

Equipment Leasing and Finance Industry Confidence Up in September

Washington, DC, September 22, 2014 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the September 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 60.2, an increase from the August index of 58.9.

When asked about the outlook for the future, MCI-EFI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**, said, “We are experiencing stronger demand than in the past several months, which bodes well for a strong fourth quarter. There is still concern for yield erosion, but we look forward to concluding the year on a positive trend.”

September 2014 Survey Results:

The overall MCI-EFI is 60.2, an increase from the August index of 58.9.

- When asked to assess their business conditions over the next four months, 36.4% of executives responding said they believe business conditions will improve over the next four months, up from 18.2% in August. 60.6% of respondents believe business conditions will remain the same over the next four months, down from 78.8% in August. 3% believe business conditions will worsen, unchanged from the previous month.
- 30.3% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 21.2% in August. 66.7% believe demand will “remain the same” during the same four-month time period, down from 75.8% the previous month. 3% believe demand will decline, unchanged from August.
- 15.2% of executives expect more access to capital to fund equipment acquisitions over the next four months, unchanged from August. 84.8% of survey respondents indicate they expect the “same” access to capital to fund business, and none expects “less” access to capital, both also unchanged from the previous month.
- When asked, 30.3% of the executives reported they expect to hire more employees over the next four months, a decrease from 33.3% in August. 60.6% expect no change in headcount over the next four months, up from 57.6% last month. 9.1% expect fewer employees, unchanged from August.
- 6.1% of the leadership evaluates the current U.S. economy as “excellent,” unchanged from last month. 87.9% of the leadership evaluates the current U.S. economy as “fair,” and 6.1% rate it as “poor,” both also unchanged from August.
- 27.3% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 30.3% who believed so in August. 66.7% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, unchanged from August. 6.1% believe economic conditions in the U.S. will worsen over the next six months, up from 3% who believed so last month.

- In September, 15.2% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 21.2% in August. 84.8% believe there will be “no change” in business development spending, an increase from 78.8% last month. None believe there will be a decrease in spending, unchanged from last month.

September 2014 MCI-EFI Survey Comments from Industry Executive Leadership:

Captive, Small Ticket

“Equipment replacement and cloud financing should drive demand. The regulatory environment will increase burdens on lending/leasing activities.” **Anthony Pacchiano, Vice President and General Manager, ADP Commercial Leasing**

Bank, Small Ticket

“While the consumer and commercial sectors are still suffering a hangover from the great recession, even after five years, the aversion to debt will slowly succumb to the need to upgrade and replace equipment.” **Paul Menzel, President and Chief Executive Officer, Financial Pacific Leasing**

Bank, Middle Ticket

“As we approach the fourth quarter I am hopeful an improving economy collides with our typical seasonal upswing in new business activity. If this occurs our industry will finish the year with very strong results and a positive outlook for 2015.” **Thomas Jaschik, President, BB&T Equipment Finance**

Bank, Middle Ticket

“Businesses are beginning to invest in new equipment to increase capacity, not just to replace aging equipment. For the past two years the majority of purchases were replacement, not expansion. The recovery continues to be slow.” **Elaine Temple, President, BancorpSouth 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/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.

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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. 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>

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