

## Equipment Leasing and Finance Industry Confidence at Six-Month High

Washington, DC, November 20, 2014 -- The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the November 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 \$903 billion equipment finance sector. Overall, confidence in the equipment finance market is 64.2, an increase from the October index of 60.4 and the highest level since May.

When asked about the outlook for the future, MCI-EFI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**, said, "The mid-term elections are now over and consumer confidence seems to be improving as gas prices and unemployment statistics continue to decrease. We have experienced an increase in demand for capital equipment purchases and, more importantly, financing for those orders. Another important note is that the equipment being requisitioned appears to be associated with business expansion and not just replacement of older assets."

### November 2014 Survey Results:

The overall MCI-EFI is 64.2, an increase from the October index of 60.4.

- When asked to assess their business conditions over the next four months, 27.3% of executives responding said they believe business conditions will improve over the next four months, up from 23% in October. 69.7% of respondents believe business conditions will remain the same over the next four months, down from 74% in October. 3% believe business conditions will worsen, unchanged from the previous month.
- 30.3% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 25.7% in October. 66.7% believe demand will "remain the same" during the same four-month time period, down from 71.4% the previous month. 3% believe demand will decline, unchanged from October.
- 21.2% of executives expect more access to capital to fund equipment acquisitions over the next four months, up from 11.4% in October. 78.8% of survey respondents indicate they expect the "same" access to capital to fund business, down from 88.6% in October. None expect "less" access to capital, unchanged from the previous month.
- When asked, 45.4% of the executives reported they expect to hire more employees over the next four months, an increase from 40% in October. 48.5% expect no change in headcount over the next four months, unchanged from last month. 6.1% expect fewer employees, down from 11.4% in October.
- 3% of the leadership evaluate the current U.S. economy as "excellent," unchanged from last month. 97% of the leadership evaluate the current U.S. economy as "fair," up from 94.3% in October. None rate it as "poor," down from 3% the previous month. .

- 42.4% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 28.6% who believed so in October. 54.6% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, down from 68.6% in October. 3% believe economic conditions in the U.S. will worsen over the next six months, unchanged from last month.
- In November, 42.4% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 34.3% in October. 54.6% believe there will be “no change” in business development spending, a decrease from 63% last month. 3% believe there will be a decrease in spending, unchanged from last month.

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

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

“Volume of new applications has been steady for the past six months. Approval rates have been climbing slightly and fundings have remained good despite the lackluster application growth. We are hopeful that 2015 will see growth again as the federal government gets back to being more functional.”

**David Schaefer, CEO, Mintaka Financial, LLC**

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

“We expect a slightly higher level of demand and see sources much more aggressive as year-end nears. We’re concerned about margins since banks have become more active.”

**George Booth, Managing Director, Black Rock Capital, LLC**

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

“Overall, we expect capital expenditures for the industries we serve to be mixed next year with some sectors taking a pause and others continuing to expand. We are projecting growth in 2015 but not at the same growth rates that we have seen over the past couple of years.”

**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/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.

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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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