

Equipment Leasing and Finance Industry Confidence Reaches New Two-Year High

Washington, DC, March 21, 2014 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the March 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 65.1, the highest index in two years and an increase from the February index of 63.3. The first quarter MCI levels are the three highest since April 2011.

When asked about the outlook for the future, MCI survey respondent **Daryn Lecy, VP of Operations, Stearns Bank N.A. Equipment Finance Division**, said, “Considering we are coming off what are typically slower months and the likelihood that our extra-aggressive winter further impacted new business, we remain optimistic for 2014. We are fortunate to be experiencing year-over-year growth, increasing demand, and overall solid delinquency levels.”

March 2014 Survey Results:

The overall MCI-EFI is 65.1, an increase from the February index of 63.3.

- When asked to assess their business conditions over the next four months, 31.4% of executives responding said they believe business conditions will improve over the next four months, up from 21.2% in February. 65.7% of respondents believe business conditions will remain the same over the next four months, down from 72.7% in February. 2.9% believe business conditions will worsen, down from 6.1% who believed so the previous month.
- 31.4% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 24.2% in February. 62.9% believe demand will “remain the same” during the same four-month time period, down from 69.7% the previous month. 5.7% believe demand will decline, down from 6.1% who believed so in February.
- 31.4% of executives expect more access to capital to fund equipment acquisitions over the next four months, unchanged from February. 68.6% of survey respondents indicate they expect the “same” access to capital to fund business, up from 65.5% in February. No one expects “less” access to capital, down from 3.1% who expected less access the previous month.
- When asked, 40% of the executives reported they expect to hire more employees over the next four months, relatively unchanged from February. 60% expect no change in headcount over the next four months, up from 53% last month. No one expects fewer employees, down from 6.3% who expected fewer employees in February.
- 5.7% of the leadership evaluates the current U.S. economy as “excellent,” up from 3% last month. 88.6% of the leadership evaluates the current U.S. economy as “fair,” down from 93.8% last month. 5.7% rate it as “poor,” up from 3% last month.
- 31.4% of the of survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 34.4% who believed so in February. 68.6% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from

59.4% in February. No one believes economic conditions in the U.S. will worsen over the next six months, a decrease from 6.2% last month.

- In March, 45.7% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 56.3% in February. 54.3% believe there will be “no change” in business development spending, an increase from 43.8% last month. No one believes there will be a decrease in spending, unchanged from last month.

March 2014 MCI Survey Comments from Industry Executive Leadership:

Bank, Small Ticket

“We continue to see strong growth in both applications and origination volume. We are optimistic that this trend will continue as we close out the first quarter. In addition, portfolio performance in terms of delinquencies remains very low.” **David Schaefer, CEO, Mintaka Financial, LLC**

Independent, Middle Ticket

“New business volume targets in our truck transportation business continue to be met or exceeded by our over 2,300 dealers nationwide in the U.S., suggesting continued strength in the economy.” **William Besgen, President & COO, Hitachi Capital America Corp.**

Bank, Middle Ticket

“The overall economy is fair; however, I do see an increase in capital expenditures in 2014. The capital expenditures will be made to reduce labor cost and/or replace outdated or worn out equipment.” **Elaine Temple, President, Bancorpsouth 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 25th anniversary. Visit the Foundation online at <http://www.LeaseFoundation.org>

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