

## Equipment Leasing and Finance Industry Confidence Eases in November

Washington, DC, November 17, 2016 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the November 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 54.6, easing from the October index of 56.0. The majority of executives submitted their MCI survey responses prior to the U.S. elections.

When asked about the outlook for the future, MCI-EFI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates**, said post-election, “The industry continues to increase market share and develop new opportunities within commercial segments. Portfolios continue to perform well in spite of moderately increasing delinquency statistics. Now that the election is over, I hope that small and mid-size business owners decide to move forward on expansion projects that had been stalled due to uncertainty in Washington.”

### **November 2016 Survey Results:**

The overall MCI-EFI is 54.6, a decrease from the October index of 56.0.

- When asked to assess their business conditions over the next four months, 13.8% of executives responding said they believe business conditions will improve over the next four months, an increase from 12.1% in October. 69.0% of respondents believe business conditions will remain the same over the next four months, a decrease from 81.8% in October. 17.2% believe business conditions will worsen, an increase from 6.1% the previous month.
- 13.8% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 24.2% in October. 69.0% believe demand will “remain the same” during the same four-month time period, up from 57.6% the previous month. 17.2% believe demand will decline, down from 18.2% who believed so in October.
- 13.8% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, a decrease from 18.2% who expected more in October. 82.8% of executives indicate they expect the “same” access to capital to fund business, an increase from 75.8% the previous month. 3.4% expect “less” access to capital, a decrease from 6.1% last month.
- When asked, 34.5% of the executives report they expect to hire more employees over the next four months, an increase from 30.3% in October. 55.2% expect no change in headcount over the next four months, a decrease from 60.6% last month. 10.3% expect to hire fewer employees, up from 9.1% in October.
- None of the leadership evaluate 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 93.9% last month. None evaluate it as “poor,” a decrease from 6.1% in October.
- 17.2% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 15.2% in October. 65.5% of survey respondents indicate they believe the

U.S. economy will “stay the same” over the next six months, a decrease from 69.7% the previous month. 17.2% believe economic conditions in the U.S. will worsen over the next six months, an increase from 15.2% who believed so last month.

- In November, 37.9% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 36.4% in October. 58.6% believe there will be “no change” in business development spending, a decrease from 63.6% the previous month. 3.4% believe there will be a decrease in spending, an increase from none who believed so last month.

### **November 2016 MCI-EFI Survey Comments from Industry Executive Leadership (pre-election):**

#### **Bank, Small Ticket**

“The equipment finance industry is dynamic and we will continue to adapt to political change, accounting changes, regulation change and changes in the economy. I am optimistic about the future of the industry because of the talented and innovative people in it.” **David Normandin, Managing Director, Commercial Finance Group, Banc of California**

#### **Bank, Middle Ticket**

“While demand for equipment financing on a national scope is tepid, regional and industry demand is still vibrant. Select areas of the country are continuing to grow. This growth stems from population movement to more business-friendly locations.” **Harry Kaplun, President, Specialty Finance, Frost Bank**

#### **Bank, Middle Ticket**

“We expect agriculture to lag the overall economy with capital expenditures due to low commodity prices and other factors impacting the agriculture sector.” **Michael Romanowski, President, Farm Credit Leasing Services Corporation**

### **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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