

## Equipment Lease Finance Industry Confidence Increases in January

Washington, DC, January 23, 2013 -- The **Equipment Leasing & Finance Foundation** (the Foundation) releases the January 2013 **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 \$725 billion equipment finance sector. Overall, confidence in the equipment finance market is 54.2, an increase from the December index of 48.5, reflecting industry participants' improved outlook amid ongoing concerns with economic conditions and management of fiscal issues.

When asked about the outlook for the future, MCI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**, said, "We are still optimistic long term. My concerns are for the short term and the ramifications of the issues our country faces on the economic level. Demand seems to ebb and flow based upon the day's headlines."

### **January 2013 Survey Results:**

The overall MCI-EFI is 54.2, up from the December index of 48.5.

- When asked to assess their business conditions over the next four months, 6.1% of executives responding said they believe business conditions will improve over the next four months, up from 5.9% in December. 87.9% of respondents believe business conditions will remain the same over the next four months, up from 73.5% in December. 6.1% believe business conditions will worsen, down from 20.6% 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, an increase from 8.8% in December. 75.8% believe demand will "remain the same" during the same four-month time period, up from 58.8% the previous month. 12.1% believe demand will decline, down from 32.4% in December.
- 18.2% of executives expect more access to capital to fund equipment acquisitions over the next four months, up from 14.7% in December. 81.8% of survey respondents indicate they expect the "same" access to capital to fund business, a decrease from 85.3% the previous month. No one expects "less" access to capital, unchanged from December.
- When asked, 24.2% of the executives reported they expect to hire more employees over the next four months, up from 23.5% in December. 69.7% expect no change in headcount over the next four months, up from 64.7% last month. 6.1% expect fewer employees, down from 11.8% of respondents who expected fewer employees in December.
- 87.9% of the leadership evaluates the current U.S. economy as "fair," up from 76.5% last month. 12.1% rate it as "poor," down from 23.5% in December.

- 6.1% of survey respondents believe that U.S. economic conditions will get “better” over the next six months, down from 11.8% in December. 84.8% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, up from 55.9% in December. 9.1% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 32.4% who believed so last month.
- In January, 30.3% of respondents indicate they believe their company will increase spending on business development activities during the next six months, down from 35.3% in December. 69.7% believe there will be “no change” in business development spending, up from 58.8% last month. No one believes there will be a decrease in spending, down from 5.9% who believed so last month.

### **January 2013 MCI Survey Comments from Industry Executive Leadership:**

#### **Independent, Middle Ticket**

“The time has come to move forward, even given the continued difficult conditions. I look for small, but hopefully sustainable growth. After all, it's January and hope springs eternal!” **George Booth, Managing Director, Black Rock Capital, LLC**

#### **Bank, Middle Ticket**

“I feel good about our business. We are being recognized as important profit centers who manage a more efficient operation. This is evident by the number of banks purchasing commercial/equipment finance companies and the consolidation of core bank loan products into the equipment finance company.” **Kenneth Collins, CEO, Susquehanna Commercial Finance, Inc.**

### **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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### **About the Foundation**

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](http://www.LeaseFoundation.org) and follow us on Twitter @LeaseFoundation.

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