

Equipment Lease Finance Industry Confidence Neutral in August

Washington, DC, August 21, 2012 -- The **Equipment Leasing & Finance Foundation** (the Foundation) releases the August 2012 **Monthly Confidence Index for the Equipment Finance Industry** (MCI-EFI) today. Designed to collect leadership data, the index reports a qualitative assessment of both the prevailing business conditions and expectations for the future as reported by key executives from the \$628 billion equipment finance sector. Overall, confidence in the equipment finance market is 50.2, down from the July index of 51.5, reflecting ongoing industry concerns over economic, regulatory and political uncertainty.

When asked about the outlook for the future, MCI survey respondent **John McQueen, Executive Vice President and Head of Wells Fargo Equipment Finance**, said, "My long term view of the equipment finance industry is strong; the shorter term view of the U.S. economy and worldwide economy is volatile. The U.S. economic growth rate and the stability for the economy will continue to slow business investment."

August 2012 Survey Results:

The overall MCI-EFI is 50.2, down from the July index of 51.5.

- When asked to assess their business conditions over the next four months, 6.3% of executives responding said they believe business conditions will improve over the next four months, down slightly from 6.5% in July. 78.1% of respondents believe business conditions will remain the same over the next four months, up from 71% in July. 15.6% believe business conditions will worsen, down from 22.6% the previous month.
- 6.3% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 12.9% in July. 75% believe demand will "remain the same" during the same four-month time period, up from 71% the previous month. 18.8% believe demand will decline, up from 16.1% in July.
- 15.6% of executives expect more access to capital to fund equipment acquisitions over the next four months, down from 19.4% in July. 84.4% of survey respondents indicate they expect the "same" access to capital to fund business, an increase from 77.4% the previous month. No survey respondents expect "less" access to capital, down from 3.2% who expected less access in July.
- When asked, 31.3% of the executives reported they expect to hire more employees over the next four months, down from 35.5% in July. 65.6% expect no change in headcount over the next four months, up from 64.5% last month. 3.1% expect fewer employees, up from no respondents who expected fewer employees in July.
- 68.8% of the leadership evaluates the current U.S. economy as "fair," down from 71% last month. 31.3% rate it as "poor," up from 29% in July.

- 6.3% of survey respondents believe that U.S. economic conditions will get “better” over the next six months, down from 9.7% in July. 78.1% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, up from 71% in July. 15.6% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 19.4% who believed so last month.
- In August, 15.6% of respondents indicate they believe their company will increase spending on business development activities during the next six months, down from 25.8% in July. 81.3% believe there will be “no change” in business development spending, up from 71% last month, and 3.1% believe there will be a decrease in spending, unchanged from last month.

August 2012 MCI Survey Comments from Industry Executive Leadership:

Depending on the market segment they represent, executives have differing points of view on the current and future outlook for the industry.

Independent, Small Ticket

“The industry continues to fuel the few areas of the economy that are seeing expansion. Apprehension among small business owners appears to be ever present given world economic affairs, pending elections, and tax code changes. Margin compression continues to be an issue as the availability of capital continues to outweigh demand.” **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

Independent, Middle Ticket

“We believe demand will continue to be sluggish until after November.” **George K. Booth, Chief Executive Officer, Black Rock Capital LLC**

Bank, Middle Ticket

“After seven months of growth, equipment capital expenditures are slowing down. Uncertainty with the U.S. economy is the leading reason.” **Harry Kaplun, President, Frost Equipment Leasing and Finance**

Why an MCI-EFI?

Confidence in the U.S. economy and the capital markets is a critical driver to the equipment finance industry. Throughout history, when confidence increases, consumers and businesses are more apt to acquire more consumer goods, equipment and durables, and invest at prevailing prices. When confidence decreases, spending and risk-taking tend to fall. Investors are said to be confident when the news about the future is good and stock prices are rising.

Who participates in the MCI-EFI?

The respondents are comprised of a wide cross section of industry executives, including large-ticket, middle-market and small-ticket banks, independents and captive equipment finance companies. The MCI-EFI uses the same pool of 50 organization leaders to respond monthly to

ensure the survey's integrity. Since the same organizations provide the data from month to month, the results constitute a consistent barometer of the industry's confidence.

How is the MCI-EFI designed?

The survey consists of seven questions and an area for comments, asking the respondents' opinions about the following:

1. Current business conditions
2. Expected product demand over the next four months
3. Access to capital over the next four months
4. Future employment conditions
5. Evaluation of the current U.S. economy
6. U.S. economic conditions over the next six months
7. Business development spending expectations
8. Open-ended question for comment

How may I access the MCI-EFI?

Survey results are posted on the Foundation website, <http://www.leasefoundation.org/IndRsrcs/MCI/>, included in the [Foundation Forecast newsletter](#) and included in press releases. Survey respondent demographics and additional information about the MCI are also available at the link above.

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The Equipment Leasing & Finance Foundation is a 501c3 non-profit organization that provides vision for the equipment leasing and finance industry through future-focused information and research. Primarily funded through donations, the Foundation is the only organization dedicated to future-oriented, in-depth, independent research for the leasing industry. Visit the Foundation online at www.LeaseFoundation.org.

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