



Good News for 2015?

Will 2015 be the year we finally get the economy roaring again? That's the question on business owners' minds as we begin another year of gridlock in Washington, continued low interest rates, a possible coffee shortage and amazingly low gas prices.

According to a recent article in Fortune magazine, here are some of the headlines they are predicting in 2015: ([Click here to read the entire article](#))

China Sputters

Wages Will Rise (Finally)

Solar Power Gets Cheaper

Hedge Fund Fees will Sink

2015 Will be the Year of the Microbiome

The S&P Will Close the Year at 2312

So, we'll see if these interesting headlines become a reality in 2015, but these headlines lead us to think about what might happen on a local level. And, who better to give us insight on the business climate in 2015 than bankers and financial professionals.

Josh Griffith, Relationship Manager in the Corporate Banking Division at Fulton Bank, noted that "While I am not an economist, my opinion is that we will see continued improvement from a business earnings perspective. It has been a long slow grind since the start of the recession, but the good thing is that there has been improvement. Most companies that have weathered

"Growth is never by mere chance; it is the result of forces working together."
- James Cash Penney



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- Mold Extrusions
- Snack Food
- Packaging
- Aluminum Siding
- Glass and Glazing
- Industrial and Automotive Tools



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the storm through the recession have set themselves up well for the future by making sure they are as efficient as possible in their daily operations. The companies that will continue to show improvement will be those that continue to focus on sales and differentiating themselves in the market.”

“Predicting rates is a guessing game,” according to **Michael Heller, VP/Senior Commercial Lender at Integrity Bank.** “However, we think the Fed will start to increase rates around the middle of the year. They haven’t increased rates for a long time, so 2015 might be the year. Overall, though, we see slow, but steady, growth for the year.”

Curt Stauffer, President of Seven Summits Capital, added to the interest rate question by saying, “We think the Federal Reserve will increase interest rates, but it’s going to be minimal. Recessions are inevitable and they are cyclical. The key is to minimize the volatility.”

“The regulatory over burden on businesses and banking is extreme and the overhead created by that is exponentially expanding,” noted **Seth Ellison, Assistant Vice President at M&T Bank.** “Rates have to move, but what business owners need to focus on is running their businesses. Business owners need to build

strong relationships that will give them a competitive advantage. They need to build strong partnerships with their bankers and CPA firms. We can’t control the Fed and what they do with interest rates, but business owners can control how they run their businesses.”

Matt Smith, Vice President, Commercial Loan Officer with Union Community Bank said that, “All indicators show that there will be a rate increase down the road. In 2015, I think business owners will go from a defensive posture to an offensive position and focus on growth and expansion. Unfortunately there are more regulations and compliance issues coming and this will make it harder for business owners. As bankers, we need to do a better job of helping our customers understand the need for compliance. We’ll be working on that in 2015.”

PNC produces a biannual Economic Outlook based on the mood and sentiment of Pennsylvania small and mid-sized businesses. The fall Economic Outlook revealed a brighter outlook among business owners and increased confidence in hiring this year.

Lori Christian, Senior Vice President and Senior Relationship Manager for

JEFF BLEACHER



“We are expecting that many of our clients will be focusing on growth in 2015. We’ve helped our clients to be cost conscious and keep spending down, become more productive and increase their efficiencies in the past several years, but now our advice is to look at increasing the top line, while keeping an eye on the bottom line.”



KEN FALK (on the right)

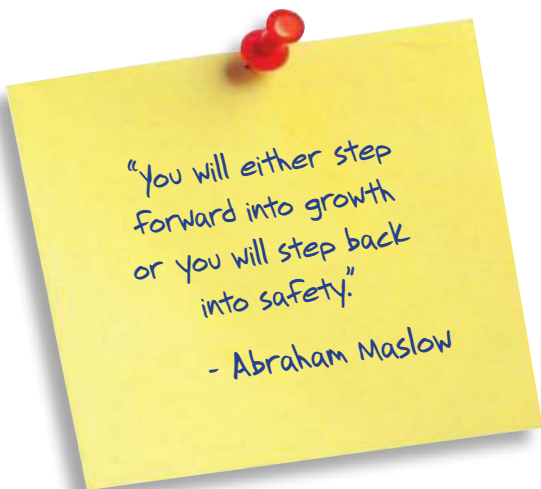
“2015 will likely hold more positive news for business owners as we expect low interest rates to benefit our clients who will begin to look at capital expenditures, expansions into new territories or product lines and examine their labor force to see if they need to add people. Overall, we think it will be a growth year – maybe not gangbusters, but slow, steady growth.”



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PNC Financial Services Group, shared that “78% of business owners said they were optimistic about 2015, which is a significant increase from 51% who were optimistic in spring 2014. Plans for hiring also are improving, with nearly 20% of businesses surveyed planning to add full-time employees in the next six months, compared to 13% in April.”

Lori also noted that “Across the board we are seeing companies operate more profitably as a result of efficiencies put in place during the economic downturn. We are



seeing a lot of liquidity on balance sheets as companies have held off on capital spending over the past few years.”

Dave Hornberger, Regional President at Susquehanna Bank, said that “Balance sheets have deleveraged the past 2 years and cash flows have improved as the efficiencies/cost cutting measures implemented 24-36 months ago have firmly taken hold. The recent decline in energy prices will also give a boost to short to mid-term cash flows for business owners and their confidence to invest in machinery and equipment. I also continue to see very positive signs in the manufacturing segment as we continue to make progress in bringing manufacturing back from Asia.”

So, stay tuned. It looks like the local headlines will be good as well.

LARRY REICH



“All indications are that Business Owners will be starting to spend more of the cash they’ve built up in the past several years. Combine that with continued low interest rates and it’s an excellent business climate in 2015.”



PATRICK GENDRUE (on the left)

“Our client conversations in 2015 will likely be related to growth and expansion, compared to the cost-cutting discussions in the past years. With low interest rates and minimal inflation, it’s a good time for business owners to become more aggressive in their strategies and take advantage of a growing economy.”

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