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Webinar



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# Quarterly Business Credit Review

Q3 2022

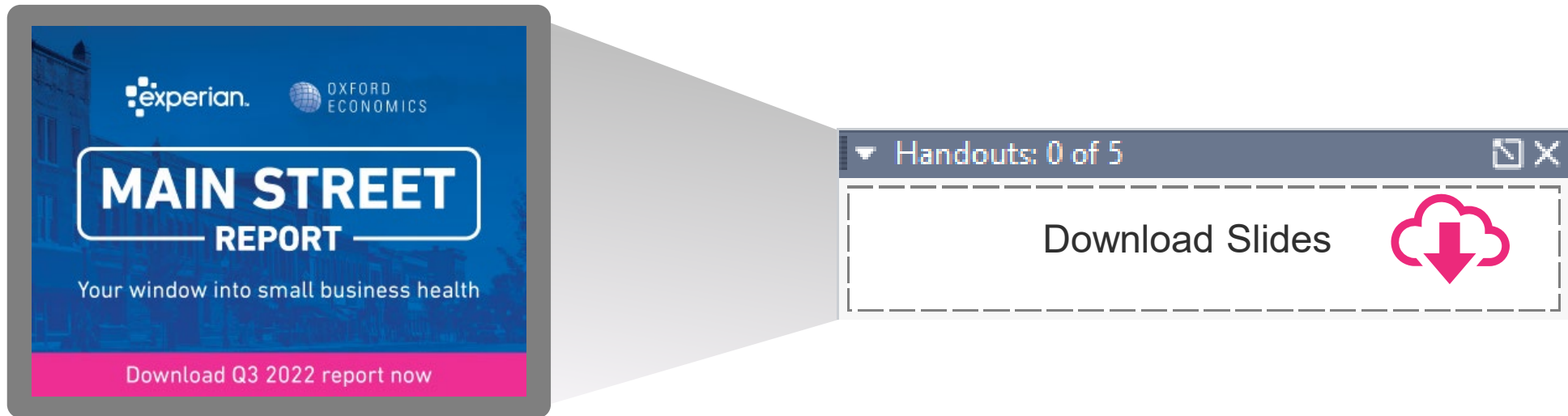
Presented by

**Brodie Oldham**  
Experian

**Ryan Sweet**  
Oxford Economics



# Download slides



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# MAIN STREET REPORT

Your window into small business health

Download Q3 2022 report now

# Our Presenters



**Brodie Oldham**  
VP Commercial Data Science  
Experian

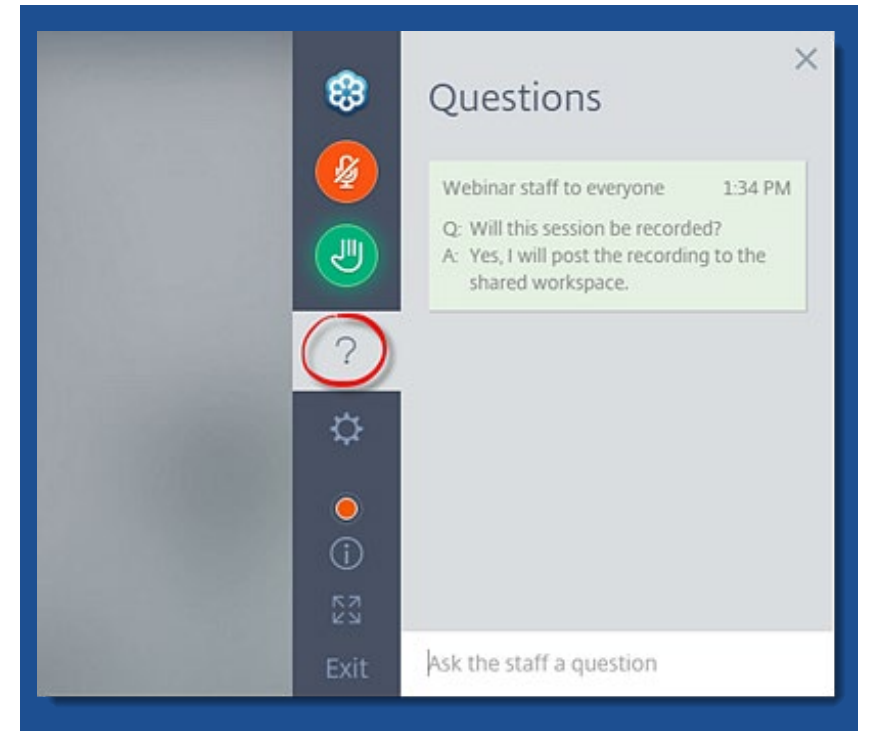


**Ryan Sweet**  
U.S. Chief Economist  
Oxford Economics



# Send us your questions

We will try to leave time at the end.





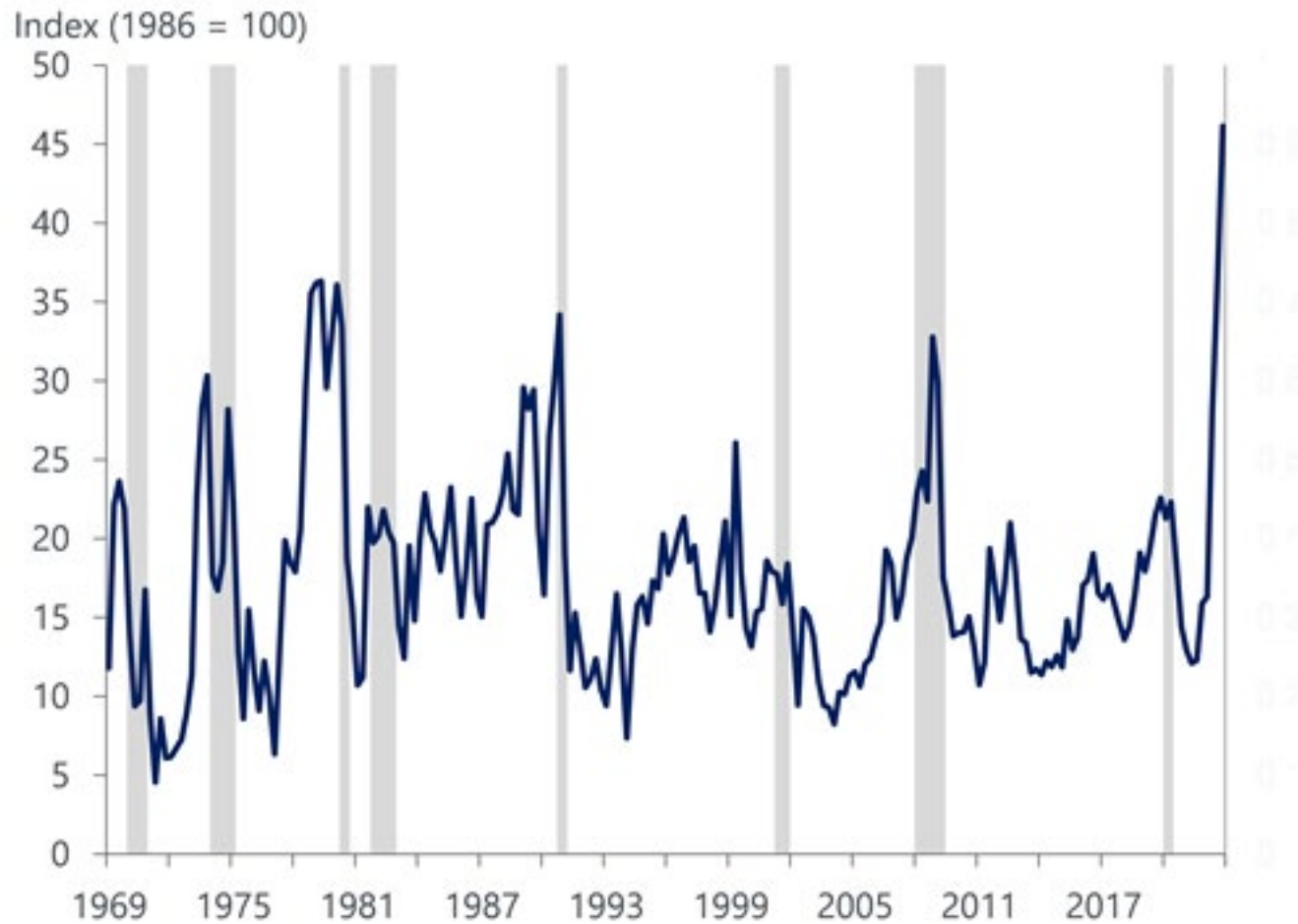
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**Ryan Sweet**  
US Chief Economist

# The Most Anticipated Recession

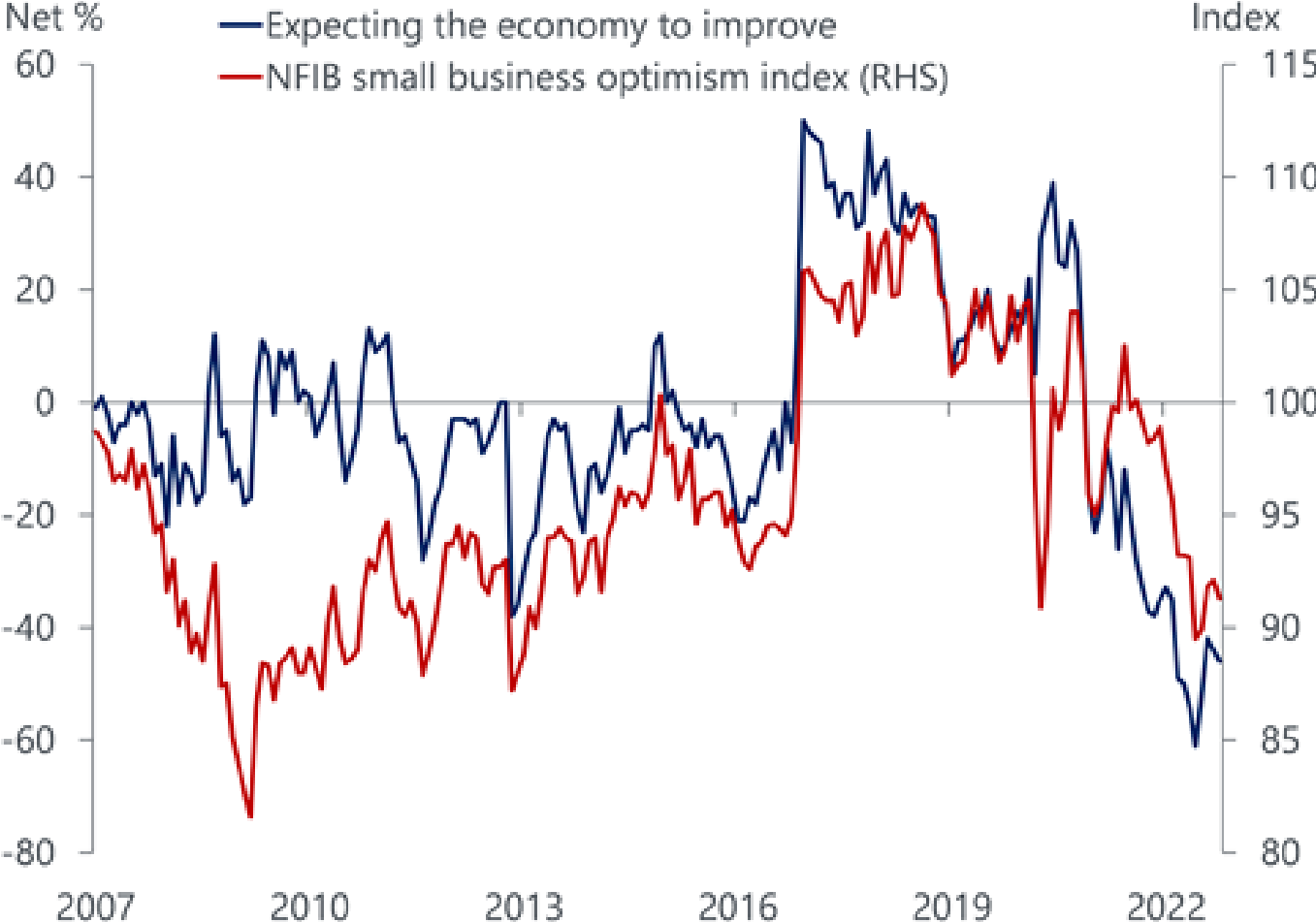
US: Survey of recession odds - professional forecasters





