

## Equipment Leasing and Finance Association's Survey of Economic Activity: Monthly Leasing and Finance Index

*November New Business Volume Up 5 Percent Year-over-year, Down 22 Percent Month-to-month and Down 2 Percent Year-to-date*

**Washington, DC, December 21, 2016**— The **Equipment Leasing and Finance Association's** (ELFA) **Monthly Leasing and Finance Index (MLFI-25)** (MLFI-25), which reports economic activity from 25 companies representing a cross section of the \$1 trillion equipment finance sector, showed their overall new business volume for November was \$6.4 billion, up 5 percent year-over-year from new business volume in November 2015. Volume was down 22 percent month-to-month from \$8.2 billion in October. Year to date, cumulative new business volume decreased 2 percent compared to 2015.

Receivables over 30 days were 1.30 percent, down from 1.40 percent the previous month and up from 1.10 percent in the same period in 2015. Charge-offs were 0.40 percent, up from 0.37 percent the previous month.

Credit approvals totaled 76.0 percent in November, down from 77.3 percent in October. Total headcount for equipment finance companies was up 4.7 percent year over year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) for December is 67.5, a sharp increase from the November index of 54.6.

**ELFA President and CEO Ralph Petta** said, "While down from the past couple months, new business volume for November is still holding up well going into the final business month of the year. With the elections now behind us, many business people, economists, analysts, business writers and others express varying degrees of optimism about the economy in the months ahead. Projections of higher-than-expected economic growth in 2017, continued low unemployment and an uptick in inflation have caused the Fed finally to increase interest rates 25 basis points at its December meeting, with guidance for another 75 bps before the end of 2017. Recent reports of forthcoming policy decisions by the new Trump Administration and Congress—reforming the tax code, easing regulatory compliance requirements, and the potential for infrastructure investment, for example—could be the ingredients necessary to boost U.S. economic performance. These policy considerations together with a renewed enthusiasm by business owners to invest in plant and equipment could be very good news for the equipment finance sector."

**Frank J. Campagna, Group Vice President, Line of Business Manager, M&T Bank Commercial Equipment Finance**, said, "Our 2016 business remained embedded in the commercial bank's regional business strategy supporting clients in a seven state region. Year over year, we have seen an 11 percent increase in volume. We have also grown silos in the rail, marine and renewable energy sectors that have a broader geographic reach and provide significant tax and like-kind exchange benefits to the bank. Looking forward, additional rate hikes should allow us to be paid more rationally for risk associated with credit and term. We are seeing a favorable shift in capex planning for 2017 pointing to pent-up demand, especially in the energy and transportation sectors. We do not see a return to prior levels in the near term, but see opportunity nonetheless."

### **About the ELFA's MLFI-25**

The MLFI-25 is the only index that reflects capex, or the volume of commercial equipment financed in the U.S. The MLFI-25 is released globally at 8 a.m. Eastern time from Washington, D.C., each month on the day before the U.S. Department of Commerce releases the **durable goods report**. The MLFI-25 is a financial indicator that complements the durable goods report and other economic indexes, including the **Institute for Supply Management Index**, which reports economic activity in the manufacturing sector. Together with the MLFI-25 these reports provide a complete view of the status of productive assets in the U.S. economy: equipment produced, acquired and financed.

The MLFI-25 is a time series that reflects two years of business activity for the 25 companies currently participating in the survey. The latest MLFI-25, including methodology and participants, is available at [www.elfaonline.org/Data/MLFI/](http://www.elfaonline.org/Data/MLFI/)

### **MLFI-25 Methodology**

The ELFA produces the MLFI-25 survey to help member organizations achieve competitive advantage by providing them with leading-edge research and benchmarking information to support strategic business decision making.

The MLFI-25 is a barometer of the trends in U.S. capital equipment investment. Five components are included in the survey: new business volume (originations), aging of receivables, charge-offs, credit approval ratios, (approved vs. submitted) and headcount for the equipment finance business.

The MLFI-25 measures monthly commercial equipment lease and loan activity as reported by participating ELFA member equipment finance companies representing a cross section of the equipment finance sector, including small ticket, middle-market, large ticket, bank, captive and independent leasing and finance companies. Based on hard survey data, the responses mirror the economic activity of the broader equipment finance sector and current business conditions nationally.

### **About ELFA**

The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the \$1 trillion equipment finance sector, which includes financial services companies and manufacturers engaged in financing capital goods. ELFA members are the driving force behind the growth in the commercial equipment finance market and contribute to capital formation in the U.S. and abroad. Its 580 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packageers and investment banks, as well as manufacturers and service providers. For more information, please visit [www.elfaonline.org](http://www.elfaonline.org).

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ELFA is the premier source for statistics and analyses concerning the equipment finance sector. Please visit [www.elfaonline.org/Data/](http://www.elfaonline.org/Data/) for additional information.

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 [www.LeaseFoundation.org](http://www.LeaseFoundation.org).

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