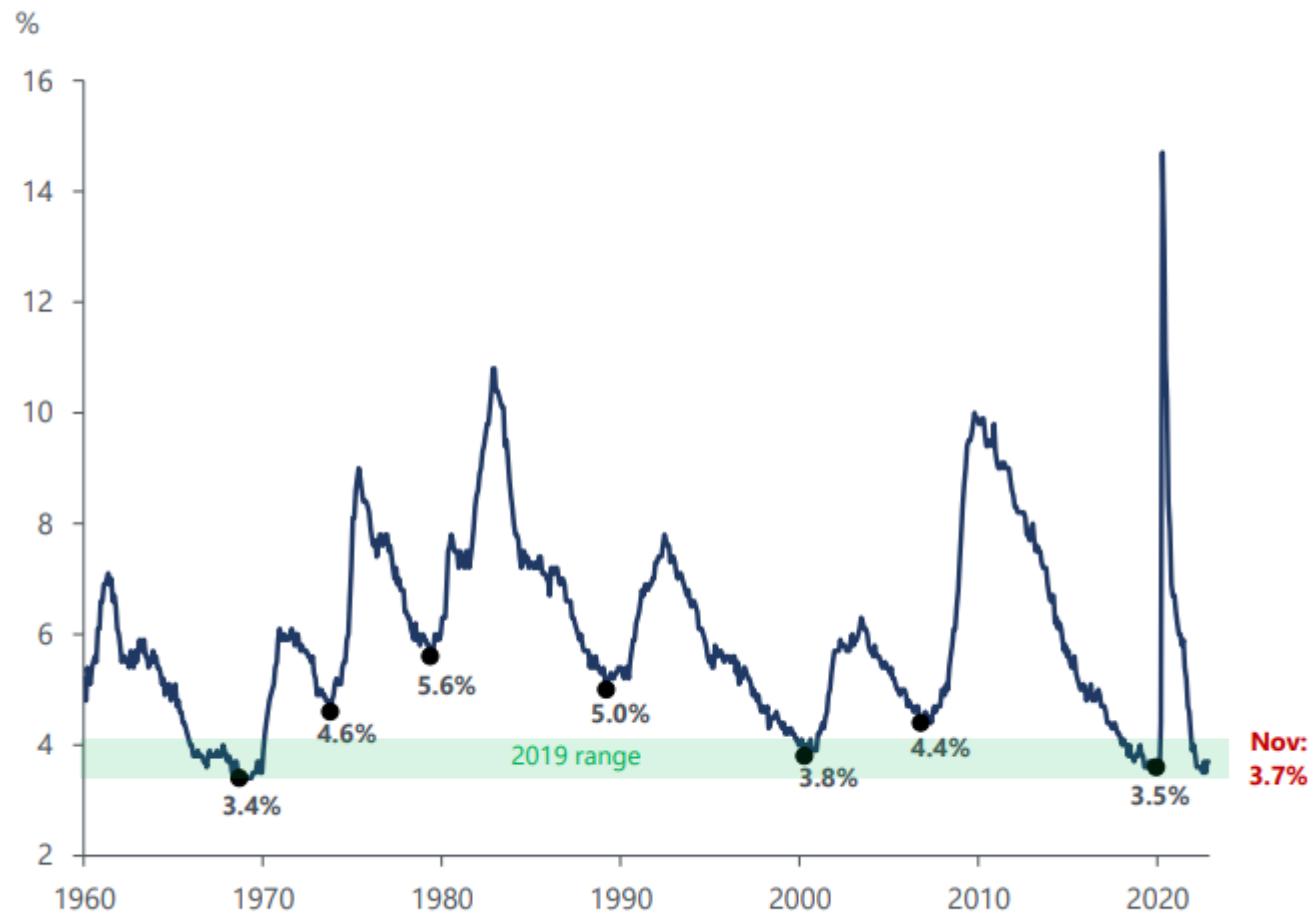
Thousand



Source: Oxford Economics/Haver Analytics

Unemployment Rate Will Rise Soon

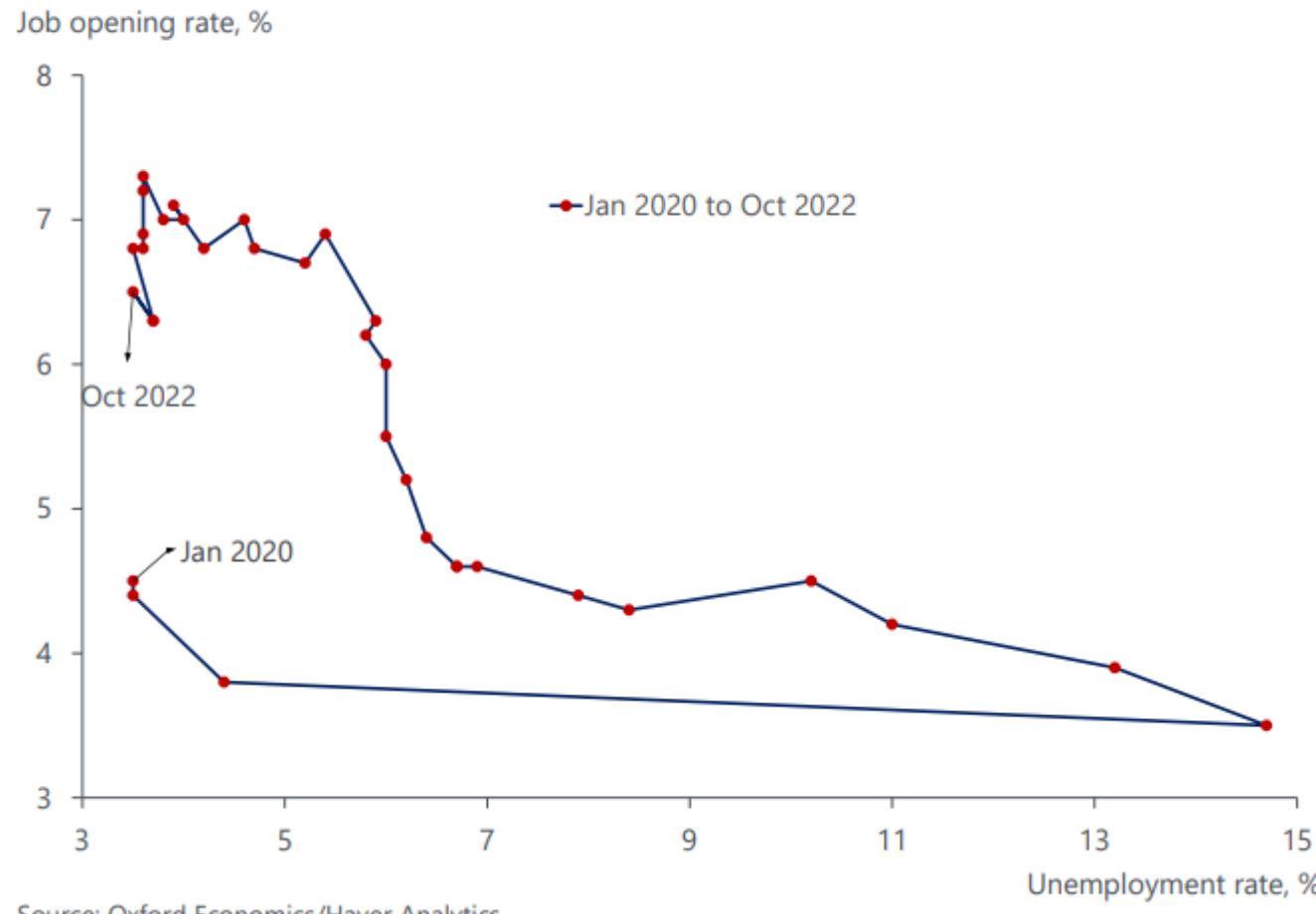
US: U-3 unemployment rate



Source: Oxford Economics/Haver Analytics

A Narrow Path Toward a Soft Landing

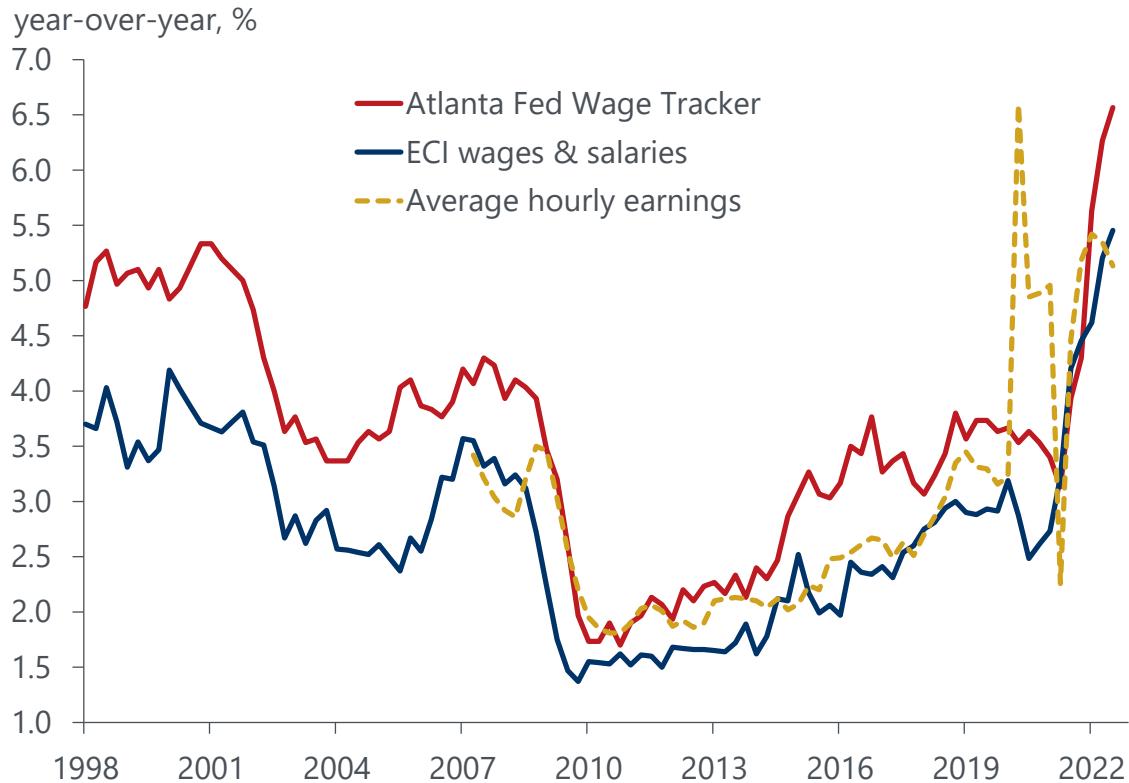
