

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

May New Business Volume Up 18 Percent Year-over-year, Up 3 Percent Month-over-month and Flat Year-to-date

Washington, DC, June 25, 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 May was \$9.1 billion, up 18 percent year-over-year from new business volume in May 2018. Volume was up 3 percent month-to-month from \$8.8 billion in April. Year to date, cumulative new business volume was flat compared to 2018.

Receivables over 30 days were 1.70 percent, up from 1.50 percent the previous month and up from 1.60 percent the same period in 2018. Charge-offs were 0.46 percent, up from 0.32 percent the previous month, and up from 0.31 percent in the year-earlier period.

Credit approvals totaled 75.9 percent, down from 76.8 percent in April. Total headcount for equipment finance companies was down 2.0 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in June is 52.8, down from the May index of 59.2.

[ELFA President and CEO Ralph Petta](#) said, "Responding ELFA members enjoyed a strong May, with new business volume growth trending upward. The continued low interest rate environment coupled with solid fundamentals in the U.S. economy provide incentive for U.S. businesses to expand and grow their operations. As they do so, productive equipment becomes a critical component in serving their customers and enabling them to achieve success in the marketplace. However, at the same time, we notice a slight deterioration in credit quality, which bears monitoring. Recently, the Fed and other analysts raised concerns over potential storm clouds on the economic horizon. These warnings also bear close attention in the weeks and months ahead."

[Daniel Krajewski, President and CEO, Sertant Capital, LLC](#), said, "Overall growth in new business volume demonstrates continued forward momentum in the economy. Advancement in technologies across most industry verticals will likely influence a positive trend in equipment investment in the coming months. The decline in credit quality, however, is a factor worth monitoring. This could be an early indicator of a hardening market, which may force funding sources to be more selective with their credit profiling. The increase in receivables and charge-offs coupled with the decline in employee headcount is also interesting to note. Companies may be protecting current capital reserves ahead of potential effects from the recent tariffs imposed on U.S. goods."

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.

Follow ELFA:

Twitter: @ELFAonline

LinkedIn: www.linkedin.com/groups?gid=89692

Facebook: www.facebook.com/ELFApage

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.

###

Media/Press Contact: Amy Vogt, Vice President, Communications and Marketing, ELFA, 202-238-3438 or avogt@elfaonline.org