

## Equipment Leasing and Finance Industry Confidence in February Remains at Three-Year High

Washington, DC, February 23, 2014 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the February 2015 [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 \$903 billion equipment finance sector. Overall, confidence in the equipment finance market is 66.3, a slight increase from the three-year high level reached by the January index of 66.1.

When asked about the outlook for the future, MCI-EFI survey respondent **William Verhelle, Chief Executive Officer, First American Equipment Finance, a City National Bank Company**, said, “The economy continues to improve. First American is seeing increased equipment acquisition activity among the large corporate borrowers we serve. We are optimistic that lower energy costs, if they remain at current low levels, will drive increased U.S. economic activity in the second half of 2015. We are more optimistic about the U.S. economy today than we have been at any time during the past six years.”

### February 2015 Survey Results:

The overall MCI-EFI is 66.3, a slight increase from the January index of 66.1.

- When asked to assess their business conditions over the next four months, 30.3% of executives responding said they believe business conditions will improve over the next four months, up from 23.3% in January. 63.6% of respondents believe business conditions will remain the same over the next four months, down from 76.7% in January. 6.1% believe business conditions will worsen, up from none who believed so the previous month.
- 42.4% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 20% in January. 51.5% believe demand will “remain the same” during the same four-month time period, down from 80% the previous month. 6.1% believe demand will decline, up from none in January.
- 27.3% of executives expect more access to capital to fund equipment acquisitions over the next four months, down from 33.3% in January. 72.7% of survey respondents indicate they expect the “same” access to capital to fund business, up from 66.7% in January. None expect “less” access to capital, unchanged from the previous month.
- When asked, 39.4% of the executives reported they expect to hire more employees over the next four months, a decrease from 50% in January. 57.6% expect no change in headcount over the next four months, up from 50% last month. 3% expect to hire fewer employees, up from none who expected fewer in January.
- 6.1% of the leadership evaluate the current U.S. economy as “excellent,” up from 3% last month. 90.9% of the leadership evaluate the current U.S. economy as “fair,” down from 97% in January. 3% rate it as “poor,” up from none the previous month.
- 45.4% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 43.3% who believed so in January. 54.6% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, down from 56.7% in

January. None believe economic conditions in the U.S. will worsen over the next six months, unchanged from last month.

- In February, 48.5% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 50% in January. 51.5% believe there will be “no change” in business development spending, an increase from 50% last month. None believe there will be a decrease in spending, unchanged from last month.

February 2015 MCI-EFI Survey Comments from Industry Executive Leadership:

Independent, Small Ticket

“Demand remains moderate and competition is strong. We remain bullish for 2015 as we expand channels and products. We are planning on muted GDP so we are focused on making our own opportunities versus waiting for the general economy to expand.” **David Schaefer, CEO, Mintaka Financial, LLC**

Bank, Small Ticket

“Things just seem to be better. Gas prices and unemployment are headed in the right direction. [I am] concerned over the negative effect of lower gas prices, i.e., higher fail rates of energy loans and energy stock value.” **Kenneth Collins, CEO, Susquehanna Commercial Finance, Inc.**

Bank, Middle Ticket

“I see continued strength in the transportation segment of the economy. That segment of our business will remain strong. The opportunities in oil and gas have substantially declined. I expect the decline to depress the volume of business during 2015. 2015 will be a mixed year with some industries doing well and others in decline.” **Elaine Temple, President, BancorpSouth Equipment Finance**

Bank, Middle Ticket

“All signs have been pointing to a ‘break-out’ year in 2015. However, investment in capital assets continues to be sporadic. Companies continue to be cautious in expanding their production capacity. Let’s hope the economists are correct in their predictions for 2015.” **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/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. Visit the Foundation online at <http://www.LeaseFoundation.org>.

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