# The Most Anticipated Recession

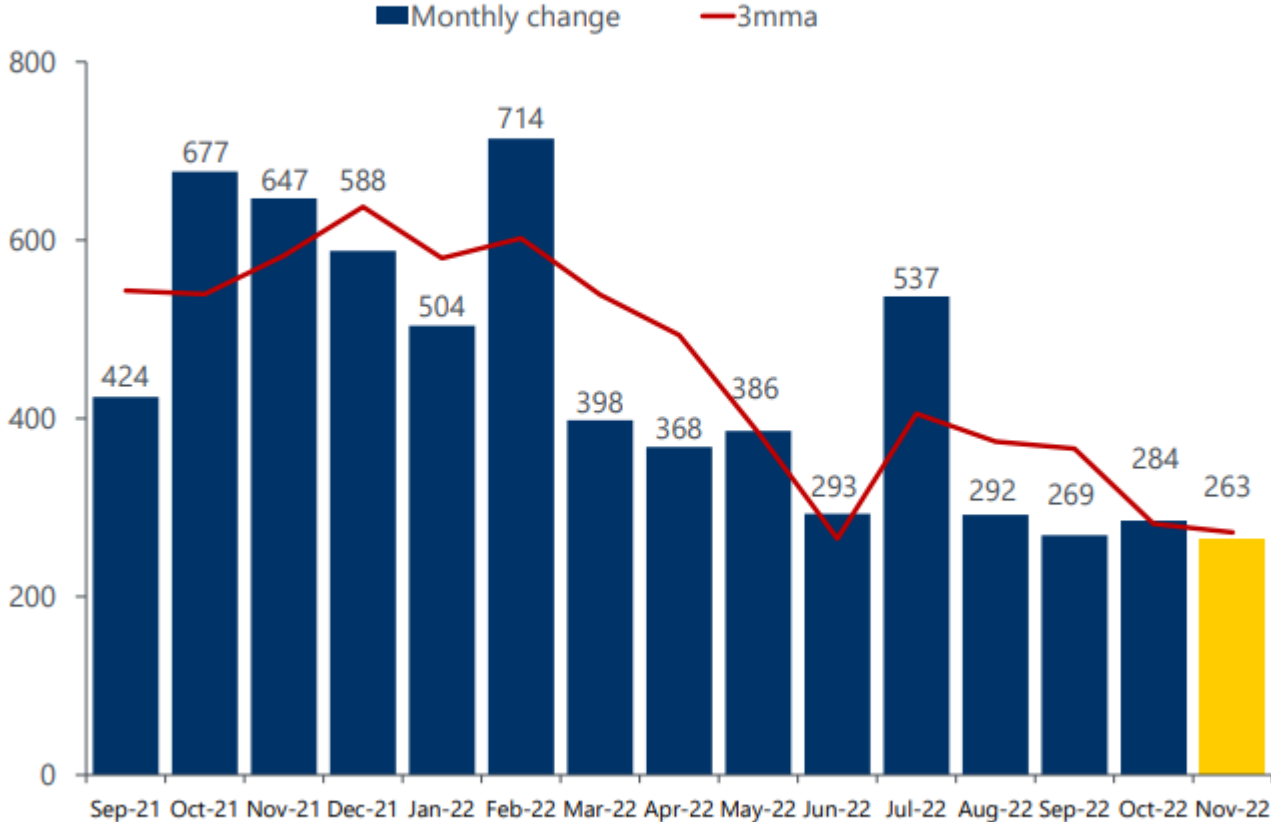
US: Small businesses confidence



# The Labor Market is Giving the Fed Headaches

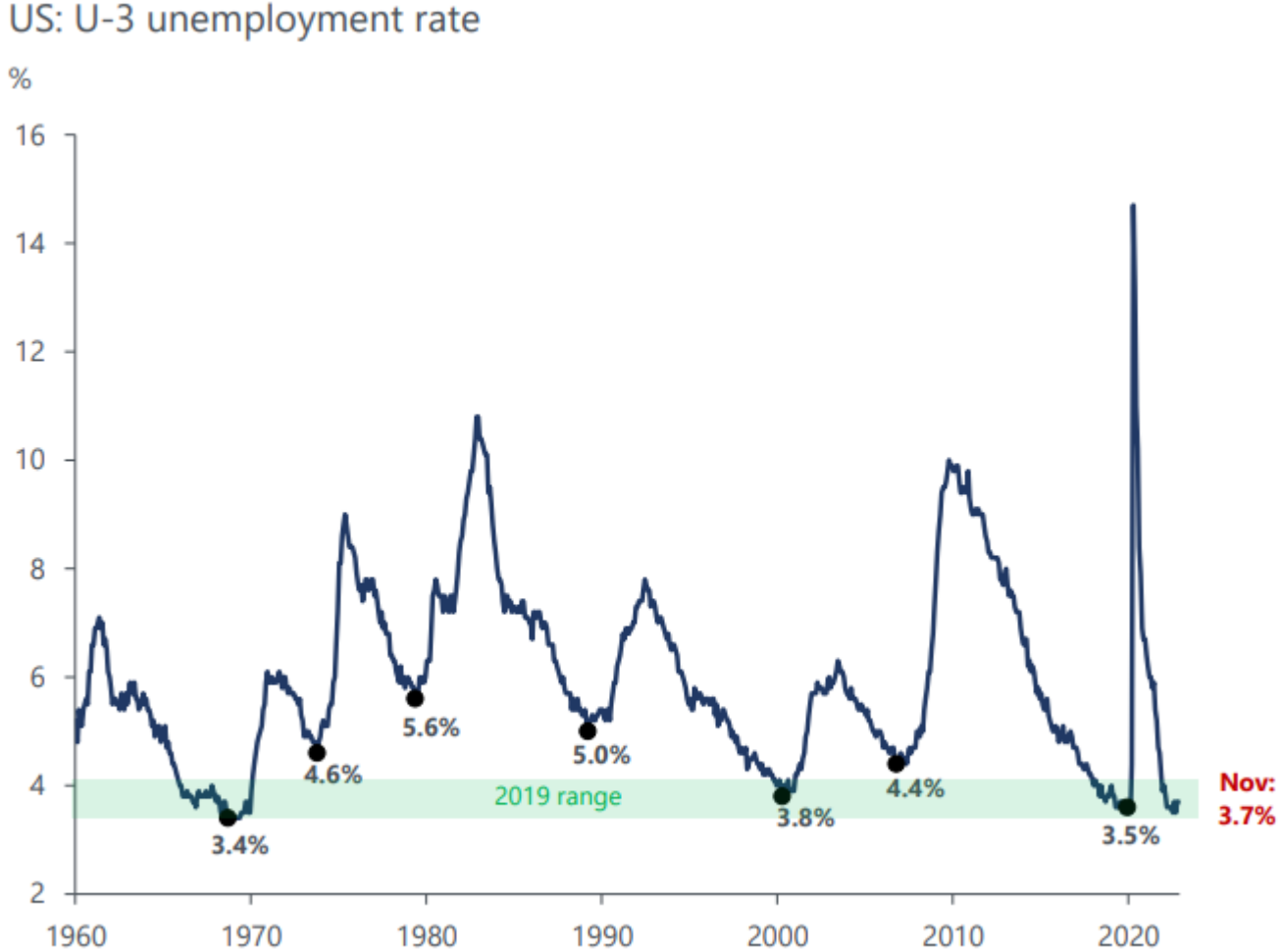
US: Nonfarm payroll employment

Thousand



Source: Oxford Economics/Haver Analytics

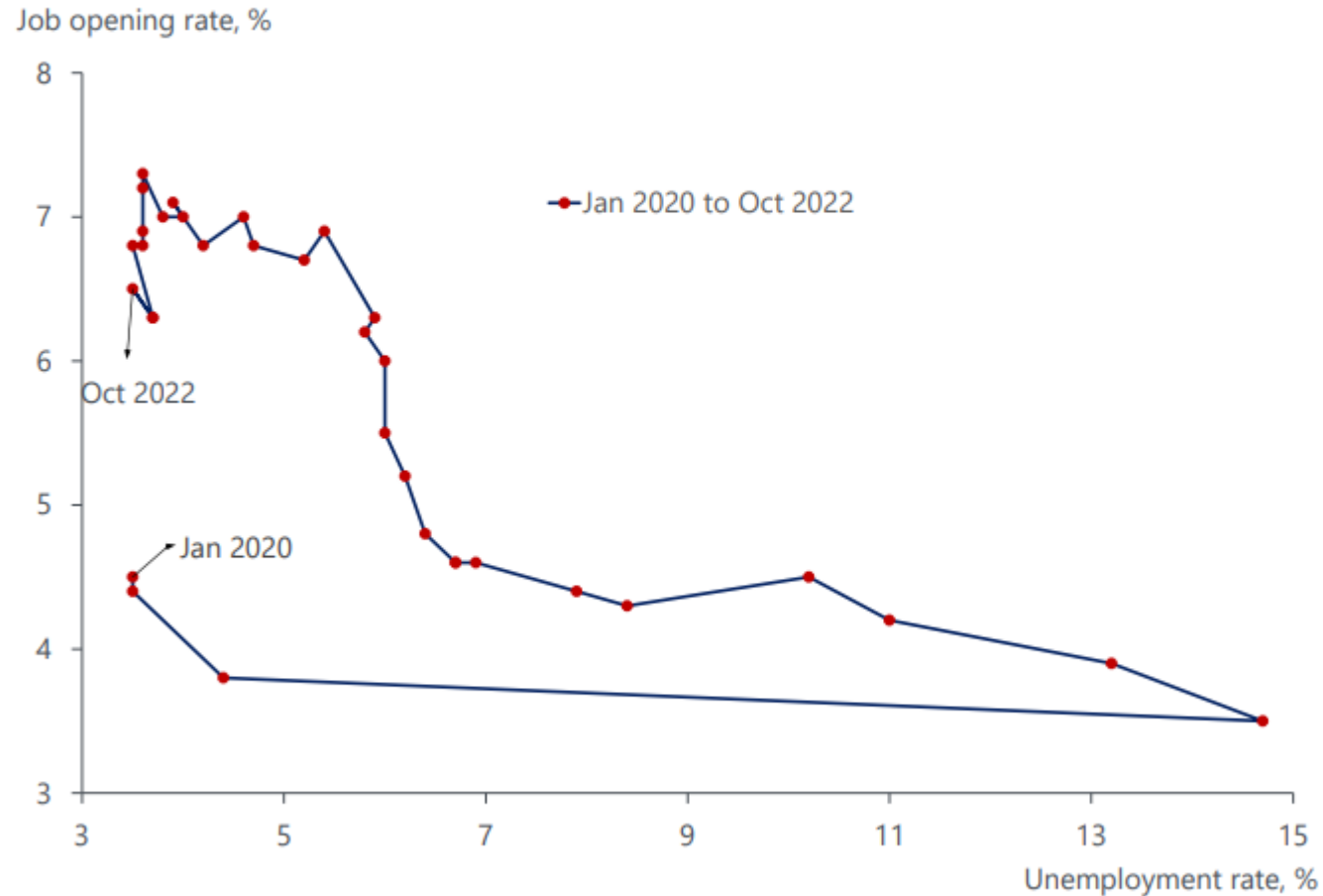
# Unemployment Rate Will Rise Soon



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

