

Equipment Leasing and Finance Industry Confidence Higher in August

Washington, DC, August 17, 2017 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the August 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 is 64.4 in August, up from 63.5 the previous two months.

When asked about the outlook for the future, MCI-EFI survey respondent **Thomas Jaschik, President, BB&T Equipment Finance**, said, “The political dysfunction in Washington continues to stifle the U.S. economy. Despite this lack of leadership the equipment finance industry has experienced solid growth in 2017. However, with some action on tax and regulatory reform the economy and equipment finance industry could greatly accelerate.”

August 2017 Survey Results:

The overall MCI-EFI is 64.4, up from 63.5 the previous two months.

- When asked to assess their business conditions over the next four months, 38.2% of executives responding said they believe business conditions will improve over the next four months, an increase from 30.3% in July. 61.8% of respondents believe business conditions will remain the same over the next four months, a decrease from 69.7% in July. None believe business conditions will worsen, unchanged from the previous month.
- 38.2% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 39.4% in July. 58.8% believe demand will “remain the same” during the same four-month time period, up from 57.6% the previous month. 2.9% believe demand will decline, relatively unchanged from 3% who believed so in July.
- 17.7% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 15.2% in July. 82.4% of executives indicate they expect the “same” access to capital to fund business, down from 84.9% last month. None expect “less” access to capital, unchanged from last month.
- When asked, 41.2% of the executives report they expect to hire more employees over the next four months, an increase from 33.3% in July. 55.9% expect no change in headcount over the next four months, a decrease from 66.7% last month. 2.9% expect to hire fewer employees, an increase from none in July.
- 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 July.
- 23.5% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 24.2% in July. 76.5% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 75.8% the previous month. None believe economic conditions in the U.S. will worsen over the next six months, unchanged from last month.
- In August, 38.2% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 36.6% in July. 58.8% believe there will be “no change” in business development spending, down from 63.6% the previous month. 2.9% believe there will be a decrease in spending, an increase from none last month.

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

Independent, Small Ticket

"We are seeing continued steady demand with our customers mostly seeking to finance replacement equipment rather than for expansion plans. The 'chaos' in Washington gives no confidence to the small business owner who needs to gain a better sense of the future in order to invest in hiring and equipment."

Valerie Hayes Jester, President, Brandywine Capital Associates

Bank, Middle Ticket

"The economic and business positives far outweigh any negatives about the near-term future of the equipment finance industry." **Harry Kaplun, President, Specialty Finance, Frost Bank**

Bank, Large Ticket

"The pricing environment remains very favorable for lessees. There are concerns about lack of progress in Washington surrounding tax policies." **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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