

## Equipment Leasing and Finance Industry Confidence Eases from Previous Two Months

Washington, DC, August 21, 2014 — The [Equipment Leasing & Finance Foundation \(the Foundation\)](#) releases the August 2014 [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 \$827 billion equipment finance sector. Overall, confidence in the equipment finance market is 58.9, easing from the previous two months' indexes of 61.4.

When asked about the outlook for the future, MCI-EFI survey respondent **Thomas Jaschik, President, BB&T Equipment Finance**, said, "The next two months will be very interesting for the equipment finance industry. Will the economy accelerate, as many economists have predicted? Will U.S. business feel confident in making capital investments? Or, will the economy continue its lackluster recovery? The next 60 days should tell whether this will be a year of exceptional or limited growth for our industry."

### August 2014 Survey Results:

The overall MCI-EFI is 58.9, easing from 61.4 the previous two months.

- When asked to assess their business conditions over the next four months, 18.2% of executives responding said they believe business conditions will improve over the next four months, down from 28.6% in July. 78.8% of respondents believe business conditions will remain the same over the next four months, up from 68.6% in July. 3% believe business conditions will worsen, unchanged from the previous month.
- 21.2% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, down from 25.7% in July. 75.8% believe demand will "remain the same" during the same four-month time period, up from 68.6% the previous month. 3% believe demand will decline, down from 5.7% who believed so in July.
- 15.2% of executives expect more access to capital to fund equipment acquisitions over the next four months, down from 25.7% in July. 84.8% of survey respondents indicate they expect the "same" access to capital to fund business, an increase from 74.3% in July. No one expects "less" access to capital, unchanged from the previous month.
- When asked, 33.3% of the executives reported they expect to hire more employees over the next four months, a decrease from 37% in July. 57.6% expect no change in headcount over the next four months, down from 60% last month. 9.1% expect fewer employees, up from 2.9% who expected fewer employees in July.
- 6.1% of the leadership evaluates the current U.S. economy as "excellent," up from 5.7% last month. 87.9% of the leadership evaluates the current U.S. economy as "fair," a slight decrease from 88.6% in July. 6.1% rate it as "poor," relatively unchanged from the last four months.
- 30.3% of the survey respondents believe that U.S. economic conditions will get "better" over the next six months, an increase from 22.9% who believed so in July. 66.7% of survey respondents indicate they believe the U.S. economy will "stay the same" over the next six

months, a decrease from 74.3% in July. 3% believe economic conditions in the U.S. will worsen over the next six months, unchanged from last month.

- In August, 21.2% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 25.7% in July. 78.8% believe there will be “no change” in business development spending, an increase from 74.3% last month. None believe there will be a decrease in spending, unchanged from last month.

### **August 2014 MCI-EFI Survey Comments from Industry Executive Leadership:**

#### **Independent, Small Ticket**

“We continue to see somewhat slack demand from the small business sector as companies continue to be very conservative in their expectations of overall growth. The recent global economic news (Japan and Europe) doesn't support a strong U.S. economy. Overall, we expect demand for capex expenditures to be in the low to moderate range.” **David Schaefer, Chief Executive Officer, Mintaka Financial, LLC**

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

“While employment seems to be improving, reflecting a slowly improving economy, the International issues could affect consumer sentiment and negatively impact growth.” **William Besgen, President and Chief Operating Officer, Hitachi Capital America Corp.**

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

“Customers are continuing to demand creative equipment finance solutions. This is a market where we can demonstrate the value we provide to our partners and customers.” **Mike Romanowski, President, CoBank Farm Credit Leasing**

#### **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/research/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. Funded through charitable individual and corporate donations, the Foundation is the only organization dedicated to future-oriented, in-depth, independent research for the leasing industry. In 2014, the Foundation celebrates its 25th anniversary. Visit the Foundation online at <http://www.LeaseFoundation.org>

Follow the Foundation:

Facebook: Equipment Leasing & Finance Foundation

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

Twitter: @ LeaseFoundation