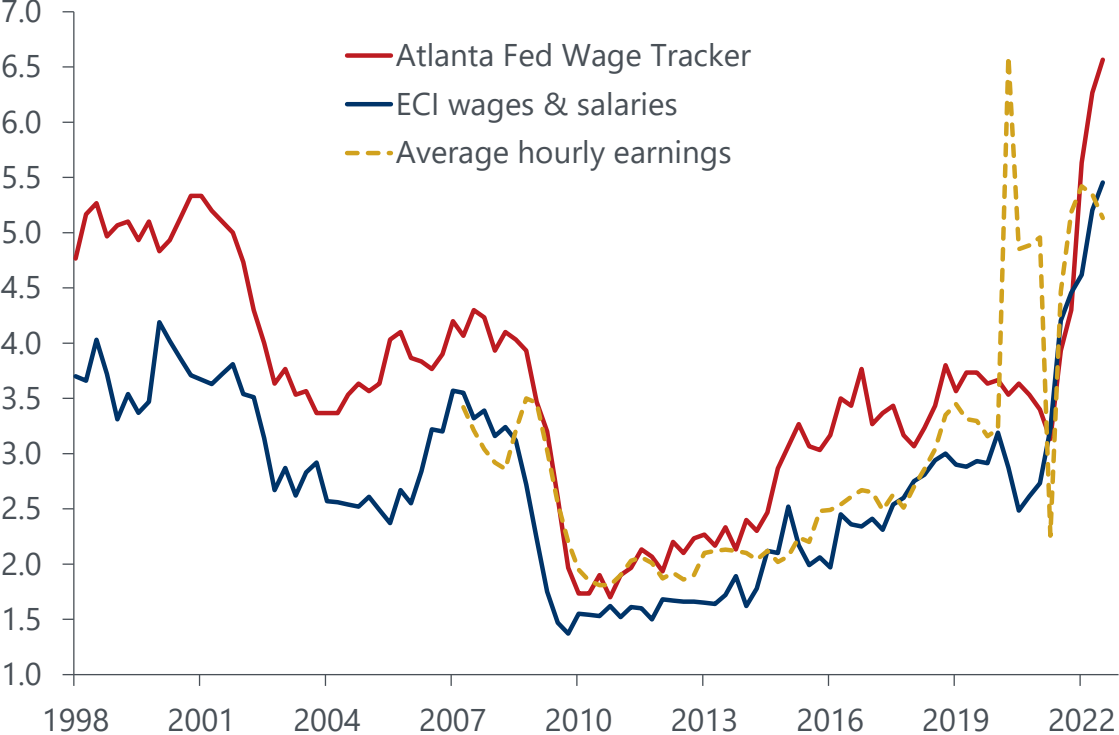


Source: Oxford Economics/Haver Analytics

# Tight Labor Market Is Boosting Wages

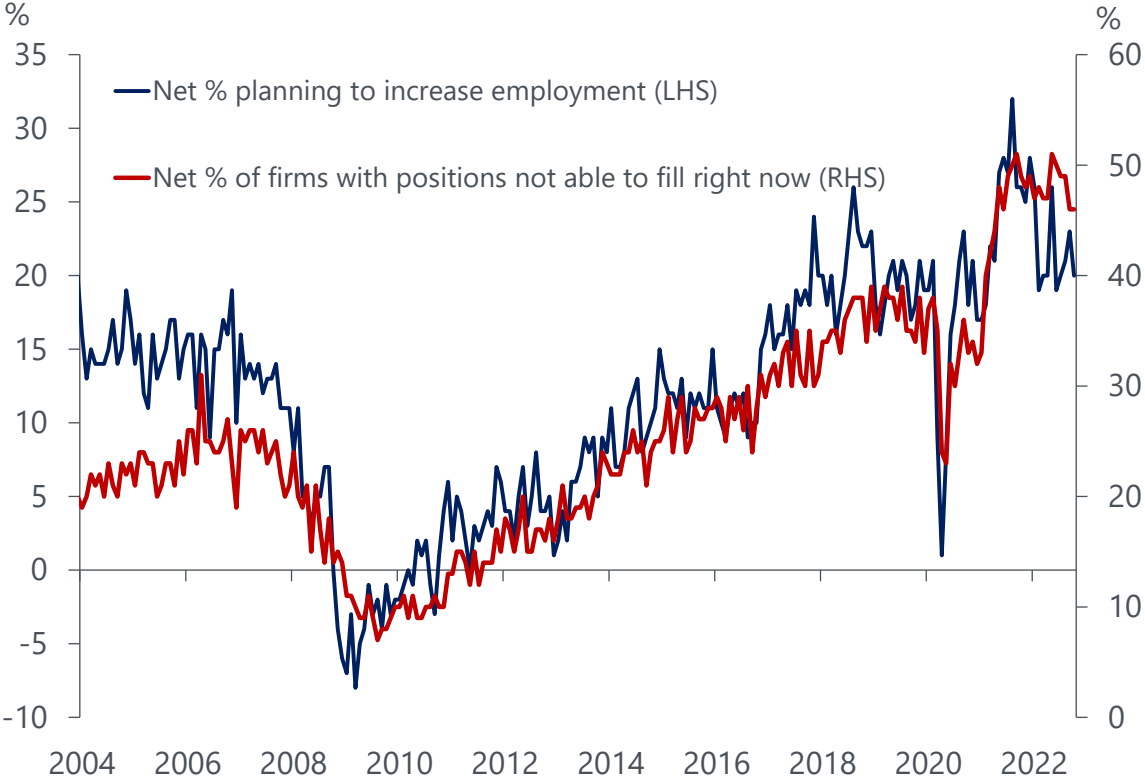
US: Wage growth indicators

year-over-year, %



Source : Oxford Economics/Haver Analytics

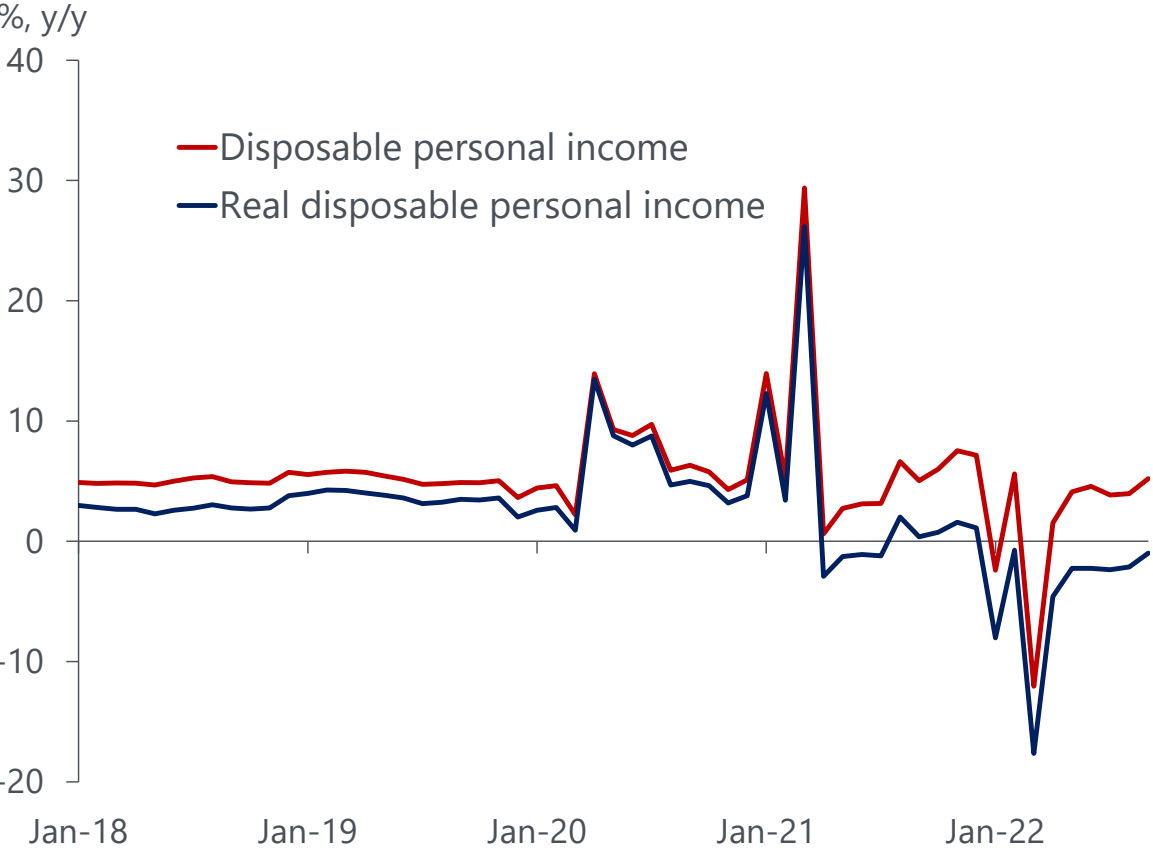
US: NFIB small business labor components



Source: Oxford Economics/Haver Analytics

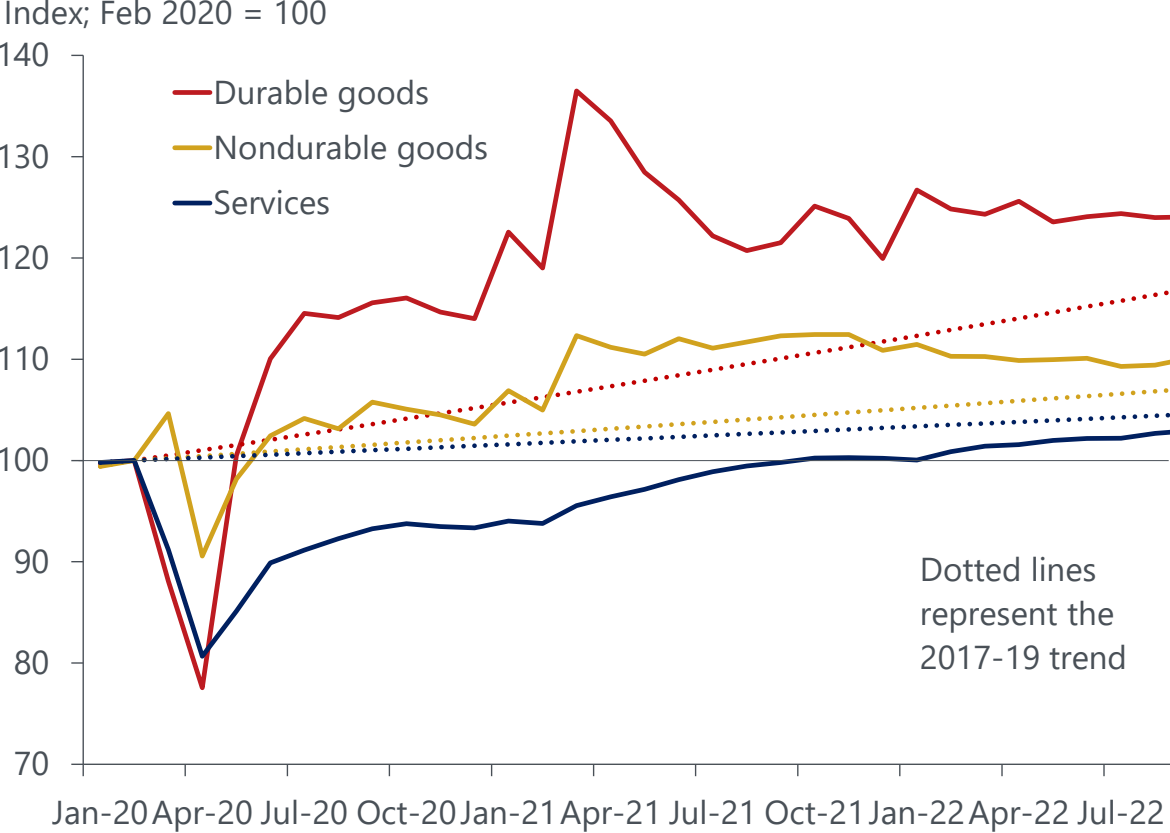
# Watch Real Disposable Income!

