

Equipment Lease Finance Industry Confidence Lower in June

Washington, DC, June 22, 2012 -- The Equipment Leasing & Finance Foundation (the Foundation) releases the June 2012 **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 \$628 billion equipment finance sector. Overall, confidence in the equipment finance market is 48.5, down from the May index of 59.2, reflecting growing concern over the European debt crisis, U.S. unemployment, and regulatory and political uncertainty.

When asked about the outlook for the future, MCI survey respondent **Harry Kaplun, President, Frost Equipment Leasing and Finance**, offered comments shared by others responding to the MCI survey, "Uncertainty is becoming more pronounced in the economy. International economic problems, U.S. unemployment, and potential political changes all contribute to a hesitancy to make major capital expenditures."

June 2012 Survey Results:

The overall MCI-EFI is 48.5, down from the May index of 59.2.

- When asked to assess their business conditions over the next four months, 8.1% of executives responding said they believe business conditions will improve over the next four months, down from 17.1% in May. 64.9% of respondents believe business conditions will remain the same over the next four months, down from 77.1% in May. 27% believe business conditions will worsen, up from 5.7% the previous month.
- 8.1% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 20% in May. 64.9% believe demand will "remain the same" during the same four-month time period, down from 77.1% the previous month. 27% believe demand will decline, up from 2.9% in May.
- 10.8% of executives expect more access to capital to fund equipment acquisitions over the next four months, down from 25.7% in May. 86.5% of survey respondents indicate they expect the "same" access to capital to fund business, an increase from 74.3% the previous month. 2.7% survey respondents expect "less" access to capital, up from no one who expected less access in May.
- When asked, 24.3% of the executives reported they expect to hire more employees over the next four months, down from 31.4% in May. 64.9% expect no change in headcount over the next four months, an increase from 62.9% last month, while 10.8% expect fewer employees, up from 5.7% in May.
- 78.4% of the leadership evaluates the current U.S. economy as "fair," down from 88.6% last month. 21.6% rate it as "poor," up from 11.4% in May.

- 8.1% of survey respondents believe that U.S. economic conditions will get “better” over the next six months, down from 22.9% in May. 64.9% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, down from 65.7% in May. 27% believe economic conditions in the U.S. will worsen over the next six months, an increase from 11.4% who believed so last month.
- In May, 29.7% of respondents indicate they believe their company will increase spending on business development activities during the next six months, down from 37.1% in May. 70.3% believe there will be “no change” in business development spending, up from 62.9% last month, and no one believes there will be a decrease in spending, unchanged from last month.

June 2012 MCI Survey Comments from Industry Executive Leadership:

Depending on the market segment they represent, executives have differing points of view on the current and future outlook for the industry.

Independent, Micro Ticket

“The Equipment Leasing & Finance industry is doing well. However, the macroeconomic climate is unsettled which is muting our industry's growth.” **Paul Menzel, President and CEO, Financial Pacific Leasing, LLC**

Independent, Small Ticket

“[We’re] concerned about what impact Europe's problems and their banks may have on the U.S. economy.” **William H. Besgen, President and COO, Hitachi Capital America Corp.**

Bank, Middle Ticket

“The future of the industry is good even with the changes on the horizon. The next few months will be challenging due to the political and global economic conditions.” **Elaine Temple, President, Bancorpsouth Equipment Finance**

Independent, Large Ticket

“[It is] still to be determined. JP Morgan did us no favors. Europe [is] still choked with debt [which] will have a major impact on the U.S. The fast approaching budget/year end crisis for the U.S. will be last year all over again. Regardless of who is in the White House, the problem will not be dealt with.” **Anonymous**

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/IndRsrcs/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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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. Primarily funded through donations, the Foundation is the only organization dedicated to future-oriented, in-depth, independent research for the leasing industry. Visit the Foundation online at www.LeaseFoundation.org.

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