

# CBIA's Quarterly Economic & Credit Survey Results 1q2016

202 respondents, margin of error +/- 7.0%. Response rate is 11.2%

<b>Company Performance</b>	<i>all in %</i>						
	<u>3Q2014</u>	<u>4Q2014</u>	<u>1Q2015</u>	<u>2Q2015</u>	<u>3Q2015</u>	<u>4Q2015</u>	<u>1Q2016</u>
1) Current outlook for firm							
Improve significantly	7	6	6	3	3	6	6
Improve somewhat	28	33	33	31	31	24	24
Remain stable	47	48	51	52	48	57	49
Worsen somewhat	17	11	8	13	15	11	18
Worsen significantly	1	1	3	0	2	2	1
<b>Performance Indicators</b>							
2-a) Size of firm's workforce							
Improve significantly	2	2	1	1	1	1	3
Improve somewhat	23	26	27	22	22	23	26
Remain stable	59	62	58	67	60	63	58
Worsen somewhat	15	11	12	10	16	13	14
Worsen significantly	1	0	2	0	0	1	0
2-b) Capital investments							
Yes		57	57	56	59	62	61
No		43	43	44	41	38	40
2-c) Top areas of investment (if "yes" to 2-b)							
Production or sales increase		39	53	48	31	31	54
Operational cost reduction		38	19	38	25	25	45
Technology (e.g. IT hardware, IT software, apps)		52	39	28	34	26	40

## Foreign Trade

3) What percentage of your firm's sales are generated by exports?

0%	68	65	57	62	63	61
1-5%	17	18	19	20	18	18
6-15%	9	9	16	9	12	14
16-25%	1	3	3	4	2	3
Over 25%	4	5	6	5	5	5

## Credit/Financing

4) What types of financing has your firm used in the last three months to meet your credit needs?

Bank loan/line of credit	84.0%	81.0%	84.0%	84.0%	81.0%	83.0%	84.0%
Vendor credit	23.0%	22.0%	31.0%	23.0%	17.0%	21.0%	24.0%
Private loan	13.0%	11.0%	13.0%	23.0%	16.0%	10.0%	18.0%
Government-sponsored loan program	7.0%	3.0%	8.0%	10.0%	5.0%	6.0%	2.0%
Public issuance of stock	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%
Private placement of stock	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Leasing	11.0%	12.0%	19.0%	9.0%	17.0%	10.0%	11.0%
Private placement of debt	2.0%	4.0%	4.0%	0.0%	2.0%	2.0%	2.0%
Credit cards	16.0%	20.0%	25.0%	22.0%	24.0%	19.0%	20.0%
Earning of business	20.0%	15.0%	16.0%	10.0%	11.0%	27.0%	24.0%
Other	2.0%	4.0%	1.0%	6.0%	5.0%	6.0%	0.0%

5) What type of financing do you need most?

Working capital (for day-to-day operations, bridge loans, etc.)	30.0%	35.0%	29.0%	31.0%	31.0%	28.0%	26.0%
Capital for machinery and equipment purchases	20.0%	19.0%	19.0%	17.0%	18.0%	22.0%	13.0%
Capital for expansion of existing plant or office space	9.0%	8.0%	6.0%	7.0%	7.0%	7.0%	8.0%
Capital for research and development	3.0%	1.0%	1.0%	2.0%	1.0%	1.0%	0.0%
Capital for new product or service development	8.0%	4.0%	4.0%	4.0%	4.0%	5.0%	3.0%
None/not applicable	44.0%	42.0%	49.0%	47.0%	44.0%	45.0%	48.0%
Other	3.0%	3.0%	1.0%	3.0%	2.0%	2.0%	2.0%

6) Is credit availability a problem for your firm?

Yes	12.0%	15.0%	15.0%	13.0%	17.0%	14.0%	12.0%
No	88.0%	85.0%	85.0%	87.0%	83.0%	86.0%	88.0%

7) Has your firm used financing in the last three months specifically to meet your credit needs?