US: Beveridge curve suggests there is still a path for a soft landing



Source: Oxford Economics/Haver Analytics

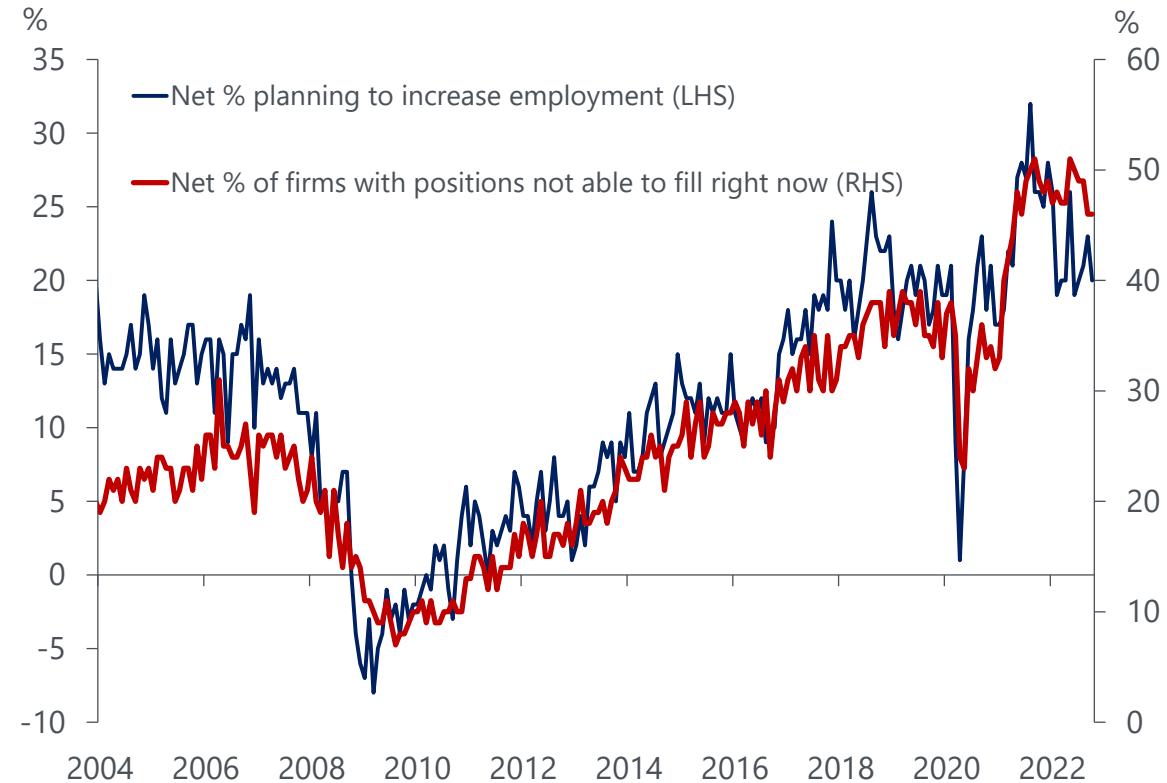
Tight Labor Market Is Boosting Wages

US: Wage growth indicators



Source : Oxford Economics/Haver Analytics

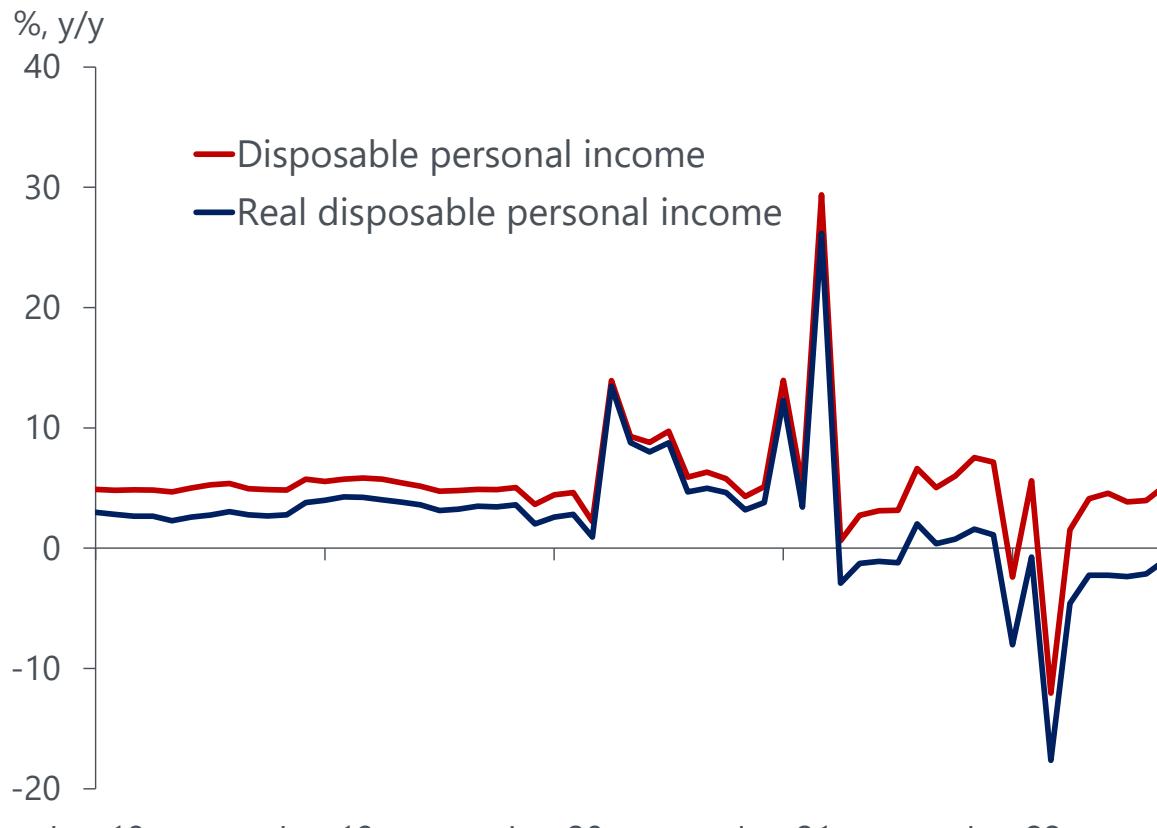
US: NFIB small business labor components



