

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

May New Business Volume Flat Year-over-year, Down 3 Percent Month-to-Month, Up 7 Percent Year-to-date

Washington, DC, June 26, 2018—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 May was \$7.7 billion, unchanged year-over-year from new business volume in May 2017. Volume was down 3 percent month-to-month from \$7.9 billion in April. Year to date, cumulative new business volume was **up 7 percent** compared to 2017.

Receivables over 30 days were 1.60 percent, down from 2.40 percent the previous month (which included an unusually high data point from one outlier respondent) and up from 1.40 percent the same period in 2017. Charge-offs were 0.31 percent, up slightly from 0.30 percent the previous month, and down from 0.47 percent in the year-earlier period.

Credit approvals totaled 76.8 percent in May, up from 76.2 percent in April. Total headcount for equipment finance companies was flat year over year. During 2017, headcount was elevated due to acquisition activity at an MLFI reporting company.

Separately, the Equipment Leasing & Finance Foundation’s Monthly Confidence Index (MCI-EFI) in June is 66.2, up from the May index of 64.6.

[ELFA President and CEO Ralph Petta](#) said, “Business confidence and slowly rising interest rates appear to be serving as stimulus to increased demand for equipment. So long as fundamentals in the U.S. economy remain strong, we expect this demand cycle to continue into and beyond the summer months this year. The one wild card that could derail this benign scenario is tariff frictions with our trading partners across our contiguous borders, the EU and China.”

[Martha Ahlers, President, United Leasing, Inc.](#), said, “The U.S. economy continues to be strong, and business investment could be one of its bright spots. We continue to see growth in our equipment finance verticals during the first half of 2018, due partially to the impact of lighter regulatory touch. Despite the increasing interest rate environment, companies continue to take advantage of tax benefits for equipment acquisitions. Lenders should remain optimistic and expect steady conditions to encourage a relatively strong pace of capex spending throughout 2018.”

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

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 575 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 that propels the equipment finance sector—and its people—forward through industry specific knowledge, intelligence, and programs that contribute to industry innovation, individual careers, and the overall 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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