

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

December New Business Volume Up 105 Percent Month-to-month, Down 5 Percent Year-over-year, and Relatively Flat at Year-end

Washington, DC, January 27, 2016— 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 \$1 trillion equipment finance sector, showed their overall new business volume for December was \$12.5 billion, down 5 percent from new business volume in December 2014. Volume was up 105 percent from \$6.1 billion in November. Cumulative new business volume for 2015 was relatively flat with 2014, rising 0.4 percent.

Receivables over 30 days were 1.1 percent, unchanged from the previous month and up from 0.96 percent in the same period in 2014. Charge-offs were 0.41 percent, up from 0.30 the previous month.

Credit approvals totaled 80.2 percent in December, up from 79.0 percent in November. Total headcount for equipment finance companies was up 3.5 percent year over year.

Separately, the [Equipment Leasing & Finance Foundation's](#) Monthly Confidence Index (MCI-EFI) for January is 54.0, easing from last month's index of 60.2.

[ELFA President and CEO Ralph Petta](#), said, "With another strong year end, MLFI-25 participants managed to eke out positive growth for the year. However, credit losses inched up during the month, showing some softness in portfolio quality. Now that the Fed has taken a first step toward higher long-term rates and with rock-bottom low oil prices giving way to sluggish fourth quarter growth in the U.S. economy, it will be interesting to see how the equipment finance sector responds in early 2016 and throughout the winter months."

[Jud Snyder, President, BMO Harris Equipment Finance Company](#), said, "This month's MLFI-25 corroborates feedback we are hearing from some of our clients. December saw a shift in confidence and reflects a pause in continued capital investment in certain sectors of the economy. Turbulent world markets and declining commodity prices, especially in energy, have combined to make companies carefully consider investment in large scale expansion projects. This is partially offset by the equipment finance industry's willingness to lend (reflected by the 80.2 percent credit approval factors) and the market's continued low interest rate environment. These two factors combine to make companies that are expanding more likely to consider debt or lease financing, as opposed to using cash for their capital acquisitions."

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/

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 \$1 trillion 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.

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ELFA is the premier source for statistics and analyses concerning the equipment finance sector. Please visit 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.

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