

Equipment Leasing and Finance Association’s Survey of Economic Activity: Monthly Leasing and Finance Index

January New Business Volume Up 28 Percent Year-over-year

Washington, DC, February 26, 2020—The [Equipment Leasing and Finance Association’s \(ELFA\) Monthly Leasing and Finance Index \(MLFI-25\)](#), which reports economic activity from 25 companies representing a cross section of the \$900 billion equipment finance sector, showed their overall new business volume for January was \$9.2 billion, up 28 percent year-over-year from new business volume in January 2019. Volume was down 29 percent month-to-month from \$12.9 billion in December following the typical end-of-quarter, end-of-year spike in new business activity.

Receivables over 30 days were 2.00 percent, down from 2.20 percent the previous month and unchanged from the same period in 2019. Charge-offs were 0.47 percent, down from 0.51 percent the previous month, and up from 0.35 percent in the year-earlier period.

Credit approvals totaled 76.3 percent, down from 77.1 percent in December. Total headcount for equipment finance companies was down 3.0 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation’s Monthly Confidence Index (MCI-EFI) in February is 58.7, easing from the January index of 59.9.

ELFA President and CEO Ralph Petta said, “The year starts off with a bang as January new business volume increases dramatically on a year-over-year basis. Underlying fundamentals in the U.S. economy—strong job growth, low inflation, low interest rates, continuation of a bull equities market and solid business confidence—all add up to a growing demand for productive equipment necessary to keep businesses expanding and profitable.”

Stephen Hamilton, Chairman and CEO, CSI Leasing, Inc., said, “2019 was another record year for CSI, with lease originations up 15 percent worldwide to over \$1.4 billion, led by a strong increase of 23 percent in our U.S. business. Back office efficiencies and use of technology have allowed this to occur with no increase in our U.S. leasing headcount. Our traditional focus on successful middle-market to large corporate customers has resulted in continued strong credit performance with minimal write-offs. Optimism is high for 2020, with a solid start in January and a record pipeline of first quarter business on tap, although we expect uncertainty regarding the impacts of the coronavirus and the November elections could slow customer decision-making in coming months.”

About ELFA’s MLFI-25

The MLFI-25 is the only index that reflects capex, or the volume of commercial equipment financed in the U.S. The MLFI-25 is released globally at 8 a.m. Eastern time from Washington, D.C., each month on the day before the U.S. Department of Commerce releases the durable goods report. The MLFI-25 is a financial indicator that complements the [durable goods report](#) and other economic indexes, including the [Institute for Supply Management Index](#), which reports economic activity in the manufacturing sector. Together with the MLFI-25 these reports provide a complete view of the status of productive assets in the U.S. economy: equipment produced, acquired and financed.

The MLFI-25 is a time series that reflects two years of business activity for the 25 companies currently participating in the survey. The latest MLFI-25, including methodology and participants, is available at www.elfaonline.org/Data/MLFI/.

MLFI-25 Methodology

ELFA produces the MLFI-25 survey to help member organizations achieve competitive advantage by providing them with leading-edge research and benchmarking information to support strategic business decision making.

The MLFI-25 is a barometer of the trends in U.S. capital equipment investment. Five components are included in the survey: new business volume (originations), aging of receivables, charge-offs, credit approval ratios, (approved vs. submitted) and headcount for the equipment finance business.

The MLFI-25 measures monthly commercial equipment lease and loan activity as reported by participating ELFA member equipment finance companies representing a cross section of the equipment finance sector, including small ticket, middle-market, large ticket, bank, captive and independent leasing and finance companies. Based on hard survey data, the responses mirror the economic activity of the broader equipment finance sector and current business conditions nationally.

About ELFA

The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the nearly \$1 trillion equipment finance sector, which includes financial services companies and manufacturers engaged in financing capital goods. ELFA members are the driving force behind the growth in the commercial equipment finance market and contribute to capital formation in the U.S. and abroad. Its 575 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packageers and investment banks, as well as manufacturers and service providers. For more information, please visit www.elfaonline.org.

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ELFA is the premier source for statistics and analyses concerning the equipment finance sector. Please visit www.elfaonline.org/Data/ for additional information.

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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