

Equipment Leasing and Finance Industry Confidence Improves in May

MCI-EFI Reaches Milestone 10th Anniversary

Washington, DC, May 16, 2019 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the May 2019 [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 improved in May to 59.2, up from the April index of 58.3.

This month marks the 10th anniversary of the MCI-EFI, which was launched in the wake of the 2008 recession to provide industry participants with greater insight and context for industry statistics and performance.

When asked about the outlook for the future, MCI-EFI survey respondent Michael DiCecco, Executive Managing Director, Huntington Asset Finance, said, “Our customers continue to be generally positive, delivering solid business performance and investing in equipment. Should that sentiment continue, I believe the equipment finance industry will have another good year.”

May 2019 Survey Results:

The overall MCI-EFI is 59.2, an increase from 58.3 in April.

- When asked to assess their business conditions over the next four months, 16.1% of executives responding said they believe business conditions will improve over the next four months, up from 13.3% in April. 67.7% of respondents believe business conditions will remain the same over the next four months, a decrease from 76.7% the previous month. 16.1% believe business conditions will worsen, an increase from 10% in April.
- 16.1% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 13.3% in April. 77.4% believe demand will “remain the same” during the same four-month time period, a decrease from 83.3% the previous month. 6.5% believe demand will decline, up from 3.3% who believed so in April.
- 12.9% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 6.7% in April. 87.1% of executives indicate they expect the “same” access to capital to fund business, a decrease from 93.3% last month. None expect “less” access to capital, unchanged from last month.
- When asked, 41.9% of the executives report they expect to hire more employees over the next four months, a decrease from 46.7% in April. 45.2% expect no change in headcount over the next four months, an increase from 40% last month. 12.9% expect to hire fewer employees, down from 13.3% last month.

- 51.6% of the leadership evaluate the current U.S. economy as “excellent,” up from 40% in April. 48.4% of the leadership evaluate the current U.S. economy as “fair,” a decrease from 60% the previous month. None evaluate it as “poor,” unchanged from April.
- 9.7% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, up from 6.7% in April. 77.4% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 73.3% the previous month. 12.9% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 20% in April.
- In May, 35.5% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 36.7% last month. 64.5% believe there will be “no change” in business development spending, an increase from 63.3% in April. None believe there will be a decrease in spending, unchanged from last month.

May 2019 MCI-EFI Survey Comments from Industry Executive Leadership:

Bank, Small Ticket

“The domestic economy continues to remain strong with most indicators at strong positions. Our volume has been strong, and confidence of our customers has remained positive. We are sensitive to industry portfolio performance and stress, and therefore, are cautiously optimistic about the remainder of 2019.” **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

Independent, Small Ticket

“I’m optimistic about low unemployment levels and the pace of new car purchases. I am concerned that trade wars will create pockets of economic hardship, such as alternative energy and agriculture, and that the issues will spread to related industries.” **Quentin Cote, CLFP, President, Mintaka Financial, LLC**

Bank, Middle Ticket

“We are beginning to see producers and agribusinesses make capital investments after years of belt-tightening. Activity has picked up but continues to be challenged by low commodity prices and uncertainty over trade tariffs.” **Michael Romanowski, President, Farm Credit Leasing Services Corporation**

Industry Perspectives on the MCI-EFI

In commemorating the MCI-EFI’s 10-year milestone, equipment finance industry leaders shared their perspectives on how the index informs their decision making:

“The value proposition of the MCI is that it provides the story behind the numbers and gives the sentiment of our leaders and customers about the current and future business environment,” said **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.** “It offers a unique and valuable insight into the mindset of the decision makers of the lending and borrowing points of view.”

Dave B. Fate, President and CEO, Stonebriar Commercial Finance, said, “The [MCI] data is very valuable and comes from a wide cross-section of our industry’s executives. The month-to-month data is a consistent barometer of the industry’s confidence and allows companies to manage and/or set expectations accordingly.”

“The MCI provides insights from a wide perspective of equipment leasing companies regarding the health of the industry, which is a barometer for the health of the overall U.S. economy,” said **Michael Romanowski, President, CoBank Farm Credit Leasing**. “It allows me to compare the industry perspective to what we are experiencing at Farm Credit Leasing.”

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.

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ABOUT THE FOUNDATION

The Equipment Leasing & Finance Foundation is a 501c3 non-profit organization that propels the equipment finance sector—and its people—forward through industry specific knowledge, intelligence, and programs that contribute to industry innovation, individual careers, and the overall betterment of the equipment leasing and finance industry. The Foundation is funded through individual and corporate donations. Learn more at www.leasefoundation.org.

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