

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

October New Business Volume Up 6 Percent Year-over-year, Up 5 Percent Month-to-Month, and Up 4 Percent Year-to-date

Washington, DC, November 21, 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 October was \$8.9 billion, up 6 percent year-over-year from new business volume in October 2017. Volume was up 5 percent month-to-month from \$8.5 billion in September. Year to date, cumulative new business volume was up 4 percent compared to 2017.

Receivables over 30 days were 1.70 percent, up from 1.60 the previous month and up from 1.40 percent the same period in 2017. Charge-offs were 0.37 percent, down from 0.40 percent the previous month, and down from 0.41 in the year-earlier period.

Credit approvals totaled 76.5 percent in October, up from 75.7 percent in September. Total headcount for equipment finance companies was up 0.5 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 November is 58.5, down from the October index of 63.2.

[ELFA President and CEO Ralph Petta](#) said, “October new business generation by MLFI-25 respondents shows no apparent signs of slowing down, despite slight—and steady—increases in long-term interest rates and reports of tariff concerns in some sectors of the economy. Underlying fundamentals in the U.S. economy continue to support a favorable environment for business growth. Third quarter GDP grew 3.5 percent, labor markets are strong and federal tax legislation containing lower corporate tax rates and immediate depreciation write-offs have been in effect now for 10 months. These factors, coupled with a seemingly benign credit market, are propelling the equipment finance industry forward. With the midterm elections now behind us and another round of interest rate hikes scheduled before year-end, we will be monitoring closely any changes in business conditions to gauge their impact on the equipment finance industry and broader economy.”

[Scott Rafkin, President, Volvo Financial Services](#), said, “Overall, the business environment for Volvo Financial Services remains sound and stable. Strong originations and low customer delinquencies point to continued good performance in the equipment finance sector as we close 2018 and enter into 2019. North America is benefiting from a top cycle business climate, requiring all lenders to prepare for the eventual slowdown. Overall, however, I’m pleased with how the equipment finance industry performed this month and thus far in 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/packagers 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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Media/Press Contact: Amy Vogt, Vice President, Communications and Marketing, ELFA, 202-238-3438 or avogt@elfaonline.org