

Equipment Leasing and Finance Industry Confidence Remains High in February

Washington, DC, February 15, 2018 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the February 2018 [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 73.2 in February, easing from 75.3 in January, which was an all-time high level for the index.

When asked about the outlook for the future, MCI-EFI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates**, said, “Our strong start to the year could be tempered with the recent volatility of the stock market and overall fears of rate increases. I believe by the end of the quarter we will have a strong picture regarding demand for the year. At this point, indications look favorable for continued positive trends in equipment acquisition and for financing for those transactions.”

February 2018 Survey Results:

The overall MCI-EFI is 73.2 in February, easing from 75.3 in January.

- When asked to assess their business conditions over the next four months, 46.4% of executives responding said they believe business conditions will improve over the next four months, a decrease from 67.7% in January. 53.6% of respondents believe business conditions will remain the same over the next four months, an increase from 29.0% the previous month. None believe business conditions will worsen, down from 3.2% who believed so the previous month.
- 67.6% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, relatively unchanged from 67.7% in January. 32.1% believe demand will “remain the same” during the same four-month time period, up from 29.0% the previous month. None believe demand will decline, a decrease from 3.2% who believed so in January.
- 28.6% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, down from 35.5% in January. 67.9% of executives indicate they expect the “same” access to capital to fund business, an increase from 61.3% last month. 3.6% expect “less” access to capital, up from 3.2% last month.
- When asked, 42.9% of the executives report they expect to hire more employees over the next four months, an increase from 41.9% in January. 53.6% expect no change in headcount over the next four months, a decrease from 54.8% last month. 3.6% expect to hire fewer employees, up from 3.2% in January.
- 25.0% of the leadership evaluate the current U.S. economy as “excellent,” down from 25.8% last month. 75.0% of the leadership evaluate the current U.S. economy as “fair,” up from 74.2% in January. None evaluate it as “poor,” unchanged from last month.

- 60.7% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 61.3% in January. 35.7% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 38.7% the previous month. 3.6% believe economic conditions in the U.S. will worsen over the next six months, an increase from none in January.
- In February, 53.6% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 61.3% in January. 46.4% believe there will be “no change” in business development spending, an increase from 35.5% the previous month. None believe there will be a decrease in spending, a decrease from 3.2% last month.

February 2018 MCI-EFI Survey Comments from Industry Executive Leadership:

Independent, Small Ticket

“Fundamentals in the United States and around the world are stable, which will provide a good business environment for financial services. Yet to be determined are the impacts of tax reform on capex and rising interest rates on markets in general.” **Paul Menzel, President and CEO, Financial Pacific Leasing, Inc., an Umpqua Bank Company**

Bank, Small Ticket

“Tax reform and general market conditions have driven confidence levels very high.” **David Normandin, CLFP, Managing Director, Commercial Finance Group, Hanmi Bank**

Bank, Middle Ticket

“We are actively talking with partners and customers regarding the impact of tax reform and how best to structure transactions to meet their business objectives and maximize the benefits of tax reform. We expect this year to be a transition year to the ‘New Normal.’” **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 eNewsletter](#), 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. The Foundation is funded through charitable individual and corporate donations. Learn more at www.leasefoundation.org.

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