

## Equipment Leasing and Finance Industry Confidence Remains Steady in June

Washington, DC, June 15, 2017 — The **Equipment Leasing & Finance Foundation** (the Foundation) releases the June 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 remained steady in June at 63.5, relatively unchanged from the May index of 63.2.

When asked about the outlook for the future, MCI-EFI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates**, said, “Our business volume remains steady, but it is not on pace to exceed last year’s numbers. We see larger companies moving ahead and making capital investments but the smaller businesses seem to be more worried about the instabilities in Washington. The optimism of Wall Street is not shared by Main Street. Portfolio performance remains strong but certainty needs to return to the environment of the average small business owner before investment of a growing scale returns.”

### June 2017 Survey Results:

The overall MCI-EFI is 63.5, steady with the May index of 63.2.

- When asked to assess their business conditions over the next four months, 31% of executives responding said they believe business conditions will improve over the next four months, an increase from 22.6% in May. 69% of respondents believe business conditions will remain the same over the next four months, a decrease from 71% in May. None believe business conditions will worsen, a decrease from 6.5% the previous month.
- 17.2% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 38.7% in May. 82.8% believe demand will “remain the same” during the same four-month time period, up from 54.8% the previous month. None believe demand will decline, down from 6.5% who believed so in May.
- 13.8% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 12.9% in May. 86.2% of executives indicate they expect the “same” access to capital to fund business, up from 83.9% last month. None expect “less” access to capital, a decrease from 3.2% last month.
- When asked, 41.1% of the executives report they expect to hire more employees over the next four months, a decrease from 45.2% in May. 51.6% expect no change in headcount over the next four months, unchanged from last month. None expect to hire fewer employees, down from 3.2% in May.
- 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 May.
- 41.4% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a slight decrease from 41.9% in May. 51.7% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, unchanged from the previous month. 6.9% believe economic conditions in the U.S. will worsen over the next six months, up slightly from 6.5% who believed so last month.
- In June, 48.3% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 45.2% in May. 51.7% believe there will be “no change” in business development spending, unchanged from the previous month. None believe there will be a decrease in spending, down from 3.2% last month.

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

### Bank, Small Ticket

“The fundamental health of the business community and consumer participation are positives for the near term. The risk to the economy is the political climate and uncertainty it is creating in various industries dependent upon trade, tourism, and policies that support growth.” **Paul Menzel, CLFP, President and CEO, Financial Pacific Leasing, Inc., an Umpqua Bank Company**

### Bank, Middle Ticket

“The cash grain sector of the agriculture industry continues to experience a rebalancing resulting in pull back in new capital investment. Other agriculture sectors are also impacted as they work through down cycles. Some sectors—swine, poultry, nuts and wine producers—are engaged in growth activities resulting in finance opportunities.” **Michael Romanowski, President, Farm Credit Leasing Services Corporation**

### Bank, Large Ticket

“The economy appears to be moving along at a good pace. Uncertainty in Washington and lack of momentum around tax policy could impact capital spending in the second half of the year.” **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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**Media contact:** Kelli Nienaber, [knienaber@leasefoundation.org](mailto:knienaber@leasefoundation.org)