

Equipment Finance Industry Confidence Higher in February

Washington, DC, February 18, 2021 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the February 2021 [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 64.4, an increase from the January index of 59.6.

When asked about the outlook for the future, MCI-EFI survey respondent **Brad Peterson, CEO, Channel Partners Capital**, said, “Although we believe the 2021 PPP program will suppress capital needs for a short period of time among SMBs, we’re expecting a positive rebound from a year’s worth of pent-up pandemic demand. Our post-pandemic portfolio looks fantastic and we expect the strong performance to continue through 2022. We believe this is the time to invest in SMB marketplace opportunities.”

February 2021 Survey Results:

The overall MCI-EFI is 64.4, an increase from the January index of 59.6.

- When asked to assess their business conditions over the next four months, 46.2% of executives responding said they believe business conditions will improve over the next four months, up from 33.3% in January. 46.2% believe business conditions will remain the same over the next four months, a decrease from 59.3% the previous month. 7.7% believe business conditions will worsen, a slight increase from 7.4% in January.
- 42.3% of the survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 33.3% in January. 53.9% believe demand will “remain the same” during the same four-month time period, a decrease from 59.3% the previous month. 3.9% believe demand will decline, down from 7.4% in January.
- 23.1% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 18.5% in January. 76.9% of executives indicate they expect the “same” access to capital to fund business, a decrease from 81.5% last month. None expect “less” access to capital, unchanged from the previous month.
- When asked, 38.5% of the executives report they expect to hire more employees over the next four months, up from 25.9% in January. 61.5% expect no change in headcount over the next four months, a decrease from 66.7% last month. None expect to hire fewer employees, down from 7.4% in January.
- None of the leadership evaluate the current U.S. economy as “excellent,” unchanged from the previous month. 76.9% of the leadership evaluate the current U.S. economy as “fair,” down from 77.8% in January. 23.1% evaluate it as “poor,” up from 22.2% last month.
- 50% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 51.9% in January. 38.5% indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 37% last month. 11.5% believe economic conditions in the U.S. will worsen over the next six months, up slightly from 11.1% the previous month.

- In February 30.8% of respondents indicate they believe their company will increase spending on business development activities during the next six months, an increase from 22.2% last month. 69.2% believe there will be “no change” in business development spending, a decrease from 74.1% in January. None believe there will be a decrease in spending, down from 3.7% last month.

February 2021 MCI-EFI Survey Comments from Industry Executive Leadership:

Bank, Small Ticket

“Wintrust Specialty Finance had a solid year of growth in spite of the global pandemic. 2021 has started out well with strong application flow, approval rates and funding volume. Additionally, the portfolio has performed with low delinquency and credit quality. I expect that mid-year will bring challenges as PPP funds fade. However, we are focused in industries that are performing with essential use collateral that we believe will continue to perform.” **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

Bank, Middle Ticket

“We are seeing pent-up demand for equipment and structure investment. Due to the continued uncertainty caused by COVID and the low interest rate environment, customers are preferring to finance rather than pay cash.” **Michael Romanowski, President, Farm Credit Leasing**

Independent, Large Ticket

“The equipment finance and leasing marketplace has always been resilient and performs well in market dislocation. I have concerns around the unknown impact of numerous executive orders, as well as COVID-19.” **Dave Fate, President and CEO, Stonebriar Commercial Finance**

The **COVID-19 Impact Survey of the Equipment Finance Industry**, conducted monthly since its launch in May 2020 and released with the MCI-EFI, will be reported on a quarterly basis in 2021. Additionally, questions will be revised to reflect longer term effects of the pandemic’s impact on equipment finance companies going forward. If you wish to participate on behalf of your company in 2021, please contact Stephanie Fisher at sfisher@leasefoundation.org to determine eligibility for inclusion in the 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 programs that contribute to industry innovation, individual careers, and the overall betterment of the equipment leasing and finance industry. The Foundation is funded through charitable individual and corporate donations. Learn more at www.leasefoundation.org.

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