

## Equipment Leasing and Finance Industry Confidence Eases in June

Washington, DC, June 20, 2014 -- The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the June 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 61.4, an easing from three consecutive months of two-year high levels, which topped at 65.4.

When asked about the outlook for the future, MCI survey respondent **David Schaefer, Chief Executive Officer, Mintaka Financial, LLC**, said, "Application volume, approvals and funding are all up and are at record post-recession levels. Portfolio performance in terms of delinquency is still extraordinarily low. We are optimistic about 2014 and expect to exceed our yearly origination goals."

### June 2014 Survey Results:

The overall MCI-EFI is 61.4, a decrease from the May index of 65.4.

- When asked to assess their business conditions over the next four months, 23.5% of executives responding said they believe business conditions will improve over the next four months, down from 31.4% in May. 70.6% of respondents believe business conditions will remain the same over the next four months, up from 68.6% in May. 5.9% believe business conditions will worsen, up from none who believed so the previous month.
- 17.6% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, down from 34.3% in May. 79.4% believe demand will "remain the same" during the same four-month time period, up from 65.7% the previous month. 2.9% believe demand will decline, up from none who believed so in May.
- 26.5% of executives expect more access to capital to fund equipment acquisitions over the next four months, down from 28.6% in May. 73.5% of survey respondents indicate they expect the "same" access to capital to fund business, an increase from 71.4% in May. No one expects "less" access to capital, unchanged from the previous month.
- When asked, 44% of the executives reported they expect to hire more employees over the next four months, an increase from 40% in May. 50% expect no change in headcount over the next four months, down slightly from 51.4% last month. 5.9% expect fewer employees, down from 8.6% who expected fewer employees in May.
- 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 the last two months.
- 29.4% of the survey respondents believe that U.S. economic conditions will get "better" over the next six months, a decrease from 37% who believed so in May. 70.6% of survey respondents indicate they believe the U.S. economy will "stay the same" over the next six months, an increase from 62.9% in May. None believe economic conditions in the U.S. will worsen over the next six months, unchanged from last month.

- In June, 35.3% 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 May. 61.8% believe there will be “no change” in business development spending, an increase from 54.3% last month. 2.9% believe there will be a decrease in spending, an increase from none who believed so last month.

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

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

“Generally speaking our new business continues to grow and historic portfolio quality numbers remain low. The concern is centered on the uncontrollable factors, including the economy, weather conditions and instability in various parts of the world.” **Kenneth Collins, Chief Executive Officer, Susquehanna Commercial Finance, Inc.**

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

“The economy continues to slowly improve and we at HCA are trying to increase our market penetration opportunistically in those areas where we have existing business and asset knowledge.” **William Besgen, President and Chief Operating Officer, Hitachi Capital America Corp.**

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

“We continue to see an increased interest in utilizing leasing for major capital expenditures. Tax management is a front and center concern for our customers.” **Mike Romanowski, President, CoBank Farm Credit Leasing**

### **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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