

Equipment Leasing and Finance Industry Confidence Eases Again in October

Washington, DC, October 21, 2015 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the October 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 58.7, easing from the September index of 61.1, following a sharp rise in the August index.

When asked about the outlook for the future, MCI-EFI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**, said, “Demand is consistent but not what we would have expected coming into the fourth quarter. We see many of our small business customers delaying purchases or putting the equipment acquisition decision through more evaluation than we had seen in the last year. Margins are still under pressure given the amount of liquidity in the market. Portfolio performance continues to be strong.”

October 2015 Survey Results:

The overall MCI-EFI is 58.7, easing from the September Index of 61.1.

- When asked to assess their business conditions over the next four months, 14.8% of executives responding said they believe business conditions will improve over the next four months, a decrease from 22.2% in September. 77.8% of respondents believe business conditions will remain the same over the next four months, an increase from 70.4% in September. 7.4% believe business conditions will worsen, unchanged from the previous month.
- 22.2% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, down from 29.6% in September. 70.4% believe demand will “remain the same” during the same four-month time period, up from 59.3% the previous month. 7.4% believe demand will decline, a decrease from 11.1% who believed so in September.
- 22.2% of executives expect more access to capital to fund equipment acquisitions over the next four months, down from 25.9% in September. 77.8% of survey respondents indicate they expect the “same” access to capital to fund business, up from 70.4% in September. None expect “less” access to capital, down from 3.7% the previous month.
- When asked, 40.7% of the executives report they expect to hire more employees over the next four months, an increase from 37.0% in September. 51.9% expect no change in headcount over the next four months, down from 59.3% last month. 7.4% expect to hire fewer employees, up from 3.7% in September.
- 3.7% of the leadership evaluate the current U.S. economy as “excellent,” an increase from none last month. 88.9% of the leadership evaluate the current U.S. economy as “fair,” down from 96.3% in September. 7.4% rate it as “poor,” an increase from 3.7% the previous month.
- 7.4% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 18.5% who believed so in September. 77.8% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, up from 74.1% in September. 14.8% believe economic conditions in the U.S. will worsen over the next six months, an increase from 7.4% who believed so last month.
- In October, 40.7% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 51.9% in September. 59.3% believe there will be “no change” in business development spending, an increase from 44.4% last month. None believe there will be a decrease in spending, a decrease from 3.7% last month.

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

Independent, Small Ticket

"I'm not as optimistic going into the fourth quarter as I was last quarter. We are seeing both strength and weakness in the economy and no particular sector is leading overall growth. Combine this with the conflicts internationally and our nation's leadership challenges, and I don't have high expectations near term." **David T. Schaefer, CEO, Mintaka Financial, LLC**

Bank, Middle Ticket

"As the interest rate environment becomes less certain, demand for fixed rate financing should increase as businesses look for predictability." **Alan Sikora, CEO, First American Equipment Finance, a City National Bank Company**

Independent, Middle Ticket

"While we have been optimistic about an improving economy, we have seen some recent signs of a potential slowdown, primarily in our transportation/truck business sales and credit applications. This business tends to lead the economy and so we are uncertain if this is an early sign of a potential slowdown in the U.S. economy." **William H. Besgen, President & COO, Hitachi Capital America Corp.**

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 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 <http://www.LeaseFoundation.org>.

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