

Equipment Leasing and Finance Industry Confidence Improves Again in April

Washington, DC, April 21, 2016 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the April 2016 [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 \$1 trillion equipment finance sector. Overall, confidence in the equipment finance market increased for the second consecutive month to 59.1, an increase from the March index of 51.6.

When asked about the outlook for the future, MCI-EFI survey respondent **Aylin Cankardes, President and Founder, Rockwell Financial Group**, said, “The favorable rate environment is still driving growth in the equipment finance sector. Focusing on customers where margin and broader opportunity exists continues to be our top priority. The key drivers are providing innovative and solution driven options to generate value.”

April 2016 Survey Results:

The overall MCI-EFI is 59.1, an increase from the March index of 51.6.

- When asked to assess their business conditions over the next four months, 12.1% of executives responding said they believe business conditions will improve over the next four months, an increase from 3.2% in March. 75.8% of respondents believe business conditions will remain the same over the next four months, a decrease from 77.4% in March. 12.1% believe business conditions will worsen, a decrease from 19.4% the previous month.
- 15.2% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 9.7% in March. 66.7% believe demand will “remain the same” during the same four-month time period, down from 74.2% the previous month. 18.2% believe demand will decline, an increase from 16.1% who believed so in March.
- 24.2% of executives expect more access to capital to fund equipment acquisitions over the next four months, increase from 16.1% in March. 75.8% of survey respondents indicate they expect the “same” access to capital to fund business, a decrease from 77.4% the previous month. None expect “less” access to capital, a decrease from 6.5% last month.
- When asked, 51.5% of the executives report they expect to hire more employees over the next four months, an increase from 32.3% in March. 45.5% expect no change in headcount over the next four months, a decrease from 61.3% last month. 3.0% expect to hire fewer employees, a decrease from 6.5% in March.
- 3.0% of the leadership evaluate the current U.S. economy as “excellent,” an increase from none last month. 97% of the leadership evaluate the current U.S. economy as “fair,” down from 100% in March. None rate it as “poor,” unchanged from the previous month.
- 3.0% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from none who believed so in March. 87.9% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 77.4% the previous month. 9.1% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 22.6% who believed so last month.
- In April, 54.5% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 38.7% in March. 45.5% believe there will be “no change” in business development spending, a decrease from 48.4% the previous month. None believe there will be a decrease in spending, a decrease from 12.9% who believed so last month.

April 2016 MCI-EFI Survey Comments from Industry Executive Leadership:

Independent, Small Ticket

“Application activity is on pace for the year but we see trends in customers seeking credit approvals that we cannot deliver, such as transactions for closely held entities that offer no personal guarantees and demand for rates that are unrealistic in the small ticket space. The absurdity of the current election coupled with heightened concern for the future and increased terrorist activity seem to be having a strong impact on our customers’ mentality. Closing transactions is much harder than it was a year ago.” **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

Independent, Middle Ticket

“Our new business volumes from our smaller ticket middle market customers, especially our medium duty truck users, continue to be strong, evidencing continued optimism in local economies across the U.S.” **William H. Besgen, Senior Advisor, Vice Chairman Emeritus, Hitachi Capital America Corp.**

Bank, Middle Ticket

“The U.S. economy continues to lack any positive momentum. Because of the uncertain economic environment companies continue to take a very conservative approach to capital expenditures. This is compounded by the severe downturn in the energy markets, which have historically been very active in the equipment finance market. Unfortunately, I believe the near term prospects for equipment finance are for reduced levels of activity compared to prior years.” **Thomas Jaschik, President, BB&T Equipment Finance**

Bank, Large Ticket

“The continued low rate environment makes it attractive to finance equipment needs. The biggest concerns are cyclical industries which are showing signs of a downturn.” **Thomas Partridge, President, Fifth Third 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 dedicated to inspiring thoughtful innovation and contributing to the betterment of the equipment leasing and finance industry. Funded through charitable individual and corporate donations, the Foundation focuses on the development of in-depth, independent research and resources for the advancement of equipment finance industry knowledge. Visit the Foundation online at <http://www.LeaseFoundation.org>.

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