Source: Oxford Economics/Haver Analytics

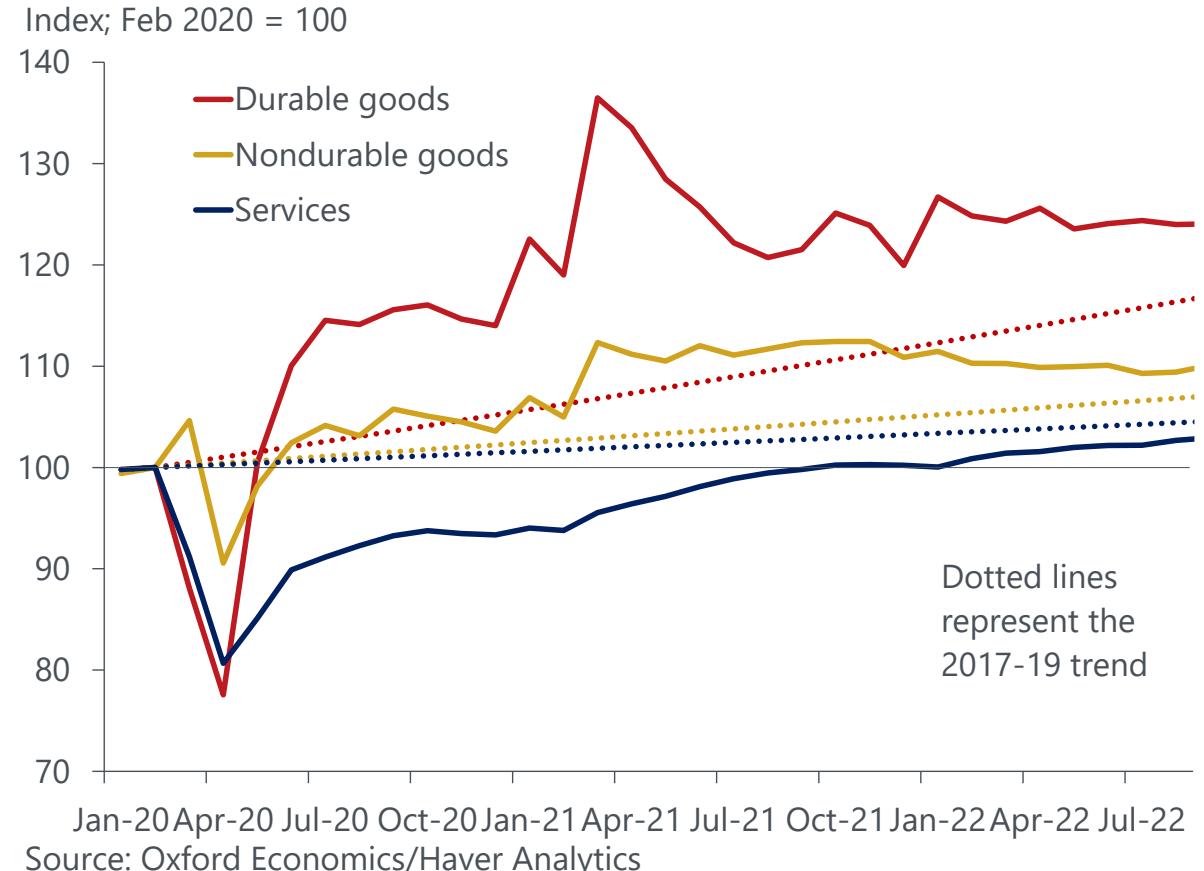
Watch Real Disposable Income!

US: Personal income



Source: Oxford Economics/Haver Analytics

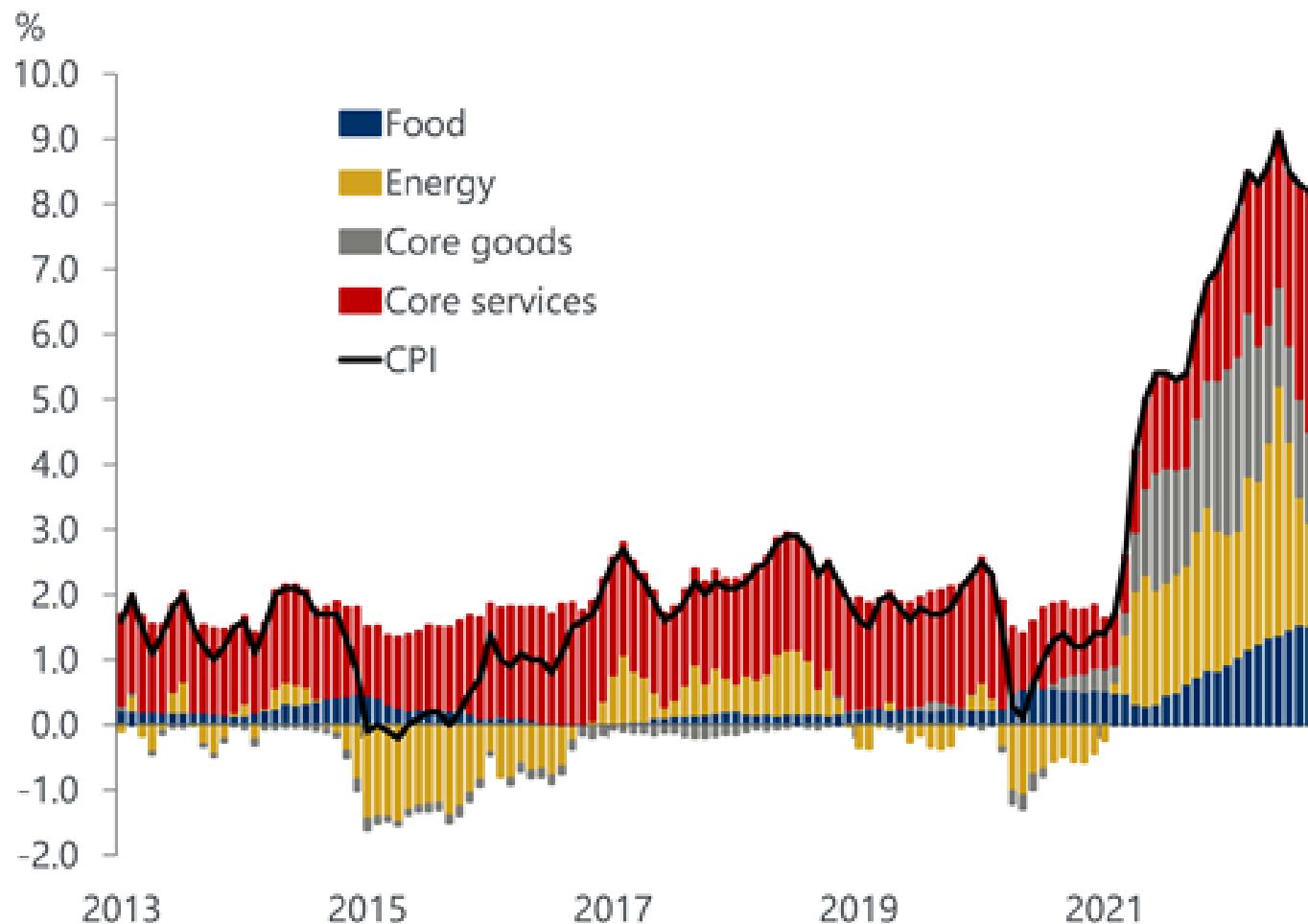
US: Real consumer spending



Source: Oxford Economics/Haver Analytics

Where Is the Relief?

US: Breakdown of CPI by components





Brodie Oldham
VP Commercial Data Science



Small Business Credit

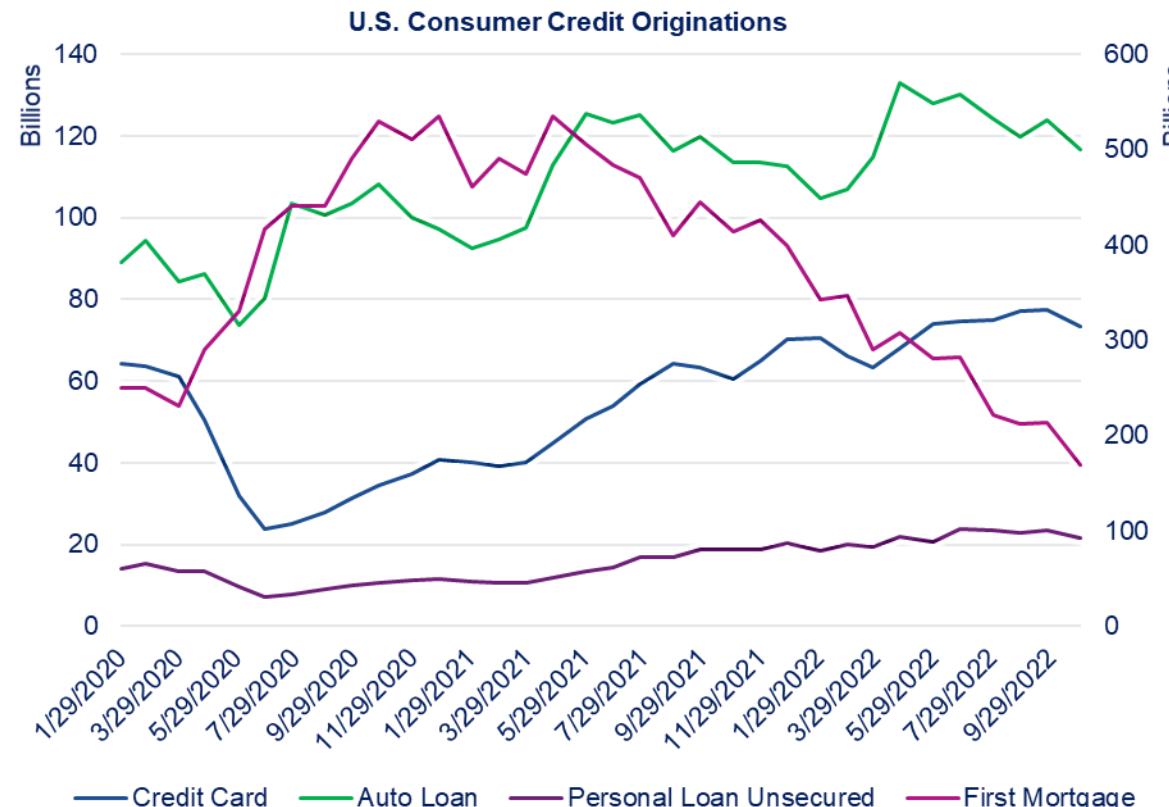
Supporting our mission

- ✓ A **consortium** of banks, credit card, leasing agencies, utilities, telecommunications and other companies, contributing detailed credit, financial and non-financial data
- ✓ Millions of transactions across a wide range of small businesses
- ✓ A clearer, more comprehensive picture of **small business borrowers**

