

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

March New Business Volume Down 10 Percent Year-over-year, Up 39 Percent Month-over-month and Down 10 Percent Year-to-date

Washington, DC, April 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 March was \$8.2 billion, down 10 percent year-over-year from new business volume in March 2018. Volume was up 39 percent month-to-month from \$5.9 billion in February. Year to date, cumulative new business volume was down 10 percent compared to 2018.

Receivables over 30 days were 1.90 percent, up from 1.80 the previous month and up from 1.70 percent the same period in 2018. Charge-offs were 0.37 percent, up from 0.35 percent the previous month, and down from 0.51 percent in the year-earlier period.

Credit approvals totaled 75.3 percent, down from 76.0 percent from February. Total headcount for equipment finance companies was up 0.4 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in April is 58.3, down from the March index of 60.4.

[ELFA President and CEO Ralph Petta](#) said, "First quarter new business volume got off to a slow start, relative to Q1 last year. This was not unexpected given analysts' expectations that equipment and software capex in 2019 could not realistically expect to keep pace with last year's strong showing. The overall U.S. economy continues to perform reasonably well: unemployment is low; interest rates are favorable, with the Fed deciding to hold off on additional increases for a while; and the broader equity markets are stable. Credit markets appear healthy. Headwinds to this benign scenario include a softening in global economies and continued international trade frictions, particularly with China and Europe."

[Alan Sikora, CEO of First American Equipment Finance](#) and a member of the ELFA Board of Directors, said, "Following a year of growth in 2018, the equipment finance industry experienced two consecutive months of year-over-year declines. Time will tell whether this decrease is simply a hangover from December stock market volatility or an early sign of weakness in the U.S. economy. The U.S. equipment finance industry is massive and strong—no single company commands significant market share. As a result, not all companies are experiencing declines. First American Equipment Finance continues to grow, and we remain optimistic about the remainder 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 individual and corporate donations. Learn more at www.leasefoundation.org.

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