

Equipment Leasing and Finance Industry Confidence Eases in March

Washington, DC, March 15, 2018 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the March 2018 [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 72.2 in March, easing slightly from 73.2 in February.

When asked about the outlook for the future, MCI-EFI survey respondent **Anthony Cracchiolo, President and CEO, U.S. Bank Equipment Finance**, said, “We are seeing growth in capex spending across a broad segment of the economy. While some areas are expanding more quickly than others, all are moving in a positive direction. Businesses are more positive than we have seen in over a decade and activity is picking up momentum. The equipment finance industry is healthy and poised to support the expanding economy.”

March 2018 Survey Results:

The overall MCI-EFI is 72.2 in March, easing from 73.2 in February.

- When asked to assess their business conditions over the next four months, 54.8% of executives responding said they believe business conditions will improve over the next four months, an increase from 46.4% in February. 45.2% of respondents believe business conditions will remain the same over the next four months, a decrease from 53.6% the previous month. None believe business conditions will worsen, unchanged from the previous month.
- 67.7% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, unchanged from February. 32.3% believe demand will “remain the same” during the same four-month time period, relatively unchanged from 32.1% the previous month. None believe demand will decline, also unchanged from February.
- 22.6% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, down from 28.6% in February. 74.2% of executives indicate they expect the “same” access to capital to fund business, an increase from 67.9% last month. 3.2% expect “less” access to capital, down slightly from 3.6% last month.
- When asked, 41.9% of the executives report they expect to hire more employees over the next four months, a decrease from 42.9% in February. 51.6% expect no change in headcount over the next four months, a decrease from 53.6% last month. 6.5% expect to hire fewer employees, up from 3.6% in February.
- 29.0% of the leadership evaluate the current U.S. economy as “excellent,” up from 25.0% last month. 71.0% of the leadership evaluate the current U.S. economy as “fair,” down from 75.0% in February. None evaluate it as “poor,” unchanged from last month.

- 45.2% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 60.7% in February. 51.6% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 35.7% the previous month. 3.2% believe economic conditions in the U.S. will worsen over the next six months, a slight decrease from 3.6% in February.
- In March, 51.6% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 53.6% in February. 45.2% believe there will be “no change” in business development spending, a decrease from 46.4% the previous month. 3.2% believe there will be a decrease in spending, an increase from none who believed so last month.

March 2018 MCI-EFI Survey Comments from Industry Executive Leadership:

Independent, Small Ticket

“In spite of the gyrations of the stock market, our customers seem poised to grow their businesses. We have experienced more demand for expansion projects in the last few months than in all of 2017. That type of optimism fuels a strong demand for financing products. Tax reform and interest rates that continue to be favorable, in spite of increases recently, should create strong growth for 2018.” **Valerie Hayes Jester, President, Brandywine Capital Associates**

Bank, Small Ticket

“Tax reform, market optimism, and a 17-year low unemployment rate are all reasons that I am confident in the economy and our specific segment of the market. While rising interest rates are good for our business in the long term, in the short term it is a challenge to keep pace in the market given robust competition.” **David Normandin, CLFP, Managing Director, Commercial Finance Group, Hanmi Bank**

Bank, Middle Ticket

“We are still experiencing customers digesting the tax reform changes and how this will impact their decisions on buy vs lease. In some cases, this has delayed purchasing decisions or project start dates.” **Michael Romanowski, President, Farm Credit Leasing Services Corporation**

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 eNewsletter](#), and included in press releases. Survey respondent demographics and additional information about the MCI are also available at the link above.

JOIN THE CONVERSATION

Twitter: <https://twitter.com/LeaseFoundation>

Facebook: <https://www.facebook.com/LeaseFoundation>

LinkedIn: <https://www.linkedin.com/company/10989281/>

Vimeo: <https://vimeo.com/elffchannel>

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.

###

Media Contact: Anneliese DeDiemar, ADeDiemar@leasefoundation.org