

Equipment Leasing and Finance Industry Confidence Higher in July

Washington, DC, July 18, 2019 – The **Equipment Leasing & Finance Foundation** (the Foundation) releases the July 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 57.9, an increase from the June index of 52.8.

When asked about the outlook for the future, MCI-EFI survey respondent **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**, said, “The metrics remain solid for the U.S. economy and specifically small business lending. Our application volume continues to grow and conversion rates are strong. The inherent risk in the portfolio continues to be good and performance continues as it has been, with extremely low defaults. My concerns continue to be overly aggressive credit quality and pricing in the overall market. These historically are the indicators of challenges to come, and therefore we remain focused on these metrics in our business.”

July 2019 Survey Results:

The overall MCI-EFI is 57.9, an increase from 52.8 in June.

- When asked to assess their business conditions over the next four months, 10% of executives responding said they believe business conditions will improve over the next four months, up from 3.3% in June. 83.3% of respondents believe business conditions will remain the same over the next four months, an increase from 80% the previous month. 6.7% believe business conditions will worsen, a decrease from 16.7% in June.
- 10% of the survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from none who believed so in June. 86.7% believe demand will “remain the same” during the same four-month time period, an increase from 83.3% the previous month. 3.3% believe demand will decline, down from 16.7% who believed so in June.
- 10% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, down from 13.3% in June. 90% of executives indicate they expect the “same” access to capital to fund business, an increase from 86.7% last month. None expect “less” access to capital, unchanged from last month.
- When asked, 33.3% of the executives report they expect to hire more employees over the next four months, an increase from 30% in June. 63.3% expect no change in headcount over the next four months, unchanged from last month. 3.3% expect to hire fewer employees, down from 6.7% last month.
- 41.4% of the leadership evaluate the current U.S. economy as “excellent,” up from 40% in June. 58.6% of the leadership evaluate the current U.S. economy as “fair,” an increase from 56.7% the previous month. None evaluate it as “poor,” down from 3.3% in June.

- 6.7% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, up from 3.3% in June. 80% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 70% the previous month. 13.3% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 26.7% in June.
- In July, 30% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 26.7% last month. 70% believe there will be “no change” in business development spending, a decrease from 73.3% in June. None believe there will be a decrease in spending, unchanged from last month.

July 2019 MCI-EFI Survey Comments from Industry Executive Leadership:

Independent, Small Ticket

“I’m optimistic because low unemployment should be leading to increased wages and consumer spending, which should continue to drive the economy. I’m concerned about delayed impacts of trade wars negatively affecting product prices and stanching demand for capital and consumer goods.” **Quentin Cote, CLFP, President, Mintaka Financial, LLC**

“Demand is stable but the types of transactions we are seeing are not for business expansions; they are more replacement equipment deals. The mood I sense is a concern that the economy may be at its peak and a decline may commence in the second half of this year. This type of sentiment usually means a weakening in demand for finance.” **Valerie Hayes Jester, President, Brandywine Capital Associates**

Bank, Middle Ticket

“Our customers continue to be challenged by low commodity prices and uncertainty over tariffs. This is impacting decisions regarding large capital investments, which is muting our growth opportunities.” **Michael Romanowski, President, Farm Credit Leasing**

“Easing of trade tensions with Mexico and China should continue to boost confidence.” **Adam Warner, President, Key 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.

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