

## Equipment Leasing and Finance Industry Confidence Remains Steady in July

Washington, DC, July 22, 2014 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the July 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, unchanged from the June MCI-EFI.

When asked about the outlook for the future, MCI-EFI survey respondent **Adam D. Warner, President, Key Equipment Finance and Chairman of the Equipment Leasing and Finance Association (ELFA)**, said, “I don't believe that the dramatic contraction of the U.S. economy in Q1 should be blamed on winter weather. There are underlying concerns by businesses and consumers that real unemployment has been too high for too long and not enough of the federal incentives are around job creation. Additionally, the federal government's inability to collaborate on growth initiatives is having a lasting toll on confidence.”

### **July 2014 Survey Results:**

The overall MCI-EFI is 61.4, unchanged from the June index.

- When asked to assess their business conditions over the next four months, 28.6% of executives responding said they believe business conditions will improve over the next four months, up from 23.5% in June. 68.6% of respondents believe business conditions will remain the same over the next four months, down from 70.6% in June. 2.9% believe business conditions will worsen, down from 5.9% who believed so the previous month.
- 25.7% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 17.6% in June. 68.6% believe demand will “remain the same” during the same four-month time period, down from 79.4% the previous month. 5.7% believe demand will decline, up from 2.9% who believed so in June.
- 25.7% of executives expect more access to capital to fund equipment acquisitions over the next four months, down from 26.5% in June. 74.3% of survey respondents indicate they expect the “same” access to capital to fund business, an increase from 73.5% in June. 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 44% in June. 60% expect no change in headcount over the next four months, up from 50% last month. 2.9% expect fewer employees, down from 5.9% who expected fewer employees in June.
- 5.7% of the leadership evaluates the current U.S. economy as “excellent,” up from 2.9% last month. 88.6% of the leadership evaluates the current U.S. economy as “fair,” a decrease from 91.4% in June. 5.7% rate it as “poor,” unchanged from the last three months.
- 22.9% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 29.4% who believed so in June. 74.3% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from

70.6% in June. 2.9% believe economic conditions in the U.S. will worsen over the next six months, up from none last month.

- In July, 25.7% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 35.3% in June. 74.3% believe there will be “no change” in business development spending, an increase from 61.8% last month. None believe there will be a decrease in spending, a decrease from 2.9% who believed so last month.

### **July 2014 MCI-EFI Survey Comments from Industry Executive Leadership:**

#### Independent, Small Ticket

“The industry continues to supply capital to the economy. We are approving a strong percentage of applicants and our yields continue to be challenged. My concern is that demand still does not seem to be where it should be for an economy that should be expanding at this point. This tepid demand continues to drive strong competition both on rate and credit window.” **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

#### Bank, Small Ticket

“The economic climate remains cloudy. Investors have fewer places to go and invest. The tension in the Middle East and immigration issues are increasing and most likely will soften markets.” **Kenneth Collins, Chief Executive Officer, Susquehanna Commercial Finance, Inc.**

#### Bank, Middle Ticket

“Economists generally point to a robust second half of 2014. If they’re right, the equipment finance market will have a strong second half. However, past predictions of a strong economic recovery have missed the mark. I am cautiously optimistic that predictions of a strong recovery beginning in the second half will finally ring true.” **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 25th anniversary. Visit the Foundation online at <http://www.LeaseFoundation.org>

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