US: Personal income



Source: Oxford Economics/Haver Analytics

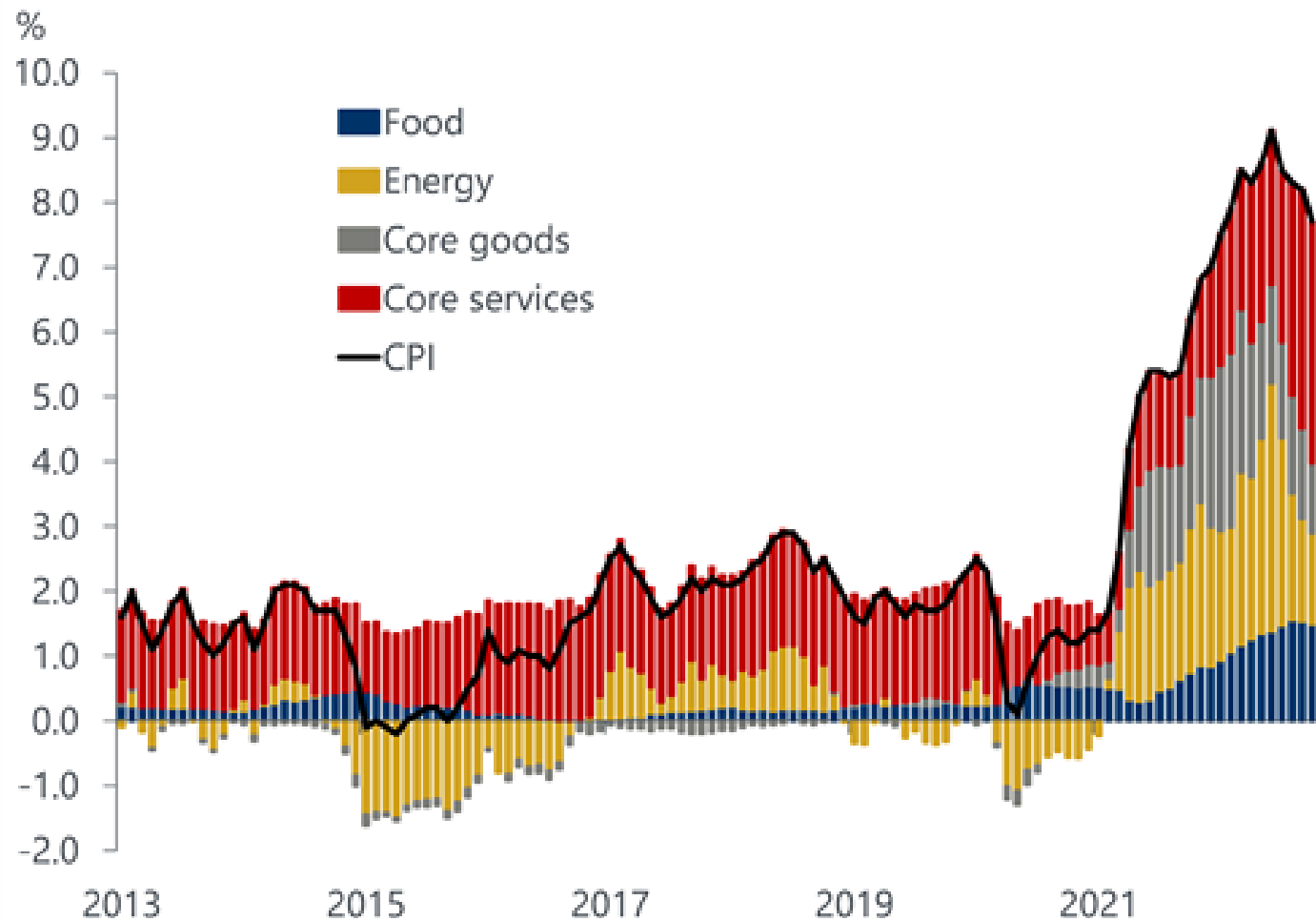
US: Real consumer spending



Source: Oxford Economics/Haver Analytics

# Where Is the Relief?

US: Breakdown of CPI by components





**Brodie Oldham**  
VP Commercial Data Science





# Small Business Credit

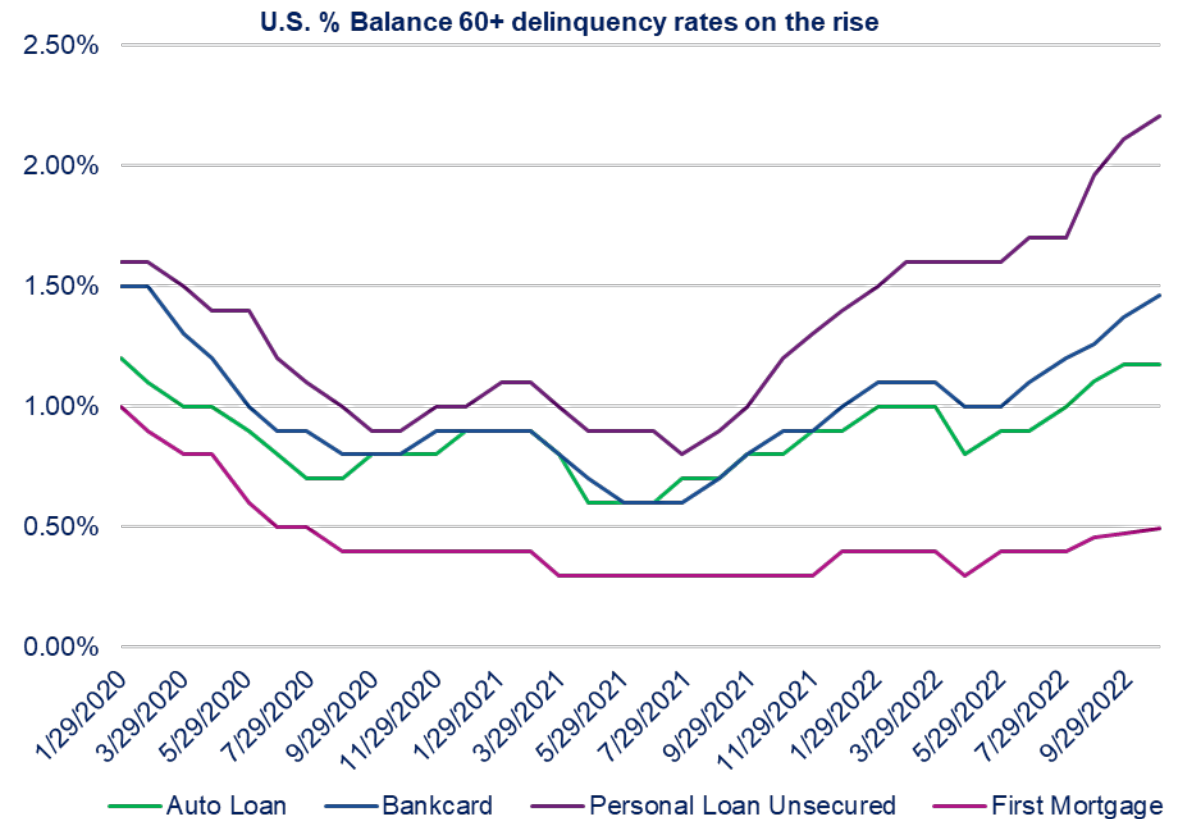
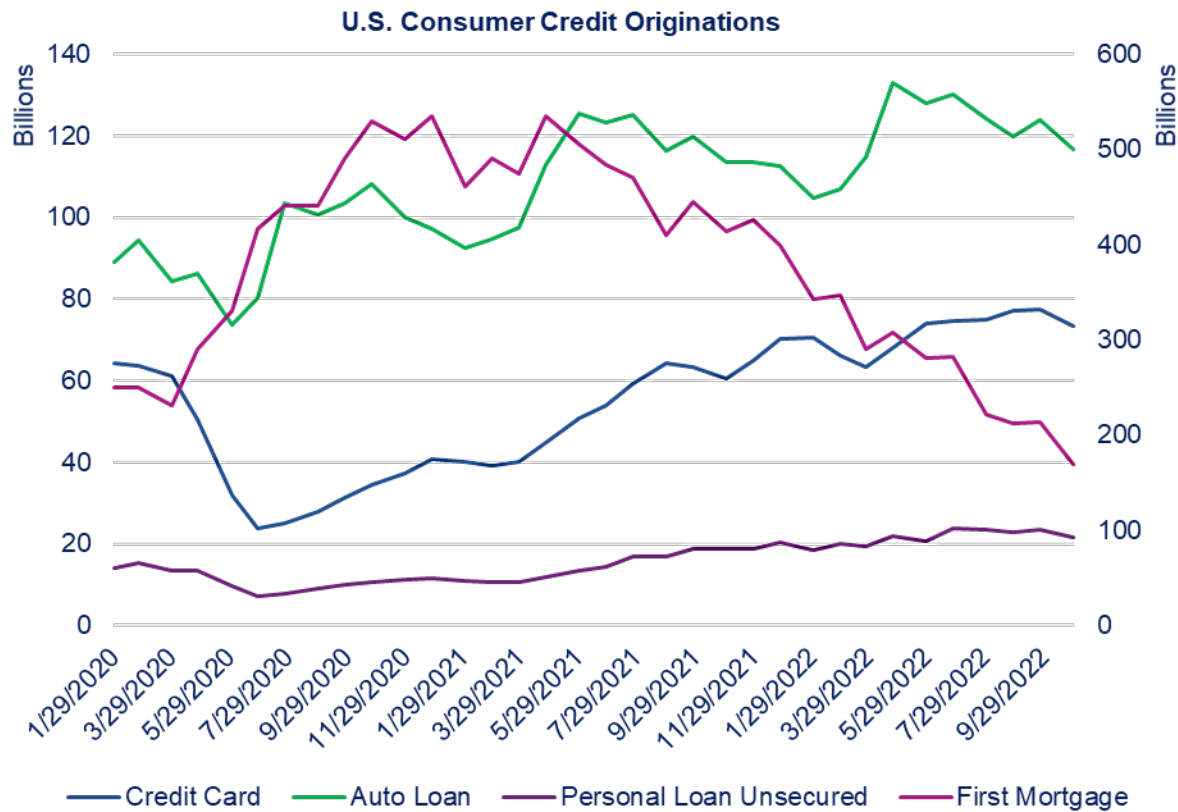
Supporting our mission