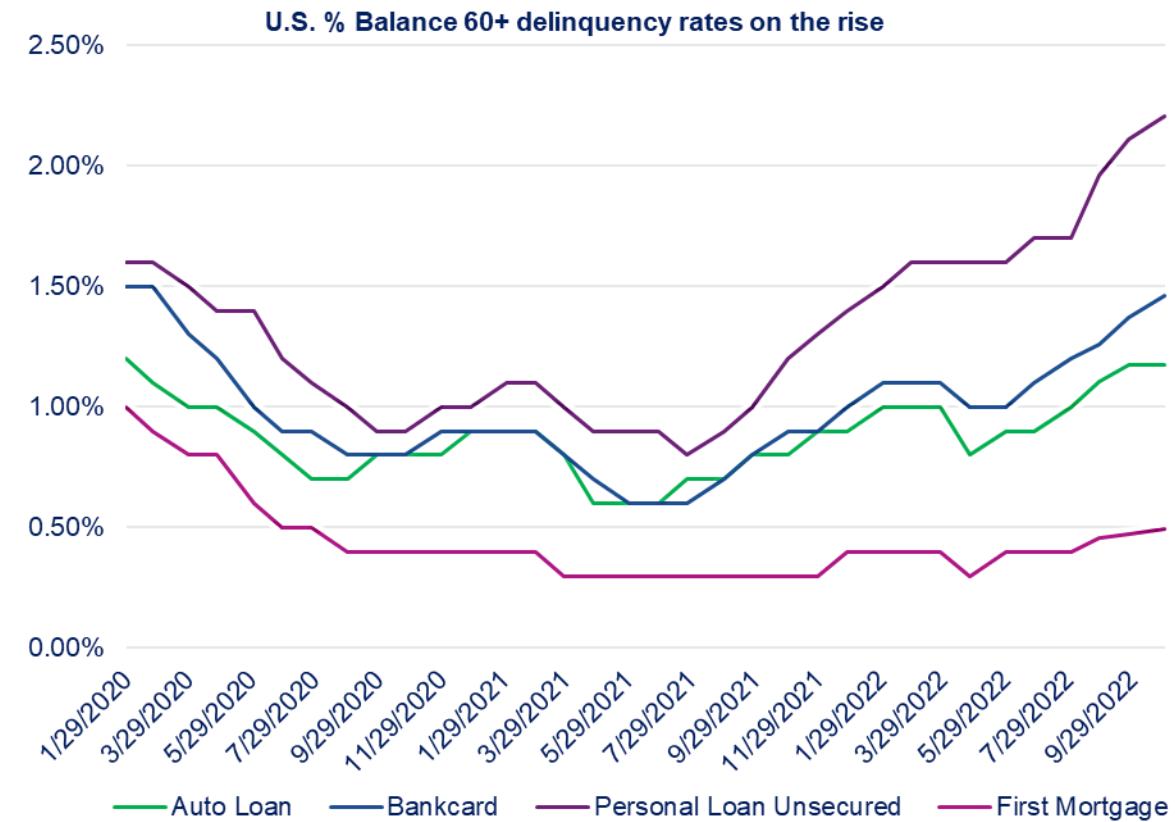


Consumer performance still strong

Business owner equity in home may not be enough



Consumer Originations

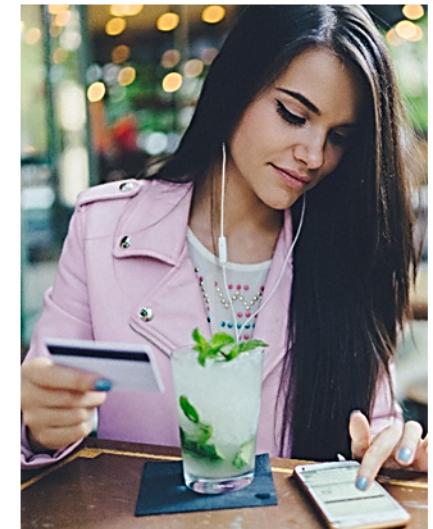


Consumer Delinquency

Source: Experian State of the Market

Commercial health

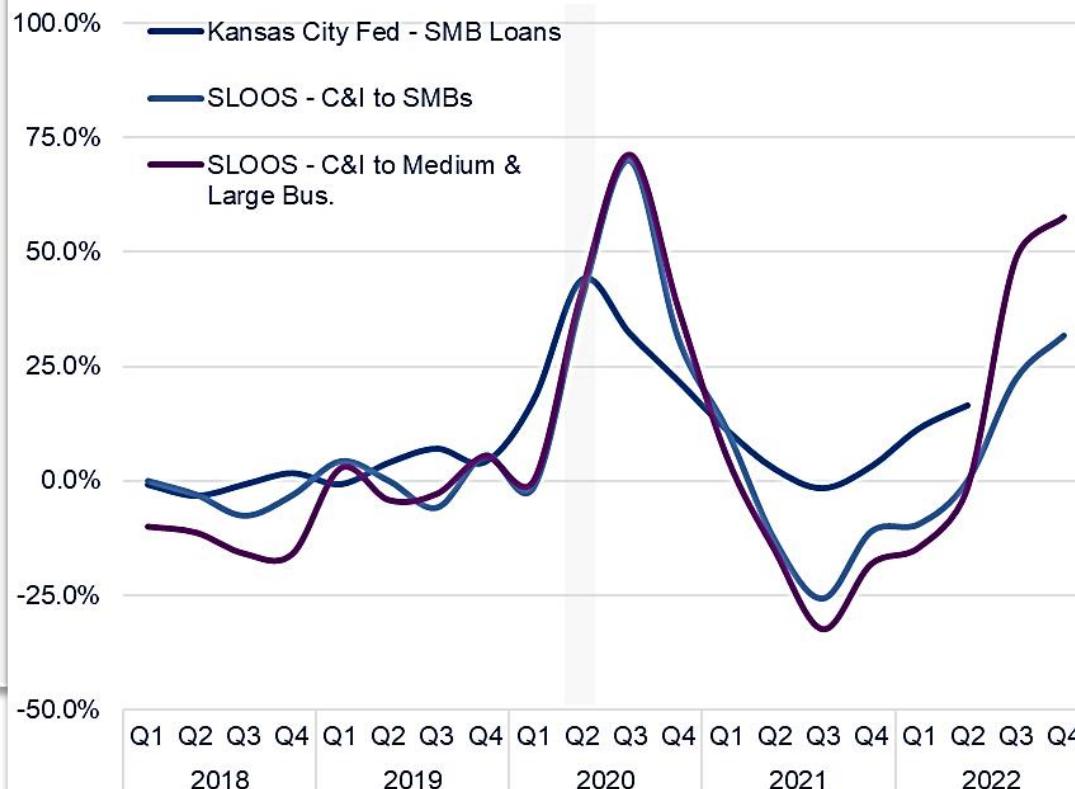
Continued steady growth in originations



Commercial credit

Has tightening begun..

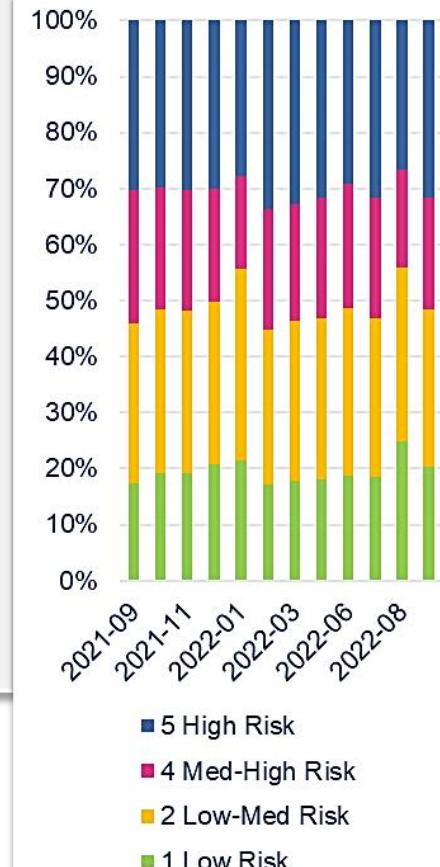
Net % of Surveyed Banks Reporting Tightening Lending Standards



Source: Kansas City Fed National Survey of Banks & Fed Reserve Sr Loan Officer Survey (SLOOS)