Yes	34.0%	34%	41%	35%	31%	29%	30%
No	66.0%	66%	59%	65%	69%	71%	70%

8) In the last three months, has your primary lending institution changed the terms of any loan you have?

Yes	7.0%	9.0%	6.0%	9.0%	6.0%	6.0%	5.0%
No	93.0%	91.0%	94.0%	91.0%	94.0%	94.0%	95.0%

**Current Credit Conditions**

9) How would you characterize the current lending climate in Connecticut?

Excellent	4.0%	6.0%	9.0%	4.0%	7.0%	7.0%	5.0%
Good	23.0%	24.0%	27.0%	24.0%	24.0%	28.0%	20.0%
Average	50.0%	50.0%	50.0%	51.0%	50.0%	48.0%	56.0%
Fair	11.0%	16.0%	11.0%	15.0%	13.0%	12.0%	13.0%
Poor	13.0%	5.0%	3.0%	6.0%	6.0%	4.0%	6.0%

9A) What are your expectations for Connecticut's lending climate over the next 3 months?

Excellent	7.0%	9.0%	4.0%	7.0%	6.0%	5.0%
Good	22.0%	26.0%	23.0%	24.0%	25.0%	19.0%
Average	50.0%	47.0%	53.0%	49.0%	48.0%	49.0%
Fair	16.0%	14.0%	14.0%	15.0%	17.0%	21.0%
Poor	5.0%	4.0%	6.0%	4.0%	4.0%	6.0%

9B) During the last 3 months, was your firm able to satisfy its borrowing needs?

Yes	82.0%	85%	80%	79.0%	87.0%	80.0%
Partially	11.0%	9%	14%	15.0%	6.0%	13.0%
No	7.0%	6%	5%	6.0%	6.0%	7.0%

**Demographic Information**

10) Which best describes your firm?

	%						
Construction	10	11	10	6	5	9	8
Manufacturing	37	36	37	46	44	42	42
Retail trade	9	7	7	6	8	6	5
Wholesale trade	7	8	8	4	5	8	7
Information technology	3	4	3	3	2	4	3
Finance, insurance, and real estate	3	6	5	7	6	6	6
Business and professional services	13	13	14	9	13	13	10
Education	1	0	0	1	0	1	2
Leisure and hospitality	3	1	1	3	2	2	2
Government	1	0	0	0	0	0	0
Other	9	6	9	11	9	7	10
Medical	4	8	6	4	5	3	6

11) How many people are employed at your Connecticut operations?

	%						
Fewer than 10	17	20	19	20	22	19	16
10 to 49	61	55	56	55	55	53	57
50 to 99	12	13	13	13	13	17	14
100 to 249	8	7	6	7	4	6	5
250 to 499	2	4	3	2	4	2	6
500 or more	0	1	3	4	2	2	2

12) In which county is your firm's primary Connecticut location?

	%						
Fairfield	18	16	16	13	15	15	14
Hartford	33	35	38	37	33	38	39
Litchfield	5	7	6	7	7	5	5
Middlesex	9	9	7	10	12	9	11
New Haven	24	22	22	26	24	25	23
New London	6	6	5	4	4	3	1
Tolland	3	3	2	3	3	3	4
Windham	1	2	3	1	1	1	3

13) What are your sales for the current fiscal year?

	%						
Less than \$500,000	6	2	5	6	2	1	6
\$500,000 to \$999,999	8	9	7	9	9	4	7
\$1 million to \$2.9 million	25	34	31	30	31	30	29
\$3 million to \$4.9 million	15	14	14	11	13	17	13
\$5 million to \$9.9 million	19	18	16	17	18	23	20
\$10 million to \$24.9 million	15	12	15	14	16	12	12
\$25 million or more	14	11	12	13	11	12	13

QUESTION OF THE QUARTER

QQ2016Q1

In your opinion, how likely is it that the U.S. will go into recession in 2016?

Highly unlikely	4.0%
Unlikely	49.0%
Likely	28.0%
Highly likely	7.0%
Not sure	12.0%