

Equipment Leasing and Finance Industry Confidence Eases in July

Washington, DC, July 19, 2018 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the July 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 62.8 in July, easing from the June index of 66.2.

When asked about the outlook for the future, MCI-EFI survey respondent **Michael Romanowski, President, Farm Credit Leasing Services Corporation**, said, “Customers continue to digest the changes related to tax reform to determine how best to finance capital investment. Some customers are delaying capital investment until they better understand the impacts related to tariffs.”

July 2018 Survey Results:

The overall MCI-EFI is 62.8 in July, a decrease from 66.2 in June.

- When asked to assess their business conditions over the next four months, 19.4% of executives responding said they believe business conditions will improve over the next four months, a decrease from 33.3% in June. 77.4% of respondents believe business conditions will remain the same over the next four months, an increase from 63.6% the previous month. 3.2% believe business conditions will worsen, relatively unchanged from 3.0% who believed so the previous month.
- 19.4% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 24.2% in June. 77.4% believe demand will “remain the same” during the same four-month time period, an increase from 75.8% the previous month. 3.2% believe demand will decline, up from none who believed so in June.
- 16.1% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 15.2% in June. 83.9% of executives indicate they expect the “same” access to capital to fund business, a decrease from 84.9% last month. None expect “less” access to capital, unchanged from last month.
- When asked, 45.2% of the executives report they expect to hire more employees over the next four months, a decrease from 57.6% in June. 51.6% expect no change in headcount over the next four months, an increase from 42.4% last month. 3.2% expect to hire fewer employees, an increase from none in June.
- 41.9% of the leadership evaluate the current U.S. economy as “excellent,” up from 39.4% last month. 58.1% of the leadership evaluate the current U.S. economy as “fair,” down from 60.6% in June. None evaluate it as “poor,” unchanged from last month.

- 12.9% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 24.2% in June. 77.4% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 69.7% the previous month. 9.7% believe economic conditions in the U.S. will worsen over the next six months, an increase from 6.1% in June.
- In July, 45.2% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 42.4% in June. 54.8% believe there will be “no change” in business development spending, a decrease from 57.6% the previous month. None believe there will be a decrease in spending, unchanged from last month.

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

Independent, Small Ticket

“Demand for new and used equipment remains strong so applications are up, and we are seeing some better quality so approvals are up, too. All of this is growing our originations.” **David T. Schaefer, CEO, Mintaka Financial, LLC**

Independent, Small Ticket

“Businesses continue to invest in equipment and financing those purchases. The manic nature of the stock markets and our government leadership seems to be having minimal impact on the decisions of our small business customers. It will be an interesting second half of the year as we observe expansion trends among our customers.” **Valerie Hayes Jester, President, Brandywine Capital Associates**

Bank, Middle Ticket

“Times are good in the U.S. There are no pending problems that can have a significant economic effect.” **Harry Kaplun, President, Specialty Finance, Frost Bank**

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 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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