

Equipment Leasing and Finance Industry Confidence Eases Further in November

Washington, DC, November 15, 2018 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the November 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 further in November to 58.5, a decrease from the October index of 63.2.

When asked about the outlook for the future, MCI-EFI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates**, said, “The conclusion of the midterm elections will hopefully bring a renewed focus to completion of transactions for the quarter at hand. The recent stock market gyrations usually have an impact on the confidence of the small business customer. We will see how that translates to business for 2019.”

November 2018 Survey Results:

The overall MCI-EFI is 58.5, a decrease from 63.2 in October.

- When asked to assess their business conditions over the next four months, 10.7% of executives responding said they believe business conditions will improve over the next four months, a decrease from 18.5% in October. 78.6% of respondents believe business conditions will remain the same over the next four months, a decrease from 81.5% the previous month. 10.7% believe business conditions will worsen, an increase from none who believed so the previous month.
- 7.1% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 25.9% in October. 82.1% believe demand will “remain the same” during the same four-month time period, an increase from 70.4% the previous month. 10.7% believe demand will decline, up from 3.7% who believed so in October.
- 14.3% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, down slightly from 14.8% in October. 85.7% of executives indicate they expect the “same” access to capital to fund business, a slight increase from 85.2% last month. None expect “less” access to capital, unchanged from last month.
- When asked, 42.9% of the executives report they expect to hire more employees over the next four months, a decrease from 44.4% in October. 46.4% expect no change in headcount over the next four months, a decrease from 48.2% last month. 10.7% expect to hire fewer employees, up from 7.4% last month.
- 57.1% of the leadership evaluate the current U.S. economy as “excellent,” an increase from 51.9% in October. 42.9% of the leadership evaluate the current U.S. economy as “fair,” a decrease from 48.2% last month. None evaluate it as “poor,” unchanged from last month.

- 3.6% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 11.1% in October. 78.6% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 74.1% the previous month. 17.9% believe economic conditions in the U.S. will worsen over the next six months, an increase from 14.8% in October.
- In November, 42.9% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 44.4% in October. 57% believe there will be “no change” in business development spending, an increase from 55.6% the previous month. None believe there will be a decrease in spending, unchanged from last month.

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

Bank, Small Ticket

“Demand in small ticket and middle market has softened, which is compressing margins from increased, year-end competition. I believe the political climate has created business uncertainty which leads to postponed capex.” **Paul Menzel, CLFP, President and CEO, Financial Pacific Leasing, Inc., an Umpqua Bank Company**

Bank, Middle Ticket

“The equipment finance industry is experiencing the broad U.S. market expansion for capital equipment. This is generating growth in activity across most, if not all, equipment and customer segments.” **Anthony Cracchiolo, President and CEO, U.S. Equipment Finance**

Bank, Middle Ticket

“I expect the traditional year-end jump in new business volume to continue for 2018 given the continual upswing in capital expenditures.” **Thomas Jaschik, President, BB&T Equipment Finance**

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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