

## Equipment Finance Industry Confidence Eases in February

Washington, DC, February 17, 2022 – The [Equipment Leasing & Finance Foundation](#) (the Foundation) releases the February 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 61.8, easing from the January index of 63.9.

When asked about the outlook for the future, MCI-EFI survey respondent **James D. Jenks, CEO, Global Finance and Leasing Services, LLC**, said “The equipment finance industry is solid right now. With inflation we will experience increases in the cost of money. With the increase in the cost of money, we will experience a slowdown in the economy and delinquencies will increase.”

### **February 2022 Survey Results:**

The overall MCI-EFI is 61.8, easing from the January index of 63.9

- When asked to assess their business conditions over the next four months, 24.1% of executives responding said they believe business conditions will improve over the next four months, a decrease from 25.9% in January. 69% believe business conditions will remain the same over the next four months, down from 70.4% the previous month. 6.9% believe business conditions will worsen, an increase from 3.7% in January.
- 24.1% of the survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, down from 25.9% in January. 72.4% believe demand will “remain the same” during the same four-month time period, an increase from 70.4% the previous month. 3.5% believe demand will decline, unchanged from January.
- 17.2% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, down from 21.4% in January. 82.8% of executives indicate they expect the “same” access to capital to fund business, an increase from 78.6% last month. None expect “less” access to capital, unchanged from the previous month.
- When asked, 44.8% of the executives report they expect to hire more employees over the next four months, up from 39.3% in January. 55.2% expect no change in headcount over the next four months, a decrease from 60.7% last month. None expect to hire fewer employees, unchanged from January.
- 10.3% of the leadership evaluate the current U.S. economy as “excellent,” a decrease from 14.8% the previous month. 86.2% of the leadership evaluate the current U.S.

economy as “fair,” up from 81.5% in January. 3.5% evaluate it as “poor,” unchanged from last month.

- 24.1% of the survey respondents believe that U.S. economic conditions will get “better” over the next six months, a decrease from 29.6% in January. 58.6% indicate they believe the U.S. economy will “stay the same” over the next six months, a decrease from 63% last month. 17.2% believe economic conditions in the U.S. will worsen over the next six months, an increase from 7.4% the previous month.
- In February 44.8% of respondents indicate they believe their company will increase spending on business development activities during the next six months, down from 50% the previous month. 51.7% believe there will be “no change” in business development spending, up from 50% in January. 3.5% believe there will be a decrease in spending, up from none last month.

### **February 2021 MCI-EFI Survey Comments from Industry Executive Leadership:**

#### **Bank, Small Ticket**

“I see volatility in the market that will provide opportunities for companies nimble enough to embrace them and quick enough to take advantage.” **David Normandin, CLFP, President and CEO, Wintrust Specialty Finance**

#### **Bank, Middle Ticket**

“We're in an interesting period as we wait to see what the Fed will do. We all know rates will go up, but by how much? Customers are looking at their options, and the savvy ones are looking to lock in today's low rates for longer term leases.” **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.

### **JOIN THE CONVERSATION**

Twitter: <https://twitter.com/LeaseFoundation>

Facebook: <https://www.facebook.com/LeaseFoundation>

LinkedIn: <https://www.linkedin.com/company/10989281/>

Vimeo: <https://vimeo.com/elffchannel>

### **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](http://www.leasefoundation.org).