

Equipment Lease Finance Industry Confidence Declines in October

Washington, DC, October 21, 2013 — The **Equipment Leasing & Finance Foundation** (the Foundation) releases the October 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 54.0, a decline from the September index of 61.3, demonstrating the negative impact of the federal government's budget response on an otherwise steady industry outlook.

When asked about the outlook for the future, MCI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**, said, "The future of the industry remains optimistic. My larger concern is for the future of our country and the inability of our government to lead. Ultimately, the stalemate in Washington will have a negative effect on our economy in the short run. My hope is that we can get small business back on track and investing again in equipment in 2014."

October 2013 Survey Results:

The overall MCI-EFI is 54.0, a decline from the September index of 61.3.

- When asked to assess their business conditions over the next four months, 11% of executives responding said they believe business conditions will improve over the next four months, down from 30.3% in September. 74% of respondents believe business conditions will remain the same over the next four months, up from 66.7% in September. 15% believe business conditions will worsen, up from 3% who believed so the previous month.
- 7.4% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, down from 33.3% in September. 77.8% believe demand will "remain the same" during the same four-month time period, up from 63.6% the previous month. 15% believe demand will decline, up from 3% who believed so in September.
- 18.5% of executives expect more access to capital to fund equipment acquisitions over the next four months, unchanged from September. 81.8% of survey respondents indicate they expect the "same" access to capital to fund business, and no one expects "less" access to capital, both also unchanged from September.
- When asked, 33.3% of the executives reported they expect to hire more employees over the next four months, a decrease from 36.4% in September. 66.7% expect no change in headcount over the next four months, up from 60.6% last month. No one expects fewer employees, down from 3% of respondents who expected fewer employees in September.

- 85.2% of the leadership evaluates the current U.S. economy as “fair,” down from 90.9% last month. 15% rate it as “poor,” up from 9% in September.
- None of the of survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 18.2% in September. 89% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 79% in September. 11% believe economic conditions in the U.S. will worsen over the next six months, up from 3% last month.
- In October, 33.3% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 30.3% in September. 66.7% believe there will be “no change” in business development spending, unchanged from last month. No one believes there will be a decrease in spending, down from 3% who believed so in September.

October 2013 MCI Survey Comments from Industry Executive Leadership:

Bank, Small Ticket

“Our industry is poised to help fuel economic expansion. Unfortunately, the circus in the U.S. Congress is holding back, if not threatening, the recovery we have prepared for.” **Paul Menzel, President & CEO, Financial Pacific Leasing, LLC**

Bank, Middle Ticket

“With the continuing dysfunction in Washington due to the lack of any effective leadership, the short-term outlook for the equipment finance industry is very clouded. Demand for financing will likely continue with the see-saw pattern we have experienced over the last several years.” **Thomas Jaschik, President, BB&T Equipment Finance**

Bank, Middle Ticket

“The dysfunction in D.C. is now at a critical stage. If the government doesn’t learn how to deal with these issues in a more timely manner, we will lose the confidence gained over the last year causing further weakness in the economy.” **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 and follow us on Twitter @LeaseFoundation.

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