

Equipment Leasing and Finance Industry Confidence Eases Again in October

Washington, DC, October 17, 2019 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the October 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 51.4, a decrease from the September index of 54.7.

When asked about the outlook for the future, MCI-EFI survey respondent **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**, said, “We still see continued demand for certain classes of replacement equipment. Our customers who have any cross border interests seem to be postponing acquisitions due to uncertainty with trade issues and tariffs. The recent events in Washington could provide some headwinds to a strong fourth quarter.”

October 2019 Survey Results:

The overall MCI-EFI is 51.4, a decrease from 54.7 in September.

- When asked to assess their business conditions over the next four months, 9.7% of executives responding said they believe business conditions will improve over the next four months, down from 10.3% in September. 71% of respondents believe business conditions will remain the same over the next four months, a decrease from 75.9% the previous month. 19.4% believe business conditions will worsen, up from 13.8% in September.
- 13.3% of the survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, unchanged from September. 73.3% believe demand will “remain the same” during the same four-month time period, a decrease from 76.7% the previous month. 13.3% believe demand will decline, up from 10% in September.
- 16.7% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, unchanged from September. 80% of executives indicate they expect the “same” access to capital to fund business, a decrease from 83.3% last month. 3.3% expect “less” access to capital, an increase from none in September.
- When asked, 16.1% of the executives report they expect to hire more employees over the next four months, a decrease from 30% in September. 71% expect no change in headcount over the next four months, an increase from 63.3% last month. 12.9% expect to hire fewer employees, up from 6.7% the previous month.
- 19.4% of the leadership evaluate the current U.S. economy as “excellent,” and 80.7% of the leadership evaluate the current U.S. economy as “fair,” both relatively unchanged from the previous month. None evaluate it as “poor,” unchanged from last month.
- 3.2% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, unchanged from September. 58.1% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 70%

the previous month. 38.7% believe economic conditions in the U.S. will worsen over the next six months, an increase from 26.7% in September.

- In October, 25.8% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 26.7% last month. 71% believe there will be “no change” in business development spending, an increase from 70% in September. 3.2% believe there will be a decrease in spending, unchanged from last month.

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

Bank, Small Ticket

“Application volume remains strong with consistent approval rates. Portfolio performance remains strong and we are focused here given an uptick of delinquency by peers.” **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

Independent, Small Ticket

“I'm optimistic that the consumer remains healthy, with low unemployment and relatively low personal debt. I'm concerned that the trade wars are starting to have effect on the economy, starting with transportation.” **Quentin Cote, CLFP, President, Mintaka Financial, LLC**

Bank, Middle Ticket

“We continue to see challenges in the agriculture industry. Until trade issues are resolved we do not expect a robust capital investment environment.” **Michael Romanowski, President, Farm Credit Leasing**

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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