

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

August New Business Volume Up 1 Percent Year-over-year, Down 1 Percent Month-to-month, Up 6 Percent Year-to-date

Washington, DC, September 26, 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 August was \$7.8 billion, up 1 percent year-over-year from new business volume in August 2016. Volume was down 1 percent month-to-month from \$7.9 billion in July. Year to date, cumulative new business volume was up 6 percent compared to 2016.

Receivables over 30 days were 1.50 percent, up from 1.40 percent the previous month and up from 1.30 percent in the same period in 2016. Charge-offs were 0.44 percent, up from 0.35 percent the previous month, and flat with the year-earlier period.

Credit approvals totaled 75.3 percent in August, down slightly from 76.0 percent in July. Total headcount for equipment finance companies was up 17.0 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 September is 63.7, easing from 64.4 in August.

ELFA President and CEO Ralph Petta said, "After a relatively strong second quarter in which growth in the overall economy is in the 3 percent range, end-of-summer equipment financing volume also is on solid footing. Despite Washington lawmakers' inability—at least, thus far—to agree on necessary changes in tax and financial services policy, U.S. business owners appear optimistic about the health of the economy, providing impetus for them to grow their businesses. In addition, we are seeing improvements in challenged energy sectors, and interest rates continue to be low by historical standards. With low unemployment, healthy consumer spending, and equities and fixed income markets at historic highs, the economy is in good shape. This bodes well for continued investment in equipment by businesses, both large and small."

Robert Neagle, President and General Manager, Merchant Finance Division, Ascentium Capital LLC, said, "The equipment leasing and finance industry continues to support capital formation in the U.S. with a 5.5 percent uptick in new business volume through eight months of 2017 compared to eight months of 2016. As has been the pattern throughout the past couple of years, the expectation is for a stronger third quarter end. While there was a slight move up in delinquency in August, asset quality continues hovering in a fairly consistent range month-to-month. The summer is over and so is any seasonal leveling of new business volume."

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/packageers 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 at www.LeaseFoundation.org.

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