

A LOOK AT COMMERCIAL SPENDING'S IMPACT ON COMMERCIAL LENDING

Pro Tips:

1. When consumer spending slows, businesses that sell these products or services lose revenue, rely more heavily on lines of credit, and have a greater risk of loan default on property, plant, and equipment.
2. High spending and prices elevate business profit margins and can boost companies' cash reserves and spur investment in property, plant, and equipment, which drives demand for commercial loans.
3. Supply shortages drive price increases. Consumers must be willing to pay more to secure limited goods. This dynamic could be a hangover for consumers for years to come - hurting businesses.
4. High interest rates slow consumer spending on big-ticket purchases (homes, vehicles, remodeling, furniture, travel).
5. As wealth shrinks, consumers pull back their spending on discretionary items (gourmet coffee, designer clothing, entertainment). As wealth increases, the opposite is true.
6. As consumer spending slows, businesses experience tighter cash reserves, expect slower sales, and may postpone expansion and investment in property, plant, and equipment, which reduces demand for commercial lending.

Knowledge of an industry's forecast is more important in today's economy than ever before!

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