

Equipment Finance Industry Confidence Eases in December

Washington, DC, December 16, 2021 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the December 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 63.9, a decrease from the November index of 64.6.

When asked about the outlook for the future, MCI-EFI survey respondent **Daniel J. Krajewski, President and CEO, Sertant Capital, LLC**, said, “The near-term future of the equipment finance industry shows promise for continued expansion. As infrastructure bills are passed and implemented there will be a demand for many asset classes from construction through IT platforms. This, of course, will need to be supported by increased manufacturing capacity to build all the required capital goods. I do have concerns about the political atmosphere that currently exists in the U.S. that may slow down or even kill the entire infrastructure bill, and secondly, the supply chain issues that have bottlenecked the product delivery system.”

December 2021 Survey Results:

The overall MCI-EFI is 63.9, a decrease from the November index of 64.6.

- When asked to assess their business conditions over the next four months, 34.6% of executives responding said they believe business conditions will improve over the next four months, unchanged from November. 61.5% believe business conditions will remain the same over the next four months, up from 46.2% the previous month. 3.9% believe business conditions will worsen, down from 19.2% in November.
- 26.9% of the survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, down from 42.3% in November. 73.1% believe demand will “remain the same” during the same four-month time period, an increase from 50% the previous month. None believe demand will decline, down from 7.7% in November.
- 19.2% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, down from 26.9% in November. 80.8% of executives indicate they expect the “same” access to capital to fund business, an increase from 73.1% last month. None expect “less” access to capital, unchanged from the previous month.
- When asked, 42.3% of the executives report they expect to hire more employees over the next four months, down from 53.9% in November. 57.7% expect no change in headcount over the next four months, an increase from 46.2% last month. None expect to hire fewer employees, unchanged from November.

- 19.2% of the leadership evaluate the current U.S. economy as “excellent,” an increase from 15.4% the previous month. 76.9% of the leadership evaluate the current U.S. economy as “fair,” down from 80.8% in November. 3.9% evaluate it as “poor,” unchanged from last month.
- 19.2% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 23.1% in November. 61.5% indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 57.7% last month. 19.2% believe economic conditions in the U.S. will worsen over the next six months, unchanged from the previous month.
- In December 46.2% of respondents indicate they believe their company will increase spending on business development activities during the next six months, up from 42.3% the previous month. 53.9% believe there will be “no change” in business development spending, down from 57.7% in November. None believe there will be a decrease in spending, unchanged from last month.

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

Bank, Middle Ticket

“Demand for capital expenditures remains robust. Customers are looking to mitigate labor shortage challenges with automation. We believe this trend will continue through 2022 and into 2023. Supply chain headwinds continue to frustrate automation plans.” **Michael Romanowski, President, Farm Credit Leasing**

“Demand for equipment loans and leases remains strong in nearly all sectors. Large U.S. businesses are looking to fixed-rate financing as a strategy to mitigate the impact of inflation.” **Alan Sikora, CLFP, CEO, First American, an RBC / City National Company**

“Our clients remain resilient, powering through the pandemic, supply chain issues and inflation to meet their objectives. Key remains vigilant that the continued battle against Covid will eventually lessen the risks to our customers and our economy.” **Adam Warner, President, Key Equipment Finance**

Independent, Middle Ticket

“There is still significant liquidity in the markets and productivity continues to thrive. The impact of inflation and upcoming rate hikes could provide pause, but we continue to see strong demand on capital equipment expenditures. The biggest hurdle is prolonged supply chain disruptions, but it’s encouraging to see organizations transforming to address them innovatively going into 2022.” **Aylin Cankardes, President, Rockwell Financial Group**

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.

