

Equipment Finance Industry Confidence Higher in July

Washington, DC, July 22, 2021 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the July 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 72.9, an increase from the June index of 71.3.

When asked about the outlook for the future, MCI-EFI survey respondent **Bruce J. Winter, President, FSG Capital, Inc.**, said, “Many industries served by the equipment finance segment are back to full throttle, with only certain negatively impacted industries still working towards recovery. This has created growing demand for our products and services and all signs point to increasing activity over the next few quarters. Inflation concerns, driven by unprecedented federal stimulus spending, are front and center and the jury is out as to whether the Fed has correctly forecasted only a short-term bump in inflation.”

July 2021 Survey Results:

The overall MCI-EFI is 72.9, an increase from the June index of 71.3.

- When asked to assess their business conditions over the next four months, 58.6% of executives responding said they believe business conditions will improve over the next four months, up from 42.3% in June. 41.4% believe business conditions will remain the same over the next four months, down from 57.7% the previous month. None believe business conditions will worsen, unchanged from June.
- 55.2% of the survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, up from 51.9% in June. 41.4% believe demand will “remain the same” during the same four-month time period, a decrease from 48.2% the previous month. 3.5% believe demand will decline, up from none in June.
- 37.9% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 32.1% in June. 62.1% of executives indicate they expect the “same” access to capital to fund business, a decrease from 67.9% last month. None expect “less” access to capital, unchanged from the previous month.
- When asked, 37.9% of the executives report they expect to hire more employees over the next four months, down from 46.2% in June. 62.1% expect no change in headcount over the next four months, an increase from 50% last month. None expect to hire fewer employees, down from 3.9% in June.
- 27.6% of the leadership evaluate the current U.S. economy as “excellent,” an increase from 22.2% the previous month. 72.4% of the leadership evaluate the current U.S.

economy as “fair,” down from 77.8% in June. None evaluate it as “poor,” unchanged from last month.

- 48.3% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 51.9% in June. 51.7% indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 48.2% last month. None believe economic conditions in the U.S. will worsen over the next six months, unchanged from the previous month.
- In July 51.7% of respondents indicate they believe their company will increase spending on business development activities during the next six months, up from 48.2% last month. 48.3% believe there will be “no change” in business development spending, a decrease from 51.9% in June. None believe there will be a decrease in spending, unchanged from last month.

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

Bank, Small Ticket

“The volatility of business re-opening continues, and the struggle to maintain a consistent workforce and supply chain challenges are very real. As an industry, it will be valuable to lean on our heritage of being flexible and disciplined to ensure we continue to grow through this volatile environment and thrive with healthy performing portfolios as the economic environment improves.” **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

Bank, Middle Ticket

“We are seeing good demand for equipment and structure financing to take advantage of the low-rate environment. The main headwind we are facing is supply chain challenges which has delayed delivery of new equipment and is impacting the completion of facility construction.” **Michael Romanowski, President, Farm Credit Leasing**

“Key is seeing equipment demand increasing, and we are optimistic about the second half of 2021. Frequently, we find we are competing against cash as often as we are another bank.” **Adam Warner, President, Key Equipment Finance**

Captive, Middle Ticket

“As the market landscape evolves, we continue to see equipment financing being used as a strategic tool to provide optionality. In the near term in the U.S., we’re fully focused on the opportunity in front of us.” **Jon Biorkman, President, Healthcare Financial Services, GE Healthcare**

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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