

Equipment Lease Finance Industry Confidence Almost Neutral in November

Washington, DC, November 20, 2012 -- The **Equipment Leasing & Finance Foundation** (the Foundation) releases the November 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 49.9, a decrease from the October index of 53.3, reflecting many industry participants' post-election concerns over issues including the fiscal cliff, economic policy and taxes. A confidence level of 50.0 indicates a neither positive nor negative outlook overall.

When asked about the outlook for the future, MCI survey respondent **Thomas Jaschik, President, BB&T Equipment Finance**, said "The business community is waiting for positive signals from Washington before making additional investments. Investments in capital equipment and equipment financing will remain stagnant until such time."

November 2012 Survey Results:

The overall MCI-EFI is 49.9, down from the October index of 53.3.

- When asked to assess their business conditions over the next four months, 9.1% of executives responding said they believe business conditions will improve over the next four months, up from 8.6% in October. 69.7% of respondents believe business conditions will remain the same over the next four months, down from 74.3% in October. 21.2% believe business conditions will worsen, up from 17.1% the previous month.
- 12.1% 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 October. 63.6% believe demand will "remain the same" during the same four-month time period, up from 57.1% the previous month. 24.2% believe demand will decline, up from 22.9% in October.
- 21.2% of executives expect more access to capital to fund equipment acquisitions over the next four months, up from 20% in October. 72.7% of survey respondents indicate they expect the "same" access to capital to fund business, a decrease from 80% the previous month. 6.1% expect "less" access to capital, up from no one who expected less access to capital in October.
- When asked, 33.3% of the executives reported they expect to hire more employees over the next four months, down from 34.3% in October. 54.5% expect no change in headcount over the next four months, down from 57.1% last month. 12.1% expect fewer employees, up from 8.6% of respondents who expected fewer employees in October.

- 78.8% of the leadership evaluates the current U.S. economy as “fair,” up from 65.7% last month. 21.2% rate it as “poor,” down from 34.3% in October.
- 6.1% of survey respondents believe that U.S. economic conditions will get “better” over the next six months, down from 8.6% in October. 66.7% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, down from 77.1% in October. 27.3% believe economic conditions in the U.S. will worsen over the next six months, an increase from 14.3% who believed so last month.
- In November, 27.3% of respondents indicate they believe their company will increase spending on business development activities during the next six months, down from 37.1% in October. 63.6% believe there will be “no change” in business development spending, up from 62.9% last month, and 9.1% believe there will be a decrease in spending, up from no one who believed so last month.

November 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, Small Ticket

“Demand remains positive going into the end of the year and we expect access to capital to continue to improve. Now that the election is over, the biggest distraction is the fiscal cliff and taxes. If these get resolved soon this should help improve business confidence resulting in more hiring and greater equipment demand.” **David Schaefer, President, Orion First Financial, LLC**

Bank, Small Ticket

“In the short term new business could be depressed by the uncertainty around resolution of the fiscal cliff; longer term equipment finance is well positioned for further growth as the economy continues its recovery.” **James Newell, Executive Vice President, Bank of the West**

Bank, Middle Ticket

“Election results, the fiscal cliff, looming tax increases, implementation of Dodd-Frank, Affordable Care Act, and the growing deficit continue to weigh heavily on timing of future capital expenditures, and extend an environment of uncertainty, volatility, and complexity. Growth and momentum in the equipment finance industry could stall going into 2013.” **Russell Nelson, 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, <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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