

Equipment Leasing and Finance Industry Confidence in July Steady With Previous Two Months

Washington, DC, July 20, 2017 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the July 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 was relatively unchanged in July from the previous two months at 63.5.

When asked about the outlook for the future, MCI-EFI survey respondent **Thomas Jaschik, President, BB&T Equipment Finance**, said, “U.S. companies are poised to make significant investments in capital equipment. However, many continue to delay plans until tax and regulatory reform legislation gets on track. Until then it will be ‘wait and see.’ The equipment finance industry should see a significant increase in activity if and when this occurs.”

July 2017 Survey Results:

The overall MCI-EFI is 63.5, steady with the previous two months.

- When asked to assess their business conditions over the next four months, 30.3% of executives responding said they believe business conditions will improve over the next four months, a slight decrease from 31% in June. 69.7% of respondents believe business conditions will remain the same over the next four months, a slight increase from 69% in June. None believe business conditions will worsen, unchanged from the previous month.
- 39.4% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 17.2% in June. 57.6% believe demand will “remain the same” during the same four-month time period, down from 82.8% the previous month. 3% believe demand will decline, up from none who believed so in June.
- 15.2% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 13.8% in June. 84.9% of executives indicate they expect the “same” access to capital to fund business, down from 86.2% last month. None expect “less” access to capital, unchanged from last month.
- When asked, 33.3% of the executives report they expect to hire more employees over the next four months, a decrease from 41.1% in June. 66.7% expect no change in headcount over the next four months, an increase from 51.6% last month. None expect to hire fewer employees, unchanged from June.
- 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 June.

- 24.2% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 41.4% in June. 75.8% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 51.7% the previous month. None believe economic conditions in the U.S. will worsen over the next six months, down from 6.9% who believed so last month.
- In July, 36.6% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 48.3% in June. 63.6% believe there will be “no change” in business development spending, up from 51.7% the previous month. None believe there will be a decrease in spending, unchanged from last month.

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

Independent, Small Ticket

“Job growth is positive and this should drive demand for capital expenditures. Maybe rising interest rates will push demand along as well.” **David T. Schaefer, CLFP, CEO, Mintaka Financial, LLC**

Bank, Middle Ticket

“Business and economic fundamentals remain positive. Barring a geopolitical event of some magnitude this positive trend should continue.” **Harry Kaplun, President, Specialty Finance, Frost Bank**

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