

Equipment Finance Industry Confidence at All-Time High in April

Washington, DC, April 22, 2021 – The Equipment Leasing & Finance Foundation (the Foundation) releases the April 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 76.1, an all-time high and an increase from the March index of 67.7.

When asked about the outlook for the future, MCI-EFI survey respondent **Aylin Cankardes, President, Rockwell Financial Group**, said, “We are starting to see pent-up demand for goods and services leading to expanded capital budgets for equipment to produce it and transportation to deliver it. With favorable interest rates, businesses are increasing spending again to stay responsive in a rapidly evolving environment.”

April 2021 Survey Results:

The overall MCI-EFI is 76.1, an increase from the March index of 67.7.

- When asked to assess their business conditions over the next four months, 73.3% of executives responding said they believe business conditions will improve over the next four months, up from 50% in March. 23.3% believe business conditions will remain the same over the next four months, down from 46.4% the previous month. 3.3% believe business conditions will worsen, unchanged from March.
- 70% of the survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 42.9% in March. 30% believe demand will “remain the same” during the same four-month time period, a decrease from 53.6% the previous month. None believe demand will decline, down from 3.6% in March.
- 43.3% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 28.6% in March. 56.7% of executives indicate they expect the “same” access to capital to fund business, a decrease from 71.4% last month. None expect “less” access to capital, unchanged from the previous month.
- When asked, 43.3% of the executives report they expect to hire more employees over the next four months, up from 42.9% in March. 56.7% expect no change in headcount over the next four months, a decrease from 57.1% last month. None expect to hire fewer employees, unchanged from March.
- 13.3% of the leadership evaluate the current U.S. economy as “excellent,” an increase from 3.6% the previous month. 80% of the leadership evaluate the current U.S. economy as “fair,” up from 78.6% in March. 6.7% evaluate it as “poor,” down from 17.9% last month.
- 73.3% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 60.7% in March. 23.3% indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 32.1% last month. 3.3% believe economic conditions in the U.S. will worsen over the next six months, down from 7.1% the previous month.

- In April 46.7% of respondents indicate they believe their company will increase spending on business development activities during the next six months, up from 39.3% last month. 53.3% believe there will be “no change” in business development spending, a decrease from 60.7% in March. None believe there will be a decrease in spending, unchanged from last month.

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

Bank, Small Ticket

“As vaccination levels continue to increase and confidence to re-enter social environments rises, increased spending will result. This progression to a widening economy should serve to strengthen demand for commercial assets and the financing of those assets. We are optimistic that business will recover, and yet are focused on managing the risk of those that are still highly impacted and will take additional time to find their footing.” **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

Bank, Middle Ticket

“We continue to see good demand for capital expenditures from the markets we serve. We have noticed tighter spreads as competition becomes more active.” **Michael Romanowski, President, Farm Credit Leasing**

Independent, Large Ticket

“Early concerns are the new Biden tax plan and proposed changes to bonus depreciation. Optimistically, given the rebound in the economy short-term demand for equipment finance should benefit.” **Vincent Belcastro, Group Head Syndications, Element Fleet Management**

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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