

Equipment Leasing and Finance Industry Confidence Increases Again in December

Washington, DC, December 15, 2017 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the December [2017 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 is 69.4 in December, an increase from 67.0 in November and the highest level in nine months.

When asked about the outlook for the future, MCI-EFI survey respondent **Frank Campagna, Group Vice President, Line of Business Manager, M&T Bank Commercial Equipment Finance**, said, “A number of factors enter into our optimism regarding an improved business environment, however, the anticipated removal of uncertainty regarding accounting rule and tax code changes are key events. Aligned with this optimism is our expansion into new business silos to take advantage of a resurgence of business in key sectors of our large ticket model. Our ability to drive higher returns through niche markets has encouraged the bank to increase its investment in our business providing a strong commitment to growth.”

December 2017 Survey Results:

The overall MCI-EFI is 69.4 in December, up from 67.0 in November.

- When asked to assess their business conditions over the next four months, 32.1% of executives responding said they believe business conditions will improve over the next four months, relatively unchanged from 32.4% in November. 67.9% of respondents believe business conditions will remain the same over the next four months, also relatively unchanged from 67.7% the previous month. None believe business conditions will worsen, also unchanged from the previous month.
- 46.4% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 35.3% in November. 53.6% believe demand will “remain the same” during the same four-month time period, down from 64.7% the previous month. None believe demand will decline, unchanged from November.
- 25.0% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, down from 29.4% in November. 67.9% of executives indicate they expect the “same” access to capital to fund business, relatively unchanged from 67.7% last month. 7.1% expect “less” access to capital, up from none last month.
- When asked, 53.6% of the executives report they expect to hire more employees over the next four months, an increase from 35.5% in November. 46.4% expect no change in headcount over the next four months, a decrease from 61.8% last month. None expect to hire fewer employees, a decrease from 2.9% in November.
- 10.7% of the leadership evaluate the current U.S. economy as “excellent,” down from 17.7% last month. 89.3% of the leadership evaluate the current U.S. economy as “fair,” an increase from 82.4% in November. None evaluate it as “poor,” unchanged from last month.
- 42.9% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 32.5% in November. 57.1% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 64.7% the previous month. None believe economic conditions in the U.S. will worsen over the next six months, a decrease from 2.9% who believed so in November.
- In December, 57.1% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 52.9% in November. 42.9%

believe there will be “no change” in business development spending, a decrease from 47.1% the previous month. None believe there will be a decrease in spending, unchanged from last month.

December 2017 MCI-EFI Survey Comments from Industry Executive Leadership:

Independent, Small Ticket

“Getting resolution to federal tax reform is encouraging. Lower taxes on pass-through and corporations should boost confidence.” **David T. Schaefer, CEO, Mintaka Financial, LLC**

Bank, Small Ticket

“The combination of consumer spending, low interest rates and the tax cut for businesses—assuming it gets enacted—will create capex in the business sector. The political climate is still the wildcard that is going to make decision makers pause.” **Paul Menzel, President & CEO, Financial Pacific Leasing, Inc., an Umpqua Bank Company**

Bank, Middle Ticket

“The House and Senate have both passed tax packages which reduce the corporate tax rate and accelerate the depreciation of equipment. Both of these initiatives should provide a stimulus to the demand for equipment leasing and finance. If a final tax package similar to those passed by both house of congress are enacted, 2018 could be a breakout year for the equipment finance industry.” **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, <https://www.leasefoundation.org/industry-resources/monthly-confidence-index/>, 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. The Foundation is funded through charitable individual and corporate donations. Learn more at www.leasefoundation.org.

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