

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

Washington, DC, May 20, 2014 -- The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the May 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 65.4, relatively unchanged from 65.1 last month, peaking at the highest index level in two years for the third consecutive month.

When asked about the outlook for the future, MCI survey respondent, **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**, said, "We have experienced a transaction flow that appears to be returning to a more normal state after the winter slowdown. Companies seem to be getting back on track and ordering equipment that should have been delivered in the first quarter. I am still concerned with the longer term effects of the many changes in our healthcare system as well as still undetermined tax policies that have great impact on small businesses."

### **May 2014 Survey Results:**

The overall MCI-EFI is 65.4, relatively unchanged from the April index.

- 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, down from 37% in April. 68.6% of respondents believe business conditions will remain the same over the next four months, up from 60% in April. No one believes business conditions will worsen, down from 2.9% the previous month.
- 34.3% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, down from 37% in April. 65.7% believe demand will "remain the same" during the same four-month time period, up from 60% the previous month. No one believes demand will decline, down from 2.9% who believed so in April.
- 28.6% of executives expect more access to capital to fund equipment acquisitions over the next four months, unchanged from April. 71.4% of survey respondents indicate they expect the "same" access to capital to fund business, and no one expects "less" access to capital, also both unchanged from the previous month.
- When asked, 40% of the executives reported they expect to hire more employees over the next four months, an increase from 37% in April. 51.4% expect no change in headcount over the next four months, down from 60% last month. 8.6% expect fewer employees, up from 2.9% who expected fewer employees in April.
- 2.9% of the leadership evaluates the current U.S. economy as "excellent," 91.4% of the leadership evaluates the current U.S. economy as "fair," and 5.7% rate it as "poor," all unchanged from April.
- 37% of the survey respondents believe that U.S. economic conditions will get "better" over the next six months, an increase from 34.3% who believed so in April. 62.9% of survey respondents

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

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

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

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

“I am optimistic because of our steady growth and concerned over the economic fallout from the ongoing Ukraine crisis.” **Kenneth Collins, Chief Executive Officer, Susquehanna Commercial Finance, Inc.**

#### **Independent, Middle Ticket**

“We see the economy continuing to improve, but at a very slow pace. We at HCA are adding some people to our workforce in the truck transportation, medical and technology financing space.” **William Besgen, President and Chief Operating Officer, Hitachi Capital America Corp.**

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

“After a solid first quarter it appears the equipment finance market has cooled considerably entering the second quarter. Similar to the past several years, the market has a habit of creating peaks and valleys of demand activity. Hopefully the economic forecast for 2014 will play out as predicted. If so, the second half of the year should present substantial growth opportunities. **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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