

Equipment Leasing and Finance Industry Confidence Increases to Six-Month High

Washington, DC, October 20, 2016 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the October 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 56.0, an increase from the September index of 53.8, and the highest level since April despite continued concerns about the November elections.

When asked about the outlook for the future, MCI-EFI survey respondent Frank Campagna, Commercial Equipment Finance Business Line Manager, M&T Bank Corporation, said, “We continue to see strong demand from our core commercial and industrial business throughout all regions of our footprint and via all finance product sets and asset classes. Our business optimism is tempered somewhat by the continued downward price pressure by some of our competitors, but that does not discount the fact that our customers are in the market and acquiring equipment. Some sectors related to infrastructure, albeit softer than in years past—especially those related to energy—continue to provide equipment financing opportunity and are poised for some significant growth in 2017.”

October 2016 Survey Results:

The overall MCI-EFI is 56.0, an increase from the September index of 53.8.

- 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, a decrease from 18.8% in September. 81.8% of respondents believe business conditions will remain the same over the next four months, an increase from 62.5% in September. 6.1% believe business conditions will worsen, a decrease from 18.8% the previous month.
- 24.2% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 28.1% in September. 57.6% believe demand will “remain the same” during the same four-month time period, up from 53.1% the previous month. 18.2% believe demand will decline, down slightly from 18.8% who believed so in September.
- 18.2% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, an increase from none who expected more in September. 75.8% of executives indicate they expect the “same” access to capital to fund business, a decrease from 96.9% 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, an increase from 21.9% in September. 60.6% expect no change in headcount over the next four months, a decrease from 71.9% last month. 9.1% expect to hire fewer employees, up from 6.3% in September.
- None of the leadership evaluate the current U.S. economy as “excellent,” unchanged from last month. 93.9% of the leadership evaluate the current U.S. economy as “fair,” a decrease from 100.0% last month. 6.1% evaluate it as “poor,” an increase from none in September.
- 15.2% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 6.3% in September. 69.7% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 75.0% the previous month. 15.2% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 18.8% who believed so last month.

- In October, 36.4% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 40.6% in September. 63.6% believe there will be “no change” in business development spending, an increase from 53.1% the previous month. None believe there will be a decrease in spending, a decrease from 6.3% who believed so last month.

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

Independent, Small Ticket

“Demand seems constant as businesses begin to wrap up their equipment acquisition plans for 2016. The elephant in the room is the elections. I believe the issues that are not being addressed may have significant ramifications for small to mid-size businesses in 2017. It is too early to tell, but the political climate is not adding to anyone’s confidence levels.” **Valerie Hayes Jester, President, Brandywine Capital Associates**

Bank, Middle Ticket

“Despite political and economic uncertainty, pockets of robust growth exist in the U.S. equipment finance market.” **Alan Sikora, CEO, First American Equipment Finance, a City National Bank Company**

Independent, Middle Ticket

“The uncertain political environment seems to be causing some of the smaller medium size businesses to delay equipment purchases. Hopefully, this will change after the elections.” **William H. Besgen, Senior Advisor, Vice Chairman Emeritus, Hitachi Capital America Corp.**

Bank, Large Ticket

“The rate environment continues to make financing equipment a good option for most companies. Concerns center around the impact of the election season. When the U.S. raises rates it will negatively impact those companies reliant on exporting.” **Thomas Partridge, President, Fifth Third 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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Media contact: Kelli Nienaber, knienaber@leasefoundation.org