

## Equipment Leasing and Finance Industry Confidence Reaches All-Time High

Washington, DC, January 19, 2017 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the January 2017 [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 73.4, an increase from the December index of 67.5, and the highest index since the MCI was launched in May 2009 to track recovery after the 2008 downturn.

When asked about the outlook for the future, MCI-EFI survey respondent **Thomas Jaschik, President, BB&T Equipment Finance**, said, “The outlook for U.S. companies has become much more positive since the presidential election. Lower taxes, less regulation and rising interest rates will be the catalyst to spur capital asset acquisitions. This will undoubtedly set the stage for robust equipment finance activity.”

### January 2017 Survey Results:

The overall MCI-EFI is 73.4, an increase from the December index of 67.5.

- When asked to assess their business conditions over the next four months, 74.2% of executives responding said they believe business conditions will improve over the next four months, an increase from 48.4% in December. 22.6% of respondents believe business conditions will remain the same over the next four months, a decrease from 45.2% in December. 3.2% believe business conditions will worsen, a decrease from 6.5% the previous month.
- 71.0% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 38.7% in December. 25.8% believe demand will “remain the same” during the same four-month time period, down from 54.8% the previous month. 3.2% believe demand will decline, down from 6.5% who believed so in December.
- 19.4% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, a decrease from 22.6% who expected more in December. 80.6% of executives indicate they expect the “same” access to capital to fund business, an increase from 77.4% the previous month. None expect “less” access to capital, unchanged from last month.
- When asked, 35.5% of the executives report they expect to hire more employees over the next four months, a decrease from 41.9% in December. 61.3% expect no change in headcount over the next four months, an increase from 48.4% last month. 3.2% expect to hire fewer employees, down from 9.7% in December.
- 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,” and none evaluate it as “poor,” both also unchanged from December.
- 61.3% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 71% in December. 38.7% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 25.8% the previous month. None believe economic conditions in the U.S. will worsen over the next six months, a decrease from 3.2% who believed so last month.
- In January, 58.1% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 48.4% in December. 41.9% believe there will be “no change” in business development spending, a decrease from 51.6% the previous month. None believe there will be a decrease in spending, unchanged from last month.

## **January 2017 MCI-EFI Survey Comments from Industry Executive Leadership:**

### **Bank, Small Ticket**

“December new business volume and opportunity pipeline growth indicate increased capital investment activity and utilization of financing for acquisition. I view the rising rate environment as a positive indication and a shift from stagnation to a more normal economic cycle.” **Robert Boyer, President, Susquehanna Commercial Finance, Inc.**

### **Independent, Small Ticket**

“Small business confidence is very high and we are optimistic that this will equate to more demand for capital expenditures. Hopefully, tax reform doesn’t create too much uncertainty.” **David T. Schaefer, CEO, Mintaka Financial, LLC**

### **Bank, Middle Ticket**

“We continue to manage through a down cycle in the agriculture industry. We expect the cycle to bottom out in 2017, but do not expect improvement until mid-year 2018 or later. We continue to serve our mission and provide options to customers to help them work through the cycle.” **Michael Romanowski, President, Farm Credit Leasing Services Corporation**

### **Bank, Large Ticket**

“Hope centers around regulatory reform in Washington. Concerns include the rise in the dollar, which could impact exports.” **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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