

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

*August New Business Volume Down 24 Percent Year-over-year, 23 Percent Month-to-Month, and 4 Percent Year-to-date*

**Washington, DC, September 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 August was \$7.0 billion, down 24 percent year-over-year from new business volume in August 2019. Volume was down 23 percent month-to-month from \$9.1 billion in July. Year-to-date, cumulative new business volume was down 4 percent compared to 2019.

Receivables over 30 days were 2.40 percent, unchanged from the previous month and up from 2.00 percent the same period in 2019. Charge-offs were 0.75 percent, up from 0.73 percent the previous month, and up from 0.42 percent in the year-earlier period.

Credit approvals totaled 71.0 percent, down from 72.9 percent in July. 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 September is 56.5, an increase from the August index of 48.4.

**ELFA President and CEO Ralph Petta** said, “The sizeable drop in new business volume is testament to an economy that continues to struggle in certain industry sectors. Seasonality also plays a role in the noticeable decline in equipment investment in the month of August. The hope is that Congress’s inability to enact additional stimulus legislation to combat the pandemic will not slow an economic recovery that many economists, including the Fed, are projecting for the third and fourth quarters.”

**Willis Kleinjan, Founder and CEO, Northland Capital Equipment Finance**, said, “The new monthly data gives reason for continued apprehension about the overall economy as COVID-19 maintains its grip on the country. We have seen with many of our customers in agriculture and construction that these essential industries continue to experience growth as they are minimally impacted by the virus. Low interest rates continue to fuel those businesses and industries that are the least affected by the pandemic and are using this opportunity to expand.”

### **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/packagegers 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)

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