

## Equipment Leasing and Finance Industry Confidence Plummets in April From Impact of COVID-19

Washington, DC, April 16, 2020 – The **Equipment Leasing & Finance Foundation** (the Foundation) releases the April 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 fell to a historic low in April of 22.3, decreasing from the previous low of 46.0 in the March index.

When asked about the outlook for the future, MCI-EFI survey respondent **Michael DiCecco, Executive Vice President, Huntington Asset Finance**, said, “During these uncertain times, I remain optimistic about the future of the equipment leasing and finance industry. While production is likely to soften in the short term, in many ways we have a great opportunity to affirm our value to our existing clients and demonstrate our value to new ones. It’s an important time to stay close to our clients.”

### April 2020 Survey Results:

The overall MCI-EFI is 22.3, a decrease from 46.0 in March.

- When asked to assess their business conditions over the next four months, 6.9% of executives responding said they believe business conditions will improve over the next four months, up from 3.7% in March. None believe business conditions will remain the same over the next four months, a decrease from 48.2% the previous month. 93.1% believe business conditions will worsen, an increase from 48.2% in March.
- 6.9% of the survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 3.7% in March. 3.5% believe demand will “remain the same” during the same four-month time period, a decrease from 59.3% the previous month. 89.7% believe demand will decline, an increase from 37% in March.
- None of the respondents expect more access to capital to fund equipment acquisitions over the next four months, a decrease from 14.8% in March. 53.6% of executives indicate they expect the “same” access to capital to fund business, a decrease from 77.8% last month. 46.4% expect “less” access to capital, an increase from 7.4% the previous month.
- When asked, 6.9% of the executives report they expect to hire more employees over the next four months, a decrease from 29.6% in March. 69% expect no change in headcount over the next four months, an increase from 66.7% last month. 24.1% expect to hire fewer employees, down from 3.7% the previous month.
- None of the leadership evaluate the current U.S. economy as “excellent,” down from 18.5% the previous month. None of the leadership evaluate the current U.S. economy as “fair,” down from 77.8% in March. 100% evaluate it as “poor,” up from 3.7% last month.
- 27.6% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 14.8% in March. 6.9% indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 37% last month. 65.5% believe economic conditions in the U.S. will worsen over the next six months, up from 48.2% the previous month.

- In April, 17.2% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 22.2% last month. 48.3% believe there will be “no change” in business development spending, down from 70.4% in March. 34.5% believe there will be a decrease in spending, an increase from 7.4% last month.

#### **April 2020 MCI-EFI Survey Comments from Industry Executive Leadership:**

##### Bank, Small Ticket

“I am grateful for the strong liquidity of Wintrust during this rough period. I am concerned that if businesses do not get back to work soon, they will be detrimentally impacted.” **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

##### Bank, Middle Ticket

“We are assessing the impact of COVID-19 on our customers' capital investment. We expect impacts related to equipment and labor shortages. The industries we serve, agriculture and rural infrastructure, are paramount to supporting the nation as we traverse through this crisis, and we expect investment to continue and perhaps expand over the next 12 months.” **Michael Romanowski, President, Farm Credit Leasing**

##### Independent, Middle Ticket

“COVID-19 has created an environment that few expected, and none truly planned for. We are optimistic for a ‘V’ shaped economic cycle, which we believe can only be achieved if the health crisis is first solved. Otherwise, a prolonged COVID-19 shutdown will create a domino effect of business failures, more unemployment and unprecedented losses not only in our industry, but worldwide.” **Bruce J. Winter, President, FSG Capital, Inc.**

#### **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](http://www.leasefoundation.org)

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