

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

*June New Business Volume Down 10 Percent Year-over-year, Up 33 Percent Month-to-Month, Down 0.5 Percent Year-to-date*

**Washington, DC, July 24, 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 June was \$8.9 billion, down 10 percent year-over-year from new business volume in June 2019. Volume was up 33 percent month-to-month from \$6.7 billion in May. Year-to-date, cumulative new business volume was down 0.5 percent compared to 2019.

Receivables over 30 days were 2.60 percent, down from 4.30 percent the previous month and up from 1.70 percent the same period in 2019. Charge-offs were 0.71 percent, up from 0.61 percent the previous month, and up from 0.33 percent in the year-earlier period.

Credit approvals totaled 71.5 percent, up from 71.0 percent in May. Total headcount for equipment finance companies was down 1.9 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in July is 45.3, steady with the May index of 45.8.

**ELFA President and CEO Ralph Petta** said, "The month of June's pickup in new business volume is welcome news, but it remains to be seen whether this trend continues as the summer progresses. The economy is soft, too many employees are out of work as a result, and many states are struggling with the decision to re-open their economies. Depending on the specific sectors they support, some ELFA member companies report robust originations, while others are challenged putting new deals on their books."

**Justin Tabone, SVP Originations, Vendor Equipment Finance at TIAA Bank**, said, "The month-to-month results provide some evidence that activity picked up, but the pandemic is still creating significant uncertainty for the equipment finance market. As confirmed virus cases sharply rise, the economy is facing re-opening delays, increased social distancing disruptions, and possibly even more lockdown measures. There is still reason for optimism, but these threaten to weigh heavily on the pace of recovery and may present additional challenges for the industry, including reduced capital expenditures and credit deterioration."

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