

Equipment Lease Finance Industry Confidence Eases in April

Washington, DC, April 19, 2013 -- The **Equipment Leasing & Finance Foundation** (the Foundation) releases the March 2013 **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 \$725 billion equipment finance sector. Overall, confidence in the equipment finance market is 54.0, an easing from the March index of 58.0, reflecting industry participants' continuing concerns over the economy and the impact of federal policies on capital expenditures.

When asked about the outlook for the future, MCI survey respondent **Ron Arrington, President, CIT Global Vendor Finance** said, "The effects of sequestration, tax increases and healthcare costs are causing companies to continue to hold back on investment in capex. That said, the equipment financing market is growing, albeit modestly, largely driven by enterprise consumption focusing on equipment life cycle management and productivity gains to reduce operating expense. If the second half of this year brings greater certainty on political and economic issues, companies are poised to increase their capex spending and this should bode well for the equipment financing industry."

April 2013 Survey Results:

The overall MCI-EFI is 54.0, a decrease from the March index of 58.0.

- 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 from 21.9% in March. 84.4% of respondents believe business conditions will remain the same over the next four months, up from 71.9% in March. 9.4% believe business conditions will worsen, up from 6.3% the previous month.
- 12.5% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 21.9% in March. 75% believe demand will "remain the same" during the same four-month time period, up from 68.8% the previous month. 12.5% believe demand will decline, up from 9.4% in March.
- 18.8% of executives expect more access to capital to fund equipment acquisitions over the next four months, down from 28.1% in March. 81.3% of survey respondents indicate they expect the "same" access to capital to fund business, an increase from 68.8% the previous month. No one expects "less" access to capital, down from 3.1% of respondents in March.
- When asked, 25% of the executives reported they expect to hire more employees over the next four months, unchanged from March. 65.6% expect no change in headcount over the next four months, down from 71.9% last month. 9.4% expect fewer employees, up from 3.1% of respondents who expected fewer employees in March.

- 87.5% of the leadership evaluates the current U.S. economy as “fair,” up from 84.4% last month. 12.5% rate it as “poor,” unchanged from March.
- 15.6% of survey respondents believe that U.S. economic conditions will get “better” over the next six months, unchanged from March. 68.8% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, down from 71.9% in March. 15.6% believe economic conditions in the U.S. will worsen over the next six months, an increase from 12.5% who believed so last month.
- In April, 31.3% of respondents indicate they believe their company will increase spending on business development activities during the next six months, unchanged from March. 68.8% believe there will be “no change” in business development spending, unchanged from last month. No one believes there will be a decrease in spending, also unchanged from March.

April 2013 MCI Survey Comments from Industry Executive Leadership:

Independent, Small Ticket

“There is a tremendous supply of capital at low rates for the very best credit risks. In addition, there is availability for the less than stellar credits at reasonable rates. Demand is moderate at best due to low job creation and we are hopeful this will improve.” **David Schaefer, President, Orion First Financial, LLC**

Bank, Small Ticket

“Growth is on target and portfolio quality remains good. Price, however, remains at lower levels which would not support an increase in losses over a long period of time. Caution continues...” **Kenneth Collins, CEO, Susquehanna Commercial Finance, Inc.**

Bank, Middle Ticket

“Until Washington provides positive signs to the business community the U.S. economy will continue to experience lackluster conditions. This scenario will continue to have an adverse effect on the equipment finance industry.” **Thomas Jaschik, President, BB&T Equipment 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.

###

About the Foundation

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 and follow us on Twitter @LeaseFoundation.

Follow the Foundation:

Facebook: Equipment Leasing & Finance Foundation

Linked In: <http://www.linkedin.com/groups?gid=89692>