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

March New Business Volume Up 10 Percent Year-over-year, Up 51 Percent Month-to-month; Up 4 Percent Year-to-date

Washington, DC, April 26, 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 March was $8.9 billion, up 10 percent year-over-year from new business volume in March 2016. Volume was up 51 percent month-to-month from $5.9 billion in February. Year to date, cumulative new business volume was up 4 percent compared to 2016.

Receivables over 30 days were 1.40 percent, down from 1.50 percent the previous month and up from 1.20 percent in the same period in 2016. Charge-offs were 0.68 percent, up from 0.38 percent the previous month, and up from 0.51 percent in the year-earlier period.

Credit approvals totaled 74.5 percent in March, down slightly from 74.8 percent in February. Total headcount for equipment finance companies was up 19.9 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 April is 65.8, easing from the March index of 71.1.

ELFA President and CEO Ralph Petta said, "Responding companies report surprisingly strong end-of-quarter volume, despite a sluggish first quarter economic growth projection by the Atlanta Federal Reserve Bank. The central bank's recent rate hike may, in part, be responsible for the spike in equipment demand as businesses seek to lock in fixed rate financing ahead of steadily increasing interest costs. Hopefully, this growth trend takes hold and continues into the spring and summer months."

Daryn Lecy, Vice President of Operations, Stearns Bank NA – Equipment Finance Division, said, "Year-to-date, respondents are signaling some signs of a slightly tougher credit environment with higher year-over-year delinquencies and charge-offs combined with lower credit approval percentages. This more than likely demonstrates a return to historic norms relative to the record lows we experienced in recent years rather than a deterioration of credits as a whole. The increased overall funding volume and contagious optimism surrounding the construction industry presents some real excitement throughout 2017 for us at Stearns Bank. In addition, future infrastructure spending, paired with a possibility of less regulation, presents more reasons for industry enthusiasm throughout the year ahead."

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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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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