Commercial Card Underwriting

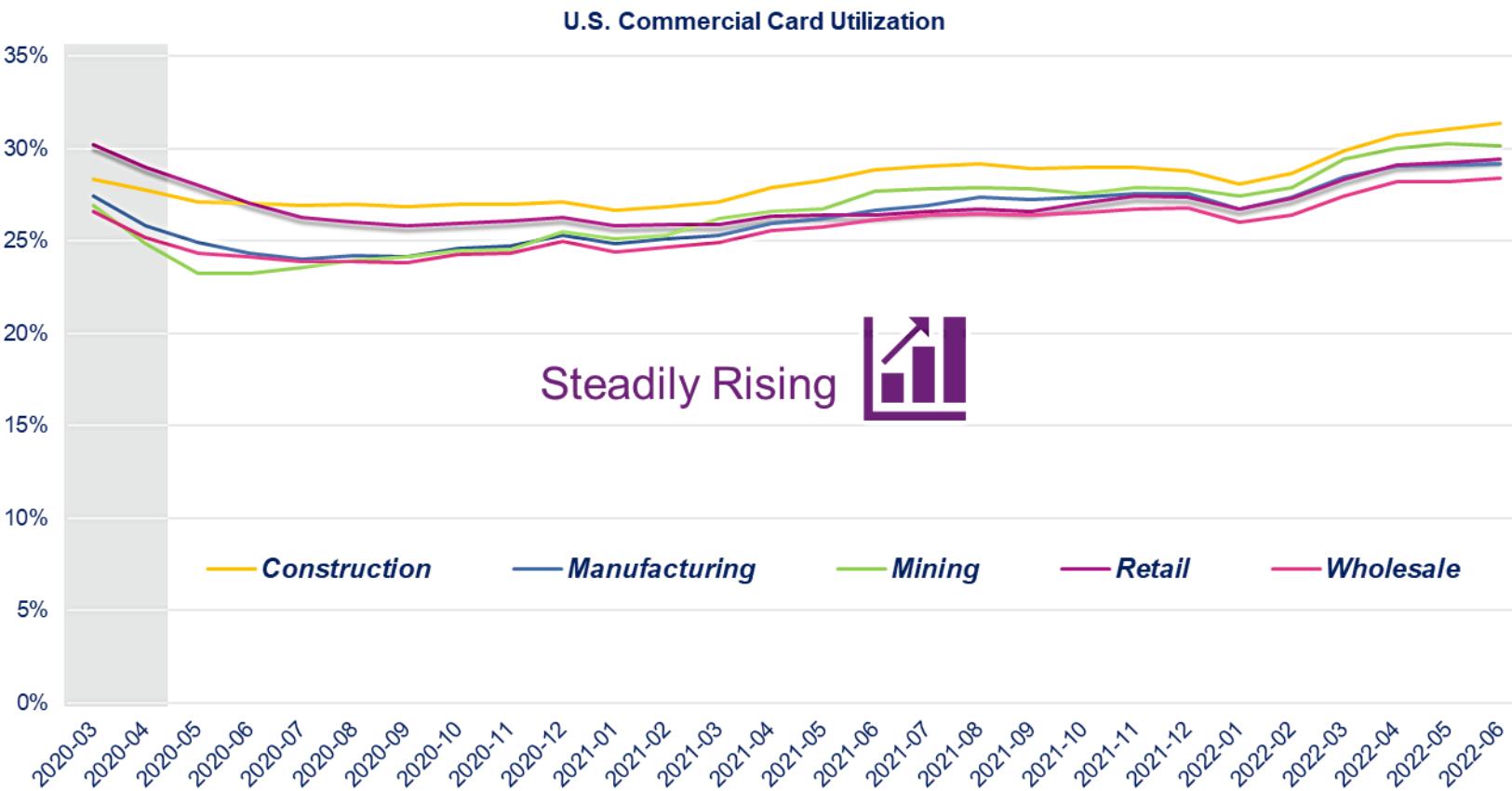


Source: Experian Commercial Benchmark

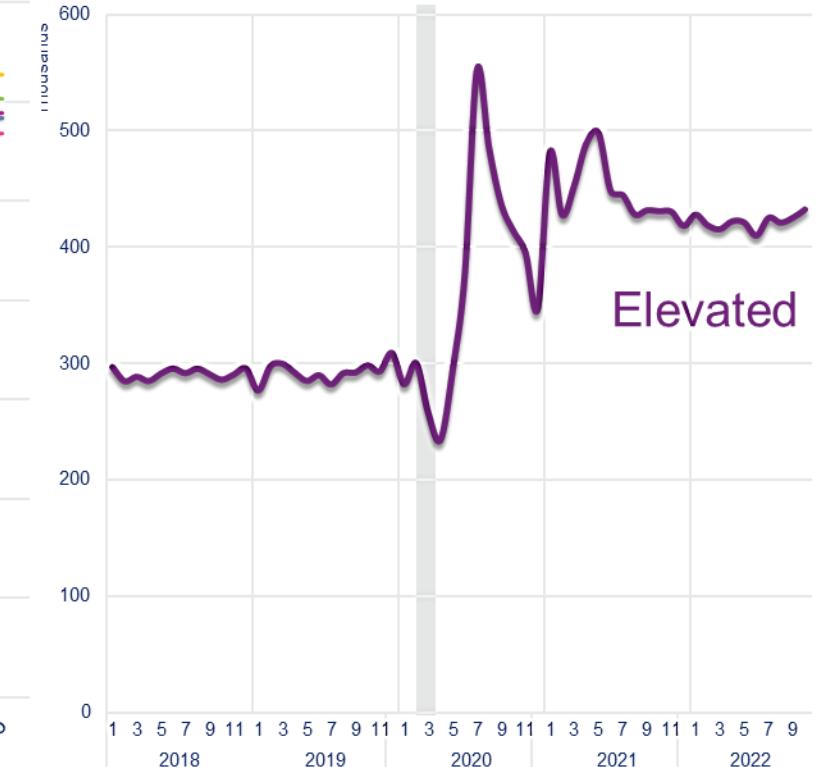


Commercial health

Usage increasing across industries



New business applications U.S.

