

Equipment Leasing and Finance Industry Confidence Higher in September, COVID-19 Impact Survey Data Reveal Steady Default Expectations Month Over Month

Washington, DC, **September 17, 2020** – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the September 2020 [Monthly Confidence Index for the Equipment Finance Industry](#) (MCI-EFI) today. 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 is 56.5, an increase from the August index of 48.4.

The Foundation also releases highlights of the [COVID-19 Impact Survey of the Equipment Finance Industry](#), a monthly survey of industry leaders designed to track the impact of the coronavirus pandemic on the equipment finance industry. From 75 survey responses collected from September 1-13, results show that 91% of equipment finance companies have offered payment deferrals, including extensions, modifications, or restructuring. 73% of companies expect that the default rate will be greater in 2020 than in 2019, down from 76% last month, 20% expect it to be the same compared to 19% in August, and 7% expect it to be lower compared to 5% last month. A majority (78%) of companies have not furloughed or laid off employees since the start of the pandemic. Comments from survey respondents follow MCI-EFI survey comments below, and additional survey results and analysis are available at <https://www.leasefoundation.org/industry-resources/covid-impact-survey/>.

When asked about the outlook for the future, MCI-EFI survey respondent **Dave Fate, President and CEO, Stonebriar Commercial Finance**, said, “The equipment finance industry has always been resilient. The debt and equity markets are strong with lots of liquidity, and election noise will be over soon.”

September 2020 Survey Results:

The overall MCI-EFI is 56.5, an increase from the August index of 48.4.

- When asked to assess their business conditions over the next four months, 35.7% of executives responding said they believe business conditions will improve over the next four months, up from 24.1% in August. 46.4% believe business conditions will remain the same over the next four months, a decrease from 51.7% the previous month. 17.9% believe business conditions will worsen, a decrease from 24.1% in August.
- 28.6% of the survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 13.8% in August. 64.3% believe demand will “remain the same” during the same four-month time period, a decrease from 65.5% the previous month. 7.1% believe demand will decline, a decrease from 20.7% in August.
- 17.9% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up slightly from 17.2% in August. 78.6% of executives indicate they expect the “same” access to capital to fund business, an increase from 75.9% last month. 3.6% expect “less” access to capital, a decrease from 6.9% the previous month.

- When asked, 17.9% of the executives report they expect to hire more employees over the next four months, up from 13.8% in August. 71.4% expect no change in headcount over the next four months, an increase from 69% last month. 10.7% expect to hire fewer employees, down from 17.2% the previous month.
- None of the leadership evaluate the current U.S. economy as “excellent,” unchanged from the previous month. 46.4% of the leadership evaluate the current U.S. economy as “fair,” down from 48.3% in August. 53.6% evaluate it as “poor,” up from 51.7% last month.
- 50% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 31% in August. 39.3% indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 44.8% last month. 10.7% believe economic conditions in the U.S. will worsen over the next six months, down from 24.1% the previous month.
- In September, 28.6% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 31% last month. 71.4% believe there will be “no change” in business development spending, an increase from 48.3% in August. None believe there will be a decrease in spending, down from 20.7% last month.

September 2020 MCI-EFI Survey Comments from Industry Executive Leadership:

Bank, Small Ticket

“Steady application counts and approval ratios continue to tell the story of opportunity in our space. I expect the election cycle will be turbulent and affect business.” **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

Independent, Middle Ticket

“We are seeing pipeline opportunity remaining steady across a broad spectrum of industries.” **Daniel Krajewski, President and CEO, Sertant Capital, LLC**

Executive Comments from COVID-19 Impact Survey of the Equipment Finance Industry:

Independent, Small Ticket

“I am more positive than I was three months ago regarding the duration of the recession and the future in general. The economic stimulus was very well timed and now people are quickly adjusting to living with COVID. In certain industries spending has increased dramatically.” **Christopher Enbom, CLFP, CEO and Chairman, AP Equipment Financing**

“I have confidence that the equipment finance industry will always be a key element in providing capital to continue to support the supply chain. In an election year, with a pandemic and extensive social unrest, the immediate and medium-term future is not clear. The industry is durable and creative and will always be on the front lines of equipment acquisition and asset management.” **Valerie Hayes Jester, President, Brandywine Capital Associates, Inc.**

Independent, Middle Ticket

“While a few industries (e.g., restaurant, airlines, hospitality, elective health care, etc.) will be adversely

impacted until COVID restrictions are lifted, most other industries are experiencing revenue improvement. Thus, short term will experience limited recovery, and medium and long term should be returning stronger than before the COVID shutdown of the economy.” **J.D. Jenks, CEO, Global Financial & Leasing Services, LLC**

To participate in the COVID-19 Impact Survey of the Equipment Finance Industry: The Foundation invites all regular ELFA member companies to participate each month. Survey responses are limited to one per company. If you did not receive a survey and would like to participate, please contact Stephanie Fisher, sfisher@leasefoundation.org, by September 30 to determine eligibility for inclusion in the October survey.

ABOUT THE MCI

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

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