

Equipment Lease Finance Industry Confidence Gains Again in June

Washington, DC, June 19, 2013 -- The **Equipment Leasing & Finance Foundation** (the Foundation) releases the June 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 57.3, an increase from the May index of 56.7, reflecting industry participants' increasing optimism despite continued moderate growth of business investment in equipment.

When asked about the outlook for the future, MCI survey respondent **Thomas Jaschik, President, BB&T Equipment Finance**, said, "Demand for equipment leases has increased significantly over the last 60 days. Whether this is a seasonal factor or an indicator of an improving economy is subject to debate. If demand continues throughout the summer than perhaps we can give the nod to an improving economy."

June 2013 Survey Results:

The overall MCI-EFI is 57.3, an increase from the May index of 56.7.

- When asked to assess their business conditions over the next four months, 19.4% of executives responding said they believe business conditions will improve over the next four months, up from 9.7% in May. 71% of respondents believe business conditions will remain the same over the next four months, down from 87.1% in May. 9.7% believe business conditions will worsen, up from 3.2% the previous month.
- 19.4% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 12.9% in May. 71% believe demand will "remain the same" during the same four-month time period, down from 80.6% the previous month. 9.7% believe demand will decline, up from 6.5% in May.
- 19.4% of executives expect more access to capital to fund equipment acquisitions over the next four months, down from 25.8% in May. 80.6% of survey respondents indicate they expect the "same" access to capital to fund business, an increase from 74.2% the previous month. No one expects "less" access to capital, unchanged from May.
- When asked, 29% of the executives reported they expect to hire more employees over the next four months, an increase from 19.4% in May. 67.7% expect no change in headcount over the next four months, down from 71% last month. 3.2% expect fewer employees, down from 9.7% of respondents who expected fewer employees in May.
- 90.3% of the leadership evaluates the current U.S. economy as "fair," unchanged from last month. 9.7% rate it as "poor," also unchanged from May.

- 22.6% of survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 32.3% in May. 71% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 64.5% in May. 6.5% believe economic conditions in the U.S. will worsen over the next six months, an increase from 3.2% who believed so last month.
- In June, 25.8% of respondents indicate they believe their company will increase spending on business development activities during the next six months, unchanged from May. 74.2% believe there will be “no change” in business development spending, and no one believes there will be a decrease in spending, both also unchanged from May.

June 2013 MCI Survey Comments from Industry Executive Leadership:

Bank, Middle Ticket

“The industry outlook is trending in a positive direction. However, the recent data reflects a single month and isn't yet indicative of a larger trend. While we are currently in a positive environment, U.S. Bank is well positioned to capitalize on the current market conditions.”

Anthony Cracchiolo, President and CEO, Vendor Services, U.S. Bank Equipment Finance

“Continued market uncertainty and volatility in the U.S. and abroad, mixed economic and industry results, and consideration by the Fed to reduce its stimulus program and increase interest rates are challenging customers on the timing of future capex replacement and/or expansion. Numerous industry segments experiencing modest to robust sales growth and replenished cash reserves during the past 18 months are moving forward with capex plans, contributing to strong performance for the equipment finance industry during the remainder of 2013 and into 2014.” **Russell Nelson, President, CoBank Farm Credit Leasing**

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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