

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

Washington, DC, October 20, 2014 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the October 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 60.4, slightly better than the September index of 60.2, with survey participants indicating increasing or consistent demand tempered by U.S. economic concerns.

When asked about the outlook for the future, MCI-EFI survey respondent **David Schaefer, CEO, Mintaka Financial, LLC**, said, “Application volume has been solid this past quarter. We expect exceptional year-over-year fourth quarter growth to be greater than 50 percent. It's hard to find much negative at this point so we are focused on being disciplined both in terms of credit and pricing.”

### October 2014 Survey Results:

The overall MCI-EFI is 60.4, steady with the September index of 60.2.

- When asked to assess their business conditions over the next four months, 23% of executives responding said they believe business conditions will improve over the next four months, down from 36.4% in September. 74% of respondents believe business conditions will remain the same over the next four months, up from 60.6% in September. 3% believe business conditions will worsen, unchanged from 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, down from 30.3% in September. 71.4% believe demand will “remain the same” during the same four-month time period, up from 66.7% the previous month. 3% believe demand will decline, unchanged from September.
- 11.4% of executives expect more access to capital to fund equipment acquisitions over the next four months, down from 15.2% in September. 88.6% of survey respondents indicate they expect the “same” access to capital to fund business, up from 84.8% in September. None expect “less” access to capital, 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 30.3% in September. 48.6% expect no change in headcount over the next four months, down from 60.6% last month. 11.4% expect fewer employees, up from 9% in September.
- 3% of the leadership evaluates the current U.S. economy as “excellent,” down from 6% last month. 94.3% of the leadership evaluates the current U.S. economy as “fair,” up from 87.9% in September. 3% rate it as “poor,” down from 6% the previous month. .
- 28.6% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a slight increase from 27.3% who believed so in September. 68.6% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, up from 66.7% in September. 3% believe economic conditions in the U.S. will worsen over the next six months, down from 6% who believed so last month.

- In October, 34.3% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 15.2% in September. 63% believe there will be “no change” in business development spending, a decrease from 84.8% last month. 3% believe there will be a decrease in spending, up from none who believed so in September.

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

##### **Independent, Small Ticket**

“Demand seems to be increasing, but competition remains strong and yields continue to be challenged. The upcoming elections should provide some insight into the mindset of the American public and will hopefully provide some clarity to the business community.” **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

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

“Our transportation/truck business continues to grow and exceed budget. I believe this is an indication that small/medium sized businesses in the U.S. and Canada view their economic outlook in a positive way to make additional capital investments.” **William Besgen, President & COO, Hitachi Capital America Corp.**

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

“At this point I look for little change in the demand for equipment financing. The economy has not gained sufficient momentum to warrant any significant change in equipment finance activity.” **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/research/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.

###

**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>

Follow the Foundation:

Facebook: Equipment Leasing & Finance Foundation

Linked In: <http://www.linkedin.com/groups?gid=89692>

Twitter: @ LeaseFoundation