

Equipment Finance Industry Confidence Eases in August

Washington, DC, August 19, 2021 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the August 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 66.6, a decrease from the July index of 72.9.

When asked about the outlook for the future, MCI-EFI survey respondent **Dave Fate, Chief Executive Officer, Stonebriar Commercial Finance**, said, “I have been optimistic on the near and long-term future of the equipment leasing and finance industry. As was proven out during 2020, secured loans and leases always outperform all other asset classes. In my opinion that will never change. My only concerns are things outside of our control, such as the potential increase in tax rates and the political landscape that exists today both at the federal and state levels.”

August 2021 Survey Results:

The overall MCI-EFI is 66.6, a decrease from the July index of 72.9.

- 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, down from 58.6% in July. 64.3% believe business conditions will remain the same over the next four months, up from 41.4% the previous month. None believe business conditions will worsen, unchanged from July.
- 32.1% of the survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, down from 55.2% in July. 67.9% believe demand will “remain the same” during the same four-month time period, an increase from 41.4% the previous month. None believe demand will decline, down from 3.5% in July.
- 28.6% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, down from 37.9% in July. 71.4% of executives indicate they expect the “same” access to capital to fund business, an increase from 62.1% last month. None expect “less” access to capital, unchanged from the previous month.
- When asked, 35.7% of the executives report they expect to hire more employees over the next four months, down from 37.9% in July. 64.3% expect no change in headcount over the next four months, an increase from 62.1% last month. None expect to hire fewer employees, unchanged from July.
- 14.3% of the leadership evaluate the current U.S. economy as “excellent,” a decrease from 27.6% the previous month. 85.7% of the leadership evaluate the current U.S. economy as “fair,” up from 72.4% in July. None evaluate it as “poor,” unchanged from last month.
- 32.1% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 48.3% in July. 64.3% indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 51.7% last month. 3.6% believe economic conditions in the U.S. will worsen over the next six months, up from none the previous month.

- In August 50% of respondents indicate they believe their company will increase spending on business development activities during the next six months, down from 51.7% last month. 50% believe there will be “no change” in business development spending, an increase from 48.3% in July. None believe there will be a decrease in spending, unchanged from last month.

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

Bank, Small Ticket

“I think we are currently chopping wood and grinding through an abundance of liquidity, supply chain disruptions, ever narrowing margins, and competitive recruiting environments. This will continue for the near future, and our industry will adapt and find ways to win.” **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

Bank, Middle Ticket

“We continue to see demand for equipment and facilities from our customer base. Customers are looking to take advantage of low-rate long-term funding. Business growth is solid, but is somewhat hampered by supply chain challenges.” **Michael Romanowski, President, Farm Credit Leasing**

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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