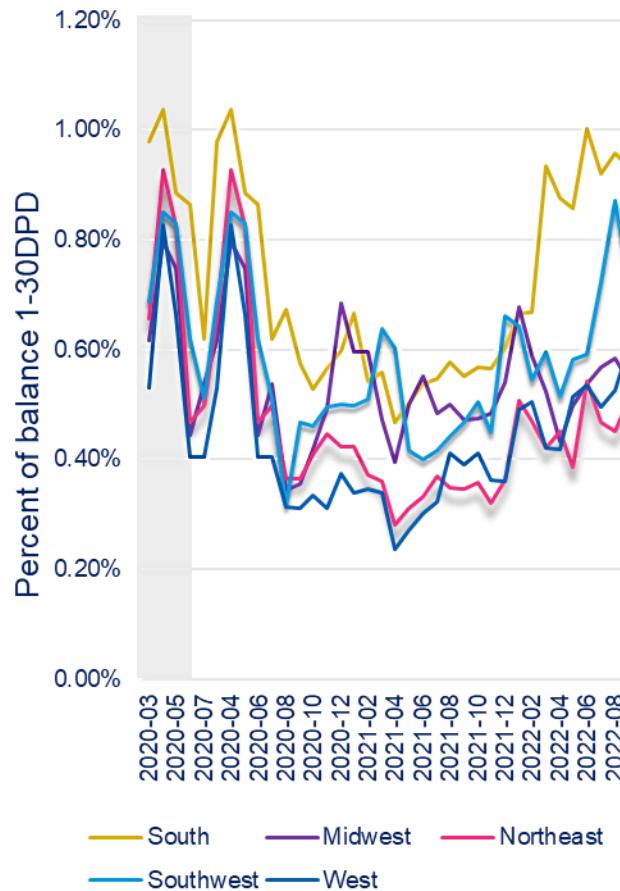


Source: U.S. Census Business Formation Statistics

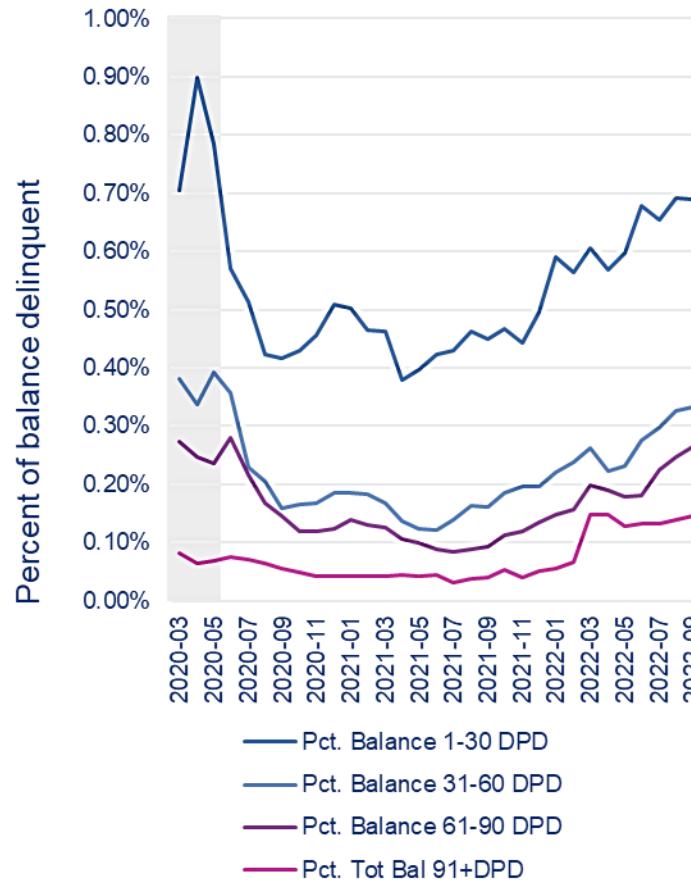
Delinquency trends

U.S. Commercial Card delinquencies edge above pre-pandemic levels

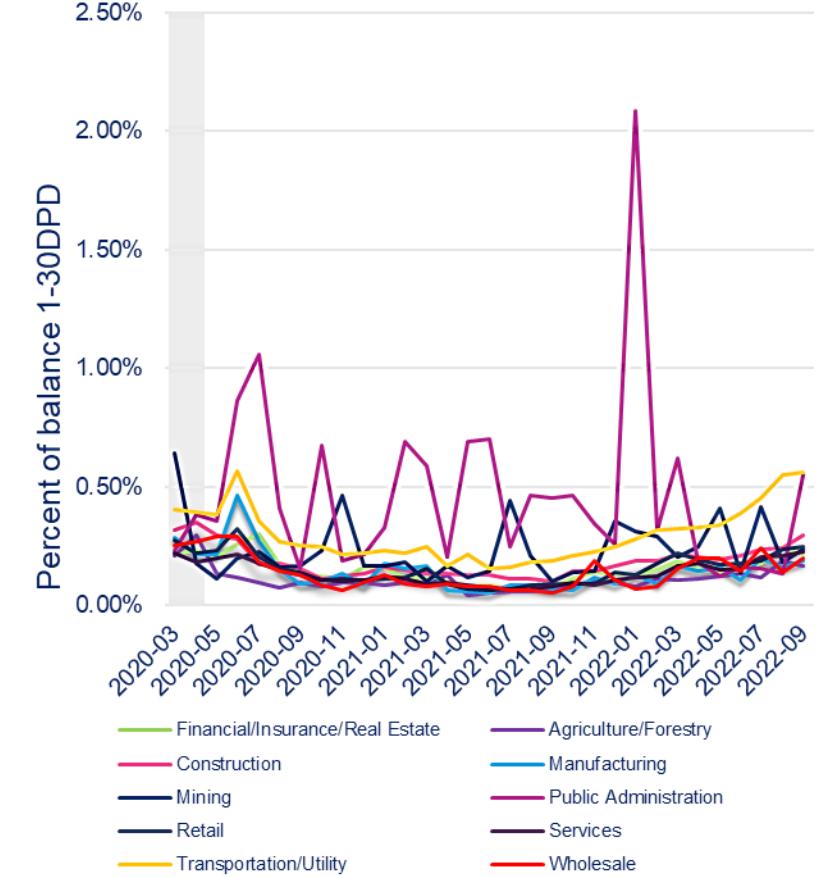
Slow pay and early delinquency



Rolling delinquency



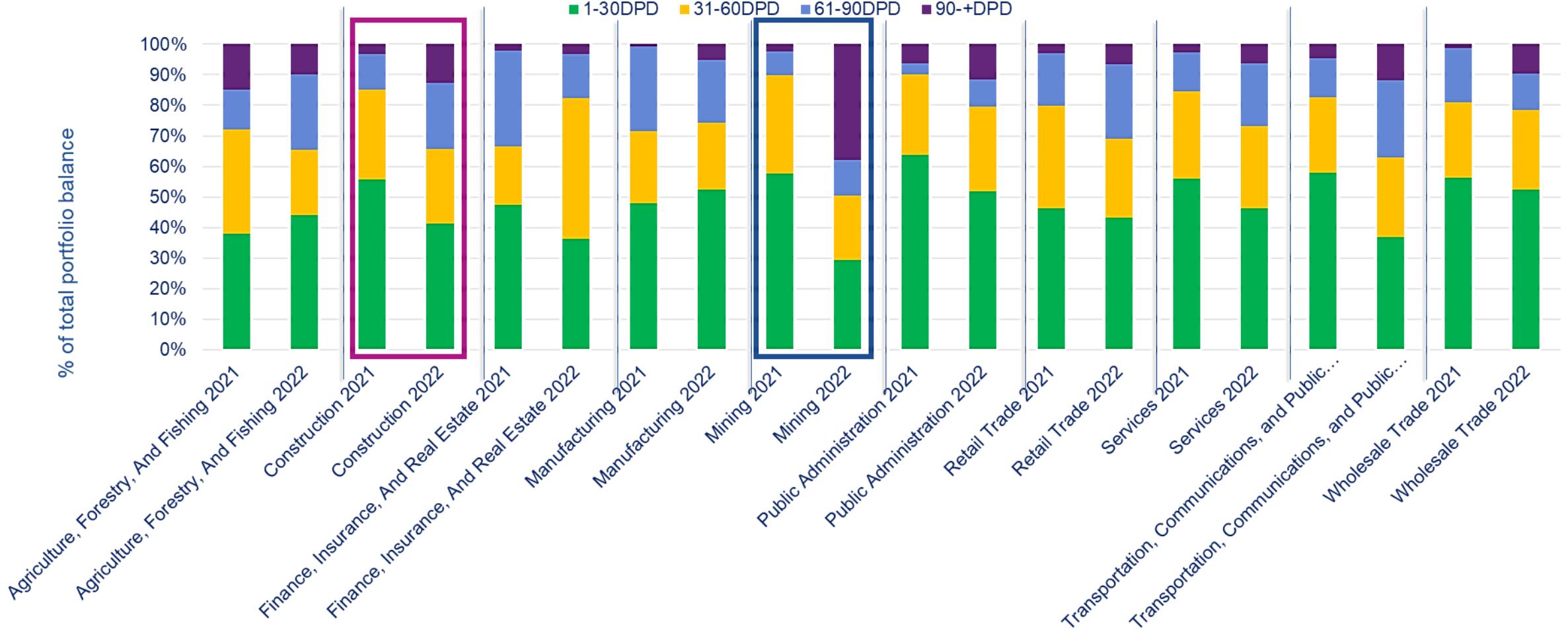
60+DBT by industry



Source: Experian Commercial Benchmark

Industry focused portfolios

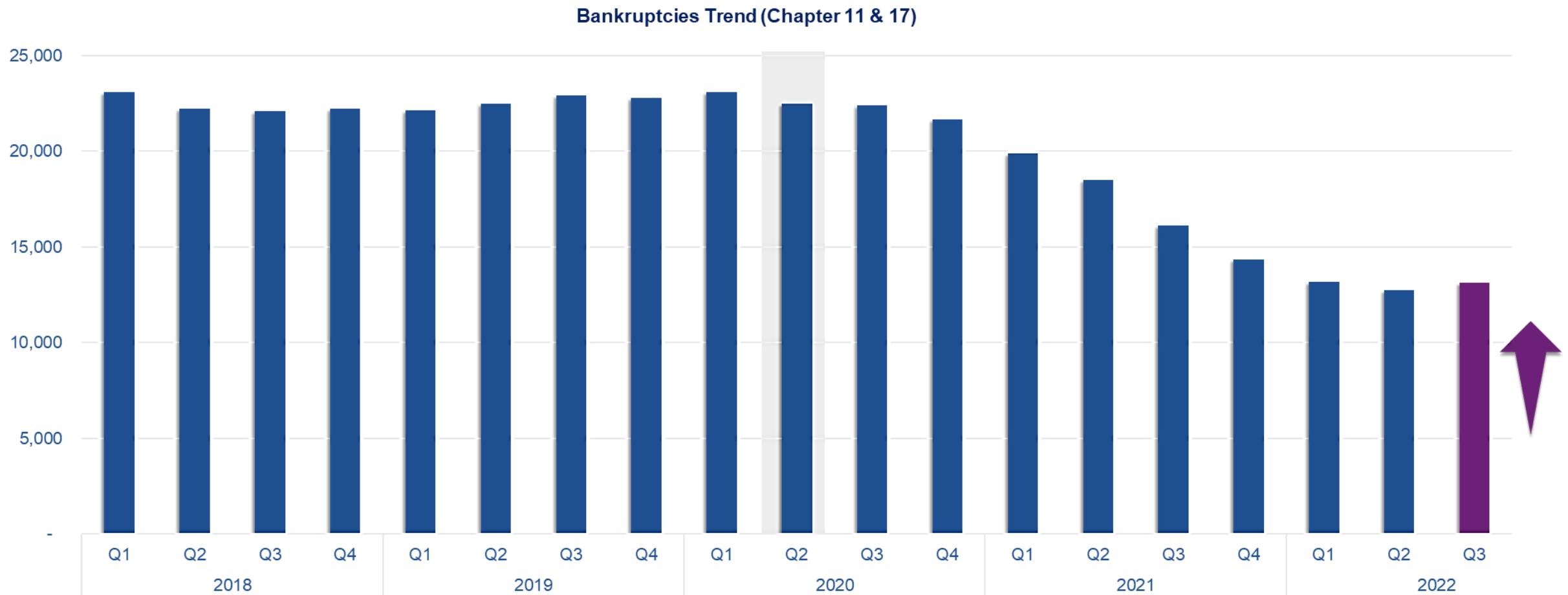
On book delinquency rates differ across industries (All products)



