

Equipment Leasing and Finance Industry Confidence Eases in January

Washington, DC, January 21, 2016 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the January 2016 [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 \$1 trillion equipment finance sector. Overall, confidence in the equipment finance market is 54.0, easing from the December index of 60.2.

When asked about the outlook for the future, MCI-EFI survey respondent **Harry Kaplun, President, Specialty Finance, Frost Bank**, said, “The equipment finance business is very industry diverse. This diversity allows directional changes to the current growth sectors while still maintaining a presence in less robust sectors. Being nimble and adaptive continue to be key skills for success.”

January 2016 Survey Results:

The overall MCI-EFI is 54.0, easing from the December index of 60.2.

- When asked to assess their business conditions over the next four months, 10.7% of executives responding said they believe business conditions will improve over the next four months, a decrease from 12.5% in December. 78.6% of respondents believe business conditions will remain the same over the next four months, an increase from 75.0% in December. 10.7% believe business conditions will worsen, a decrease from 12.5% the previous month.
- 10.7% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 8.3% in December. 71.4% believe demand will “remain the same” during the same four-month time period, down from 79.2% the previous month. 17.9% believe demand will decline, an increase from 12.5% who believed so in December.
- 17.9% of executives expect more access to capital to fund equipment acquisitions over the next four months, a decrease from 25.0% in December. 75.0% of survey respondents indicate they expect the “same” access to capital to fund business, an increase from 70.8% the previous month. 7.1% expect “less” access to capital, an increase from 4.2% last month.
- When asked, 32.1% of the executives report they expect to hire more employees over the next four months, a decrease from 45.8% in December. 64.3% expect no change in headcount over the next four months, up from 50.0% last month. 3.6% expect to hire fewer employees, down from 4.2% in December.
- 3.6% of the leadership evaluate the current U.S. economy as “excellent,” a decrease from 4.2% last month. 92.9% of the leadership evaluate the current U.S. economy as “fair,” down from 95.8% in December. 3.6% rate it as “poor,” an increase from none the previous month.
- 3.6% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 8.3% who believed so in December. 75.0% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 79.2% the

previous month. 21.4% believe economic conditions in the U.S. will worsen over the next six months, an increase from 12.5% who believed so last month.

- In January, 35.7% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 50.0% in December. 64.3% believe there will be “no change” in business development spending, an increase from 45.8% the previous month. None believe there will be a decrease in spending, a decrease from 4.2% last month.

January 2016 MCI-EFI Survey Comments from Industry Executive Leadership:

Independent, Small Ticket

“Our year-end close was strong, but I worry—now that the new year has begun and China's woes are affecting our stock market—just how this year will unfold. I still see small-business customers concerned about making non-essential equipment purchases and taking longer than normal to make decisions. The tax incentives that were reinstated and extended at the close of 2015 may help tip the scales in favor of investment.” **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

Independent, Middle Ticket

“December was the best month in booking new business, in excess of \$500 million, since our company was established almost 26 years ago, and I am encouraged by this momentum and milestone.” **William Besgen, Vice Chairman Board of Directors, Hitachi Capital America Corp.**

Bank, Middle Ticket

“I believe there is a great deal of uncertainty in the near term. Rising interest rates, declining oil prices and the decelerating Chinese economy will create headwinds for capital investment in the U.S.” **Thomas Jaschik, President, BB&T Equipment Finance**

Independent, Large Ticket

“SCF is optimistic as we see the gap continuing to widen between bank and non-bank lenders/lessors providing strong opportunity for growth in customers, assets and personnel.” **Dave Fate, President and CEO, Stonebriar Commercial Finance, LLC**

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.

###

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>.

Follow the Foundation:

Facebook: [Equipment Leasing & Finance Foundation](#)

Linked In: <http://www.linkedin.com/groups?gid=89692>

Twitter: [@LeaseFoundation](#)

Media contact: Kelli Nienaber, knienaber@leasefoundation.org