- ✓ 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

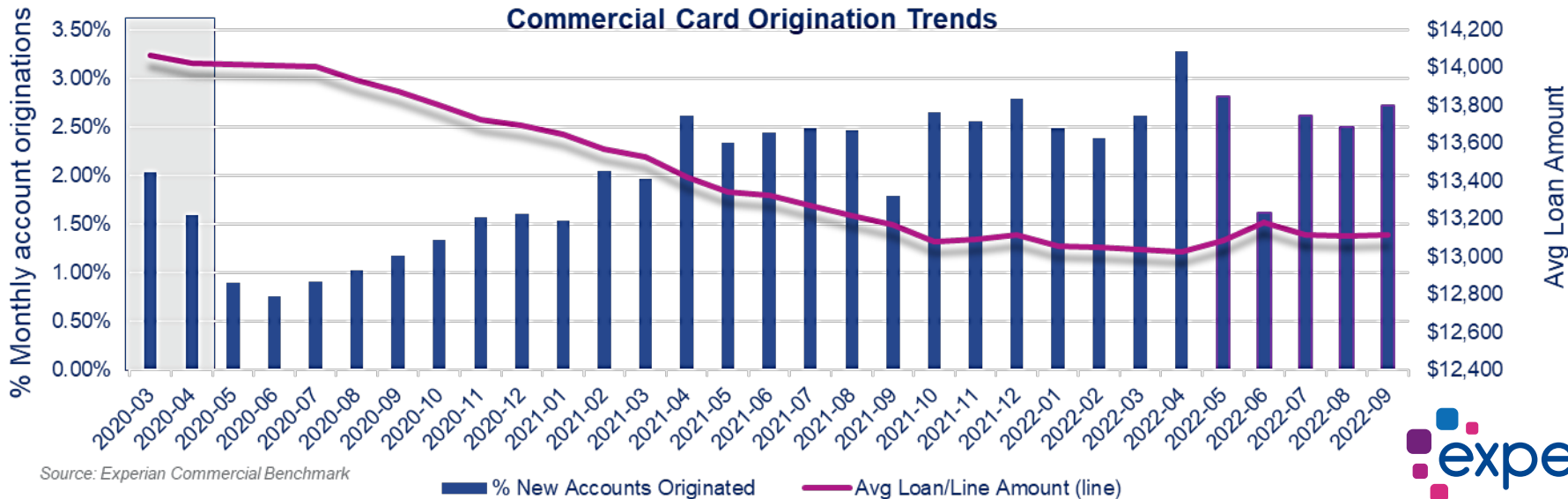
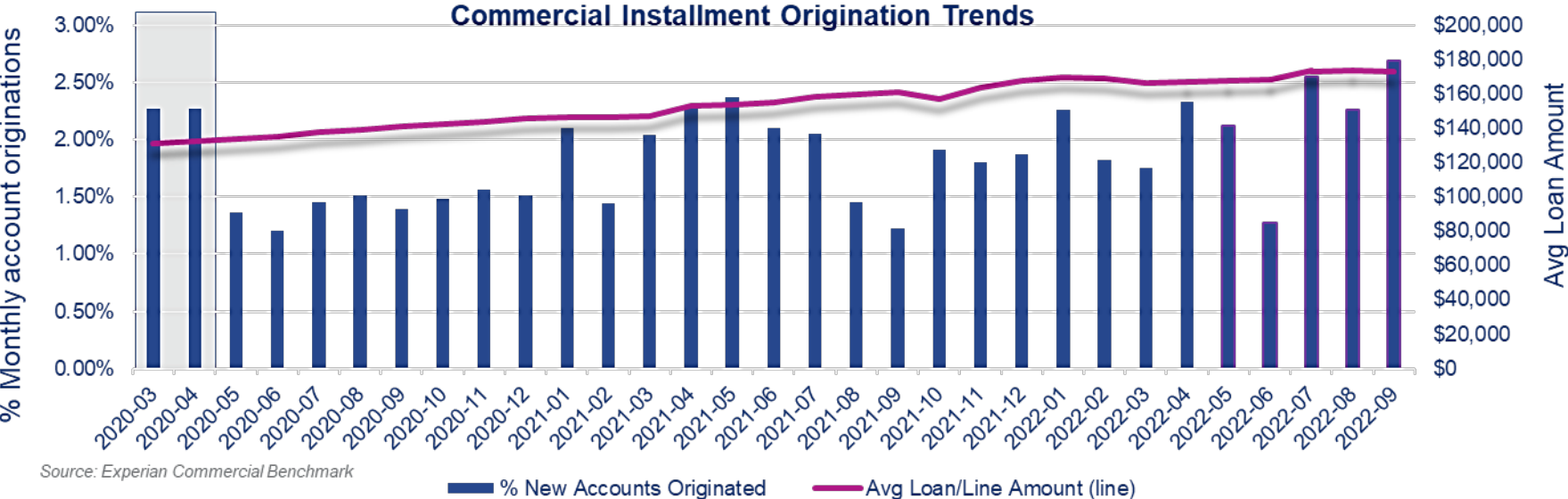
Consumer Delinquency

Source: Experian State of the Market



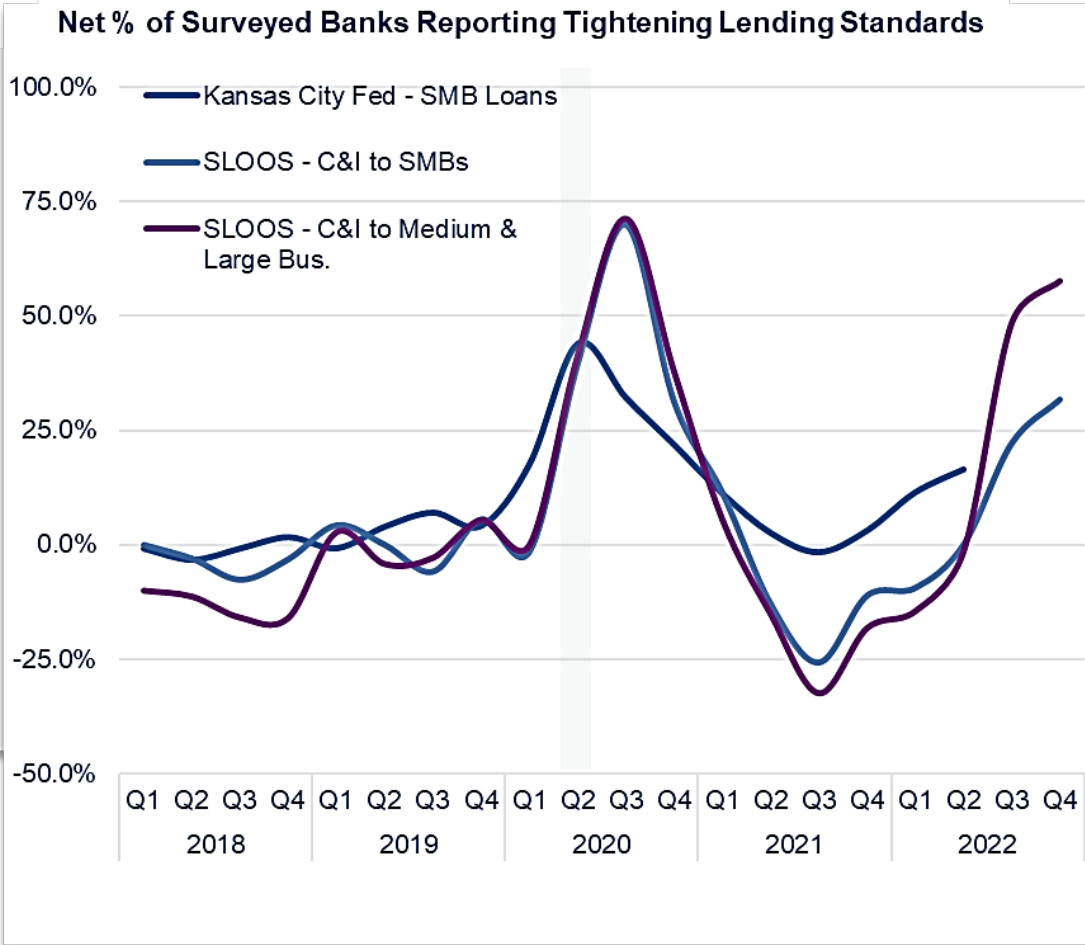
# Commercial health

Continued steady growth in originations



# Commercial credit

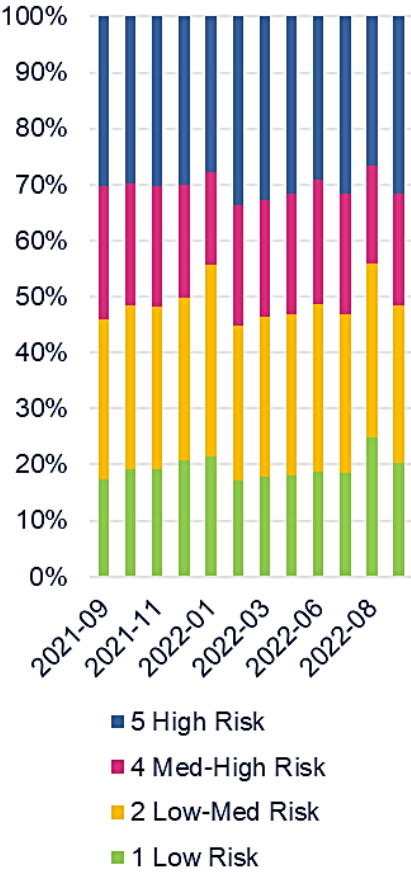
Has tightening begun..



