

Equipment Leasing and Finance Industry Confidence Remains Strong in March

Washington, DC, March 16, 2017 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the March 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 71.1, easing from the February index of 72.2 but remaining among the highest levels of the last two years.

When asked about the outlook for the future, MCI-EFI survey respondent **Thomas Jaschik, President, BB&T Equipment Finance**, said, “The ‘Trump Effect’ appears to be having a positive impact on the equipment finance market. Customer demand has increased over 2016 levels. A positive outlook on taxes and regulation seems to have been the catalyst for increased capital expenditures. If the promises come to life it could be a banner year for the U.S. economy and the equipment finance industry.”

March 2017 Survey Results:

The overall MCI-EFI is 71.1, a decrease from the February index of 72.2.

- When asked to assess their business conditions over the next four months, 70% of executives responding said they believe business conditions will improve over the next four months, an increase from 69.2% in February. 20% of respondents believe business conditions will remain the same over the next four months, a decrease from 26.9% in February. 10% believe business conditions will worsen, an increase from 3.8% the previous month.
- 70% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 53.8% in February. 20% believe demand will “remain the same” during the same four-month time period, down from 42.3% the previous month. 10% believe demand will decline, up from 3.8% who believed so in February.
- 16.7% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, an increase from 15.4% who expected more in February. 80% of executives indicate they expect the “same” access to capital to fund business, a decrease from 84.6% the previous month. 3.3% expect “less” access to capital, an increase from none who expected less last month.
- When asked, 43.3% of the executives report they expect to hire more employees over the next four months, an increase from 42.3% in February. 53.3% expect no change in headcount over the next four months, an increase from 50% last month. 3.3% expect to hire fewer employees, down from 7.7% in February.
- None of the leadership evaluate the current U.S. economy as “excellent,” unchanged from last month. 100% of the leadership evaluate the current U.S. economy as “fair,” and none evaluate it as “poor,” both also unchanged from February.
- 60% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 73.1% in February. 36.7% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 26.9% the previous month. 3.3% believe economic conditions in the U.S. will worsen over the next six months, up from none who believed so last month.
- In March, 50% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 65.4% in February. 50% believe there will be “no change” in business development spending, an increase from 34.6% the previous month. None believe there will be a decrease in spending, unchanged from last month.

March 2017 MCI-EFI Survey Comments from Industry Executive Leadership:

Independent, Small Ticket

"I am always optimistic about the equipment finance industry but concerned near term about the lack of clarity in Washington and this new administration's inability to chart a course that resonates with the American public. My hope is that the 'dust settles' and small business gets back to expansion and job creation." **Valerie Hayes Jester, President, Brandywine Capital Associates**

Bank, Middle Ticket

"We are encouraged by continued loan/lease demand for equipment spends by our core client base, especially in the heavy equipment, marine and renewable energy sectors. Looking beyond the current softness of the rail sector, we feel demand will increase later in the year and beyond as older cars are retired. We continue to be challenged by what we feel are some irrational pricing pressures as too much money chases too few assets in certain sectors placing increased pressure on expenses and limiting some business development activity." **Frank J. Campagna, Group Vice President, Line of Business Manager, M&T Bank Commercial Equipment Finance**

Bank, Large Ticket

"While there appears to be optimism with our client base, many are waiting for a clearer picture with potential tax changes before making sizable capital investment decisions." **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.

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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