

## Equipment Lease Finance Industry Confidence Much Higher in January

Washington, DC, January 23, 2014 -- The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the January 2014 [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 64.9, the highest confidence level in two years, and an increase from the December index of 55.8. An improved general outlook for economic activity among industry leadership contributed to the increase.

When asked about the outlook for the future, MCI survey respondent **David Schaefer, CEO, Mintaka Financial, LLC**, said, "We're optimistic about 2014 as we come off of a very strong Q4. The recent federal budget deal is positive since it takes some uncertainty out of the market. Employment gains were also positive and this should bring more equipment demand and, therefore, financing opportunities. Margins are still being compressed as capital is abundant but demand remains fairly neutral."

### **January 2014 Survey Results:**

The overall MCI-EFI is 64.9, an increase from the December index of 55.8.

- When asked to assess their business conditions over the next four months, 33% of executives responding said they believe business conditions will improve over the next four months, up from 12% in December. 61% of respondents believe business conditions will remain the same over the next four months, down from 78.8% in December. 5.6% believe business conditions will worsen, down from 9% who believed so the previous month.
- 36% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 15.2% in December. 61% believe demand will "remain the same" during the same four-month time period, down from 78.8% the previous month. 2.8% believe demand will decline, down from 9% who believed so in December.
- 25% of executives expect more access to capital to fund equipment acquisitions over the next four months, relatively unchanged from December. 75% 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 the previous month.
- When asked, 33% of the executives reported they expect to hire more employees over the next four months, an increase from 27.3% in December. 58.3% expect no change in headcount over the next four months, down from 60.6% last month. 8.3% expect fewer employees, down from 12% who expected fewer employees in December.
- 2.8% of the leadership evaluates the current U.S. economy as "excellent," down from 6% last month. 94.4% of the leadership evaluates the current U.S. economy as "fair," up from 85% last month. 2.8% rate it as "poor," down from 9% in December.

- 41.7% of the of survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 24.2% who believed so in December. 55.6% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 66.7% in December. 2.6% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 9% last month.
- In January, 55.6% 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 December. 39% believe there will be “no change” in business development spending, a decrease from 66.7% last month. 5.6% believe there will be a decrease in spending, an increase from 3% who believed so last month.

### **January 2014 MCI Survey Comments from Industry Executive Leadership:**

#### **Bank, Small Ticket**

“December was the best origination month we've had in five years. While January is experiencing the seasonal holiday hangover, small businesses seem now inclined to invest in capital equipment again.”

**Paul Menzel, President & CEO, Financial Pacific Leasing, LLC**

#### **Independent, Small Ticket**

“I am optimistic that the economy seems to be gaining some momentum, even though there is still much uncertainty as it relates to the Affordable Care Act, congressional budgeting and Dodd-Frank. Businesses have made up their minds to grow in spite of a less than nurturing regulatory environment. The concerns I have are centered around risk/ return for the industry and an unclear view of the economy over the next 12- 24 months.” **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

#### **Bank, Middle Ticket**

“I am cautiously optimistic. Customers have indicated that they will replace and slightly expand in 2014 to meet the additional needs of their customers.” **Elaine Temple, President, BancorpSouth Equipment Finance**

#### **Bank, Middle Ticket**

“I believe the general outlook for economic activity has swung to the positive. As a result, companies will likely begin to make substantial investments in the growth of their companies.

The equipment finance market will benefit as a result of this increased investment.” **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. Funded through charitable individual and corporate donations, the Foundation is the only organization dedicated to future-oriented, in-depth, independent research for the leasing industry. In 2014, the Foundation celebrates its 25<sup>th</sup> anniversary. Visit the Foundation online at <http://www.LeaseFoundation.org>

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