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



## Commercial Card Underwriting

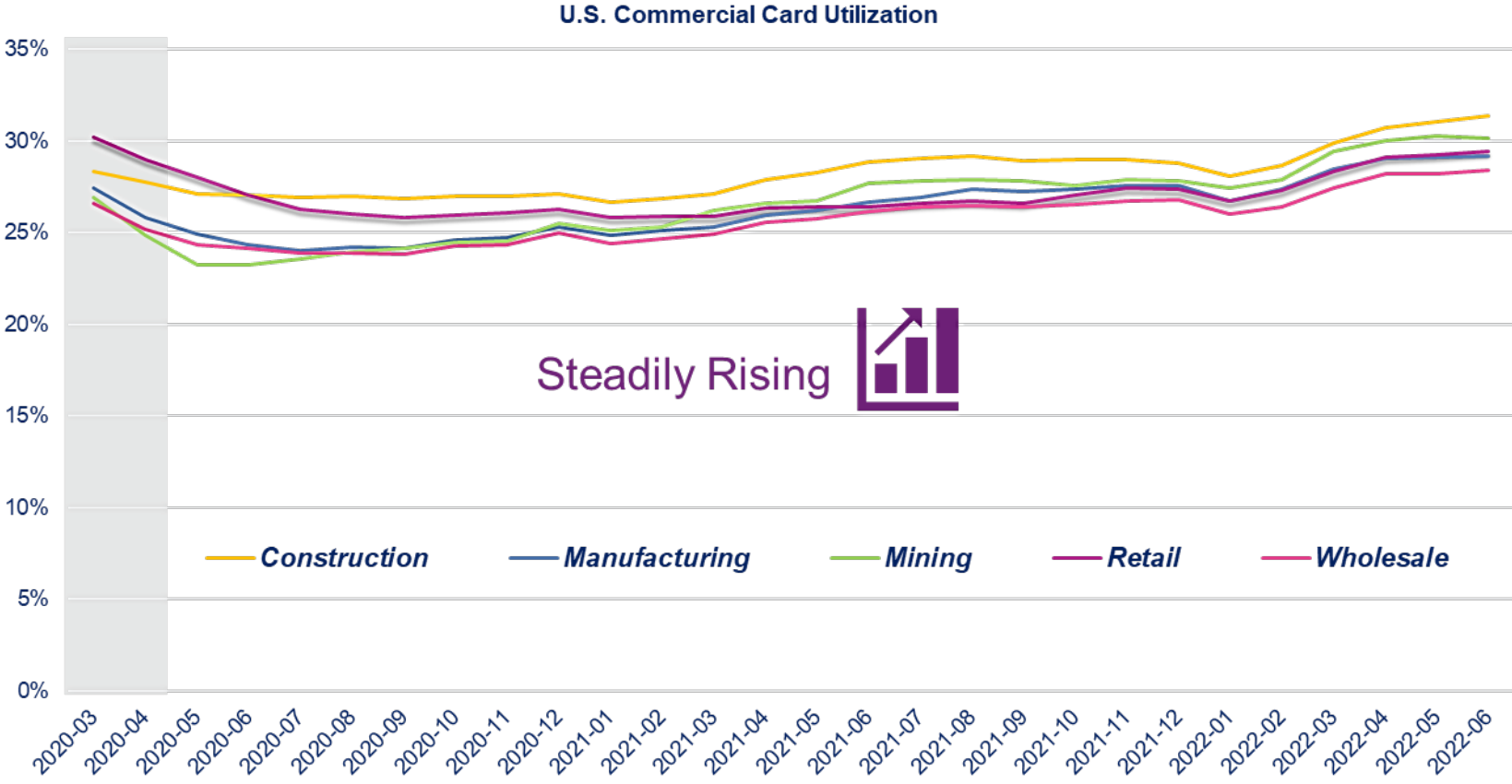


Source: Experian Commercial Benchmark

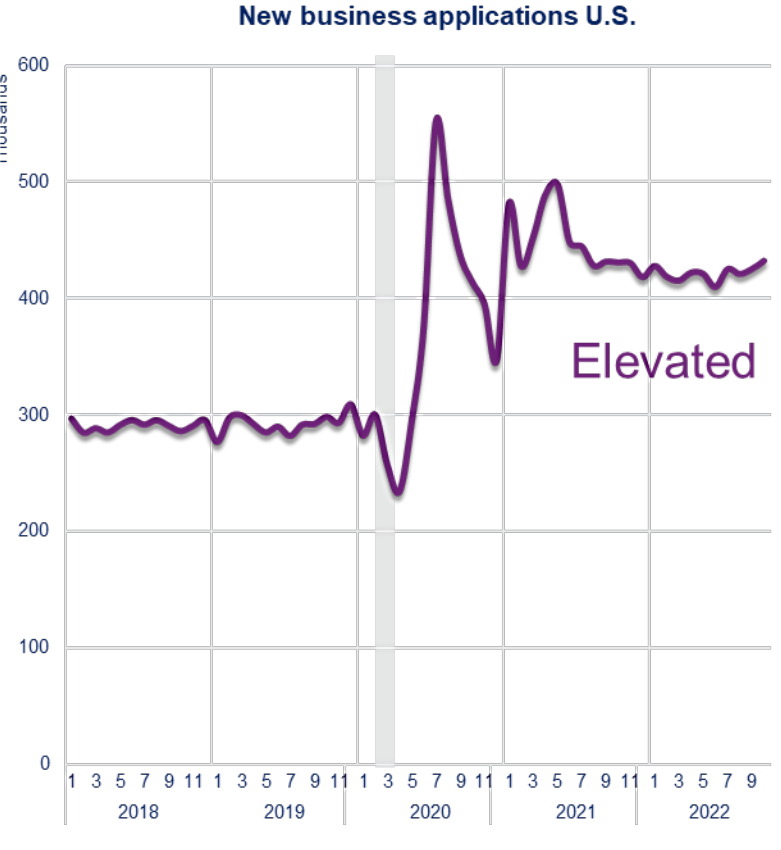


# Commercial health

Usage increasing across industries



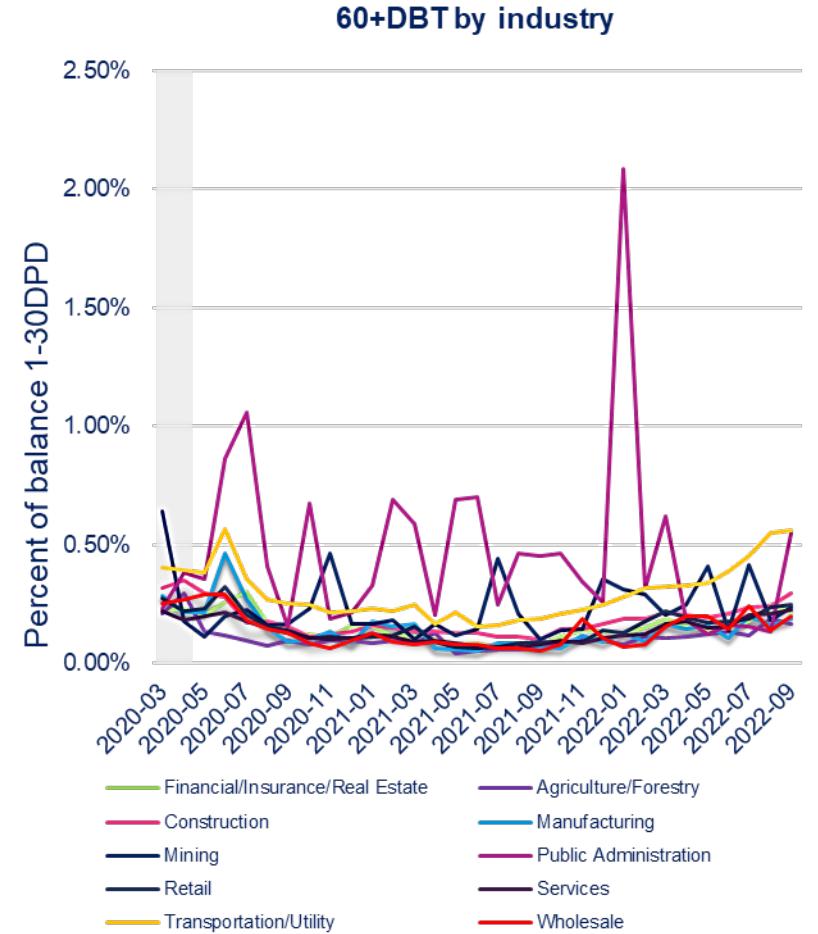
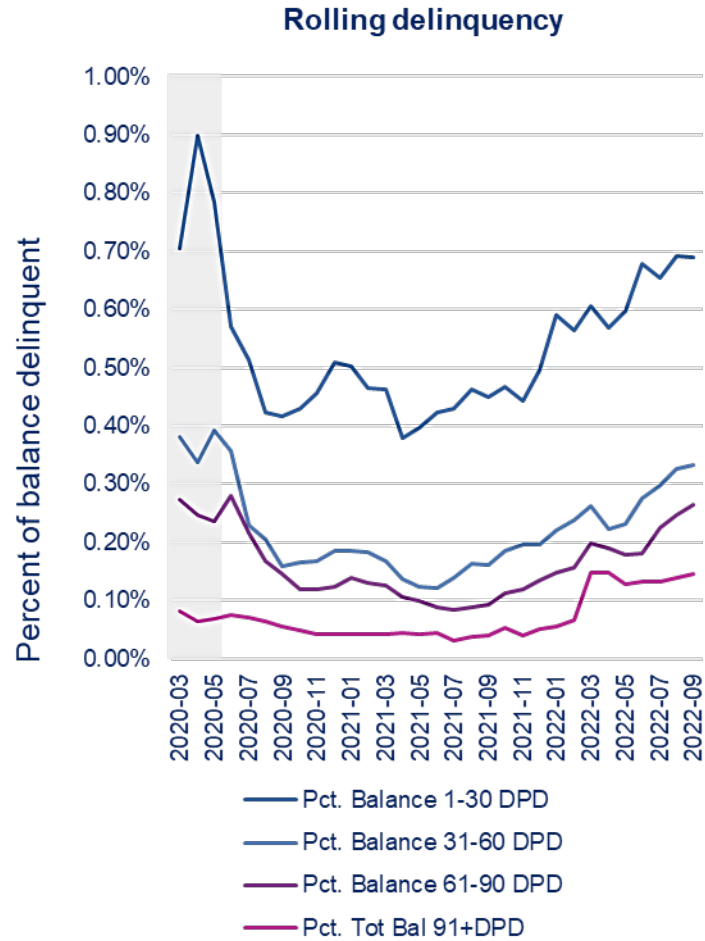
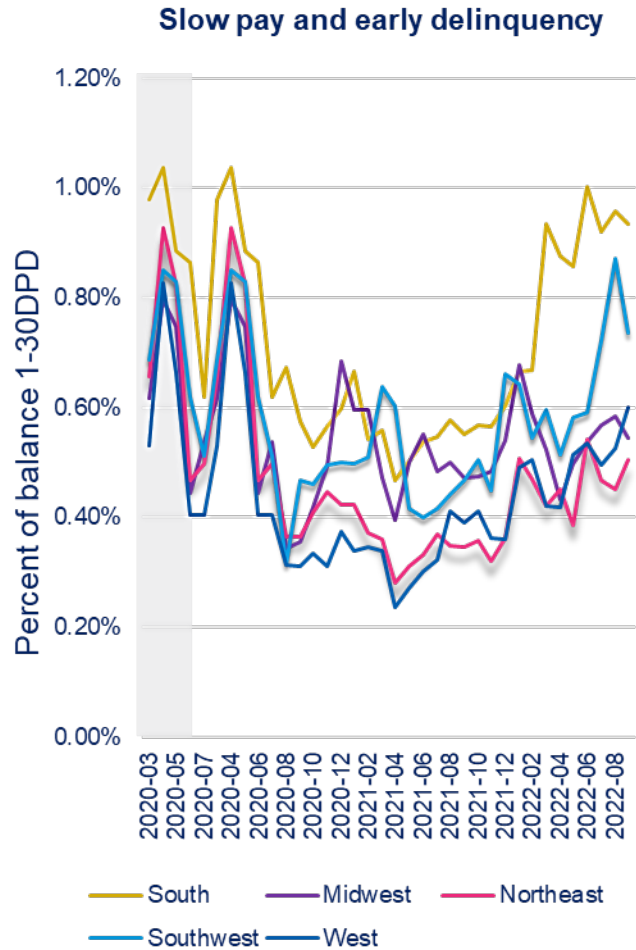
Source: Experian Commercial Benchmark



