

Equipment Lease Finance Industry Confidence Up Again In July

Washington, DC, July 22, 2013 — The **Equipment Leasing & Finance Foundation** (the Foundation) releases the July 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 59.4, an increase from the June index of 57.3, reflecting industry participants' increasing optimism despite continued moderate demand for equipment.

When asked about the outlook for the future, MCI survey respondent **Russell Nelson, President, CoBank Farm Credit Leasing**, said, "Demand for replacement/additions of equipment and facilities remains steady to increasing, with rising interest rates and equipment costs accelerating capital expenditures through the remainder of 2013. We have growing confidence that the economy and business climate will continue to post modest improvement during the next 18 months."

July 2013 Survey Results:

The overall MCI-EFI is 59.4, an increase from the June index of 57.3.

- When asked to assess their business conditions over the next four months, 25% of executives responding said they believe business conditions will improve over the next four months, up from 19.4% in June. 71.9% of respondents believe business conditions will remain the same over the next four months, up from 71% in June. 3.1% believe business conditions will worsen, down from 9.7% the previous month.
- 15.6% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, down from 19.4% in June. 81.3% believe demand will "remain the same" during the same four-month time period, up from 71% the previous month. 3.1% believe demand will decline, down from 9.7% in June.
- 21.9% of executives expect more access to capital to fund equipment acquisitions over the next four months, up from 19.4% in June. 78.1% of survey respondents indicate they expect the "same" access to capital to fund business, a decrease from 80.6% the previous month. No one expects "less" access to capital, unchanged from June.
- When asked, 25% of the executives reported they expect to hire more employees over the next four months, a decrease from 29% in June. 68.8% expect no change in headcount over the next four months, up from 67.7% last month. 6.3% expect fewer employees, up from 3.2% of respondents who expected fewer employees in June.
- 90.6% of the leadership evaluates the current U.S. economy as "fair," unchanged from last month. 9.4% rate it as "poor," also unchanged from June.

- 34.4% of survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 22.6% in June. 62.5% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 71% in June. 3.1% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 6.5% who believed so last month.
- In July, 31.3% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 25.8% in June. 68.8% believe there will be “no change” in business development spending, a decrease from 74.2% last month. No one believes there will be a decrease in spending, unchanged from June.

July 2013 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

“I feel confident about the future of our resilient industry. However I am concerned about the overall decreasing margins and lackluster demand that has yet to indicate a strong level of optimism from the small business sector. If delinquency increases to any great degree decreased profitability may limit future underwriting capabilities and availability of capital. **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

Bank, Middle Ticket

“With a potentially improving economic environment and a rising rate environment, demand for equipment financing could be very strong in the second half of 2013.” **Thomas Jaschik, President, BB&T Equipment Finance**

Independent, Middle Ticket

“Our feeling is tentative. There appears to be a fairly liquid market, but demand is not very robust.” **George Booth, Managing Director, Black Rock Capital, LLC**

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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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.

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