Source: Experian Commercial Benchmark

Commercial Bankruptcy

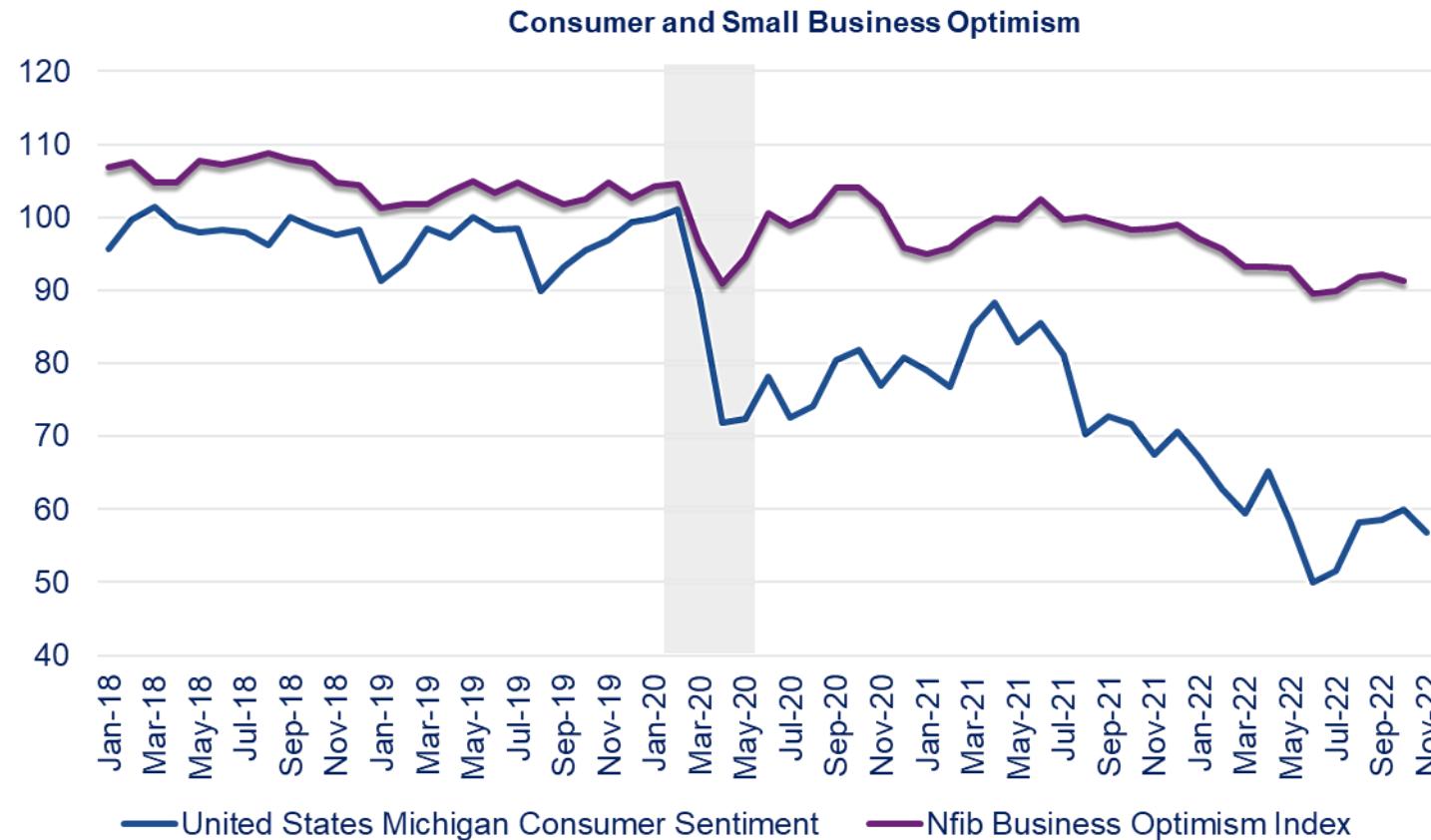
First quarter of increase since pre-pandemic



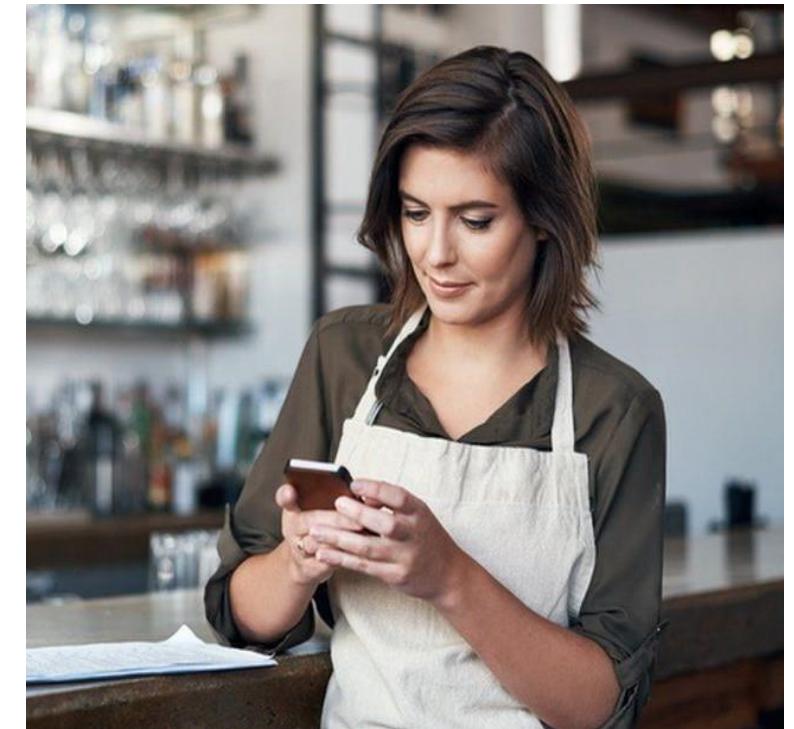
Source: Administrative Office of the U.S. Courts

