

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

August New Business Volume Up 14 Percent Year-over-year, 9 Percent Month-to-Month, and 5 Percent Year-to-date

Washington, DC, September 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 August was \$8.9 billion, up 14 percent year-over-year from new business volume in August 2017. Volume was up 9 percent month-to-month from \$8.2 billion in July. Year to date, cumulative new business volume was up 5 percent compared to 2017.

Receivables over 30 days were 1.90 percent, unchanged from the previous month and up from 1.50 percent the same period in 2017. Charge-offs were 0.29 percent, down from 0.31 percent the previous month, and down from 0.44 percent in the year-earlier period.

Credit approvals totaled 76.4 percent in August, up slightly from 76.2 percent in July. Total headcount for equipment finance companies was down 0.3 percent 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 September is 65.5, up from the August index of 60.7.

[ELFA President and CEO Ralph Petta](#) said, “Members report continued strong origination volume as the summer comes to a close. Fundamentals in the U.S. economy are favorable for capex investment by both large and small borrowers, and a number of asset classes and equipment verticals are benefiting. Steadily rising interest rates, a spate of disagreements with our trading partners and a powerful hurricane have seemingly little, to no, effect on the U.S. economy and its continued vitality.”

[Mark Duncan, Executive Vice President and General Manager, Commercial Finance and Corporate Development, Hitachi Capital America Corp.](#), said, “The August MLFI shows continued broad-based volume growth. However, economic headwinds may be appearing on the horizon; we expect these to impact specific sectors uniquely and not necessarily in the same timeframe. Accordingly, at Hitachi Capital America, along with many other ELFA members, we are executing a diversified strategy and continue monitoring our clients’ underlying fundamentals closely. It is our hope that the market works its way through any potential turbulence with minimal impact on both our clients and our industry.”

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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