

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

April New Business Volume Down 7 Percent Year-over-year and 8 Percent Month-to-Month; Up 10 Percent Year-to-date

Washington, DC, May 27, 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 April was \$8.2 billion, down 7 percent year-over-year from new business volume in April 2019. Volume was down 8 percent month-to-month from \$8.9 billion in March. Year-to-date, cumulative new business volume was up 10 percent compared to 2019.

Receivables over 30 days were 3.00 percent, up from 2.60 percent the previous month and up from 1.50 percent the same period in 2019. Charge-offs were 0.80 percent, up from 0.55 percent the previous month, and up from 0.32 percent in the year-earlier period.

Credit approvals totaled 71.7 percent, down from 74.2 percent in March. Total headcount for equipment finance companies was down 4.8 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in May increased to 25.8, up from the all-time low of 22.3 in April.

[ELFA President and CEO Ralph Petta](#) said, "Business performance shows deterioration from the effects of the coronavirus pandemic, with volume levels and portfolio quality metrics both falling in tandem. The expectation is that this pattern continues into the summer months as the nation's economy dips into a recession. Time will only tell whether these conditions stabilize in the face of massive fiscal stimulus provided by the federal government."

[Thomas Rutherford, Division President, Crestmark Equipment Finance](#), said, "Not surprisingly, the April numbers reflect a continued softening of new business activity as well as an uptick in payment delinquency and charge-offs for our industry — and the U.S. economy as a whole. We are heading into an unprecedented economic environment impacting businesses of all types and sizes, and we can anticipate that trend will continue through much of 2020. As we move into the next phase as states reopen, it is critical that we be purposeful and flexible as we work with clients with an eye toward new learnings. We are a resilient industry, and will find unique ways to adapt to this new environment to best support our clients, our shareholders and our employees — whether it be internally through increased efficiencies as we go virtual, or recognizing and embracing emerging trends that might provide a glimpse at new key sectors or opportunities."

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/packagers 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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