

Equipment Lease Finance Industry Confidence Remains Steady in September

Washington, DC, September 20, 2013 — The **Equipment Leasing & Finance Foundation** (the Foundation) releases the September 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 61.3, steady with the August index of 61.0.

When asked about the outlook for the future, MCI survey respondent **Russell Nelson, President, CoBank Farm Credit Leasing**, said, “Stable to slightly favorable economic news, combined with rising equipment costs and interest rates, are driving a continued increase in capital expenditures within a number of industries. Current tax advantages, flexible structures and terms, used equipment values, and attractive fixed rates are contributing to another strong year for equipment financing in 2013, with potential increasing momentum into 2014.”

September 2013 Survey Results:

The overall MCI-EFI is 61.3, steady with the August index of 61.0.

- When asked to assess their business conditions over the next four months, 30.3% of executives responding said they believe business conditions will improve over the next four months, down from 32.4% in August. 66.7% of respondents believe business conditions will remain the same over the next four months, down from 67.6% in August. 3% believe business conditions will worsen, up from no one who believed so the previous month.
- 33.3% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 23.5% in August. 63.6% believe demand will “remain the same” during the same four-month time period, down from 76.5% the previous month. 3% believe demand will decline, up from no one who believed so in August.
- 18.2% of executives expect more access to capital to fund equipment acquisitions over the next four months, down from 20.6% in August. 81.8% of survey respondents indicate they expect the “same” access to capital to fund business, an increase from 79.4% the previous month. No one expects “less” access to capital, unchanged from August.
- When asked, 36.4% of the executives reported they expect to hire more employees over the next four months, an increase from 29.4% in August. 60.6% expect no change in headcount over the next four months, down from 64.7% last month. 3.0% expect fewer employees, down from 5.9% of respondents who expected fewer employees in August.
- 90.9% of the leadership evaluates the current U.S. economy as “fair,” steady with 91.2% last month. 9.1% rate it as “poor,” also steady with 8.8% in August.

- 18.2% of survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 26.5% in August. 78.8% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 70.6% in August. 3.0% believe economic conditions in the U.S. will worsen over the next six months, unchanged from last month.
- In September, 30.3% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 29.4% in August. 66.7% believe there will be “no change” in business development spending, a decrease from 70.6% last month. 3% believe there will be a decrease in spending, up from no one who believed so in August.

September 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

“Our long term view is optimistic. However, in the near term the challenge of continued growth becomes greater as margins continue to narrow and demand is not at a robust pace. Small business owners—who are our customers—are still not exhibiting the same behavior as it relates to capital equipment acquisition that their larger counterparts are experiencing. It is sometimes as though the economy has two very different sides.” **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

Independent, Small Ticket

“We continue to see moderate demand in the small business segment. Job growth continues to be unimpressive and not significant enough to propel anything more than modest demand for new equipment. Portfolio performance is outstanding in terms of delinquency and defaults and we don't expect any significant change in the near term.” **David Schaefer, CEO, Mintaka Financial, LLC**

Bank, Middle Ticket

“At this point I don't believe we have an economic recovery but economic stagnation. There is no momentum in the economy, only the hope that conditions may get better but hopefully won't get any worse. The upcoming fiscal battle in Washington will only add to the stagnation. As such, the equipment finance market will see only marginal growth over the coming months.” **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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