

Equipment Leasing and Finance Industry Confidence Holds Firm in October

Washington, DC, October 19, 2017 — The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the **October 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 October, unchanged from the September index.

When asked about the outlook for the future, MCI-EFI survey respondent **Harry Kaplun, President, Specialty Finance, Frost Bank**, said, “Macroeconomic factors like unemployment, interest rates and corporate profitability continue to be favorable. Regionally, storm problems will cause some business interruption that will be overcome in time. A major future stimulant is tax reform, which is gaining momentum in Congress.”

October 2017 Survey Results:

The overall MCI-EFI is 63.7, unchanged from September.

- When asked to assess their business conditions over the next four months, 40% of executives responding said they believe business conditions will improve over the next four months, an increase from 29% in September. 60% of respondents believe business conditions will remain the same over the next four months, a decrease from 67.7% in September. None believe business conditions will worsen, a decrease from 3.2% who believed so the previous month.
- 36.7% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 38.7% in September. 60% believe demand will “remain the same” during the same four-month time period, down from 61.3% the previous month. 3.3% believe demand will decline, an increase from none who believed so in September.
- 20% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 9.7% in September. 80% of executives indicate they expect the “same” access to capital to fund business, down from 90.3% 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 38.7% in September. 63.3% expect no change in headcount over the next four months, an increase from 58.1% last month. 3.3% expect to hire fewer employees, relatively unchanged from 3.2% in September.
- None of the leadership evaluate the current U.S. economy as “excellent,” down from 6.5% last month. 100% of the leadership evaluate the current U.S. economy as “fair,” an increase from 93.6% in September. None evaluate it as “poor,” unchanged from last month.
- 23.3% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 22.6% in September. 76.7% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 71% the previous month. None believe economic conditions in the U.S. will worsen over the next six months, a decrease from 6.5% who believed so in September
- In October, 36.7% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 45.2% in September. 63.3% believe there will be “no change” in business development spending, an increase from 54.8% the previous month. None believe there will be a decrease in spending, unchanged from last month.

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

Bank, Small Ticket

“Continued low interest rates coupled with positive economic growth will maintain capex needs to be financed. The uncertain political environment on policy agenda may keep businesses cautious.” **Paul Menzel, CLFP, President and CEO, Financial Pacific Leasing, Inc., an Umpqua Bank Company**

Bank, Middle Ticket

“We expect many large solar and facility projects to wrap up in the fourth quarter. We are seeing a pick-up in demand for equipment replacement and renewals as producers continue to manage through a low cash grain commodity market. We expect to see some delays in capital expenditures until the impact of tax reform is better articulated and understood.” **Michael Romanowski, President, Farm Credit Leasing Services Corporation**

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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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. The Foundation is funded through charitable individual and corporate donations. Learn more at www.leasefoundation.org.