

## **Equipment Leasing and Finance Association's Survey of Economic Activity: Monthly Leasing and Finance Index**

***February New Business Volume Down 4 Percent Year-over-year, 14 Percent Month-to-month, Nearly 1 Percent Year-to-date***

Washington, DC, March 23, 2022—The [Equipment Leasing and Finance Association's](#) (ELFA) [Monthly Leasing and Finance Index \(MLFI-25\)](#), which reports economic activity from 25 companies representing a cross section of the \$900 billion equipment finance sector, showed their overall new business volume for February was \$7.1 billion, down 4 percent year-over-year from new business volume in February 2021. Volume was down 14 percent month-to-month from \$8.3 billion in January. Year-to-date, cumulative new business volume was down nearly 1 percent compared to 2021.

Receivables over 30 days were 1.7 percent, down from 1.8 percent the previous month and down from 2.1 percent in the same period in 2021. Charge-offs were 0.09 percent, down from 0.17 percent the previous month and down from 0.55 percent in the year-earlier period.

Credit approvals totaled 78.2 percent, down from 78.4 percent in January. Total headcount for equipment finance companies was down 12.2 percent year-over-year, a decrease due to significant downsizing at an MLFI reporting company.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in March is 58.2, a decrease from 61.8 in February.

[ELFA President and CEO Ralph Petta](#) said, "New business volume at MLFI 25 companies has grown modestly in 2022, as it typically does in the early months. What is eye-catching, however, is the extremely high credit quality reported by respondents. Geopolitical unrest, increasing interest rates, inflation and continuing supply disruptions all pose headwinds that bear monitoring. But, equipment finance companies always find ways to stay relevant, resilient and reliable in helping American businesses acquire the assets they need to thrive."

[Kris Foster, President of Equipment Finance, Pinnacle Financial Partners, Inc.](#), said, "With a quarter of the year nearly complete, we remain cautiously optimistic with steady deal flow and a strong pipeline. Supply chain constraints continue to be a major issue as we see equipment delivery delays for the foreseeable future. Positively, we see these delivery delays coupled with strong demand across most asset classes being a tailwind for future financing opportunities. Competition continues to be very strong with continued pressure on loan yield spreads. Credit quality and credit metrics are at historically strong levels; however, we are closely monitoring current geopolitical events, future Fed rate hikes, growing inflationary pressures on the broader economy, yield curve inversion and record high costs for many asset classes."

### **About ELFA's MLFI-25**

The MLFI-25 is the only near-real-time index that reflects capex, or the volume of commercial equipment financed in the U.S. The MLFI-25 is released globally at 8 a.m. Eastern time from

Washington, D.C., each month on the day before the U.S. Department of Commerce releases the **durable goods report**. The MLFI-25 is a financial indicator that complements the durable goods report and other economic indexes, including the **Institute for Supply Management Index**, which reports economic activity in the manufacturing sector. Together with the MLFI-25 these reports provide a complete view of the status of productive assets in the U.S. economy: equipment produced, acquired and financed.

The MLFI-25 is a time series that reflects two years of business activity for the 25 companies currently participating in the survey. The latest MLFI-25, including methodology and participants, is available at [www.elfaonline.org/knowledge-hub/mlfi-25-monthly-leasing-and-finance-index](http://www.elfaonline.org/knowledge-hub/mlfi-25-monthly-leasing-and-finance-index).

The MLFI is part of the Knowledge Hub, the source for business intelligence in the equipment finance industry. Visit the hub at [www.elfaonline.org/KnowledgeHub](http://www.elfaonline.org/KnowledgeHub).

### **MLFI-25 Methodology**

ELFA produces the MLFI-25 survey to help member organizations achieve competitive advantage by providing them with leading-edge research and benchmarking information to support strategic business decision making.

The MLFI-25 is a barometer of the trends in U.S. capital equipment investment. Five components are included in the survey: new business volume (originations), aging of receivables, charge-offs, credit approval ratios, (approved vs. submitted) and headcount for the equipment finance business.

The MLFI-25 measures monthly commercial equipment lease and loan activity as reported by participating ELFA member equipment finance companies representing a cross section of the equipment finance sector, including small ticket, middle-market, large ticket, bank, captive and independent leasing and finance companies. Based on hard survey data, the responses mirror the economic activity of the broader equipment finance sector and current business conditions nationally.

### **About ELFA**

The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the nearly \$1 trillion equipment finance sector, which includes financial services companies and manufacturers engaged in financing capital goods. ELFA members are the driving force behind the growth in the commercial equipment finance market and contribute to capital formation in the U.S. and abroad. Its 580 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packageers and investment banks, as well as manufacturers and service providers. In 2021, ELFA is celebrating 60 years of equipping business for success. For more information, please visit [www.elfaonline.org](http://www.elfaonline.org).

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ELFA is the premier source for statistics and analyses concerning the equipment finance sector. Please visit [www.elfaonline.org/knowledge-hub/knowledge-hub-home](https://www.elfaonline.org/knowledge-hub/knowledge-hub-home) for additional information.

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](https://www.leasefoundation.org).

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