

Equipment Lease Finance Industry Confidence Improves in May

Washington, DC, May 21, 2013 -- The **Equipment Leasing & Finance Foundation** (the Foundation) releases the May 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 56.7, an increase from the April index of 54.0, reflecting industry participants' increasing optimism despite continuing concerns over the economy and the impact of federal policies on capital expenditures.

When asked about the outlook for the future, MCI survey respondent **Aylin Cankardes, President, Rockwell Financial Group**, said, "With strong liquidity in the market we are seeing lending extended to middle market credits again. Lessees continue to renew leases but for shorter periods of time as they are now becoming more interested in financing capital equipment to replace existing assets,"

May 2013 Survey Results:

The overall MCI-EFI is 56.7.0, an increase from the April index of 54.0.

- When asked to assess their business conditions over the next four months, 9.7% of executives responding said they believe business conditions will improve over the next four months, up from 6.3% in April. 87.1% of respondents believe business conditions will remain the same over the next four months, up from 84.4% in April. 3.2% believe business conditions will worsen, down from 9.4% the previous month.
- 12.9% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, relatively unchanged from 12.5% in April. 80.6% believe demand will "remain the same" during the same four-month time period, up from 75% the previous month. 6.5% believe demand will decline, down from 12.5% in April.
- 25.8% of executives expect more access to capital to fund equipment acquisitions over the next four months, up from 18.8% in April. 74.2% of survey respondents indicate they expect the "same" access to capital to fund business, a decrease from 81.3% the previous month. No one expects "less" access to capital, unchanged from April.
- When asked, 19.4% of the executives reported they expect to hire more employees over the next four months, a decrease from 25% in April. 71% expect no change in headcount over the next four months, up from 65.6% last month. 9.7% expect fewer employees, relatively unchanged from 9.4% of respondents who expected fewer employees in April.
- 90.3% of the leadership evaluates the current U.S. economy as "fair," up from 87.5% last month. 9.7% rate it as "poor," a decrease from 12.5% in April.

- 32.3% of survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 15.6% in April. 64.5% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, down from 68.8% in April. 3.2% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 15.6% who believed so last month.
- In April, 25.8% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 31.3% in April. 74.2% believe there will be “no change” in business development spending, an increase from 68.8% last month. No one believes there will be a decrease in spending, unchanged from April.

May 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

“The industry continues to provide capital to fuel economic expansion. We continue to think that the upswing in parts of the consumer economy will begin to impact the small businesses that have been reluctant to borrow for equipment needs.” **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

Bank, Middle Ticket

“Continuation of low interest rates, and recent strength in the financial markets, housing and manufacturing sectors are encouraging increased capex and general optimism about the U.S. economy by individual customers and corporate CFOs. Growth potential for the industry throughout the remainder of 2013 should exceed earlier forecasts and could carryover to 2014.” **Russell Nelson, President, CoBank Farm Credit Leasing**

Bank, Middle Ticket

“The demand for equipment financing continues to be hampered by the lack of any substantial initiative on the part of the U.S. Congress and Executive branch to provide clarity to U.S. fiscal and tax policies. As long as this lack of initiative continues the hesitation by U.S. companies to invest in capital assets will continue.” **Thomas Jaschik, President, BB&T Equipment Finance**

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 and follow us on Twitter @LeaseFoundation.

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