

## Equipment Leasing and Finance Industry Confidence Remains Strong in September

Washington, DC, September 19, 2017 -- The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the September 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 63.7 in September, easing from the August index of 64.4.

When asked about the outlook for the future, MCI-EFI survey respondent **David Normandin, CLFP, Managing Director, Commercial Finance Group, Hanmi Bank**, said, “The U.S. economy is showing signs of optimism in the small business sector. Combined with recent natural disasters, I believe that this creates an environment in which business will invest in opportunities for recovery. These opportunities will require equipment.”

### September 2017 Survey Results:

The overall MCI-EFI is 63.7, easing from 64.4 in August.

- When asked to assess their business conditions over the next four months, 29% of executives responding said they believe business conditions will improve over the next four months, a decrease from 38.2% in August. 67.7% of respondents believe business conditions will remain the same over the next four months, an increase from 61.8% in August. 3.2% believe business conditions will worsen, an increase from none who believed so the previous month.
- 38.7% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a slight increase from 38.2% in August. 61.3% believe demand will “remain the same” during the same four-month time period, up from 58.8% the previous month. None believe demand will decline, a decrease from 2.9% who believed so in August.
- 9.7% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, down from 17.7% in August. 90.3% of executives indicate they expect the “same” access to capital to fund business, up from 82.4% last month. None expect “less” access to capital, unchanged from last month.
- When asked, 38.7% of the executives report they expect to hire more employees over the next four months, a decrease from 41.2% in August. 58.1% expect no change in headcount over the next four months, an increase from 55.9% last month. 3.2% expect to hire fewer employees, an increase from 2.9% in August.
- 6.5% of the leadership evaluate the current U.S. economy as “excellent,” up from none last month. 93.6% of the leadership evaluate the current U.S. economy as “fair,” a decrease from 100% in August. None evaluate it as “poor,” unchanged from last month.

- 22.6% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 23.5% in August. 71% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 76.5% the previous month. 6.5% believe economic conditions in the U.S. will worsen over the next six months, an increase from none who believed so in August.
- In September, 45.2% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 38.2% in August. 54.8% believe there will be “no change” in business development spending, a decrease from 58.8% the previous month. None believe there will be a decrease in spending, down from 2.9% last month.

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

#### Independent, Small Ticket

“We have been optimistic that the fourth quarter will experience an increase in activity. I think the impact of the two hurricanes may be significant on near-term economic cycles. Additionally, the current lack of direction on tax and healthcare reform are not helping the small to midsize business feel comfortable to expand.” **Valerie Hayes Jester, President, Brandywine Capital Associates**

#### Bank, Middle Ticket

“Preliminary economic data indicates 3% growth in GDP for the second quarter. This is obviously a positive indicator for the equipment finance industry. However, U.S. businesses still remain cautious and continue to hold back on significant investments in their business pending a more affirmative outlook for the future. As such, I believe the industry will continue to experience moderate growth in the near term.” **Thomas Jaschik, President, BB&T Equipment Finance**

#### Bank, Large Ticket

“Year to date we think clients have held back pending changes to tax policy. As tax policy appears less likely to happen this year, we do expect a pickup in activity in Q4. However, lack of consistent public policy is our biggest concern.” **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, <https://www.leasefoundation.org/industry-resources/monthly-confidence-index/>, 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 [www.LeaseFoundation.org](http://www.LeaseFoundation.org).

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