

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

December New Business Volume Down 1 Percent Year-over-year, Up 59 Percent Month-to-month, and Up 4 Percent at Year-end

Washington, DC, January 24, 2019—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 December was \$12.7 billion, down 1 percent year-over-year from new business volume in December 2017. Volume was up 59 percent month-to-month from \$8.0 billion in November in a typical end-of-year spike. Cumulative new business volume for 2018 was up 4 percent from 2017.

Receivables over 30 days were 1.70 percent, up from 1.60 the previous month and up from 1.50 percent the same period in 2017. Charge-offs were 0.55 percent, up from 0.37 percent the previous month, and up from 0.48 in the year-earlier period.

Credit approvals totaled 77.9 percent in December, up from 77.2 percent in November. Total headcount for equipment finance companies was up 0.1 percent year over year.

Separately, the Equipment Leasing & Finance Foundation’s Monthly Confidence Index (MCI-EFI) in January is 53.4, down from the December index of 55.5.

ELFA President and CEO Ralph Petta said, “December new business volume capped off a very good year for the equipment leasing and finance industry. Solid demand, an abundant supply of funding in the credit markets, and quality portfolios all contributed to an extremely healthy equipment finance sector in 2018. Notably, MLFI-25 respondents indicated that credit approvals were at an all-time high in December, reflecting members’ willingness to provide the necessary financing to thousands of American businesses as they take advantage of a benign economy to acquire equipment to grow and expand their operations. Most economists expect a lower-growth scenario in 2019, as a result of trade policy frictions, rising interest rates, and the current government shutdown. Whether these and other potential headwinds act as a brake on continued growth in the equipment finance sector over the next 12 months remains to be seen. What is known, however, is that ELFA members always seem to rise to the occasion to do whatever is necessary for U.S. businesses—both large and small—to acquire productive assets that drive their businesses and move the economy forward.”

Jud Snyder, President of BMO Harris Equipment Finance Company and ELFA Chairman, said, “2018 was another strong year for the equipment finance industry, as reflected in the most recent MLFI-25 data. Customers across a wide variety of industries and revenue sizes invested in their businesses last year and the equipment finance industry supported that growth. Looking forward, the primary issues we hear about from our clients revolve around global trade uncertainty and a lack of skilled labor availability. Despite those concerns, we see continued business optimism and investment in automation and capital equipment expansion throughout the early stages of 2019.”

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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