

Equipment Leasing and Finance Industry Confidence Remains Steady in February

Washington, DC, February 13, 2020 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the [February 2020 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 in February is 58.7, easing but steady with the January index of 59.9.

When asked about the outlook for the future, MCI-EFI survey respondent **Adam Warner, President, Key Equipment Finance**, said, “Thankfully, the economy seems to have ignored the political wrangling in Washington. We are hopeful, both personally and professionally, that the coronavirus can be effectively managed globally.”

February 2020 Survey Results:

The overall MCI-EFI is 58.7, a decrease from 59.9 in January.

- When asked to assess their business conditions over the next four months, 11.5% of executives responding said they believe business conditions will improve over the next four months, down from 14.8% in January. 84.6% of respondents believe business conditions will remain the same over the next four months, an increase from 81.5% the previous month. 3.9% believe business conditions will worsen, unchanged in January.
- 7.7% 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 11.1% in January. 88.5% believe demand will “remain the same” during the same four-month time period, an increase from 85.2% the previous month. 3.9% believe demand will decline, unchanged from January.
- 19.2% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, an increase from 11.1% in January. 76.9% of executives indicate they expect the “same” access to capital to fund business, a decrease from 85.2% last month. 3.9% expect “less” access to capital, unchanged from the previous month.
- When asked, 30.8% of the executives report they expect to hire more employees over the next four months, a decrease from 33.3% in January. 61.5% expect no change in headcount over the next four months, a decrease from 63% last month. 7.7% expect to hire fewer employees, up from 3.7% the previous month.
- 38.5% of the leadership evaluate the current U.S. economy as “excellent,” up from 37% the previous month. 61.5% of the leadership evaluate the current U.S. economy as “fair,” down from 63% in January. None evaluate it as “poor,” unchanged from last month.
- 4% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 13.3 in January. 88% indicate they believe the U.S. economy will “stay the

same” over the next six months, an increase from 80% last month. 8% believe economic conditions in the U.S. will worsen over the next six months, up from 6.7% the previous month.

- In February, 50% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 48.2% last month. 42.3% believe there will be “no change” in business development spending, a decrease from 48.2% in January. 7.7% believe there will be a decrease in spending, an increase from 3.7% last month.

February 2020 MCI-EFI Survey Comments from Industry Executive Leadership:

Bank, Small Ticket

“Continued strong origination volume, approval rates and portfolio performance all support an optimistic view of near-term strong performance.” **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

Independent, Small Ticket

“I'm optimistic because the overall economy is doing well. I'm concerned about decreases in capital expenditures, the shipping recession, and the uncertainty caused by the upcoming election.” **Quentin Cote, CLFP, President, Mintaka Financial, LLC**

Bank, Middle Ticket

“Low commodity and trade tariff headwinds continue to mute large capital investment. We are seeing activity with replacement assets and solar, which we expect to continue throughout the year.” **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 academic outreach programs that contribute to industry innovation, individual careers, and the overall betterment of the \$900 billion equipment leasing and finance industry. The Foundation is funded through individual and corporate donations. Learn more at www.leasefoundation.org

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