

Equipment Lease Finance Industry Confidence Improves in November

Washington, DC, November 21, 2013 — The **Equipment Leasing & Finance Foundation** (the Foundation) releases the November 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 \$827 billion equipment finance sector. Overall, confidence in the equipment finance market is 56.9, an increase from the October index of 54.0, demonstrating an overall steady industry outlook despite continuing concerns about the U.S. economy and the negative impact of federal government fiscal policies.

When asked about the outlook for the future, MCI survey respondent **Russell Nelson, President, CoBank Farm Credit Leasing**, said, “Continued stability and modest growth in the economy combined with increased strength in customer balance sheets, low interest rates, and pent-up demand for replacement/new assets for 2014 and beyond will generate double digit growth for equipment and facility financing over the next 18 to 24 months.”

November 2013 Survey Results:

The overall MCI-EFI is 56.9, an increase from the October index of 54.0.

- When asked to assess their business conditions over the next four months, 17.2% of executives responding said they believe business conditions will improve over the next four months, up from 11% in October. 79.3% of respondents believe business conditions will remain the same over the next four months, up from 74% in October. 3.4% believe business conditions will worsen, down from 15% who believed so the previous month.
- 13.8% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 7.4% in October. 75.9% believe demand will “remain the same” during the same four-month time period, down from 77.8% the previous month. 10.3% believe demand will decline, down from 15% who believed so in October.
- 24% of executives expect more access to capital to fund equipment acquisitions over the next four months, up from 18.5% in October. 72.4% of survey respondents indicate they expect the “same” access to capital to fund business, down from 81.8% in October. 3.4% expect “less” access to capital, up from no one who expected less access in October.
- When asked, 27.6% of the executives reported they expect to hire more employees over the next four months, a decrease from 33.3% in October. 65.5% expect no change in headcount over the next four months, down slightly from 66.7% last month. 6.9% expect fewer employees, up from no one who expected fewer employees in October.
- 6.9% of the leadership evaluates the current U.S. economy as “excellent”, up from no one who believed so last month. 75.9% of the leadership evaluates the current U.S. economy as “fair,” down from 85.2% last month. 17.2 % rate it as “poor,” up from 15% in October.

- 17.2% of the of survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from no one who believed so in October. 72.4% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 89% in October. 10.3% believe economic conditions in the U.S. will worsen over the next six months, relatively unchanged from last month.
- In November, 34.5% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a slight increase from 33.3% in October. 65.5% believe there will be “no change” in business development spending, also a slight increase from 66.7% last month. No one believes there will be a decrease in spending, unchanged from October.

November 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 perform well with historic low delinquency rates. Demand has increased slightly as the end-of- the-year push for transaction closings is in process. We would believe that demand will remain at lower levels until issues regarding the budget crisis and healthcare insurance are fully resolved.” **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

Bank, Middle Ticket

“The Equipment Leasing and Finance Association’s Monthly Leasing and Finance Index has continued its downward trend since the beginning of the second quarter, in tandem with the general direction of the economy and investment in capital equipment. With no real leadership coming from Washington, this lackluster performance is likely to continue for the foreseeable future.” **Thomas Jaschik, President, BB&T Equipment Finance**

Bank, Middle Ticket

“We are starting to see some slowdown in several sectors, but growth is still happening.” **Harry Kaplun, President, Frost Equipment Leasing and 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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