Source: U.S. Census Business Formation Statistics

# Delinquency trends

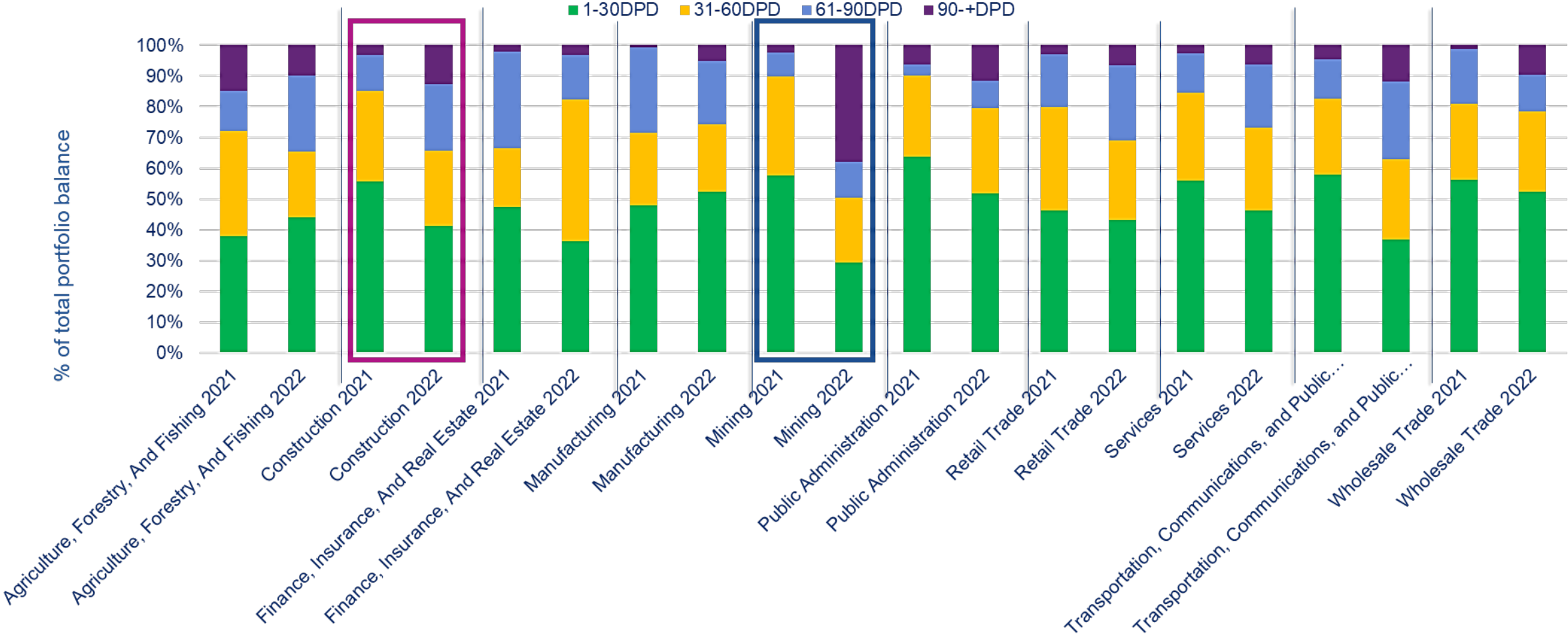
U.S. Commercial Card delinquencies edge above pre-pandemic levels



Source: Experian Commercial Benchmark

# Industry focused portfolios

On book delinquency rates differ across industries (All products)

