

## **Equipment Leasing and Finance Association's Survey of Economic Activity: Monthly Leasing and Finance Index**

*August New Business Volume Down 7 Percent Year-over-year, Down 18 Percent Month-to-month, Up 6 Percent Year-to-date*

**Washington, DC, September 23, 2015**— The **Equipment Leasing and Finance Association's** (ELFA) **Monthly Leasing and Finance Index (MLFI-25)**, which reports economic activity from 25 companies representing a cross section of the \$903 billion equipment finance sector, showed their overall new business volume for August was \$6.9 billion, down 7 percent from new business volume in August 2014. Volume was down 18 percent from \$8.4 billion in July. Year to date, cumulative new business volume increased 6 percent compared to 2014. This month's MLFI reflects an adjustment in the list of companies participating in the survey.

Receivables over 30 days were 0.99 percent, down slightly from 1.01 percent the previous month and down from 1.26 percent in the same period in 2014. Charge-offs were 0.22 percent, up from 0.19 the previous month.

Credit approvals totaled 79.3 percent in August, up from 78.6 percent in July. Total headcount for equipment finance companies was up 7.4 percent year over year.

Separately, the **Equipment Leasing & Finance Foundation's** Monthly Confidence Index (MCI-EFI) for September is 61.1, easing from the previous month's sharp rise of 67.4.

**ELFA President and CEO William G. Sutton, CAE**, said, "As the summer winds down, the equipment finance sector appears to be performing well. Despite the slight decline in August's year-over-year volume, new business activity is up on a cumulative year-to-date basis. Loans and leases in respondents' portfolios are performing well, with credit losses remaining in very acceptable ranges. With the Fed poised to increase short-term interest rates for the first time in nine years, we will be watching very carefully any impact—perceived or real—on the overall U.S. economy and our sector in particular. Most economic indicators continue to trend positively, contributing to our belief that these factors will help foster a favorable climate for continued investment by American businesses in capital equipment."

**Jeff Rudin, CEO, Quail Financial Solutions**, said, "The MLFI results continue to indicate strength overall, albeit with inconsistent new volume. Charge-offs and delinquency metrics remain very healthy with slight improvement in approval ratios, possibly indicating a slight easing of credit. The significant spike in second-quarter employee movement is likely more indicative of the divestiture of the largest finance company in the world than an overall industry shake up. Overall industry health remains."

### **About the ELFA's MLFI-25**

The MLFI-25 is the only index that reflects capex, or the volume of commercial equipment financed in the U.S. The MLFI-25 is released globally at 8 a.m. Eastern time from Washington, D.C., each month on the day before the U.S. Department of Commerce releases the **durable goods report**. The MLFI-25 is a financial indicator that complements the durable goods report and other economic indexes, including the **Institute for Supply Management Index**, which reports economic activity in the manufacturing sector. Together with the MLFI-25 these reports provide a complete view of the status of productive assets in the U.S. economy: equipment produced, acquired and financed.

The MLFI-25 is a time series that reflects two years of business activity for the 25 companies currently participating in the survey. The latest MLFI-25, including methodology and participants, is available at [www.elfaonline.org/Data/MLFI/](http://www.elfaonline.org/Data/MLFI/)

### **MLFI-25 Methodology**

The ELFA produces the MLFI-25 survey to help member organizations achieve competitive advantage by

providing them with leading-edge research and benchmarking information to support strategic business decision making.

The MLFI-25 is a barometer of the trends in U.S. capital equipment investment. Five components are included in the survey: new business volume (originations), aging of receivables, charge-offs, credit approval ratios, (approved vs. submitted) and headcount for the equipment finance business.

The MLFI-25 measures monthly commercial equipment lease and loan activity as reported by participating ELFA member equipment finance companies representing a cross section of the equipment finance sector, including small ticket, middle-market, large ticket, bank, captive and independent leasing and finance companies. Based on hard survey data, the responses mirror the economic activity of the broader equipment finance sector and current business conditions nationally.

### **About ELFA**

The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the \$903 billion equipment finance sector, which includes financial services companies and manufacturers engaged in financing capital goods. ELFA members are the driving force behind the growth in the commercial equipment finance market and contribute to capital formation in the U.S. and abroad. Its 580 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packageers and investment banks, as well as manufacturers and service providers. For more information, please visit [www.elfaonline.org](http://www.elfaonline.org).

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ELFA is the premier source for statistics and analyses concerning the equipment finance sector. Please visit [www.elfaonline.org/Data/](http://www.elfaonline.org/Data/) for additional information.

The Equipment Leasing & Finance Foundation is a 501c3 non-profit organization dedicated to inspiring thoughtful innovation and contributing to the betterment of the equipment leasing and finance industry. Funded through charitable individual and corporate donations, the Foundation focuses on the development of in-depth, independent research and resources for the advancement of equipment finance industry knowledge. Visit the Foundation online at [www.LeaseFoundation.org](http://www.LeaseFoundation.org).

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