

Equipment Finance Industry Confidence Steady in January

Washington, DC, January 20, 2022 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the January 2022 [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, unchanged from the December index.

When asked about the outlook for the future, MCI-EFI survey respondent **Jim DeFrank, EVP and Chief Operating Officer, Isuzu Finance of America, Inc.**, said, “It’s all about supply chain right now. There is demand for equipment, but manufacturers are having a hard time satisfying the demand due to parts shortages, workforce issues, etc. Once the supply can match demand, we will see a nice increase in finance and leasing volumes. Hopefully, by the second half of 2022.”

January 2022 Survey Results:

The overall MCI-EFI is 63.9, unchanged from the December index.

- When asked to assess their business conditions over the next four months, 25.9% of executives responding said they believe business conditions will improve over the next four months, a decrease from 34.6% in December. 70.4% believe business conditions will remain the same over the next four months, up from 61.5% the previous month. 3.7% believe business conditions will worsen, unchanged from December.
- 25.9% of the survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, down from 26.9% in December. 70.4% believe demand will “remain the same” during the same four-month time period, a decrease from 73.1% the previous month. 3.7% believe demand will decline, up from none in December.
- 21.4% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 19.2% in December. 78.6% of executives indicate they expect the “same” access to capital to fund business, a decrease from 80.8% last month. None expect “less” access to capital, unchanged from the previous month.
- When asked, 39.3% of the executives report they expect to hire more employees over the next four months, down from 42.3% in December. 60.7% expect no change in headcount over the next four months, an increase from 57.7% last month. None expect to hire fewer employees, unchanged from December.
- 14.8% of the leadership evaluate the current U.S. economy as “excellent,” a decrease from 19.2% the previous month. 81.5% of the leadership evaluate the current U.S.

economy as “fair,” up from 76.9% in December. 3.7% evaluate it as “poor,” unchanged from last month.

- 29.6% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, an increase from 19.2% in December. 63% indicate they believe the U.S. economy will “stay the same” over the next six months, an increase from 61.5% last month. 7.4% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 19.2% the previous month.
- In January 50% of respondents indicate they believe their company will increase spending on business development activities during the next six months, up from 46.2% the previous month. 50% believe there will be “no change” in business development spending, down from 53.9% in December. None believe there will be a decrease in spending, unchanged from last month.

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

Bank, Small Ticket

“2022 will be an interesting year with many challenges and headwinds that will create opportunities for organizations that are positioned well and are nimble enough to take advantage.” **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

Bank, Middle Ticket

“Supply chain issues continue to be our biggest headwind. With the Fed anticipating raising interest rates, we expect customers to lock in long-term financing at today's low rates.”

Michael Romanowski, President, Farm Credit Leasing

Independent, Middle Ticket

“While the seemingly never-ending pandemic, fueled by the Omicron variant, is creating havoc in certain sectors, the industry enjoyed a strong year in FY 2021 and is positioned to prosper again in FY 2022. Strong underwriting will be rewarded, and those that took too much risk may begin feeling the impact of deteriorating portfolio performance as government stimulus runs out. Competition will keep spreads tight, but increasing costs of funds will force lenders to slowly raise pricing throughout the year.” **Bruce J. Winter, President, FSG Capital, Inc.**

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.