

## Equipment Lease Finance Industry Confidence Levels Off in March

Washington, DC, March 21, 2013 -- The **Equipment Leasing & Finance Foundation** (the Foundation) releases the March 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 58.0, a slight decrease from the February index of 58.7, reflecting a leveling off in industry participants' optimism after two consecutive increases.

When asked about the outlook for the future, MCI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**, said, "In the short term we see continued demand for equipment at a lessened pace than we did in the fourth quarter of 2012. Until the issues in Washington regarding the budget are resolved, we don't expect the economy to move forward at a pace that sustains strong demand for equipment acquisition."

### March 2013 Survey Results:

The overall MCI-EFI is 58.0, a decrease from the February index of 58.7.

- When asked to assess their business conditions over the next four months, 21.9% of executives responding said they believe business conditions will improve over the next four months, up from 20% in February. 71.9% of respondents believe business conditions will remain the same over the next four months, down from 77.1% in February. 6.3% believe business conditions will worsen, up from 2.9% the previous month.
- 21.9% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 20% in February. 68.8% believe demand will "remain the same" during the same four-month time period, down from 77.1% the previous month. 9.4% believe demand will decline, up from 2.9% in February.
- 28.1% of executives expect more access to capital to fund equipment acquisitions over the next four months, up from 22.9% in February. 68.8% of survey respondents indicate they expect the "same" access to capital to fund business, a decrease from 77.1% the previous month. 3.1% expect "less" access to capital, up from zero percent of respondents in February.
- When asked, 25% of the executives reported they expect to hire more employees over the next four months, up from 22.9% in February. 71.9% expect no change in headcount over the next four months, up from 65.7% last month. 3.1% expect fewer employees, down from 11.4% of respondents who expected fewer employees in February.
- 84.4% of the leadership evaluates the current U.S. economy as "fair," down from 85.7% last month. 12.5% rate it as "poor," up from 11.4% in February. One survey respondent rated the current economy as "excellent."

- 15.6% of survey respondents believe that U.S. economic conditions will get “better” over the next six months, down from 22.9% in February. 71.9% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, down from 74.3% in February. 12.5% believe economic conditions in the U.S. will worsen over the next six months, an increase from 2.9% who believed so last month.
- In March, 31.3% of respondents indicate they believe their company will increase spending on business development activities during the next six months, down from 37.1% in February. 68.8% believe there will be “no change” in business development spending, up from 60% last month. No one believes there will be a decrease in spending, down from 2.9% who believed so last month.

### **March 2013 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**

“Economic and political headwinds continue to swirl. Small business confidence is still very cautious and wary. Are we nearing the Groundhog Day of investment rather than austerity?” **Paul Menzel, President & CEO, Financial Pacific Leasing, LLC**

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

“We are seeing more options opening up for funding transactions as the market is adjusting to demand for more B and BB rated opportunities. There is still pricing pressure on the investment grade space which continues to keep the margins thin.” **Aylin Cankardes, President, Rockwell Financial Group**

#### **Bank, Small Ticket**

“The equipment finance industry is making it easier for customers to replace their equipment. Subsequently, business is turning to us more and more. We feel good about the future of the equipment finance industry.” **Kenneth Collins, CEO, Susquehanna Commercial Finance, Inc.**

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

“Continuation of the low interest rate environment, modest improvement in the housing sector, and the need for replacement/addition of new equipment and facilities to be positioned for growth opportunities as the economy gains momentum will generate increased growth in the equipment finance industry for 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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### **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.