

Equipment Leasing and Finance Industry Confidence Eases in April from Four-Year High

Washington, DC, April 21, 2015 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the April 2015 [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 70.7, easing from the four-year high of 72.1 in March.

When asked about the outlook for the future, MCI-EFI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**, said, “We have seen an increase in requests for equipment financing this month. We attribute this demand to increased confidence in the economy and potential concern that interest rates may begin to rise in the fourth quarter. Our economy has shown tremendous resilience in these last years and that has influenced the mindset of those that need to purchase equipment for businesses. Capital and credit windows are at historic points; business owners know that this time is a good one to invest.”

April 2015 Survey Results:

The overall MCI-EFI is 70.7, an easing from the March index of 72.1.

- When asked to assess their business conditions over the next four months, 44.4% of executives responding said they believe business conditions will improve over the next four months, down from 50% in March. 55.6% of respondents believe business conditions will remain the same over the next four months, up from 50% in March. None believe business conditions will worsen, unchanged from the previous month.
- 48.2% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 41.7% in March. 51.9% believe demand will “remain the same” during the same four-month time period, down from 58.3% the previous month. None believe demand will decline, unchanged from March.
- 25.9% of executives expect more access to capital to fund equipment acquisitions over the next four months, up slightly from 25% in March. 74.1% of survey respondents indicate they expect the “same” access to capital to fund business, down slightly from 75% in March. None expect “less” access to capital, unchanged from the previous month.
- When asked, 51.9% of the executives reported they expect to hire more employees over the next four months, a decrease from 70.8% in March. 48.2% expect no change in headcount over the next four months, up from 25% last month. None expect to hire fewer employees, down from 4.2% who expected fewer in March.
- 7.4% of the leadership evaluate the current U.S. economy as “excellent,” down from 12.5% last month. 92.6% of the leadership evaluate the current U.S. economy as “fair,” up from 87.5% in March. None rate it as “poor,” unchanged from the previous month.
- 40.7% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 45.8% who believed so in March. 55.6% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase 54.2% in

March. 3.7% believe economic conditions in the U.S. will worsen over the next six months, an increase from none who believed so last month.

- In April, 59.3% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 58.3% in March. 40.7% believe there will be “no change” in business development spending, a decrease from 41.7% last month. None believe there will be a decrease in spending, unchanged from last month.

April 2015 MCI-EFI Survey Comments from Industry Executive Leadership:

Independent, Micro Ticket

“The anticipation of rising interest rates may have a dampening effect on confidence. It may also be a catalyst for increased pricing by industry participants.” **Daniel P. Dyer, Co-Founder and Chief Executive Officer, Marlin Business Services Corp.**

Independent, Small Ticket

“The first quarter of 2015 was soft compared to the last quarter of 2014 and the first quarter of 2014. We suspect that competition from alternative lenders and economic conditions are hampering our growth. We were disappointed with the latest employment report showing slow growth.” **David Schaefer, CEO, Mintaka Financial, LLC**

Bank, Middle Ticket

“We remain optimistic that low energy prices and gradually improving economic conditions will continue to drive increased capital equipment acquisitions.” **William Verhelle, Chief Executive Officer, First American 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.

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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. Visit the Foundation online at <http://www.LeaseFoundation.org>

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Contact: Kelli Nienaber, knienaber@leasefoundation.org