

## Equipment Lease Finance Industry Confidence Ticks Up in September

Washington, DC, September 24, 2012 -- The Equipment Leasing & Finance Foundation (the Foundation) releases the September 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 53.0, up from the August index of 50.2, reflecting increased optimism despite concerns over companies' willingness to expand their businesses in the face of economic and political uncertainty.

When asked about the outlook for the future, MCI survey respondent **Anthony Cracchiolo, President and Chief Executive Officer, Vendor Services, U.S. Bank Equipment Finance**, said, "The industry is performing well and new businesses are entering the segment to join the positive experience our asset class enjoys. However, the growth of our industry is tightly aligned with the overall U.S. economy and our industry's future will be determined by the broader actions of the U.S. economy."

### **September 2012 Survey Results:**

The overall MCI-EFI is 53.0, up from the August index of 50.2.

- When asked to assess their business conditions over the next four months, 8.8% of executives responding said they believe business conditions will improve over the next four months, up from 6.3% in August. 73.5% of respondents believe business conditions will remain the same over the next four months, down from 78.1% in August. 17.6% believe business conditions will worsen, up from 15.6% the previous month.
- 11.8% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 6.3% in August. 76.5% believe demand will "remain the same" during the same four-month time period, up from 75% the previous month. 11.8% believe demand will decline, down from 18.8% in August.
- 14.7% of executives expect more access to capital to fund equipment acquisitions over the next four months, down from 15.6% in August. 85.3% of survey respondents indicate they expect the "same" access to capital to fund business, an increase from 84.4% the previous month. No survey respondents expect "less" access to capital, unchanged from August.
- When asked, 29.4% of the executives reported they expect to hire more employees over the next four months, down from 31.3% in August. 67.6% expect no change in headcount over the next four months, up from 65.6% last month. 2.9% expect fewer employees, down from 3.1% of respondents who expected fewer employees in August.
- 76.5% of the leadership evaluates the current U.S. economy as "fair," up from 68.8% last month. 23.5% rate it as "poor," down from 31.3% in August.

- 5.9% of survey respondents believe that U.S. economic conditions will get “better” over the next six months, down from 6.3% in August. 79.4% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, up from 78.1% in August. 14.7% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 15.6% who believed so last month.
- In September, 29.4% of respondents indicate they believe their company will increase spending on business development activities during the next six months, up from 15.6% in August. 70.6% believe there will be “no change” in business development spending, down from 81.3% last month, and no one believes there will be a decrease in spending, down from 3.1% last month.

### **September 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 post strong results in terms of low delinquency levels and overall credit quality of current and prospective transactions. The issue continues to be the vicious circle of political and regulatory uncertainty and its effect on the mentality of businesses of all sizes. Growth occurs when these factors become more quantifiable.” **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

#### **Independent, Middle Ticket**

“Stagnant. Customers [are] delaying decisions due to uncertainty about healthcare, taxes, unclear and onerous regulations, and the general economic climate.” **George K. Booth, Chief Executive Officer, Black Rock Capital LLC**

#### **Bank, Middle Ticket**

“Continued low interest rates, improving credit quality, growing demand for new/replacement equipment, and new leasing product development will drive continued industry expansion into 2013 and beyond. Uncertainty in the economy, Europe, employment, and upcoming U.S. elections will impact the level of growth recorded during the remainder of 2012.” **Russell Nelson, President, Farm Credit Leasing Services Corporation**

### **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](http://www.LeaseFoundation.org).

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