

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

May New Business Volume Up 13 Percent Year-over-year, Down 3 Percent Month-to-month, Up 7 Percent Year-to-date

Washington, DC, June 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 May was \$7.7 billion, up 13 percent year-over-year from new business volume in May 2016. Volume was down 3 percent month-to-month from \$7.9 billion in April. Year to date, cumulative new business volume was up 7 percent compared to 2016.

Receivables over 30 days were 1.40 percent, up from 1.30 percent the previous month and up from 1.30 percent in the same period in 2016. Charge-offs were 0.47 percent, up from 0.38 percent the previous month, and up from 0.33 percent in the year-earlier period.

Credit approvals totaled 77 percent in May, up from 75.9 percent in April. Total headcount for equipment finance companies was up 15.4 percent year over year, largely attributable to continued acquisition activity at an MLFI reporting company.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) for June is 63.5, steady with the May index of 63.2.

ELFA President and CEO Ralph Petta said, "Origination volume for the month of May continues strong second quarter performance for the equipment finance industry. Although certain verticals and industry sectors are performing better than others, overall demand for capital equipment continues the positive momentum begun in the first few months of the year. At the same time, credit quality remains in acceptable ranges. While the data provide a rear-view mirror glimpse of industry health, more telling will be the impact of rising interest rates, warmer summertime weather and whether policy makers in Washington succeed in making progress on important legislative matters that benefit the business community."

"The current business environment is perplexing. While the U.S. economy is experiencing the third longest expansion in history, there have not been any sustained pockets of robust growth. Confidence levels are still very encouraging, as businesses continue to invest and finance equipment and related services at stronger levels than in 2016," said **Adam D. Warner, President of Key Equipment Finance**. "It is critically important to watch all economic indicators and the Foundation-Keybridge U.S. Equipment & Software Investment Momentum Monitor to choose which verticals provide the best opportunity for growth with appropriate levels of risk. With rising interest rates forecast for the remainder of the year, we expect some margin compression relief with minimal impact on new financing activity."

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/packagegers 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 to get the most current version of the [Monthly Confidence Index](#) and [Foundation-Keybridge U. S. Equipment & Software Investment Momentum Monitor](#).

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