

## Equipment Leasing and Finance Industry Confidence Eases in April

Washington, DC, April 19, 2018 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the April 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 eased again in April to 68.3, down from the March index of 72.2.

When asked about the outlook for the future, MCI-EFI survey respondent **David T. Schaefer, CEO, Mintaka Financial, LLC**, said, “Business conditions are very positive and we expect this to continue. We are watching the escalating trade tensions to better understand the ramifications. Overall we are bullish on 2018.”

### April 2018 Survey Results:

The overall MCI-EFI is 68.3 in April, a decrease from 72.2 in March.

- When asked to assess their business conditions over the next four months, 33.3% of executives responding said they believe business conditions will improve over the next four months, a decrease from 54.8% in March. 63.3% of respondents believe business conditions will remain the same over the next four months, an increase from 45.2% the previous month. 3.3% believe business conditions will worsen, an increase from none who believed so the previous month.
- 46.7% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 67.7% in March. 50% believe demand will “remain the same” during the same four-month time period, an increase from 32.3% the previous month. 3.3% believe demand will decline, an increase from none in March.
- 26.7% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 22.6% in March. 73.0% of executives indicate they expect the “same” access to capital to fund business, a decrease from 74.2% last month. None expect “less” access to capital, down from 3.2% last month.
- When asked, 46.7% of the executives report they expect to hire more employees over the next four months, an increase from 41.9% in March. 50% expect no change in headcount over the next four months, a slight decrease from 51.6% last month. 3.3% expect to hire fewer employees, down from 6.5% in March.
- 30% of the leadership evaluate the current U.S. economy as “excellent,” up slightly from 29% last month. 70% of the leadership evaluate the current U.S. economy as “fair,” down slightly from 71% in March. None evaluate it as “poor,” unchanged from last month.

- 30% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 45.2% in March. 63.3% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 51.6% the previous month. 6.7% believe economic conditions in the U.S. will worsen over the next six months, an increase from 3.2% in March.
- In April, 53.3% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 51.6% in March. 43.3% believe there will be “no change” in business development spending, a decrease from 45.2% the previous month. 3.3% believe there will be a decrease in spending, relatively unchanged from 3.2% who believed so last month.

### **April 2018 MCI-EFI Survey Comments from Industry Executive Leadership:**

#### Independent, Small Ticket

“The recent increase in interest rates has had a positive impact on demand for our products, clearly indicating that transactions need to be finalized. Our concerns center more on the manic policies of this Administration as it relates to trade and how those decisions impact our economy. The stock market is reflective of the emotions businesses and investors are feeling.” **Valerie Hayes Jester, President, Brandywine Capital Associates**

#### Bank, Small Ticket

“High confidence levels and rising interest rates are fundamentally good for our business. The market is slow to accept the reality of rising rates, thus we will continue to have short term yield compression.” **David Normandin, CLFP, Managing Director, Commercial Finance Group, Hanmi Bank**

#### Bank, Middle Ticket

“We are still working through the transition with customers to the new normal of tax reform. We continue to see a lot of confusion in the marketplace.” **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](http://www.leasefoundation.org).

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