

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

February New Business Volume Down 3 Percent Year-over-year, Down 5 Percent Month-to-month; Up 0.5 Percent Year-to-date

Washington, DC, March 23, 2017—The [**Equipment Leasing and Finance Association's**](#) (ELFA) [**Monthly Leasing and Finance Index \(MLFI-25\)**](#), 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 February was \$5.9 billion, down 3 percent year-over-year from new business volume in February 2016. Volume was down 5 percent month-to-month from \$6.2 billion in January. Year to date, cumulative new business volume was up 0.5 percent compared to 2016.

Receivables over 30 days were 1.50 percent, down from 1.70 percent the previous month and up from 1.40 percent in the same period in 2016. Charge-offs were 0.38 percent, down from 0.43 percent the previous month, and up slightly from 0.37 percent in the year-earlier period.

Credit approvals totaled 74.8 percent in February, down from 75.4 percent in January. Total headcount for equipment finance companies was up 18.6 percent year over year, a spike largely attributable to continued acquisition activity at an MLFI reporting company.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) for March is 71.1, easing from the February index of 72.2 but remaining among the highest levels of the last two years.

[**ELFA President and CEO Ralph Petta**](#) said, “New business volume during the first couple months of 2017 continues the sluggish growth pattern that began 2016. This slow start belies the business-friendly environment that many business and economic commentators point to in characterizing the new administration in Washington. Credit quality is mixed as well. With the Fed increasing its short-term interest rate target by 25 bps at its most recent March meeting, we will be watching closely the impact—if any—on demand in the equipment finance sector.”

[**Miles Herman, President and COO, LEAF Commercial Capital, Inc.**](#), said, “While independent firms saw better growth, overall the industry's new business volume was de minimis compared to this point in 2016. I believe there's reason for optimism, however, given the market's recent surge post-election, the proposed infrastructure spending and stable oil. There are indicators of a coming manufacturing renaissance and a plan to reduce Federal taxes and regulation. But will all this translate into legislation to justify the post-election optimism? Despite equity market choppiness and rising interest rates, I'm heartened to see that the MCI-EFI shows this confidence holding steady. Combined with other indicators, this seems to indicate a hopeful, if still wait-and-see, attitude in the industry and the economy as a whole. If promised legislative changes come to pass, it's likely we'll see that optimism become action.”

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/

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/packagers and investment banks, as well as manufacturers and service providers. For more information, please visit 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/ 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.

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