

Equipment Leasing and Finance Industry Confidence at Two-Year High for Second Consecutive Month

Washington, DC, April 21, 2014 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the April 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, remaining at the highest index level in two years for the second consecutive month.

When asked about the outlook for the future, MCI survey respondent **Thomas Jaschik, President, BB&T Equipment Finance**, said, “The first quarter of 2014 had positive results with respect to new business activity, and the economy is on a positive trajectory. The conclusion of the winter of 2013-2014 may be the catalyst for pent-up demand to begin to be released. This will have a positive impact on the equipment finance market throughout 2014.”

April 2014 Survey Results:

The overall MCI-EFI is 65.1, unchanged from the March index.

- When asked to assess their business conditions over the next four months, 37% of executives responding said they believe business conditions will improve over the next four months, up from 31.4% in March. 60% of respondents believe business conditions will remain the same over the next four months, down from 65.7% in March. 2.9% believe business conditions will worsen, unchanged from the previous month.
- 37% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 31.4% in March. 60% believe demand will “remain the same” during the same four-month time period, down from 62.9% the previous month. 2.9% believe demand will decline, down from 5.7% who believed so in March.
- 28.6% of executives expect more access to capital to fund equipment acquisitions over the next four months, a decrease from 31.4% in March. 71.4% of survey respondents indicate they expect the “same” access to capital to fund business, up from 68.6% in March. No one expects “less” access to capital, unchanged from the previous month.
- When asked, 37% of the executives reported they expect to hire more employees over the next four months, a decrease from 40% in March. 60% expect no change in headcount over the next four months, unchanged from last month. 2.9% expect fewer employees, up from no one who expected fewer employees in March.
- 2.9% of the leadership evaluates the current U.S. economy as “excellent,” down from 5.7% last month. 91.4% of the leadership evaluates the current U.S. economy as “fair,” up from 88.6% last month. 5.7% rate it as “poor,” unchanged from March.
- 34.3% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 31.4% who believed so in March. 62.9% of survey respondents

indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 68.6% in March. 2.9% believes economic conditions in the U.S. will worsen over the next six months, an increase from no one who believed so last month.

- In April, 40% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 45.7% in March. 60% believe there will be “no change” in business development spending, an increase from 54.3% last month. No one believes there will be a decrease in spending, unchanged from last month.

April 2014 MCI Survey Comments from Industry Executive Leadership:

Independent, Small Ticket

“I believe there are many projects that were put on hold during the last quarter due to the difficult weather conditions this winter. Equipment acquisition should improve as these projects get back on track as economic conditions continue to improve and the weather turns more favorable. The concerns I have are for the increasing amount of capital that continues to enter the marketplace bringing a downward pressure on yields.” **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

Bank, Small Ticket

“It seems that the U.S. consumer is gaining confidence, which may translate into increased spending. When this segment of our economy actually gains real traction, we will see tangible growth in GDP. The one caveat is the threat of a global event that could stall our cyclical recovery.” **Paul Menzel, President & CEO, Financial Pacific Leasing, LLC**

Bank, Middle Ticket

“The industries we serve continue to make capital investments to support growth activities. Drought in some areas of the country may curtail capital investment this year.” **Michael Romanowski, President, Farm Credit Leasing Services Corporation**

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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