

Equipment Leasing and Finance Industry Confidence Eases Again in June Amid Political and Economic Uncertainty

Washington, DC, June 21, 2016 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the June 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 eased for the second consecutive month to 52.3 from the May index of 55.1. Uncertainty about the November election and its impact on the U.S. economy were among respondents' concerns.

When asked about the outlook for the future, MCI-EFI survey respondent **Robert Boyer, President, Susquehanna Commercial Finance**, said, "Increased consumer spending and confidence indications create some level of optimism, but 2016 capital investment will be heavily impacted by the uncertainty caused by the November election."

June 2016 Survey Results:

The overall MCI-EFI is 52.3, a decrease from the May index of 55.1.

- When asked to assess their business conditions over the next four months, 9.4% of executives responding said they believe business conditions will improve over the next four months, a decrease from 16.1% in May. 68.8% of respondents believe business conditions will remain the same over the next four months, an increase from 67.7% in May. 21.9% believe business conditions will worsen, an increase from 16.1% the previous month.
- 6.3% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 16.1% in May. 71.9% believe demand will "remain the same" during the same four-month time period, up from 61.3% the previous month. 21.9% believe demand will decline, relatively unchanged from 22.6% who believed so in May.
- 15.6% of executives expect more access to capital to fund equipment acquisitions over the next four months, a decrease from 19.4% in May. 81.3% of survey respondents indicate they expect the "same" access to capital to fund business, an increase from 74.2% the previous month. 3.1% expect "less" access to capital, a decrease from 6.5% last month.
- When asked, 37.5% of the executives report they expect to hire more employees over the next four months, a decrease from 48.4% in May. 56.3% expect no change in headcount over the next four months, an increase from 48.4% last month. 6.3% expect to hire fewer employees, an increase from 3.2% in May.
- None of the leadership evaluates the current U.S. economy as "excellent," unchanged from last month. 96.9% of the leadership evaluate the current U.S. economy as "fair" and 3.1% rate it as "poor," both unchanged from May.
- 6.5% of the survey respondents believe that U.S. economic conditions will get "better" over the next six months, unchanged from May. 75.0% of survey respondents indicate they believe the U.S. economy will "stay the same" over the next six months, an increase from 64.5% the previous month. 18.8% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 29.0% who believed so last month.
- In June, 31.3% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 38.7% in May. 68.8% believe there will be "no change" in business development spending, an increase from 58.1% the previous

month. None believe there will be a decrease in spending, a decrease from 3.2% who believed so last month.

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

Independent, Small Ticket

“Rates remain low, capital is abundant, and credit appetites appear to be widening—all good news for would-be borrowers. On the other hand, we are experiencing a political environment that seems circus-like and a nation that is being rocked by threats of terrorism. We do not expect to see small and mid-size businesses choosing to expand and invest with certainty. I believe the rest of this year will see a reasonable flow of business, but I’m not expecting a strong close to 2016.” **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

Bank, Small Ticket

“Abundant liquidity, which increases competition and lowers spreads, is still the biggest story in our industry. The presidential election will keep a damper on economic expansion through the remainder of the year.” **Paul Menzel, President and CEO, Financial Pacific Leasing, LLC**

Bank, Middle Ticket

“Year to date, the equipment finance industry has seen substantial decreases in new business activity compared to 2015. Given the choppy performance of the U.S. economy and political uncertainty I believe the balance of 2016 will be similar to the first half; not an optimistic outlook for the industry.” **Thomas Jaschik, President, BB&T 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 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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