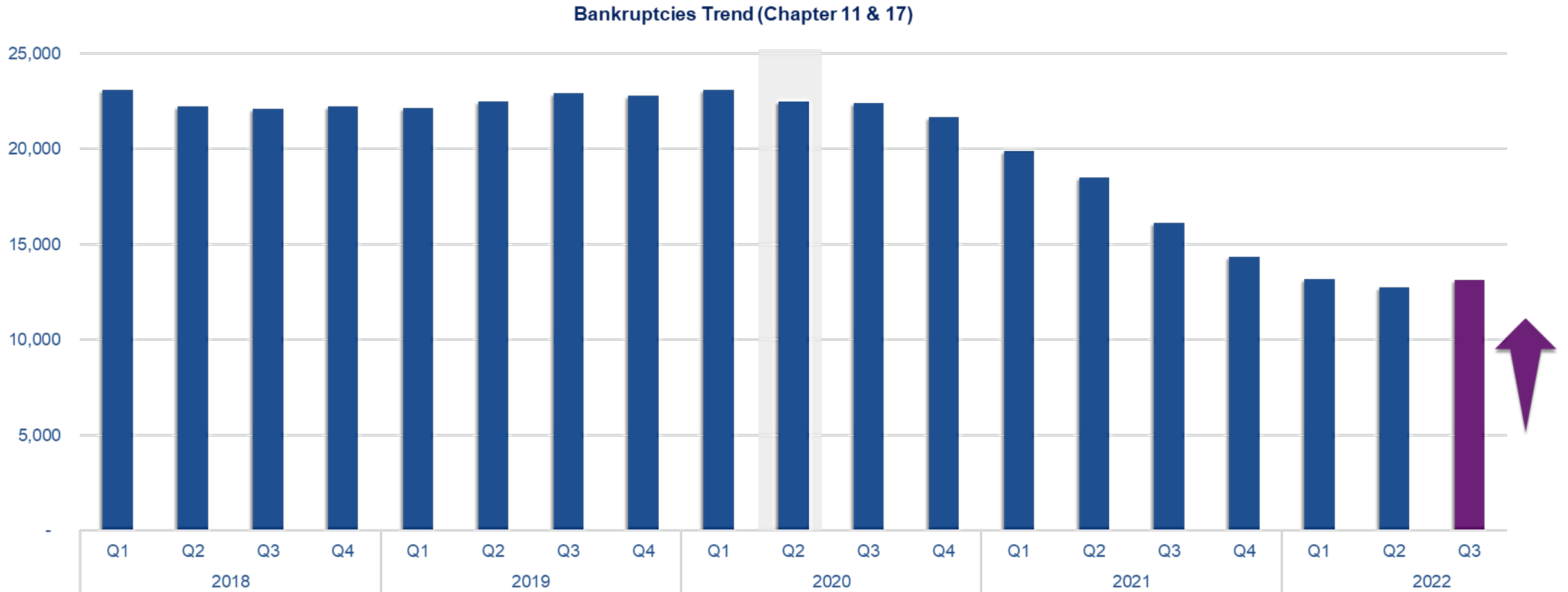


Source: Experian Commercial Benchmark



# Commercial Bankruptcy

First quarter of increase since pre-pandemic

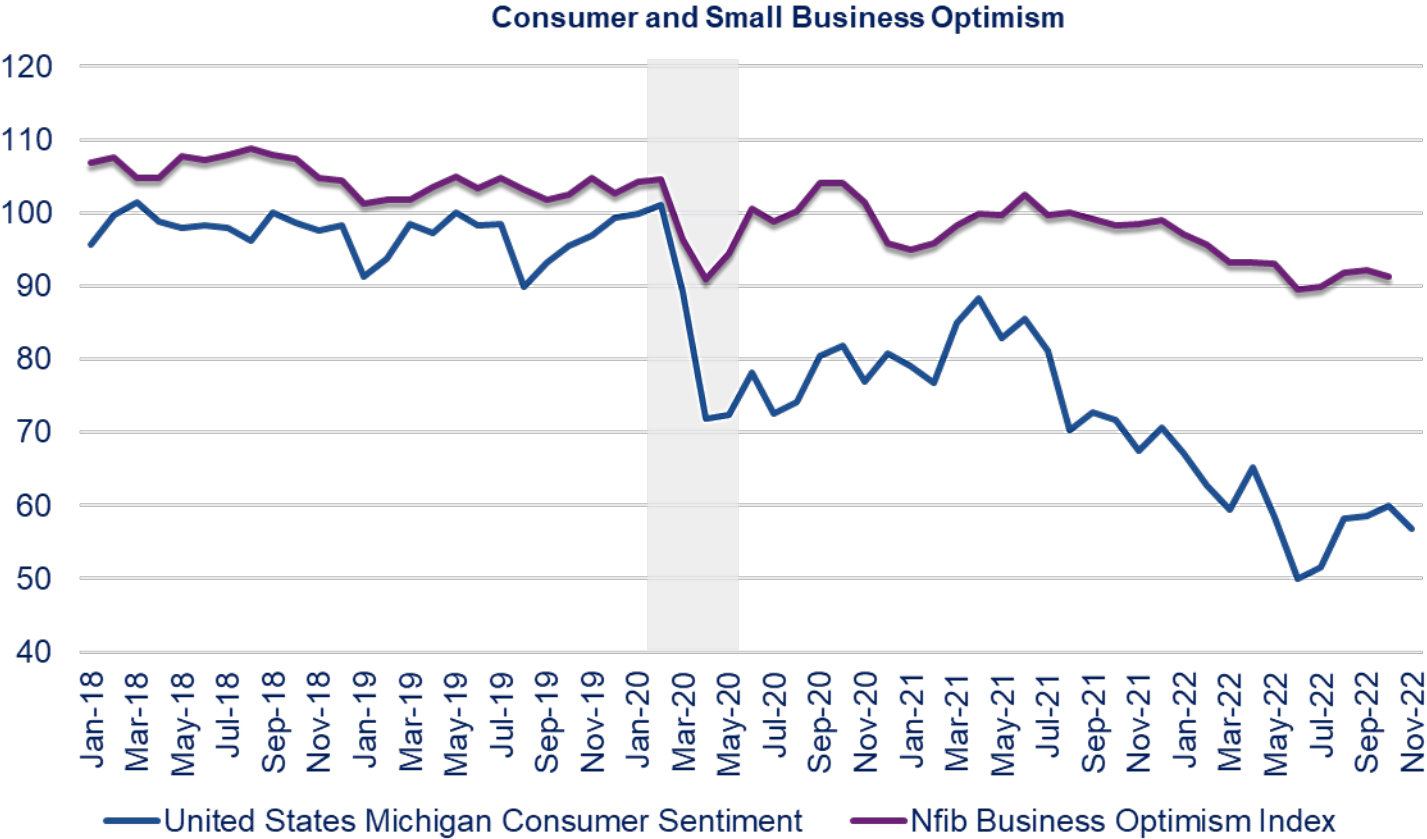


Source: Administrative Office of the U.S. Courts



# Commercial health

Commercial optimism seeing positive response to current conditions

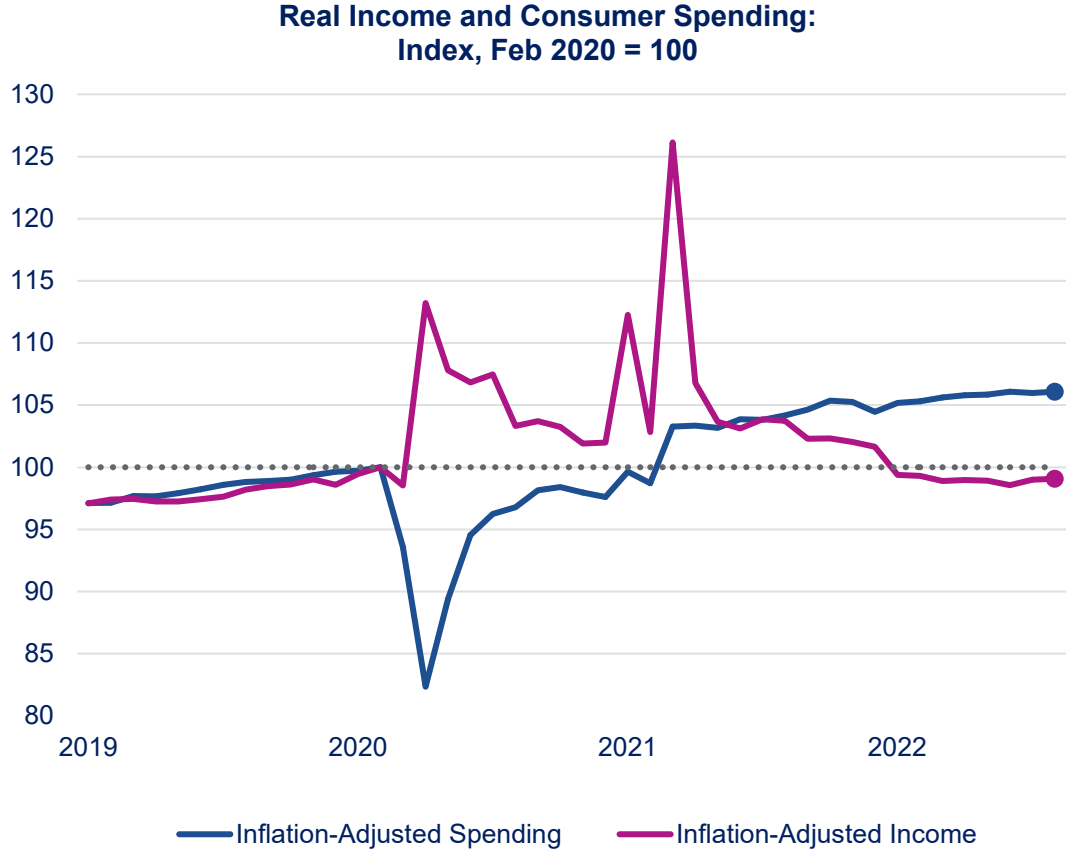


Source: NFIB, Small Business Monthly Optimism Survey



# Despite impact of inflation on incomes, spending continues

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

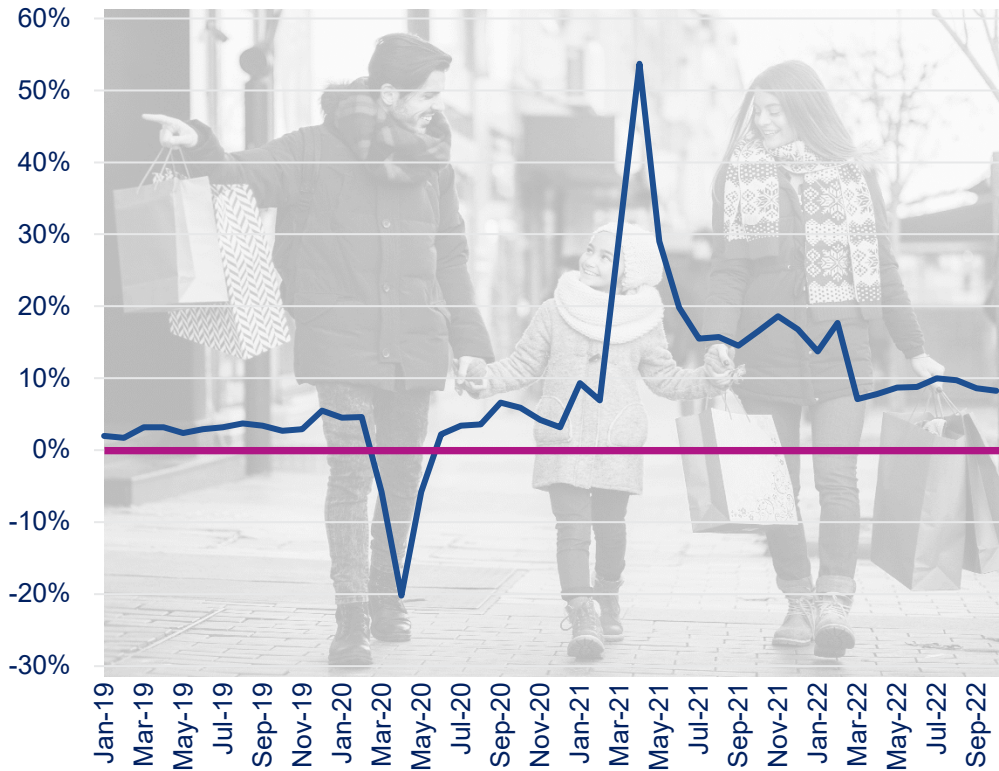


Source: Bureau of Labor Statistics, Bureau of Economic Analysis and Author's Calculation

# Holiday expectations....

## Sales and spend continue through the holiday

Retail Sales YoY Change

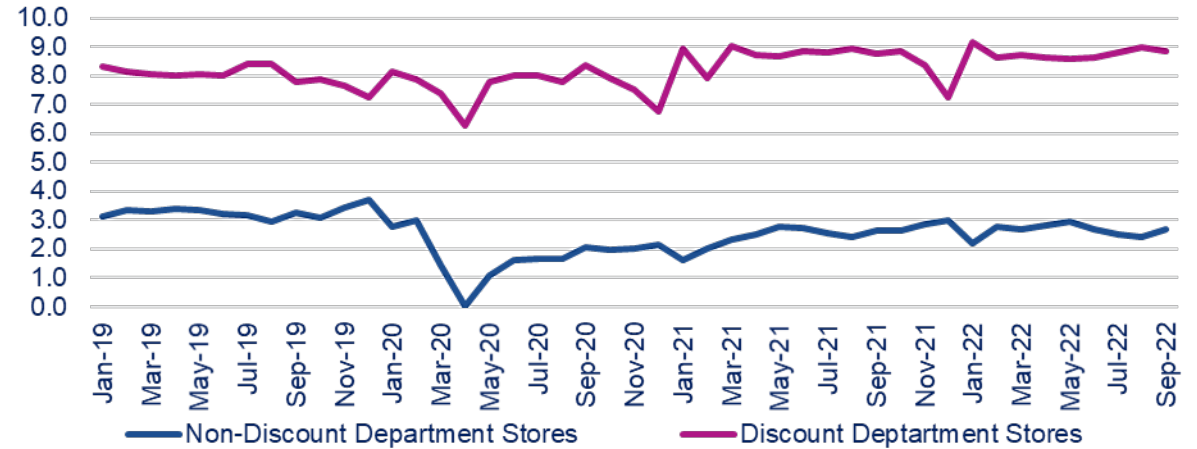


Sources: U.S. Census Bureau



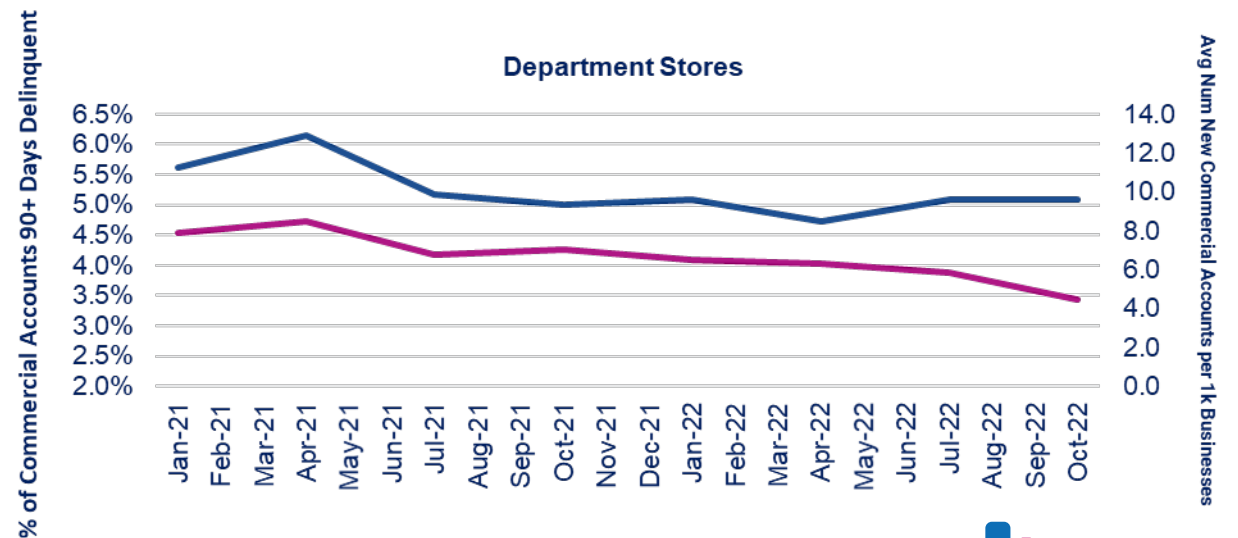
Year-over-year (YoY) growth of Retail Sales in the U.S. has rebounded since the mid-2020 pandemic lows. October retail sales were strong with an 8.3% increase YoY but it was the smallest YoY increase since April.

Department Stores Sales (\$B)  
Seasonally Adjusted



Source: US Census, Monthly Retail Trade Survey, and author calculations

Department Stores



Source: Experian commercial database and author calculations

# 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

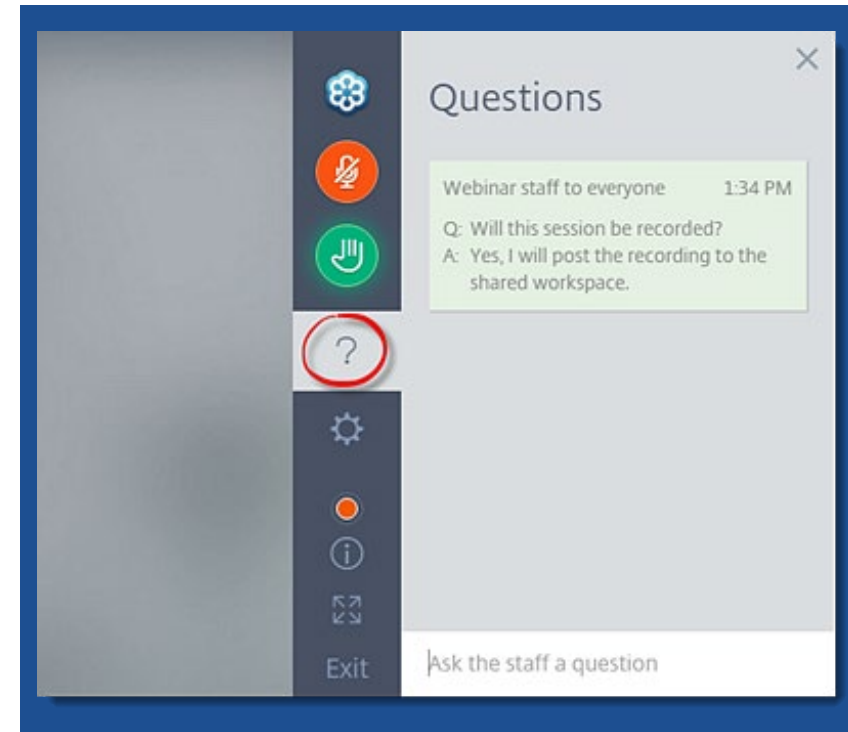
Consumer and commercial spend holding steady



- 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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[oxfordeconomics.com](http://oxfordeconomics.com)





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[experian.com/b2b](https://experian.com/b2b)





# How Did We Do?

- Please take a moment to fill out our short exit-survey
- Helps us keep improving our webinars
- Tell us what else we should be covering





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