

December 17- 21, 2018 Weekly Index Research Update

CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index registers a decline of -9.59% during a week marked by market turmoil

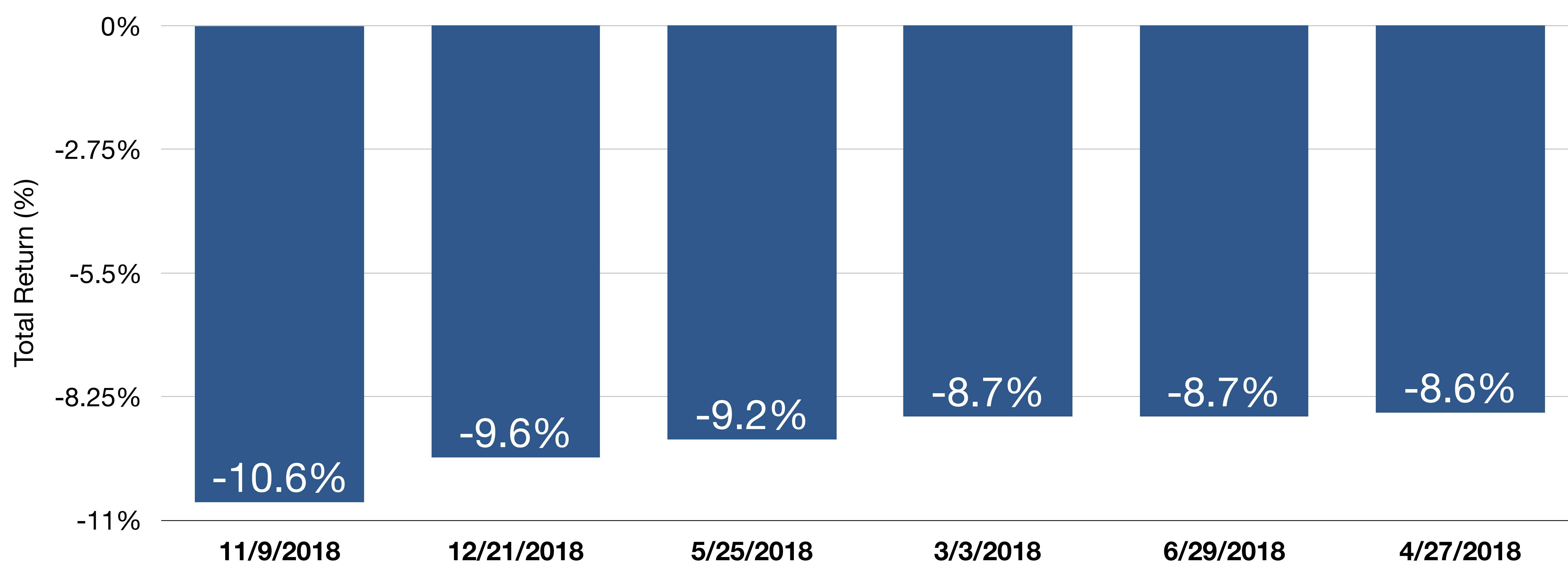
The CrowdBureau Peer-to-Peer Lending and Equity Crowdfunding Index (CBP2PTR) registered a decline of -9.59% for the week, the second steepest weekly drop this year that was only exceeded by the -10.6% pull back registered during the five trading days ending November 9, 2018. In the worst week recorded since 2008 when the financial crisis was gaining momentum, major indexes from the S&P 500 to the Nasdaq Composite gave up -7.05% and -8.36%, respectively. The continuing retreat pushed the technology-heavy Nasdaq Composite into bear market territory after giving up nearly 22% on December 21 since the peak reached back in August. Countering the trend, investment-grade intermediate bonds, measured by the Bloomberg Barclays US Aggregate Index, gained 42 basis points.

Stocks and bonds reacted in response to the Federal Reserve's Bank's tightening monetary policy. On Wednesday of the week, Federal Reserve Bank Chairman Jerome Powell announced the Federal Open Market Committee's decision, the fourth one this year, to raise the target rate for the federal funds rate to 2.25%-2.50%, in line with expectations, and to continue on a path that is data dependent. Concurrently, the central bank reiterated that it would continue to shrink the securities holdings on its balance sheet by \$50 billion a month. While this on its own was sufficient to roil the markets in the US and around the world, it was not the only development on the minds of investors. Also stoking unease were signs of continuing instability in Washington D.C., including another imminent government shutdown, the surprise announcement to withdraw US combat troops from Syria and the resignation of Defense Secretary James Mattis.

At the same time, rising prices due to the unresolved trade dispute with China as well as the Federal Reserve's 2019 monetary tightening plans reinforced concerns of slowing economic growth in the US next year and the negative impact on China's already slowing economy. The impact that such developments could have on the loan volumes originated on lending platforms operating in the US as well as China may have accounted for the -12.5% stock price decline experienced by LendingTree, Inc. (TREE) during a week when the firm announced an agreement to acquire Value Holding, the parent of personal finance website ValuePenguin.com, for \$105 million in cash.

In contrast to the negative sentiment and volatility this week, there were other upbeat announcements. On Deck Capital, Inc. (ONDK) disclosed that it will begin offering equipment finance loans to select U.S. small businesses next year while Square Inc. (SQ), a member of the Social Network(ing) Platforms segment of the CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index, revealed its intention to refile its application with U.S. state and federal regulators to secure a Utah-chartered bank license. Also, Jiayin Group Inc., a Shanghai, China-based online lending marketplace, filed on Wednesday with the Securities and Exchange Commission documents to set in motion an initial public filing with the intention to raise up to \$57.5 million. Founded in 2011 and reporting \$427 million in revenue for the 12-months ended September 30, 2018, Jiayin has made the decision to move forward with its filing even as it acknowledges the difficult environment for such companies in China that were "adversely affected by certain unfavorable market developments including tightening industry regulations, changing macro-economic conditions in China and an increase of news reports in June and July 2018 related to the difficulties, or even suspension of operation in some cases, encountered by certain individual lending marketplaces."

CrowdBureau Index Weekly Declines in Excess of 8.0%: December 31, 2017 -December 21, 2018



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