

Equipment Leasing and Finance Industry Confidence Remains Steady in July

Washington, DC, July 21, 2016 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the July 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 52.5, remaining steady with the June index of 52.3.

When asked about the outlook for the future, MCI-EFI survey respondent **Anthony Cracchiolo, President and CEO, U.S. Bank Equipment Finance**, said, “The industry continues to be stable and positioned for growth as the U.S. economy improves. However, challenges remain as the expansion remains slow and as low interest rates continue to apply pressure to the industry’s bottom line.”

July 2016 Survey Results:

The overall MCI-EFI is 52.5, steady with the June index of 52.3.

- When asked to assess their business conditions over the next four months, 12.1% of executives responding said they believe business conditions will improve over the next four months, an increase from 9.4% in June. 75.8% of respondents believe business conditions will remain the same over the next four months, an increase from 68.8% in June. 12.1% believe business conditions will worsen, a decrease from 21.9% the previous month.
- 12.1% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 6.3% in June. 57.6% believe demand will “remain the same” during the same four-month time period, down from 71.9% the previous month. 30.3% believe demand will decline, an increase from 21.9% who believed so in June.
- 15.2% of executives expect more access to capital to fund equipment acquisitions over the next four months, relatively unchanged from 15.6% in June. 78.8% of survey respondents indicate they expect the “same” access to capital to fund business, a decrease from 81.3% the previous month. 6.1% expect “less” access to capital, an increase from 3.1% last month.
- When asked, 30.3% of the executives report they expect to hire more employees over the next four months, a decrease from 37.5% in June. 63.6% expect no change in headcount over the next four months, an increase from 56.3% last month. 6.1% expect to hire fewer employees, unchanged from June.
- None of the leadership evaluates the current U.S. economy as “excellent,” unchanged from last month. 100.0% of the leadership evaluate the current U.S. economy as “fair,” an increase from 96.9% last month. None evaluates it as “poor,” a decrease from 3.1% in June.
- 3.0% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 6.5% in June. 78.8% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 75.0% the previous month. 18.2% believe economic conditions in the U.S. will worsen over the next six months, a slight decrease from 18.8% who believed so last month.
- In July, 36.4% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 31.3% in June. 60.6% believe there will be “no change” in business development spending, a decrease from 68.8% the previous month. 3.0% believe there will be a decrease in spending, an increase from none who believed so last month.

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

Independent, Small Ticket

“Current events here and abroad make us concerned about demand for the next two quarters. Application volume has remained steady but not strong, and credit approval percentages are decreasing slightly. I think our average customer will wait for the outcome of the election before making decisions to expand their business or replace equipment that may be ready for an upgrade. Uncertainty seems to plague us.”

Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.

Independent, Middle Ticket

“There is definitely uncertainty given the international effects that Brexit has had on exchange and bond rates. The question is how it will affect the U.S. market, which continues to plow ahead, albeit at a slow pace.” **William H. Besgen, Senior Advisor, Vice Chairman Emeritus, Hitachi Capital America Corp.**

Bank, Middle Ticket

“The political and economic environments will continue to create uncertainty for the foreseeable future. As such, investment in capital equipment will continue to be erratic. I would expect a bumpy ride for the equipment finance industry for the remainder of 2016.” **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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