

Equipment Leasing and Finance Industry Confidence Increases Again in August

Washington, DC, August 15, 2019 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the August 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 is 58.9, an increase from the July index of 57.9.

When asked about the outlook for the future, MCI-EFI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates**, said, “All indicators point to the continued strength of the economy in spite of trade and tariff wars. The recent drop in the fed funds rate continues to put the spotlight on rates and historically low margins. As certain sectors of the economy are affected by policy changes, we could experience changes in equipment finance demand.”

August 2019 Survey Results:

The overall MCI-EFI is 58.9, an increase from 57.9 in July.

- When asked to assess their business conditions over the next four months, 16.7% of executives responding said they believe business conditions will improve over the next four months, up from 10% in July. 76.7% of respondents believe business conditions will remain the same over the next four months, a decrease from 83.3% the previous month. 6.7% believe business conditions will worsen, unchanged from July.
- 16.7% 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 10% who believed so in July. 80% believe demand will “remain the same” during the same four-month time period, a decrease from 86.7% the previous month. 3.3% believe demand will decline, unchanged from July.
- 16.7% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 10% in July. 83.3% of executives indicate they expect the “same” access to capital to fund business, a decrease from 90% last month. None expect “less” access to capital, unchanged from last month.
- When asked, 31% of the executives report they expect to hire more employees over the next four months, a decrease from 33.3% in July. 62.1% expect no change in headcount over the next four months, a decrease from 63.3% last month. 6.9% expect to hire fewer employees, up from 3.3% last month.
- 36.7% of the leadership evaluate the current U.S. economy as “excellent,” down from 41.4% in July. 60% of the leadership evaluate the current U.S. economy as “fair,” an increase from 58.6% the previous month. 3.3% evaluate it as “poor,” up from none in July.
- 6.7% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, unchanged from July. 73.3% of survey respondents indicate they believe the

U.S. economy will “stay the same” over the next six months, a decrease from 80% the previous month. 20% believe economic conditions in the U.S. will worsen over the next six months, an increase from 13.3% in July.

- In August, 36.7% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 30% last month. 63.3% believe there will be “no change” in business development spending, a decrease from 70% in June. None believe there will be a decrease in spending, unchanged from last month.

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

Independent, Small Ticket

“I’m optimistic that it seems neither businesses nor consumers are over-leveraged. I’m concerned that talk of recession is making businesses pull back, creating a self-fulfilling prophecy.”

Quentin Cote, CLFP, President, Mintaka Financial, LLC

Bank, Small Ticket

“Business demand remains strong with month-over-month growth even into the summer. Credit quality remains solid and portfolio performance continues well.” **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

Bank, Middle Ticket

“We do not expect significant new investment by our customers until trade issues are resolved. Customers are being extremely cautious with new investment opportunities.” **Michael Romanowski, President, Farm Credit Leasing**

“Business optimism and capital investment remain strong in the markets we serve.” **Alan Sikora, CEO, First American 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.