Commercial health

Commercial optimism seeing positive response to current conditions

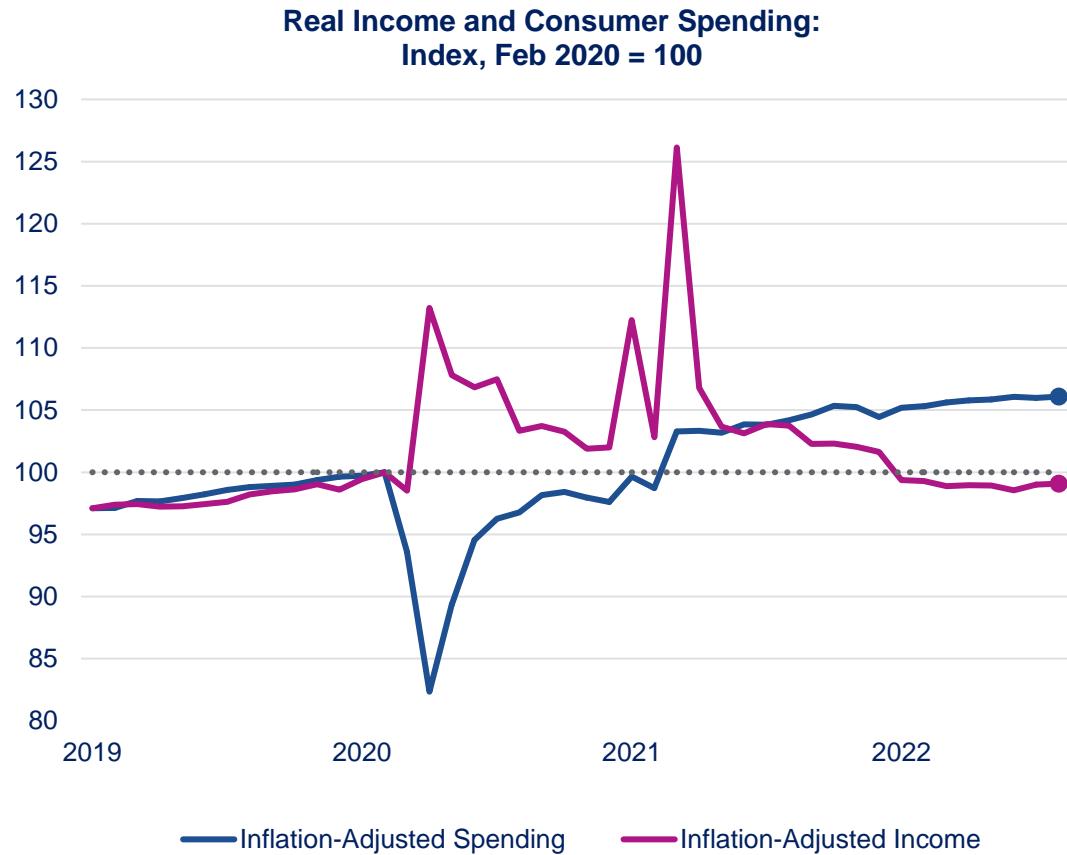


Source: NFIB, Small Business Monthly Optimism Survey



Despite impact of inflation on incomes, spending continues

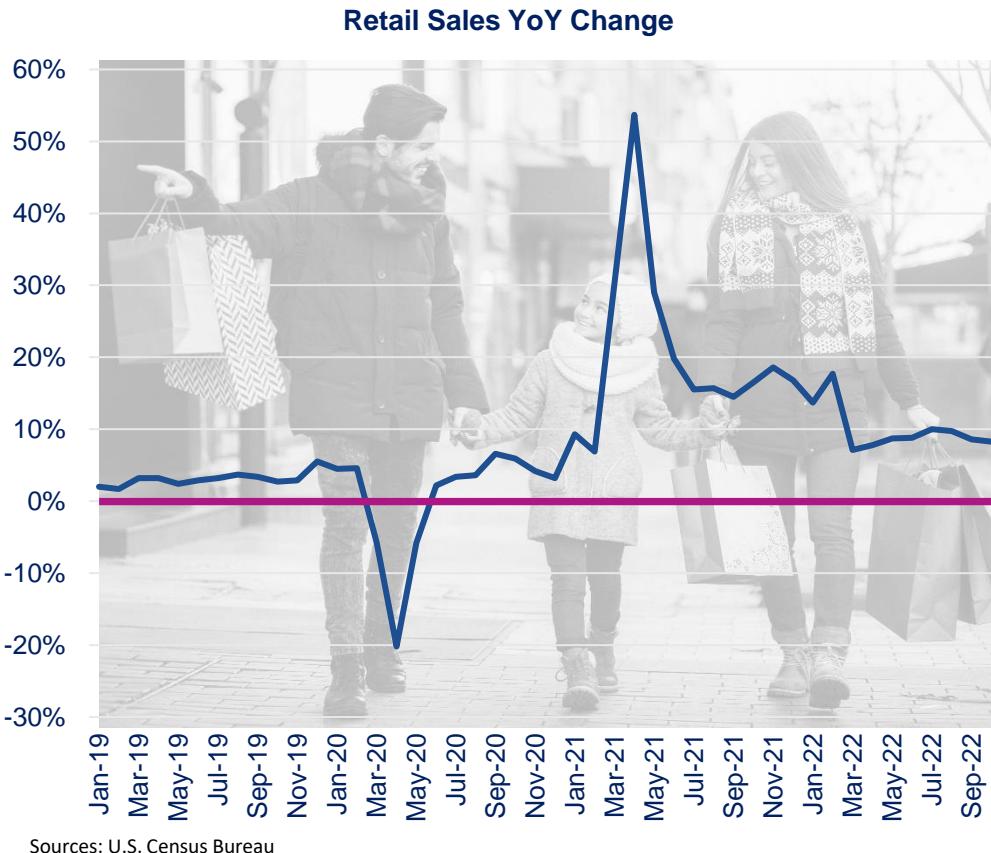
Incomes have fallen back to pre-pandemic levels while spending has continued to rise



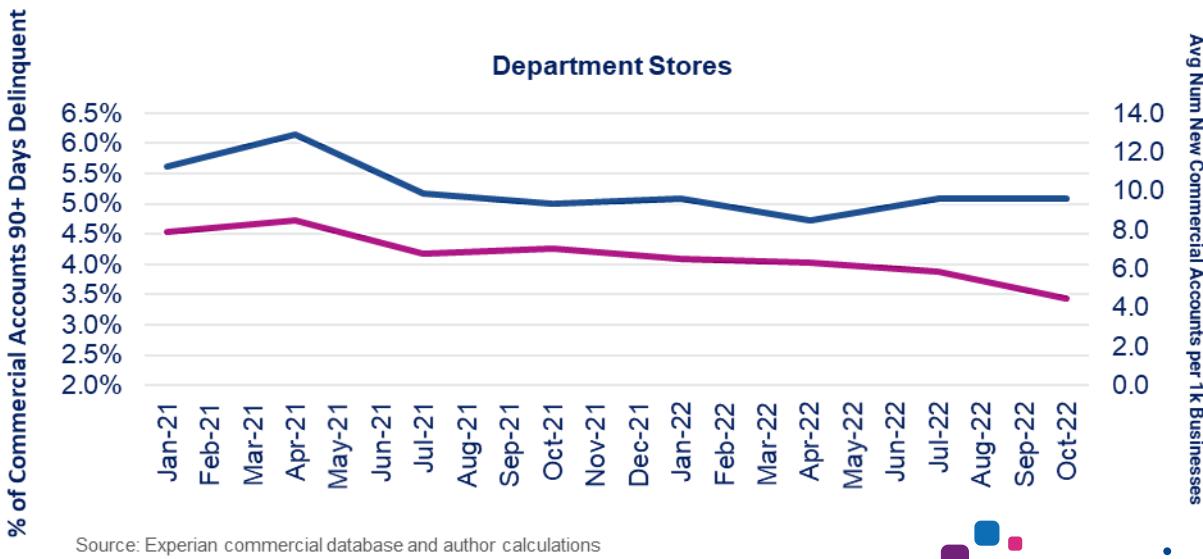
Source: Bureau of Labor Statistics, Bureau of Economic Analysis and Author's Calculation

Holiday expectations....

Sales and spend continue through the holiday



Year-over-year (YoY) growth of Retail Sales in the U.S. has rebounded since the mid-2020 pandemic lows. October retail sales were strong with an 8.3% increase YoY but it was the smallest YoY increase since April.



What levers will you pull....

US Economy will continue to slow in 2023

How will you engage with your small business and consumer customers



- ✓ Continue to market
- ✓ Enhancing fraud procedures and tools
- ✓ Reassessing policies/ rules
- ✓ Limit portfolio risk
- ✓ Pretreatment/ Attrition management



Wrapping it up

Consumer and commercial spend holding steady

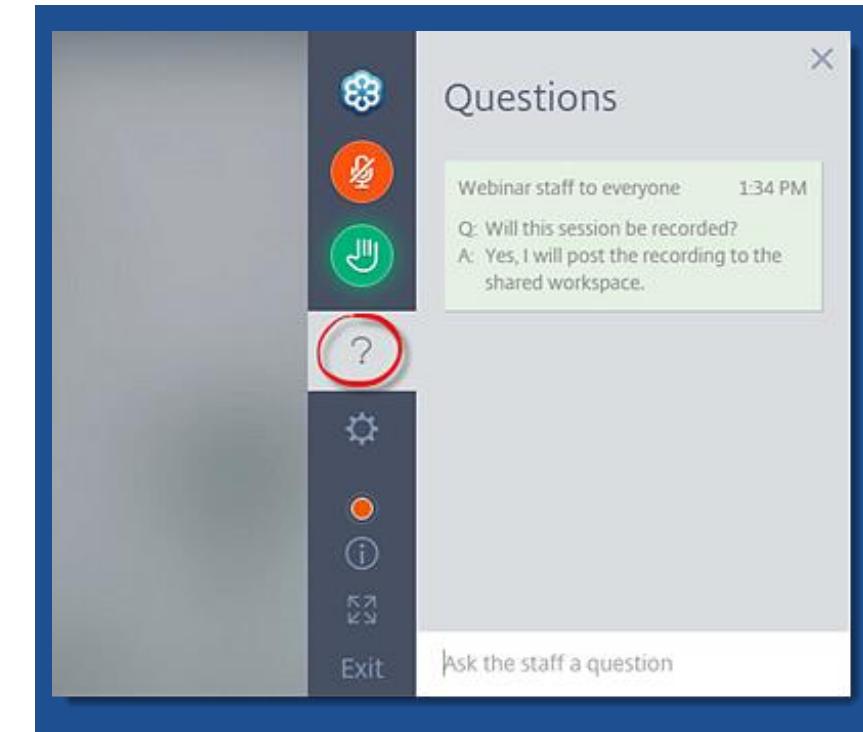


- Federal Reserve will continue to be active
- **U.S. Labor market strength** will keep consumers spending in the short term
- Consumers are **spending beyond savings** as wage growth is eaten away by inflation
- Small businesses see lingering elevated **inflation** as the **highest risk** to cost containment and growth
- Preliminary signs of credit market **tightening** more visible



Questions

And now we would like to take any questions if you have them.





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- Helps us keep improving our webinars
- Tell us what else we should be covering



