

Equipment Leasing and Finance Industry Confidence Eases Further in May

Washington, DC, May 18, 2017 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the May 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 eased again in May to 63.2, down from the April index of 65.8.

When asked about the outlook for the future, MCI-EFI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates**, said, “Stronger demand has returned to our marketplace. I think the waiting game played by many small businesses in the first quarter has ended and demand is flowing more freely again. The changes to healthcare legislation may slow this down a bit, but I am optimistic that the year will end well.”

May 2017 Survey Results:

The overall MCI-EFI is 63.2, a decrease from the April index of 65.8.

- When asked to assess their business conditions over the next four months, 22.6% of executives responding said they believe business conditions will improve over the next four months, a decrease from 36.7% in April. 71% of respondents believe business conditions will remain the same over the next four months, an increase from 63.3% in April. 6.5% believe business conditions will worsen, an increase from none the previous month.
- 38.7% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 40% in April. 54.8% believe demand will “remain the same” during the same four-month time period, down from 56.7% the previous month. 6.5% believe demand will decline, up from 3.3% who believed so in April.
- 12.9% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, down from 16.7% in April. 83.9% of executives indicate they expect the “same” access to capital to fund business, up from 80% last month. 3.2% expect “less” access to capital, unchanged from last month.
- When asked, 45.2% of the executives report they expect to hire more employees over the next four months, an increase from 40% in April. 51.6% expect no change in headcount over the next four months, a decrease from 53.3% last month. 3.2% expect to hire fewer employees, down from 6.7% in April.
- 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 April.
- 41.9% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 46.7% in April. 51.6% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 53.3% the previous month. 6.5% believe economic conditions in the U.S. will worsen over the next six months, up from none who believed so last month.
- In May, 45.2% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 46.7% in April. 51.6% believe there will be “no change” in business development spending, a decrease from 53.3% the previous month. 3.2% believe there will be a decrease in spending, up from none last month.

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

Bank, Middle Ticket

“The historically slow but steady economic growth should get a boost from tax reform.” **Harry Kaplun, President, Specialty Finance, Frost Bank**

Bank, Middle Ticket

“We saw a definitive change in client attitude regarding capex spending in the past 30 days resulting in pipeline declines for both tax and non-tax financing. We believe that this is fueled by a very uncertain political climate. The financing industry is thus impacted by the fact that most institutions have high capital levels with a need to invest it, leading to lower return on equity and higher risk profiles as a result of chasing too few opportunities in the marketplace.” **Frank J. Campagna, Group Vice President, Line of Business Manager, M&T Bank Commercial Equipment Finance**

Bank, Large Ticket

“Rates still remain good by historical standards. The lack of movement in tax reform and healthcare policy is impacting 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.

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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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