

## Equipment Leasing and Finance Industry Confidence Up Again in December

Washington, DC, December 19, 2019 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the December 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 \$900 billion equipment finance sector. Overall, confidence in the equipment finance market is 56.2, an increase from the November index of 54.9.

When asked about the outlook for the future, MCI-EFI survey respondent **Valerie Jester, President, Brandywine Capital Associates, Inc.**, said, “We are experiencing a strong finish to the year and the fourth quarter. Given all the distractions of the national political stage I am a bit surprised. The tariffs that were imposed earlier in the year are having their effect on certain industries, but we continue to see good investment in equipment with the predominance of our customer base. I believe many have learned to tune out the ‘noise’ and focus on the necessities to compete in today’s markets. Waiting to make certain equipment investments is just not optional if you want to stay in the game.”

### December 2019 Survey Results:

The overall MCI-EFI is 56.2, an increase from 54.9 in November.

- When asked to assess their business conditions over the next four months, 10.3% of executives responding said they believe business conditions will improve over the next four months, down from 13.3% in November. 82.8% of respondents believe business conditions will remain the same over the next four months, an increase from 73.3% the previous month. 6.9% believe business conditions will worsen, down from 13.3% in November.
- 10% 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 13.3% in November. 76.7% believe demand will “remain the same” during the same four-month time period, an increase from 63.3% the previous month. 13.3% believe demand will decline, down from 23.3% in November.
- 20% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, 80% of executives indicate they expect the “same” access to capital to fund business, and none expect “less” access to capital, all unchanged from November.
- When asked, 30% of the executives report they expect to hire more employees over the next four months, an increase from 26.7% in November. 63.3% expect no change in headcount over the next four months, a decrease from 73.3% last month. 6.7% expect to hire fewer employees, up from none the previous month.
- 23.3% of the leadership evaluate the current U.S. economy as “excellent,” up from 16.7% the previous month. 76.7% of the leadership evaluate the current U.S. economy as “fair,” down from 83.3% in November. None evaluate it as “poor,” unchanged from last month.

- 13.3% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, up from 10% in November. 80% of survey respondents indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 76.7% the previous month. 6.7% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 13.3% in November.
- In December, 23.3% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 30% last month. 73.3% believe there will be “no change” in business development spending, an increase from 63.3% in November. 3.3% believe there will be a decrease in spending, down from 6.7% last month.

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

#### Independent, Small Ticket

“We're more hopeful than optimistic that there is pent-up small business capital equipment demand that will release and spur increased financing volume. We wonder whether the trucking recession is the canary in a coalmine for future problems, or an isolated sector problem.” Quentin Cote, CLFP, President, Mintaka Financial, LLC,

#### Bank, Small Ticket

“Our volume, credit quality and portfolio performance have all remained strong. Economic indicators are positive. Moving into an election year and the uncertainty that comes with it may cause stagnation.”

**David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

#### Bank, Middle Ticket

“Demand for financing within our core commercial & industrial loan business remains steady, and the pipeline is strong into the beginning of 2020 indicating continued pent-up demand for capital expenditures. Money costs remain at all-time lows, which may continue to fuel growth. Unemployment numbers continue to decline. Admittedly there is uncertainty in some sectors such as rail, but these seem to be cyclical in nature and focus primarily around energy. We do anticipate growth in the plastics sector to offset some of this.”

**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).