

## Equipment Leasing and Finance Industry Confidence Eases in June

Washington, DC, June 20, 2019 – The **Equipment Leasing & Finance Foundation** (the Foundation) releases the June 2019 **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 was 52.8, easing from the May index of 59.2.

When asked about the outlook for the future, MCI-EFI survey respondent **Quentin Cote, CLFP, President, Mintaka Financial, LLC**, said, “As unemployment is at record lows and employees are hard to come by, companies will rely more on capital equipment to support business growth and productivity growth from the employees they have. My concern is primarily the trade wars, and their impact on the prices of goods. This will eventually weaken the purchasing power of consumers and small businesses.”

### June 2019 Survey Results:

The overall MCI-EFI is 52.8, a decrease from 59.2 in May.

- When asked to assess their business conditions over the next four months, 3.3% of executives responding said they believe business conditions will improve over the next four months, down from 16.1% in May. 80% of respondents believe business conditions will remain the same over the next four months, an increase from 67.7% the previous month. 16.7% believe business conditions will worsen, an increase from 16.1% in May.
- None of the survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 16.1% in May. 83.3% believe demand will “remain the same” during the same four-month time period, an increase from 77.4% the previous month. 16.7% believe demand will decline, up from 6.5% who believed so in May.
- 13.3% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 12.9% in May. 86.7% of executives indicate they expect the “same” access to capital to fund business, a decrease from 87.1% last month. None expect “less” access to capital, unchanged from last month.
- When asked, 30% of the executives report they expect to hire more employees over the next four months, a decrease from 41.9% in May. 63.3% expect no change in headcount over the next four months, an increase from 45.2% last month. 6.7% expect to hire fewer employees, down from 12.9% last month.
- 40% of the leadership evaluate the current U.S. economy as “excellent,” down from 51.6% in May. 56.7% of the leadership evaluate the current U.S. economy as “fair,” an increase from 48.4% the previous month. 3.3% evaluate it as “poor,” up from none in May.

- 3.3% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, down from 9.7% in May. 70% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 77.4% the previous month. 26.7% believe economic conditions in the U.S. will worsen over the next six months, an increase from 12.9% in May.
- In June, 26.7% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 35.5% last month. 73.3% believe there will be “no change” in business development spending, an increase from 64.5% in May. None believe there will be a decrease in spending, unchanged from last month.

### **June 2019 MCI-EFI Survey Comments from Industry Executive Leadership:**

#### Bank, Small Ticket

“We are optimistic about earning share of wallet in this very competitive environment while we project that the economy will remain strong and capital investment will continue at solid levels. The polarized political climate will continue and we believe will not have a material effect on the economy.” **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

#### Bank, Middle Ticket

“Lack of progress on trade tariffs is beginning to spook the market. Customers are only buying what they need to replace and are hesitant to expand.” **Michael Romanowski, President, Farm Credit Leasing**

“Increased economic tensions caused by an uncertain political climate are concerns.” **Frank Campagna, Business Line Manager, M&T Commercial 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 individual and corporate donations. Learn more at [www.leasefoundation.org](http://www.leasefoundation.org).

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